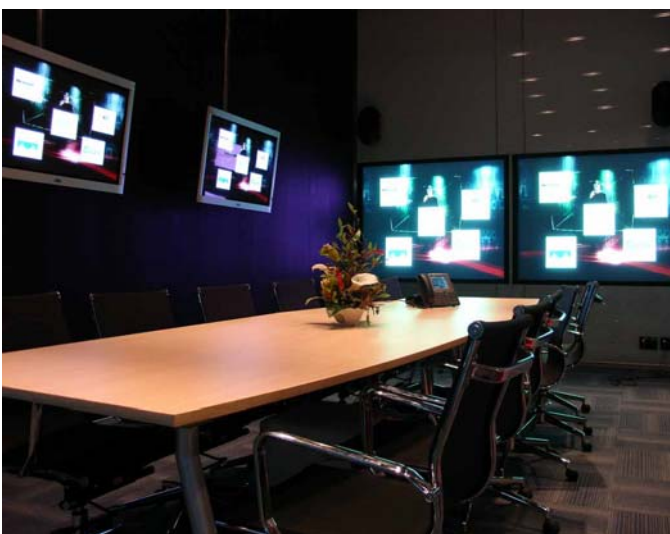




Annual Report 2006

Metro Systems Corporation Public Company Limited



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MISSION

**To be a world class Information Technology total solutions provider,
through professional teamwork committed to customer success,
and making a significant contribution to the development
of the information society.**

Corporate Policy

With a strong determination to strive ahead and to be exceptionally efficient in the Information Technology business, the Metro Systems Corporation Public Company Limited (The Company) has committed to succeed in the following long-term business strategies:

▪ **Human Resource Development Especially for Professionals.**

The customers' needs regarding the utilization of Information Technology and Telecommunications is changing continuously. Such change results from competition among businesses and the continuous development of Information Technology itself. The Company, therefore, has realized the importance of human resource development both in theory and practice, and identified the aforementioned as one of the company's long-term key business strategies.

▪ **Investment in Advanced Information Technology.**

The Company has recognized the continuous change in the Information Technology and Telecommunications industry. Thus, it is necessary to invest in such projects, resulting in the company's personnel learning and practicing from real situations. Such practical experience will definitely lead to a high level of expertise among the company's personnel to blend the various types of Information Technology services and come up with the best "Total Systems Solution". Finally, such experience will also enhance the company personnel's confidence and skill to recommend and advise customers, together with the sharing of their practical knowledge.

▪ **IT Outsourcing Business Development.**

Future Information Technology market trends will result in the employment of service companies to invest in hardware, software, networks, and IT system maintenance services. This phenomenon is called "IT Outsourcing". The IT Outsourcing Business requires advanced budgets to invest in hardware, software, and personnel. Long-term contracts with customers are negotiated and monthly service fees collected from the customers. The Company is very confident to generate reliable revenues from providing such services.

▪ **Business Undertaken with Transparency and with Participation in the Development of the Thai Society.**

The Company is the supplier and distributor of Information Technology total solutions that are recognized as world class products. Therefore, the conduct of business must be transparent and acceptable among our counterparts who are the product owners, customers and shareholders.

Regarding the development of the information and knowledge society, the Company possesses advanced Information Technology knowledge, as the Company has continuously invested in such projects. The Company is able to accommodate visits from business partners, members of the faculty, students, university students and interested people. Thus, 1,436 visitors were welcomed to the company last year.

MESSAGE FROM THE VICE CHAIRMAN



At the beginning of 2006, the Association of the Thai Computer Industry (ATCI) projected the growth of the Information Technology market at 19%, with a value of 149,229 million Baht. However, the Kasikorn Research Center believes that the growth may be 12.6%, with a value of approximately 141,426 million Baht. Software products show the highest growth rate, followed by hardware products, computer services, and data communication devices, respectively.

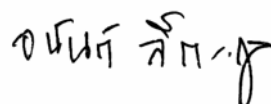
During 2006, the Company's total revenue was 5,781 million Baht, a growth rate of 8.1%. The total revenue consisted of revenues from the company's main businesses as follows:

1. Revenue from the Enterprise Systems Group of 2,891 million Baht with a growth rate of 3.7%
2. Revenue from the Office Supplies Group of 2,085 million Baht with a growth rate of 4.1%
3. Revenue from the Computer Network Devices Group of 223 million Baht. This was a new business started in 2006.
4. Revenue from the Software Products and Services Group of 456 million Baht with a declined rate of 10.4% compared to last year.
5. Other revenues totaled 126 million Baht with a growth rate of 0.4%.

Even though the growth rate was lower than the projected growth of the market, the Company was able to raise the gross profit margin and to control expenses better. Therefore, the Company's net profit was 238 million Baht, or 4% of total revenue and the earnings per share were 0.66 Baht, showing a growth rate of 38% compared to last year. The total assets were 2,003 million Baht and the total liabilities and shareholders' equity were 1,007 million Baht and 996 million Baht, respectively.

For 2007, the Company has set the goal to expand all business activities, and especially in the IT Outsourcing Business. The Company will also focus on organizational development to become the leader in the Information Technology industry. In addition, a dedicated human resource development plan to support our customers' needs will be implemented.

On behalf of the Company, I would like to thank all shareholders for their trust and confidence in and support for the Company's operations. Also, I hereby thank all customers, suppliers, counterparts, and employees for their support for and participation in the success of the Company.



Mr. Anan Leetrakul
Vice Chairman

CORPORATE BACKGROUND

Metro Systems Corporation Public Company Limited was first established on the 6th January 1986 as the first counterpart with IBM in the Southeast Asia region, with a registered capital of 4 million Baht. Since then, the Company has expanded its business activities to present comprehensive IT solutions, and a full circle of IT services supporting world class IT brands such as IBM, Hewlett-Packard (HP), Canon, Microsoft, Lotus, Oracle, etc.

The Company increased the registered capital five times between 1987 and 1993. The registered capital was 10 million Baht, 25 million Baht, 60 million Baht, 90 million Baht, and 100 million Baht, respectively. In 1995, the Company was registered as a public company limited at the Stock Exchange of Thailand and increased the registered capital to 180 million Baht. The common shares of the Company started trading on the Stock Exchange of Thailand on the 9th May 1996. In 2002, the Company again increased the registered capital to 360 million Baht and this was fully paid up in 2005.

According to the Extraordinary General Meeting of Shareholders No. 1 / 2007 on the 29th January 2007, the Meeting approved for the Company to increase its registered capital from 360 million Baht to 479 million Baht by issuing 119 million common shares at par value of 1 Baht, totaling 119 million Baht, and proposed sale via Private Placement. The Company's registered capital thus achieved 479 Million Baht on 8th February 2007.

Summary of Company and Subsidiaries Information

Company Name	: Metro Systems Corporation Public Co., Ltd.
Industry Group/Business Type	: Technology / Information Technology and Communications
Nature of Business Operation	: Supplier of Medium Scale Systems, Personal Computers, POS Terminals, Storage systems, Computer Network systems, printers, IT supplies, Software Solutions, service, IT Crisis Back-up systems, and IT Outsourcing Services.
Company Registration Number	: 0107538000347
Registered Capital	: 479 million Baht
Paid-up Capital	: 360 million Baht
Head Office	: 23/3 Moo 9 Sukhumvit 103 Road, Nong Born, Praves Bangkok 10250
Telephone	: 02-726-2555, 02-727-4000
Fax	: 02-7262630
Homepage	: http://www.metrosystems.co.th

Branch

- **Bangkok Advanced Learning** : 979/27-31 16th Floor, SM Tower Building,
Paholyothin Road, Samsen Nai, Phayathai, Bangkok

Telephone : 02-298-0277
Fax : 02-298-0038
Homepage : www.bal2001.com

- **IBM Envisioning Center** : 888/160 -161 Mahatone Plaza Building, Ploenchit Road,
Lumpini, Pathumwan, Bangkok 10330

Telephone : 02-727-4437, 02-727-4379
Fax : 02-253-0563

- **Disaster Recovery Site** : 141/15-18 Sakulthai-Surawongse Building,
Surawongse Road, Surawongse, Bangrak, Bangkok 10500

Telephone : 02-634-1760 -1, 02-634-1763
Fax : 02-634-1762

Subsidiaries

1. Company Name : **Metro Professional Products Co., Ltd.**
Industry Group / Business Type: Technology/ Information Technology and Communications
Nature of Business Operation : Manufacturer and distributor of Local Brand PCs - MPP
Paid-up Capital : 20 million Baht
Office Address : 98/44 Factory Land 2, Soi 3, Moo 11, Bhuddhamonthol 5 Road, Rai Khing, Sam Phran, Nakhon Pathom
Telephone : 02-811-8098
Fax : 02-811-8099
Homepage : www.mpp.co.th



2. Company Name : **Metro Infotech Co.,Ltd.**
Industry Group / Business Type: Technology/ Information Technology and Communications
Nature of Business Operation : Provider of ERP software and services - SAP
Paid-up Capital : 5 million Baht
Office Address : 23/3 Moo 9, Sukhumvit 103 Road, Nong Born, Praves Bangkok 10250
Telephone : 0-2726-2555
Fax : 02-726-2630
Homepage : ----

**Associated Companies**

1. Company Name : **HIS MSC Co., Ltd.**
Industry Group / Business Type: Technology / Information Technology and Communications
Nature of Business Operation : Provider of software and services for the Hospitality Industry
Paid-up Capital : 4 million Baht
Office Address : 23/3 Moo 9, Sukhumvit 103 Road, Nong Born, Praves Bangkok 10250
Telephone : 02-726-2555
Fax : 02-726-2530
Homepage : ---



2. Company Name : **Metrosoft Co., Ltd.**
Industry Group / Business Type : Technology / Information Technology and Communications
Nature of Business Operation : Provider and developer of computer systems according to customers' needs
Paid-up Capital : 1.5 million Baht
Office Address : 141/16 Sakulthai-Surawongse Building, Surawongse Road, Surawongse, Bangrak, Bangkok 10500
Telephone : 02-237-4220-5
Fax : 02-237-4226
Homepage : ----



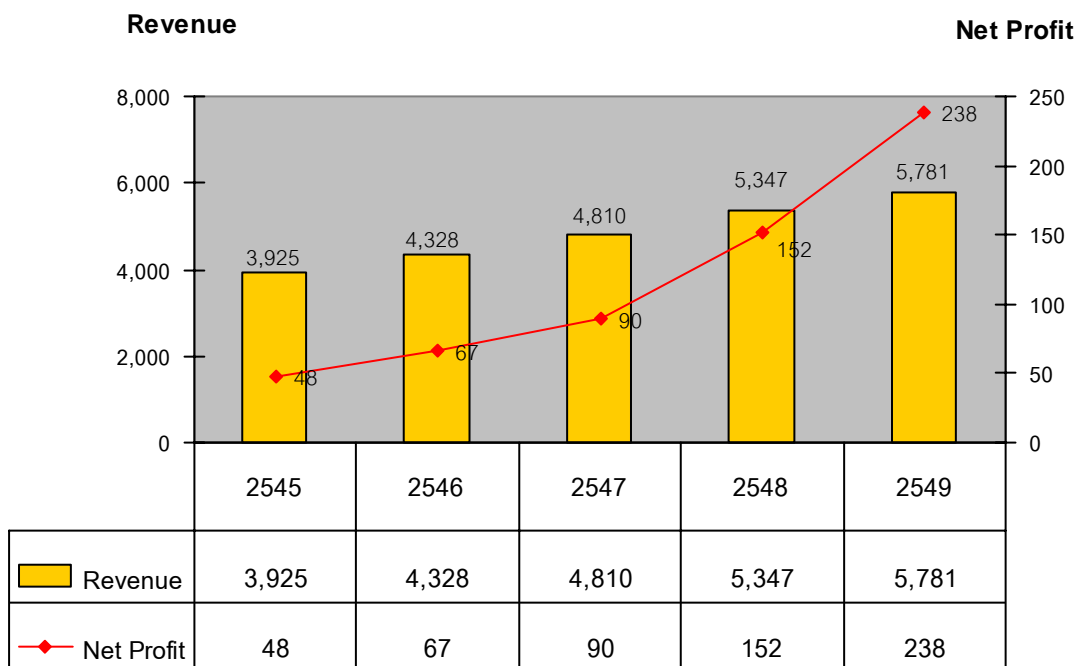
3. Company Name : **PSP (THAILAND) Co., Ltd**
Industry Group / Business Type : Technology / Information Technology and Communications
Nature of Business Operation : Provider and developer of database software - Progress
Paid-up Capital : 10 million Baht
Office Address : 973 No. 10 F, 10TH Floor, President Tower Building, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330
Telephone : 02-656-1616
Fax : 02-656-0606
Homepage : ----



SUMMARY OF FINANCIAL INFORMATION

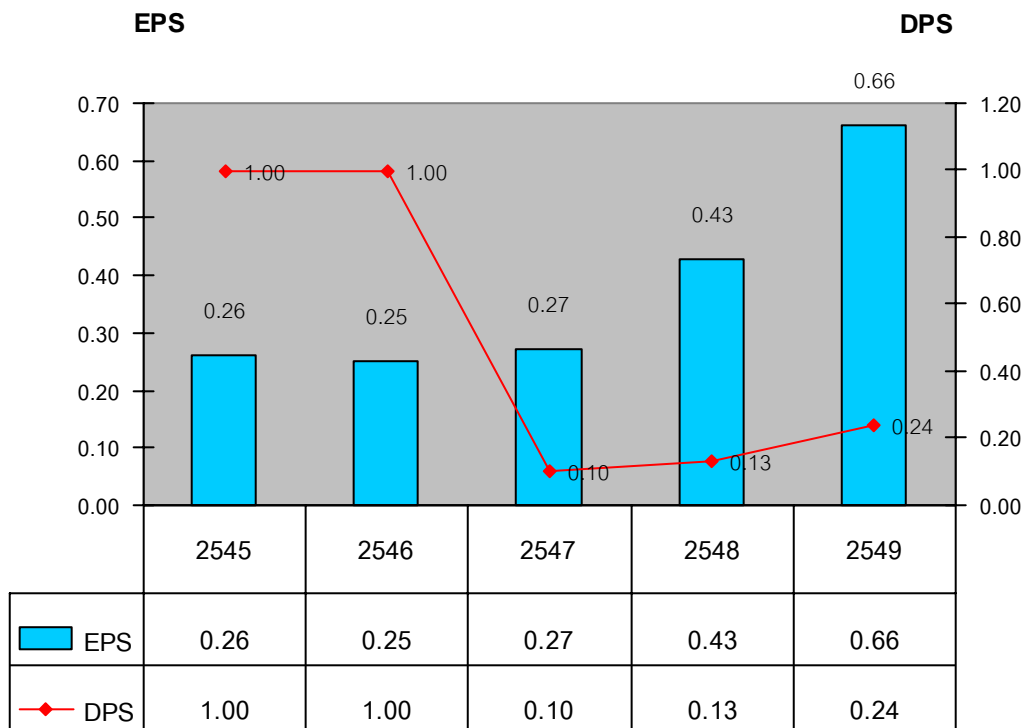
		Consolidated			The company only		
		2549	2548	2547	2549	2548	2547
Statement of Income							
Total revenue (million Baht)		5,923	5,862	5,280	5,781	5,347	4,810
Revenue from sales and services (million Baht)		5,830	5,817	5,248	5,658	5,313	4,771
Net profit (loss) (million Baht)		212	173	91	238	152	90
Balance Sheet							
Total assets (million Baht)		2,075	2,417	2,473	2,003	2,186	2,313
Total liabilities (million Baht)		1,029	1,457	1,676	1,007	1,341	1,543
Shareholders equity (million Baht)		1,046	959	797	996	845	770
Net profit (loss) / earnings (Baht / share)		0.59	0.49	0.27	0.66	0.43	0.27
Dividend (Baht / share)		0.24	0.13	0.10	0.24	0.13	0.10
Financial ratios :							
	Gross profit margin ratio (%)	15.43	15.43	15.11	15.20	14.79	14.64
	Net profit (loss) ratio (%)	3.61	2.95	1.72	4.18	2.84	1.89
	Dividend ratio (dividend yield) (%)	40.80	26.30	37.12	36.35	30.01	37.27
	Return on assets (%)	9.43	7.08	3.61	11.35	6.75	3.82
	Return on equity (%)	21.12	19.71	11.84	25.82	18.80	12.22
	Liquidity ratio (times)	1.35	1.14	1.01	1.32	1.08	0.97
	Debt to equity ratio (times)	0.98	1.52	2.10	1.01	1.59	2.00
Share capital information							
	Number of registered share capital (million shares)	360	360	360	360	360	360
	Number of paid-up share capital (million Baht)	360	360	340	360	360	340
	Par value (Baht / share)	1	1	1	1	1	1
	Book value (Baht / share)	2.91	2.66	2.35	2.77	2.35	2.27

Revenue and Net Profit



Remark : Financial Statements of the company only

EPS and DPS



Remark : Financial Statements of the company only

**COMPANY'S BUSINESS****Business Overview of the Company, subsidiaries and associated companies**

The Group of the Company comprises the Company as the main company, two subsidiaries, and three associated companies. The Group operates the Information Technology (IT) business as an importer and provider of medium scale systems and personal computers (PCs), network devices, printers, office supplies, and computer software. The Group also provides training services and E-commerce services. The details are summarized below.

Company	Business Type	Number of shares held	Percentage of shares held	Total shares sold
<u>Main Company</u> Metro Systems Corporation PCL.	Supplier of medium scale systems and PCs, data storage systems, network systems, printers, office supplies, computer software. Provider of software development tailored to customers' needs, the Disaster Recovery Center, and including consulting, maintenance, and training services			
<u>Subsidiary</u> 1) Metro Professional Products Co., Ltd.	Manufacturer and distributor of Local Brand PCs - MPP	197,200	98.60	200,000
2) Metro Info Tech Co., Ltd.	Provider of ERP software and services - SAP	35,000	70.00	50,000
<u>Associated</u> 1) HIS MSC Co., Ltd.	Provider of software and services for the Hospitality Industry - PITOME	29,400	49.00	60,000
2) MetroSoft Co., Ltd.	Provider and software developer for the hospitality industry such as Brita Software, a specific software developed for the Hospitality Industry	49,800	49.80	100,000
3) PSP (Thailand) Co., Ltd.	Provider of database software - Progress	19,988	49.97	40,000

Product or Service Types can be classified by the business into the following groups.

1. Enterprise Systems Group or ESG The products within this group are

1) Medium scale systems, such as the IBM i-Series, the latest model, including medium scale p-Series computers for open systems, point of sale systems(POS), banking devices, IBM storage systems comprising, disks, tapes, storage area networks (SAN), and the software used to manage data inside such devices, and including servers.

2) Personal Computers (PC), from IBM, HP, Lenovo, and Dell, including being a manufacturer and distributor of Local Brand PCs - MPP

3) Printers. The Company distributes a wide range of dot-matrix, inkjet, and laser printers – from IBM, HP, and Cannon. In 2006 the Company was appointed an authorized distributor for the OKI brand.

4) Maintenance. The Company has skillful engineers for both hardware and software services to prevent damage from machine down time and to increase the operating efficiency of hardware and software.

In 2006, ESG sales volume was at approximately 52% of the Group's total revenue.



2. Office Supplies Group or OSG. The Company sells and distributes office supplies and consumable products for every computer model ranging from mainframe to personal computers as well as for printers and accommodating all levels of customers' needs. The products include ink, tape, paper, etc. under the brands of HP, Canon, Epson, Lexmark, IBM and Imation. In addition to being sold separately, these products are also sold as extended/value added services to other core products sold within the Group companies.

In addition, to providing convenient services, the Company has developed an e-Catalog Website for customers to order OSG products via the Internet without delay at www.metro-supplies.com.

In 2006, the total sales value for the Office Supplies Group accounted for about 35% of the total sales of Group companies.



3. Network Solutions Group or NSG. In 2006, the Company expanded its computer network business. The Company became a distributor of SISSO network solutions, including IP communication technology. The products of this group comprise:

- 1) Networking Products
- 2) IP Phones
- 3) Devices for Data Centers such as UPS Systems, Temperature Control Systems, and Security Systems, etc.

In 2006, NSG sales were approximately 4% of the Group's total revenue.



4. Solutions Integration group or SIG. The products of this group comprise:

1) Software Solutions includes:

- Middleware applications – IBM and Microsoft
- Data systems and security software - IBM, Veritus, Check Point and Trend Micro
- Business intelligent software such as Hyperion
- Computer-Aided design software. In 2006, the Company was appointed by Autodesk as an authorized value added reseller and an authorized training center, and selling a full range of after-sales services.

2) Services. The following are pre-sales and post-sales services that the Company provides to customers.

- **E-Business Solutions and Professional Services** tailored to customers' needs.
- **IT Outsourcing** The Company provides services in line with customers' needs for computer maintenance within the customers' companies. Therefore, customers are able to reduce their human resource risks.
- **Business Continuity Service** The Company provides business data and facility backup services under the Business Continuity Solutions Department to provide data backup for customers to protect loss of critical information during a crisis and as an emergency temporary office so the customer may continue to operate their business.

3) IT Specialist Training. The Company operates training centers as follows.

- The training center at Head office provides training for the Company's customers, emphasizing program coding for the medium scale systems sold by the Company.
- **Bangkok Advanced Learning** The Company's Microsoft Certified Technical Education Center provides training on advanced operating systems and Microsoft applications for the general public and customers. The student who passes the Authorized Promatic Test will be awarded a certificate and job placement guarantee. In addition, the Company also provides professional training on Trend Micro for anyone who wants to be

an antivirus expert, and training on the Certified CISCO Network Administration, a course in network management.

- **IBM Envisioning Center** established on the 14th December 2006. This center is the first authorized training center that provides training for every pillar of IBM software in Thailand. In the future this centre will enhance the competency of IT specialists in utilizing IBM software solutions for the highest efficiency of their organizations and Thailand.

In 2006, the revenue generated by the Solutions Integration Group accounted for about 8% of total revenue of Group companies. The Company has the policy to increase the service revenue portion since it can yield higher profitability.



Marketing and Competition

1. Marketing Policy and Pattern

1) Overview of the Marketing Policy

The Company has a clear policy in conducting its business by trying to differentiate itself through service and IT consulting services in order to create added-value to the products and services rather than to focus on pricing competition alone, since price cutting will directly impact the Company's performance. The Company's marketing strategy can be summarized as follows:

▪ Customer Intimacy

The Company's policy clearly emphasizes the importance of the customers by providing recommendation on products and fast and effective services. The Company has set up its organization structure based on product groups in order for the staff to effectively build their knowledge, experience and ability to provide appropriate recommendations and services to customers.

▪ Hardware and Software Solutions Center

The Company has invested in modern technologies and established a demonstration and testing center to demonstrate its capability for the utilization and interconnection of hardware, software and IP technologies. The Company places a priority on this investment and takes this into account as a key factor for conducting its business. The objectives of this center are to study, learn, and test products, to ensure product efficiency prior to delivery and to assure our customers' good value in their investment and business success.

The following are the showcase and testing centers of the Company:

- The Total Storage Solutions Center is the center for IT management within the organization and data storage, in order to arrange data and information within the organization efficiently.
- The Audio Visual Information Technology Center (AVIT Center) is the leading solution and application center providing presentations that integrate modern technology, screen, sound, and IT together.
- The Business Decision Support Center is the presentation and solution center to help management make the right decisions for the business.
- The MSC IPC Innovation Center is the display and testing center of the IP application for business communications.
- The Business Productivity Center is the first Mobile Experience @ BPC in Asia in collaboration with Microsoft, Intel and DTAC. This center aims to present mobility solutions via the Enhanced Data GSM Environment (EDGS) and General Packet Radio Services (GPRS).
- The IBM Envisioning Center, established on the 14th December 2006, is a demonstration center for all IBM software that can be integrated and implemented into an organization. In addition, it is the first authorized training and examination center for all IBM software in Thailand.

- **Product Strategy**

The Company has the policy to increase its line of products and services by carefully selecting only products and services that are well-known and related to its core business. In addition, the Company has established the following product selection criteria:

- Products that can provide added value to the customers and the Company such as Application Software Solutions.
- Proprietary Products which can help the Company to create differentiation and reduce competition.

- **Vendor Relation**

The Company has the policy to set up its organization and human resources based on the brand of the products the Company sells so the staff will be able to fully support the responsible products. By doing this, the partner can be confident that the Company will be able to respond to the customers' needs with appropriate products and according to the partners' policy.

- **Certified Specialists**

Having staff that pass the test and certification from the product manufacturers' is one of the most important criteria to build confidence and add value to product sales. Therefore the Company has a policy that personnel in the departments related to sales and service must pass this test according to the Company's policy.

2) Marketing Policy by Product Type

- **Medium scale computers and peripherals**

There are fewer competitors in the medium scale computer products area, such as IBM i-Series and p-Series as well as storage devices, while there is more competition in the Retail Systems business lines. The Company is the market leader for the IBM I-Series medium scale systems due to its largest market share. Therefore the Company has established the strategy for medium scale systems in Thailand by building up relationships with other partners and dedicating its staff to be specifically responsible for the existing customer groups in order to retain the customer-base and by providing useful product recommendations and technology updates on a regular basis. In addition, the Company also participates in joint marketing activities with industry-specific application vendors such as SAP, Oracle and Hyperion by holding seminars and exhibitions to present how to use information technology to support the business operations and to focus on the market segments that have growth potential such as retail, automotive, hotel and banking, for example.

Moreover, the Company joined together with its counterparts such as IBM, HP, Lenovo, OKI, Microsoft, Oracle, Autodesk, and including software providers and solution developers in leading countries, to host a seminar, the MSC Solutions Day, on the 9th November 2006. The seminar presented the professional side of IT usage to ensure customers' confidence on using this technology as a tool to drive business in this age of communications and maximum efficiency performance.

- **Personal Computers**

The Company sells and distributes personal computer products for brands like IBM, HP and DELL. The organization is established in such a way that marketing responsibility is broken down by product brand name, and the manager of each brand will be responsible for

managing the products under his responsibility and expanding the market for new products to new customers.

In launching new products, the Company emphasizes offering high-end products for corporate customers who realize that information technology enhancements will have a positive impact to the success of their business and therefore, continuously allocate investment budget for this course. In addition, they pay more attention to performance and business success than to prices. In order to be competitive, the Company has the strategy to focus on services and adding value to its products. For the personal computer product line, the Company has a PC Consulting Service team to provide recommendations before and after sales for all Microsoft applications which are the solutions that are critical and most widely used. In addition, the Company also creates partnerships with some of the PC-based industry specific application vendors.

▪ **Office Supplies and Consumable Products**

The Company's strategy for the sales and distribution of office supplies and consumable products includes setting up responsibility units to oversee the marketing based on the product brands, namely HP, Epson, Canon, Imation and Lexmark. These units will be responsible for sales promotion to corporate customers and market expansion by introducing the products to dealers. The Company also runs sales promotional campaigns both on its own and with partners in order to build customer relationships. It has also determined specific target groups that have on-going demand for office supplies and consumable products such as educational institutions and government agencies. Currently, the Company mainly uses direct sales and a telemarketing strategy to cover the office customer groups. The Company has on-going training for its staff on product knowledge and at the same time, tries to provide faster product delivery and uses IP technology to improve sales efficiency as well as to ensure that customers receive high quality products and reliable after-sales service including comprehensive product warranties, for example. In addition, to providing convenient services, the Company has developed an e-Catalog Website for customers to order OSG products via the Internet without delay at www.metro-supplies.com

▪ **Network Solution**

The Company will expand develop further the IT Solution market with network security systems and IP technology. The Company will train staff to be specialists with knowledge and skills in SICCO products in order to increase the efficiency of customers' computer systems and to build customer confidence in the Company's services.

▪ **Software Solutions**

The Company gives priority to maintain the vendor relationship by participating in the vertical industry solutions that, at present, focus on solutions for manufacturing industries. This can be considered as a value added benefit from the Company in our customers' point of view. The Software Solution Center can demonstrate to customers the Company's capability to support their business. In addition, the Company's marketing strategy is to sell software and hardware in combination, so customers can benefit from reduced investments. The Company also has the policy to increase specialists accredited by the relevant institutions to strengthen the Company's teams to support this business expansion.

Services

- E-Business Solutions and Professional Services

The Company has established strategies for E-Infrastructure services. Consulting teams will be enlarged to provide relevant services and software. The Company has established special target groups classified by industry and application.

In addition, the Company has put in place the policy to encourage personnel who provide consultancy to customers to obtain certificates from product owners in order to build customer confidence.

- IT Outsourcing

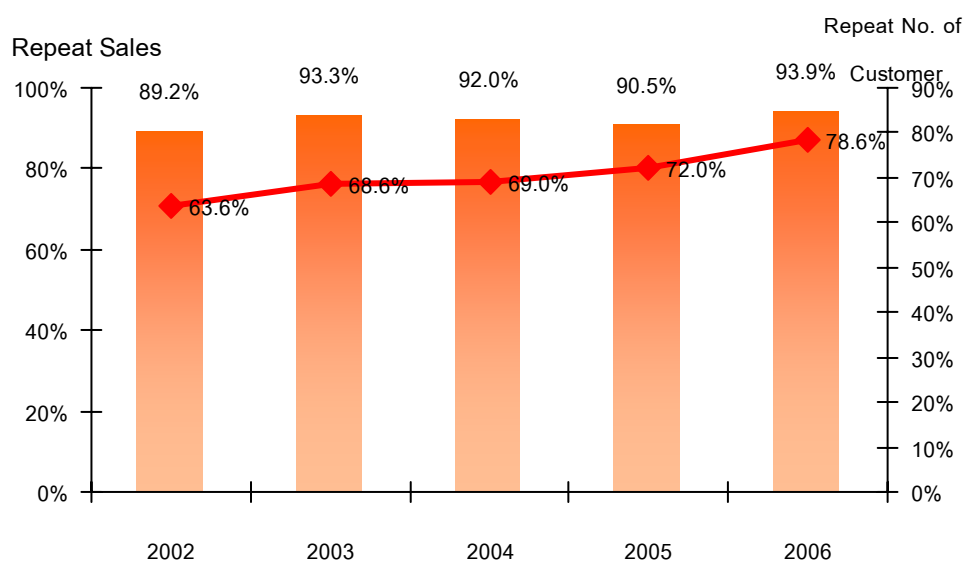
The Company has the policy to provide opportunities for outsourcing business to customers that do not have their own IT staff. This customer group has been increasing, especially with foreign companies. The Company aims to develop solutions by industry and application, including building teams accredited by relevant institutions to build customer confidence.

- Business Continuity

The Company has put in place the policy to expand the Back-up Recovery business by providing more services, for both CPU and Storage units, and a testing center to test customers' computer systems in a business continuity rehearsal scenario.

3) Nature and Types of Target Customers

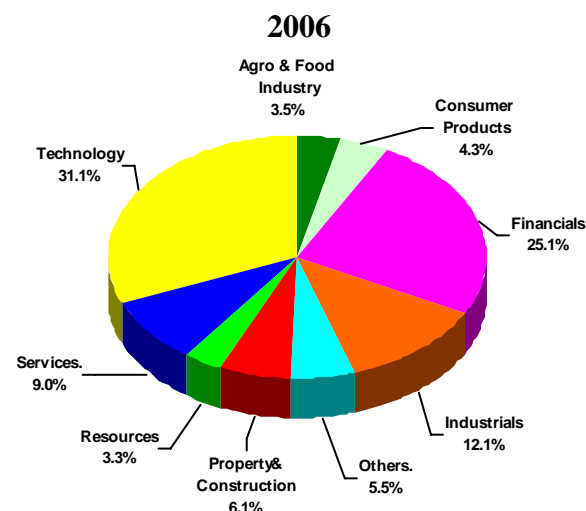
The Company's target groups are mainly small to large enterprises and financial institutions. The Company focuses on customers who pay special attention to quality and complete services as well as the reputation of the vendors. As the dealer, the Company has been focusing on providing system integration services since it can propose integrated solutions providing both hardware and software at the same time. At present, the sales to the existing customer base (repeat sales) accounts for 94% of total sales and repeat customers of 79%.



Graph represents the repeat sales volume

The customers in 2005 and 2006 can be classified by industry as follows:

Industry Group	Proportion (%)	
	2005	2006
1. Technology Products	30.92	31.1
2. Financial Business	23.99	25.1
3. Raw Material and Industrial Products	10.69	12.1
4. Services	10.95	9.0
5. Property and Construction	3.90	6.1
6. Others	6.73	5.5
7. Consumable Products	5.70	4.3
8. Agricultural and Food Industry	4.18	3.5
9. Resources	2.94	3.3



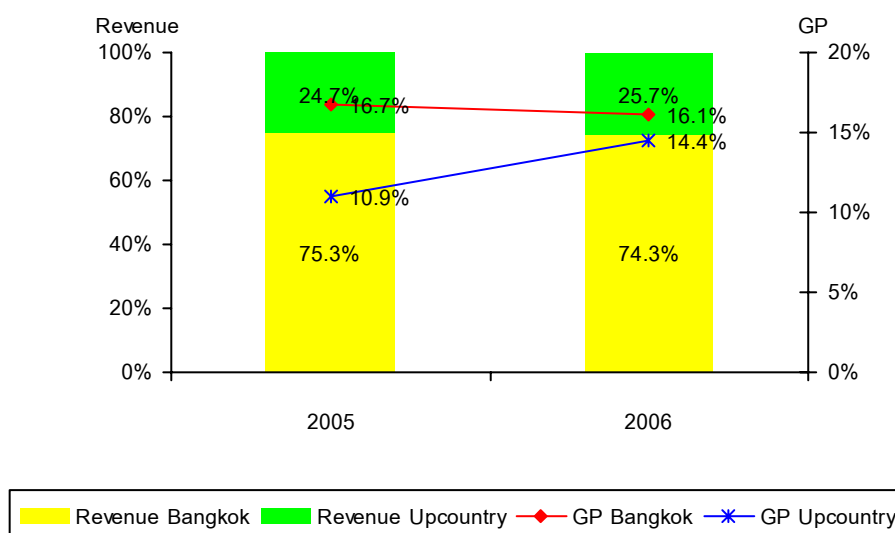
The Group and its subsidiaries does not have any large customer whose products and services sales value is more than 10% of total revenue, thus the Company does not have to face the revenue impact that may be caused if losing that particular customer.

4) Sales and Distribution Channels

Since computer products and office supplies are fast growing, the Company recognizes the importance of prompt product delivery to a large customer base. Therefore, the Company has set up its sales and distribution system via direct sales and dealers. During 2005 – 2006, direct sales and sales by distributors are classified by business groups as the table below.

(Unit: Percentage)

Items	Year 2005		Year 2006	
	Direct Sales	Dealers	Direct Sales	Dealers
Enterprise Systems Group (ESG)	50.82	1.33	50.02	0.72
Office Supplies Group (OSG)	24.73	12.77	24.31	12.28
Network Solution Group (NSG)	--	--	3.92	--
Solution Integration Group (SIG)	10.23	0.12	8.62	0.13
Total	85.78	14.22	86.87	13.13



It can be seen that the Company stresses more importance on the direct sales than on dealers since they have higher growth potential and higher profitability as well as less credit risk.

In direct sales, the Company focuses on developing resources to understand the products and the customers' business in order to be able to present the solutions professionally. In selling via dealers, the Company stresses building good relationships and trust with business partners for long-term business relations.

At the same time, the Company focuses on developing its resources by encouraging staff to take the product examinations in order to build confidence for both customers and product manufacturers. In 2005, there were 52 staff who attended product training (Certified personnel) i.e. 12 sales and marketing personnel and 40 system engineers. In 2006, there were 100 certified personnel divided into 36 sales and marketing staff and 64 system engineers.

2. Competition

1) Overview and Trends of Industry Growth

The IDC Research (Thailand) Co. Ltd., or IDC said about the IT business direction and trends in Thailand that the overall IT market will grow approximately 17% in 2007. The market driving force is communications equipment such as Smart Handheld Devices (SHD) due to the lower price of clients' equipment as an incentive to customers. Accordingly, service business will grow approximately 24%; training and education will grow 20%; software and hardware will grow 11% and 15.4% respectively. In all, there is growth in SHDs, PCs, and Servers of 20%, 15% and 14%, respectively.

The IDC analysis is separated by product and service type. Overall the PC market in 2006 grew 25%, 1.5 million units, over that of last year, and it is expected to grow 25% in the next year, resulting from the expansion of notebook markets and PC auction projects, and including some government expenditure. This year, notebook sales volumes increased 21%, for a total of 0.55 million units, and is expected to grow 25% and 30% in 2007 and 2008, respectively. The growth is due to customers' need for convenience and mobility.

For input devices, IDS analyzed that the market size will be 1.27 million units, a decrease of 0.5% from that of last year due to the maturing market for inkjet printers. However, the market value will increase 3.2%, a value of 187.3 million US\$, due to high expansion of black and white laser printers. Overall the printer market will decline 6.1% this year but it will rise approximately 4.6% next year due to expansion of multifunction inkjet printers.

Clients are divided into two types, namely SHD, and convergent devices. Forecasts show the SHD will be a pen-based or general PDA, and convergent devices will be divided into data-centric, mobile computers, and voice-centric, smart phones. This year, the overall consumer market will expand 28.2%, or 1.68 million units divided into 1.1%, 8% and 90.9% growth for pen-based, data-centric and voice-centric devices, respectively. Accordingly, IDC forecasts that during 2007-2010, the consumer market will increase 16.1% per year due to higher purchasing power and lower consumer prices and incorporating more new features.

The software market is expected to reach 326.51 million US\$, a growth of approximately 10%. The market comprises system infrastructure software, application software, and application deployment and development software of 39%, 40%, 21%, respectively. By 2012 the market value is expected to reach 508.57 billion US\$, an average growth of 12% during 2006-2012.

This year, the IT services business is expected to achieve a value of **26 billion Baht**, or a growth of 15%. This includes consultancy and system developments or C & SI, technology products and services or TPS, and IT outsourcing, with growth of 38%, 39% and 23%, respectively. The market direction will be more on security systems because many organizations will have more confidence in such systems for finance and banking.

In the telecommunications market, the IDC forecast is based on services revenue, separated into 1. Fixed lines that are network services for both sound and data, and access services that are broadband and narrow band. 2. Wireless that is prepaid and postpaid voice service, namely SMS, MMS, and other data services. IDC expects the total value of the telecommunications market and telecom services will reach 217,167 million Baht. The proportion of fixed lines and wireless is 35.4% and 64.6% respectively, compared to 34% and 66% last year. An increase growth of fixed line services comes from the promotion of broadband and voice-over IP systems. On the other hand, the proportion of wireless has declined due to the highly competitive market, resulting in lower monthly revenue per number.

The market for wireless services this year is valued at 140,185 million Baht, split 9% for non-voice and 91% for voice, because service providers have launched on-going promotions and price reductions for mobile phones. As a result, there are many products in the market for consumers. The number of mobile phone users is 37 million this year, up 21.6%, compared to only 30 million in the previous year; and the number of mobile phone users is expected to reach 43 million next year, a 17% growth. IDC also forecasts that the average growth of the wireless services market and the fixed line market will be 16.1% and 8.2% respectively per year during 2006 – 2012.

This year, the market for telecom network services is 62,282 million Baht. The leading group is for voice services with a 77.9% share, separated into 18%, or 8.7 million Baht, for voice-over IP, a growth of 25% due to services provider's marketing campaigns, and the balance of 82% for PSTN or Public Switched Telephone Networks. The second group is for data communication services for a 22.1% share, with the highest portion of 62.6% for Leased Line services.

The value of Internet access services is 11,751 million Baht, 68.4% for broadband and 31.6% for narrow band. Broadband users are expected to increase from 0.8 million to 1.3 million, a growth of approximately 53% resulting from the lower prices of promotion packages by service providers, a higher number of broadband uses, a higher number of online game players, and the focus on other provinces following the market saturation in Bangkok.

Total spending for the telecommunications business is 6.59 billion US\$, an increase of 6.5% from last year. In 2007 and 2008 spending is expected to reach 7.06 billion US\$ and to 7.58 billion US\$, up 7.2% and 7.4% respectively. The spending mostly comes from the mobile phone business and new fixed line networks offering broadband or voice-over IP.

For management services, there is spending of 580 million US\$, a growth of 29%. This market is expected to expand and be more focused because telecommunication service providers will enter this market and may re-brand themselves as ICT solution service providers; the existing players are Inter providers or IPS and IT network device providers.

The value of the enterprise mobility business is 526.50 million US\$ and 645.40 million US\$ for this year and next year, respectively, and in 2008 spending is expected to reach 754.20 million US\$ with mobile e-mail as the key sales strategy.

Source : IDC Research (Thailand) Co., Ltd.

2) Competition by Product Type

■ Computers

The computer market is highly competitive. The competition can be broken down into 2 major markets i.e. the direct market and the wholesale market. In the direct market, the distributors or resellers will offer complete lines of products and services in order to increase the value of sales, and competition is dependent more on how well the proposed solution meets the customer's business needs than competing on prices. Though the profitability on computer hardware is dropping, the vendors may gain profit from software and services. For the wholesale market, most wholesalers are foreign companies with business around the world, prices are negotiable and the policy is to take less profit but to sell on big volume, therefore, the competition is more on pricing and availability of products, than after-sales service.

In Thailand the competition in the medium scale computer market is not that fierce since the competition is mainly on services and not on prices. The systems offered by the Company are IBM model i-Series, p-Series, POS and storage devices. Currently there are few competitors, in addition to IBM products, there are also other medium scale solutions in the market, however IBM has the largest market share.

The personal computers market in Thailand is highly competitive since there are many brands to select from, both local and foreign made. In addition, there are many vendors including small shops that are found in shopping malls, giving the consumers more choice. Therefore competition is mainly on price. At the moment the computer business yields little profit margin per unit sold.

However, medium scale computers from IBM have fewer competitors. Each seller has his niche market for the model he has the expertise in. As for the Company, it focuses on the private sectors in various industries to mitigate any potential risk. Some of the industries are electronics, financial institutions and department stores, for example. In addition, the Company also focuses on direct sales while competitors focus on selling to the banking industry, large projects, government agencies and wholesalers. Due to the fact that each reseller has his own separate target groups, the competition is not that fierce.

■ **Office Supplies and Consumable Products**

The market for office supplies and consumable products is huge with many players involved, but the value of each product is not very high. This market is highly competitive both in terms of pricing and services. In addition, there are many small shops in shopping malls offering these products making it more convenient for consumers to buy.

■ **Network Solution**

There are several distributors of SICCO network solution resulting in both price and service competition. The Company focuses mainly on medium scale systems and developing the existing customer base.

■ **Software Solution**

Currently Microsoft has the largest market share in the operating system and development software area. The development of software to increase business operational performance will increase the need for more computer hardware.

In the human resources management software arena, there are more selections offered to consumers with various prices and some major software developers have reduced the capacity and price to address the middle and smaller markets. In addition, there is more introduction of business intelligence software into the market.

Competition in the application market is focused more on service than pricing and the customer will make the decision based on the successful performance of the global vendors. However, PC operating system software and tools are competing on price and the product developers will have influence on price determination and increasing the number of legitimate users.

■ **Services**

The Service business relies on the experience and skill of the personnel. The service provider needs to build specialized skills and only the large service providers can offer a complete line of services and solutions for customers. Therefore, there is not a lot of competition for each service type but Thai consumers do not want to pay a lot of money for services compared to consumers in other countries. However, the market for this seems to be growing.

**Revenue Structure of the Company and it Subsidiaries**

(Unit: Million Baht)

Products/Services	Operated by	2006		2005		2004	
		Revenue	%	Revenue	%	Revenue	%
<u>Part 1 Revenue from Sales and Services</u>							
Enterprise Systems Group (ESG)	MSC/MPP	3,049	51.5	2,975	50.8	2,776	52.6
Office Supplies Group (OSG)	MSC	2,085	35.2	2,003	34.2	1,777	33.7
Network Solution Group (NSG)	MSC	223	3.8	--	--	--	--
Solution Integration Group (SIG)	MSC/MIT/AHOST	465	7.8	802	13.7	647	12.3
Others		8	0.1	37	0.6	48	0.9
Total Revenue from Sales and Services		5,830	98.4	5,817	99.3	5,248	99.5
<u>Part 2 Other Revenue</u>		91	1.5	43	0.7	26	0.5
Total income from the Company and subsidiary companies		5,865	99.9	5,860	100	5,274	100
<u>Part 3 Profit (Loss) of joint-venture companies</u>	PSP/MS/HIS	3	0.1	2	0	6	0
Total Revenue		5,923	100	5,862	100	5,280	100

Source: Consolidated balance sheet

RISK FACTORS

The Company has placed much importance on risk management, for both external and internal factors that may affect the Company's business, and determined risk protection guidelines are as follows.

Market Risk

1. Manufacturer Policy

The Company is appointed by manufacturers to be a non-exclusive dealer. Most contracts are short-term contracts that the counterparts have rights to terminate the contracts. Therefore, manufacturers are able to appoint additional dealers if they would like to gain more market share and also have rights to terminate contracts. The Company may be affected by a higher number of competitors or termination of contracts. In addition, since some manufacturers have policies to sell their products directly to customers, the Company's role as a dealer may be downgraded.

For the contract duration, it is the ordinary course of business that manufacturers will determine the contract duration and normally set an automatic extension in case of no violation of the contract. In the past, the Company has never been terminated from any contract and has never been rejected to extend any contract from the manufacturers. On the other hand, some manufacturers have extended contracts without specified duration due to their confidence in the Company. Accordingly, the Company adjusts its operations to be ready in providing a full range of IT services, namely, hardware, software and services in order to create value-added for the Company. The Company focuses on raising service revenues that has registered the highest growth rate since 2004. In addition, the Company focuses on human resource development on an on-going basis to differentiate itself from competitors. Therefore, the Company has personnel and teams with capability skills and exceptional working experience in each product; thus the Company has competitive advantage over new competitors. As a result, there is less incentive for manufacturers to appoint new distributors in place of, or in addition to, of the Company.

2. Price Competition

Intense competition results in more competitors in the hardware and software market with a lower profit rate. The Company tries to avoid any price reduction strategies, and emphasizes on a full range of services and service quality development, including providing post sales services and various kinds of computer services to respond to customers' needs and to maintain customer loyalty. The Company has achieved rate rises annually for repeat business, from 72% of the number of customers in 2005, to 79% in 2006.

3. Technology Change

Substitute technologies are Dual Core Processor, VI Chip power, Microsoft Vista Office07, Exchange07, Security on Wireless, Computer-Aided Design, Digital Media, Radio Frequency Identification or RFID. The Company recognizes risks from the above technology changes. Therefore, the Company prepares IT specialists, and studies all new solutions suitable for the customers' needs to create value-added services.

Technology Investment Risk

Due to rapid changes in technology, the Company has to invest in hardware and software in order to apply new technologies within the Company, including establishing showrooms and testing centers to demonstrate modern and up-to-date hardware and software. This investment aims to train specialists, demonstrate virtual operations to facilitate customers' understanding, and make correct decisions on products and services according to their objectives, including presenting the Company's capability to build customer confidence.

Operational Risk**1. Risk from Out of Date Products**

Since the Company is the distributor of rapidly changing IT products, the Company manages inventory turnover to not more than 30 days. Therefore, the Company's risk from out of date products is quite low.

2. Debtor Risk

As the Company's sales are recorded a high growth rate, the Company has put in place risk mitigation measures for cash collection by setting a credit policy and controlling the on going credit control policy. The Company has a policy to set an allowance for doubtful accounts from the doubtful debtors classification by debt aging.

3. Foreign Exchange Risk

The Company has foreign exchange risks due to goods ordered from abroad. This risk may affect the Company's financial status. The Company, therefore, has put in place a policy to negotiate forward foreign currency contracts to mitigate risk from the fluctuation in foreign currencies.

Human Resource Risk

It is necessary for any IT business to rely on skillful, knowledgeable and experienced personnel. Therefore, the Company prepares in readiness for key personnel who influence the Company's growth. The Company has put in place human resource development plans for management level people to continuously enhance their skills and knowledge. In addition, the Company plans to train all personnel to possess knowledge and understanding in products and related professions. The training will be distributed to all staff on an on-going basis. The Company encourages staff to pass sales and service tests according to manufacturer's requirements. Moreover, The Company supports teamwork to establish the corporate culture of a working cooperation and knowledge transfer, from one generation to the next within the organization.

SHAREHOLDING STRUCTURE

The first ten major shareholders and shareholding proportion as at 9 January 2007.

Shareholder Group	Type of business	Number of shares	Ratio (Percentage)
Charuvajana family		71,811,567	19.95%
Metro Value Creation Co., Ltd.	Holding	67,786,463	18.83%
Metrophose Co., Ltd.	Holding	64,747,902	17.99%
Chuaratanophong family		35,435,010	9.84%
Thai NVDR Co., Ltd.		18,003,800	5.00%
Ms. Phanit Ngamkuangchot		15,430,000	4.29%
Mrs. Khema Visuthiwattanakorn		13,812,670	3.84%
Tangtrongsakdi family		12,610,000	3.50%
Mrs. Sompong Ruengsuwan		6,016,000	1.67%
Mr. Somchai Pongsuriyanant		3,619,000	1.01%
รวม		309,272,412	85.91%

Source: List of shareholders as at January 9th 2007 prepared by Thailand Securities Depository Co., Ltd.

Shareholding details of Metro Value Creation Co., Ltd. and Metrophose Co., Ltd.

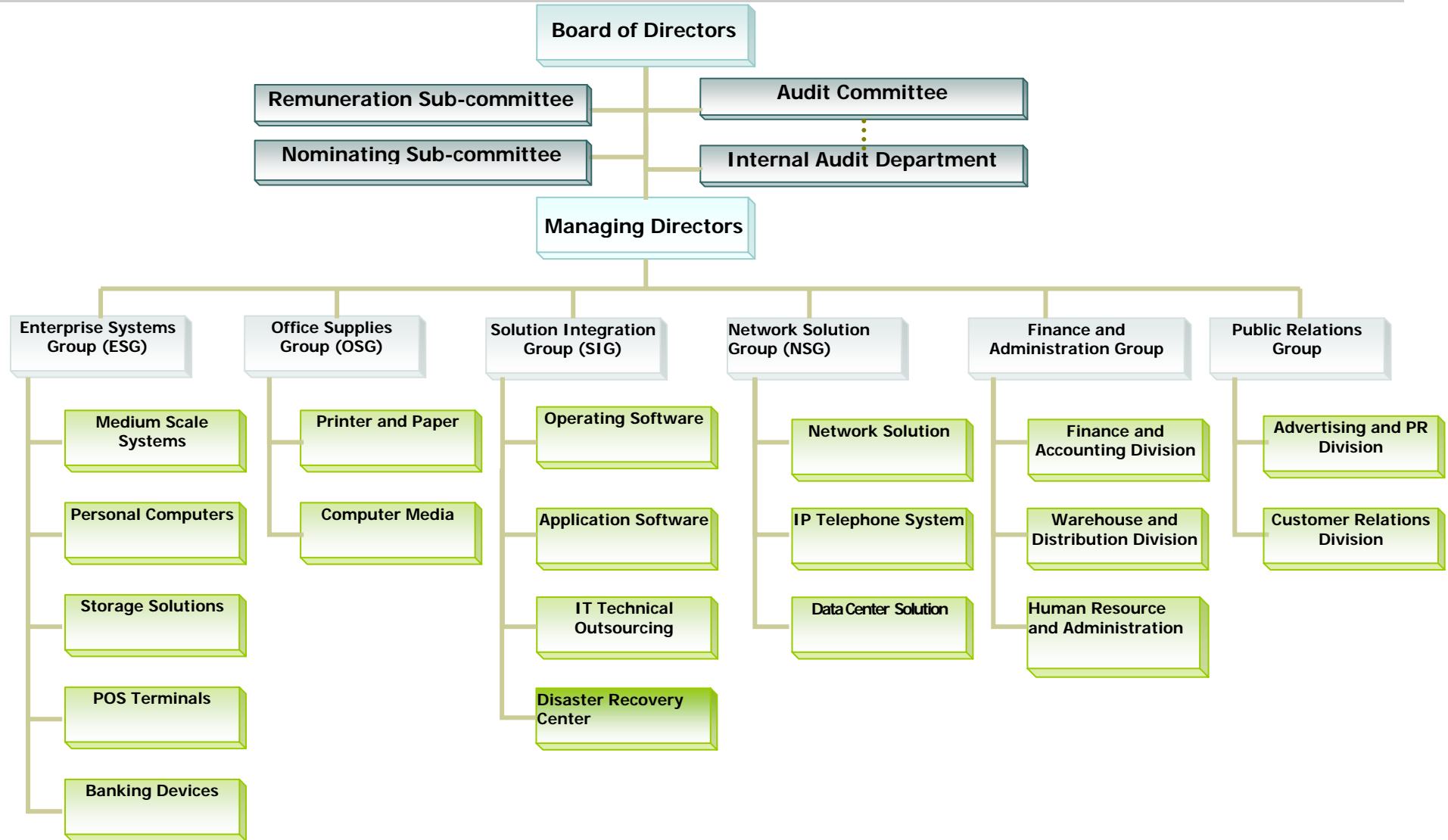
Metro Value Creation Co., Ltd. as at 28 April 2006

	Shareholder Group	Number of shares	Ratio (Percentage)
1	Mrs. Wantana Thongthai	80,000	20%
2	Ms. Sangjit Laohathai	80,000	20%
3	Mr. Aron Tangtrongsakdi	80,000	20%
4	Ms. Somchit Charuvajana	40,000	10%
5	Mrs. Khema Visuthiwattanakorn	40,000	10%
6	Ms. Phanit Ngamkuangchot	40,000	10%
7	Ms. Kanya Pathomburana	40,000	10%
		400,000	100%

Metrophose Co. Ltd. as at 19 July 2006

	Shareholder Group	Number of shares	Ratio (Percentage)
1	Srikrung Wattana Co., Ltd.	3,720,000	74%
2	Prachin Larp Co., Ltd.	525,000	11%
3	Sainamtip Property Co., Ltd.	350,000	7%
4	Trimitr Marketing Co., Ltd.	200,000	4%
5	NKL Co., Ltd.	150,000	3%
6	Trans Asia Pacific Co., Ltd.	45,000	1%
7	Mr. Sawangthum Laohathai	2,999	0%
8	Mrs. Wantana Thongthai	2,999	0%
9	Mr. Aron Tangtrongsakdi	2,499	0%
10	Mr. Suwapol Suvaruchiphorn	1,000	0%
11	Mrs. Khema Visuthiwattanakorn	500	0%
12	Mr. Vorathep Sethpark	1	0%
13	Mr. Surachart Vorakijkarnjanakul	1	0%
14	Ms. Kanya Pathomburana	1	0%
		5,000,000	100%

MANAGEMENT STRUCTURE



Board of Directors

The company's management structure comprises 3 committees i.e. the board of directors, the executive directors, and an audit committee and 2 sub-committees i.e. the remuneration sub-committee and the nominating sub-committee board comprising:

1. Board of Directors

No.	Name	Position
1.	Mr. Anan Leetrakul	Vice Chairman
2.	Mr. Tavit Charuvajana	President & CEO
3.	Mr. Suvij Suvaruchiphorn	Director
4.	Mr. Sunpitch Sethpornpong	Director
5.	Mr. Sathien Archavaniyut	Director
6.	Mr. Sawangthum Laohathai	Director
7.	Mr. Narong Charuvajana	Director
8.	Mr. Kittit Techataveekijkul	Director
9.	Mr. Bodin Parapagpenjun	Director
10.	Mr. Shodok Kijisatharn	Director
11.	Mr. Thongchai Lumverakul	Director
12.	Ms. Acharaporn Preechakanjanadit	Director
13.	Mr. Aroon Tor-Ekbundit	Director
14.	Mr. Veeraphan Durongsang	Director
15.	Mr. Pravit Chattalada	Independent Committee / Chairman of the Audit Committee
16.	Mr. Chuchart Vatanatham	Independent Committee / Audit Committee
17.	Dr. Virach Aphimeteetamrong	Independent Committee / Audit Committee

Scope of the board's responsibilities

1) Must comply with the laws, objectives, regulations and resolutions of the shareholders' meeting to perform the work excepting where the shareholders' approval is obtained prior to proceeding. For example, particular matters that need approval by a shareholders' meeting according to the law are, related transactions and the buying and selling of important assets according to the regulations of the Stock Exchange of Thailand.

2) Is authorized to assign and delegate the executive directors to perform one or more activities to the extent of the scope of responsibilities. This authority must not allow the executive directors to approve matters in which, they or the person whom they delegate, may have a conflict of interest, or show any other benefits, including work performance evaluation and setting the management's remuneration.

3) Sets the policy and business direction, and acts as the compliance unit to inspect the management's operation according to the policy effectively and efficiently.

4) Considers the operating results of each quarter and arranges the accounting system, financial reports, and reliable auditing including supervising the appropriate evaluation process of internal controls and internal audits effectively.

2. Board of Executive Management

No.	Name	Title
1.	Mr. Anan Leetrakul	Board of directors' consultant
2.	Mr. Tavit Charuvajana	President & CEO
3.	Mr. Kittit Techataveekijkul	Executive Director
4.	Mr. Thongchai Lumverakul	Executive Director
5.	Mr. Aroon Tor-Ekbundit	Executive Director
6.	Mr. Shodok Kijsthiarn	Executive Director
7.	Mr. Narong Charuvajana	Executive Director
8.	Mr. Bodin Parapagpenjun	Executive Director
9.	Ms. Acharaporn Preechakanjanadit	Executive Director
10.	Mr. Veeraphan Durongsang	Executive Director

Scope of the Board of Executive Management's Responsibilities

1) Is authorized to approve any loan or credit for regular activities of the company, for example, for investment and for business operations within the credit limit not exceeding 500,000,000 Baht for each person, or equal to or according to the board of the company's assignment.

2) Has the right to appoint and demote the company's personnel from the managing director downwards.

3) Has the right to prepare, recommend, and propose the business policy and strategy of the company to the board of the company.

4) Sets the organization and management structure covering all details of selecting, training, employing, and terminating the company's employees.

5) Sets the up business plan, and management authority. Approves the annual budget for business operations and annual expenses. Follows the business plan and strategy to ensure alignment with the business plan and strategy declared to the board of the company.

6) Performs other works according to the board of the company's assignment in the particular period.

7) Is authorized to approve any agreements or contracts with regard to the buying and selling of products and services as the ordinary trading of the company.

However, the board of executive management may delegate to the company's executives to approve any financial matters as appropriate. But, the approval must not lead the board of executive management or the authorized persons to be able to approve such matters that they or another person that may be in conflict, have an interest in, or have any other conflict regarding the interests of the company or the subsidiaries except for matters that are in compliance with the policy and criteria that have been approved by the board of the company.

3. Audit Committee

No.	Name	Title
1	Mr. Pravit Chattalada	Chairman of the Audit Committee
2	Mr. Chuchart Vatanatham	Audit Committee
3	Dr. Virach Aphimeteetamrong	Audit Committee

Scope of the Audit Committee's Responsibilities

- 1) Audits for correct and adequate financial reports.
- 2) Audits for suitable and efficient internal control systems.
- 3) Audits for compliance with the SEC's laws, SET's regulations, or the relevant laws regarding the company business.
- 4) Considers, selects, and proposes the appointment of the company's auditors, and proposes their remuneration.
- 5) Considers the disclosure of corporate data as correct and complete, but ensuring there are no related items or items in conflict with the company's interests.
- 6) Prepares the audit committee's compliance report with the signature of the chairman of the audit committee and for disclosure in the company's annual report.
- 7) Performs any other work assigned by the board of the company and agreed by the audit committee.

According to the authorities and responsibilities mentioned, the Audit Committee is directly responsible to the Board of Directors and the Board of Directors is responsible for the Company's operations towards outsiders.

The **independent committees** are the persons qualified and independent according to the SET's regulations as follows:

- 1) Must be a shareholder of the company, a subsidiary, a joint-venture company, or a person that may be in conflict for not more than 5% of the total shareholders of those companies who have voting rights.

2) Must not be involved in the business management including employees, staff, consultants who receive regular salary, or authorized persons who can control the company or subsidiaries, joint-venture companies, or a person who may be in conflict.

3) Must not be in a related business, have benefits or interests directly or indirectly in the finance and management of the company or its subsidiaries, joint-venture companies, or a person who may be in conflict and may lead to dependency.

4) Must not be a relative of the management or the major shareholders of the company, its subsidiaries, joint-venture companies, nor a person who may be in conflict and not be appointed as a representative to protect the interests of the board and the major shareholders.

4. Remuneration Sub-Committee

No.	Name	Title
1	Mr. Suvij Suvaruchiphorn	Chairman of remuneration sub-committee
2	Mr. Suvij Suvaruchiphorn	Vice Chairman of remuneration sub-committee/ Independent Committee
3	Mr. Narong Charuvajana	Sub-committee

The remuneration sub-committee has a maximum of 7 members.

Scope of remuneration sub-committee's responsibilities is to:

1) Set up the necessary and suitable remuneration structure to persuade and maintain the committee, sub-committee and the chairman of the management executives of each year.

2) Set up the criteria and policy on remuneration of the committee and chairman of the management executives and propose to the committee and/or the shareholders' meeting for approval.

3) Be responsible for the board of the company and clarify all questions regarding the remuneration of directors and management executives in the shareholders' meeting.

4) Report the remuneration policy of the directors and disclose in the annual report.

5. Nominating Sub-Committee

No.	Name	Title
1	Mr. Suvij Suvaruchiphorn	Chairman of remuneration sub-committee
2	Mr. Suvij Suvaruchiphorn	Vice Chairman of remuneration sub-committee /Independent Committee
3	Mr. Narong Charuvajana	Sub-committee

The nominating sub-committee comprises at least 3 members and 1 independent committee.

Scope of the nominating sub-committee's responsibilities is to:

- 1) Set up criteria and policy to nominate members of the committee and sub-committee.
- 2) Nominate suitable members for the committee and propose to the board of the company and/or the shareholders' meeting for approval.
- 3) Nominate a suitable chairman for the executive board in case of vacancy, and set up the succession criteria for management executives.

Board of Executive Management

The board of executive management comprises the following 10 persons:

No.	Name	Title
1.	Mr. Anan Leetrakul	Board of directors' consultant
2.	Mr. Tavit Charuvajana	President & CEO
3.	Mr. Kitti Techataveekijkul	Executive Director of Enterprise Systems Group
4.	Mr. Thongchai Lumverakul	Executive Director of Office Supplies Group
5.	Mr. Aroon Tor-Ekbundit	Executive Director of Solution Intergration Group
6.	Mr. Shodok Kijsthiarn	Executive Director of the Office Supplies Group
7.	Mr. Narong Charuvajana	Executive Director of the Accounts, Finance, and Administration Group
8.	Mr. Bodin Parapagpenjun	Executive Director of the Network Solution Group
9.	Ms. Acharaporn Preechakanjanadit	Executive Director of the Accounts, Finance, and Administration Group
10.	Mr. Veeraphan Durongsang	Executive Director of the Enterprise Systems Group

As at December 31, 2006. The corporate secretary is Mrs. Nittaya Thanawiriyakul.

1. **Scope of the Managing Director's Responsibilities is to:**

- 1) Manage, administer, and supervise the regular business operation of the company, for example, consider the purchase and sales contracts of products or services, approve expenditures on sales and management, and investment expenditures.
- 2) Follow the assignments of the board of the company or the board of executive management.
- 3) Set up the mission, objectives, guidelines, and policy of the company and be a compliance unit to oversee holistic operations, product manufacturers' contact, customer relations, and marketing.
- 4) Consider the business strategy, fund mobilization for the company, and propose to the board of executive management and/or the board of the company upon priorities.
- 5) Consider renewal of the purchase and sales contracts, and that important trading conditions are amended as required, or make agreements regarding the normal business operation of the company.

6) Is authorized to approve the financial operation for the company's activities for the amount of 200,000,000 Baht for including expenses, project investment, investment on capital assets or fixed assets, loans, lending, credit arrangements, credit approval, debt instruments issue, guarantees, guarantee claims, money deposit, post-maturity deposit money, pre-maturity deposit money, and preparing risk and interest management tools.

7) Is authorized to employ, assign, demote, dismiss, set wages, pay rewards, and increase salary and remuneration including bonus for the assistant managing director downwards.

8) Is authorized to approve the assignment of consultants needed for the operation of the company.

However, the authorization given to the managing director must not let the managing director or the authorized person, approve any personal interest matter or other person that may be in conflict, have interest in, or have any other conflicts regarding the interests dealt with by the company or the subsidiaries except for matters in compliance with the policy and criteria that have been approved by the board of the company.

2. **Scope of responsibilities of the executive directors of each business group is to**

1) Manage, administer, and supervise, the business operation of each responsible group.

2) Follow the assignment of the board of the company, the board of executive management or the managing director.

3) Contact product manufacturers, and handle customer relations, and marketing for the responsible group.

4) Consider to renew or make a purchase and sales contract for the responsible group to a value not over 100,000,000 Baht for each person.

5) Is authorized to approve the financial operation for the responsible group for the amount of 100,000,000 Baht for each person including expenses, credit approval, project investment, investment in capital assets or fixed assets, except loans, lending, credit arrangements, debt instruments issue, guarantees, guarantee claims, money deposit, post-maturity deposit money, pre-maturity deposit money, and preparing risk and interest management tools.

6) Is authorized to employ, assign, demote, dismiss, set wages, pay rewards, and increase salary and remuneration including bonus for the assistant managing director downwards.

7) Proceed with work related to the responsible group each day.

However, the executive director may delegate the management to administer and represent the work as necessary and appropriate depending on the executive director's judgment.

BOARD OF DIRECTORS



Mr. Anan Leetrakul

Vice Chairman / Board of Directors' Consultant

Age: 65 years

Number of shares (Percentage): 0.49

Qualification/Education Background

- Degree of Bachelor of Commerce and Accountancy Chulalongkorn University
- Certificate of Director Certification Program (DCP), Thai Institute of Directors

Experience

- | | | |
|------------------|--|---------------------------------------|
| ■ 1994 – Present | Vice Chairman/Board of Directors' Consultant | Metro Systems Corporation PCL. |
| ■ 2003 – Present | Director | ITV PCL |
| ■ 2004 – Present | Director | Pacific Assets PCL |
| ■ 1994 – Present | Chairman | Maximage Co., Ltd. |
| ■ 1999 – Present | Chairman | Application Hosting Service Co., Ltd. |
| ■ 2003 – Present | Director | Digital Associates Co., Ltd. |



Mr. Tavit Charuvajana

President & CEO / Managing Director

Age: 57 years

Number of shares (Percentage): 8.14

Qualification/Education Background

- Anusorn Business College
- Mini MBA Thammasat University
- Honorary Master's Degree of Science (Information Technology), Chandrakasem Rajabhat University

Experience

- | | | |
|------------------|-------------------------------------|-------------------------------|
| ■ 1986 - Present | President & CEO / Managing Director | Metro Systems Corporation PCL |
| ■ 1991 - Present | Director | HIS MSC Co., Ltd. |



Mr. Bodin Parapagpenjun

Director / Executive Director

Age: 59 years

Number of shares (Percentage): 0.19

Qualification/Education Background

- Bachelor's degree in Marketing, University of the Thai Chamber of Commerce
- Certificate of Director Accreditation Program (DAP), Thai Institute of Directors

Experience

- | | | |
|------------------|-------------------------------|-------------------------------|
| ■ 1992 - Present | Director / Executive Director | Metro Systems Corporation PCL |
|------------------|-------------------------------|-------------------------------|



Mr. Narong Charuvajana

Director / Executive Director

Age: 52 years

Number of shares (Percentage): 5.67

Qualification/Education Background

- Master's Degree in Commerce and Accountancy Thammasat University
- Master's Degree in Business Administration Chulalongkorn University
- Certificate of Director Accreditation Program (DAP) , Thai Institute of Directors
- Certificate of Director Certification Program (DCP) , Thai Institute of Directors

Experience

■ 1986 – Present	Director/Executive Director	Metro Systems Corporation PCL
■ 2000 – Present	Director	Metro Info Tech Co., Ltd.
■ 1994 – Present	Director	PSP (Thailand) Co., Ltd.
■ 1993 – Present	Director	Metrosoft Co., Ltd.
■ 1992 – Present	Director	Metro Professional Products Co., Ltd.
■ 1991 – Present	Director	HIS MSC Co., Ltd.



Ms. Acharaporn Preechakanjanadit

Director/Executive Director

Age: 50 years

Number of shares (Percentage): 0.01

Qualification/Education Background

- Bachelor's degree in Accounting Ramkhamhaeng University
- Mini MBA Thammasat University
- Certificate of Director Accreditation Program (DAP) , Thai Institute of Directors

Experience

■ 1995 – Present	Director/Executive Director	Metro Systems Corporation PCL
■ 2000 - Present	Director	Metro Info Tech Co., Ltd.
■ 1998 - Present	Director	Metro Professional Products Co., Ltd.



Mr. Veeraphan Durongsang

Director / Executive Director

Age: 46 years

Number of shares (Percentage): 0.17

Qualification/Education Background

- Business Advertising and Marketing (BS) Emporia State University USA
- Certificate of Director Accreditation Program (DAP) , Thai Institute of Directors

Experience

■ 2002 - Present	Director/Executive Director	Metro Systems Corporation PCL
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Mr. Aroon Tor-Ekbundit

Director/Executive Director

Age: 46 years

Number of shares (Percentage): 0.05

Qualification/Education Background

- Vocational Certificate Rajamangala Institute of Technology Borpitpimuk Chakrawat Campus
- Mini MBA Thammasat University
- Certificate of Director Certification Program (DCP) , Thai Institute of Directors

Experience

- | | | |
|------------------|-----------------------------|-------------------------------|
| ■ 1995 – Present | Director/Executive Director | Metro Systems Corporation PCL |
| ■ 2000 - Present | Director | Metro Info Tech Co., Ltd. |
| ■ 1993 – Present | Director | Metrosoft Co., Ltd. |
| ■ 1991 - Present | Director | HIS MSC Co., Ltd. |



Mr. Kitti Techataveekijkul

Director/Executive Director

Age: 54 years

Number of shares (Percentage): 0.30

Qualification/Education Background

- Telecommunication Department, Faculty of Engineering, King Mongkut's Institute of Technology Ladkrabang
- Certificate of Director Certification Program (DCP) , Thai Institute of Directors

Experience

- | | | |
|------------------|-----------------------------|---------------------------------------|
| ■ 1993 – Present | Director/Executive Director | Metro Systems Corporation PCL |
| ■ 1994 – Present | Director | PSP (Thailand) Co., Ltd. |
| ■ 1992 – Present | Director | Metro Professional Products Co., Ltd. |
| ■ 1991 – Present | Director | HIS MSC Co., Ltd. |



Mr. Shodok Kijisathiarn

Director/Executive Director

Age: 65 years

Number of shares (Percentage): 0.17

Qualification/Education Background

- Master of Arts Mahachulalongkomrajavidyalaya University
- Certificate of Director Accreditation Program (DAP) , Thai Institute of Directors

Experience

- | | | |
|------------------|-----------------------------|-------------------------------|
| ■ 1994 - Present | Director/Executive Director | Metro Systems Corporation PCL |
|------------------|-----------------------------|-------------------------------|



Mr. Thongchai Lumverakul

Director / Executive Director

Age: 46 years

Number of shares (Percentage): 0.28

Qualification/Education Background

- Bachelor's degree in Marketing Bangkok University
- Mini MBA Thammasat University
- Certificate of Director Certification Program (DCP) , Thai Institute of Directors

Experience

- | | | |
|------------------|-----------------------------|-------------------------------|
| ■ 1995 - Present | Director/Executive Director | Metro Systems Corporation PCL |
|------------------|-----------------------------|-------------------------------|



Dr. Virach Aphimeteetamrong

Independent committee/Audit Committee

Age: 63 years

Number of shares (Percentage): 0

Qualification/Education Background

- Bachelor's degree in Accounting (Honor) Chulalongkorn University
- M.B.A.(Gothenburg, Sweden)
- M.A.S. University of Illinois, Urbana-Champaign
- Ph.D Finance, University of Illinois
- Certificate of Director Accreditation Program (DAP) , Thai Institute of Directors

Experience

- | | | |
|------------------|---|--|
| ■ 1995 – Present | Independent committee/Audit Committee | Metro Systems Corporation PCL |
| ■ Present | Director | Supalai PCL |
| ■ 2004 – Present | Independent committee/Chairman of Audit Committee | Asia Plus Securities PCL |
| ■ 2004 – Present | Independent committee/Chairman of Audit Committee | Bangkok Chain Hospital PCL |
| ■ 2002 – Present | Independent committee/Chairman of Audit Committee | Shin Corporation PCL |
| ■ 2005 – Present | Independent committee/Chairman of Audit Committee | California Wow Experience PCL |
| ■ 2005 – Present | Independent committee/Chairman of Audit Committee | AIG Finance (Thailand) PCL |
| ■ 2002 – Present | Independent committee | TRIS Rating Co., Ltd. |
| ■ 2002 – Present | Independent committee/Chairman of Audit Committee | Thai Rating and Information Services Co., Ltd. |
| ■ Present | Chairman | Dr. Virach and Associates Company |
| ■ Present | Board of Committee | Thailand Management Association |



Mr. Pravitt Chattalada

Independent committee / Chairman of Audit Committee

Age: 74 years

Number of shares (Percentage): 0

Qualification/Education Background

- BS.(Mathematics, Physics) Oregon State University USA
- Certificate of Director Accreditation Program (DAP) , Thai Institute of Directors

Experience

- 1995 – Present Independent committee/Chairman of Audit Committee Metro Systems Corporation PCL
- 1995 - Present Director Association of the Thai Computer Industry (ATCI)



Mr. Chuchart Vatanatham

Independent committee/Audit Committee

Age: 66 years

Number of shares (Percentage): 0

Qualification/Education Background

- Diploma Degree Majoring in Accounting, Bangkok College

Experience

- 1995 - Present Independent committee / Audit Committee Metro Systems Corporation PCL



Mr. Suvij Suvaruchiphorn

Director

Age: 64 years

Number of shares (Percentage): 0.13

Qualification/Education Background

- Degree of Bachelor of Law Thammasat University

Experience

- 1986 – Present Director Metro Systems Corporation PCL
- 1988 – Present Managing Director United Flour Mill PCL
- 1992 – Present Director Metro Professional Products Co., Ltd.
- 1991 – Present Director MDEC International (1991) Co., Ltd.
- 1988 – Present Director Polymers Marketing Co., Ltd.
- 1988 – Present Director Bangkok Industrial Gas Co., Ltd.
- 1984 - Present Managing Director Srikrung Wattana Co., Ltd.
- 1983 – Present Director HMC Polymers Co., Ltd.



Mr. Sunpitch Sethpornpong

Director

Age: 41 years

Number of shares (Percentage): 0

Qualification/Education Background

- M.M.,Kellogg School of Management, Northwestern University Evanston,IL
- B.S.,Mechanical Engineering (Graduate Cumlaude), Massachusetts Institute of Technology

Experience

- | | | |
|------------------|----------|--------------------------------|
| ■ 2000 – Present | Director | Metro Systems Corporation PCL |
| ■ 2001 - Present | Director | Wood Walk (Thailand) Co., Ltd. |



Mr. Sathien Archavaniyut

Director

Age: 69 years

Number of shares (Percentage): 0.90

Qualification/Education Background

- Degree of Bachelor of Commerce and Accountancy Thammasat University
- Certificate of Director Accreditation Program (DAP) , Thai Institute of Directors

Experience

- | | | |
|------------------|---------------------------|-------------------------------|
| ■ 1986 – Present | Director | Metro Systems Corporation PCL |
| ■ 1977 – Present | Executive Vice- President | United Flour Mill PCL |
| ■ 1988 – Present | Director | Siam Flour Trading Co., Ltd. |
| ■ 1984 – Present | Director | Srikrung Wattana Co., Ltd. |
| ■ 1984 – Present | Director | UFM Food Centre Co., Ltd. |



Mr. Sawangthum Laohathai

Director

Age: 33 years

Number of shares (Percentage): 0

Qualification/Education Background

- Master of Business Administration London Business School
- Bachelor of Arts in Technology, Economics, and Development Harvard College

Experience

- | | | |
|------------------|--------------------------|-------------------------------|
| ■ 2004 – Present | Director | Metro Systems Corporation PCL |
| ■ 2003 – Present | Deputy Managing Director | United Flour Mill PCL |
| ■ 2003 – Present | Managing Director | Srikrung Wattana Co., Ltd. |

Remark: 1. Shareholding Proportion as of 9th January 2007.
2. Shareholding Proportion of the Company shall include shares held by spouses and sons/ daughters under the legal age.

Selecting Criteria for Directors

The nominating sub-committee will propose the name of directors for selection according to the criteria and not in contradiction with the memorandum of association. A candidate's qualifications must not be prohibited as described in the criteria of the SEC and And propose to the Shareholders' Meeting to consider the appointment of Directors.

Election criteria for directors can be summarized as follows:

- 1) One shareholder has one vote per share.
- 2) Each shareholder may cast their vote according to 1) to elect one or more persons to be directors and cannot split their votes amongst individuals.
- 3) The highest voted person and the runners-up will be elected as directors equal to the numbers of directors needed. In case the runners-up are equal in votes received and the number of directors is exceeded, the chairman will vote as the final decision.

Remuneration of the Management

The Company has a clear and transparent policy about offering remunerations to Board Members. The remunerations are motivational, proper with their knowledge, expertise and responsibilities, and competitive compared with other companies in the same level and industry. In addition, the remunerations of Board Members must be contemplated by the Remunerations Sub-committee and be proposed to the Board of Directors and the Shareholders' Meeting for approval. Regarding the remunerations for Executive Directors and executives, their contemplation must be related to the company's performance and the performance of each Executive.

1) Amount of Remuneration

(Unit : Baht)

Type of Remuneration	Remuneration for Directors and Audit Committee		Remuneration for Executive Directors and Management	
	2005	2006	2005	2006
Salary	--	--	47,771,000	59,249,000
Meeting allowance	1,128,000	1,473,000	444,000	663,000
Bonus	494,116	980,000	705,880	1,400,000
Total	1,622,116	2,453,000	48,920,880	61,312,000
Numbers of Persons	7	7	10	10

(Unit : Baht)

Name of Directors		2005			2006		
		Meeting Allowance for Board of Directors	Meeting Allowance for Audit Committee	Director's Annual Remuneration	Meeting Allowance for Board of Directors	Meeting Allowance for Audit Committee	Director's Annual Remuneration
1	Mr. Anan Leetrakul	48,000		70,588	72,000		140,000
2	Mr. Tavit Charuvajana	48,000		70,588	45,000		140,000
3	Mr. Suvij Suvaruchiphorn	36,000		70,588	72,000		140,000
4	Mr. Sunpitch Sethpornpong	36,000		70,588	72,000		140,000
5	Mr. Sathien Archavaniyut	48,000		70,588	72,000		140,000
6	Mr. Sawangthum Laohathai	--		70,588	--		140,000
7	Mr. Narong Charuvajana	48,000		70,588	72,000		140,000
8	Mr. Kitti Techataveekijkul	48,000		70,588	57,000		140,000
9	Mr. Bodin Parapagpenjun	48,000		70,588	72,000		140,000
10	Mr. Shodok Kijisatharn	36,000		70,588	57,000		140,000
11	Mr. Thongchai Lumverakul	36,000		70,588	72,000		140,000
12	Ms. Acharaporn Preechakanjanadit	36,000		70,588	72,000		140,000
13	Mr. Aroon Tor-Ekbundit	48,000		70,588	72,000		140,000
14	Mr. Veeraphan Durongsang	48,000		70,588	72,000		140,000
15	Mr. Pravitt Chattalada	48,000	432,000	70,588	72,000	468,000	140,000
16	Mr. Chuchart Vatanatham	48,000	216,000	70,588	72,000	294,000	140,000
17	Dr. Virach Aphimeteetamrong	48,000	216,000	70,588	57,000	294,000	140,000
Total		708,000	864,000	1,199,996	1,080,000	1,056,000	2,380,000

2) Other remunerations

None-

Business Compliance

The board of directors realizes the importance of good governance by the directors and management with leadership and vision in business operations, business ethics, and responsibility; good internal quality control; and respect for the rights and equality of shareholders who have an interest in this matter in order to encourage competitive ability that can lead to growth and increased value to the shareholders in the long term. Therefore, the Board of Directors Meeting No. 1/2007 on February 26, 2007 unanimously approved the good governance policy (revised version) in written form. The policy is to consider 4 major factors: related persons, administration departments and management, leadership and vision, and business ethics. However, the company has set up 15 principles covering good governance as follows:

1. Good governance policy

The Board of Directors comprises directors who manage the business of the company and independent committees. In the past, the board of directors' performance is good. The directors have been registered according to the SET's guidelines. They know that knowledge, ability and experience are needed in this role and responsibility to benefit the business operation. In addition, a good ethic is a must. They must act in compliance with the laws, objectives and articles of the company, and resolutions of the shareholders' meeting. They must be honest, careful of the company's interests, and responsible for the shareholders at all times.

The independent committees will use their own judgement freely to consider the strategy, management, resources application, appointment of directors, and specifying the operational standards, including warning or making objection of the action of other directors or the administration in case of disagreement on the matters affecting the equality of every shareholder. The board of directors has appointed the special directors to oversee the financial report, internal quality control system, and business compliance to ensure compliance with the policy of such as set by the audit committee, remuneration sub-committee, and nominating sub-committee, which will assist the company to increase the efficiency of the control and compliance system.

2. Shareholders' Rights

The Board of Directors is aware of the importance of ensuring the rights and equality of shareholders. It facilitates equality among shareholders to attend the shareholders' meetings. In addition, the Board ensures shareholders receive complete and sufficient information on time in order to make efficient decisions. Moreover, it also encourages shareholders to vote, or authorize the voting rights to proxies in case of not being able to attend the meeting. Finally, the Company also disseminates information via the Company's website.

3. Rights of stakeholders

The company realizes the importance of the rights of every group having an interest in this matter and tries to add value to these groups as follows:

- 1) Employee – The Company treats employees equally with justice and provides suitable remuneration. The Company consistently promotes good relationship among the company's employees and between employees and the Company.
- 2) Suppliers – The Company buys products and services from suppliers according to the terms of trading and follows the suppliers' specification.
- 3) Creditors – The Company follows the terms of loans as agreed and provides adequate information.
- 4) Customer – The Company pays attention to and is responsible towards customers by selling good quality and correct specification products, maintaining customers' confidentiality, providing staff to receive customers' complaints and take action as soon as possible.
- 5) Competitors – The Company follows the competition rules, maintains standards of competition recommendations, and avoids dishonest methods that will frustrate competitors.

6) Community – The Company has placed much importance on the community and society environment. For instance, in April 2006, the Company cooperated with IBM to launch the project entitled “The discovery of the best software developer in Thailand” for university graduates or university students who have almost graduated. This project aims to practice and develop their knowledge, expertise, and skills regarding software development according to the world class IBM standard. Of course, this finally helps upgrade the potential of new generation software developers in Thailand for international competitive advantage.

4. Shareholders’ Meeting

In the shareholders’ meeting, the Board of Directors encourages shareholders to complete the authorized letter on which shareholders are able to identify the direction of voting and to propose two names for independent Directors. This method is one of the choices for the authorization of any shareholder. In addition, the use of voting cards during the important meeting agenda is also implemented. Moreover, the Chairman of the meeting also gives equal opportunities to shareholders regarding the audit of the Company’s performance. Shareholders are able to inquire and express their opinions or recommendations during the meeting. Their specific inquiries and opinions aforementioned are definitely documented on the meeting minutes.

5. Leadership and Vision

The company has clearly identified the authorities and responsibilities of the managing director, the board of directors, and line management. The board of directors will supervise the executive management to follow the policy. Therefore, the management must possess leadership and vision in the business. They must be able to set up short-term and long-term targets for policy and strategy to compete and be a leader in the industry. They must realize the importance of a yearly plan, performance, and evaluation to achieve the targets.

In addition, the Company also urges Directors to develop their own knowledge, expertise, and vision by supporting each Director to attend the training course held by the Thai Institute of Directors and other institutes.

6. Conflict of Interests

To prevent any conflict of interest, the company has set up a measurement and procedure for related transactions including a policy and methods to monitor the management and related persons and forbidding use of the company’ data for personal gain. The board of directors acknowledges any unsuitable transactions and related transactions, and considers carefully every time. The prices and conditions are set up according to the SET’s criteria and follow the agreement made with other parties. The details, transaction values, and suppliers have been disclosed in the annual report and Form 56-1.

7. Business Ethics

The company has set up recommendations on ethics by the board of directors, the administration, and employees to be used as the guideline for relevant persons to follow honestly and fairly, including their actions towards the company, those who have interests in this matter, the public, and society.

8. Balancing the Non-Management Directors

Currently, there are 17 persons on the board of directors comprising 10 executive managers, 4 non-management directors, 3 independent committees, who are the audit committee and responsible for reviewing, and auditing the management of the board of directors during the directors' meeting. The non-management directors will cooperate with the executive management to recommend. Each director has a vote.

The Board of Directors identifies the term of the Directors during every Annual General Meeting of Shareholders, and one-third of the Directors must resign by rotation. If the number of Directors is not able to be divided into exactly three parts, the Directors who are resigning should be closet to one-third of Directors who must resign during the first year. During the second year after the company registration, a ballot to choose the Directors who will resign will be implemented. Afterwards, Directors who are in the longest service term as Directors will resign in rotation. Any Directors who resign may be re-elected.

9. Combining or Separating the Positions

The Chairman of the board is not the managing director. The structure of the company directors comprises 3 independent committees that will balance the authority and can verify the management.

10. Remuneration of Directors and Management

The company has set up clearly the remuneration policy for directors who are at the same level as others in this industry and have asked for approval from the shareholders meeting. The directors with more responsibilities assigned will receive suitable remuneration.

11. Directors' Meeting

The company has arranged this meeting regularly. Invitations for the Annual General Meeting of Shareholders must be sent in advance and must be informed to the Directors at the end of each year and sent the meeting agenda to every director 7 days prior to the meeting. In the past accounting year, each director has attended the meetings as follows:

Name of Director	Number of Meetings Attended / Number of Meetings for year 2006		
	Executive Director Meetings	Directors Meetings	Audit Committees Meetings
Mr. Anan Leetrakul	11/12	5/5	
Mr. Tavit Charuvajana	4/12	3/5	
Mr. Narong Charuvajana	12/12	5/5	
Mr. Kitti Techataveekijkul	9/12	4/5	
Mr. Bodin Parapagpenjun	11/12	5/5	
Mr. Shodok Kijsthiarn	9/12	4/5	
Mr. Aroon Tor-Ekbundit	11/12	5/5	
Ms. Acharaporn Preechakanjanadit	11/12	5/5	
Mr. Thongchai Lumverakul	10/12	5/5	

Name of Director	Number of Meetings Attended / Number of Meetings for year 2006		
	Executive Director Meetings		Executive Director Meetings
Mr. Veeraphan Durongsang	12/12	5/5	
Mr. Suvij Suvaruchiphorn		5/5	
Mr. Sathien Archavaniyut		5/5	
Mr. Sunpitch Sethpornpong		5/5	
Mr. Sawangthum Laohathai		0/5	
Mr. Pravrit Chattalada		5/5	4/4
Mr. Chuchart Vatanatham		5/5	4/4
Dr. Virach Aphimeteetamrong		4/5	4/4

The company has recorded the minutes of the meetings in writing and kept the approved minutes of the meeting ready for the board of directors and relevant persons to verify.

12. Sub-Committee

The Board of Directors appoints the Audit Committee and other two sub-committees. Each committee has a 2-year term to monitor that the management and internal audit systems are in compliance with the policy as follows:

The Audit committee has been appointed according to the board of directors' resolution on August 29, 1998 as an independent unit to support and act on behalf of the board of directors to verify financial data proposed to the shareholders and related persons, audit the internal quality control system and internal audit process, and communicate with the company's auditors.

The Remuneration Sub-committee was appointed by the Board of Directors on 8th May 2006 to identify the remuneration of the Directors and propose to the Board of Directors. Then, the Board of Directors will further propose to the Shareholders' meeting for approval.

The Nominating sub-committee has been appointed according to the directors' meeting resolution on May 8, 2006 to recruit qualified persons according to the laws and the SEC's and SET's regulations to be the company's directors and To propose opinions to the Board of Directors and, finally, at the shareholders' meeting for the appointment of the Company Directors and recruit a suitable chairman of the board of directors in case of vacancy including setting up the succession criteria for senior executives.

13. Internal Quality Control and Internal Audit Systems**1) Internal Quality Control and Internal Audit Systems**

The company has established the internal audit department to, audit, advise, and evaluate the internal quality control system for the efficiency of all levels of staff and their performance, monitor control risk factors of business operations, and ensure adequate and efficient internal control systems to achieve the company's objectives. The Internal audit department will, report the results of auditing to the audit committee every quarter emphasizing the correctness, completeness, and reliability of data; audit working systems and procedures of the employees to align with the company's policy, and evaluate the adequacy and efficiency of internal control systems and other systems including the effectiveness of business operations.

2) Risk Factor Management

The board of directors really understands the importance of risk factor management. The company has set up and evaluated business risk. Preventive measures such as alarm systems, risk management policy, risk audit results of follow-up and reports, and compliance with the laws and relevant requirements are defined.

14. Report of the Board of Directors

The board of directors is responsible for the consolidated financial statement of the company and the subsidiaries, the information technology regarding the financials shown in the annual report, and information technology on the Internet. The detailed financial statement is prepared according to the certified accounting standards using a suitable accounting policy and implemented regularly together with careful consideration and the best estimation. Important information is disclosed adequately in the notes to the financial statement.

The board of directors has arranged to maintain an efficient internal control system to ensure a correct and complete record that is enough to maintain the assets and know of any weaknesses so that any corruption or abnormal performance can be adequately prevented.

The board of directors has appointed an audit committee comprising non-executive directors to be responsible for the quality of the financial report and internal control systems. The audit committee's recommendation was also provided in the annual report.

The board of directors has considered that the holistic internal control system is satisfactory and can encourage reasonable confidence of the reliability of financial statements from the company and subsidiaries as at February 26, 2007.

15. Relationship with Investors

The board of directors gives importance to the disclosure of correct and complete financial and general information including information that affects the securities price of the company through securities channels and media. In addition, the company has established the investor relations department to provide company information and news to investors, shareholders, analysts, and the public. Investors can contact the investor relations department at Tel. 02-727-4115, 02-727-4297 or by e-mail: ir@metrosystems.co.th or www.metrosystems.co.th for more information.

Monitoring Internal Information Application

The company policy is to provide necessary information on work operations to relevant persons only. Employees must keep such information carefully, and disclose only with approval of the line management. The directors and the management are prohibited to use internal information that contains significant data about the company and has not been disclosed to the public, for their own or other persons' benefit, including trading of company securities by directors, the management, and employees in the particular department; or trading company securities within the month prior to the disclosure of a financial statement to the public. The company will inform the period of trading prohibition to the management.

Internal Control

The company realizes the importance of internal controls starting from the annual plan, implementation, and results evaluation to achieve the objectives. Every step will follow the company regulations and the relevant laws. The company has set up the operational policy regarding the internal control of the management as follows:

1) The company has designed the organization chart to align with the business strategy of dividing by major product lines. The company has defined the roles and responsibilities of every department including the objectives that measure results.

2) The company has arranged in writing the business process that defines the work regulations and practices, divided into sales and marketing, operations, and finance, with different persons clearly delegated and who and can be controlled and audited. Users who have to access the aforementioned work processes must have easy and rapid access to the data sources. The Company has applied the Intranet system to control the aforementioned documents.

3) The Company received ISO9001: 2000 standard for the whole organization in 2003 and in 2006, the Company was examined twice by SGS (Thailand) Co., Ltd. regarding the ISO9001:2000 quality system for. The examination outcome was satisfactory since the Company continuously applied the aforementioned standard throughout the organization.

4) The company has set up an audit committee and internal audit control department to plan the annual audit, arrange adequate audits according to the procedures, and submit a report to the audit committee and the board of management every quarter.

During 2006, the Internal Audit Department performed their duties and responsibilities according to the Best Practices of Internal Audit Departments. They performed their internal audit functions in accordance with the 2006 internal audit plan. This plan was completely approved by the Audit Committee and the Executive Directors. In addition, the department also reviewed the Company's financial statements and inter-company transactions for all four quarters and prepared the internal audit report to propose to the Audit Committee and relevant parties.

In addition, the Internal Audit Department also advised any useful information and proposed recommendations to each department throughout the internal auditing process. Moreover, the department also trained and developed internal auditors to perform their duties in accordance with the standards.

5) The company has prepared the annual budget as the target for the performance, financial management, and investment policy, and a comparison with actual performance.

6) The company has followed and analysed the financial risk factors likely to be incurred, such as exchange rate movements, and current capital management, and has set up a policy for employees to mitigate those risks clearly and significantly.

7) The company has assigned an independent legal consultant to give advice, draft significant business contracts, and control any relevant legal actions to be in compliance with the official laws and regulations.

8) The company has assigned a financial adviser to give advice on fund mobilization and sourcing to be in compliance with the laws.

9) The company conducts a results follow-up system analysis by the board of directors every month to analyze work performance, business competition, and important financial data compared with the budget, which will ensure the development of a competitive strategy.

In the Directors' Meeting No. 1/2007 on February 26, 2007, the auditors attending were Mr. Pravit Chattalada, Mr. Chuchart Vatanatham and Dr. Virach Aphimeteetamrong. The board of the meeting has evaluated the adequacy of the internal audit system and has confirmed that the company has set up the scope of authority of the management in each level clearly and has effective measurement benchmarks to follow-up transactions between the company and the major shareholders, directors, management, or relevant persons, clearly by screening through the approval procedures as defined by a person who has no direct interest in the transaction and looks for the company's interests only. Moreover, there is a measurement to follow-up the operation of the company to be in compliance with the relevant laws to decrease the business risk and maintain the company's reputation.

In case an approved transaction with relevant persons should bind the company in the long-term, the company has followed up to ensure that the implementation is in compliance with the conditions. For investment in subsidiaries and joint-venture companies, the company has monitored the operations of subsidiaries and joint-venture companies regularly and has defined the direction for the appointed directors or management to follow.

DETAILS OF INTER-COMPANY TRANSACTIONS

In 2006, the Company was involved in inter-company transactions with companies or individuals that could be in conflict of interest. The transactions can be divided into 4 main transactions consisting of: 1) Loan transactions between the Company and related companies or individuals, 2) Accounting transactions between the Company and other companies that could be in conflict of interest, 3) Lease transactions between the Company and other companies that could be in conflict of interest, and 4) Transactions between the Company and related persons. The Company implemented the pricing policies for inter-company transactions as follows.

Type of Transaction	Pricing Policy
Interrelated loan	Market Price
Interrelated trading of the company and subsidiaries:	
- The company sells goods and services to subsidiaries.	Market Price
- The company buys or sells goods and services from subsidiaries.	Market Price
Interrelated trading of the company, subsidiaries and relevant companies	Market Price
Interrelated rent of property	Market Price

Details of Inter-company Transactions

1. Loan transactions between the Company and related companies or individuals

Advanced Business Exchange Co., Ltd.	Shareholding by the Company's Directors of 99.7% <u>Notes</u> Advanced Business Exchange Co., Ltd. registered for the Company closure on 31 st October 2005	Loan from the Company 46.7 million Baht at the interest rate of 5%.
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2. Accounting transactions between the Company and other companies that could be conflict of interest

Companies that could be in conflict of interest	Relationship	Type / Size of Transactions
Metro Professional Products Co., Ltd. (MPP)	Subsidiary, Shareholding by MSC of 98.60%	Purchases of Products 5,547,170.00 Baht Sales of Products 3,424,345.00 Baht
Metro Infotech Co., Ltd. (MIT)	Subsidiary, Shareholding by MSC of 70%	Purchases of Products - Baht Sales of Products 1,811,065.00 Baht
HIS MSC Co., Ltd. (HIS)	Affiliate, Shareholding by MSC of 49.97% and by MSC's employees of 0.03% (Total of 50%)	Purchases of Products - Baht Sales of Products 602,180.00 Baht
PSP (Thailand) Co., Ltd. (PSP)	Affiliate, Shareholding by MSC of 49.80% and some MSC Directors are PSP Directors	Purchases of Products - Baht Sales of Products 5,500.00 Baht
Metrosoft Co., Ltd. (MS)	Affiliate, Shareholding by MSC of 49% and some MSC Directors are MS Directors	Purchases of Products - Baht Sales of Products - Baht

Companies that could be in conflict of interest	Relationship	Type / Size of Transactions
MDEC International (1991) Co., Ltd. (MDEC)	Some MSC Directors are MDEC Directors with total shareholding in MDEC of 0.90%	Purchases of Products 1,121,153.00 Baht Sales of Products 106,617.00 Baht
Srikrung Wattana Co., Ltd. (MC)	Some authorized Directors of Srikrung Wattana Co., Ltd. are the Company's authorized Directors.	Purchases of Products - Baht Sales of Products 234,700.03 Baht

3. Lease transactions between the Company and other companies that could be conflict of interest

Individuals that could be in conflict of interest	Relationship	Type / Size of Transactions
Metro Professional Products Co., Ltd. (MPP)	Subsidiary , Shareholding by MSC of 98.60%	Unearned Revenue 43,417.82 Baht Service Revenue 406,117.12 Baht Training Revenue 176,599.00 Baht Other Revenues 10,500.00 Baht Cost of Service 225,200.00 Baht Rental Cost – Computer 13,000.00 Baht Selling and Administrative Expense 121,000.00 Baht
Metro Infotech Co., Ltd. (MIT)	Subsidiary , Shareholding by MSC of 70%	Metro-Infinium (Thailand) rents office building areas from MSC Address 23/3 Moo 9, Sukhumvit 103 road, Nong Born, Praves, Bangkok Rental area 52 Square Meters Rental Fee 26,000 Baht per month Contract period 1 Jan. 2006 – 31 Dec. 2006 Prepaid Expense 154,849.77 Baht Unearned Revenue 384,059.97 Baht Property Rental Revenue (4 Quarters) 312,000.00 Baht Computer and equipment rental revenue (4 Quarters) 559,967.74 Baht Service Revenue 455,094.23 Baht Training Revenue 186,000.00 Baht Other Revenues 639,743.04 Baht Cost of Service 5,798,314.47 Baht
HIS MSC Co., Ltd. (HIS)	Affiliate, Shareholding by MSC of 49.97% and by MSC's employees of 0.03% (Total of 50%)	HIS MSC Co., Ltd. rent office building areas from MSC Address 23/3 Moo 9, Sukhumvit 103 road, Nong Born, Praves, Bangkok Rental area 158.56 Square Meters Rental Fee 79,280 Baht per month Contract period 1 Jan. 2006 – 31 Dec. 2006 Unearned Revenue 100,875.00 Baht Accrued Revenue - Baht Property Rental Revenue (4 Quarters) 951,360.00 Baht Computer and equipment rental revenue (4 Quarters) 201,000.00 Baht Service Revenue 623,750.00 Baht Other Revenues 4,681,503.09 Baht

Individuals that could be in conflict of interest	Relationship	Type / Size of Transactions
Metrosoft Co., Ltd. (MS)	Affiliate, Shareholding by MSC of 49% and some MSC Directors are MS Directors	<p>Metrosoft Co., Ltd. rents office building areas from MSC</p> <p>Address No.1/16, 12A Floor, Sakulthai-Surawongse Tower</p> <p>Rental area 150 Square Meters</p> <p>Rental Fee 60,000 Baht per month</p> <p>Contract period 1 Jan. 2006 – 31 Dec. 2006</p> <p>Unearned Revenue 741.67 Baht</p> <p>Property Rental Revenue (4 Quarters) 720,000.00 Baht</p> <p>Service Revenue 30,070.00 Baht</p> <p>Training Revenue 6,000.00 Baht</p>
MDEC International (1991) Co., Ltd. (MDEC)	Some MSC Directors are MDEC Directors with total shareholding in MDEC of 0.90%	<p>Computer rental revenue 114,100.00 Baht</p> <p>Service Revenue 204,260.00 Baht</p> <p>Other Revenues 180,675.28 Baht</p> <p>Cost of Service 3,800.00 Baht</p> <p>Selling and Administrative Expense 2,873,518.56 Baht</p>
Srikrung Wattana Co., Ltd. (MC)	Some authorized Directors of Sri Krung Wattana Co., Ltd. are the Company's authorized Directors.	<p>MSC rent office building areas from Sri Krung Wattana Co., Ltd.</p> <p>Address 180-184 Ratchawongse Road, Chakrawat, Samphantawongse, Bangkok</p> <p>Rental area 71 Square Meters</p> <p>Rental Fee 28,400 Baht per month</p> <p>Contract period 1 Jan. 2006 – 31 Dec. 2006</p> <p>Unearned Revenue 1,966.67 Baht</p> <p>Service Revenue 432,033.33 Baht</p> <p>Property Rental Revenue (3 Quarters) 340,800.00 Baht</p>

4. Transactions between the Company and related persons

Khun Thippawal Jaruwajjana	<p>A Director's daughter, Metro Systems Corporation PCL. rents warehouse areas from Khun Thippawal</p> <p>Address 18 Soi Jarunsanitwongse 81, Bang Aor, Bang Plud, Bangkok</p> <p>Rental Fee 40,000 Baht per month</p> <p>Total Property Rental Revenue 480,000.00 Baht</p>
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Reasonability of Inter-company Transactions

The inter-company transactions between the Company and related individuals on the financial statements of the Company and its subsidiaries for the year ended 31st December 2006 can be divided into 3 main types: 1) Loan transactions between the Company and affiliate or individuals 2) Accounting transactions between the Company and other companies that could be in conflict of interest, and 3) Lease transactions between the Company and other companies that could be in conflict of interest according to the resolution of the Board of Directors Meeting No. 1 / 2007 on 26 February 2006. The audit committee attending the meeting has confirmed that the particular inter-company transactions were necessary and reasonable for the highest benefits of the company. At present, the 2 inter-company transactions occurred from the ordinary business activities of the company according to the market price.

Inter-company Transaction Measurement and Procedures

The meeting resolution No. 9/2006 of July 24, 2002 and No. 15/2545 of November 12, 2002, attended by the audit committee, defined that the board of directors including the audit committee will consider the approval procedures for inter-company transactions. The transaction has to be in compliance with the SEC's laws, regulations, announcement, orders and the SET's requirements that anyone who may be in conflict or has an interest in the inter-company transaction has no right to vote on the particular inter-company transaction except if the transaction of the company or subsidiaries and the person who may be in conflict is for items that the board of directors has defined the scope of approval to the board of management and managing director as follows:

1. The board of management can approve the ordinary business transaction and/or the item that is defined in the scope clearly.
2. The managing director can approve the ordinary business transaction and the item that is defined in the scope clearly. The approval of an inter-company transaction of the company or subsidiaries and the person that may be in conflict does not have to be proposed to the board of directors meeting.

Future Inter-company Transactions

The board of directors' meeting No. 9/2005 on July 24, 2005 was attended by the audit committee and defined the trend of future inter-company transactions as follows:

The company will set up the agreement and conditions of inter-company transactions according to the ordinary trading conditions and market price that is comparable to the price incurred outside. Therefore, the audit committee or auditors or independent specialists of the company will audit and recommend the appropriate price and reason for the transaction.

The future inter-company transactions will be monitored by the board of directors to be in compliance with SEC's laws, regulations, announcements, orders, and the SET's requirements and the relevant requirements on disclosure of inter-company transactions and the source or important assets sales of the company.

However, if the company has a future inter-company transaction with a person that may cause conflict, the audit committee will recommend the appropriateness of the particular transaction. If the audit committee has no expertise to consider the inter-company transaction incurred, the company will arrange specialized personnel such as the company's auditor or an independent specialist to consult. The audit committee's or the specialist's recommendation will be used by the board of directors' or the shareholders' for decision and the company will disclose the inter-company transaction in the notes to the financial statement.

NOTES AND ANALYSIS OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS

Results of the operations of the Company and subsidiaries for the year ended 31st December 2006 compared with the same period last year and the Consolidated Balance Sheet as of 31st December 2006 compared with the Balance Sheet as of 31st December 2005 are as follows:

1. Consolidated Statement of Income for the year ended 31st December 2006 compared with that of the same period ended 31st December 2005

1.1 Total revenue of the Company and subsidiaries in 2006 is 5,865 million Baht, increasing 0.09% from the same period last year. Total revenue comprises revenue from sales and services totaling 5,830 million Baht, increasing 13 million Baht from the same period last year, or 0.22%, and other revenue in 2006 totaling 35 million Baht, decreasing 6.9 million Baht from the same period last year or 16.49%.

Details of revenue from sales and services are as follows:

- Revenue from sales and services of ESG products is 3,049 million Baht, which is 51.98% of total revenue, increasing 73 million Baht from the same period last year or 2.46%.
- Revenue from sales and services of OSG products is 2,085 million Baht, which is 35.55% of total revenue, increasing 81 million Baht from the same period last year or 4.07%.
- Revenue from sales and services of SIG products is 465 million Baht, which is 7.94% of total revenue, decreasing 336 million Baht from the same period last year or 41.92%.
- Revenue from sales and services of NSG products is 223 million Baht, which is 3.80% of total revenue.

1.2 Cost of goods sold and services is 4,930 million Baht in total, increasing 11 million Baht from the same period last year or 0.22%, which is equal to the increase of revenue from sales and services. Such increase is the result of the increase in cost of goods sold in 2006, which is 0.04% from the same period last year, and the increase in cost of services and rentals, which is 7.9%.

1.3 Gross profit margin is 935 million Baht in total, increasing 2 million Baht or 0.21%. In the year 2006, gross profit margin is 15.43 times of that in 2005.

1.4 Selling and administrative expenses were 666 million Baht in total, which is 11.69% of total revenue, increasing 17 million Baht from 2005 or 2.59%.

1.5 In 2006, the Company's gain on the sale of an investment in Application Holding Service Company Limited is 55 million Baht and loss on the liquidation of Metro Info Dynamic Company Limited is 2 million Baht.

- 1.6 Interest paid in 2006 decreased 7 million Baht from 2005 or 21% due to the decrease in loans from 2005 at the amount of 209 million Baht as well as the decrease of interest rates in the market.
- 1.7 Corporate income tax is 79.5 million Baht, increasing 18 million Baht from the same period last year because of a gain on the sale of investment securities and loss on the liquidation of a subsidiary at the amount of 87.48 million Baht on cost method.
- 1.8 The Company's net income before any gain on the sale of investment securities, loss on the liquidation of a subsidiary, and profit sharing of investment on the equity method is 156 million Baht, decreasing 33 million Baht from the same period last year, since in 2006, the Company's total revenue increased 0.09% while the cost of goods sold and cost of services and rental increased 0.22%, selling and administrative expense increased 2.59%, and interest paid decreased 20.59%. After taking into account the gain on the sale of investment securities, loss on the liquidation of a subsidiary, and profit sharing of investment on the equity method, the Company's net income is 211 million Baht, increasing 38 million Baht from the same period last year or 22.13%.
- 1.9 Profit (loss) per share for 2006 is 0.5882 Baht per share, increasing 19.82% compared with that 2005, which was at 0.4909 Baht per share.

2.Consolidated Balance Sheet as of 31st December 2006 compared with that as of 31st December 2005

- 2.1 The Company's total assets are 2,075 million Baht, decreasing 341 million Baht from the same period last year or 14%. Details of any significant increase or decrease are as follows:
 - Current assets are 1,169 million Baht, decreasing 16.59% because of the decrease of cash and cash equivalent at the amount of 20 million Baht, account receivables at the amount of 1.3 million Baht, inventories at the amount of 184 million Baht, and other current assets of 28 million Baht.
 - In 2005, the Company's non-current assets were 750 million Baht, decreasing 87 million Baht due to the sale of assets, which are office equipment, vehicles, and furniture at the amount of 125 million Baht.
 - In 2006, the Company's investment in securities decreases 45.11 million Baht on the equity method due to the sale of an investment in Application Holding Service Co., Ltd. at the amount of 40.06 million Baht on the equity method and the liquidation of Metro Info Dynamic Co., Ltd. at the amount of 5.05 million Baht on the equity method.
- 2.2 The Company's total liabilities are 1,029 million Baht, decreasing 427 million Baht from the same period last year or 29%. Details of any significant increase or decrease are as follows:

- Overdrafts and short-term loans from financial institutions are 80 million Baht, decreasing 213 million Baht or 73%. Account payables and trading promissory notes are 527 million Baht, decreasing 164 million Baht or 24% due to the sale of an investment in a subsidiary. Net cash flows from operating activities increased 71.6 million Baht.
- Current portion of long-term loans is 78 million Baht, decreasing 20 million Baht or 20% due to the net decrease of long-term loans due in one year after partial repayment of loans.
- Other current liabilities are 180 million Baht, increasing 37 million Baht or 21% due to other account receivables, receivables from the purchase of assets, and accrued expenses.
- Long-term loans from banks are 127 million Baht, decreasing 41 million Baht or 25% because of the repayment of loans at the amount of 52.8 million Baht and the transfer of loans due in one year to short-term loans at the amount of 24 million Baht.
- Liabilities from financial leases are 30 million Baht, decreasing 15 million Baht or 33% owing to the repayment of loans from financial leases at the amount of 53.14 million and the transfer of loans due in one year to short-term loans at the amount of 42 million Baht.
- Liabilities from hire purchase of assets are 7.5 million Baht, decreasing 12 million Baht or 61% because of the repayment of loans from hire purchase of assets at the amount of 13.9 million and the transfer of loans due in one year to short-term loans at the amount of 11 million Baht

2.3 Shareholders equity is 1,046 million Baht, increasing 87 million Baht or 8%. Details of any increase or decrease are as follows:

- Retained earnings in 2006 increased 125 million Baht due to the increase in net income in 2006 at the amount of 39 million. The Company paid dividends in 2006 at the amount of 86 million Baht.
- Minority interests decreased 39 million Baht.

3. Statement of cash flows for the year ended 31st December 2006 compared with that of the same period ended 31st December 2005

From the statement of cashflow for the year ended 31st December 2006, the Company's net cash decreased 20 million Baht. Details are as follows:

3.1 The Company's cashflow from operating activities is 420 million Baht. Cash of the Company increased resulting from the increase in net income of 327 million Baht, the increase in account receivables of 26 million Baht, the decrease in inventories of 163 million Baht, the decrease in other current assets of 16 million Baht, the decrease in account payables of 117 million Baht, the increase in accrued expenses of 24 million Baht, and the increase in other account payables and other current liabilities of 33 million Baht.

3.2 The Company's cashflow from investment activities in 2006 is 55 million Baht resulting from:

- The increase in non-current assets at the amount of 68 million Baht.

- The cash inflows from the sale and liquidation of subsidiaries at the amount of 5.6 million Baht.
- The cash inflows from the sale of non-current assets at the amount of 7 million Baht.

3.3 Cash flows from financing activities are 385 million Baht resulting from:

- The decrease in overdrafts and short-term loans from financial institutions at the amount of 213 million Baht.
- The repayment of long-term loans from banks, liabilities from financial leases and hire purchase of assets 120 million Baht.
- The payment of dividends of 86 million Baht.
- The cash inflows from the sale and repurchase of assets of 35 million Baht.

4. Liquidity ratio

- 4.1 The Company's ratio of current assets to current liabilities (current ratio) is 1.35 indicating a better liquidity position compared to that in 2005.
- 4.2 The Company's inventory turnover increased so the number of days for inventories to be sold decreased from 22 days to 21 days. The number of days for debt collection decreased from 50 days to 44 days and the number of days of debt repayment decreased from 55 days to 44 days. Thus, the Company's cash cycle in 2006 slightly increased from 17 days to 20 days.

5. Source of funds

- 5.1 Source of funds of the Company is from the increase in cashflow from operating activities and cash received from the sale of an investment in securities. Liabilities structure comprises more short-term liabilities than long-term liabilities. The Company's total liabilities in 2006 are 1,029 million Baht, decreasing 29% from 2005.
- 5.2 The Company's ratio of total liabilities to shareholders equity in 2006 decreased from 1.52 times to 0.98 times due to the increase in net income and the increase of cashflow from operating activities. Thus, the Company can repay loans at a higher rate.

6. Audit fee to the auditors

The Company and subsidiaries paid audit fees to the auditors of the Company and subsidiaries for a amount of 1,230,000 Baht during the year.

Metro System Corporation Public Company Limited
Financial Ratios

		Actual		
		31 Dec 2004	31 Dec 2005	31 Dec 2006
<u>LIQUIDITY RATIOS</u>				
1	Current ratio (times)	0.97	1.08	1.32
2	Quick ratio (times)	0.65	0.58	0.89
3	Cash from operations ratio (times)	0.26	0.23	0.41
4	Receivables turnover ratio (times)	5.72	7.34	8.62
5	Collection days (days)	63	49	42
6	Accounts payable turnover (times)	6.17	6.85	8.48
7	Payment days (days)	58	53	42
8	Inventory turnover (times)	16.25	15.55	16.66
9	Average number of days sales (days)	22	23	22
10	Cash cycle (days)	27	20	21
<u>PROFITABILITY RATIOS</u>				
	Gross profit margin (%)	14.64%	14.79%	15.20%
	Return on total income (%)	1.89%	2.84%	4.18%
	Return on shareholders' equity (%)	12.22%	18.80%	25.82%
<u>EFFICIENCY RATIOS</u>				
	Return on total assets (%)	2.82%	6.75%	11.35%
	Return on fixed assets (%)	29.49%	37.97%	50.88%
	Assets turnover (times)	2.02	2.38	2.72
<u>FINANCIAL POLICY RATIOS</u>				
	Debt to Equity ratio (times)	2.00	1.59	1.01
	Interest payment ratio (times)	9.91	10.05	17.74
	Cash coverage (cash basis) (times)	- 0.82	-0.96	-1.17
	Dividend Payment (%)	37.27%	30.01%	36.35%
<u>PER SHARE DATA</u>				
	Par value (baht)	1	1	1
	Book Value (baht)	2.27	2.35	2.77
	Earnings per share (baht)	0.27	0.43	0.66
<u>GROWTH RATIOS</u>				
	Sales / Services income (%)	11.24%	11.35%	6.49%
	Cost of sales /services (%)	8.95%	11.16%	5.97%
	Selling and administration (%)	13.93%	2.87%	9.62%
	Net Profit(loss) (%)	34.34%	67.78%	56.64%
	Total Assets (%)	-4.68%	-5.82%	-8.36%

Remark : Gross profit margin ratio excluding other revenues and gain on the sale of investment securities.

Metro System Corporation Public Company Limited and Subsidiaries
Financial Ratios

		Actual		
		31 Dec 2004	31 Dec 2005	31 Dec 2006
<u>LIQUIDITY RATIOS</u>				
1	Current ratio (times)	1.01	1.14	1.35
2	Quick ratio (times)	0.69	0.67	0.93
3	Cash from operations ratio (times)	0.26	0.27	0.40
4	Receivables turnover ratio (times)	5.68	7.19	8.25
5	Collection days (days)	63	50	44
6	Accounts payable turnover (times)	5.95	6.59	8.10
7	Payment days (days)	60	55	44
8	Inventory turnover (times)	16.90	16.43	16.98
9	Average number of days sales (days)	21	22	21
10	Cash cycle (days)	24	17	20
<u>PROFITABILITY RATIOS</u>				
	Gross profit margin (%)	15.11%	15.43%	15.43%
	Return on total income (%)	1.72%	2.95%	3.61%
	Return on shareholders' equity (%)	11.84%	19.71%	21.12%
<u>EFFICIENCY RATIOS</u>				
	Return on total assets (%)	3.61%	7.08%	9.43%
	Return on fixed assets (%)	28.61%	40.58%	47.22%
	Assets turnover (times)	2.10	2.40	2.61
<u>FINANCIAL POLICY RATIOS</u>				
	Debt to Equity ratio (times)	2.10	1.52	0.98
	Interest payment ratio (times)	10.47	12.46	18.58
	Cash coverage (cash basis) (times)	-1.88	-0.32	-0.96
	Dividend Payment (%)	37.12%	26.30%	40.80%
<u>PER SHARE DATA</u>				
	Par value (baht)	1	1	1
	Book Value (baht)	2.35	2.66	2.91
	Earnings per share (baht)	0.27	0.49	0.59
<u>GROWTH RATIOS</u>				
	Sales / Services income (%)	10.05%	10.84%	0.22%
	Cost of sales /services (%)	8.47%	10.43%	0.22%
	Selling and administration (%)	15.45%	2.09%	2.37%
	Net Profit (%)	35.88%	90.66%	22.34%
	Total Assets (%)	-3.42%	-2.29%	-14.12%

Remark : Gross profit margin ratio excluding other revenues and gain on the sale of investment securities.

Goal of Business Operation

In 2007, the Company targets growth in total income at the rate 10% higher than that of 2006 and gross profit margin ratio at a rate no less than that of 2006. To meet the targets, the Company will focus on the following issues:

1. Increasing the existing customer base and expanding the business to up-country by focusing on customers in industrial zones and educational institutions.
2. Expanding the types of products such as printers, Technology RFID in retail business, and, on the software side, Microsoft has introduced new products, which are Microsoft Vista, Office 2007, etc.
3. Expanding IT outsourcing services as the Company expects that such services would generate income to the Company in the long-term as there is demand for high quality IT systems that are ready to implement from big companies, and their risk for personnel is decreased.
4. Training staff with knowledge and skill on new technology such as Technology RFID, the Disaster Recovery Center, Microsoft Vista, Office 2007, Autodesk, and Business Intelligence, as well as training staff to obtain certificates from vendors at an increasing rate.
5. Implementing e-procurement technology for convenience and increase of purchasing speed for customers.

Report from Audit Committee for the Year 2006

The Audit Committee has performed tasks and responsibilities according to documents submitted to the Stock Exchange of Thailand (F24-1) and the Best Practice Guidelines for Audit Committees in compliance with the rules of the Stock Exchange of Thailand.

During 2006, members of the Committee have met with the Board of Directors five times and with the Internal Audit Department four times. The Committee has been informed about the internal audit report from the Internal Audit Department and has also evaluated the sufficiency and appropriateness of the Internal Control System. In addition, the Committee has recommended the Management to emphasize on providing an appropriate risk management system to control various types of risks that may arise. Moreover, the Committee has reviewed the Internal Audit plan for 2007, and the quarterly and yearly financial statements. Finally, the Committee has overseen the Company's inter-company transactions and any transactions that may cause a conflict of interest, and made a general review to ensure the Company's procedures are in compliance with relevant laws and regulations.

The audit committee has opined that the management realizes the importance of the Managing System by means of good ethics and adequate compliance and internal controls as well as setting up the risk management system. The business is operated according to the relevant rules, requirements and laws. The quarterly and yearly financial statements show the correct financial status according to the certified accounting standards and the relevant transactions have been disclosed adequately.

Furthermore, the audit committee has considered the appointment of a certified auditor from Bancheekij Co., Ltd. and set the audit fee for the year 2005 as has been proposed to the board of directors and shareholders for approval.



Chairman of the Audit Committee

February 26, 2007

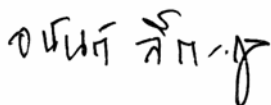
Report on the board's responsibilities towards financial reports

The board of directors is responsible for the consolidated financial statements of the company and subsidiaries, information technology regarding finance shown in the annual report, and information technology on the Internet. The particular financial statement has been prepared according to the certified accounting standards of Thailand and a suitable accounting policy has been selected and followed regularly with careful consideration and the best estimation. In addition, all important data has been disclosed adequately in the notes to the financial statement.

The board of directors has arranged to maintain an efficient internal control system to ensure correct, complete, and adequate accounting data records and to find out any weaknesses to significantly prevent cheating or abnormal operations.

However, the Board of Directors has assigned the audit committee that comprises of non-management members to be responsible for the quality of financial reports and internal control system. The audit committee's comments on this matter are shown in the annual report.

The board of directors has opined that the holistic internal control system is satisfactory and is able to encourage reasonable confidence towards the reliability of the financial statement of the company and subsidiaries as at December 31, 2006.



(Mr. Anan Leetrakul)
Vice Chairman



(Mr. Tavit Charuvajana)
Managing Director



METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

JANUARY 1, 2006 TO DECEMBER 31, 2006

Auditor's Report

To the Shareholders and Board of Directors of Metro Systems Corporation Public Company Limited

I have audited the consolidated balance sheet as at December 31, 2006, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended of METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES, and have audited the balance sheet as at December 31, 2006, and the related statements of income, changes in shareholders' equity and cash flows for the year then ended of METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED only. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. The consolidated financial statements of METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES for the year ended December 31, 2005 and the financial statements of METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED only, for the year ended December 31, 2005 (before restatement) were audited by another auditor of the same office whose report dated February 24, 2006, expressed an unqualified opinion on them.

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

In my opinion, /

In my opinion, the consolidated and the company's financial statements referred to above present fairly, in all material respects, the consolidated financial position as at December 31, 2006, consolidated results of its operation, and its cash flows for the years then ended of METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES, and present fairly, in all material respects, the financial positions as at December 31, 2006, results of its operation and its cash flows for the years then ended of METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED only, in conformity with generally accepted accounting principles.

Without qualifying my opinion, I draw attention to note 3.7 to the financial statements. In the year 2006, the company has changed its accounting policy of investments in subsidiary and associated companies for the financial statements of company only, from the equity method to the cost method. The financial statements of the company only for the year ended December 31, 2005 which are presented herewith for comparative purpose has been restated retrospectively, as if the new accounting policy had always been applied. I have also audited such adjustment, in my opinion, such adjustment is appropriate and has been properly applied.

Bangkok

February 26, 2007

(Mr. Pornchai Kittipanya-ngam)

Authorized Auditor No. 2778

Bunchikij Co., Ltd.

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
BALANCE SHEETS

As at December 31, 2006 and 2005

Unit : Baht

		ASSETS			
		CONSOLIDATED		THE COMPANY	
	Note	2006	2005	2006	2005
					(Restated)
CURRENT ASSETS					
Cash and cash equivalents	5	99,403,455	119,081,464	74,989,221	16,001,229
Trade accounts and notes receivable, net	3.3 and 6	704,010,902	705,315,996	675,291,284	633,444,979
Short-term loans to related party, net	7	0	0	0	0
Inventories, net	3.4, 3.5 and 8	312,928,056	496,826,125	306,833,323	491,638,118
Other current assets					
Accrued income		17,034,252	40,724,899	16,145,184	37,567,167
Prepaid expenses		14,157,815	13,177,281	13,368,950	4,486,938
Valued added tax		0	13,210,331	5,180,808	12,916,666
Others		21,841,487	13,579,921	16,111,368	6,645,164
Total current assets		1,169,375,967	1,401,916,017	1,107,920,138	1,202,700,261
NON-CURRENT ASSETS					
Investments in associated companies					
- equity method	3.6 and 9	22,635,474	25,158,981	0	0
Investments in subsidiary and associated companies					
- cost method, net	3.6, 3.7 and 9	0	0	30,198,800	40,860,680
Other long-term investments, net	3.6 and 10	5,000,000	5,000,000	5,000,000	5,000,000
Deposits at bank used as collateral	11 and 24	115,526,018	123,573,895	113,000,000	113,000,000
Long-term loans to employees	12	8,951	110,651	8,951	110,651
Property, plant and equipment, net	3.8, 13 and 24	749,761,876	836,530,529	735,365,034	810,894,891
Intangible assets, net	3.8 and 14	9,087,610	17,312,421	9,087,610	10,746,195
Other non-current assets					
Deposits and guarantees		2,381,399	3,604,341	2,360,926	2,384,826
Withholding company income taxes		1,518,757	3,310,282	0	0
Total non-current assets		905,920,085	1,014,601,100	895,021,321	982,997,243
Total assets		2,075,296,052	2,416,517,117	2,002,941,459	2,185,697,504

Notes to financial statements are an integral part of these statements.

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

As at December 31, 2006 and 2005

Unit : Baht

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	CONSOLIDATED		THE COMPANY	
		2006	2005	2006	2005
		(Restated)			
CURRENT LIABILITIES					
Bank overdrafts and short-term loans from					
financial institutions	15 and 24	80,025,275	293,447,053	80,025,275	293,447,053
Trade accounts and notes payable	16	527,285,950	690,805,128	516,844,651	615,182,843
Current portion of long - term liabilities	17	77,504,267	97,102,593	75,362,989	91,363,016
Other current liabilities					
Accrued expenses		103,478,174	78,127,675	98,003,464	69,102,713
Accrued withholding tax		6,049,439	11,946,768	5,906,644	7,213,944
Accrued company income tax		13,175,150	16,482,230	11,983,122	15,346,176
Deferred incomes		28,783,871	21,512,799	26,369,171	9,143,788
Other and asset accounts payable		26,979,774	11,491,841	26,435,165	9,677,948
Others		1,706,993	4,030,144	1,546,665	1,926,658
Total current liabilities		864,988,893	1,224,946,231	842,477,146	1,112,404,139
NON-CURRENT LIABILITIES					
Long-term loans from banks, net	18	126,600,000	167,900,000	126,600,000	167,900,000
Long-term financial leases, net	19	30,099,778	44,944,781	30,099,778	41,118,894
Hire - purchase payables, net	20	7,556,259	19,367,034	7,556,259	19,367,034
Total non-current liabilities		164,256,037	232,211,815	164,256,037	228,385,928
Total liabilities		1,029,244,930	1,457,158,046	1,006,733,183	1,340,790,067

Notes to financial statements are an integral part of these statements.



METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

As at December 31, 2006 and 2005

Unit : Baht

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		CONSOLIDATED		THE COMPANY	
		2006	2005	2006	2005
	Note				(Restated)
SHAREHOLDERS' EQUITY					
Share capital	21				
Authorized share capital					
360,000,000 Ordinary shares of Baht 1 each,		360,000,000	360,000,000	360,000,000	360,000,000
Issued and paid-up share capital					
360,000,000 Ordinary shares of Baht 1 each,					
fully paid		360,000,000	360,000,000	360,000,000	360,000,000
Premium on share capital		234,221,748	234,221,748	234,221,748	234,221,748
Retained earnings					
Appropriated					
Legal reserve	22	36,000,000	36,000,000	36,000,000	36,000,000
Unappropriated		412,974,668	287,609,232	365,986,528	214,685,689
Total shareholders' equity-parent company		1,043,196,416	917,830,980	996,208,276	844,907,437
Minority interest		2,854,706	41,528,091	0	0
Total shareholders' equity		1,046,051,122	959,359,071	996,208,276	844,907,437
Total liabilities and shareholders' equity		2,075,296,052	2,416,517,117	2,002,941,459	2,185,697,504

Notes to financial statements are an integral part of these statements.

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF INCOME

For the years ended December 31, 2006 and 2005

Unit : Baht

	Note	CONSOLIDATED		CONSOLIDATED	
		2006	2005	2006	2005
					(Restated)
Revenues					
Revenues from sale of goods		5,530,152,828	5,482,479,133	5,378,133,165	5,053,856,270
Revenues from rendering of services		238,157,950	297,396,988	226,755,327	229,970,223
Rental income		61,445,291	37,333,594	52,642,211	28,921,348
Other income		35,418,537	42,410,943	33,971,802	30,936,421
Gain on sale of investment in subsidiary company		55,306,882	0	89,760,000	2,883,770
Share of profits from investments for using the equity method		2,528,374	2,313,386	0	0
Total revenues		5,923,009,862	5,861,934,044	5,781,262,505	5,346,568,032
Expenses					
Costs of sale of goods		4,811,695,765	4,809,734,203	4,682,847,592	4,422,629,460
Costs of the rendering of services		70,953,597	84,146,110	72,703,501	84,055,003
Cost of rent		47,844,320	25,981,751	41,949,575	20,380,485
Selling and administrative expenses		666,145,858	648,476,217	634,223,608	579,955,913
Directors' remuneration		4,536,000	4,972,000	4,536,000	2,772,000
Share of losses from investments for using the equity method		2,279,028	1,725,183	2,279,028	0
Total expenses		5,603,454,568	5,575,035,464	5,438,539,304	5,109,792,861
Profit before interest expenses and income tax		319,555,294	286,898,580	342,723,201	236,775,171
Interest expenses		(28,419,191)	(35,790,088)	(28,395,403)	(35,482,037)
Income tax	3.12	(79,552,037)	(61,511,297)	(76,626,959)	(49,547,418)
Profit after interest expenses and income tax		211,584,066	189,597,195	237,700,839	151,745,716
Net profit (loss) of minority interest		(181,370)	16,501,868	0	0
Net profit		211,765,436	173,095,327	237,700,839	151,745,716
Earnings per share					
Basic earnings per share	3.13				
Net profit		0.5882	0.4909	0.6603	0.4304
Number of ordinary shares					
Ordinary shares		360,000,000	352,588,529	360,000,000	352,588,529

Notes to financial statements are an integral part of these statements.



METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

CONSOLIDATED

For the years ended December 31, 2006 and 2005

Unit : Baht

	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings		Minority Interest	Total
				Appropriated Legal reserve	Unappropriated		
Balance as at January 1, 2005		339,743,600	234,000,000	25,277,442	184,100,178	14,130,455	797,251,675
Dividend paid	23.2				(45,532,604)		(45,532,604)
Legal reserve	22			10,722,558	(10,722,558)		0
Increase in share capital	21	20,256,400	221,748				20,478,148
Decrease in allowance for loans to subsidiary company					(13,331,111)	10,895,768	(2,435,343)
Net profit for the year 2005					173,095,327	16,501,868	189,597,195
Balance as at December 31, 2005		360,000,000	234,221,748	36,000,000	287,609,232	41,528,091	959,359,071
Dividend paid	23.1				(86,400,000)		(86,400,000)
Sale of investment in subsidiary company						(38,492,015)	(38,492,015)
Net profit for the year 2006					211,765,436	(181,370)	211,584,066
Balance as at December 31, 2006		360,000,000	234,221,748	36,000,000	412,974,668	2,854,706	1,046,051,122

Notes to financial statements are an integral part of these statements.



METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

THE COMPANY

For the years ended December 31, 2006 and 2005

Unit : Baht

	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings		Total
				Appropriated Legal reserve	Unappropriated	
Balance as at January 1, 2005 (Previously reported)		339,743,600	234,000,000	25,277,442	170,769,067	769,790,109
Accumulative effect of a change in accounting policy,						
Share of profits from investments for using the equity method	3.7				(51,573,932)	(51,573,932)
Balance as at January 1, 2005 (Resated)		339,743,600	234,000,000	25,277,442	119,195,135	718,216,177
Dividend paid	23.2				(45,532,604)	(45,532,604)
Increase in share capital	21	20,256,400	221,748			20,478,148
Legal reserve	22			10,722,558	(10,722,558)	0
Net profit for the year 2005 (Restated)					151,745,716	151,745,716
Balance as at December 31, 2005 (Restated)		360,000,000	234,221,748	36,000,000	214,685,689	844,907,437
Balance as at January 1, 2006 (Previously reported)		360,000,000	234,221,748	36,000,000	287,609,232	917,830,980
Accumulative effect of a change in accounting policy,						
Share of profits from investments for using the equity method	3.7				(72,923,543)	(72,923,543)
Balance as at January 1, 2006 (Resated)		360,000,000	234,221,748	36,000,000	214,685,689	844,907,437
Dividend paid	23.1				(86,400,000)	(86,400,000)
Net profit for the year 2006					237,700,839	237,700,839
Balance as at December 31, 2006		360,000,000	234,221,748	36,000,000	365,986,528	996,208,276

Notes to financial statements are an integral part of these statements.



METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2006 and 2005

Unit : Baht

		CONSOLIDATED		THE COMPANY	
		2006	2005	2006	2005
	Note				(Restated)
Cash flows from operating activities :					
Net profit		211,765,436	173,095,327	237,700,839	151,745,716
Adjustments to reconcile net profit to net cash by operating activities					
Depreciation		162,747,024	172,826,217	155,672,409	160,900,258
Amortization of intangible assets		1,658,585	1,566,352	1,658,585	0
Amortization of copyright charges		0	0	0	453,767
Amortization of leasehold rights		0	1,092,315	0	1,092,315
Bad debts and doubtful accounts		7,499,534	(11,799,982)	7,286,032	(764,066)
Obsolete goods		1,845,363	(7,395,796)	1,860,700	(7,390,777)
Decrease in allowance for short-term loan to subsidiary company		0	(1,100,000)	0	(1,100,000)
Gain on sales of fixed assets		(2,981,036)	(4,645,541)	(3,432,855)	(4,582,410)
Loss on donation and writing-off of fixed assets		254,168	1,896,068	254,166	1,896,068
(Gain) loss on exchange rate		(372,825)	78,080	(364,929)	70,548
Impairment on investment in subsidiary and associated companies		0	0	0	677,900
Share of losses from investments in subsidiary companies for using the equity method		0	677,900	0	0
Share of (profits) loss from investments in associated companies for using the equity method		(2,528,374)	(1,635,486)	0	0
Gain on sale of shares in subsidiary company		(55,306,882)	(541,910)	(89,760,000)	(541,910)
Loss on dissolution of subsidiary company		2,279,028	316,230	2,279,028	316,230
(Gain) loss on sale of shares in associated company		0	1,408,953	0	(3,200,000)
Minority interest in net profit (loss) of subsidiary companies		(181,370)	16,501,868	0	0
Change in operating activities					
(Increase) decrease in assets					
Trade accounts and notes receivable		(25,633,787)	203,182,797	(49,132,337)	174,765,725
Inventories		162,943,577	(116,237,262)	163,920,429	(139,499,430)
Accrued income		23,690,647	5,528,507	21,421,983	7,309,097
Prepaid expenses		(8,789,003)	(6,513,312)	(8,882,012)	1,801,902
Valued added tax		7,735,858	(12,736,061)	7,735,858	(12,916,666)
Other current assets		(6,257,677)	9,209,871	(9,466,204)	9,793,808
Deposits and guarantees		23,900	0	23,900	0
Other non-current assets		(155,849)	12,370,761	0	13,979,912

Notes to financial statements are an integral part of these statements.



METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

For the years ended December 31, 2006 and 2005

Unit : Baht

	Note	CONSOLIDATED		THE COMPANY	
		2006	2005	2006	2005
					(Restated)
Change in operating activities (Continued)					
Increase (decrease) in liabilities					
Trade accounts and notes payable		(117,352,818)	(110,980,962)	(97,973,259)	(91,264,799)
Accrued expenses		28,716,128	32,768,030	28,900,751	18,332,768
Accrued withholding taxes		(1,287,121)	5,111,224	(1,307,299)	2,637,840
Accrued company income tax		(3,385,194)	7,200,687	(3,363,054)	7,011,904
Deferred incomes		16,400,169	(6,455,104)	17,225,382	(7,947,204)
Value added taxes		(415,558)	(12,846,736)	0	(11,141,787)
Other and asset accounts payable		17,601,957	(80,091)	16,757,217	(1,363,752)
Other current liabilities		(379,994)	(3,288,820)	(379,995)	314,901
Net cash provided by operating activities		420,133,886	348,574,124	398,635,335	271,387,858
Cash flows from investing activities					
Decrease in short-term loans to subsidiary companies		0	1,100,000	0	1,100,000
Decrease in long-term loans to employees		101,700	95,000	101,700	95,000
(Increase) decrease in fixed deposits used as guarantees		641,948	(5,199,670)	0	(13,500,000)
Increase in fixed assets		(68,483,787)	(81,715,915)	(64,526,733)	(79,319,577)
Increase in intangible assets		0	(6,989,661)	0	0
Net cash from sale of subsidiary companies		2,903,259	(825,301)	0	0
Proceed from dissolution of subsidiary companies		2,772,852	0	2,772,852	1,240,955
Proceed from sale of shares in related companies		0	7,200,000	0	7,200,000
Proceed from sale of shares in associated companies		0	8,169,910	0	8,169,910
Proceed from sales of shares in subsidiary company		0	0	95,370,000	0
Proceed from sales of fixed assets		7,101,101	13,720,031	6,586,533	13,642,096
Net cash provided by (used in) investing activities		(54,962,927)	(64,445,606)	40,304,352	(61,371,616)

Notes to financial statements are an integral part of these statements.



METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

For the years ended December 31, 2006 and 2005

Unit : Baht

	Note	CONSOLIDATED		THE COMPANY	
		2006	2005	2006	2005
					(Restated)
Cash flows from financing activities					
Increase (decrease) in bank overdrafts		(21,147,043)	30,795,865	(21,147,042)	30,795,865
Increase (decrease) in short-term loans					
from financial institutions		(192,274,735)	(89,346,518)	(192,274,735)	(83,346,518)
Proceed from sale of assets and leaseback		34,801,189	0	34,801,189	0
Repayment of long-term loans from banks		(52,800,000)	(38,100,000)	(52,800,000)	(35,700,000)
Repayment of long-term financial leases		(53,142,562)	(78,934,093)	(48,245,290)	(73,798,953)
Repayment of hire-purchase payables		(13,885,817)	(14,064,321)	(13,885,817)	(13,935,673)
Increase in ordinary shares		0	9,970,948	0	9,970,948
Dividend paid		(86,400,000)	(45,532,604)	(86,400,000)	(45,532,604)
Net cash used in financing activities		(384,848,968)	(225,210,723)	(379,951,695)	(211,546,935)
Increase (decrease) in cash and cash equivalents		(19,678,009)	58,917,795	58,987,992	(1,530,693)
Cash and cash equivalents as at January 1,		119,081,464	60,163,669	16,001,229	17,531,922
Cash and cash equivalents as at December 31,	3.2	99,403,455	119,081,464	74,989,221	16,001,229
Supplemental cash flows information :					
Cash paid during the period for :					
Interest expenses		28,699,596	35,433,824	28,576,807	35,125,773
Income tax		83,267,045	57,008,812	79,990,013	42,535,514
Non-cash item :					
Hire purchase for fixed assets		0	4,056,960	0	4,056,960
Financial leases for fixed assets		25,944,825	66,051,353	25,944,825	63,524,439
Dividend received		250,000	0	250,000	0

Notes to financial statements are an integral part of these statements.

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements

As at December 31, 2006 and 2005

1. General Information

1.1 The company was incorporated on January 6, 1986. The operations of the company and its subsidiaries are distributors of computers and equipments, softwares, office equipments, services and telecommunication equipments.

1.2 The company has been listed in the Stock Exchange of Thailand since 1995. The address is 23/3 Moo 9 Sukhumvit 103 Road, Nongbon, Prawet, Bangkok 10250. There are 5 branches as follows:

Branch 1 : 888/15-17 Ploenjit Road, Lumpinee Phatumwan Bangkok.

Branch 2 : 141/15-18 Skulthai Tower Surawong Road, Suriyawong Bangrak Bangkok 10500.

Branch 3 : 979/27-31 SM Tower Pahonyothin Road, Samsennai Phayathai Bangkok 10400.

Branch 4 : 7/405 Central Pinklao Floor 3 Room 323, Baromrajchonanee Road, Aroonummarin Bangkoknoi Bangkok.

Branch 5 : 18 Charansanitwong Road 81, Bangaow Bangplad Bangkok.

1.3 The number and cost of employees

	Consolidated		The company	
	2006	2005	2006	2005
The number of employees (Persons)	757	835	691	707
The cost of employees (Baht)	400,609,880	412,414,203	388,157,837	348,699,113

2. Basis for preparation and presentation of the financial statements

2.1 The financial statements have been prepared in accordance with the Generally Accepted Accounting Standards issued under the Accounting Profession Act B.E. 2547, and according to the requirements of the Securities and Exchange Commission, and the regulation of the Stock Exchange of Thailand.

2.2 The measurement basis used in preparing the financial statements is that the other than those disclosed in notes to the financial statements, the financial statements are prepared on the historical cost basis.

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

2. Basis for preparation and presentation of the financial statements (Continued)

2.3 Basis for preparation of the consolidated financial statements

The consolidated financial statements included the accounts of the company and its subsidiary companies. (See attachment 1)

On October 31, 2005, three subsidiary companies named Metro Distribution Co., Ltd., Metro Info Dynamics Co., Ltd., and Advanced Business Exchange Co., Ltd., have been dissolved, so the consolidated financial statements for the year ended December 31, 2005 has not included these three subsidiary companies.

On January 18, 2006, Metro-Infinium (Thailand) Co., Ltd. has been changed the company's name to Metro Info Tech Co., Ltd.

On February 15, 2006, the company has sold the investment in the subsidiary company named Application Hosting Services Co., Ltd., so the consolidated financial statements for the year ended December 31, 2006 has not included this subsidiary company.

Outstanding intragroup balances, significant intragroup transactions, the investment of parent company in subsidiaries and shareholders' equity of the subsidiaries have been eliminated in this consolidation companies.

2.4 Reclassified items

There are some items in the year 2005, which were reclassified for the comparative financial statements.

3. Summary of significant accounting policies

3.1 Recognition of revenues

Sales income are recognized when the goods have been delivered, and the significant risks and rewards of ownership of the goods have been transferred to the buyers.

Service income is principally based on services rendered.

Rent income is recognized by the time of period.

3.2 Cash and cash equivalents, and preparation of statements of cash flows

The company and subsidiary companies adopted the policy in preparing in the statements of cash flows that cash and cash equivalents mean cash on hand, deposit at banks (except time deposit which over 3 months), and short-term highly liquid investments that are readily convertible to known amounts, and that they present negligible risk of change in value, and which are not restricted in their uses

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

3. Summary of significant accounting policies (Continued)

3.3 Allowance for doubtful accounts

The company and its subsidiaries have policy to approximate the allowance for doubtful accounts equal to the estimated collection losses as follows:

20 percent for accounts past due 91-180 days

50 percent for accounts past due 181-360 days

100 percent for accounts past due more than 360 days

100 percent for sued trade accounts

3.4 Allowance for obsolete goods

As at December 31, 2006, the company and its subsidiaries have policy to approximate the allowance for obsolete goods by considering from the merchandise that has not been moving for over than 180 days and 365 days.

As at December 31, 2005, the company and its subsidiaries have policy to approximate the allowance for obsolete goods by considering from the merchandise that has not been moving for over than 365 days.

3.5 Inventory pricing

Inventories are valued at lower of cost price under average method or net realisable value. Goods in transit are valued at cost price.

3.6 Investment recording

3.6.1 Investment in subsidiary, associated, and other companies

Investment in associated companies for the consolidated financial statements are accounted for by the equity method.

Investment in subsidiary and associated companies for the financial statements of company only are accounted for by the cost method less allowance for decrease in value costs.

Investment in other companies are recorded at cost method.

3.6.2 Investment in Debt Securities

Short – term investment in Debt Securities and fixed deposit are stated at fair value.

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

3. Summary of significant accounting policies (Continued)

3.7 Change in accounting policy of investments

In the year 2006, the company has changed its accounting policy of investments in subsidiary and associated companies for the financial statements of company only, from the equity method to the cost method according to the announcement of the Federation of Accounting Professions No. 26/2549 regarding the accounting practice to follow the Thai accounting standard No. 44 “Consolidated Financial Statements and Accounting for Investment in the Subsidiary Company” (first amendment dated on October 11, 2006). The financial statements of the company only for the year ended December 31, 2005 which are presented herewith for comparative purpose has been restated retrospectively, as if the new accounting policy had always been applied. The change in the accounting policy of investment in subsidiary and associated companies effected to decrease the retained earnings in the amount of Baht 72,923,543, and to decrease the net profit for the year 2005 in the amount of Baht 21,349,611.

3.8 Property, plant and equipment/depreciation and amortization

Land is stated at cost price.

Land improvement, plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation of plant and equipment is calculated by reference to their costs on a straight-line method at the following rates:

Land improvement	5	years
Building	20	years
Leasehold building improvement	5-20	years
Machinery and Equipment	5	years
Furniture and Fixtures	5	years
Vehicles	5	years
Office equipment	3-5	years
Assets for rent	3-5	years
Other fixed assets	5	years

Leasehold rights are amortized over the useful lives of leasehold right contract for 6-14 years and deferred copyrights are amortized by the life of contract agreement for 9 years are as follows:

For the years ended December 31, 2006 and 2005, the amortization are as follows:

Unit : Baht

	Consolidated		The company	
	2006	2005	2006	2005
Leasehold rights-Building	1,658,585	1,092,315	1,658,585	1,092,315
Deferred copyrights-Software	0	1,566,350	0	453,767
Total	1,658,585	2,658,665	1,658,585	1,546,082

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

3. Summary of significant accounting policies (Continued)

3.9 Impairment of assets

The company and its subsidiaries should assess the impairment of assets i.e. Property, Plant and Equipment and intangible assets whenever there is indication that an asset may be impaired, the impairment will be assessed by estimating the recoverable amount of asset, if it is below the carrying amount of the asset, it signs an asset is impaired. The company should recognize the impairment loss in the statements of income.

Recoverable amount of assets is the higher of an asset's net selling price and its value in use, and it is determined from an individual asset of a cash-generating unit.

3.10 Translation of foreign currency transactions

During the period, the foreign currency transactions are translated at the spot rate. At the end of period, the remaining balances of foreign currency assets and liabilities are translated respectively at the average buying and selling rates of Commercial Banks, based on the rate of the Bank of Thailand, gain or loss are stated in the statements of income.

As at December 31, 2006, foreign currency receivables which were covered by the forward exchange contract are translated at the rate of fair value at the ended of period, the difference will be written off along the period of agreements.

3.10 Translation of foreign currency transactions (Continued)

As at December 31, 2005, foreign currency receivables which were covered by the forward exchange contract are translated at the rate prescribed in the agreements, the difference will be written off along the period of agreements.

Unit : Baht

Consist of :	Consolidated		The company	
	2006	2005	2006	2005
Accounts receivable from forward exchange contract	22,447,697	36,010,047	22,447,697	36,010,047
<u>Less</u> Accounts payable to forward exchange contract	22,419,803	36,266,419	22,419,803	36,266,419
Net	27,894	(256,372)	27,894	(256,372)

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

3. Summary of significant accounting policies (Continued)

3.11 Staff provident fund

The company and its subsidiaries established a contributory registered provident fund which has been registered in accordance with the Provident Fund Act B.E. 2530 (1987) on October 1, 1998. The contributions from staffs are deducted from the monthly salaries, with the company matching the individual's contributions.

3.12 Income tax

Income tax (if any), the company and its subsidiaries recorded the total amount of income tax as expense for the period, and recorded the accrued portion as liabilities in the balance sheets.

3.13 Earnings per share

For the year ended December 31, 2006, the basic earnings per share are computed by dividing the net profit by the number of ordinary shares outstanding at the end of the period.

For the year ended December 31, 2005, the basic earnings per share are computed by dividing the net profit by the weighted average number of ordinary shares outstanding during the period.

3.14 Accounting estimation

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

4. Related party transactions

The company's policy about the price charge to the related parties are as follows:

Types of transaction	Policies of price setting
Transactions between the company and its subsidiaries	
- Sales and services to the subsidiary companies	Market price
- Sales and services from the subsidiary companies	Market price
Transactions related to the company, its subsidiaries with the related parties	Market price

The financial statements included related party transactions, by considering the following: intragroup shareholding or the same group of shareholders, directors or management team. The outstanding balances of these transactions are as follows:

4. Related party transactions (Continued)

Unit : Baht

	Consolidated		The company	
	2006	2005	2006	2005
Balance sheets				
Trade accounts receivable				
Subsidiary companies				
Metro Professional Products Co., Ltd.	0	0	36,326	369,378
Application Hosting Services Co., Ltd.	0	0	0	410,639
Metro Info Tech Co., Ltd.	0	0	410,489	217,148
Associated companies				
Metrosoft Co., Ltd.	1,888,009	2,079,105	1,888,009	2,079,105
HIS MSC Co., Ltd.	876,214	483,793	876,214	483,793
Related parties				
MDEC International (1991) Co., Ltd.	158,828	927,379	73,828	329,943
Metro Co., Ltd.	105,783	44,521	67,678	44,521
Accrued income				
Associated company				
HIS MSC Co., Ltd.	0	29,000	0	29,000
Prepaid expenses				
Subsidiary company				
Metro Info Tech Co., Ltd.	0	0	154,850	0
Associated company				
Metrosoft Co., Ltd.	0	41,975	0	0

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

4. Related party transactions (Continued)

Unit : Baht

	Consolidated		The company	
	2006	2005	2006	2005
Balance sheets (Continued)				
Lending				
Related party				
Advanced Business Exchange Co., Ltd.				
Balance brought forward	46,700,000	46,700,000	46,700,000	47,800,000
Repayment of loans receivable in the period	0	0	0	(1,100,000)
Balance	46,700,000	46,700,000	46,700,000	46,700,000
Less Allowance for doubtful account	(46,700,000)	(46,700,000)	(46,700,000)	(46,700,000)
Balance carried forward	0	0	0	0
Trade accounts payable				
Subsidiary companies				
Metro Professional Products Co., Ltd.	0	0	391,213	330,523
Application Hosting Services Co., Ltd.	0	0	0	610,836
Metro Info Tech Co., Ltd.	0	0	556,935	1,366,920
Related parties				
MDEC International (1991) Co., Ltd.	2,775,315	369,068	2,373,631	369,068
Metro Co., Ltd.	28,400	0	28,400	0
Other accounts payable				
Related parties				
MDEC International (1991) Co., Ltd.	0	118,942	0	118,942
Metro Co., Ltd.	0	28,400	0	28,400
Advance received				
Subsidiary companies				
Metro Professional Products Co., Ltd.	0	0	43,418	44,535
Metro Info Tech Co., Ltd.	0	0	384,060	1,867
Associated companies				
Metrosoft Co., Ltd.	742	0	742	1,742
HIS MSC Co., Ltd.	100,875	0	100,875	399,552
Related party				
Metro Co., Ltd.	1,967	0	1,967	4,000
Accrued expenses				
Subsidiary company				
Metro Info Tech Co., Ltd.	0	0	0	588,000

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

4. Related party transactions (Continued)

Unit : Baht

	Consolidated		The company	
	2006	2005	2006	2005
Statements of income				
Revenues				
Subsidiary companies	0	0	5,235,410	6,897,142
Associated companies	607,680	449,845	607,680	449,845
Related parties	515,808	708,209	341,317	221,453
Service income				
Subsidiary companies	0	0	1,223,810	1,758,998
Associated companies	659,820	1,063,602	659,820	1,063,602
Related parties	636,293	526,209	636,293	526,297
Rental income				
Subsidiary companies	0	0	871,968	877,500
Associated companies	1,872,360	1,569,622	1,872,360	1,569,622
Related party	114,100	201,600	114,100	201,600
Other income				
Subsidiary companies	0	0	650,243	1,959,807
Associated companies	4,681,503	3,714,149	4,681,503	3,714,149
Related parties	180,675	531,506	180,675	531,506
Purchase				
Subsidiary companies	0	0	11,583,684	44,681,139
Associated companies	0	100,000	0	100,000
Related parties	1,538,289	3,227,919	1,124,953	3,020,661
Expenses				
Subsidiary companies	0	0	121,000	90,120
Related parties	3,216,919	1,291,169	3,214,319	1,291,169

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

5. Cash and cash equivalents

Unit : Baht

Consist of :	Consolidated		The company	
	2006	2005	2006	2005
Cash on hand	132,000	233,770	92,000	173,770
Cash at banks-current a/c	236,032	52,432	147,210	4,868
Cash at banks-savings a/c	99,035,423	94,496,594	74,750,011	15,822,591
Cash at banks-fixed a/c 3 months	0	24,298,668	0	0
Total	99,403,455	119,081,464	74,989,221	16,001,229

6. Trade accounts and notes receivable, net

Unit : Baht

Consist of :	Consolidated		The company	
	2006	2005	2006	2005
Trade accounts receivable				
- Domestic	684,008,691	709,168,731	654,766,218	636,782,587
- Related companies	3,028,834	3,534,798	3,352,544	3,934,527
Total	687,037,525	712,703,529	658,118,762	640,717,114
Less Allowance for doubtful accounts	5,269,156	7,387,533	5,070,011	7,272,135
Total	681,768,369	705,315,996	653,048,751	633,444,979
Trade notes receivable	22,242,533	0	22,242,533	0
Net	704,010,902	705,315,996	675,291,284	633,444,979

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

6. Trade accounts and notes receivable, net (Continued)

The aging of past due trade accounts receivable are as follows:

Unit : Baht

	Consolidated		The company	
	2006	2005	2006	2005
Past due 91-180 days	1,104,768	744,545	580,623	744,545
Past due 181-360 days	6,818,104	230,795	6,818,104	0
Past due over 360 days	1,725,897	0	1,725,897	0
Sued trade accounts receivable	3,041,809	7,123,226	3,041,809	7,123,226
Total	12,690,578	8,098,566	12,166,433	7,867,771
Allowance for doubtful accounts	5,269,156	7,387,533	5,070,011	7,272,135

7. Short-term loans to related party, net

They represent promissory notes, at call.

Unit : Baht

Consist of :	Amount		Policy about cost of inter-company loans	
	2006	2005	2006	2005
Related party				
ADVANCED BUSINESS EXCHANGE CO., LTD.	46,700,000	47,800,000	-	-
Less Allowance for doubtful account	46,700,000	47,800,000		
Net	0	0		

Advanced Business Exchange Co., Ltd., a subsidiary company, has loss in excess of share capital, so the company has provided the allowance for doubtful account for loans to this subsidiary company in the full amount. In the year 2005, the company has already sold the shares of Advanced Business Exchange Co., Ltd.

On December 23, 2005, The Central Bankruptcy Court ordered the court officer to take an absolute control in the property and asset of the Advanced Business Exchange Co., Ltd. The official receiver arranged the first appointment among the creditors on July 26, 2006. On February 6, 2007, the court officer firstly provided assets to the creditors, as a result, the company has been provided and received in amount of Baht 140,695.

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

8. Inventories, net

Unit : Baht

Consist of :	Consolidated		The company	
	2006	2005	2006	2005
Finished goods	246,377,891	320,255,284	242,523,867	319,610,883
Computer components	2,240,709	4,558,943	0	0
Others	245,269	204,179	245,269	204,179
Goods in transit	65,924,887	171,823,056	65,924,887	171,823,056
Total	314,788,756	496,841,462	308,694,023	491,638,118
Less Allowance for obsolete goods	1,860,700	15,337	1,860,700	0
Net	312,928,056	496,826,125	306,833,323	491,638,118

9. Investments in associated companies - equity method,

Investments in subsidiary and associated companies - cost method, net

(See attachment 2 and 3)

9.1 Investment in subsidiary companies

The extra-ordinary shareholders' meetings of subsidiary companies named of Metro Distribution Co., Ltd., Metro Info Dynamics Co., Ltd. and Advanced Business Exchange Co., Ltd., held on October 28, 2005, passed the resolution to dissolve those three subsidiary companies.

The company has been already refunded its share capital from the Metro Distribution Co., Ltd. One of subsidiary named Metro Info Dynamics Co., Ltd. has registered its dissolution with the Ministry of Commerce and has been approved by the registrar already. And another subsidiary company named Advanced Business Exchange Co., Ltd. has already sold out all of its share capital.

On February 15, 2006, the company has sold the investment in the subsidiary company named Application Hosting Service Co., Ltd., at the sale price of Baht 1,700 each, totaling Baht 95,370,000.

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

9. Investments in associated companies - equity method,

Investments in subsidiary and associated companies - cost method, net (Continued)

9.2 Investment in associated companies

The financial statements of associated company, named PSP (Thailand) Co., Ltd., as at December 31, 2006 and 2005, were audited by other auditor, which the financial statements reflected investment in associated companies by the equity method as at December 31, 2006 and 2005, in the amount of Baht 14,565,348 and Baht 13,988,405 (0.70% and 0.58% of total assets of consolidated) respectively, and equity in net profit of associated company for the years ended December 31, 2006 and 2005, in the amount of Baht 576,943 and Baht 2,190,942, or 0.01% and 0.04% of total revenues of consolidated for the years ended December 31, 2006 and 2005, respectively.

On December 23, 2005, the company has sold all the investment in the associated company ordinary shares @ Baht 180 each, in the amount of Baht 7.2 million.

The shareholders' meeting of Metrosoft Co., Ltd., which is an associated company that held on June 16, 2005, passed the resolution to decrease its share capital, from 60,000 ordinary shares @ Baht 100 each, totally Baht 6 million, to 60,000 ordinary shares @ Baht 25 each, totally Baht 1.5 million.

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

10. Other long-term investments, net

Unit : Baht

Consist of :	Consolidated		The company	
	2006	2005	2006	2005
Investment in other companies - SIAM M & B PUBLISHING Co., Ltd. (hold 5.0% of authorized share capital)	5,000,000	5,000,000	5,000,000	5,000,000
Total	5,000,000	5,000,000	5,000,000	5,000,000

In the year 2005, the other long-term investments which have been disposed are as follows :

10.1 The investment in Green Dot (Thailand) Co., Ltd., which on December 29, 2005, the company has received the refund of share capital in the amount of Baht 22,550, due to the Green Dot (Thailand) Co., Ltd., has been dissolved and liquidated.

10.2 The investment in MDEC International (1991) Co., Ltd., which on December 23, 2005 the company sold all of the shares at the cost value in the amount of Baht 6,668,000.

10.3 The investment in MAX Image Co., Ltd., which on November 11, 2005, the company sold all of the shares, the profit from sale is in the amount of Baht 513,260.

11. Deposits at bank used as collateral

Unit : Baht

Consist of :	Consolidated		The company	
	2006	2005	2006	2005
Saving a/c at banks (Note 24)	2,526,018	2,103,967	0	0
Fixed a/c at banks (Note 24)	113,000,000	121,469,928	113,000,000	113,000,000
Total	115,526,018	123,573,895	113,000,000	113,000,000

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

12. Long-term loans to employees

It represents loans to employees and there is no agreement about interest rate.

13. Property, plant and equipment, net

(See attachment 4)

The cost value of plant and equipment, which were deducted depreciation in full amount are as follows:

Unit : Baht

	Consolidated		The company	
	2006	2005	2006	2005
Building	10,657,799	7,316,719	10,657,799	6,497,701
Leasehold right and building improvement	1,544,892	4,976,048	1,544,892	4,976,048
Machinery and equipment	25,382	16,817	0	0
Furniture and fixtures	31,372,767	45,835,621	30,730,041	45,097,653
Vehicles	5,648,456	5,704,916	3,975,886	5,703,316
Office equipment	115,796,883	129,217,759	114,684,593	122,700,173
Assets for rent	16,176,817	5,749,640	15,739,498	5,504,563
Other fixed assets	13,211,801	9,965,104	13,031,967	9,675,441
Total	194,434,797	208,782,624	190,364,676	200,154,895

14. Intangible assets, net

Unit : Baht

	Consolidated			
	Dec. 31, 2005	Increase	Decrease in sold subsidiary company	Dec. 31, 2006
Cost price-intangible assets				
Leasehold right – building	15,176,943	0	0	15,176,943
Copyright – softwares	33,762,958	0	8,490,458	25,272,500
Total	48,939,901	0	8,490,458	40,449,443
Accumulated amortization-intangible assets				
Leasehold right – building	4,430,748	1,658,585	0	6,089,333
Copyright – softwares	27,196,732	0	1,924,232	25,272,500
Total	31,627,480	1,658,585	1,924,232	31,361,833
	17,312,421			9,087,610
Amortization for the period	2,658,665			1,658,585

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

14. Intangible assets, net (Continued)

Unit : Baht

	The company			
	Dec. 31, 2005	Increase	Decrease	Dec. 31, 2006
Cost price-intangible assets				
Leasehold right – building	15,176,943	0	0	15,176,943
Copyright – softwares	25,272,500	0	0	25,272,500
Total	40,449,443	0	0	40,449,443
Accumulated amortization-intangible assets				
Leasehold right – building	4,430,748	1,658,585	0	6,089,333
Copyright – softwares	25,272,500	0	0	25,272,500
Total	29,703,248	1,658,585	0	31,361,833
	10,746,195			9,087,610
Amortization for the period	1,546,082			1,658,585

15. Bank overdrafts and short-term loans from financial institutions

Unit : Baht

Consist of :	Consolidated		The company	
	2006	2005	2006	2005
Bank overdrafts	30,689,023	51,836,065	30,689,023	51,836,065
Trust receipts	19,336,252	33,210,988	19,336,252	33,210,988
Bill of exchange and promissory notes -financial institutions				
(As at December 31, 2006, the interest rate is 4.15%-6.50% p.a., and as at December 31, 2005, the interest rate is 3.90%-7.00% p.a.)				
	30,000,000	208,400,000	30,000,000	208,400,000
Total	80,025,275	293,447,053	80,025,275	293,447,053

Bank overdrafts and short - term loans from financial institutions are guaranteed by the assets per note No. 24 to the financial statements, and by some directors.

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

16. Trade accounts and notes payable

Unit : Baht

Consist of :	Consolidated		The company	
	2006	2005	2006	2005
Trade accounts payable				
- Related companies	2,803,715	397,468	3,350,179	2,705,747
- Others	516,578,204	680,812,252	507,890,206	612,477,096
Total	519,381,919	681,209,720	511,240,385	615,182,843
Trade notes payable	7,904,031	9,595,408	5,604,266	0
Total trade accounts and notes payable	527,285,950	690,805,128	516,844,651	615,182,843

17. Current portion of long - term liabilities

Unit : Baht

Consist of :	Consolidated		The company	
	2006	2005	2006	2005
Current portion of long – term loans				
from banks (Note No. 18)	24,000,000	35,500,000	24,000,000	35,500,000
Current portion of long – term				
financial leases (Note No. 19)	42,064,839	48,088,122	39,923,561	42,348,545
Current portion of Hire - purchase				
Payables (Note No. 20)	11,439,428	13,514,471	11,439,428	13,514,471
Total	77,504,267	97,102,593	75,362,989	91,363,016

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

18. Long-term loans from banks, net

Unit : Baht

Consist of :	Consolidated		The company	
	2006	2005	2006	2005
Long - term loans from banks	150,600,000	203,400,000	150,600,000	203,400,000
Less Current portion of long - term loans from banks (Note No.17)	24,000,000	35,500,000	24,000,000	35,500,000
Net	126,600,000	167,900,000	126,600,000	167,900,000

18.1 Loans from one local bank amounting to Baht 200 million, was guaranteed by mortgage the land and building, the repayment would be 83 months or 6 years and 11 months starting from January 29, 2004, the company has to repay the principal by monthly, at Baht 0.2 million per installment for the first year, at Baht 1.5 million per installment for the second year, at Baht 2 million per installment for the third and forth year, at Baht 3 million per installment for the fifth year, at Baht 4 million per installment for the sixth year, at Baht 4.5 million per installment for the seventh year (January – November) and at Baht 2.6 million for the last installment. The loan will be repaid within December 2010 at the interest rate of MLR% p.a.

18.2 Loans from one local bank amounting to Baht 56.34 million, was guaranteed by some directors, the repayment would be 84 months starting from June 26, 2001, the company has to repay the principal by monthly. The loan will be repaid within June 2008 at the interest rate of MLR% p.a. On February 1, 2006, the company repaid all amount of the principal in the amount of Baht 28,300,000, which is the repayment before the due date of the contract.

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

19. Long - term financial leases, net

Unit : Baht

Consist of :	Consolidated		The company	
	2006	2005	2006	2005
Long-term financial leases	72,164,617	93,032,903	70,023,339	83,467,439
Less Current portion of Long-term financial leases (Note No.17)	42,064,839	48,088,122	39,923,561	42,348,545
Net	30,099,778	44,944,781	30,099,778	41,118,894

Financial leases are consisted of computer and vehicle hire-purchase.

20. Hire - purchase payables, net

Unit : Baht

Consist of :	Consolidated		The company	
	2006	2005	2006	2005
Hire - purchase payables	18,995,687	32,881,505	18,995,687	32,881,505
Less Current portion of Hire - purchase payables (Note No.17)	11,439,428	13,514,471	11,439,428	13,514,471
Net	7,556,259	19,367,034	7,556,259	19,367,034

Hire-purchase payables are consisted of computer and vehicle hire-purchase.

21. Authorized share capital

21.1 The extraordinary shareholders' meeting No. 2/2002 on August 29, 2002 approved the resolution of capital increase as follows:-

21.1.1 The increase of authorized share capital Baht 180 million by issuing 18 million ordinary shares of Baht 10 per share (totally Baht 360 million). The registration of increased share capital to the Ministry of Commerce was on September 6, 2002. The company provided the 9 million ordinary shares of Baht 10 per share to existing shareholders' on the basis of 2 old shares to 1 new ordinary share, at Baht 10 per share which each 1 new ordinary share received 1 warrant (no value). Each warrant can be used to purchase one ordinary share for Baht 10.

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

21. Authorized share capital (Continued)

21.1 The extraordinary shareholders' meeting No. 2/2002 on August 29, 2002 approved the resolution of capital increase as follows:- (Continued)

21.1.2 To provide the 9 million ordinary shares of Baht 10 per share totally Baht 90 million to the existing shareholders' on the basis of 2 old shares to 1 new share, at Baht 10 per share. The registration of increase share capital to the Ministry of Commerce was on October 29, 2002.

21.1.3 To reserve 9 million ordinary shares for the exercise of warrants in the proportion as indicated in Prospectus of Warrant Issuance which is approved by the Securities and Exchange Commission. Each warrant can be used to purchase one ordinary share for Baht 10. The warrants must be exercised in three years. The warrants can be exercised quarterly on March 30, June 30, September 30, and December 30, all through the life of warrants since June 30, 2003 to November 14, 2005. The warrants are exercised by shareholders as follows :

No.	Exercise Date	Warrants (Unit)	Ordinary share	
			increase (Shares)	Registration Date
1	June 30, 2003	371,160	371,160	July 16, 2003
2	September 30, 2003	196,565	196,565	October 10, 2003
3	December 30, 2003	6,147,560	61,475,600	December 31, 2003
4	March 31, 2004	189,200	1,892,000	April 9, 2004
5	June 30, 2004	17,075	170,750	July 14, 2004
6	September 30, 2004	52,800	528,000	October 6, 2004
7	December 30, 2004	1,050,720	10,507,200	January 7, 2005
8	March 31, 2005	33,675	336,750	March 31, 2005
9	June 30, 2005	173,630	1,736,300	July 6, 2005
10	September 30, 2005	450,775	4,507,750	October 6, 2005
11	November 14, 2005	330,535	3,305,350	November 24, 2005
*12	November 16, 2005	16,305	163,050	November 24, 2005

*The board of directors' meeting of the company No. 6/2548 held on November 16, 2005, unanimously resolved to approve the allocation of 163,050 remaining shares from the last exercise of the right of warrant on ordinary shares (MSC-W1) to the major shareholders of the company, the offering price is 2.36 Baht per share (Average price of the company's shares trading in the Stock Exchange of Thailand during November 3, 2005 to November 16, 2005).

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

21. Authorized share capital (Continued)

21.2 The extraordinary shareholders' meeting No. 1/2003 on December 9, 2003 approved the resolution of share capital as follows:

21.2.1 To split of authorized share capital of Baht 10 per share to Baht 1 per share by issuing 360 million ordinary shares of Baht 1 per share, so the share capital was Baht 360 million. The registration of split the share capital to the Ministry of Commerce was on December 11, 2003.

21.2.2 To change of the exercise of warrant in the proportion in Prospectus of Warrant Issuance which each warrant can be used to purchase one ordinary share at Baht 10 per share change to each warrant can be used to purchase 10 ordinary shares at Baht 1 per share.

22. Legal reserve

Pursuant to the Public Limited Companies Act B.E. 2535 (1992), the company must appropriate the annual net profit to be a reserve fund which not less than five percent of the annual net profit deducted by the total deficit brought forward (if any) until reserve reaches an amount of not less than ten percent of the registered capital.

In the year 2005, the company appropriated for the legal reserve in the amount of Baht 10,722,558, so the legal reserve as at December 31, 2005, is totally Baht 36,000,000, which reached 10% of the registered capital.

23. Dividend payment

23.1 By the resolution of ordinary shareholders' meeting No. 11/2006 held on April 3, 2006, the company announced to pay the dividend of 2005 to the shareholders at Baht 0.24 per share (totally Baht 86,400,000).

23.2 By the resolution of ordinary shareholders' meeting No. 10/2005 held on April 4, 2005, the company announced to pay the dividend of 2004 to the shareholders at Baht 0.13 per share (totally Baht 45,532,604).

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

24. Collateral

Deposits at banks are used as collateral for bank overdrafts and loans from financial institutions.

Saving deposits and fixed account and land and structures of Metro Professional Products Co., Ltd. are used as collateral to bank for issuing the Letter of guarantee.

As at December 31, 2005, saving deposits of Application Hosting Services Co., Ltd. is used as collateral to bank for issuing the Letter of guarantee.

Land and building of the company are mortgaged to secure the long-term loans and loans from financial institutions.

25. Segment information

Segment information consist of :

(See attachment No. 5)

26. Commitments

The company and its subsidiaries have the commitments with banks are as follows:

	Consolidated		The company	
	2006	2005	2006	2005
Letter of guarantee (Baht)	89,806,822	74,417,305	86,396,034	50,729,244
Letter of credit (USD)	1,479,554	192,905	1,479,554	192,905

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

27. Disclosure of financial instruments

The company complied with the Thai Accounting Standard No. 48 “Presentations and Disclosure of Financial Instruments” as a guidance to disclose about the financial instruments on balance sheet as following:

27.1 Accounting policies

The accounting policies were disclosed on notes to financial statements No 3.

27.2 Credit risk

Credit risk refers to the risk that counter-party will default on its contractual obligations resulting in a financial loss to the company. There are credit risks which arise from trade accounts receivable, because trade accounts receivable of the company has distributed in differentiate of businesses.

In the case of financial assets, the carrying amount of assets recorded in the balance sheets, net of portion of provision for doubtful accounts, represents the company and its subsidiaries maximum exposure to credit risk.

27.3 Forward foreign exchange

The company entered into forward foreign exchange contracts to manage its exposure to foreign currency exchange rate risk.

27.4 Interest rate risk

The company has loans at the interest rate of MLR, so the interest rate risk arises from the potential for a change in interest rates which may affect the operation of the company in the current reporting period, and in the future years.

27.5 Fair value of financial instruments

The following methods and assumptions are used by the company in estimating fair value of financial instruments:

Cash on hand and deposits at financial institutions, short-term investments, short-term loans to related parties, investment in related parties and investment in other companies, the carrying values approximate at their fair values.

Bank overdraft and short-term loans from financial institutions, the carrying value approximate at their fair values.

Current portion of long-term loans and long-term loans, the carrying value approximate at their fair value.

METRO SYSTEMS CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

28. Events After the Balance Sheets Date

By the resolution of the extraordinary shareholders' meeting No. 1/2007 held on January 29, 2007 the meeting with the majority vote resolved to approve the capital increase are as follows :

28.1 The majority vote resolved to approve of the increase of registered capital from existing registered capital of Baht 360,000,000 to Baht 479,000,000 by issuing 119,000,000 new ordinary shares at the par value of Baht 1. The newly issued shares shall be offered for sale under the private placement according to the announcement of the Securities and Exchange Commission No. Gor Jor. 12/2543 re: the application and approval for the offer for sale of newly issued shares. The proposed sale price shall not be lower than the market price of the Company's shares. The market price shall be computed from the closing date on the basis of weighted average price of the Company's shares to be calculated backward for a period of not less than seven (7) days consecutively and not more than fifteen (15) days consecutively prior to the date determining the sale price. The Executive Board or any person nominated by the Executive Board shall be empowered to consider conditions and all particulars in connection with the offering of shares for sale including determining the sale price to correspond with the related the announcements of the Securities and Exchange Commission.

28.2 Unanimously resolved to approve of the amendment of Clause 4. of the Company's Memorandum of Association in order to be consistent with the increase of capital as follows:

Clause 4. The Registered Capital: 479,000,000 Baht, Divided into: 479,000,000 Shares, Par Value per share: 1 Baht

Ordinary Shares: 479,000,000 Shares

Preferred Share: none

29. Approval of financial statements

These financial statements were authorised for issue on February 26, 2007, by the authorised directors.



ATTACHMENT 1

2.3 Basis for preparation the consolidation

	Ratio%		Authorized Share Capital	Held share (s)	
	2006	2005		2006	2005
METRO PROFESSIONAL PRODUCTS COMPANY LIMITED	98.60	98.60	200,000	197,200	197,200
APPLICATION HOSTING SERVICES COMPANY LIMITED	-	51.00	110,000	-	56,100
METRO INFO TECH COMPANY LIMITED	70.00	70.00	50,000	35,000	35,000



ATTACHMENT 2

9. Investments in associated companies - equity method

Consist of :

Unit : Baht

Name	Business	Relationship	Consolidated									
			Paid-up share capital		% of investment		Investment				Devidend	
			2006	2005	2006	2005	2006		2005		2006	2005
							Cost method	Equity method	Cost method	Equity method		
SUBSIDIARY COMPANIES												
Metro Professional Products Co., Ltd.	Computers distributor	Shareholder	20,000,000	20,000,000	98.6000	98.6000	-	-	-	-	-	-
Application Hosting Services Co., Ltd.	Computers and service	Shareholder	-	11,000,000	-	51.0000	-	-	-	-	-	-
Metro Info Tech Co., Ltd.	Distribute and services computer programs	Shareholder	5,000,000	5,000,000	70.0000	70.0000	-	-	-	-	-	-
							0	0	0	0	0	0
ASSOCIATED COMPANIES												
Metro Info Dynamics Co., Ltd.	Computers, network-equipment and office supplies distributor	Shareholder	10,000,000	10,000,000	-	99.2000	-	-	9,920,000	5,051,880	-	-
Metrosoft Co., Ltd.	Services and develop computer systems	Shareholder	1,500,000	1,500,000	49.0000	49.0000	2,940,000	-	2,940,000	-	-	-
HIS MSC Co., Ltd.	Computer programs distributor	Shareholder	4,000,000	4,000,000	49.9700	49.9700	1,998,800	8,070,126	1,998,800	6,118,696	-	-
PSP (Thailand) Co., Ltd.	Distribute and service computer programs	Shareholder	10,000,000	10,000,000	49.8000	49.8000	4,980,000	14,565,348	4,980,000	13,988,405	-	-
							9,918,800	22,635,474	19,838,800	25,158,981	0	0
Total							9,918,800	22,635,474	19,838,800	25,158,981	0	0
Less Allowance for decrease in value cost							(2,940,000)	0	(7,808,160)	0	0	0
Investment in associated companies - equity method							6,978,800	22,635,474	12,030,640	25,158,981	0	0



ATTACHMENT 3

9. Investments in subsidiary and associated companies - cost method, net

Unit : Baht

Name	Business	Relationship	The Company							
			Paid-up share capital		% of investment		Investment (Cost method)		Devidend	
			2006	2005	2006	2005	2006	2005	2006	2005
SUBSIDIARY COMPANIES										
Metro Professional Products Co., Ltd.	Computers distributor	Shareholder	20,000,000	20,000,000	98.6000	98.6000	19,720,000	19,720,000	0	0
Application Hosting Services Co., Ltd.	Computers and service	Shareholder	-	11,000,000	-	51.0000	-	5,610,000	0	0
Metro Info Tech Co., Ltd.	Distribute and services computer programs	Shareholder	5,000,000	5,000,000	70.0000	70.0000	3,500,000	3,500,000	0	0
							23,220,000	28,830,000	0	0
ASSOCIATED COMPANIES										
Metro Info Dynamics Co., Ltd.	Computers, network-equipment and office supplies distributor	Shareholder	10,000,000	10,000,000	-	99.2000	-	9,920,000	0	0
Metrosoft Co., Ltd.	Services and develop computer systems	Shareholder	1,500,000	1,500,000	49.0000	49.0000	2,940,000	2,940,000	0	0
HIS MSC Co., Ltd.	Computer programs distributor	Shareholder	4,000,000	4,000,000	49.9700	49.9700	1,998,800	1,998,800	0	0
PSP (Thailand) Co., Ltd.	Distribute and service computer programs	Shareholder	10,000,000	10,000,000	49.8000	49.8000	4,980,000	4,980,000	0	0
							9,918,800	19,838,800	0	0
Total							33,138,800	48,668,800		
Less Allowance for decrease in value cost							(2,940,000)	(7,808,120)		
Investment in subsidiary and associated companies - cost method, net							30,198,800	40,860,680	0	0



ATTACHMENT 4

13. Property, plant and equipment, net

Unit : Baht

Consist of :	Consolidated						
	Dec. 31, 2005	Increase	Sale/Transfer	Receive transfer	Reject transfer	Decrease in sold subsidiary company	Dec. 31, 2006
Cost price							
Land	229,387,673	0	0	0	0	0	229,387,673
Land improvement	18,728,708	0	0	0	0	0	18,728,708
Building	493,454,295	2,978,505	0	13,330,858	0	0	509,763,658
Leasehold right and building improvement	4,976,048	0	3,431,156	0	0	0	1,544,892
Machinery and equipment	163,060	0	0	0	0	0	163,060
Furniture and fixtures	73,204,456	3,110,935	4,545,538	902,000	12,070,259	9,221,345	51,380,249
Vehicles	81,671,065	7,300	5,498,861	105,655	0	0	76,285,159
Office equipment	593,691,250	54,332,790	91,298,804	44,142,628	0	15,915,617	584,952,247
Assets for rent	70,150,133	5,799,526	4,504,760	0	21,279,155	0	50,165,744
Other fixed assets	33,570,625	829,308	2,304,099	9,126,084	0	803,659	40,418,259
Total cost price	1,598,997,313	67,058,364	111,583,218	67,607,225	33,349,414	25,940,621	1,562,789,649
Accumulated depreciation							
Land improvement	8,327,422	935,795	0	0	0	0	9,263,217
Building	230,407,668	27,080,643	0	1,231,588	0	0	258,719,899
Leasehold right and building improvement	4,976,031	147,192	3,431,142	0	0	0	1,692,081
Machinery and equipment	56,135	28,041	0	0	0	0	84,176
Furniture and fixtures	61,732,874	3,575,010	4,484,848	0	11,977,116	5,592,733	43,253,187
Vehicles	40,822,375	14,819,411	4,705,288	105,625	0	0	51,042,123
Office equipment	376,116,827	96,272,869	88,741,848	33,393,027	0	12,735,882	404,304,993
Assets for rent	52,179,068	15,063,022	3,578,055	0	29,034,008	0	34,630,027
Other fixed assets	21,375,343	4,825,041	2,267,802	6,636,842	0	457,160	30,112,264
Total accumulated depreciation	795,993,743	162,747,024	107,208,983	41,367,082	41,011,124	18,785,775	833,101,967
Property, plant and equipment	803,003,570						729,687,682
Assets in progress	33,526,959	50,834,473	26,580,000	0	37,707,238	0	20,074,194
Property, plant and equipment, net	836,530,529						749,761,876
Depreciation for the years	172,826,217						162,747,024



ATTACHMENT 4 (Continued)

13. Property, plant and equipment, net (Continued)

Unit : Baht

Consist of :	The company					
	Dec. 31, 2005	Increase	Sale/Transfer	Receive transfer	Reject transfer	Dec. 31, 2006
Cost price						
Land	223,674,673	0	0	0	0	223,674,673
Land improvement	18,728,708	0	0	0	0	18,728,708
Building	488,760,406	2,978,505	0	13,330,858	0	505,069,769
Leasehold right and building improvement	4,976,048	0	3,431,156	0	0	1,544,892
Furniture and fixtures	62,724,935	3,017,985	4,545,538	902,000	12,070,259	50,029,123
Vehicles	79,554,279	7,300	5,498,861	105,655	0	74,168,373
Office equipment	574,708,743	53,971,194	91,244,234	44,142,628	0	581,578,331
Assets for rent	53,351,273	2,336,018	0	0	21,279,155	34,408,136
Other fixed assets	32,504,097	790,308	2,304,099	9,126,084	0	40,116,390
Total cost price	1,538,983,162	63,101,310	107,023,888	67,607,225	33,349,414	1,529,318,395
Accumulated depreciation						
Land improvement	8,327,422	935,795	0	0	0	9,263,217
Building	228,142,101	26,925,098	0	1,231,588	0	256,298,787
Leasehold right and building improvement	4,976,031	0	3,431,142	0	0	1,544,889
Furniture and fixtures	55,216,285	3,439,406	4,484,848	0	11,977,116	42,193,727
Vehicles	39,124,509	14,497,860	4,705,288	105,625	0	49,022,706
Office equipment	361,472,536	95,752,688	88,726,962	33,393,027	0	401,891,289
Assets for rent	43,660,910	9,317,129	0	0	29,034,008	23,944,031
Other fixed assets	20,695,436	4,804,433	2,267,802	6,636,842	0	29,868,909
Total accumulated depreciation	761,615,230	155,672,409	103,616,042	41,367,082	41,011,124	814,027,555
Property, plant and equipment	777,367,932					715,290,840
Assets in progress	33,526,959	50,834,473	26,580,000	0	37,707,238	20,074,194
Property, plant and equipment, net	810,894,891					735,365,034
Depreciation for the years	160,900,258					155,672,409



ATTACHMENT 5

25. Segment information

Unit : Million Baht

	2006			2005			2006		2005		2006	2005
	Income			Income			Gross profit		Gross profit		Assets	
	Sales	Service&Rent	Other income	Sales	Service&Rent	Other income	Sales	Service&Rent	Sales	Service&Rent		
Parent company	5,378	280	116	5,054	259	31	695	165	631	155		
Subsidiary companies												
Metro Distribution Co., Ltd.	-	-	-	0	0	0	-	-	0	0		
Metro Professional Products Co., Ltd.	160	10	1	191	10	1	24	4	26	4		
Advanced Business Exchange Co., Ltd.	-	-	-	0	0	0	-	-	0	0		
Metro Info Dynamics Co., Ltd.	0	0	0	0	0	0	-	-	0	0		
Application Hosting Services Co., Ltd.	0	0	0	268	64	12	-	-	45	21		
Metro Info Tech Co., Ltd.	6	15	1	8	16	1	3	11	5	12		
Less Inter-office transaction	(14)	(5)	(25)	(39)	(15)	(1)						
Consolidated revenue	5,530	300	93	5,482	334	44						
Total assets											2,075	2,417

REFERENCES

1. Share Registrar

Thailand Securities Depository Co., Ltd.
62 Ratchadapisek Road, Klongtoey Subdistrict, Klongtoey District
Bangkok 10110
Tel. 02-2292800

2. Auditor

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3. Legal Advisor

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4. Financial Advisor

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Tel. 02-654-3330

5. Advisor or manager under contract

- None -