

Internet Thailand Public Company Limited

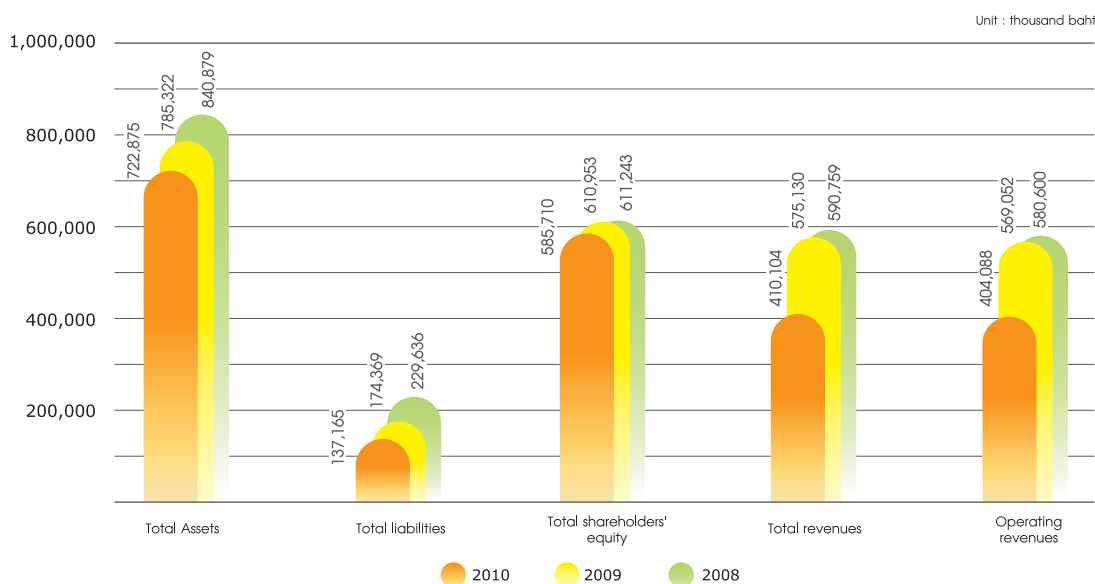
Highlights of Financial Performance

Unit : Thousand Baht

	2010 ^{1/}	2009 ^{1/}	2008 ^{1/}
Financial Highlights			
Total assets	722,875	785,322	840,879
Total liabilities	137,165	174,369	229,636
Shareholder's equity	585,710	610,953	611,243
Total revenue	410,104	575,130	590,759
Operating revenue	404,088	569,052	580,600
Net profit (Loss)	(12,708)	12,210	(29,398)
No. of employees	183	190	196
Financial Ratios			
Current ratio (times)	4.21	3.67	3.00
Gross profit margin (%)	27.75	32.46	16.43
Operating profit margin (%)	(8.26)	0.77	(8.69)
Net profit margin (%)	(3.10)	2.12	(4.98)
Return on equity (%)	(2.12)	2.00	(4.68)
Return on asset (%)	(2.75)	1.91	(4.77)
Debt to equity ratio (times)	0.23	0.29	0.38
Per Share Information			
Earnings (Loss) per share (Baht)	(0.05)	0.05	(0.12)
Dividend payment per share ^{2/}	0.03	0.05	0.05
Book value per share (Baht)	2.34	2.44	2.44

Remarks : 1/ The consolidated financial statement included the performance of the Company and its subsidiary, Mandala Communication Co., Ltd.

2/ The Board of Directors' Meeting No. 2/2011, held on February 25, 2011, made a resolution to pay the dividend for the year 2010 at the rate of Baht 0.03 per share, to a total of Baht 7,500,624. Nevertheless, the dividend payment has to be approved by Annual General Meeting of Shareholders first.





P. Thajchayapong

(Prof. Dr. Pairash Thajchayapong)
Chairman of the Board

P. Supamongkol

(Dr. Pairoj Supamongkol)
President & CEO

In the year 2010, telecommunications service business, including Internet services, has been continuously growing with a total market value of Baht 236,000 million. The Internet services totaled approximately Baht 33,600 million, from which 70% were high speed Internet services. Since Internet has become a basic service for the country development, competitive enhancement and cost reduction, various online products and services have been developed for businesses and consumers. This phenomenon can be seen in a growth of computer service markets, an increase of 25% from the previous year.

As a leading ICT solutions provider serving public and private sectors in Thailand, Internet Thailand Public Company Limited (INET) has established core business directions for the year 2011. The Company will focus on a full range of network services and solutions to enhance efficiency and competitive advantage of our customers. The Company has in place a business development policy, in terms of information technology, work process and human resource. The Company will be ready to rapidly respond to customer needs in each industry, ensure the highest satisfaction, and maintain and build good relationships with our business partners for mutual growth and prosperity.

In the name of the Board of Directors, we would like to extend our heartfelt gratitude and appreciation to shareholders, customers, business partners, stakeholders and all employees for their continued and dedicated support. We strongly believe that, with the commitment of the management and employees under professional business operation and good corporate governance, The Company will continue business growth to satisfy or exceed expectations of customers and shareholders.



1. Prof. Dr. Pairash Thajchayapong
Chairman of the Board and Chairman of Executive Committee
2. Dr. Thaweesak Koanantakool
Director, Vice Chairman of Executive Committee, Chairman of Risk Management Committee and Adviser of CEO Performance Review Committee
3. Mr. Noppanat Hutacharoen
Director and CEO Performance Review Committee Member
4. Mr. Natthawat Bhasayavan
Director
5. Ms. Tanwadee Wongterarit
Director and CEO Performance Review Committee Member
6. Mr. Aniruth Hiranraks
Director
7. Prof. Emeritus Achara Chandrachai, Ph.D.
Independent Director and Chairman of Audit Committee



8. Mr. Aran Permpiboon
Independent Director, Chairman of Nomination and Remuneration Committee and Audit Committee Member
9. Mr. Chavalit Uttasart
Independent Director, Audit Committee Member and Nomination and Remuneration Committee Member
10. Ms. Vilawan Vanadurongvan
Independent Director and Chairman of CEO Performance Review Committee
11. Ms. Narumol Wangsatorntanakun
Independent Director and Risk Management Committee Member
12. Mr. Sahas Treetipbut
Director, Executive Committee Member and Nomination and Remuneration Committee Member
13. Dr. Pairoj Supamongkol
Director, Executive Committee Member and Risk Management Committee Member
14. Mrs. Morragot Kulatumyotin
Director, Executive Committee Member and Risk Management Committee Member



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1. Dr. Pairoj Supamongkol
President & CEO
2. Mrs. Morragot Kulatumyotin
Senior Executive Vice President & COO
3. Mr. Buncha Srisamanuwat
Executive Vice President - Engineering & Services
4. Mr. Suvech Ongla-or
Executive Vice President - Finance
5. Mrs. Linitda Sooksomstarn
Executive Vice President - Information & Organization Development

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Important Changes in 2010 and Type of Business

Vision

- To make "Information finds you" a reality

Mission

- To utilize high value innovations and communication technologies with the aim of enhancing the modern lifestyles and business of stakeholders

Core Values

Internet Thailand Public Company Limited or INET operates a business that transforms knowledge into business opportunities. We uphold 6 principles as follows:

1. Performance

INET work in a result oriented culture where good results shall be appropriately rewarded. Good results must have acceptance as evidenced by peer review and cross-evaluation.

2. Innovation

INET appreciate every idea that develops better solutions in response to customer's needs. In our terminology, innovation is more than just providing better goods or services - it includes business process optimization or improvement as well. Innovation is part of everyone's job.

3. Fairness

INET have a firm belief that we can prosper together with stakeholders including shareholders, customers, staff, partners alliances and society in general. INET, therefore, attempt to balance the benefits among every stakeholder.

4. Teamwork

INET benefit from the diversity of our people. Our business succeeds by holistic communications, sharing, and working together where INET respect each other's and the customers' integrity. INET respect differences and individualism.

5. Integrity

Our personnel are professional, honest, responsible, ethical and reliable at all times. INET do not engage in any unethical activities. We firmly believe that being a good corporate citizen can lead us to the greater success. INET treat the competitors with fairness and in accordance with free market competition principles which will in turn benefit our stakeholders in the long run.

6. Dynamism

INET respond to external changes by making better internal changes. These changes require proper risk management in order to achieve higher organization value. INET work hard to prepare advanced plans and contingencies even though some of these plans will not be implemented; it is better than to risk lowering the value of our organization.

INET : A Decade of Success

INET was established jointly by CAT Telecom Public Company Limited (CAT), TOT Public Company Limited (TOT) and the National Science and Technology Development Agency (NSTDA) and has continuously expanded its operations ever since.

- February and March 1995 INET was granted a license to provide commercial Internet services from CAT and was established as Internet Thailand Service Center (ITSC)
- October 1997 The Company was changed to a state enterprise under the name Internet Thailand Co., Ltd
- November 2001 The Company ended its state enterprise status by listing the company on the Stock Exchange of Thailand and selling shares to the public via electronic IPO.
- November 2004 The Company re-branded with its brand "INET", new logo and slogan "Always by your side"
- November 2004 INET invested in the Netbay Co., Ltd. in a ratio of 40% to extend to e-logistic service provision.
- August 2005 INET has built a solid ground for a sustainable growth by establishing a subsidiary, Mandala Communication Co., Ltd., to expand into Internet Protocol (IP) business in the future.
- August 2006 INET provided an internal management method consistent with the good corporate governance guidelines by developing an evaluation system consistent with the company's strategies with Balance Scorecard and integrated with Enterprise Risk Management System at all levels of organization.
- December 2007 INET launched OpenCARE (Open Exchange for Collaborative Activities in Response to Emergencies) project which had been initiated and developed by INET with supporting funds from NECTEC.
- July 2008 INET opened the INET Security Center to provide Log Management Service and Information Monitoring Service to support the Computer Crime Act B.E. 2550 and to comply with information security system management standard, under joint cooperation between INET, Mandala Communication and Sim Commander Co., Ltd.
- 2008 INET executed a contract for employment as consultant on network and security system for TOT Public Co., Ltd. for "His Majesty the King's 80th Anniversary, 5 December Official Center Project".
- 2007
- 2009 INET collaborated with Symantec (Thailand) Ltd. to launch new service; Inet-Endpoint Security Solutions, for the first time in Thailand by applying the concept of "Cloud Computing" with "Managed Security Solutions" in order to protect all data and computers in the network from many kind of threats for corporate customers via fee based Internet computing.
- 2009 INET raised stake in Netbay Co., Ltd. to offer complete, integrated online services in e-Logistics and e-Enterprise.

Honorable Awards & Recognitions

INET's mission to offer the most excellent services and its good corporate governance philosophy have earned the company many accolades and awards;

Year 2011 : Registered as a Consultant Type A : Telecommunication and IT with Thai Consultant Database Center, Ministry of Commerce.

- Year 2010 :** Selected as an outstanding establishment on labor relations and welfare for 2010.
- Year 2009 :** Selected as an outstanding establishment on labor relations and welfare for 2009. Year 2008 :
Selected as an outstanding establishment on labor relations and welfare for 2008. Year 2007 :
Registered as a Consultant Type A : Telecommunication and IT with Thai Consultant Database Center, Ministry of Commerce.
- Year 2006 :** ISO 9001 : 2000 certificate for Corporate Node, MetroLAN and Internet Data Center.
- Year 2005 :** "Outstanding Organization in IT Business" from Annual Outstanding Organization Selection Committee and Business Outlook newspaper with the support of Thai Society Foundation.
- Year 2004 :** Deloitte 2004 Asia Pacific Technology Fast 500 from Deloitte Touche Tohmatsu Chaiyos Co.,Ltd.
- Year 2004 :** ISO 9001 : 2001 certificate for connectivity corporate services.
- Year 2003 :** Disclosure Reports Award 2003 from the Securities and Exchange Commission.
- Year 2002 :** Disclosure Reports Award 2002 from the Securities and Exchange Commission.
- Year 2002 :** PR Week Award in financial category for the IPO campaign prepared by Ogilvy PO Worldwide.
- Year 2001 :** Best newly Listed Company from Asiamoney magazine.
- Year 2001 :** The best Internet service provider from Bangkok Post Poll.
- Year 2000 :** ISO 9002 : 1994 certificate for corporate management standard.

Important changes in 2010

In 2010, the Company improved MetroLAN services for office buildings through fiber optic network. Ring Network speed was increased to 10 Gbps in order to support the usage of Internet application or data transfer between organizations. The service covers more than 1 million square meters throughout Bangkok Metropolis.

In addition, the Company jointly worked with Singapore Telecommunications Limited. (Singtel), a distributor of IsatPhone Pro, mobile telephones via high efficient Immasat satellite system. This collaboration aims to ensure worldwide communication with clear sound quality and continuous communication during normal hours and emergency.

The Company has realized that a new business opportunity is an important strategy. Therefore, the Company established the Business and Service Innovation Unit to define long-term strategies and product/ service development.

Important changes in Organization

In 2010, Important changes in the Company are summarized as follows;

1. The Board of Directors had a resolution to appoint Dr. Pairoj Supamongkol to be the Director and President, effective on 23 December 2010, replacing Mr. Dheeramet Pokmanee, the resigned Director and President, based on the consideration of the Nomination and Remuneration Committee and the assessment of the CEO Performance Review Committee.

2. The Company was certified with ISO9001:2008 quality standard for nine consecutive years on corporate services with dedicated line connection (Nodes and MetroLAN) and Internet Data Center (IDC). This is implemented under the policy of "Providing high quality services to meet customer needs with continuous improvement for customer satisfaction and maintaining legal regulations, international regulations, and academic standards".

3. Information Security Management System (ISMS) was developed to reduce risk opportunities and risk factors that may have impacts on business operation.

The Company is currently preparing for an application of ISO/IEC 27001:2005 standard.

The Company's Business Group

1) Internet Access

The Company on caters focus for all types of businesses throughout the country with a variety of broadband connections. One-Stop Service helps businesses obtain a connection set up by a team of experts. Enterprise Access offers flexible leased lines for organizations demanding the highest quality connections. The Company also offers MetroLAN with Ultra hi-speed Internet that can transmit and receive data at speeds up to 10 Gbps.

1. MetroLAN Service

This is office fiber optic network for local and international Internet access at the speed of 10Mbps (LAN speed) or faster. The service can be used by business of any size on a stable Ring Network of 10Gbps with full redundancy to prevent network failure; 24 hr. connection for high speed Internet access and data communication which is suitable for leading organizations requiring effective operation and efficient communications. MetroLAN service is the business of the future world for wireless office and other high technologies such as Multicast , Video Streaming, Video Conference, Voice over IP (VOIP), Online Data Back-up, Virtual Private Network (VPN) connecting major business centers in the Greater Bangkok covering an office area of over 1 million square meters.

2. Enterprise Access Service

Internet service through leased line for local and international connection with a speed of 64 Kbps or more using cutting edge technologies such as TDM, MPLS, G.SHDSL, Frame Relay, Metro Ethernet, and the structure capable of fully integrated solutions such as security, VOIP, VDO conference, etc. We have partners that are leaders in provision of network services. With our service it is possible to search, send or receive data locally and internationally 24 hr. It is quite flexible so it can be configured to suit the needs of each organization. Our customers can manage and control their businesses with their fixed IP addresses and their own domain names.

2) Business Solutions

The Company offers complete, integrated ICT business solutions for modern, networked business operations, with professional teams having long experience in serving and supporting corporate clients. The Company and its partners offer five main Business Solutions.

- Business Collaboration Solutions :

Solutions to enhance worldwide communication more conveniently, rapidly, and securely. This solution is INET-ConnectPlus service, domestic and international network connection via virtual private network (IPVPN) suitable for international businesses that require security in all types of data transfer.

- E-Business & Media Services

Services designed to enhance customer capability in online-market competition. The services cover online-market activity development and planning through Internet network with interactive communication system, e.g., system administration and management to support information technology and communication services of public and private sectors, online recruitment solution, etc.

- Banking and Financial Services

The Network system center for credit card readers connected between banks and stores through various telecommunication networks such as basic telephone, mobile telephone, and Internet. This system secures credit card transactions in all areas throughout Thailand at an international standard - "EuroPay, Master Card, and Visa" (EMV) by VISA International. This system has a backup switching system to replace the main system immediately throughout 24 hours.

- ICT Services

Full ICT services of choice to satisfy customer needs. This covers advisory services on system planning and design including professional installation and supervision.

- Managed Security Solutions :

Total security management solution, offering two types of service:

1. Network Security Service takes care of security of the Internet network, such as Log Management Solutions, a total solution for restoring and administering log files, which is in compliance with the Computer Crime Act B.E. 2550 and including monitoring and sending alerts for any threat 24 hours a day.

2. Information Security Service ensures that all working terminals are completely secured and free from threats such as viruses, malware, spyware, and spam mail that can affect an organization's critical data. The Company collaborated with Symantec (Thailand) Ltd. to provide managed security solutions with cloud computing concept for the first time in Thailand.

3) The Company Data Center

The Company offers business data management center services through the most secure and stable network with 24-hour service by a team of experts who are ready to provide advice and support. The Company Data Center is a center of service for organizations and enterprises that need to provide data through Internet or Intranet, Public Network and Private Network. The Company Data Center offers the following services:

- The Company Security Center : Offers data security service to cover every need and budget of corporate clients at all level. The Center manages the Log File in compliance with the Computer Fraud and Abuse Act B.E. 2550.
- Disaster Recovery Center : Offers data backup service to ensure data recovery in case of damage to the corporate main data.
- Web Hosting : Offers Web Hosting service under Virtual Private Server (VPS) technology that webmaster can manage on its own in real time.
- Dedicated Server : Offers data storage in a shared rack for corporate clients instead of investing in the additional overhead associated with maintaining your own infrastructure, and with support using our hardware leasing programs.
- Co-Location : Offers data storage for corporate client wanting a private renting space for their own equipment.

There are two The Company Data Centers: a primary center located at Thai Summit Tower and a secondary center located at Bangkok Thai Tower. Both centers run complete backups of each other's data in full redundancy manner, and they are well equipped with security systems that meet international standards. The service is provided 24 hours. Most of our customers are leading organizations such as financial institutions that operate online securities trading, famous local web hosting companies and overseas users who want to localize their products and services in Thailand.

Mandala Communication Co.,Ltd

The Company holds 999,996 shares of Mandala Communication Co.,Ltd., which has a registered capital of Baht 10 million (the company holds in the proportion of 99.99 %) divided into 1,000,000 shares with a par value of Baht 10 per share and already paid-up share capital of Baht 5 million with a purpose to operate its Internet service in any business that the Company can not provide due to the exclusion of the concession right from the Communications Authority of Thailand (current name : CAT Telecom Public Company Limited).

The Company has appointed Mandala's board of directors as per the resolution of Board of Director's meeting No.7/2005 dated August 25, 2005 as follows:

- | | |
|--------------------------------|--------------------------------|
| 1. Mrs. Morragot Kulatumyotin* | Chairman of the Board |
| 2. Mr. Buncha Srisamanuwat | Director and Managing Director |
| 3. Mr. Suvech Ongla-or | Director |
| 4. Mrs. Linitda Sooksomstarn | Director |

Remak : * The Extraordinary General Shareholders' Meeting of Mandala Communication Co.,Ltd. No.1/2008, held on January 5, 2009, has approved the appointment of Mrs. Morragot Kulatumyotin to be the Chairman of the Board.

Right of Internet service license of Mandala Communication Co.,Ltd.

The National Telecommunication Committee ("NTC") has issued the license of the first category Internet service without its own telecommunications network (through other service provider's telecommunications network) since February 16, 2006 to Mandala Communication Company Limited, and the license has been renewed until February 15, 2014 by rendering Internet services directly to end users specifically for the following :

- 1. Narrowband Internet service (dial-up modem)** by linking to the Internet through telephone line in the basic telephone network (PSTTN).
- 2. Broadband Internet service (dial-up modem)** by linking to the Internet through telephone line in the digital telephone system network (ISDN).
- 3. ADSL Internet service (ADSL modem)** by linking to the Internet through leased telephone line only for part where the applicant for license requests to take on lease the basic telephone network (PSTN).
- 4. Leased line Internet service** only for part where the applicant for license requests to take on lease the telecommunications network from a telecommunications network service provider in order to render further services to the applicant's customers, where the applicant has no control and/or management over such telecommunications network including the control on signal release or cut.
- 5. WiFi Internet service** with a radio frequency range of 2.4 Gigahertz and not more than 100 milliwatt of equivalent isotropically radiated power (EIRP).
- 6. Voice over Internet Protocol or Internet telephony services**, only on computer to computer and computer to telephone set methods without using telephone number.
- 7. Internet service through frequency wave network**, i.e. cellular mobile telephone network and PCT network in a mobility manner.
- 8. Other services, i.e. web hosting**, mail hosting, co-location.
- 9. Network equipment rental service**
- 10. Log Management System**

Educational Activity: The company is committed to create and maintain Thai society through the application of information technology and communication. Learning of Thai youth has been promoted with the project “INET Young Webmaster Camp”. The company, in collaboration with Thai Webmaster Association, holds activities (8 consecutive years) to give Thai youth the opportunity to attend workshops with famous lecturers, who will share their knowledge and experiences. This project will help the youth to express their opinions creatively and promote out of school experience, in order to become professional webmasters with good ethics and code of conduct that will be an important foundation for social and national development to reach an international standard. Presently, more than 640 students attended training programs and, in this year, the program will be expanded to the youth in regional areas at Pitsanulok province.

In 2010, students from all institutions and organizations had an opportunity to visit INET Data Center, an important learning resource on Internet data access in Thailand and worldwide, and to learn about the Company’s operation. Examples of visiting institutions and organizations are the executives of Thailand Industrial Council, Bangkok University, Naresuan University, Pitsanulok, etc.

Social Service Activity: The Company involves in the establishment of the hotline service (www.thaihotline.org) to monitor contents or possible threats in the Internet network. The service aims to support secure usage of Internet. The Company jointly supports an operation of the Internet Foundation for the Development of Thailand under the website www.inetfoundation.or.th. This activity promotes an application of information technology and Internet as media for economic and social development, especially in rural community and underprivileged groups. As a result, they will be able to upgrade technology learning and living. This activity also applies Internet media for operation and communication of non-profit public organizations.

In 2010, the Company, in collaboration with NSTDA, provided assistance to flooding victims across the country by donating necessary supply and money. The Company performs this activity consistently and continuously.

Environmental Activity: The Company has focused on narcotic substances in an organization and participates in the White Factory Project with the Social Security Office, to prevent drugs in the workplace. The Company is also selected as an outstanding establishment on labor relations and welfare for 3 consecutive years.

Vision : *To make "Information finds you" a reality*

Mission : *Use the highest value of innovation and data communication technology to meet way of life and modern business creating maximum benefit to stakeholders*

Business Strategies and Direction

Business Direction

The company is a reliable network system integrator offering services on advisory, designing, Providing network (single contact) and after-sale services under the quality standard (ISO9001:2008).

Important Factors

1. People: Skilled personnel with certification to guarantee their quality.
2. Process: The Company applies the PMBOK Guide 2004 standard to enhance its operating efficiency and to meet customer needs systematically.

Operating Strategies

1. Focused Customer: Customers are classified into the following group : financial institution, public and state enterprise agency, industry, real estates, printed media and academic, and international business. Each group will be served by dedicated teams with proper knowledge.
2. Focused Partner: The Company collaborates with TOT and CAT on the network system and computer data backup centers.
3. Focused Product: The Company provides a full range of system consultancy and design services as well as network services (single contact).

Industrial Competition

The ICT Market Outlook 2010 survey by Software Industry Promotion Agency (Public Organization) (SIPA), Thailand National Electronics and Computer Technology Center (NECTEC) and Telecommunications Research and Industrial Development Institute (TRIDI) showed that the market value of computer services in 2010 totaled approximately Baht 60,390 million with a growth of 24.8% from 2009. The market consisted of system integration, network services software maintenance services, hardware maintenance services, data center and disaster recovery center, IT related training and education, IT consulting, IT outsourcing, and software as a services. The values of network service and system integration exceeded 50%.

In 2010, the value of Internet access services amounted approximately Baht 23,976 million, an increase of 12%, with 93 Internet providers licensed by the National Telecommunication Commission of Thailand (NTC). It was found that mobile phone operators also offered mobile Internet services that are popular with a high growth rate due to mobile usage. Meanwhile, customers prefer to connect with high speed Internet at home at an average speed of 6 Mbps. In addition, the announcement of National Broadband Policy will support an access to broadband Internet all over Thailand rapidly within the next 3 years.

The Company focuses on Internet services and business solutions for corporate customers. The customer centric approach has been applied to classify customers by industrial sectors. With specialized sale and engineering teams, both Internet services and business solutions will be offered to increase customers' business values.

The Company is committed to provide proper services to each industrial sector and to meet customer needs continuously. As a result, the Company gains the trust from leading business organizations and public sectors such as National Farmers Council, Farmers' Reconstruction and Development Fund, and Tonkla - archeep Tonka Archie Project, etc. It is very important for the Company to involve in these projects professionally from offering consultancy and information system design and management.

Revenue Structure of INET and its Subsidiary^{1/}

Services and products	Consolidated Financial Statement 2010		Consolidated Financial Statement 2009		Consolidated Financial Statement 2008	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Access Business	176.79	43.11	250.49	43.55	272.71	46.16
2. Business Solutions ^{2/}	227.30	55.42	318.56	55.39	307.89	52.12
Total revenue from operating business	404.09	98.53	569.05	98.94	580.60	98.28
3. Other income ^{3/}	6.02	1.47	6.08	1.06	10.16	1.72
Total Revenues	410.10	100.00	575.13	100.00	590.76	100.00
4. Share of profit from an associate ^{4/}	12.61	3.07	11.12	1.93	10.57	1.79

Remarks : 1/ Consolidating the Company's financial statement with the financial statement of its subsidiary, Mandala Communication Co., Ltd.

2/ Revenue from Business Solutions included revenues other than revenue from Access Business such as revenue from INET Data Center (IDC), Business Collaboration Solutions, E-Business & Media Services, Banking and Finance services, ICT Services, Managed Security Solutions and Sales of computer and relevant equipment.

3/ Other incomes consisted of interest income and other income.

4/ The Company has been acknowledged the share of profit according to the Equity Method from the investment in 40% shares of the associated company, Netbay Co., Ltd.

General Risk Factors

(1) Risk from Change in Regulatory Agency

Past: Telecommunication businesses were regulated by the National Telecommunication Commission (NTC) according to the Telecommunication Business Act B.E. 2544 (2001). After the enactment of the Act on Frequency Allocation, Radio, Television, and the Telecommunication Regulatory Agency on 19 December 2010, effective on 20 December 2010, all businesses, assets, rights, responsibilities, debts, employees, and budgets of the National Telecommunication Commission were transferred to the National Broadcasting and Telecommunication Commission (NBTC) from 20 December 2010 onwards.

Risks from such change are as follows.

1. During the recruitment for members of the National Broadcasting and Telecommunication Commission (NBTC), NTC has legitimate rights to act as NBTC until the recruitment is completed. However, NTC has no authority to issue any licenses until the appointment of NBTC. As a result, the license issuance is impracticable.

2. NBTC is legally authorized to provide a broadcasting master plan and a telecommunications business master plan, 5-year operating guidelines. Currently, there is no explicit conclusion on the master plans and the directions of broadcasting and telecommunication businesses, causing deadlock on investment in related industries.

The aforementioned issues are only partial changes and risks may occur after the enactment of such Act. The Company has assigned the legal department to monitor situations closely. In addition, the Company has coordinated with government agencies to be compliance with new regulations and to ensure fast change and revision. The company also strengthen readiness to deal with future competition.

(2) Risks from business conflicts of major shareholders

Aside from the National Science and Technology Development Agency (NSTDA) holding 17% of the paid-up registered capital, CAT Telecommunication Plc. (CAT) and TOT Plc. (TOT) are two major shareholders holding 16% each of paid-up registered capital. CAT and TOT assign two representatives to be the Company's Directors and authorized persons. The Company strictly follows the good corporate governance policy by clearly specifying the Director's roles, duties, and responsibilities. The examples are issuing written code of conduct on information confidentiality, issuing an impartiality certification to certify assigned responsibilities as the Company's Director, etc. A Director who has either direct or indirect interest in any consideration shall be absent from that consideration and voting.

Presently, CAT and TOT also provide Internet business commercially and have competitive advantages from their own networks. However, the Company has implemented measures to reduce a risk from this self-competition. The Company collaborates with the major shareholders to provide mutual customer services so as to maximize resources utilization.

Risk Factors from Business Operation

1. Competitive Risk

The Company anticipates that the competition of Internet services will continue to increase in 2011. The Company has competitive advantages from a full range of services and experiences in this business. The Company establishes a main policy on service quality to ensure customer satisfaction, rather than emphasizes on price competition. In addition, the Company establishes business and service innovation unit to develop and improve products and services continuously.

The Company was certified with ISO9001:2008 quality standard on corporate services with continuous connection and Internet Data Center. Also, the Information Security Management System (ISMS) has been implemented in Internet Data Center (IDC), Corporate Nodes, and MetroLAN. The implementation will assure that the Company's service quality meets the international standard.

The Company enhances its competitive capabilities by focusing on customer-centric service and offers proper ICT technology solution to all industries. The Company expands to new customers by using market strategies and proactive sales strategies. Additionally, the Company gives priority to consultant services for Network System Integration (NSI). The services cover system analysis, infrastructure, hardware (H/W), and software (S/W) as well as advisory services for entire or parts of the project. The Company has been approved and registered as a telecommunication (technology) consultant with Thai Consultant Database Center, Ministry of Finance, registered No. 1636 Class A, on 18 March 2011 and the license will expire on 18 March 2013.

2. Changes in Technology

Internet usage becomes a part of daily life and a usage rate continuously increase in the future, along with continuous changes and development of communication and telecommunication businesses, including information technology. High speed Internet connection becomes very popular, leading to high growth and competition in this market. Moreover, there are new connecting technologies such as connection via WiMAX (Worldwide Interoperability for Microwave Access), WiBro (Wireless Broadband), and Third Generation Mobile Network (3G), Mobile Internet, etc.

However, the Company has consistently developed its services to support changed technologies. The IT Coordinating Committee is responsible for reporting progress and issues on technology and exchanging technology application suitable for benefits of customers' business.

The first top 10 shareholders on the closing date of the registration book as of January 31, 2011 are as follows:

Rank	Name	No. of shares	%
1	National Science and Technology Development Agency	42,500,000	17.00%
2	CAT Telecom Public Company Limited	40,000,000	16.00%
3	TOT Public Company Limited	40,000,000	16.00%
4	Mr. Chaweng Apatha	13,612,000	5.44%
5	Mr. Taweechat Chulanggoon	11,000,000	4.40%
6	THAI NVDR Company Limited	6,157,100	2.46%
7	CLEARSTREAM NOMINEES LTD	4,559,466	1.82%
8	Mr. Rungkan Phaisitphanittrakun	4,010,500	1.60%
9	Mr. Thanabodi Huthakun	3,000,000	1.20%
10	Ms. Akson Wichittho	2,200,000	0.88%
	Total	16,7439,166	66.96%

Source : Major shareholders as of January 31, 2011 prepared by Thailand Securities Depository Co.,Ltd.

NVDR Outstanding Share

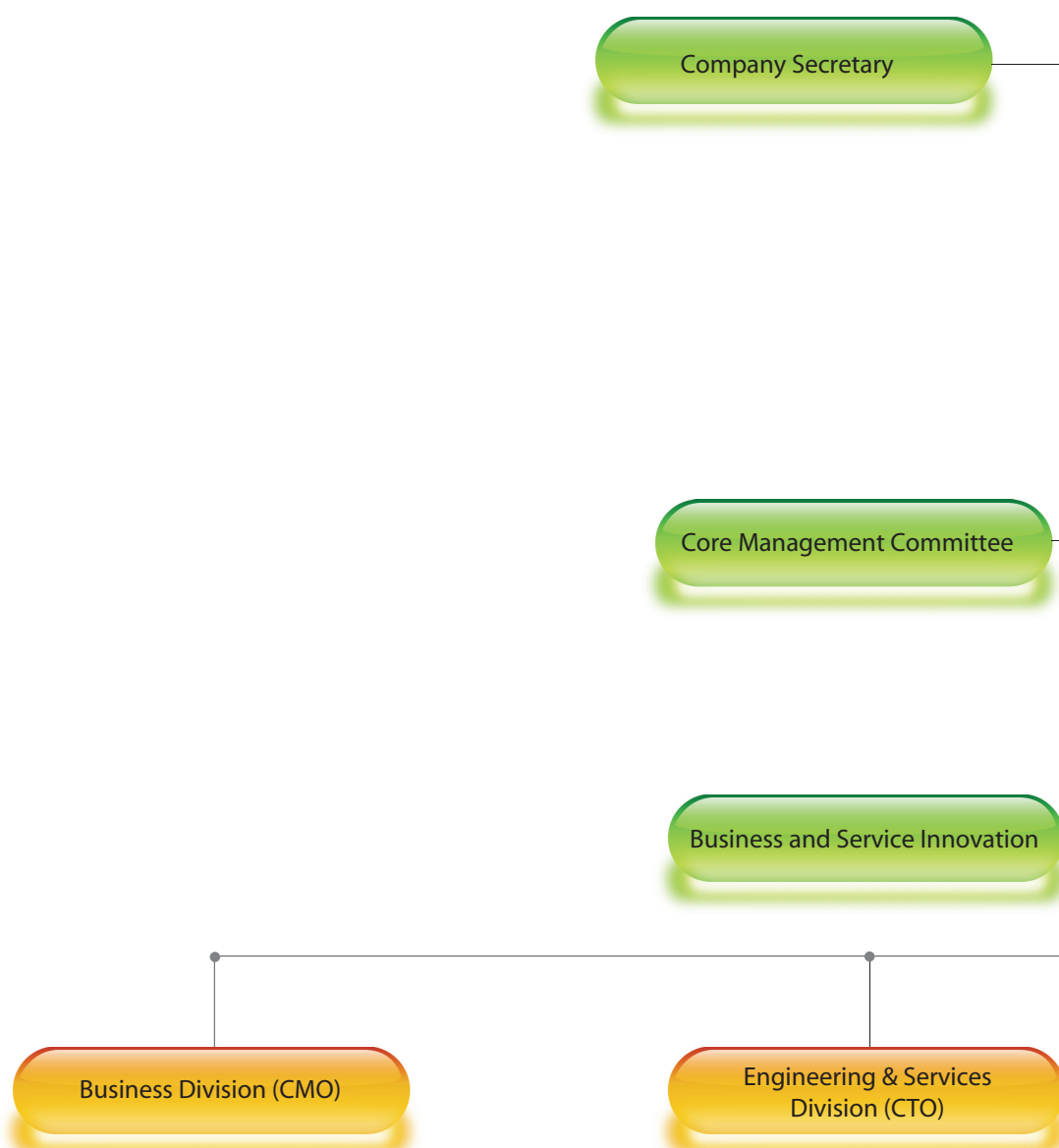
As of January 31, 2011, Thai NVDR Company Limited has Company's share as NVDRs (Non-Voting Depository Receipt) outstanding of 7,704,166 units or equivalent to 3.08% of total paid-up capital of the Company. The NVDR holders are not allowed to vote in the Annual General Shareholders' Meeting, excluding the agenda related to withdrawing NVDRs from the status of listed company share of The Stock Exchange of Thailand.

Dividend Policy

The Company's dividend policy is to pay dividend no less than 30% of profit after tax, if the fund is not required elsewhere and subject to the economic and future project of the Company and its subsidiary, as well as the payment would have no significant effect on the running of the Company.

Organization Chart

From until present December 31, 2010





The Company's Board of Directors consists of 14 members who are scholars and experts and whose personal qualifications fully conform to Section 68 of the Public Company Act B.E. 2535 and the Notification of the Securities and Exchange Commission (SEC) No. KorJor.12/2543 Re: Application for approval and granting of approval for an offer for sale of newly issued shares dated March 22, 2000. They are:

(1) Prof. Dr. Pairash Thajchayapong ¹	Chairman of the Board of Directors and Chairman of Executive Committee
(2) Dr. Thaweesak Koanantakool ³	Director, Vice Chairman of Executive Committee, Chairman of Risk Management Committee and Adviser of CEO Performance Review Committee
(3) Mr. Noppanat Hutacharoen ²	Director and CEO Performance Review Committee Member
(4) Mr. Natthawat Bhasayavan ⁴	Director
(5) Miss Tanwadee Wongterarit ²	Director and CEO Performance Review Committee Member
(6) Mr. Aniruth Hiranraks ²	Director
(7) Prof. Emeritus Dr. Achara Chandrachai ²	Independent Director and Chairman of Audit Committee
(8) Mr. Aran Permpiboon ³	Independent Director, Chairman of Nomination and Remuneration Committee and Audit Committee Member
(9) Mr. Chavalit Uttasart ³	Independent Director, Nomination and Remuneration Committee Member and Audit Committee Member
(10) Miss Vilawan vanadurongvan ³	Independent Director and Chairman of CEO Performance Review Committee
(11) Ms. Narumol Wangsatorntanakun ³	Independent Director and Risk Management Committee Member
(12) Mr. Sahas Treetipbut ³	Director, Executive Committee Member and Nomination and Remuneration Committee Member
(13) Dr. Pairoj Supamongkol ⁵	Director, Executive Committee Member and Risk Management Committee Member
(14) Mrs. Morragot Kulatumyotin ²	Director, Executive Committee Member and Risk Management Committee Member

Remark:

1. Appointed to be a director of the Company on April 28, 2008.
2. Appointed to be a director of the Company on April 24, 2009.
3. Appointed to be a director of the Company on April 23, 2010.
4. Appointed Mr. Natthawat Bhasayavan to be a director of the Company replacing Mr. Asa Sattayut who resigned on February 26, 2010.
5. Appointed Dr. Pairoj Supamongkol to be a director of the Company replacing Mr. Dheeramet Pokmanee who resigned on December 23, 2010.

Authorized Directors

"Either one of Prof. Dr. Pairash Thajchayapong or Dr. Thaweesak Koanantakool jointly with either one of Mr. Natthawat Bhasayavan, Mr. Noppanat Hutacharoen, Ms. Tanwadee Wongterarit, Mr. Aniruth Hiranraks are authorized to sign on behalf of the Company with the Company's seal affixed" or "Either one of Mr. Natthawat Bhasayavan or Mr. Noppanat Hutacharoen jointly with either one of Ms. Tanwadee Wongterarit or Mr. Aniruth Hiranraks are authorized to sign on behalf of the Company with the Company's seal affixed".

Authority and duties of the Board of Directors

The Board of Directors has the authority and duty to ensure that the Company conforms to the objectives, articles of association and resolutions of the shareholders' meeting including the following duties:

1. Set the Company's business policies.
2. Approve the Company's business plans.
3. Set out the Company's investment and funding plans.

4. Control and ensure the business operations comply with the Company's business plans.
5. Manage and govern the Company's operations to achieve the highest benefit and comply with the Company's articles of association and the resolutions of the Shareholders' Meeting.
6. Assign one or more of the Company's directors or other persons to execute any task on behalf of the Board of Directors.
7. Any director not to operate any business which is similar to or competes with the Company, nor to become a partner in any ordinary partnership or an unlimited responsibility partner in any limited partnership or a director in any private company or other companies that operate a similar type of business and compete with the Company, whether for self-benefit or for the benefit of the others, provided that a notification there of has been made to the Shareholders' Meeting before the appointment of any such director.
8. Any director to instantly inform the Company if he has any interest, either directly or indirectly, in the contracts signed on behalf of the Company or holds an increased or decreased amount of shares or debentures in the Company or subsidiaries of the Company.

Except the following, which has to be approved from the resolution of the Shareholders' Meeting:

1. Issues prescribed by law have to be approved by for the resolution of the Shareholders' Meeting.
2. Issue of related-party transactions with the value of item needed to be approved from the resolution of the Shareholders' Meeting according to the regulation or promulgation of the Stock Exchange of Thailand about related-party of listed companies.
3. Issue of buying or selling significant assets with the value needed to be approved from the resolution of the Shareholders' Meeting according to the regulation or promulgation of the Stock Exchange of Thailand about acquisition and disposal of assets of listed companies.

There was a review of duties of the board of directors in order to harmonize with the good corporate governance policy.

Moreover, the Company realized the importance of good supervising by encouraging 14 directors to attend the Director Accreditation Program (DAP) and Director Certification Program (DCP), which are set by Thai Institute of Directors.

The Executive Committee

In the meeting of the Board of Directors of the Internet Thailand Public Company Limited held on December 23, 2010, the Executive Committee of the Internet Thailand Public Company Limited was appointed to perform the duties to support work performance of the Company's Board of Directors in establishment of policies or strategies, including supervision of administration, management and business operation policies.

As on December 31, 2010, the Executive Committee consisted of the following 5 members as follows;

- | | |
|------------------------------------|--|
| 1. Prof. Dr. Pairash Thajchayapong | Chairman of the Executive Committee |
| 2. Dr. Thaweesak Koanantakool | Vice Chairman of Executive Committee |
| 3. Dr. Pairoj Supamongkol | Executive Committee Member |
| 4. Mr. Sahas Treetipbut | Executive Committee Member |
| 5. Mrs. Morragot Kulatumyotin | Executive Committee Member and Secretary |

Authority and duties of the Executive Committee

1. To support the Board of Directors in establishment of policies or strategies, and in supervision of administration, management and business operation policies to ensure achievement of financial targets and strategies established.
2. To review the Company's annual budget before presenting to the Board of Directors' meeting for consideration and approval.
3. To consider the Company's new business commencement to ensure compliance with the Company's policies before presenting to the Board of Directors' meeting for consideration and approval.
4. To consider and approve investments on execution of projects on trading of office equipments, construction, reparation and improvement of office buildings with a value of not exceeding Baht 30 million.
5. To perform other duties assigned by the Board of Directors from time to time.

The Audit Committee

In the meeting of the Board of Directors of the Internet Thailand Public Company Limited held on December 29, 2008, the Audit Committee was appointed to encourage operational efficiency and increase the organization's value to give effect to increase confidence and trust in the Company's financial statements and reports, improve the

function and process of internal and external audits and improve the efficiency of communication among the Board of Directors, office of the internal audit and the auditor.

As on December 31, 2010 the Audit Committee consisted of the following 3 members (All have understanding or experience of accounting and finance) as follows:

- | | |
|---|---------------------------------|
| 1. Prof. Emeritus Achara Chandrachai, Ph.D. | Chairman of the Audit Committee |
| 2. Mr. Aran Permpiboon | Audit Committee Member |
| 3. Mr. Chavalit Uttasart | Audit Committee Member |
| 4. Mr. Akardej Pralomgan | Secretary |

Authority and duties of the Audit Committee

The Audit Committee has the following authority and duties:

1. Review the correct and adequate information disclosure of the Company's financial reports by coordinating with the Auditor and the executives responsible for preparing the financial statements on both a quarterly and yearly basis. The Audit Committee may suggest the Auditor to review or to investigate any transactions that are necessary and material to the Company during the auditing period.
2. Review with the Auditor and internal auditor to ascertain that the internal audit system of the Company is appropriate and efficient.
3. Review and ensure that the Company operates in conformity with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand (SET) or other laws which relate to the business of the Company.
4. Consider, select and nominate the Company's Auditor and determine the Auditor's remuneration. The selection should be based on the reliability, the adequacy of resources and the quantity of jobs in hand of that auditor as well as the experience of the assigned auditor.
5. Consider the disclosure of information on connected transactions or transactions with conflicts of interest to ascertain that they are correct and complete.
6. Perform any act assigned by the Board of Directors and consented to by the Audit Committee, such as review the financial and risk management policy, review the operation of the management to conform with the code of ethics, review any management report that is to be disclosed to the public as required by laws such as a report on management's discussion and analysis, etc.
7. Prepare a report on the activities of the Audit Committee for disclosure in the Company's annual report.

The report is to be signed by the Chairman of the Audit Committee and should contain the following information:

- Opinion on the accuracy, completeness, and credibility of the preparation process and disclosure of the information in the Company's financial report;
- Opinion on the sufficiency of the Company's internal audit;
- Opinion on the compliance with regulations of the SEC and SET, or other laws related to the business of the Company;
- A justification for extension of the term of the Auditor; and
- Other reports that should be disclosed to the shareholders and other investors within the scope of duties and responsibilities assigned by the Board of Directors.

The Nomination and Remuneration Committee

In the meeting of the Board of Directors of the Internet Thailand Public Company Limited held on June 25, 2009, the Nomination and Remuneration Committee was appointed to consider selecting appropriate person for the positions of directors and members of committees to govern management and internal control system including establishing criteria for remuneration to the Board of Directors, members of committees and President.

As on December 31, 2010 the Nomination and Remuneration Committee consisted of the following 3 members as follows:

- | | |
|--------------------------|---|
| 1. Mr. Aran Permpiboon | Chairman of Nomination and Remuneration Committee |
| 2. Mr. Sahas Treetipbut | Nomination and Remuneration Committee Member |
| 3. Mr. Chavalit Uttasart | Nomination and Remuneration Committee Member |
| 4. Mr. Aswin Petchrat | Secretary |

Authority and duties of the Nomination and Remuneration Committee

1. Present outline, procedure and criteria on payment of the remuneration for the Board of Directors, Subcommittees appointed by the Board of Directors and President, which are fair and reasonable, to propose to the Shareholders' Meeting or the Board Meeting for consideration.
2. Present remuneration policy for Management Incentive that harmonized with the Company's outcome and Management Incentive's performance.
3. Consider selecting appropriate persons who shall be appointed as new director of the Company, Audit Committee Member, Independent Director, Nomination and Remuneration Committee Member or Subcommittees appointed by the Board of Directors to propose to the Board Meeting for consideration.
4. Set the procedure and criteria to select appropriate person as no.1 and/or the related procedure and criteria to make transparent for proceeding the Nomination and Remuneration's duties.
5. Perform any act assigned by the Board of Directors.

The Risk Management Committee

In the meeting of the Board of Directors of the Internet Thailand Public Company Limited held on December 23, 2010 as well as to the Risk Management Committee was appointed to prescribe the policy framework and guideline, give recommendation to the Board of Directors for supervising risks that have adverse affect on the Company either internal or external factors to lowering the risks to a suitable and acceptable level.

As on December 31, 2010 the Risk Management Committee consisted of the following 4 members:

- | | |
|----------------------------------|---|
| 1. Dr. Thaweesak Koanantakool | Chairman of the Risk Management Committee |
| 2. Dr. Pairoj Supamongkol | Risk Management Committee Member |
| 3. Ms. Narumol Wangsatorntanakun | Risk Management Committee Member |
| 4. Mrs. Morragot Kulatumyotin | Risk Management Committee Member |
| 5. Mrs. Linitda Sooksomstarn | Secretary |

Authority and duties of the Risk Management Committee

1. To consider the policy and risk management framework for submitting to the Board of Directors.
2. Follow-up with development of risk management framework.
3. Follow-up identification process and risk evaluation.
4. Evaluate and approve the risk management plan.
5. Report to the Board of Directors about risks, and management of risks for information regularly. In case there is a matter having an effect on the Company materially, the Committee must report to the Board of Directors for consideration urgently.
6. Communicate with the Audit Committee regarding significant risk.
7. Perform any act assigned by the Board of Directors.

The CEO Performance Review Committee

According to the resolution of the Board of Director's Meeting No. 8/2010, held on December 23, 2010, the Board of Directors passed the resolution to approve the appointment of the CEO Performance Review Committee for imposing policies and processes for the review of the performance of the CEO.

As on December 31, 2010 the CEO Performance Review Committee consisted of the following 4 members as follows:

- | | |
|-------------------------------|--|
| 1. Dr. Thaweesak Koanantakool | Adviser of CEO Performance Review Committee |
| 2. Miss Vilawan vanadurongvan | Chairman of CEO Performance Review Committee |
| 3. Mr. Noppanat Hutacharoen | CEO Performance Review Committee Member |
| 4. Ms. Tanwadee Wongterarit | CEO Performance Review Committee Member |
| 5. Mr. Aswin Petchrat | Secretary |

Authority and duties of the CEO Performance Review Committee

1. To impose policies and processes for the review of the performance of the CEO and recommend to the Board of Directors for consideration.
2. To inform policies and processes approved by the Board of Directors to CEO.
3. To conduct the CEO evaluation review every six months and report to the Board of Directors on the results of the evaluation review.
4. To inform the results of the CEO evaluation review approved by the Board of Directors to CEO.

Independent Directors

A director who acts as an Independent Director has the responsibility of preventing a conflict of interest between the listed company and the Executives or the major shareholders or other companies which has the same group of the Executives or major shareholders. Independent director is independent from the Company's major shareholders and has to protect fairly every shareholder's benefit. The Company has followed the criteria of Securities and Exchange Commission in appointing no less than one third of the total numbers of existing directors as follows:

- | | |
|---|----------------------|
| 1. Mr. Aran Permpiboon | Independent Director |
| 2. Prof. Emeritus Achara Chandrachai Ph. D. | Independent Director |
| 3. Ms. Narumol Wangsatorntanakun | Independent Director |
| 4. Mr. Chavalit Uttasart | Independent Director |
| 5. Miss Vilawan Vanadurongvan | Independent Director |

Company secretary

The Board of Directors has appointed Mrs. Morragot Kulatumyotin to be in position of Company Secretary who has the duty to organize, prepare agendas, take minutes of board meetings and annual general meetings (AGMs) as well as to take care of Company's operation to be complied with the laws and the company regulations.

Attendance of the Board of Directors' Meeting for the year 2010

The Board of Directors fixes the date to hold the Meeting in advance, and hold Extraordinary Meeting as necessary as well as prescribing the agenda of the meeting in advance. There is an agenda for following up with operation results regularly. The Chairman of the Board of Directors, President and Senior Executive Vice President, jointly make selection of the agenda of the Board of Directors Meeting so that important agenda are raised in the Meeting.

Moreover, each director is free to propose the matters to be added to the Agenda of the meeting. Secretary to the Board of Directors makes invitation letters to the Meeting accompanied with Agenda and supporting documents 7 days in advance of the Meeting, to allow adequate time for the Board of Directors to study the data well before participating in the Meeting.

In each of the Board of Directors Meetings, the Chairman allocates sufficient time, arranging Minutes of Meeting to be taken in writing, and maintaining minutes of Meeting certified by the Chairman, ready for inspection of the directors of the Company or related person in case they may wish to do so.

In 2010, the Board of Directors held a total of 8 meetings, the Executive Committee held a total of 9 meetings, the Audit Committee held a total of 8 meetings, the Nomination and Remuneration Committee held a total of 2 meetings, the Risk Management Committee held a total of 4 meetings and the CEO Performance Review Committee held a total of 7 meeting as follows:

Board of directors'	Board of directors' Meeting	Executive Committee's Meeting	Audit Committee's Meeting	Nomination & Remuneration Committee's Meeting	Risk Management Committee's Meeting	CEO Performance Review Committee's Meeting
	Attendance (8 times)	Attendance (9 times)	Attendance (8 times)	Attendance (2 times)	Attendance (4 times)	Attendance (7 times)
(1) Prof. Dr. Pairash Thajchayapong	8/8	9/9				
(2) Dr. Thaweesak Koanantakool	7/8	9/9			4/4	6/7
(3) Mr. Noppanat Hutacharoen	8/8					6/7
(4) Mr. Natthawat Bhasayavan (2)	5/6					
(5) Miss Tanwadee Wongterarit	8/8					7/7
(6) Mr. Aniruth Hiranraks	8/8					
(7) Prof. Emeritus Achara Chandrachai, Ph.D.	8/8		8/8			
(8) Mr. Aran Permpiboon	8/8		8/8	2/2		
(9) Mr. Chavalit Uttasart	6/8		6/8	2/2		
(10) Miss Vilawan vanadurongvan (4)	8/8					1/1
(11) Ms. Narumol Wangsatorntanakun	7/8				4/4	
(12) Mr. Sahas Treetipbut	7/8	8/9		2/2		
(13) Dr. Pairoj Supamongkol (6)	1/1					
(14) Mrs. Morragot Kulatumyotin	8/8	9/9			4/4	
(15) Mr. Asa Sattayu (1)	1/2					
(16) Mr. Patrakorn Aksornvoranart (3)	1/2					
(17) Mr. Dheeramet Pokmanee (5)	7/8	9/9			4/4	

Remark

- (1) Resigned from the position of director on February 9, 2010
- (2) Appointed to be a director of the Company on February 26, 2010.
- (3) Resigned from the position of director on May 1, 2010
- (4) Appointed to be a director of the Company on April 23, 2010.
- (5) Resigned from the position of director on December 22, 2010
- (6) Appointed to be a director of the Company on December 23, 2010.

President & CEO

At the meeting of Board of Directors of Internet Thailand Plc. on 23 December 2010, with the consent of the Nomination and Remuneration Committee, the Board of Directors had a resolution to appoint Dr. Pairoj Supamongkol, Executive Vice President-Business Services, as the Company's President & CEO replacing Mr. Dheeramet Pokmanee, the resigned President & CEO effective since 23 December 2010.

Authority and duties of President

At the 1/2001 Board of Directors' Meeting on September 14, 2001, with the consent of the Audit Committee, the Board had a resolution to authorize the President to act on behalf of and in the name of the Company, i.e. legal act, contract, agreement, documents and evidence in which the Company made with the individuals or juristic persons with determination of amount for material procurement, etc. Such authorization will not allow the proxy to approve the transaction as the proxy or person may have conflict, interest or conflict of interest in other manner with the Company.

Core Management Committee

As on December 31, 2010 the Company's Core Management Committee consisted of the following 5 members:

- | | |
|-------------------------------|---|
| 1. Dr. Pairoj Supamongkol | President & CEO |
| 2. Mrs. Morragot Kulatumyotin | Senior Executive Vice President & COO |
| 3. Mr. Buncha Srisamanuwat | Executive Vice President-Engineering & Services |
| 4. Mr. Suvech Ongla-or | Executive Vice President-Finance |
| 5. Mrs. Linitda Sooksomstarn | Executive Vice President-Information & Organization Development |

Core Management Committee has the following duties:

- 1) To consider, screen and submit the following to the Board for consideration:

- Policy, action plan, strategies and budget
 - Matters to be complied with the Company's regulations
 - Matters material to the Company
 - Matters deemed by Management to be submitted for approval case by case
- 2) To consider and approve investment and set the budget in the amount of up to Baht 10 million.
 - 3) To consider and approve the Company's structure at the level below the top executives.
 - 4) To consider and approve the salary structure and other benefits of the employees below the top executives.
 - 5) To review operation of businesses, both being ordinary transactions and extraordinary transactions, of each business line on a periodical basis.

Top Executives

As on December 31, 2010 Top Executives consisted of the following 5 members

- | | |
|-------------------------------|---|
| 1. Dr. Pairoj Supamongkol | President & CEO |
| 2. Mrs. Morragot Kulatumyotin | Senior Executive Vice President & COO |
| 3. Mr. Buncha Srisamanuwat | Executive Vice President-Engineering & Services |
| 4. Mr. Suvech Ongla-or | Executive Vice President-Finance |
| 5. Mrs. Linitda Sooksomstarn | Executive Vice President-Information & Organization Development |

Nomination and Remuneration's procedures of the Board of Directors

Selection of persons for appointment as Board of Directors operates the following steps :

Component and Appointment of the Board of Directors : According to Article of Association, the Board of Director consists of at least 11 persons and not more than 15 persons. More than half of the Directors must have domicile in Thailand.

Nomination and Remuneration Committee shall consider and propose names of persons selected as Directors to the Board of Directors or to the Shareholders' Meeting for consideration to appoint them as Directors. According to Article of Association, the Shareholders' Meeting appoint Directors with criteria and method as follows :

1. A shareholder has one vote for one share it holds.
2. Each shareholder may exercise all the votes he has under 1. above to elect one or several director(s). In the event of election several directors, he may not allot his votes to each unequally.
3. Persons receiving the highest votes in their respective order shall be elected as directors, at the number equal to the number of directors required at that time. In the event of an equality of votes among the persons elected in order of respective high numbers of votes, which number exceeds the required number of directors at that time, drawing will be taken to determine.

In case the directorship falls vacant ahead of period of completion of office, Board of Directors may select any qualified person who has no forbidden characters by law to fill the void with not less than $\frac{3}{4}$ votes of the remaining directors in the next Board of Directors Meeting, except the period left is less than 2 months. Director so elected shall remain in the office for the period left unused by the predecessor. The Shareholders' Meeting may vote for any director to leave its position ahead of the office term, with not less than $\frac{3}{4}$ votes of the shareholders attending the Meeting and having the right to vote, and representing not less than half of the shares held by the shareholders attending the Meeting and having the right to vote.

Component and Appointment of the Executive Committee The Board of Directors appoints the Executive Committee by selection from the Company's Directors.

Component and Appointment of the Audit Committee The Board of Directors appoints the Audit Committee by selection from the Company's Directors. Each member is qualified according to the promulgations of the Stock Exchange of Thailand.

Component and Appointment of the Nomination and Remuneration Committee The Board of Directors

appoints the Nomination and Remuneration Committee by selection from the Company's Directors.

Component and Appointment of the Risk Management Committee The Board of Directors appoints the Risk Management Committee by selection from the Company's Directors.

Component and Appoint of the CEO Performance Review Committee The Board of Directors appoints the CEO Performance Review Committee by selection from the Company's Directors.

Directors represent main shareholders The Company has directors who represent main shareholders as follows : 2 directors are representatives from National Science and Technology Development Agency, 2 directors are representatives from TOT Public Company Limited and 2 directors are representatives from CAT Telecom Public Company Limited.

Brief Profile of Directors

1. Prof. Dr. Pairash Thajchayapong

Position in the Company		Chairman of the Board and Chairman of Executive Committee
Shareholding		-
Family relationship		-
Education		Ph. D. Electronics and Computer Engineering, University of Cambridge, United Kingdom
Director Training Program		Director Accreditation Program (DAP) and Director Certification Program (DCP), by Thai Institute of Directors (IOD)
Professional experience	2008-present	Chairman of the Board Netbay Company Limited
	2005-present	Senior Adviser National Science and Technology Development Agency
	2004-2005	Permanent Secretary of Ministry of Science and Technology, Office of the Permanent Secretary for Ministry of Science and Technology
	1998-2004	President, National Science and Technology Development Agency

2. Dr. Thaweesak Koanantakool

Position in the Company		Director, Vice Chairman of Executive Committee, Chairman of Risk Management Committee and Adviser of CEO Performance Review Committee
Shareholding		-
Family Relationship		-
Education		Ph. D. Digital Communication, Imperial College of Science and Technology, University of London, United Kingdom
Director Training Program		Director Certification Program (DCP) by Thai Institute of Directors (IOD)
Professional experience	2010-present	Director, National Science and Technology Development Agency
	2006-2010	Deputy Director, National Science and Technology Development Agency
	1998-2006	Director, National Electronics and Computer Technology Center

3. Mr. Noppanat Hutacharoen

Position		Director and CEO Performance Review Committee Member
Shareholding		-
Family relationship		-
Education		Master of Science (Executive Development Program), National Institution of Development Administration (NIDA)
Director Training Program		Director Certification Program (DCP) by Thai Institute of Directors (IOD)
Professional experience	2011-present	Senior Executive Vice President-Regional Sale and Customer Service Acting President TOT Public Company Limited
	2007-2011	Senior Executive Vice President-Regional Sale and Customer Service TOT Public Company Limited
	2004-2007	Executive Vice President-Sale and Customer Service Region 4 TOT Public Company Limited
	2004	Vice President-International Relation TOT Public Company Limited

4. Mr.Nathavat Bhasayavan

Position	Director
Shareholding	-
Family relationship	-
Education	Bachelor of Science in Technical Education Program (Electrical Engineering), King Mongkut's University of Technology North Bangkok
Professional experience	2010-present Senior Executive Vice President-Wireless and Universal Service Obligation, TOT Public Company Limited
	2010 Senior Executive Vice President-Mobile Business TOT Public Company Limited
	2008-2010 Executive Vice President-Sale and Customer Service Metropolitan 4, Sales and Customer Service TOT Public Company Limited

5. Ms. Tanwadee Wongterarit

Position	Director and CEO Performance Review Committee Member
Shareholding	-
Family relationship	-
Education	Master of Science in Electrical Engineering University of Miami, United States of America
Director Training Program	Director Accreditation Program (DAP) by Thai Institute of Directors (IOD)
Professional experience	2009-present Senior Executive Vice President (Voice Business) CAT Telecom Public Company Limited
	2008-2009 Senior Executive Vice President (Wireless Business) CAT Telecom Public Company Limited
	2007 Senior Executive Vice President (CDMA Business) CAT Telecom Public Company Limited

6. Mr. Aniruth Hiranraks

Position	Director
Shareholding	-
Family relationship	-
Education	Master of Engineering (Electrical-Communications) Cornell University, United States of America
Director Training Program	Director Accreditation Program (DAP), by Thai Institute of Directors (IOD)
Professional experience	2009-present Manager Dept.10-International Network CAT Telecom Public Company Limited
	2008-2009 Manager Dept.10-Network Engineering CAT Telecom Public Company Limited
	2007-2008 Manager Dept.10-Planning & Engineering CAT Telecom Public Company Limited
	2006-2007 Assistant Manager Dept. 9-Planning & Engineering and acting Planning & Engineering Manager-International Network CAT Telecom Public Company Limited

7. Prof. Emeritus Achara Chandrachai, Ph.D.

Position in the Company		Independent Director and Chairman of Audit Committee
Shareholding		-
Family relationship		-
Education		Ph.D. Quantitative Business Analysis, Arizona State University, United States of America
Director Training Program		Director Certification Program (DCP) and Audit Committee Program (ACP), by Thai Institute of Directors (IOD)
Professional experience	2008-present	Deputy Director of Academic Service Center Chulalongkorn University
	2003-2007	Head of Department of Commerce, Faculty of Commerce and Accountancy Chulalongkorn University
	1999-2003	Associate Dean for Research Affairs, Faculty of Commerce and Accountancy Chulalongkorn University

8. Mr. Aran Permpiboon

Position in the Company		Independent Director, Chairman of Nomination and Remuneration Committee and Audit Committee Member
Shareholding		-
Family relationship		-
Education		Master of Public Administration, National Institution of Development Administration (NIDA)
Director Training Program		Director Certification Program (DCP) by Thai Institute of Directors (IOD)
Professional experience	2003-2004	Acting President, TOT Public Company Limited
	2002-2003	Senior Executive Vice President , TOT Corporation Public Company Limited

9. Mr. Chavalit Uttasart

Position		Independent Director, Audit Committee Member and Nomination and Remuneration Committee Member
Shareholding		-
Family relationship		-
Education		Barrister-at-law The Honorable Society of Gray's Inn, London, England Barrister-at-law The Institute of Legal Education, Thai Bar Association LL.B. Honors Chulalongkorn University
Director Training Program		Director Accreditation Program (DAP) by Thai Institute of Directors (IOD)
Professional experience	2005-present	Managing Partner, Chavalit & Associates Limited Managing Partner, Siam City Law Offices Limited

10. Ms. Vilawan Vanadurongvan

Position		Independent Director and Chairman of CEO Performance Review Committee
Shareholding		-
Family relationship		-
Education		Commerce and Accountancy, Chulalongkorn University
Director Training Program		Director Accreditation Program (DAP) by Thai Institute of Directors (IOD)
Professional experience	2006-present	Adviser, National ITMX Co., Ltd.
	2005-2007	Adviser, Bank of Ayudhya Public Company Limited and subsidiaries
	1994-2004	Senior Executive Vice President, United Overseas Bank (Thai) Public Company Limited
	1989-1994	Siam Motors Co., Ltd.
	1975-1989	Kasikorn Bank

11. Ms. Narumol Wangsatorntanakun

Position		Independent Director and Risk Management Committee Member
Shareholding		0.02%
Family relationship		-
Education		B.Sc. in International Economics (Economics) Chulalongkorn University M.A. in International Economics (Economics) Marquette University, Milwaukee, Wisconsin, United States of America M.S. in Electrical Engineering, Major in Data Communication University of Wisconsin, Milwaukee, Wisconsin, United States of America
Director Training Program		Director Accreditation Program (DAP) and Audit Committee Program (ACP) by Thai Institute of Directors (IOD)
Professional experience	2002-present	Chief Information Officer, Thai Smart Card Co., Ltd.
	2003-present	Independent Director and Audit Committee Member ACAP Advisory Group

12. Mr. Sahas Treetipbut

Position		Director, Nomination and Remuneration Committee Member and Executive Committee Member
Shareholding		0.07%
Family relationship		-
Education		Master of Computer and Information Science, Syracuse University, United States of America
Director Training Program		Director Certification Program (DCP) by Thai Institute of Directors (IOD)
Professional experience	1995-2008	Senior Executive Vice President and Managing Director-Product Development and Marketing, Krung Thai Bank Public Company Limited

13. Dr.Pairoj Supamongkol

Position		Director, Risk Management Committee Member, Executive Committee Member and President & CEO
Shareholding		-
Family relationship		-
Education		Doctor of Business Management, Suan Dusit Rajabhat University
Director Training Program		Director Accreditation Program (DAP) by Thai Institute of Directors (IOD)
Professional experience	2010-present	President & CEO, Internet Thailand Public Company Limited
	2010	Executive Vice President -Business Division, Internet Thailand Public Company Limited
	2006-2010	Executive Vice President, Krung Thai Computer Services Co.,Ltd
	2002-2006	Director, Internet Communication Co.,Ltd
	2000-2001	Managing Director, Micronetic Public Company Limited
		Managing Director, Computer Recovery Center (Thailand) Co., Ltd.

14. Mrs. Morragot Kulatumyotin

Position		Director, Risk Management Committee Member and Executive Committee Member
Shareholding		0.16%
Family relationship		-
Education		Master of Science in Computer Science, University of Missouri Columbia,United States of America
		Master of Business Administration, Thammasart University
Director Training Program		Director Accreditation Program (DAP), Company Secretary Program (CSP) and Effective Minutes Taking (EMT) by Thai Institute of Directors (IOD)
Professional experience	1999-present	Senior Executive Vice President & COO, Internet Thailand Public Company Limited
	2008-present	Chairman of the Board, Mandala Communication Company Limited
	2004-present	Director, Netbay Company Limited

Brief Profile of Management

1. Dr.Pairoj Supamongkol

Position		Director, Risk Management Committee Member, Executive Committee Member and President & CEO
Shareholding		-
	Family relationship	-
Education		Doctor of Business Management Suan Dusit Rajabhat University Director Accreditation Program (DAP) by Thai Institute of Directors (IOD)
Professional experience	2010-present 2010	President & CEO Internet Thailand Public Company Limited Executive Vice President -Business Division Internet Thailand Public Company Limited
	2006-2010	Executive Vice President, Krung Thai Computer Services Co.,Ltd
	2002-2006	Director, Internet Communication Co.,Ltd
	2000-2001	Managing Director, Micronetic Public Company Limited Managing Director, Computer Recovery Center (Thailand) Co., Ltd.

2. Mrs. Morragot Kulatumyotin

Position		Director, Risk Management Committee Member and Executive Committee Member
Shareholding		0.16%
Family relationship		-
Education		Master of Science in Computer Science, University of Missouri Columbia,United States of America Master of Business Administration, Thammasart University Director Accreditation Program , Company Secretary Program and Effective Minutes Taking by Thai Institute of Directors (IOD)
Professional experience	1999-present	Senior Executive Vice President & COO Internet Thailand Public Company Limited
	2008-present	Chairman of the Board Mandala Communication Company Limited
	2004-present	Director, Netbay Company Limited

3. Mr. Buncha Srisamanuwat

Position		Executive Vice President-Engineering and Services
Shareholding		-
Family relationship		-
Qualifications		Master of Industrial Management Engineering, King Mongkut's University of Technology North Bangkok
Professional experience	2001-Present	Executive Vice President-Engineering, Internet Thailand Public Company Limited
	2005-present	Director and Managing Director, Mandala Communication Company Limited
	1998-2001	Vice President-Network Operations Center, Internet Thailand Company Limited

4. Mr. Suvech Ongla-or

Position		Executive Vice President-Finance
Shareholding		0.11%
Family relationship		-
Qualifications		Master of Accountancy (Executive), Chulalongkorn University Chief Financial Officer Certification Program by Institute of Certified Accountants and Auditors of Thailand
Professional experience	2001-present	Executive Vice President-Finance Internet Thailand Public Company Limited
	2005-present	Director, Mandala Communication Company Limited
	2004-present	Director, Netbay Company Limited
	1998-2001	Vice President-Finance and Accounting Division, Internet Thailand Company Limited

5. Mrs. Linitda Sooksomstarn

Position		Executive Vice President-Information & Organization Development
Shareholding		0.04%
Family relationship		-
Qualifications		Master of Science in Computer Science, California State University, United States of America
Professional experience	2007-present	Executive Vice President-Information & Organization Development Internet Thailand Public Company Limited
	2005-present	Director, Mandala Communication Company Limited
	2002-2004	Vice President-Access Business Strategic Unit, Internet Thailand Public Company Limited
	2001	Vice President-Marketing Division, Internet Thailand Public Company Limited

Details of the positions of the management and the controlling persons of the Company

Details of the positions of the management and the controlling persons of Internet Thailand Public Company Limited, the associated company and the related company as of December 31, 2010

Name	Internet Thailand Public Company Limited	Associated Company	Related Company
		Mandala Communication Co., Ltd.	Netbay Co., Ltd.
1. Prof. Dr. Pairash Thajchayapong	C	C	
2. Dr. Thaweesak Koanantakool	D		
3. Mr. Aran Permpiboon	D		
4. Prof. Emeritus Achara Chandrachai, Ph.D.	D		
5. Mr. Sahas Treetipbut	D		
6. Mr. Noppanat Hutacharoen	D		
7. Mr. Natthawat Bhasayavan	D		
8. Ms. Tanwadee Wongterarit	D		
9. Mr. Aniruth Hiranraks	D		
10. Mr. Chavalit Uttasart	D		
11. Ms. Narumol Wangsatorntanakun	D		
12. Miss Vilawan Vanadurongvan	D		
13. Dr. Pairoj Supamomgkol	D, P		
14. Mrs. Morragot Kulatumyotin	D, M	C	D
15. Mr. Buncha Srisamanuwat	M	P, D	
16. Mr. Suvech Ongla-or	M	D	D
17. Mrs. Linitda Sooksomstarn	M	D	

Remarks : C = Chairman P = President
D = Director M = Management

Monetary remuneration

The 2010 Annual General Meeting of Shareholders resolved that the directors' remuneration for 14 persons is not over Baht 5.50 million, comprising the Board of Directors and Subcommittees allowances. In year 2010, the Company paid the remuneration to the directors in total amount of Baht 4.68 for meeting allowances of the Board of Directors, Subcommittees and other remuneration.

Total remuneration of executives in 2010, the remuneration of 6 executives was Baht 14.62 million, comprising salary and gasoline allowances.

Directors' remuneration in 2010

Board of Directors' name/position		Board of director's meeting allowance (Baht/year)	Subcommittee's meeting allowance (Baht/year)
1. Prof. Dr. Pairash Thajchayapong	Board Chairman / Chairman of Executive Committee	300,000	112,500
2. Dr. Thaweesak Koanantakool	Director / Chairman of Risk Management Committee / Vice Chairman of Executive Committee / Chairman of CEO Performance Review Committee	240,000	226,250
3. Mr. Noppanat Hutacharoen	Director / CEO Performance Review Committee Member	240,000	60,000
4. Mr. Natthawat Bhasayavan	Director	200,000	-
5. Ms. Tanwadee Wongterarit	Director / CEO Performance Review Committee Member	240,000	70,000
6. Mr. Aniruth Hiranraks	Director	240,000	-
7. Prof. Emeritus Achara Chandrachai, Ph. D.	Independent Director / Chairman of Audit Committee	240,000	150,000
8. Mr. Aran Permpiboon	Independent Director / Chairman of the Nomination and Remuneration Committee / Audit Committee Member	240,000	145,000
9. Mr. Chavalit Uttasart	Independent Director / Nomination and Remuneration Committee Member / Audit Committee Member	240,000	140,000
10. Mrs. Vilawan Vanadurongvan	Independent Director	160,000	-
11. Ms. Narumol Wangsatorntanakun	Independent Director / Risk Management Committee Member	240,000	40,000
12. Mr. Sahas Treetipbut	Director / Nomination and Remuneration Committee Member / Executive Committee Member	240,000	100,000
13. Mrs. Morragot Kulatumyotin	Director / Risk Management Committee Member / Executive Committee Member	240,000	130,000

Resigning Directors in 2010

Board of Directors' name/position		Board of director's meeting allowance (Baht/year)	Subcommittee's meeting allowance (Baht/year)
1. Mr. Asa Sattayut	Director Audit Committee Member and Nomination and Remuneration Committee Member (resigned on February 1, 2010)	40,000.-	-
2. Mr. Patrakorn Akosrivoranart	Director and Risk Management Committee Member (resigned on May 1, 2010)	80,000.-	-
3. Mr. Dheeramat Pokmanee	Director / Risk Management Committee Member / Executive Committee Member (resigned on dec 22, 2009)	240,000.-	90,000.-

The Board of Directors has recognized and placed a great emphasis on good corporate governance where they have operated with integrity, transparency and commitment to its core value in enhancing the organization to have efficient management system. Over the past years, the Board of Directors has committed to conform to the Code of Practices for Directors of Listed Companies under the Good Corporate Governance of the Stock Exchange of Thailand (SET).

To implement this policy, the Board of Directors has applied the management guideline of good corporate governance and set it in the vision, mission and policy of INET in order to be the main mechanism driving the involvement in implementation of such principles. Moreover, the Board shall monitor, oversee, revise and communicate the management policy from executives to employees of the organization, including being informed any problems occurring within the organization and evaluating the operation results of INET in order to achieve the goal.

In 2010, INET has operated under SET practice guide line which can be summarized as follows:

1. Right of shareholders

The Board of Directors has placed great emphasis on rights and equality of the shareholders by clearly stating in the Good Corporate Governance Policy on the equality of basic rights e.g. rights to receive sufficient information in a timely manner and appropriate form for decision making, rights to obtain the scrip and rights to transfer the securities.

1.1 Disclosure

The Board of Directors is aware of the disclosure of significant information whereby the information disclosed shall be accurate, complete, sufficient, updated, transparent, traceable and the most important is such information shall be equally available to all shareholders.

In 2010, INET has completely disclosed information according to SET regulation on Disclosure of Information of Listed Companies within a specific period. INET has submitted the document to Securities and Exchange Commission (SEC) and SET, including disseminating the periodic and non-periodic reports via the ELCID system of SET. Those periodic reports to be disclosed include the annual financial statement, quarterly financial statement, annual report, annual registration statement and etc. The non-periodic reports comprise of the date, time and venue of Annual General Meeting of Shareholders, including the meeting agendas, annual record date, book closing date for collecting shareholders' names according to Section 225 of the Securities and Exchange Act, dividend payment, dividend record date, dividend book closing date for collecting shareholders' names according to Section 225 of the Securities and Exchange Act, resolution passed at the Annual General Meeting of Shareholders, appointment of the Audit Committee and independent directors, and etc.

For the past year, INET has perfectly operated according to the regulation on disclosure of information and there has not been any punishment for cases of no submission or reporting information specified by the law with a delay by INET.

The Board of Directors and the management have greatly emphasized on any actions or operations that do not limit the opportunity of the shareholders in accessing INET's information. Moreover, INET has organized the communication channels for the shareholders, investors, interested parties and the public to easily access the information of INET. As such, INET has published their information both in English and in Thai languages on their website (www.inet.co.th) where the information has been grouped into categories which make it easy for searching and communicating with INET.

1.2 Shareholders' meeting

INET has stated that the shareholder's general meeting shall be held once a year within 4 months starting from the end of accounting period of INET and the shareholders' meeting shall be organized such that its process has supported the shareholders to have equal rights. The Board of Directors has paid great attention and respected the rights of shareholders by encouraging the shareholders to attend the shareholders' meeting. This is for the shareholders who are the entrepreneur to have opportunity to be informed of INET's operation results, to participate in making important decisions of INET and to examine the operations of the Board of Directors and the management. Therefore, INET has organized the shareholders' meeting to be in accordance with the law and guideline specified in the AGM Checklist of the Thai Investors Association, Thai Listed Companies Association and SEC. It is the duties and responsibilities of the Board of Directors and the management to operate with transparency, fairness and best interests to all shareholders and related parties.

In 2010, INET held 1 shareholders' meeting, "the 2010 Annual General Meeting of Shareholders", on Friday 23th April 2010 at 9.00 a.m. at INET Hall meeting room, IT Floor, Thai Summit Tower, 1768 New Petchburi Road, Bang Kapi Sub-district, Huai Khwang District, Bangkok whereby this location has a good public transportation system, making it more convenient for the shareholders to commute. INET has arranged all meeting facilities e.g. audio-visual media for presentation, computers and barcode system for meeting registration and vote counting. These have made the vote counting more convenient, quickly, accurate, transparent and traceable.

INET opened for registration from 7.00 a.m. onwards, 2 hours before the commencement of the meeting, and the shareholders who arrived after the commencement of the meeting can still register until the meeting has adjourned. At the beginning of the 2010 Annual General Meeting of Shareholders, there were 34 shareholders attending the meeting and 21 proxies, in total of 55 persons, holding 125,098,315 shares from total 250,020,799 issued and paid-up shares, equivalent to 50.04% of the total shares. Since there were the shareholders or proxies of no less than twenty-five (25) persons attending the meeting with total shares of no less than one-third (1/3) of the total issued shares, thus it was considered constituted a quorum in accordance with the Company's Articles of Association Clause 19. INET has assigned the attorney of INET to check the identification document presenting before attending the meeting. This procedure is not complicated and is in accordance with information provided to shareholders with the invitation letter.

The company opened for registration since 7.00 am, 2 hours before the meeting started. Shareholders could register to attend the meeting continuously until the closing of the meeting. At the 2010 Annual Shareholders' Meeting, there were 34 shareholders attending the meeting by themselves and 21 proxies, a total of 55 persons, holding 125,098,315 shares from a total of 250,020,799 issued and paid-up shares, equivalent to 50.04%. Since there were the shareholders or proxies of no less than twenty-five (25) persons attending the meeting with total shares of no less than one-third (1/3) of the total issued shares, it constituted a quorum in accordance with the Company's Articles of Association. The company assigned its lawyers to verify the documents according to procedure and details informed to shareholders in invitation letters.

All Directors, chairpersons of all sub-committees as well as the management team attended the meeting along with the auditors, and legal consultants, in order to provide additional information and answer questions.

1.2.1 Before the commencement of the meeting

INET has disclosed sufficient and timely information that is relevant for making decision at the shareholders' meeting in advance. After the Board of Directors has called for the 2010 Annual General Meeting of Shareholders (AGM), INET shall inform the shareholders the date, time, venue of the meeting, meeting agenda and relevant information, including opinions of the Board on each agenda which are proposed to the meeting via the ELCID system of SET before 9.00 a.m. of the next following day after the Board's resolution.

The invitation letter shall include details of meeting agendas and opinions of the Board, details of agenda for consideration and justification, positive and negative impacts of each agenda, proxy letter and list of independent directors in order for the shareholders to choose as their proxy to attend the meeting, including the venue map. These shall be sent to shareholders at least 14 days in advance and the meeting announcement shall be advertised in the Thai newspapers for at least 3 consecutive days and at least 3 days before the commencement of the meeting to call for the shareholders' meeting in advance.

Moreover, INET has given the shareholders the opportunity to study the meeting materials in advance where they have published the 2010 AGM invitation letter and its documents which are the same documents that INET has sent to the shareholders on INET's website at least 1 month in advance before the commencement of the meeting. Furthermore, INET has assigned the Thailand Securities Depository Co., Ltd., securities registrar of INET, to send the shareholders the invitation letter of 2010 AGM on 5th April 2010 which is in accordance with the law whereby it is stated that the listed company shall send the shareholders the invitation letter at least 14 days before the commencement of the meeting.

At the 2010 Annual General Meeting of Shareholders, INET has applied the practice guideline of SET in encouraging the listed companies to give the minority shareholders opportunity to propose the Board of Directors the meeting agendas and the appointment of qualified person to be the directors. INET has announced their meeting invitation to the shareholders via the ELCID system and company's website which states the clear details of rules, procedures and process for consideration and channel to propose the agenda whereby the shareholders have been given time to consider from 15th January 2010 to 15th February 2010. It is found that the shareholders have not proposed any person to be the director and one shareholder has proposed agenda which has already been in the meeting agenda. Moreover, the Board of Directors has given the shareholders opportunity to ask questions or acquire additional information of those meeting agenda and or provide recommendations, which can benefit INET's operations, in

advance before the commencement of the meeting so that INET can provide clarification or additional information at the meeting.

1.2.2 During the meeting

In the 2010 AGM, the Chairman of the meeting has introduced the meeting the directors, the management and auditors who have attended the meeting. After that, the Chairman has appointed the employee of INET to inform the meeting the voting procedures in order to be in accordance with SET code of practice for shareholders' meeting of listed companies, including the voting method where INET shall have the ballots for each agenda which the shareholders attending the meeting shall receive during the registration. INET has used the computer and barcode system for counting the votes.

During the meeting, the Chairman of the meeting has proceeded the meeting according to agenda. After the information of the agenda has been informed, the Chairman of the meeting has given the shareholders who attend the meeting opportunity to give comment, suggestions and ask questions in each agenda, including appropriate time for discussion. After that, the management shall provide a clear and precise answer and pay great attention to every question. After that the shareholders shall vote on that agenda whereby the Chairman of the meeting shall inform the voting results of that agenda to the meeting by category of "approved", "disapproved" and "abstained" votes. During the voting on each agenda, INET has required the shareholders who attend the meeting to use the ballots and computer shall be used to process the voting results. For the agenda on the appointment of directors and determination of directors' remunerations, these agendas have been proposed to the meeting to be voted separately and the agenda on the appointment of directors shall be voted by individual. Each meeting shall take approximately 2 hours. As such, this 2010 AGM has set to start at 9.00 a.m. and end at 11.00 a.m.

1.2.3 After the meeting

INET shall inform the resolution passed at the 2010 AGM and state the voting results of each agenda with "approved", "disapproved" and "abstained" votes, including the portion of each vote type via SET electronic system (ELCID system) after the meeting has adjourned by 9.00 a.m. of the next following day.

The minutes of the 2010 AGM shall be in writing and shall record the significant matter of each agenda proposed to the meeting, significant questions of the shareholders and the clarification of the Board of Directors and the management, recommendations and additional opinions of the meeting, including a clear and complete meeting resolution of each agenda with numbers of each vote type and portion of each vote type. INET shall send the minutes of the meeting signed by the Chairman of the meeting to SET, SEC and registrar (Department of Business Development) for evidence and reference, including publishing on INET's website within 14 days after the commencement of the shareholders meeting.

2. Equitable treatment of shareholders

The Board of Directors and the management have committed to conform to equitable treatment of shareholders regardless of being major shareholders, minority shareholders, Thai investors and foreign investors as clearly specified in the good corporate governance policy on the equality of basic rights. This is considered to be important and necessary for sustainable growth of its business. As such, INET has placed a great emphasis on rights and equality of the shareholders e.g. rights to receive sufficient information in a timely manner and appropriate form for decision making, rights to obtain the scrip and rights to transfer the securities.

As the owner of the business according to the portion of their shareholding, the shareholders are entitled to receive the dividends according to the operation results of INET. INET has paid dividends from the 2009 operation results on May 14, 2010 at the rate of 0.05 Baht per share.

In order for the shareholders to gain the equal basic rights in receiving the information of INET, INET has not only complied with the rules on disclosure of information of SET and SEC, but INET has also increased the channels to access the information of INET via INET's website whereby the information has been updated and published both in Thai and English languages.

Moreover, in order to maintain the rights of shareholders who cannot attend the 2009 Annual General Meeting of Shareholders, INET has sent the proxy letter where the shareholders can appoint other persons or independent directors as listed in the proxy letter specified by the Ministry of Commerce to be their proxy, attend the meeting and vote on their behaves without any conditions. The details and procedures shall be published on the website of INET 30 days in advance before the commencement of the meeting and the shareholders can inquire information via the telephone or other channels.

By giving the minority shareholders the opportunity to propose the topic to the Board of Directors to be in the agenda of the shareholders' meeting and propose the persons to be directors in advance, this is considered to be one of the equitable treatments of shareholders.

The Board of Directors has greatly emphasized on the preventive measure for the case where the directors or the management may illegally use the inside information for their own or other interests. As such, the Board of Directors has set the guideline for confidentiality in writing where this has been complied by the management and employees since 2001.

3. Roles of stakeholders

INET has paid great attention to all stakeholders who are in and outside the company, including the society, shareholders, customers, partners, employees and responsibility towards environment. The Board of Directors has set the policy and code of conduct in 2001 in writing in order to be the practice guideline for stakeholders. These shall cover the policy of the Board of Directors, policy on human resource management and the employees' code of conduct, policy on conflict of interests, policy on internal control and procurement ethics, policy on accounting and financial transactions, policy on supporting the public activity, policy on confidentiality of INET, policy on buying and selling the securities and etc. whereby the directors, the management and all employees have been aware and strongly complied with.

3.1 Practice towards major stakeholders of the company

Shareholders

Under the code of conduct of INET, INET has paid great attention to the equitable treatment of shareholders, disclosure of quality information to the shareholders, encouraging the shareholders to attend the shareholders' meeting in order to participate in the significant decision making and be informed of the operations and activities of INET, including monitoring the operations of the Board of Directors and the management, setting the preventive measure for the use of inside information for the interests of the Board of Director and the management in order to protect the interests of the shareholders. Moreover, INET shall not perform or do anything that could violate or lessen the rights of the shareholders.

In 2010, there has been no complaint regarding the violation of the basic rights of the shareholders or any misconduct of the directors and the management due to the use of inside information.

Partners

INET has emphasized on the procurement process which is the important process in setting the cost and quality of the products. Therefore, the procedure has been set to be transparent, traceable and provide the best benefits. INET has also paid attention to its partners who have supported and become one of the driving factors in making INET's operations to efficiently achieve the success. INET has treated the partners with equality and fair competition and has great respect for one another.

Employees

The company strictly adheres to the Employees' Code of Conduct and realizes that the employees are the most valuable and important resources supporting its operation to achieve the goals. Therefore, the company emphasizes on recruitment of skilled and experience personnel as well as personnel development. Knowledge, capability, skill, attitudes, and potential of all employees have been developed so that they work efficiently in line with business goals.

In the previous year, the company conducted a training program on an advance management for the executives. The company also supported employees on internal and external training programs continuously, together with knowledge management. The employees are able to exchange their knowledge and experience through various channels. An online library has been established for the employees to study and explore new knowledge for their work and self development. The employees will be prepared for business competition and rapid changes in the future. In the past year, the company studied and implemented the competency system for personnel development.

In addition, the company takes into consideration a development of quality of life. It includes physical, mental, and emotional development such as meditation, yoga, listening to sermon, aerobic exercise and fitness, etc. The company also offers several activities related to its core value. The activities are arranged by the Welfare Committee appointed internally to promote relationships and participations of all parties. Activities cover Songkran Festival, Fit for Good activity, annual meeting and party, etc.

For the past year, there has been no dispute between the employees and INET and INET has received the best workplace award for labor relation and labor welfare for the year 2010 whereby they have been awarded for 3 consecutive years.

Social

The company is committed to create and maintain Thai society through the application of information technology and communication. Learning of Thai youths has been promoted with the project "INET Young Webmaster Camp". The

company, in collaboration with Thai Webmaster Association, holds activities (8 consecutive years) to give Thai youths the opportunity to attend workshops with famous lecturers, who will share their knowledge and experiences. This project will help the youths to express their opinions creatively and promote out of school experience. This aims to become professional webmasters with good ethics and code of conduct that will be an important foundation for social and national development to reach an international standard. Presently, more than 640 students attended training programs and, in this year, the program will be expanded to the youths in regional areas at Pitsanulok province

In 2010, students from all institutions and organizations had an opportunity to visit the INET Data Center, an important learning resource on Internet data access in Thailand and worldwide.

Environment

The company gives priority to narcotic substances in an organization and participates in the White Factory Project with the Social Security Office to prevent drugs in the workplace.

3.2 Communication channel to the stakeholders

The stakeholders can directly communicate to INET via several channels e.g. company's website, company secretary, public relation unit and investor relations unit or can communicate through other channels that the stakeholders find it appropriate. Moreover, the stakeholders can report or file a complaint regarding the illegal action or misconduct to the independent directors or the Audit Committee in order for them to order the investigation and report to the Board of Directors.

In conclusion, INET had strictly operated according to the rules and regulations specified in the business code of conduct, good corporate governance policy and other policies relating to the stakeholders. Over the past year, INET has had no disputes with the stakeholders.

4. Disclosure and transparency

4.1 Quality of the disclosed information

The Board of Directors, the management, and all employees have been well aware that any information relating to INET has an impact to the decision making of the shareholders and investors, interests of the shareholders and stakeholders and the buying and selling of INET's securities. Every department has been aware and emphasized on governing the disclosure of INET's significant information with accuracy, rapidness, transparency and equal access by every group. This has showed their responsibilities of duties, transparency of operations and other activities. The information to be disclosed shall be correct, accurate, clear, supported by a clear conclusion, sufficient for making the investment decision, traceable and certified according to SET regulation in order for the information to be widely and equally accessed.

4.2 Disclosure channels

The Board of Directors and the management have committed to conform to the regulation on disclosure of information for listed companies of SEC and SET. This includes the regulation on disclosure of periodic and non periodic reports whereby these document can be sent to SEC and SET via the ELCID system of SET which is the main disclosure channel. Moreover, INET has highly emphasized on disclosing the correct, complete, timely and transparent information. As such, INET has increased the disclosure channels so that the information can be widely and easily accessed e.g. via company's website (www.inet.co.th/invest), annual registration statement (Form 56-1) and annual report (Form 56-2).

4.3 Investor relations

The investor relations has been set up to be a center to disseminate information, news and is responsible for communication in order to enhance the good relationship between INET and shareholders, investors, securities analyst and relevant units to be fair and equal. Moreover, the investor relations shall govern the process of financial report e.g. reporting the operation results, financial statement and information of INET to SET, including conducting the management discussion and analysis report (MD&A). To contact the investor relations unit, please contact via telephone no. 0 2257 7000, fax no. 0 2257 7222, company's website at www.inet.co.th/invest, and e-mail address : HYPERLINK "<mailto:ir@inet.co.th>" ir@inet.co.th.

5. Responsibilities of the Board of Directors

5.1 Structure of the Board of Directors

INET has set the management structure to be in accordance with the regulation and guideline suggested by the law and supervisory agency. This management structure has also complied with the Articles of Association which is a result of the resolution passed at the Annual General Meeting of Shareholders and complied with the company regulation on Board of Directors which has been specified by the Board of Directors.

Currently, the Board of Directors comprises of 14 directors whereby this has an appropriate number consistent to business type of the company. INET has directors with various knowledge and expertise (engineering, economics, accounting, business administration and law), experiences, skills which have benefited the operations of the Board of Directors. This includes setting the direction and policy governing the management and operations of the management. The directors have a term of 3 years in office according to the Public Limited Companies Act.

Moreover, all directors have no criminal records regarding the fraud and have no historical records of engaging in any transactions that may cause conflict of interests with INET.

For the past year, INET has 2 directors who have held the executive positions i.e. the Managing Director and Deputy Managing Director. The Chairman of the Board of Directors is the director who has not held any executive position and is not the same person as the Managing Director who has held the highest executive position of INET. Although the Chairman of the Board of Directors represents the major shareholders i.e. National Science and Technology Development Agency (NSTDA), the Chairman shall perform its duties with independency whereby such person shall not be dominated or guided during the discussion. The Chairman of the Board of Directors has encouraged all directors to fully participate in the discussion and present their opinions by providing sufficient and appropriate time for discussion in order to have a consensus conclusion in all matters proposing to the Board meeting.

The number of directors (excluding the independent directors) in the Board of Directors has been according to the proportion of investments of each shareholder group i.e. directors representing major shareholders. As such, 2 directors are from the National Science and Technology Development Agency (NSTDA) with shareholding of 17%, 2 directors are from TOT PCL. with shareholding of 16% and 2 directors are from CAT Telecom PCL. with shareholding of 16%.

Moreover, none of the directors of INET have held position in the listed companies more than 5 companies whereby this has been in accordance with the recommendation of SET in considering the efficiency and dedication of directors to their duties. Moreover, this is to encourage the Managing Director who has the highest executive position of INET to perform his duties with utmost and has opportunity to exchange experience, including building relationship and forming alliance network with other agencies which shall benefit INET's operations.

Furthermore, INET has disclosed the information regarding the positions of the directors and the management by person at INET's website under the topic of Board of Directors and Executive Committee.

The Board of Directors has set the process for the nomination of the directors whereby this shall emphasize on transparency and true benefits of INET. The Nomination and Remuneration Committee shall consider and propose to the Board of Directors for appointment in case of appointing the directors who are not retired by rotation while in case of appointing the director who are retired by rotation the Nomination and Remuneration Committee shall propose to the Board of Directors in order to later propose to the Annual General Meeting of Shareholders for appointment.

Neutrality of non-executive directors

The Board of Directors comprises of 14 directors and can be summarized as follows:

Status	Executive Directors	Non-Executive Directors	Audit Committee
Directors who are the representatives of Shareholders	-	6	-
Directors who are not the representatives of Shareholders	2	3	3

In the Board of Directors, the company has total 5 independent Directors, or one-third (1/3) of all 14 Directors in line with legal requirements. Moreover, the Audit Director is not the major shareholders' representative and the executive Directors. Hence, the stakeholders are confident that the Directors, as their representatives, will work independently. This will create balance and management auditing.

The Board of Directors is responsible for the operation in accordance with laws, the company's objectives and regulations, and the resolutions of the shareholders' meeting, with honesty and carefulness for the company's benefits. The Director has a certain period on a position according to the company's regulation. One-third (1/3) of the Directors shall resign at the annual shareholders' meeting and the one who holds the position for the longest period shall resign from the post

Moreover, the Board of Directors has responsibility to ensure that its operations are in accordance with laws, objectives and Articles of Association, including resolutions passed at the shareholders' meeting with integrity and cautiousness to maintain the interests of INET. The directors have a fixed term of their post according to the Articles of

Association which states that in every annual general meeting one-third of directors shall be released from the post whereby the directors with longest period shall be retiring.

The Board of Directors has considered and set the definition of "independent directors" to be in accordance with the minimum requirements of the definition of independent directors specified by SEC and SET which can be summarized as follows:

- Hold shares no more than 1% of total shares with voting rights whereby these include the shares of subsidiaries and associated companies, including shares held by the related parties e.g. spouse and immature children)
- Do not participate in managing and are not the employees, staff s, consultant who have received salary, or persons who have controlling powers of the company or who have received salary, or persons who have controlling powers of the company or subsidiaries or associated companies, or persons with conflict of interests. Such persons shall have no benefits or interests as mentioned above no less than 2 years.
- Have no business relationship, no direct or indirect benefits or interests in the areas of finance and managing the company, subsidiaries, associated companies or no relation with persons who may have conflict of interests which could cause the lack of independences.
- Are not close relatives of the management, major shareholders of the company, subsidiaries, associated companies or persons who may have conflict of interests and have not been appointed as the representatives for the interests of the directors or major shareholders.

5.2 Sub-committees

The Board of Directors has appointed the sub-committees as deemed appropriate in order to consider and provide recommendations for any problems so as to lessen the burden of the Board of Directors, including enhancing the efficiency of the Board's operations. There are 5 subcommittees and can be summarized as follows:

The Executive Committee has been appointed on 29th December 2008 in order to support the Board of Directors in developing the policy or strategies. Moreover, it shall govern the management and business policy in order to achieve the specified financial target and strategies whereby the roles and responsibilities of the Executive Committee are in accordance with details specified under the topic of Committees. In 2010, the Executive Committee has held 9 meetings.

The Audit Committee has been appointed on 14th September 2001 to assist governing the operations of INET. The roles and responsibilities of the Audit Committee are in accordance with details specified under the topic of Committees. In 2010, the Audit Committee has held 8 meetings

The Nomination and Remuneration Committee has been appointed on 30th April 2006 to select persons with qualification to nominate as directors and propose the remuneration policy whereby this shall be in accordance with details specified under the topic of Committees. In 2010, the Nomination and Remuneration Committee has held 2 meetings.

The Risk Management Committee has been appointed on 25th June 2007 to develop the policy framework, guideline and recommendation to the Board of Directors in managing the inherent risks occurring from internal and external factors so that the residual risks can be in an appropriate and acceptable level. The roles and responsibilities of the Risk Management Committee are in accordance with details specified under the topic of Committees. In 2010, the Risk Management Committee has held 4 meetings

The CEO Performance Review Committee of the Managing Director has been appointed on 21st September 2009 to develop the criteria and methods in evaluating the performance of the Managing Director and monitor the performance of Managing Director for every 6 months, including providing recommendation to the Board of Directors. In 2010, the CEO Performance Review Committee has held 7 meetings

5.3 Roles and responsibilities of the committees

The Board of Directors comprises of persons with knowledge, expertise, skills and experience from various fields. This has caused the operations of the directors to be efficient. The Board of Directors has emphasized on developing the organization to its success by setting the appropriate strategy and policy in enhancing its competitive advantages and performing its operations to be in accordance with regulation and resolution passed at the shareholders' meeting with integrity and ethics under the code of conduct and management policy of INET. Moreover, the Board of Directors has participated in setting the vision, mission, strategy, goal and business plan of INET including effectively and efficiently governing, monitoring and evaluating the performance of the Executive Committee and the management to be in accordance with the goal and business plan. Furthermore, the Board of Directors shall ensure that it has conformed to rules and regulations of the supervisory agency and relevant government agencies, including resolution passed at the shareholders' meeting in order to enhance the best economic value of INET and shareholders stability and interests of all stakeholders.

The Board of Directors has been aware of their responsibilities towards the shareholders who are the owner of The Board of Directors has been aware of their responsibilities towards the shareholders who are the owner of disclosure.

Segregation of duties

In order for INET to perform its operations well, a clear segregation of duties and responsibilities of the Board of Directors has been set.

The Chairman of the Board who represents major shareholders with shareholding of 17% of total shares shall not be the same person as the Managing Director. This is to segregate the duties in developing the supervisory policy and day-to-day operations. As such, the stakeholders can be certain that the directors can perform their duties as representatives of shareholders with independency whereby this shall cause the checks and balance in management.

The Chairman of the Board of Directors is a leader and a person in charge of superintending the Board meeting to be efficient and effective by supporting and encouraging all directors to participate in the meeting e.g. asking significant questions, discussing, recommending and supporting the operations of the management through Managing Director regularly whereby this shall not interfere with the day-to-day operations of the management which is the responsibility of the management with Managing Director as their leader. The Board of Directors has assigned the Managing Director or the authorized person to sign on behalf of INET according to authorization. The Managing Director has assigned the management to operate efficiently according to their roles and responsibilities which have been clearly stated. Therefore, it is obvious that the roles and responsibilities of the Board and the management have been clearly segregated.

Managing Director

The Managing Director is the person with the highest level in the executive position of INET. The responsibilities include managing INET's operations to have highest efficiency and effectiveness under the management policy of INET and governing the entire internal operations of INET e.g. hiring, recruiting, appointing, promoting, revising the salary rate and setting the disciplinary action in case the employees have not complied with the rules, regulation and discipline of INET. Moreover, the Managing Director shall establish an order and notification regarding the management procedure which are not against the rules and regulation of INET and shall authorize and approve the procurement of no more than Baht 10 million per transaction, including approving the management in other areas so that INET can smoothly operate whereby this shall not violate rules, regulations and management policy of INET.

Code of conduct

INET has committed to do the right things whereby this has served as the guideline in conducting business for directors and all employees. INET has a policy to develop the guideline on business ethics or code of conduct whereby this shall be complied by the directors, the management and all employees with integrity, honesty and fairness when they perform their duties under INET's mission and provide treatments to INET, all groups of stakeholders, public and society. The supervisory policy has been published on the intranet system whereby the management and all employees can easily access at all times.

Conflict of interests

The Board of Directors has set a clear guideline on transactions with conflict of interests. This includes the processes to approve the connected transactions, process to develop policy and procedure in preventing the Board of Directors, the management and any relevant parties to use the inside information for their own interests, and procedure to govern the transactions that may lead to conflict of interests. The Board of Directors has been informed about the connected transactions as the Audit Committee shall constantly present the Board the conflict of interest transactions and connected transactions whereby these transactions have been carefully considered by the Board every time and in accordance with SET rules. The price and conditions shall be set based on engaging the transactions on arm's length basis. The significant related transactions shall be disclosed with details of value of transaction, party to this agreement and justification/necessity in an annual report and the annual registration statement (Form 56-1).

At the meeting of the Board of Directors, if there is any conflict of interest on the part of directors in any agenda, the Chairman of the Board shall request cooperation from the directors in complying with the policy. As such, the directors shall declare their interests in that agenda to the Meeting where such directors shall be prohibited to vote or give any comments in that agenda.

In managing the use of inside information, INET has stated that the Board of Directors and the management of INET (including spouse and immature children) shall report the changes in securities holding to SEC as specified in Section 59 of the Securities and Exchange Act B.E. 2535 (1992) within 3 days starting from the date where the securities holding has been changed and set the regulation on maintaining the confidentiality and/or inside information of

INET. If the Board of Directors or the management have exploited the inside information for their own interests, they shall be punished as specified in the Securities and Exchange Act B.E. 2535 (1992).

Internal control system

INET has placed a great emphasis on the internal control system both at the management level and operational level. The Audit Committee is responsible for examining to ensure that the core function and significant financial activities have been operated with efficiency and in accordance with the guideline, including examining the compliance with the laws and compliance control. In order for the internal audit department to be able to work independently and maintain a good balance, the Board of Directors has structured the internal audit department to directly report their audit reports to the Audit Committee and shall be evaluated by the Audit Committee. In 2006, INET has set their internal management to be in accordance with the good corporate governance. As such, INET has developed the performance evaluation system to be conformed to INET's strategy by using the balanced scorecard and established the enterprise risk management system. This is to enhance their competitive advantage in long term and build confidants towards the customers and shareholders.

Managing the use of inside information

INET has established the regulation in maintaining the confidentiality and /or inside information of INET which can be summarized as follows:

1. The Board of Directors, the management, staff s and employees shall maintain the confidentiality and/or inside information of INET.
2. The Board of Directors, the management, staff s and employees shall not directly or indirectly disclose or exploit the secret and/or inside information of INET for their own interests or for the interests of other persons either with or without receiving some return.
3. The Board of Directors, the management, staff s and employees shall not buy or sell securities by using confidentiality and/or inside information of INET and/or entering into other legal acts due to the use of confidentiality and/or inside information of INET which may directly or indirectly cause the damages to INET.

Moreover, INET has stated that the Board of Directors and the management shall report the changes in their securities holding to SEC and SET as specified in Section 59 of the Securities and Exchange Act B.E. 2535 (1992) and if the inside information has been used for their own interest, they shall be punished as specified in the Securities and Exchange Act B.E. 2535 (1992).

Financial report

The Board of Directors is responsible for INET's financial report and financial information stated in the annual report. Such financial statements have been conducted according to the generally accepted Thai accounting principles with appropriate and consistent accounting policy. Moreover, the careful judgment and best estimation have been used when conducting the financial statements and sufficient material information has been disclosed in the notes to financial statement with effective internal control system to ensure that the accounting records are correct, complete and sufficient for maintaining the assets and to identify the weakness in order to prevent the fraud or significant unusual operations.

Internal control

At the Board Meeting No.1/2554 on 25th January 2011 with the attendance of the Audit Committee, the Board has assessed the adequacy of INET's internal control systems in 5 areas, namely, organization and environment, risk management, operational controls of the management, communication and information technology systems and monitoring system. The Board of Directors has agreed with the Audit Committee that INET has adequate internal control system which is in accordance with the assessment conducted by SEC and SET.

Risk Management

The Risk Management Committee assigned by the Board of Directors has the responsibilities in closely monitoring the risk assessment and reporting the risk management. The working group has been appointed in writing and roles and responsibilities are also in writing where these have been published on INET's intranet website to use as a practice guideline.

5.4 The meeting of the Board of Directors

INET has greatly emphasized on the independence of the Board of Directors in making decision for the best interest of INET and shareholders. The directors shall perform their duties with integrity and greatly emphasize on INET's interests. The directors shall always be aware that they are representatives of the shareholders with responsibilities to lead, observe, provide recommendation and support the operations of the management closely. INET has stated that the Board Meeting shall be held monthly or at least once in 3 months and the extraordinary meeting shall be held as deemed necessary. The clear meeting agendas shall be set in advance and include the agenda to consider

the operation results. The meeting invitation letter with the meeting agendas and meeting document shall be sent at least 7 days in advance before the commencement of the meeting every time in order for the Board of Directors to have sufficient time to carefully study the material before the meeting. In each meeting, the meeting shall take approximately 2 hours. In 2010, the Board of Directors has held 8 meetings (for more details, please see the topic of the Board of Directors for the 2010 Board Meeting).

It is the duty for all directors to attend every meeting except if the directors have necessary reason to be absent. In every Board Meeting, the executives of all departments shall be invited to attend the meeting and the management relating to that matter shall also be invited in order to provide a clarification or additional information as such person has direct involvement in this matter. This is to support the decision making of the Board of Directors and to be informed about the Board operations.

5.5 Remuneration of the directors

The Board of Directors has set a clear and transparent policy and criteria on remuneration payment of directors whereby the remuneration approved by the shareholders meeting are considered to be in the same level as those paid in the industry and high enough to maintain the qualified directors. The directors who have been appointed to act as the Audit Committee, the Nomination and Remunerations Committee and the Risk Management Committee shall receive additional remuneration according to additional workload. The Nomination and Remuneration Committee shall consider and propose the appropriate amount of remuneration to the Board of Directors to later propose to the ordinary annual general meeting of shareholders to consider and approve. In 2010, INET has paid remuneration to the directors and the management. For more details, please see the topic of remuneration of directors and the management.

5.6 Development of directors and the management

The Board of Directors has policy to prepare the newly appointed directors. This shall include providing the brief to the new directors, including the important document of INET which comprises of structure of the Board of Directors, important rules, regulation, policy and code of conduct, including code of practice for directors according to SET and SEC regulations. This is in order for the new directors to be able to completely perform their duties. Moreover, the presentation of the overview of INET and its subsidiaries shall be prepared.

The Board of Directors has the policy to enhance the knowledge of the directors. This is for a continuous development and to enhance the knowledge, understanding of their roles, duties and responsibilities. Moreover, the Board of Directors has enhanced the skills of the directors in performing their duties efficiently by attending the seminars held by relevant agencies e.g. Thai Institute of Directors and SET, etc.

Moreover, INET has sent their employees for training courses of secretary and other relevant courses organized by other institutes and agencies of the public and private sectors. This is to enhance the knowledge, understanding of their responsibilities in order to support the operations of the Board of Directors and the sub-committees to perform efficiently.

1) Transactions which the Company accepted and provided services

Person/juristic person with joint benefits	Relationship	Type of mutual transaction	Value of mutual transaction (thousand Baht)	Opinion on connected transaction
			Year 2010	
1. A related party ^{1/}	Major shareholders	Cost of international and domestic leased line	82,194	Market price
		Revenues from Internet service and hire of work contract	5,908	Market price
2. Netbay Co., Ltd.	Associated Company	Revenues from Internet service	1,315	Market price

Note : 1/ The National Science and Technology Development Agency ("NSTDA"), CAT Telecom Public Company Limited ("CAT Telecom") and TOT Public Company Limited ("TOT") hold 17%, 16% and 16% of the Company's equity interest, respectively, and have representatives on the Company's Board of Directors. They are therefore considered related parties.

2) Accounts receivable and accounts payable as at 31 December 2010

A related party ^{1/}

(Unit : thousand Baht)

- Trade accounts receivable	8,404
- Unbilled service income	57,750
- Trade accounts payable	9,796

Netbay Co., Ltd.

(Unit : thousand Baht)

- Trade accounts receivable	50
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3) Necessity and reasonableness of transactions

Such mutual transactions are in accordance with business operation practices in general in providing the Internet access to the public. The Company has taken into account the necessity and appropriateness for the maximum benefits of the Company and its shareholders. In this regard, the Company has received and paid remuneration at fair market price as shown in the above table.

4) Measures or procedure for the approval of mutual transactions

As regards the procedure for the approval of mutual transactions, the Company has conformed to the law regarding securities and securities exchange, and the regulations, announcements, orders or rules of the Stock Exchange of Thailand that persons with a vested interest in any transaction are not entitled to vote for the approval of that transaction. Such measures have been set forth in the Company's regulations.

5) Policy or tendency for mutual transactions in the future

In the future, such mutual transactions will still arise continuously. The Company has appointed the Audit Committee to be responsible to ensure that the disclosure of the Company's information in the case of connected transactions or transactions with possible conflicts of interest is correct and complete. Moreover, the Company has set up measures and procedure for the approval of mutual transactions in the future via compliance with the following methods:

- To follow normal business practice in general
- To have mutual transactions approved by the Company's Board of Directors (as deemed necessary)
- To disclose connected transactions as per the rules and regulations of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET)
- To disclose accounting standards stipulated by the Institute of Certified Accountants and Auditors of Thailand.

6) Investors protection standards

- Definite provisions have been set forth in the Company's regulations that the directors with vested interest in any case are not entitled to vote for that case.
- The Company shall disclose the type and value of mutual transactions together with the reasons for choosing to make such transactions to the Company's shareholders meeting in the annual report.

Currently, the Audit Committee of the Internet Thailand PCL. (INET) comprises of independent directors who have the qualification as specified in the Code of Best Practice and Guidelines for the Audit Committee of The Stock Exchange of Thailand (SET), namely, Professor Emeritus Achara Chandrachai, Ph.D, Chairman, Mr. Aran Permpiboon and Mr. Chavalit Uttasart, directors.

In 2010, the Audit Committee had organized 8 meetings which was the meeting between the management, the auditors and the internal audit in order to discuss and consider other matters. Their main duties could be summarized as follows:

Reviewed the quarterly and annual financial statements: The Audit Committee reviewed the quarterly and annual financial statements with the management and the auditors in the areas of the accounting policy used, significant changes during the year, accuracy and reliability of the financial and accounting reports, and adequate and timely disclosure, including its compliance with the accounting standard, Generally Accepted Accounting Principles, and any relevant rules and regulations before giving opinions on the abovementioned financial statements.

Reviewed the internal control system of the company: The Audit Committee examined and reviewed the internal control system with the auditors and the internal audit and had stated that the company had adequate and appropriate internal control system with no significant problems or errors. The internal control system had been revised to accommodate the changing circumstances in order for the company's operations to achieve the objective and be accordance with the relevant laws, rules and regulation.

Reviewed the risk management system: The Audit Committee had discussed with the Risk Management Committee in order to ensure that the company had risk management policy and framework, including having the appropriate and clear acceptable risk level. Moreover, the management and the employees had been informed about this so that they could implement the risk management process

Reviewed the related transactions: The Audit Committee: had reviewed the related transactions between the company and companies within the group and the transactions between the business groups to ensure that the company had operated according to the normal condition and had disclosed sufficient information.

Proposed the appointment of the auditor for the year 2011: After evaluated the performance of the auditor where their performance was in satisfactory level, the Audit Committee had considered and proposed the Ernst & Young Office Ltd., to be the auditor of the Internet Thailand PCL. for the year 2011 to the Board of Directors to consider and seek for approval at the 2011 Annual General Meeting of Shareholders.



(Professor Emeritus Achara Chandrachai, Ph.D)
Chairman of the Audit Committee

Explanation and Performance Analysis

The explanation and performance analysis should be considered together with the consolidated and separate financial statements, and the notes to financial statements. The financial statements of Mandala Communication Co., Ltd., a subsidiary, were included in the consolidated financial statements. Accordingly, the explanation and analysis of financial status and performance stipulated in this section refers to the explanation and analysis of financial status and performance of the Company and subsidiary as at 31 December of each year. The followings are the summary.

Overall

Our core businesses have been operated under quality and efficient policies to satisfy customer needs of all industries. To strengthen business opportunity and competitiveness of our customers, value-added services, e.g. modern solutions and applications, have been developed and offered consistently. In 2010, the Company improved efficiency of MetroLAN services for office buildings, via fiber optic network. A speed of ring network was upgraded to 10 Gigabit/ sec. Covering more than one million sq.m., this service supports a use of Internet applications or fast data transfer between organizations.

With our commitment and dedication to service development and enhancement, the Company was certified with ISO9001:2008 international quality standard for nine consecutive years on corporate services with dedicated line connection and Internet Data Center (IDC). Also, the Information Security Management System (ISMS) has been implemented in Internet Data Center (IDC), Corporate Nodes, and MetroLAN. The implementation will assure that the Company's service quality meets the international standard. Presently, the Company is preparing for applying the ISO/IEC 27001 : 2005 standard.

In addition, the Company has collaborated with a business partner to be a distributor of IsatPhone Pro, satellite mobile phones on the Immasat system. This collaboration aims to provide worldwide communication services during normal hours and emergency.

Social Service Activity: In 2010, the Company, in collaboration with NSTDA, provided assistance to flooding victims across the country by donating necessary supply and money. The Company performs this activity consistently and continuously.

Environmental Activity: The Company participated in the White Factory Project with the Social Security Office, to promote drug-free campaign in workplace. In addition, the Company received the awards on Outstanding Workplaces for Labor Relations for 3 consecutive years (2008 – 2010).

Overall Performance

In 2010, the Company's total income amounted Baht 410 million, a decrease of 29% compared with the 2009 figure. The net loss totaled Baht 13 million or 0.05 baht per share. The Company has loss before interest, tax, depreciation and amortization (EBITDA) at Baht 2 million, reduced by 104% from 2009, due to highly competitive Internet business.

In addition, the Company recognized profit sharing from an associated company, Netbay Co., Ltd., which the Company holds 40% share, in an amount of Baht 13 million. From the establishment at the end of 2004, profit sharing of Baht 20 million, or 223% of an initial investment, has been recognized. In 2010, Netbay Co., Ltd., paid dividend for 2009, totaling Baht 10 million, to the Company. The aforementioned dividend was recorded in other income in the separate financial statements.

At the end of 2010, the Company's liquidity was high, or 4.21 times, due to efficient cost management and debt collection from trade accounts receivable, finance lease receivables and unbilled service income receivable. As of 31 December 2010, cash, cash equivalents and current investments totaled Baht 415 million, increasing Baht 15 million, or 4%, from the 2009 figure.

Income from Sales and Services

The Company's services income amounted Baht 386 million, decreased by 31% compared with the 2009 figure, due to high competition of Internet markets mentioned above.

Sales income increased by Baht 18 million, or an increase of Baht 11 million compared with the 2009 figure.

In 2010, the income proportion of Internet access and business solutions was 44 : 56, as same as that in 2009.

Costs of Sales and Services

In 2010, the Company's costs of sales and services totaled Baht 292 million, decreased by 24% from the 2009 figure, due to the consistency between cost management of Internet Access and Business Solutions that related to all income.

Selling and Administrative Expenses

The Company had selling and administrative expenses of Baht 132 million. Due to efficient expense management, expenses declined by 21% compared with the 2009 figure.

Profit Sharing from an associated

In 2010, the Company earned profits from Netbay Co., Ltd., which was the associated company, totaling Baht 13 million.

Accordingly, the Company recognized dividend from associated company in the separate financial statement, in an amount of Baht 10 million. The dividend was recorded as other income.

Performance

In 2010, the Company's net loss amounted 13 Baht million, or 0.05 baht per share, and EBITDA was recorded loss at Baht 2 million.

Other Major Events

The meeting of the Board of Directors No. 2/2554 on 25 February 2011 passed the resolution to pay shareholders a dividend of approximately Baht 7.5 million, or 0.03 baht per share, for 2010 performance. The dividend was calculated from issued and paid-up shares, a total of 250,020,799 shares. The aforementioned dividend will be proposed to the 2011 Annual Meeting of Shareholders on 22 April 2011.

Financial Status

1. Asset

Asset's Components

At the end of 2010, the Company's assets amounted Baht 723 million, decreased by Baht 62 million, or 8%, compared with the 2009 figure. The major changes are summarized as follows.

Cash and cash equivalents, including current investments, totaled Baht 415 million, an increase by Baht 15 million or 4%, compared with the 2009 figure. This resulted from efficient debt collection from trade accounts receivable, finance lease receivables and unbilled service income receivable.

The investment in the associated company was Baht 34 million, or 8% higher than the 2009 figure.

The Company recognized profit sharing from the associated company in an amount of Baht 13 million and reduced the investment in the associated company, with cash dividend, in an amount of Baht 10 million.

Leasehold improvements and equipment – net, intangible assets – net valued Baht 6 million, due to depreciation and amortization of Baht 19 million. In 2010, the Company invested in equipment and intangible assets of Baht 13 million.

Asset's Quality

Account Receivable

As of 31 December 2010, the trade account receivable – net was worth Baht 60 million, or an increase of 10% compared with the 2009 figure, provided that 63% of the total amount was undue.

Service income undue declined by 59% due to efficient debt collection from unbilled service income receivable. As a result, the Company had higher cash and cash equivalents, current investments increasing 4% compared with the 2009 figure.

- Individuals and private sectors are granted credit for 45 days.
- Government agencies and state enterprises are granted credit for 90 days.

Net trade accounts receivable accounted for 8% of total assets, and the collection period for the trade accounts receivable was 51 days. This is better than the year 2009, in which the average collection period was 57 days. The table below demonstrates trade accounts receivable categorized by their age. As at December 31, 2010, current trade accounts receivable and trade account receivables overdue less than 3 months under the credit-granted policy amounted to Baht 52 million or accounted to 80% of total trade accounts receivable, which was inline with the Company's credit-granted policy and not causing any debt collection problem.

Trade account receivable comparison

Aging of accounts receivable	December 31, 2010		December 31, 2009	
	Million Baht	%	Million Baht	%
Current	40.80	62.66	39.12	64.96
Overdue less than 3 months	11.58	17.78	9.37	15.56
3 - 6 months	2.25	3.45	0.83	1.39
6 - 12 months	0.97	1.49	1.92	3.19
Over 12 months	9.52	14.62	8.98	14.90
Total trade accounts receivable	65.12	100.00	60.22	100.00
Less allowance for doubtful accounts	(5.48)	(8.42)	(5.81)	(9.65)
Receivables - Net	59.64	91.58	54.41	90.35

The Company has a policy to set allowance for doubtful accounts as follows:

- Individuals and private organizations
 - Doubtful accounts receivable (181-360 days overdue), allowance set of 50% of total outstanding.
 - Bad debts (more than 360 days overdue), allowance set of 100% of total outstanding.
- Government agencies or state enterprises accounts receivable, allowance considered based on case by case basis as seen appropriate.

In this respect, the Company set allowance for doubtful accounts for trade accounts receivable as at December 31, 2010 stood at Baht 5.48 million. This was in accordance with the Company's policy on setting of allowance for doubtful accounts that is believed to be sufficient.

2. Liquidity

Cash Flow

At the end of 2010, liquidity of the Company was as high as 4.21 times. This resulted from the Company focusing on effective cost and expense management as well as emphasizing on accelerating the call for debt collection in cash from trade accounts receivable, financial lease receivables and unbilled service income receivable. Cash flow in the Company's activities was as follows:

Cash flow from operating activities of the Company had cash from business operations amounted to Baht 30 million. This came from cash collection from financial lease receivables and unbilled service income receivable totaled at Baht 85 million. Moreover, the Company paid for operating liabilities amounted to Baht 41 million and cash received from interest receivables in the amount of Baht 6 million.

Cash flow from investment activities of the Company was paid in cash amounted to Baht 95 million. This amount was a part of dividend received in cash from Netbay Co., Ltd. in the amount of Baht 10 million. In addition, the Company invested to purchase equipment and intangible assets totaled to Baht 13 million. Excluding cash, currents investments and investments in available-for-sale amounted to Baht 92 million, the Company has net cash used in investing activities of Baht 3 million.

Cash flow from financing activities was the dividend payment for the year 2009 in the amount of Baht 13 million.

As summarized, at the end of 2010, the Company's cash and currents investments totaled Baht 415 million, increased by Baht 15 million or by 4% compared with 2009.

Additionally, the Company has been granted bank overdrafts from a number of commercial banks in the total amount of Baht 14 million. This amount is reserved for use in necessity or emergency situation. At present, those bank overdrafts have yet to be withdrawn for use.

Liquidity ratios are summarized as follows:

	<u>2010</u>	<u>2009</u>
Current Ratio (times)	4.21	3.67
Quick Ratio (times)	3.89	3.43
Cash and currents investments (Baht million)	415	401

3. Capital Expenditures

In 2010, the Company purchased equipment and intangible assets for use in its business operations totaling Baht 13 million.

4. Sources of Funds

Appropriateness of Capital Structure

At the end of 2010, registered capital of the Company remained at Baht 333 million, which was paid-up capital amounting to Baht 250 million. As at December 31, 2010, debt-to-equity ratio of the Company was on a low level or at 0.23 times, or considered to be a better ratio than the year 2009 which was at 0.29 times.

Shareholders' Equity

At the end of 2010, the Company's shareholders' equity was at Baht 586 million. This amount consisted of issued and paid-up shares in the amount of Baht 250 million, premium on ordinary shares amounted to Baht 272 million, legal reserve amounted to Baht 25 million and retained and unappropriated earnings remained at Baht 39 million or at Baht 2.34 per share on book value (as its par value is Baht 1 per share)

Liabilities

As the end of 2010, total liabilities of the Company totaled Baht 137 million, mostly current liabilities accounted for 99.83% of total liabilities which mostly were trade accounts payable and unbilled service costs which were decreased by 10% and 38%, respectively.

Key Financial Ratio

Financial Ratio	2010	2009	2008
Liquidity Ratios			
Current Ratio (times)	4.21	3.67	3.00
Quick Ratio (times)	3.89	3.43	2.79
Activity Ratios			
Account Receivable Turnover (times)	7.09	6.42	4.46
Collection Period (days)	51	57	82
Fixed Asset Turnover (times)	6.23	7.44	6.27
Asset Turnover (times)	0.54	0.71	0.71
Financial Policy Ratios			
Debt-to-Equity Ratio (times)	0.23	0.29	0.38
Debt-to-Asset Ratio (times)	0.19	0.22	0.27
Dividend Payout Ratio (%) ^{1/}	N/A	102.38	N/A
Profitability Ratios			
Gross Profit Margin (%)	27.75	32.46	16.43
Net Profit Margin (%)	(3.10)	2.12	(4.98)
Operating Income Margin (%)	(8.26)	0.77	(8.69)
Return on Assets (%)	(2.75)	1.91	(4.77)
Return on Equity (%)	(2.12)	2.00	(4.68)
Per Share Informations			
Book value per share (Baht)	2.34	2.44	2.44
Earnings (Loss) per share (Baht) ^{2/}	(0.05)	0.05	(0.12)
Dividend per share (Baht) ^{1/, 2/}	0.03	0.05	0.05

Remarks : 1/ - 2010, the Board of Directors approved and deemed it appropriate to propose to the General shareholder's meeting to consider dividend payment for 2010 at the rate of Baht 0.03 per share. The dividend payment would be proposed to the Annual General Meeting of shareholder to consider for approval on April 22, 2011.

- 2009, the Company paid dividends from retained earning at the rate of Baht 0.05 per share by paying from retained earnings to shareholders on May 14, 2010. Consolidated company's operation results were used in calculation of the dividend payment rate.

- 2008, the Company paid dividends at the rate of Baht 0.05 per share by paying from retained earnings to shareholders on May 15, 2009.

2/ Calculated from weighted average number of ordinary shares issued and period

Auditor's Remuneration

1. Audit fee

The Company paid audit fee to:

- The Company's auditor amounted to 950,000 Baht.
- The subsidiary company's auditor amounted to 84,000 Baht.

2. Non-audit fee

- None

Report of the Board of Directors' Responsibilities for Financial Statements

The Board of Directors of Internet Thailand Public Company Limited ("the Company") is responsible for the Company's financial statements and information of the company and the subsidiary company that are reported in the Annual Report. The aforementioned financial statements have been prepared in accordance with Generally Accepted Accounting Principles, demonstrating the accurate and complete information regarding the financial status, operation results worked out with absolute prudence and adherence to the practice of adequately disclosing significant information as indicated in the notes to financial statements. All in all, both the shareholders and general investors would benefit from this remarkable transparency.

In addition, the Board of directors has appointed an Audit Committee to be responsible for the financial statement and adequately disclosure to be accordance with Accounting Principles appropriated with the business operation and provide the efficiently internal control systems. The comments of the Audit Committee on these issues are presented in the Audit Committee's Report available in the Annual Report.

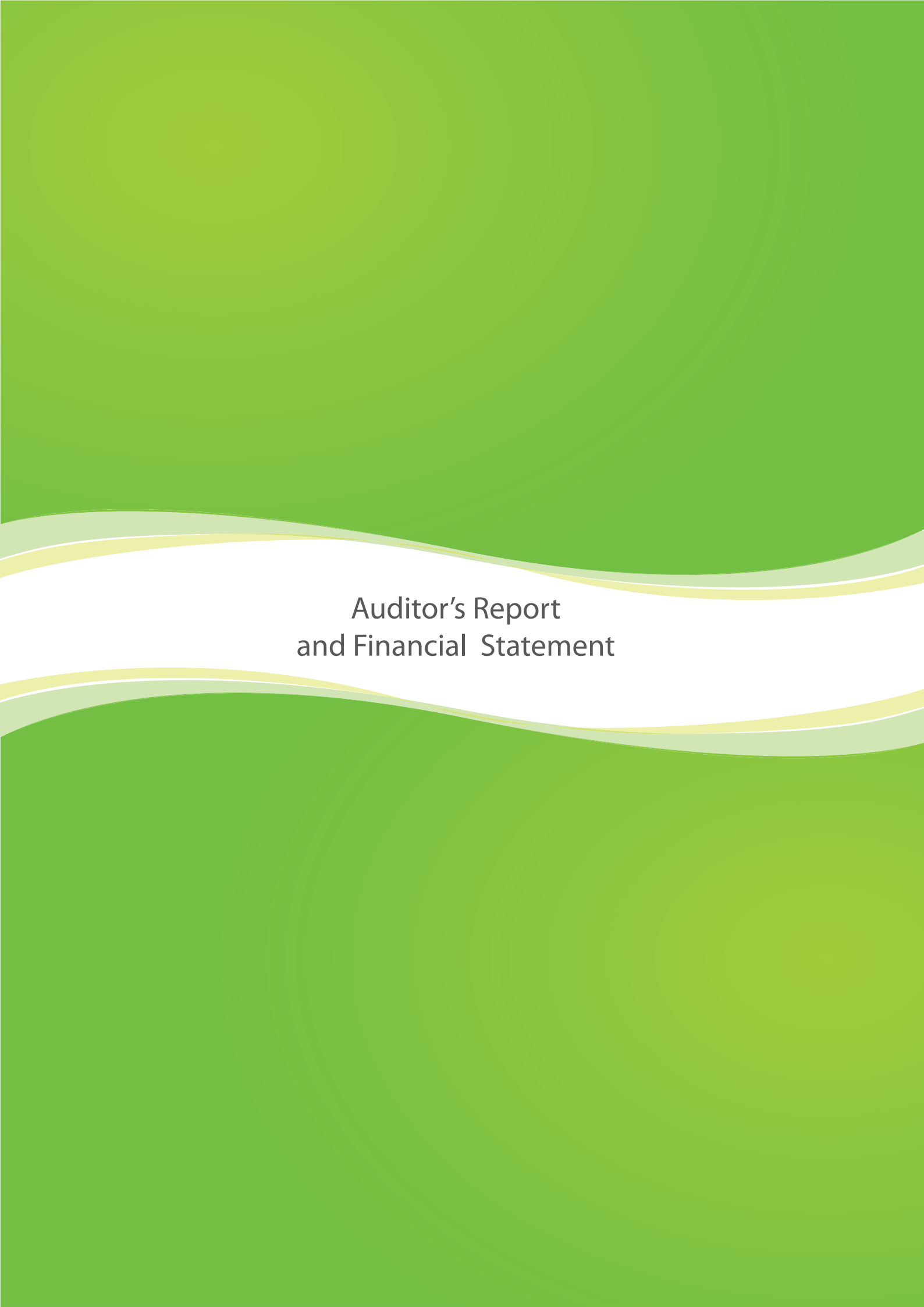
The Board of directors believes that the Company's overall effective internal control systems can be trusted with justifiable financial statements of Internet Thailand Public Company Limited as of December 31, 2010. The Company's auditor conducted his audits in accordance with generally accepted auditing standard and expressed an opinion on the financial statement and the results of its operation in accordance with Generally Accepted Accounting Principles



(Prof. Dr. Pairash Thajchayapong)
Chairman of the Board



(Dr. Pairoj Supamongkol)
President & CEO

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Auditor's Report and Financial Statement

To the Shareholders of Internet Thailand Public Company Limited

I have audited the accompanying balance sheet of Internet Thailand Public Company Limited and its subsidiary as at 31 December 2010, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of Internet Thailand Public Company Limited for the same period. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated financial statements of Internet Thailand Public Company Limited and its subsidiary, and the separate financial statements of Internet Thailand Public Company Limited for the year ended 31 December 2009, as presented herein for comparative purposes, were audited by another auditor of our firm, who expressed an unqualified opinion on those statements, under her report dated 26 February 2010.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Internet Thailand Public Company Limited and its subsidiary and of Internet Thailand Public Company Limited as at 31 December 2010, and the results of their operations and cash flows for the years then ended in accordance with generally accepted accounting principles.



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

Ernst & Young Office Limited

Bangkok: 25 February 2011

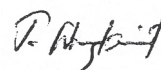
Balance Sheets

As at 31 December 2010 and 2009

		(Unit:Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Assets					
Current assets					
Cash and cash equivalents	6	145,788,301	227,172,876	143,929,145	226,926,986
Current investments					
Short-term investments	7	169,891,238	173,561,576	169,891,238	173,561,576
Investments in available-for-sale	7	99,562,658	-	99,562,658	-
Trade accounts receivable					
Related parties	8.2, 9	8,453,980	10,943,684	8,458,878	10,953,465
Unrelated parties	9	51,189,213	43,463,933	51,050,541	43,463,933
Unbilled service income receivable	8.2, 10	57,750,345	141,620,167	57,750,345	141,620,167
Receivable from and loan to an unrelated party 11		-	-	-	-
Current portion of finance lease receivables	12	-	-	-	-
Inventories - net	13	2,831,091	910,907	2,831,091	910,907
Other current assets		40,466,515	41,715,613	39,952,037	41,380,713
Total current assets		575,933,341	639,388,756	573,425,933	638,817,747
Non-current assets					
Finance lease receivables - net					
of current portion	12	1,296,000	2,412,000	1,296,000	2,412,000
Investment in a subsidiary	14	-	-	4,999,960	4,999,960
Investment in an associated company	15	33,990,266	31,520,523	19,999,900	19,999,900
Leasehold improvements and equipment - net	16	48,278,687	52,997,488	46,826,405	50,914,219
Intangible assets - net	17	14,422,381	15,978,918	14,397,037	15,972,199
Deferred income tax assets	18	33,379,695	25,338,135	33,379,695	25,338,135
Other non-current assets		15,574,728	17,685,870	15,574,728	17,685,870
Total non-current assets		146,941,757	145,932,934	136,473,725	137,322,283
Total assets		722,875,098	785,321,690	709,899,658	776,140,030



Mr. Noppanat Hutcharoen
(Director)



Ms. Tanwadee Wongterarit
(Director)

The accompanying note are an integral part of the financial statements

Balance Sheets (Continued)

As at 31 December 2010 and 2009

		(Unit:Baht)			
		Consolidated financial statements		Separate financial statements	
Note		2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable					
Related parties	8.2	9,796,185	6,377,039	10,020,999	7,652,290
Unrelated parties		77,885,721	91,028,747	77,724,065	90,165,960
Unbilled service costs		20,318,539	33,027,877	20,318,539	33,027,877
Accounts payable - others		6,319,544	16,976,220	6,305,618	16,952,576
Unearned service income		6,898,382	8,214,327	6,898,383	8,214,327
Accrued expenses		2,696,331	8,851,253	2,515,591	8,786,401
Other current liabilities		13,017,966	9,586,525	12,818,127	9,480,901
Total current liabilities		136,932,668	174,061,988	136,601,322	174,280,332
Non-current liabilities					
Other non-current liabilities		231,993	306,870	231,993	306,870
Total non-current liabilities		231,993	306,870	231,993	306,870
Total liabilities		137,164,661	174,368,858	136,833,315	174,587,202
Shareholders' equity					
Share capital					
Registered					
333,333,333 ordinary shares of Baht 1 each		333,333,333	333,333,333	333,333,333	333,333,333
Issued and paid-up					
250,020,799 ordinary shares of Baht 1 each		250,020,799	250,020,799	250,020,799	250,020,799
Share premium		272,133,956	272,133,956	272,133,956	272,133,956
Unrealised loss					
Revaluation deficit on changes in values of investments	7	(33,696)	-	(33,696)	-
Retained earnings					
Appropriated - statutory reserve	19	24,688,965	24,688,965	24,688,965	24,688,965
Unappropriated		38,900,321	64,109,026	26,256,319	54,709,108
Equity attributable to the parent's shareholders		585,710,345	610,952,746	573,066,343	601,552,828
Equity attributable to minority shareholders of a subsidiary					
		92	86	-	-
Total shareholders' equity		585,710,437	610,952,832	573,066,343	601,552,828
Total liabilities and shareholders' equity		722,875,098	785,321,690	709,899,658	776,140,030

The accompanying note are an integral part of the financial statements

Statements of Income

For the years ended 31 December 2010 and 2009

(Unit:Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Service income	8.1	385,677,011	561,265,767	385,115,411	561,035,059
Sales		18,410,496	7,786,168	18,410,496	7,786,168
Costs of services	8.1	(277,296,414)	(378,790,219)	(278,458,023)	(380,926,362)
Costs of sales		(14,660,943)	(5,553,510)	(14,762,950)	(5,678,427)
Gross profit		112,130,150	184,708,206	110,304,934	182,216,438
Other income		6,016,746	6,077,738	16,428,629	22,198,972
Profit before operating expenses		118,146,896	190,785,944	126,733,563	204,415,410
Selling expenses		(61,831,516)	(92,315,570)	(59,244,044)	(90,152,564)
Administrative expenses		(70,367,148)	(75,533,867)	(72,175,684)	(75,380,837)
Directors and management remuneration	8.1	(19,307,600)	(18,533,800)	(19,307,600)	(18,533,800)
Income (loss) before share of profit from an associate		(33,359,368)	4,402,707	(23,993,765)	20,348,209
Share of profit from an associated company	15.2	12,609,693	11,121,330	-	-
Income (loss) before finance cost and corporate income tax		(20,749,675)	15,524,037	(23,993,765)	20,348,209
Finance cost		(224)	(41)	(224)	(41)
Income (loss) before corporate income tax		(20,749,899)	15,523,996	(23,993,989)	20,348,168
Corporate income tax	21	8,041,560	(3,313,803)	8,041,560	(3,313,803)
Net income (loss)		(12,708,339)	12,210,193	(15,952,429)	17,034,365
Net income (loss) attributable to:					
Equity holders of the parent		(12,708,345)	12,210,192	(15,952,429)	17,034,365
Minority shareholders of a subsidiary		6	1	-	-
		(12,708,339)	12,210,193	(15,952,429)	17,034,365
Earnings per share	22				
Basic earnings per share					
Net income (loss) attributable to equity holders of the parent		(0.05)	0.05	(0.06)	0.07

The accompanying note are an integral part of the financial statements

Statements of Change in Shareholders' Equity

For the years ended 31 December 2010 and 2009

(Unit:Baht)

Consolidated financial statements									
Equity attributable to the parent's shareholders									
		Revaluation				Total equity	Equity attributable		
		Issued and	Share	deficit on changes	Retained earnings		attributable to	to minority	
		paid-up	premium	in value of	Statutory	Unappropriated	the parent's	shareholders of	
Note		share capital		investments	reserve		shareholders	a subsidiary	Total
Balance as at 31 December 2008		250,020,799	272,133,956	-	23,837,247	65,250,912	611,242,914	115	611,243,029
Net income		-	-	-	-	12,210,192	12,210,192	1	12,210,193
Total income for the year		-	-	-	-	12,210,192	12,210,192	1	12,210,193
Dividend paid	24	-	-	-	-	(12,500,360)	(12,500,360)	-	(12,500,360)
Unappropriated retained earnings transferrend to statutory reserve	19	-	-	-	851,718	(851,718)	-	-	-
Minority interest - equity attributable to minority shareholders of subsidiaries		-	-	-	-	-	-	(30)	(30)
Balance as at 31 December 2009		250,020,799	272,133,956	-	24,688,965	64,109,026	610,952,746	86	610,952,832
Balance as at 31 December 2009		250,020,799	272,133,956	-	24,688,965	64,109,026	610,952,746	86	610,952,832
Expenses recognised directly in equity:									
Investment in available-for-sale securities									
Loss recognised in shareholders' equity	7	-	-	(33,696)	-	-	(33,696)	-	(33,696)
Net expenses recognised directly in equity		-	-	(33,696)	-	-	(33,696)	-	(33,696)
Net loss for the year		-	-	-	-	(12,708,345)	(12,708,345)	6	(12,708,339)
Total expenses for the year		-	-	(33,696)	-	(12,708,345)	(12,742,041)	6	(12,742,035)
Dividend paid	24	-	-	-	-	(12,500,360)	(12,500,360)	-	(12,500,360)
Balance as at 31 December 2010		250,020,799	272,133,956	(33,696)	24,688,965	38,900,321	585,710,345	92	585,710,437

(Unit:Baht)

Separate financial statements							
Note	Issued and paid-up share capital	Revaluation deficit on changes		Statutory reserve	Retained earnings - Unappropriated	Total	
		Share premium	in value of investments				
Balance as at 31 December 2008	250,020,799	272,133,956	-	23,837,247	51,026,821		597,018,823
Net income	-	-	-	-	17,034,365		17,034,365
Total income for the year	-	-	-	-	17,034,365		17,034,365
Dividend paid	24	-	-	-	(12,500,360)		(12,500,360)
Unappropriated retained earnings transferred to statutory reserve	19	-	-	851,718	(851,718)		-
Balance as at 31 December 2009	250,020,799	272,133,956	-	24,688,965	54,709,108		601,552,828
Balance as at 31 December 2009	250,020,799	272,133,956	-	24,688,965	54,709,108		601,552,828
Expenses recognised directly in equity:							
Investment in available-for-sale securities							
Loss recognised in shareholders' equity	7	-	-	(33,696)	-	-	(33,696)
Net expenses recognised directly in equity		-	-	(33,696)	-	-	(33,696)
Net loss for the year		-	-	-	(15,952,429)		(15,952,429)
Total expenses for the year		-	-	(33,696)	-	(15,952,429)	(15,986,125)
Dividend paid	24	-	-	-	(12,500,360)		(12,500,360)
Balance as at 31 December 2010	250,020,799	272,133,956	(33,696)	24,688,965	26,256,319		573,066,343

The accompanying note are an integral part of the financial statements

Statements of Cash Flows

For the years ended 31 December 2010 and 2009

(Unit:Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Cash flows from operating activities					
Net income (loss) before tax		(20,749,899)	15,523,996	(23,993,989)	20,348,168
Adjustments to reconcile net income (loss) before tax to net cash provided by (paid from) operating activities					
Share of profit from an associated company	15.2	(12,609,693)	(11,121,330)	-	-
Dividend income from an associated company	15.2	-	-	(10,139,950)	(16,123,256)
Depreciation and amortisation	16, 17	19,058,958	23,604,631	18,400,971	23,045,757
Amortisation of prepaid insurance expense		1,110,359	2,168,112	1,110,359	2,168,112
Bad debt and doubtful accounts (reversal)	9	(95,771)	24,868,884	(95,771)	24,868,884
Provision for diminution in value of inventories	13	-	764,881	-	764,881
(Gains) loss on disposals of equipment		(53,033)	954,476	(53,033)	942,435
Amortisation of deferred interest income to be revenue	12	-	(53,168)	-	(53,168)
Interest income		(4,853,221)	(5,204,779)	(4,851,765)	(5,202,762)
Income from operating activities before changes in operating assets and liabilities					
		(18,192,300)	51,505,703	(19,623,178)	50,759,051
(Increase) decrease in operating assets					
Trade accounts receivable		(5,139,805)	56,291,141	(4,996,250)	56,286,178
Unbilled service income receivable		83,869,822	128,648,430	83,869,822	128,648,430
Finance lease receivables	12	1,116,000	3,652,471	1,116,000	3,652,471
Inventories		(1,920,184)	4,583,610	(1,920,184)	4,583,610
Other current assets		(333,755)	2,746,369	(370,869)	2,773,391
Other non-current assets		2,111,142	339,523	2,111,142	339,523
Increase (decrease) in operating liabilities					
Trade accounts payable		(9,723,880)	(27,140,866)	(10,073,186)	(26,884,403)
Unbilled service costs		(12,709,338)	(32,135,616)	(12,709,338)	(32,135,616)
Accounts payable - others		(10,656,676)	5,733,743	(10,646,958)	5,716,576
Unearned service income		(1,315,945)	(3,349,776)	(1,315,944)	(3,349,776)
Accrued expenses		(6,154,922)	4,314,459	(6,270,811)	4,302,607
Other current liabilities		3,431,441	(2,689,415)	3,337,226	(2,777,064)
Other non-current liabilities		(74,877)	-	(74,877)	-
Cash from operating activities		24,306,723	192,499,776	22,432,595	191,914,978
Cash received on interest income		5,526,327	4,882,846	5,524,871	4,880,830
Cash refund from (paid for) corporate income tax		(200,612)	(4,089,003)	16,081	(3,960,123)
Net cash flows from operating activities		29,632,438	193,293,619	27,973,547	192,835,685

The accompanying note are an integral part of the financial statements

Statements of Cash Flows (Continued)

For the years ended 31 December 2010 and 2009

(Unit:Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Cash flows from investing activities					
Decrease (increase) in short-term investments	7	(16,601)	30,841,300	(16,601)	30,841,300
Decrease (increase) in cash at banks and current investments					
subject to withdrawal restrictions	6, 7	7,407,519	(516,464)	7,407,519	(516,464)
Increase in investment in available-for-sales securities	7	(99,596,354)	-	(99,596,354)	-
Cash paid for investment in a subsidiary		-	-	-	(30)
Cash paid for investment in subsidiary		-	(30)	-	-
Dividend received from associated company		-	(15,999,960)	-	(15,999,960)
Purchase share of subsidiary from minority interest	15.2	10,139,950	16,123,256	10,139,950	16,123,256
Cash paid for purchases of equipment	16	(11,171,686)	(31,951,640)	(11,147,786)	(31,388,363)
Cash paid for intangible assets	17	(1,688,963)	(1,146,758)	(1,667,238)	(1,146,758)
Proceeds from disposals of equipment		130,062	131,775	130,062	131,775
Net cash used in investing activities		(94,796,073)	(2,518,521)	(94,750,448)	(1,955,244)
Cash flows from financing activities					
Dividends paid	24	(12,500,360)	(12,500,360)	(12,500,360)	(12,500,360)
Net cash flows used in financing activities		(12,500,360)	(12,500,360)	(12,500,360)	(12,500,360)
Net increase (decrease) in cash and cash equivalents		(77,663,995)	178,274,738	(79,277,261)	178,380,081
Cash and cash equivalents at beginning of the years		223,452,296	45,177,558	223,206,406	44,826,325
Cash and cash equivalents at end of the years	6	145,788,301	223,452,296	143,929,145	223,206,406
Supplemental significant non-cash transaction:					
Decrease in intangible assets by transferring					
to other receivable		-	25,000,000	-	25,000,000

The accompanying note are an integral part of the financial statements

Note to Financial Statements

For the years ended 31 December 2010 and 2009

1. General information

Internet Thailand Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company listed on the Stock Exchange of Thailand on 14 November 2001 and has been engaging in the provision of telecommunication services including internet access services. The Company's registered office is located at No. 1768 Thai Summit Tower, 10th - 12th Floors, and the IT Floor, New Petchburi Road, Bangkapi Sub-district, Huay Khwang District, Bangkok.

2. Basis for preparation

2.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547, except for the early adoption of Thai Accounting Standard No. 12 "Income taxes" as announced in the Report Gazette on 26 May 2010.

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

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

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

2.2 Basis of consolidation

(a) The consolidated financial statements include the financial statements of Internet Thailand Public Company Limited ("the Company") and subsidiary company ("the subsidiary")

Company's name	Type of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated totals as at 31 December		Revenue included as a percentage to the consolidated total revenues for the year 31 December	
			2010	2009	2010	2009	2010	2009
Mandala Communications Co., Ltd.	Telecommunication Business and Related services	Thailand	99.99	99.99	0.59	0.50	2.27	0.85

(b) Subsidiary's is fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

(c) The financial statements of the subsidiary are prepared using the same significant accounting policies as the company.

(d) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.

(e) Minority interests represent the portion of net income or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

2.3 The separate financial statements, which present investment in a subsidiary and an associate under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):
Framework for the Preparation and Presentation of Financial Statements (revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:	
TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognized as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. Currently, the Company accounts for such employee benefits when they are incurred.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

4. Significant accounting policies

4.1 Revenue and expense recognition

(a) Sales of goods

Sales of goods are recognised as revenue when the Company and its subsidiary passed the significant risks and rewards of ownership of the goods to the buyer. Sales are presented at the invoiced value, excluding value added tax, of goods supplied after deducting discounts.

(b) Rendering of service

Service revenue under operating contracts are recognised as revenue under the percentage of completion method. The expected loss on unprofitable contracts is recognised as soon as such loss can be foreseen.

Internet services income is recognised as revenue based on actual time usage.

Other services income is recognised as revenue when services have been rendered with reference to the stage of completion.

(c) Interest income and dividends on investments

Interest income is recognised as an accrual basis based on the effective interest rate. Dividends is recognised when the right to receive the dividends is established.

(d) Expenses

Expenses are recognised on an accrual basis.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable and allowance for doubtful accounts

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

4.4 Unbilled service income receivables

The Company records the excess of recognised service income and service income for which invoices have been issued under the caption of "unbilled service income receivables" which has been shown as current assets in the balance sheets.

4.5 Finance lease receivables

Finance lease receivables are stated at outstanding balances net off deferred interest income and unearned related service income and allowance for doubtful accounts (if any).

4.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined by the first-in, first-out method. The Company sets up provision for diminution in value of inventories when inventories were obsolete, slow-moving or deteriorated.

4.7 Investments

- a) Short-term investment included promissory notes, term deposit with banks with maturity period of longer than 3 months but not longer than one year or term deposits with banks with an original maturity of three months or less, which the Company and its subsidiary intend to roll-over or reinvest when due.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded as gains or losses in the income statement when the securities are sold.
- c) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association or yield rate of government bond adjusted by an appropriate risk factor, as the case may be. The fair value of unit trusts is determined from their net asset value.

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

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded as gains or losses in the income statement or recorded as surplus (deficit) from changes in the value of investments in shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as income or expenses in the income statement. If the Company disposes of only part of the investment, the carrying value per share used to calculate the cost of the portion sold is determined using the weighted average method.

4.8 Leasehold improvements and equipment

Leasehold improvements and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation of leasehold improvements and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives as follows

Leasehold improvement	a lease period of 3 years
Network equipment	5 and 10 years
Computer equipment	5 years
Office equipment	5 years
Motor vehicles	5 years

Depreciation is included in statements of income.

4.9 Intangible assets

Intangible assets are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year-end. The amortisation expense is charged to the income statements.

The Company's intangible assets with finite useful lives consist of software licenses and softwares under development, which have an estimated useful life of 10 years.

4.10 Long-term leases

Long-term leases which transfer substantially all the risks and rewards of ownership to the Company and its subsidiary as being lessees, are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as long-term liabilities, while the interest element is charged to the statements of income over the lease periods. The assets acquired under finance leases are depreciated over the shorter of the useful lives of the leased assets and the lease periods.

In the case where the Company and its subsidiary enter in to the lease contracts as the lessee and the lessor retain all the significant risk and rewards of ownership of these properties. These contracts are treated as operating leases. Lease payments under the operating lease contracts are charged to the statements of income over the lease periods.

4.11 Income tax

a) Current tax

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

b) Deferred tax

Deferred income tax is calculated based on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, by using the enacted tax rate at the balance sheet date.

The Company recognises deferred tax liabilities for taxable temporary differences and recognises deferred tax assets for deductible temporary differences and tax losses carried forward. The Company recognises deferred tax assets to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

4.12 Impairment of assets

At each reporting sheet date, the Company performs impairment reviews in respect of the leasehold improvements and equipment or intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining fair value less costs to sell, the Company assess the value, which reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable and willing unrelated parties, after deducting the costs of disposal. In determining value in use, the estimated

future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

4.13 Provision

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

4.14 Foreign currency

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the balance sheet dates.

Gains and losses on exchange are included in statements of income.

4.15 Employee benefits

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

4.16 Related party transactions

Related parties comprise enterprises or individuals that control or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries in the same group. In addition, related parties include associates and individuals which directly or indirectly own a voting interest in the Company that gives them a significant influence over the Company, key management personnel, and directors and officers, together with close members of the families of such persons and companies which are controlled or influenced by them.

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

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

5.1 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and long-term volatility of financial instruments.

5.2 Allowance for doubtful accounts

Allowances for doubtful accounts on trade account receivables are intended to adjust the value of receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses on outstanding trade accounts receivable for each trade debtor based on overdue aging analysis of each debtor, historical experience on collection from debtors and the current economic condition. However, the use of different estimates and assumptions could affect the amounts of allowances for doubtful accounts and adjustments to the allowances may therefore be required in the future.

5.3 Impairment of investment in subsidiary

In considering impairment of investment in a subsidiary, the Company assesses the fair value of investment in its subsidiary by the present value of future cash flows generated by the subsidiary, discounted by a discount rate determined by the Company's management. The cash flow projections based on financial budgets covering a five-year period, which reflect the subsidiary's business plan. Key assumptions used for calculations are growth rates, expense to revenue ratios and a discount rate. Management determines such rates based on past performance and its expectations for market development. The discount rate used is pre-tax and reflects specific risks relating to the business. The value derived from the afore-mentioned method may vary due to changes in competitive

forces, revenue structure, cost structure, discount rate, industrial conditions and economic conditions.

5.4 Equipment and depreciation

In calculating depreciation of equipment, the management uses judgment to estimate useful lives and salvage values of the Company's equipment and reviews estimated useful lives and salvage values if there are any changes.

5.5 Intangible assets

The initial recognition and measurement of intangible assets and subsequent impairment assessment require management to make subjective judgments concerning estimates of values of the acquired asset, including the use of discounted cash flow technique. In addition, the management estimates useful lives of the Company's intangible assets and reviews the estimated useful lives if there are any changes.

5.6 Finance leases/Operating leases

When entering into lease agreements, the management considers and assesses the extent of risks and rewards the owner of the leased asset is entitled to and conclude that has determined, if the lessor retains all the significant risk and rewards of ownership of the asset such lease contract is treated as an operating lease whereas the Company as being the lessee retains all the significant risk and rewards of ownership of the asset, such contract is treated as a finance lease.

5.7 Deferred income tax assets

The Company records deferred income tax assets, which require management's judgment and estimate in assessment of its ability to generate profit in the future and considers whether it is highly probable that the Company will generate sufficient taxable profits from its future operations adequately to utilise such recorded deferred income tax assets.

6. Cash and cash equivalents

As at 31 December 2009 and 2008, cash and cash equivalents, are as follows:

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash	514,742	438,617	503,517	427,392
Cash at banks - at call	18,171,438	13,552,289	16,323,506	13,317,624
Highly liquid short-term investments	127,102,121	213,181,970	127,102,121	213,181,970
Total cash and cash equivalents	145,788,301	227,172,876	143,929,145	226,926,986
Less: Cash at banks - at call or short-term investment subject to guarantee obligations	-	(3,720,580)	-	(3,720,580)
Cash and cash equivalents - net	145,788,301	223,452,296	143,929,145	223,206,406

As at 31 December 2009, cash at banks amounting to Baht 3.7 million are pledged as collateral against operating contracts and letters of guarantee issued by banks on behalf of the Company as already described in Note 25.

7. Current investments

As at 31 December 2010 and 2009, short-term investments consisted of the following:

(Unit:Baht)

	Consolidated and Separate financial statements			
	2010		2009	
	Cost	Fair value	Cost	Fair value
Short-term investments				
Term deposits with banks	105,023,596	105,023,596	98,502,138	98,502,138
Promissory notes	64,867,642	64,867,642	75,059,438	75,059,438
Total short-term investments	169,891,238	169,891,238	173,561,576	173,561,576
Available-for-sale securities				
Equity securities	3,794,177	3,791,950	-	-
Debt securities	95,802,177	95,770,708	-	-
Total available-for-sale securities	99,596,354	99,562,658	-	-
Less: Unrealised loss on changes in values of investments	(33,696)	-	-	-
Available-for-sale securities - net	99,562,658	99,562,658	-	-
Total current investments	269,453,896	269,453,896	173,561,576	173,561,576
Less: Current investments subject to withdrawal restrictions	(11,785,000)	(11,785,000)	(15,471,939)	(15,471,939)
Current investments-net	257,668,896	257,668,896	158,089,637	158,089,637

As at 31 December 2010 and 2009, the Company's term deposits amounting to Baht 11.8 million and Baht 15.5 million, respectively, are pledged as collateral against letters of guarantee issued by banks on behalf of the Company as already described in Note 25.

8. Related party transactions

The National Science and Technology Development Agency ("NSTDA"), CAT Telecom Public Company Limited ("CAT Telecom") and TOT Public Company Limited ("TOT") hold 17%, 16% and 16% of the Company's equity interest, respectively, and have representatives on the Company's Board of Directors. They are therefore considered related parties.

Mandala Communications Co., Ltd. and Netbay Co., Ltd. are a subsidiary and an associate, respectively.

8.1 Transaction during the periods

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

						(Unit:Baht)
	Relationship	Consolidated financial statements		Separate financial statements		Transfer Pricing policy
		2010	2009	2010	2009	
<u>Service income</u>						
Mandala Communications Co., Ltd.	Subsidiary	-	-	-	-	Market price
Net Bay Co., Ltd.	Associate	1,315,000	1,516,798	1,315,000	1,516,798	Market price
A related party	The Company's shareholder	5,907,783	102,586,034	5,907,783	102,586,034	Construction contract:
		7,222,783	104,102,832	7,222,783	104,102,832	contract price, other: market price
<u>Other income</u>						
Mandala Communications Co., Ltd.	Subsidiary	-	-	280,000	4,108,824	Market price
<u>Service expenses (Included in "Cost of services")</u>						
Related parties	The Company's shareholder	82,193,615	106,392,950	82,193,615	106,392,950	Construction contract: contract price. other: market price
<u>Equipments rental expenses (Included in "Cost of services")</u>						
Mandala Communications Co., Ltd.	Subsidiary	-	-	6,591,005	4,108,824	Market price
<u>Fixed asset acquisition</u>						
Mandala Communications Co., Ltd.	Subsidiary	-	-	-	551,626	Market price
<u>Service expenses (Included in "Cost of services")</u>						
Mandala Communications Co., Ltd.	Subsidiary	-	-	2,000,000	4,108,824	Market price

Directors and management's remuneration

In 2010, Company and its subsidiary had salaries, bonuses, meeting allowances and gratuities of their directors and management recognised as expenses totalling Baht 19.31 million (2009: Baht 18.53 million) (the Company only: Baht 19.31 million, 2009: Baht 18.53 million).

8.2 Outstanding balances at the end of the years

As at 31 December 2010 and 2009, the outstanding balances of the transactions between the Company and its related parties and persons can be summarised as follows:

		(Unit:Baht)			
		Consolidated financial statements		Separate financial statements	
	Relationship	2010	2009	2010	2009
Trade accounts receivable					
Mandala Communications Co., Ltd.	Subsidiary	-	-	4,898	9,781
Net Bay Co., Ltd.	Associate	49,600	20,561	49,600	20,561
A related party	The Company's shareholder	8,404,380	10,923,123	8,404,380	10,923,123
		8,453,980	10,943,684	8,458,878	10,953,465
Unbilled service income					
A related party	The Company's shareholder	57,750,345	141,620,167	57,750,345	141,620,167
Trade accounts payable					
Mandala Communications Co., Ltd.	Subsidiary	-	-	224,814	1,275,251
Related parties	The Company's shareholders	9,796,185	6,377,039	9,796,185	6,377,039
		9,796,185	6,377,039	10,020,999	7,652,290

9. Trade accounts receivable

The balance of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due dates, are summarised below.

		(Unit:Baht)					
		Consolidated financial statements					
		2010			2009		
		Related parties	Unrelated parties	Total	Related parties	Unrelated parties	Total
Current		965,804	39,839,483	40,805,287	2,925,082	36,195,943	39,121,025
Overdue							
less	than 3 months	913,090	10,667,080	11,580,170	1,999,772	7,364,861	9,364,633
	3 - 6 months	624,381	1,621,071	2,245,452	783,490	50,860	834,350
	6 - 12 months	958,120	13,406	971,526	1,615,777	306,678	1,922,455
	Over 12 months	4,992,585	4,529,360	9,521,945	3,619,563	5,355,563	8,975,126
Total trade accounts							
receivable		8,453,980	56,670,400	65,124,380	10,943,684	49,273,905	60,217,589
Less: Allowance for							
doubtful accounts		-	(5,481,187)	(5,481,187)	-	(5,809,972)	(5,809,972)
Trade accounts							
receivable - net		8,453,980	51,189,213	59,643,193	10,943,684	43,463,933	54,407,617

(Unit:Baht)

Separate financial statements						
	2010			2009		
	Related parties	Unrelated parties	Total	Related parties	Unrelated parties	Total
Current	970,702	39,700,811	40,671,513	2,934,863	36,195,943	39,130,806
Overdue						
less than 3 months	913,090	10,667,080	11,580,170	1,999,772	7,364,861	9,364,633
3 - 6 months	624,381	1,621,071	2,245,452	783,490	50,860	834,350
6 - 12 months	958,120	13,406	971,526	1,615,777	306,678	1,922,455
Over 12 months	4,992,585	4,529,360	9,521,945	3,619,563	5,355,563	8,975,126
Total trade accounts receivable	8,458,878	56,531,728	64,990,606	10,953,465	49,273,905	60,227,370
Less: Allowance for doubtful accounts	-	(5,481,187)	(5,481,187)	-	(5,809,972)	(5,809,972)
Trade accounts receivable - net	8,458,878	51,050,541	59,509,419	10,953,465	43,463,933	54,417,398

10. Unbilled service income receivables

As at 31 December 2010 and 2009, the Company had unbilled service income receivables as follows:

(Unit:Baht)

	Consolidated and separate financial statements	
	2010	2009
Total project value	80,875,350	258,559,314
Service income recognised under percentage of completion method	72,787,815	247,021,991
Less: Recognised service income for which invoices have been issued	(15,037,470)	(105,401,824)
Unbilled service income receivables	57,750,345	141,620,167

11. Receivable from and loan to an unrelated party

Loan to an unrelated party is a Baht-denominated loan granted to a company and secured by a personal guarantee. The loan bore interest at the rate of 7% per annum and was due for repayment in May 2007. However, as at 31 December 2010 and 2009, the Company set allowance for doubtful accounts on the principal balance of Baht 18 million and the interest receivable of Baht 1.06 million because the borrower had defaulted on payment and the Company had sought collection until the agreement expired. Currently, the Court of First Instance already rendered its judgment. However, the Company disagreed with several issues in the judgment and lodged an appeal. The borrower countersued the Company on the grounds that the Company violated the confidentiality clause and disclosed the co-service agreement. The Court of First Instance ruled in favor of the Company.

The Company has other receivable arising from the transfer of software under development amounting to Baht 25 million, since the supplier was unable to deliver work to the Company in accordance with the conditions of the agreement. The Company has already set aside allowance for doubtful accounts for this amount in full.

12. Finance lease receivables

The Company procured and provided leasing of electronic data capture machines to certain financial institutions and computers under finance lease agreements with the terms of 3 years.

As at 31 December 2010 and 2009, the future minimum installments to be received under finance lease agreements were as follows:

	(Unit:Baht)	
	Consolidated and separate financial statements	
	2010	2009
Minimum installments to be received within one year	-	-
Minimum installments to be received longer than one year	1,296,000	2,412,000
Finance lease receivables	1,296,000	2,412,000
Less: Deferred interest income	-	-
Unearned related service income	-	-
Finance lease receivables - net	1,296,000	2,412,000
Installments due within one year	-	-
Installments due longer than one year	1,296,000	2,412,000
Finance lease receivables - net	1,296,000	2,412,000

Movements of finance lease receivables for the year ended 31 December 2010 were as follows:

	(Unit:Baht)			
	Consolidated and separate financial statements			
	Finance lease receivables	Deferred interest income	Unearned Related service income	Finance lease receivables- net
Balance - beginning of the year	2,412,000	-	-	2,412,000
Increase during the year				
Decrease during the year	(1,116,000)	-	-	(1,116,000)
Balance - end of the year	1,296,000	-	-	1,296,000

13. Inventories

As at 31 December 2010 and 2009, inventories consist of the following:

	(Unit:Baht)					
	Consolidated and separate financial statements					
	Allowance of diminution in					
	Cost		value of inventory		Inventories - net	
	2010	2009	2010	2009	2010	2009
Finished goods	3,904,870	2,019,097	(1,164,581)	(1,164,581)	2,740,289	854,516
Office supplies	90,802	56,391	-	-	90,802	56,391
Inventories - net	3,995,672	2,075,488	(1,164,581)	(1,164,581)	2,831,091	910,907

14. Investments in a subsidiary

Details of investment in a subsidiary as presented in the separate financial statements is as follows:

(Unit:Baht)

Company's name	Seperate financial statements							
	Allowance of diminution in value of inventory							
	Paid-up capital		Shareholding percentage		Cost		Dividend received during the years	
	2010	2009	2010	2009	2010	2009	2010	2009
			(%)	(%)				
Mandala Communications Co., Ltd.	5,000,000	5,000,000	99.99	99.99	4,999,960	4,999,960	-	-
					4,999,960	4,999,960	-	-

15. Investments in an associate

15.1 Details of an associate:

(Unit:Baht)

Company's name	Nature of business	Consolidated financial statements				Separate financial statements			
		Paid-up capital		Carrying amounts based on equity method		Carrying amounts based on cost method			
		2010	2009	2010	2009	2010	2009	2010	2009
				(%)	(%)				
Net Bay Co., Ltd.	Provision and development of electronics system	50,000,000	50,000,000	39.99	39.99	33,990,266	31,520,523	19,999,900	19,999,900
						33,990,266	31,520,523	19,999,900	19,999,900

15.2 Share of income and dividend received

During the years ended 31 December 2010 and 2009, the Company has recognised its share of net income from investment in an associate company in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit:Baht)

Company's name	Consolidated financial statements				Separate financial statements			
	Share of profit from investment in an associate during the years				Dividend received during the years			
	2010		2009		2010		2009	
	2010	2009	2010	2009	2010	2009	2010	2009
Net Bay Co., Ltd.	12,609,693	11,121,330	10,139,950	16,123,256				
	12,609,693	11,121,330	10,139,950	16,123,256				

15.3 Summarised financial information of an associate

Financial information of an associate company is summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the years ended		Net income for the years ended	
	31 December		31 December		31 December		31 December		31 December	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net Bay Co., Ltd.	50,000,000	50,000,000	118,178,822	118,458,550	33,201,265	39,655,226	134,825,032	118,882,086	31,524,232	27,803,324

16. Leasehold improvements and equipment

(Unit:Baht)

	Consolidated financial statements						
	Leasehold improvements	Network equipment	Computers	Office equipment	Motor vehicles	Assets under installation	Total
Cost							
31 December 2009	34,922,336	322,132,816	19,759,976	49,769,260	50,600	810,000	427,444,988
Acquisition	11,900	9,255,517	326,740	786,338	-	692,190	11,171,685
Disposals	(46,500)	(110,716,967)	(6,448,330)	(1,068,710)	(50,600)	-	(118,331,107)
Transfer in (out)	-	652,039	178,211	-	-	(830,250)	-
31 December 2010	34,986,736	221,323,405	13,816,597	49,486,888	-	671,940	320,285,566
Accumulated depreciation							
31 December 2009	33,941,532	274,642,996	17,058,052	48,754,329	50,591	-	374,447,500
Depreciation charged for the year	542,071	13,991,221	928,288	351,878	-	-	15,813,458
Accumulated depreciation on disposals	(46,499)	(110,653,812)	(6,445,162)	(1,058,015)	(50,591)	-	(118,254,079)
Transfer in (out)	-	(26,463)	26,463	-	-	-	-
31 December 2010	34,437,104	177,953,942	11,567,641	48,048,192	-	-	272,006,879
Net book value							
31 December 2009	980,804	47,489,820	2,701,924	1,014,931	9	810,000	52,997,488
31 December 2010	549,632	43,369,463	2,248,956	1,438,696	-	671,940	48,278,687
Depreciation included in statements of income for years ended							
31 December 2009							20,378,452
31December 2010							15,813,458

(Unit:Baht)

	Separate financial statements						
	Leasehold improvements	Network equipment	Computers	Office equipment	Motor vehicles	Assets under installation	Total
Cost							
31 December 2009	34,910,336	318,966,635	19,675,076	49,769,260	50,600	810,000	424,181,907
Acquisition	110,900	9,255,517	302,840	786,338	-	692,190	11,147,785
Disposals	(46,500)	(110,716,967)	(6,448,330)	(1,068,710)	(50,600)	-	(118,331,107)
Transfer in (out)	-	652,039	178,211	-	-	(830,250)	-
31 December 2010	34,974,736	218,157,225	13,707,797	49,486,888	-	671,940	316,998,585
Accumulated depreciation							
31 December 2009	33,929,532	273,512,703	17,020,533	48,754,329	50,591	-	373,267,688
Depreciation charged for the year	542,071	13,358,093	906,529	351,878	-	-	15,158,571
Accumulated depreciation on disposals	(46,499)	(110,653,812)	(6,445,162)	(1,058,015)	(50,591)	-	(118,254,079)
Transfer in (out)	-	(26,463)	26,463	-	-	-	-
31 December 2010	34,425,104	176,190,521	11,508,363	48,048,192	-	-	270,172,180
Net book value							
31 December 2009	980,804	45,453,932	2,654,543	1,014,931	9	810,000	50,914,219
31 December 2010	549,632	41,966,703	2,199,434	1,438,696	-	671,940	46,826,405
Depreciation included in statements of income for years ended							
31 December 2009							19,822,142
31December 2010							15,158,571

As at 31 December 2010, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 226 million (2009: Baht 329 million) (the Company only: Baht 226 million, 2009: Baht 329 million).

17. Intangible assets

	Consolidated financial statements			(Unit:Baht)
	2009	Additions	Amortisation/write-off	2010
Software licenses	15,978,918	1,688,963	(3,245,500)	14,422,381
	15,978,918	1,688,963	(3,245,500)	14,422,381
	Separate financial statements			(Unit:Baht)
	2009	Additions	Amortisation/write-off	2010
Software licenses	15,972,199	1,667,238	(3,242,400)	14,397,037
	15,972,199	1,667,238	(3,242,400)	14,397,037

18. Derred income tax assets

The Company presents deferred income tax assets net of deferred income tax liabilities because they are income taxes, which relate to the same tax law and are collected by the same tax authority. Offset details and net outstanding balance, presented in the balance sheets as at 31 December 2010 and 2009, were as follow:

	Consolidated and separate financial statements		(Unit:Baht)
	2010	2009	
Deferred income tax assets	33,379,695	25,338,135	
Deferred income tax liabilities	-	-	
	33,379,695	25,338,135	

The Company presents deferred income tax assets net of deferred income tax liabilities because they are income taxes, which relate to the same tax law and are collected by the same tax authority. Offset details and net outstanding balance, presented in the balance sheets as at 31 December 2010 and 2009, were as follows:

	Consolidated and separate financial statements For the year ended 31 December		Unit:Baht)
	2010	2009	
Deferred income tax assets			
Deferred income tax assets - beginning of the years	25,338,135	28,249,475	
Add: Increase in deferred income tax assets resulting from temporary differences	8,041,560	(2,911,340)	
Deferred income tax assets - end of the years	33,379,695	25,338,135	
Deferred income tax liabilities			
Deferred income tax liabilities - beginning of the years	-	534,961	
Less: Increase in deferred income tax liabilities resulting from temporary differences	-	(534,961)	
Deferred income tax liabilities - end of the years	-	-	

Deferred income tax assets and deferred income tax liabilities arose from the following temporary differences.

	(Unit:Baht)	
	Consolidated and separate financial statements	
	2010	2009
Allowance for doubtful accounts	49,540,707	49,869,494
Finance lease receivables	-	1,140,582
Liabilities under finance lease agreements	-	-
Provision for liabilities	19,888,962	42,819,722
Accrued gratuities	254,186	1,384,263
Provision for reduction cost of inventory	1,164,581	1,164,581
Tax losses carry forward	57,762,203	-
Total temporary differences transactions	128,610,639	96,378,642
Income tax rate	25% and 30%	25% and 30%
Deferred income tax assets	33,379,695	25,338,135

19. Statutory reserve

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

20. Expenses by nature

Significant expenses by nature are as follows:

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Rental expenses from operating lease agreements	73,782,351	97,050,950	73,198,966	96,967,530
Salary and wages and other employee benefits	102,470,525	104,919,072	100,431,597	103,110,969
Sub contract costs (Reversal)	-	(627,816)	-	(627,816)
Depreciation expenses	15,813,458	20,378,452	15,158,571	19,822,142
Amortisation expenses	3,245,500	3,285,851	3,242,400	3,283,286

21. Corporate income tax

Corporate income tax in the statements of income for the years ended 31 December 2010 and 2009 were as follows:

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Income tax expenses for the years	-	937,424		937,424
Net (increase) in deferred income taxes during the years	(8,041,560)	2,376,379	(8,041,560)	2,376,379
Corporate income tax	(8,041,560)	3,313,803	(8,041,560)	3,313,803

The calculation of corporate income tax in the statements of income is as follows:

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
income (loss) before corporate income tax	(20,749,899)	15,523,996	(23,993,989)	20,348,168
Income tax calculated at the tax rate of 25 %	(5,998,497)	5,087,042	(5,998,497)	5,087,042)
Income tax calculated at the tax rate of 30 %	-	-	-	-
Tax effect on non-tax deductible items	803,297	8,564,023	803,297	8,564,023
Tax effect on tax-exempt items	(9,245,351)	(5,552,566)	(9,245,351)	(5,552,566)
Tax effect on reducing income tax rate to 25%	-	-	-	-
Tax effect on loss brought forward	-	(7,161,075)	-	(7,161,075)
Tax effect on utilised tax loss	14,440,551	-	14,440,551	-
Net (increase) decrease in deferred income taxes resulting from temporary differences	(8,041,560)	2,376,379	(8,041,560)	2,376,379
Corporate Income tax	(8,041,560)	3,313,803	(8,041,560)	3,313,803

22. Earnings per share

Earnings (loss) per share, as presented in the statements of income, is basic earnings (loss) per share, which is calculated by dividing net income (loss) attributable to equity holders of the parent by the weighted average number of ordinary shares of the parent in issue during the years.

23. Segment information

The Company and its subsidiary operate in two business segments, which are (a) provision of internet access services ("Access business"), and (b) integrated services in relation to information and communication technologies ("Business solutions").

Financial information presented by business segments of the Company and its subsidiary for the years ended 31 December 2010 and 2009 can be set out below.

(Unit:Baht)

	Consolidated financial statements					
	31 December 2010			31 December 2009		
	Accesss businesses	Business solutions	Total	Accesss businesses	Business solutions	Total
Service income and sales ⁽¹⁾	176,788,328	227,299,179	404,087,507	250,494,407	318,557,528	569,051,935
Cost of services and sales ⁽²⁾			(291,957,357)			(384,343,729)
Segment result			112,130,150			184,708,206
Other income			6,016,746			6,077,738
Unallocated selling expenses			(61,831,516)			(92,315,570)
Unallocated administrative expenses			(70,367,148)			(75,533,867)
Directors and management remuneration			(19,307,600)			(18,533,800)
Income (loss) before finance cost and income tax			(33,359,368)			4,402,707
Share of profit in an associate			12,609,693			11,121,330
Finance cost			(224)			(41)
Income (loss) before corporate income tax			(20,749,899)			15,523,996
Corporate income tax			8,041,560			(3,313,803)
Net income (loss)			(12,708,339)			12,210,193
Net income (loss) attributable to:						
Equity holders of the parent			(12,708,345)			12,210,192
Minority shareholders of a subsidiary			6			1
			(12,708,339)			12,210,193

(1) There are no sales or other transactions occurred between the business segments.

(2) Since both business segments are sharing the same revenue-generated assets and liabilities, the Company and its subsidiary did not allocate costs of providing services and assets and liabilities used between these two business segments.

(Unit:Baht)

	Separate financial statements					
	31 December 2010			31 December 2009		
	Accesss businesses	Business solutions	Total	Accesss businesses	Business solutions	Total
Service income and sales ⁽¹⁾	176,782,328	226,737,579	403,525,907	250,494,407	318,326,820	568,821,227
Cost of services and sales ⁽²⁾			(293,220,973)			(386,604,789)
Segment result			110,304,934			182,216,438
Other income			16,428,629			22,198,972
Unallocated selling expenses			(59,244,044)			(90,152,564)
Unallocated administrative expenses			(72,175,684)			(75,380,837)
Directors and management remuneration			(19,307,600)			(18,533,800)
Income (loss) before finance cost and corporate income tax			(23,993,765)			20,348,209
Finance cost			(224)			(41)
			(23,993,989)			20,348,168
Corporate Income tax			8,041,560			(3,313,803)
Net income (loss)			(15,952,429)			17,034,365

(1) There are no sales or other transactions occurred between the business segments.

(2) Since both business segments are sharing the same revenue-generated assets and liabilities, the Company did not allocate costs of providing services and assets and liabilities used between these two business segments.

24. Dividends

Dividends declared during the years ended 31 December 2009 and 2008 consisted of the followings:

Dividends	Approved by (Baht)	Total dividends paid (Baht)	Dividend per share (Baht)
Annual dividend for 2009	Annual General Meeting of the shareholders on 23 April 2010	12,500,360	0.05
Total dividends declared during the year 2010		12,500,360	0.05
Annual dividend for 2008	Annual General Meeting of the shareholders on 24 April 2009	12,500,360	0.05
Total dividends declared during the year 2009		12,500,360	0.05

25. Contingent liabilities

At 31 December 2010, the Company had contingent liabilities in respect of bank guarantees amounting to Baht 21 million (2009: Baht 35 million), issued by banks on behalf of the Company in respect of operation in ordinary course of the Company's business.

26. Commitments

26.1 Capital commitments

As at 31 December 2010 and 2009, the Company does not have capital commitments.

26.2 Operating lease commitments

The Company has commitments with regard to operating lease agreement where the Company is the lessee with leasing terms of 1-3 years. As at 31 December 2010 and 2009, the Company had obligations to pay lease payments in the future as follows:

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
Payable within:	2010	2009
Less than 1 year	31.6	72.7
1 to 3 years	3.7	8.8
	35.4	81.5

26.3 Long-term service commitments

- a) On 10 March 2006, the Company entered into a fund management agreement with Krung Thai Asset Management Public Company Limited, who manages the Company's private fund. The contract is valid from 10 March 2006 until formal notification for cancelation is made. The Company is committed to pay a fund management fee at a rate of 0.20% of the net asset value of the private fund calculated daily on the working day (such fee excludes VAT).

As at 31 December 2010 and 2009, the Company had no private fund managed by an asset management company under this agreement.

- b) On 8 November 2010, the Company entered into a fund management agreement with Seamico Asset Management Company Limited, who manages the Company's private fund. The contract is valid from 8 November 2010 until formal notification for cancelation is made. The Company is committed to pay a fund management fee at a rate of 0.28% of the net asset value of the private fund calculated daily on the working day (such fee excludes VAT).

27. Financial instruments

27.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments" "Disclosure and Presentations", principally comprise cash and cash equivalents, short-term investments, trade accounts receivable, loan to a related party, finance lease receivables, trade account payable and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiary are exposed to credit risk primarily with respect to trade accounts receivable, loans and finance lease receivables. The Company and its subsidiary do not have high concentration of credit risk since they have a variety and large customer base. Thus, the Company and its subsidiary do not expect to incur material losses from credit risk. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and finance lease receivables as stated in the balance sheets.

Interest rate risk

The Company's and its subsidiary's exposure to interest rate risk relates primarily to their deposits with banks and short-term investments, details of which are presented in Notes 6 and 7. Most of them bear floating interest rates or fixed interest rates with an original maturity period of not longer than 1 year. Due to their policy to deposit or invest in liquid instruments with an original maturity period of not longer than 1 year, interest rate risk is expected to be low.

Liquidity risk

Liquidity risk is the risk that the Company and its subsidiary will be unable to liquidate financial assets and/or procure sufficient funds to discharge obligations in a timely manner, resulting in a financial loss. Since the Company and its subsidiary have current assets in excess of current liabilities and the Company's and its subsidiary's policy is to deposit or invest in liquid instruments with an original maturity period of not longer than 1 year, thus the liquidity risk is expected to be low.

Foreign currency risk

The Company and its subsidiary have foreign currency-dominated assets and liabilities, giving rise to an exposure to changes in foreign exchange rates. However, the outstanding balance of foreign currency-dominated assets and liabilities are not material. The Company and its subsidiary do not enter in to forward exchange contract to minimise the foreign currency risk since the management considers that such foreign currency risk is expected to be low.

27.2 Fair values

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument. The Company and its subsidiary have estimated the fair value of financial instruments as follows:

(a) Financial assets

Determination of the fair value is dependent upon the characteristics of the financial instruments. The fair values of most financial assets, including cash and cash equivalents, short-term investments, trade accounts receivable, loan to a related party and finance lease receivables approximate their respective carrying values since the values of such financial instruments are predominantly subject to market interest rates and/or have maturity periods of less than 1 year.

As at 31 December 2010 and 2009, there were no material differences between the carrying value of financial assets of the Company and its subsidiary and their respective fair value.

(b) Financial liabilities

The fair values of financial liabilities, including trade accounts payable and liabilities under finance lease agreements are the amounts as stated in the balance sheets due to the same reasons as described for financial assets.

As at 31 December 2010 and 2009, there were no material differences between the carrying value of financial liabilities of the Company and its subsidiary and their respective fair value.

28. Capital management

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

According the balance sheets as at 31 December 2010 and 2009, the Group's total liabilities to equity ratio was 0.24:1 and 0.28:1, respectively, and the Company's was 0.24:1 and 0.29:1, respectively.

29. Subsequent event

By the resolution of the meeting of the Board of Directors No. 2/2554 held on 25 February 2011, it is approved to propose payment of dividend for 2010 from retained earnings, of Baht 0.03 per share of a total of approximately Baht 7.5 million. The dividend calculation is based on the 250,020,799 issued and paid-up ordinary shares. The payment of which is awaiting further approval by the resolution of the Annual General Meeting of the Company's shareholders holding on 22 April 2011.

30. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2011.

- **Registered Office :** Internet Thailand Public Company Limited
1768 Thai Summit Tower, 10th -12th Floor and IT Floor
New Petchburi Road, Khwaeng Bang Kapi,
Khet Huay Khwang, Bangkok 10320

Phone : 0-2257-7000
Fax : 0-2257-7222
Homepage : www.inet.co.th
Business : Internet services and Business Solutions provider
ISIN No. : 0107544000094
Registered capital : 333,333,333 Baht which divided into 333,333,333 ordinary shares, each of Baht 1 par value

Registered and paid-up capital : 250,020,799 Baht
No. of Paid-up Ordinary Shares : 250,020,799 shares
- **Subsidiary :** Mandala Communication Company Limited
1768 Thai Summit Tower, 11th Floor
New Petchburi Road, Khwaeng Bang Kapi,
Khet Huay Khwang, Bangkok 10320

Phone : 0-2257-7255
Fax : 0-2257-7222
Business : Telecommunication Business and related services
Registered capital : 10,000,000 Baht which divided into 1,000,000 ordinary shares, each of Baht 10 par value

Registered and paid-up capital : 5,000,000 Baht
No. of Paid-up Ordinary Shares : 1,000,000 ordinary shares. The company holds in the proportion of 99.99%
- **Associated Company :** Netbay Company Limited
719/8-9 Rama six Road, Khwang Wangmai, Khet Pathumwan, Bangkok 10330

Phone : 0-2610-1800
Fax : 0-2612-3051
Business : e-Logistic and electronics system provider and telecommunication and communication consultant

Registered Capital : 50,000,000 Baht which divided into 5,000,000 ordinary shares, each of Baht 10 par value

Registered and Paid-up capital : 50,000,000 Baht
No. of Paid-up Ordinary Shares : 5,000,000 ordinary shares. The company holds in the proportion of 40%

- **Associated Company :** - None-
- **References**
 - (A) Registrar :** Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Tower 4th, 6th –7th Floor
62 Ratchadaphisek Road, Khwaeng Klongtoey, Khet Klongtoey,
Bangkok 10110

Phone : 0-2359-1200
Fax : 0-2359-1259
 - (B) Auditor :** MISS PIMJAI MANITKAJOHNKIT,
Certified Public Accountant (Thailand) No. 4521 and/or
MISS RUNGNAPA LERTSUWANKUL,
Certified Public Accountant (Thailand) No. 3516 and/or
MR. CHAYAPOL SUPPAEDTANON,
Certified Public Accountant (Thailand) No. 3972 and/or
MISS VISSUTA JARIYATHANAKORN
Certified Public Accountant (Thailand) No.3853
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- **Network Operations Center (NOC)**

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- **Northern Regional**

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Chiang Mai 50100
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Phisanulok

Internet Thailand Public Company Limited
Northern Regional Branch
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Fax : 0-5530-4789

- **Northeastern Regional**

Nakhon Ratchasima

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281 Po-Klang Road, Tambon Nai-Mueang, Amphoe Mueang, Nakhon Ratchasima 30000
Tel : 0-4426-9800 -1
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- **Eastern Regional**

Pattaya

Internet Thailand Public Company Limited
Pattaya Branch
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Fax: 0-3837-0680

- **Southern Regional**

Suratthani

Internet Thailand Public Company Limited
Southern Regional Branch
187/59 Wat Pho – Bangyai Road, Tambon Makhamthear Amphoe Mueang , Suratthani 84000
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Hat Yai

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181/48 Prachatiprat Road, Tambon Hat Yai, Amphoe Hat Yai , Songkhla 90110
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Phuket

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