

ANNUAL
REPORT 2011

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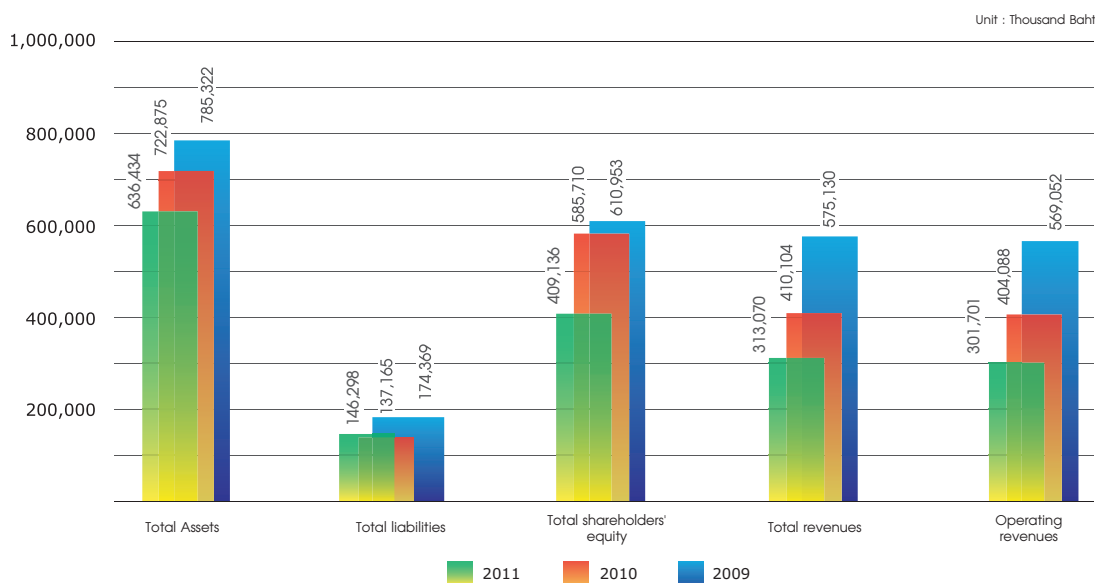
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Highlights of Financial Performance

Unit : Thousand Baht

	2011 ^{1/}	2010 ^{1/}	2009 ^{1/}
Financial Highlights			
Total assets	636,434	722,875	785,322
Total liabilities	146,398	137,165	174,369
Shareholder's equity	490,136	585,710	610,953
Total revenue	313,070	410,104	575,130
Operating revenue	301,701	404,088	569,052
Net profit (Loss)	(83,659)	(12,708)	12,210
No. of employees	150	183	190
Financial Ratios			
Current ratio (times)	3.42	4.21	3.67
Gross profit margin (%)	20.11	27.75	32.46
Operating profit margin (%)	(26.30)	(8.26)	0.77
Net profit margin (%)	(26.72)	(3.10)	2.12
Return on equity (%)	(15.55)	(2.12)	2.00
Return on asset (%)	(10.08)	(2.75)	1.91
Debt to equity ratio (times)	0.30	0.23	0.29
Information			
Earnings (Loss) per share (Baht)	(0.33)	(0.05)	0.05
Dividend payment per share	-	0.03	0.05
Book value per share (Baht)	1.96	2.34	2.44

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





In 2011, Thailand faced a massive flood crisis causing material damage on a wide scale. In recent years, besides the natural disasters, Thailand also had a political risk. It potentially affects business and industrial sectors which are key drivers of the country's sustainable economic growth.

Internet Thailand Public Company Limited or INET has recognized the importance of contingency plans. In the past year, to ensure efficient backups by reliable systems and consistent services, we improved and renovated our Internet Data Center with an investment of 80 million Baht. Temporary workplaces, including modern communication equipment, were prepared for flooded customers. During the flood crisis, approximately 200 customers used our service centers. This circumstance explicitly proves our readiness to deal with disasters. Our customers can be confident that their businesses will operate smoothly without interruption and their data which is important properties will be kept safe and secure in any circumstances.



We recorded performance loss in the year 2011 partially due to previous investment projects which we had no expertise. However, we have been improving business strategies and guidelines continuously. We have focused on strong fundamental infrastructure and collaboration with business alliances to provide qualified services satisfying needs of each customer group by highly skillful teams. For example, we have collaborated with Transaction Network Services Company Limited (TNS), a leader in worldwide payment providers, to upgrade credit card payment network services in Thailand. In addition, we were trusted by NECTEC, an organization under the National Science and Technology Development Agency (NSTDA), to adopt the VAJA 6.0 Program for commercial services. Primarily, the Company was the first one in Thailand to provide this service through the website.

On behalf of the Company and the Board of Directors, we would like to extend our sincere thanks to our shareholders, investors, customers, business partners and other organizations for trust and support. The Board of Directors, management and staff are committed to work harder with efficient business management, good governance, and corporate social responsibility to ensure the secure and sustainable growth of INET.

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

(Dr. Pairoj Supamongkol)
President & CEO



1. Prof. Dr. Pairash Thajchayapong
Chairman of the Board and Chairman of Executive Committee
2. Dr. Thaweesak Koanantakool ^{1/}
Director, Vice Chairman of Executive Committee, Risk Management Committee Member 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 ^{2/}
Independent Director and Chairman of Risk Management Committee
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

Remark : 1/ Resigned from being Chairman of Risk Management Committee, effective from November 9, 2011.
2/ Appointed as Chairman of Risk Management Committee, effective from November 9, 2011.



Business Division



1. Dr. Pairoj Supamongkol
President & CEO
2. Mrs. Morragot Kulatumyotin
Senior Executive Vice President & COO
3. Mr. Ichayut Kanittasoonporn
Vice President
4. Ms. Pornthip Vachirangkool
Vice President
5. Mr. Roman Kanittanon
Vice President
6. Mr. Tossapol Phuripongsatorn
Vice President

Engineering Division



Support Division



7. Mr. Wanchai Vach-shewadumrong
Senior Vice President
8. Mr. Saknon Kangsumrith
Vice President
9. Mr. Sanan Kurkulsatsanakit
Vice President
10. Mr. Songsak Danubumrungsart
Vice President
11. Ms. Phatcharin Saelim
Vice President
12. Mrs. Prapawan Chinskul
Senior Vice President
13. Ms. Jithaporn Thansuporn
Vice President
14. Mr. Yakorn Kijatsitsakol
Vice President
15. Mr. Akardej Pralomkan
Vice President

Important Changes
in 2011
and Type of Business

Important Changes in 2011

The Company has two Internet Data Centers (IDC) located at Thai Summit Tower and Bangkok Thai Tower. Both centers will provide full IDC services and managed services. The Company has invested more than 80 million Baht to renovate the INET IDC at Bangkok Thai Tower. Clean and green technologies according to the ISO 14644 standard, the internal security control system (centerline management with 3-D display), and the international operating standards based on the Business Continuity Planning (BCP) with the cooperation from Cisco in IT network and HP in IT infrastructure, have been applied. Moreover, the Company opened additional two service centers at CAT Nonthaburi Telecommunication Center and TOT IDC Center Changwatana. This service is to ensure mutual backup systems with the strong network systems supporting consistent services without any interruption.

To design the services at all four INET IDCs, their suitability as well as customers' business needs are taken into consideration to ensure the maximum efficiency of businesses on the INET IDC network.

In 2011, the Company was trusted by NECTEC, an organization under the National Science and Technology Development Agency (NSTDA), to adopt the VAJA 6.0 Program for commercial services. Primarily, the Company was the first one in Thailand to provide this service through the website. The Text-to-Speech Synthesis (TTS) technology converting statements with Thai alphabets into sound has been applied.

In addition, the Company has collaborated with Transaction Network Services Company Limited (TNS), a leader in worldwide payment providers over more than 60 countries including Thailand, to combine the Company's strength on infrastructure and network to TNS's world-class technology and expertise. The collaboration aims to upgrade credit card payment network services in Thailand to comply with the PCI DSS standard, a new worldwide standard for data security.

The Company's Business Group

1) Full Internet access for business

The Company provides full Internet access services with various speeds and service areas cover all provinces. All users then are able to access the nationwide Internet networks.

Internet service can be connected in various means such as through leased lines and MetroLAN network connected to the offices' Intranet networks in leading buildings in the middle of Bangkok. The speed is 10 Mbps on 10 Gbps. fiber optic network. The Company is committed to provide high quality and stable services. Bandwidth is managed to satisfy customer needs. As a result, the Company services are recognized and chosen by many large business organizations in Thailand.

2) Business solutions related to Information technology and communication

2.1 Internet Data Center (IDC) services : INET IDC is a service center for various kinds of services provided to all business organizations or agencies that need to present data through Internet/Intranet networks, both public and private networks. The followings are the examples.

Business Continuity Planning/Disaster Recovery Center: Data backup center for management of databases efficiently and safely and support operation during emergency such as flood crisis.

INET Security Center: IT security monitoring center with log management in compliance with the Computer Crime Act B.E. 2550 (2007) to cover all needs and budgets of organizations at all levels. Besides, the Company has in place security and IT experts for assistance and consultation when the system intrusion occurs.

Dedicated Server: Server leasing services for organizations that need privacy. The Company has various plans for the leasing service.

Co-Location: Server depository service for organizations that need privacy to deposit the equipment in allocated area.

Both IDCs, at Thai Summit Tower and at Bangkok Thai Tower, run mutual backup systems in full redundancy manner through 10 Gbps Metro Ethernet Ring. The security systems meeting international standards are equipped for 24-hour service. The services are provided to leading organizations such as financial institutions operating online securities trading, popular website providers, and overseas users promoting products and services in Thailand.

In 2011, the Company invested more than 80 million Baht to renovate its IDC at Bangkok Thai Tower. Additional two service centers were opened at CAT Nonthaburi Telecommunication Center and TOT IDC Center Changwatana. With such service centers, all services have mutual backup systems with strong network systems providing services continuously without any interruption.

2.2 EDC network pool services : It is a center for the credit card payment network system connected banks to stores through various types of telecommunication networks such as landline phones, mobile phones, and Internet. Card transactions are safe and flexible in all nationwide areas. In 2011, the Company became a business alliance with Transaction Network Services Company Limited (TNS), a leading payment provider. The collaboration aims to develop service standards in compliance with the PCI DSS standard that all organizations shall keep, process, or transmit information of electronic card users. The standard includes network maintenance and creation of secured physical environment to protect personal information of card users and stable back up switching systems to immediately replace the main system for 24 hours.

2.3 Online recruitment services : It is a full service regarding online recruitment system.

2.4 Professional services : The services provide acquisition and construction of business processes for specific needs including outsourcing services and construction and automation of working systems.

Mandala Communication Co., Ltd.

The Company established Mandala Communication Co., Ltd. (Mandala) as its subsidiary with the registered capital of 10 million Baht, divided into 1,000,000 common shares of 10 baht/share. The Company holds 99.99% of the shares. The subsidiary's objective is to provide Internet access services to computer networks and/ or any electronic communication devices connected to the networks worldwide and data communication with common Internet protocols as well as other related businesses to the users.

The Company appointed its executives to be members of the Board of Directors according to the resolution of its Board of Directors Meeting No.1/2555 on 10th February 2012 as follows.

- | | |
|--------------------------------|--------------------------|
| 1. Mrs. Morragot Kulatumyotin | Chairperson of the Board |
| 2. Mrs. Prapawan Chinskul | Director |
| 3. Ms Pornthip Vachirangkool | Director |
| 4. Mr. Songsak Danubumrungsart | Director |

Remark: Members of the Board of Directors as of 31st December 2011 were the same members as of 31st December 2010.

Licenses for Mandala Communication Co., Ltd.

Mandala Communication Co., Ltd., the Company's subsidiary, engages in Internet services under the license from the National Broadcasting and Telecommunications Commission (NBTC) as Type 1 Internet service Provider, i.e. without its own telecommunication network (leasing other service providers' telecommunication networks). The license has been granted to Mandala since 16th February 2006 and has been renewed until 15th February 2014.

Social Contribution Activities

During the flood crisis in Bangkok and vicinity area, the Company set up 24-hour special team to assist customers and flood victims to conduct their businesses through the Internet network system conveniently for more than 600 hours. The Company prepared the Internet network connection at both INET IDCs to ensure smooth operation without interruption (DRC) and prepared offices equipped with communication devices for customers to work at the Company (BCP). During that period, more than 200 customers used the Company's BCP services. In addition, the Company jointly with the National Broadcasting and Telecommunications Commission (NBTC) and the National Science and Technology Development Agency (NSTDA) assisted flood victims by providing areas for setting up a center for hearing impaired persons at Thai Summit Tower, Petchaburi Road. The Company also donated more than 5,000 waterproof pants through several government agencies to help flood victims all over Thailand, for example, Internal Security Operations Command (ISOC), Industrial Estate Authority of Thailand (IEAT), etc. Also, the Company provided fast troops to transfer customers' computers to be temporarily installed at the Company.

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 groups like financial institution, public and state enterprise agency, industry, and international business. Each group is 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).

Business Situation of ICT Services

Presently, Thailand has become the online society with uses of Internet networks for communication both in business and public sectors. The popular services include 2G and 3G Internet broadband WIFI and mobile Internet services as well as social network communication such as Facebook and Twitter.

Social networks were tools for reporting of flood situations and media for helping flood victims. Facebook has been used as a marketing tool of business organization. Cloud computing phenomenon helped business during the flood crisis. The government also drove public services through the electronic network (E-government). Accordingly, the needs of IT system in organizations become significantly increasing, both for new businesses and expansion of existing businesses. Hence, it will be a great opportunity for IT business.

According to the ICT Market Outlook 2011 survey by the Software Industry Promotion Agency (SIPA), National Electronics and Computer Technology Center (NECTEC), and Telecommunications Research and Industrial Development Institute (TRIDI), it showed that in 2011, ICT markets, consisting of computer hardware, software and communication services, valued at approximately 678,648 million Baht with the growth of 11.7% from the 2010 figure. Important positive factors were growing trend of the world and Thai economies and popular trend in use of portable devices such as tablets and smart phones. Such factors enhanced the development of embedded systems and mobile applications. In addition, private sectors changed behaviors from hardware purchase to leasing. The value of Internet access services was around 41,546 million Baht with the growth rate of 23.7%; The number of licensed Internet service providers was 35 (www.nbtc.go.th).

Competitive Strategy

To achieve its targets, the Company specifies the following competitive strategies:

1. Use a customer centric approach to promote sales of services that suit customers in each business group.
2. Emphasize high quality and reliable services from expert teams under competitive prices.
3. Collaborate with alliances to provide high quality services to the customers.

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

Services and products	Consolidated Financial Statement 2011 ^{1/}		Consolidated Financial Statement 2010 ^{1/}		Consolidated Financial Statement 2009 ^{1/}	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Access Business	130.25	41.6	176.79	43.11	250.49	43.55
2. Business Solutions ^{2/}	171.45	54.76	227.30	55.42	318.56	55.39
Total revenue from operating business	301.7	96.37	404.09	98.53	569.05	98.94
3. Other income ^{3/}	11.37	3.63	6.02	1.47	6.08	1.06
Total Revenues	313.07	100	410.10	100.00	575.13	100.00
4. Share of profit from an associate ^{4/}	10.82	3.46	12.61	3.07	11.12	1.93

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 Internet Data Center (IDC), online recruitment services, EDC network pool services, professional services and sales of computer and relevant equipment.

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

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

1. Business Competitiveness Risk

After the National Telecommunications Commission (NTC), which currently is the National Broadcasting and Telecommunications Commission (NBTC) after the promulgation of the Organizations for Wave Frequencies Allocation and Supervision of Radio Broadcasting Business, Television Broadcasting Business and Telecommunications Act B.E. 2553 (2010) on 20 December 2010, issued the notification on criteria and procedures for application of Internet service licenses at the end of 2005, the number of Internet providers increased significantly, leading to high competition environment especially in service charges. It has affected the Company's future performance, both revenues and market shares. However, the Company's current customer base is organizations, which need services with stability, control of speed quality and professional after-sale services. So far the Company can satisfy their needs. Therefore, the telecommunication liberalization has only partial impact on the Company's operation. Nevertheless, to reduce such risks, the Company has improved the efficiency of the after-sale services and customer relationship management and has introduced full ICT services to support the customers' businesses in order to keep existing customers and differentiate from new service providers.

2. Risk from Technology Changes

Internet technology and information technology change rapidly causing the convergence between networks and information such as broadband Internet, mobile Internet, social network, cloud computing, data center, and Business Continuity Planning (BCP). Therefore the Company must prepare personnel to closely monitor and study these changes in order to propose services swiftly in response to the customers' businesses.

3. Risk from Business Conflict with Major Shareholders

The Company's major shareholders are CAT Telecom Public Company Limited (CAT) and TOT Public Company Limited (TOT). Each Company holds 16% of the Company's registered and paid-up capital. CAT and TOT assigned directors as representatives of the shareholders to act as authorized persons of the Company. Currently, TOT and CAT also provide commercial Internet services to general people. However, the Company complies that the code of conduct to maintain the Company's confidentiality and internal information. As the Company's regulation signed and acknowledged by all members of the Board, the directors with conflict of interest are not entitled to vote on related agendas. All directors were appointed by the shareholders' meeting and the shareholders were informed of the conflict of interests before the appointment according to the Public Limited Companies Act. In addition, as one of the risk mitigation strategy, the Company has collaborated with CAT and TOT as business alliances in providing joint customer services.

The first top 10 shareholders on the closing date of the registration book as of January 31, 2012 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. Taweechat Chulangoon	11,000,000	4.40
5	Mr. Chaweng Apatha	10,630,000	4.25
6	ABN AMRO NOMINEES SINGAPORE PTE LTD	6,200,000	2.48
7	Mrs. Potjanee Pichitbunchornchai	5,308,200	2.12
8	Mr. Sompong Apathananont	5,300,000	2.12
9	Ms. Anchalee Pichitbunchornchai	4,568,800	1.83
10	Mr. Rungkan Phaisitphanittrakun	4,010,500	1.60
	Total	169,517,500	67.80

Source : Major shareholders as of January 31, 2012 prepared by Thailand Securities Depository Co.,Ltd.

NVDR Outstanding Share

As of January 31, 2012, Thai NVDR Company Limited has company's share as NVDRs (Non-Voting Depository Receipt) outstanding of 2,294,800 units or equivalent to 0.92% of total shares of the company. The NVDR holders are not allowed to vote in the Annual General Shareholders' Meeting, excluding the agenda related to withdraw NVDRs from the status of listed company share of The Stock Exchange of Thailand.

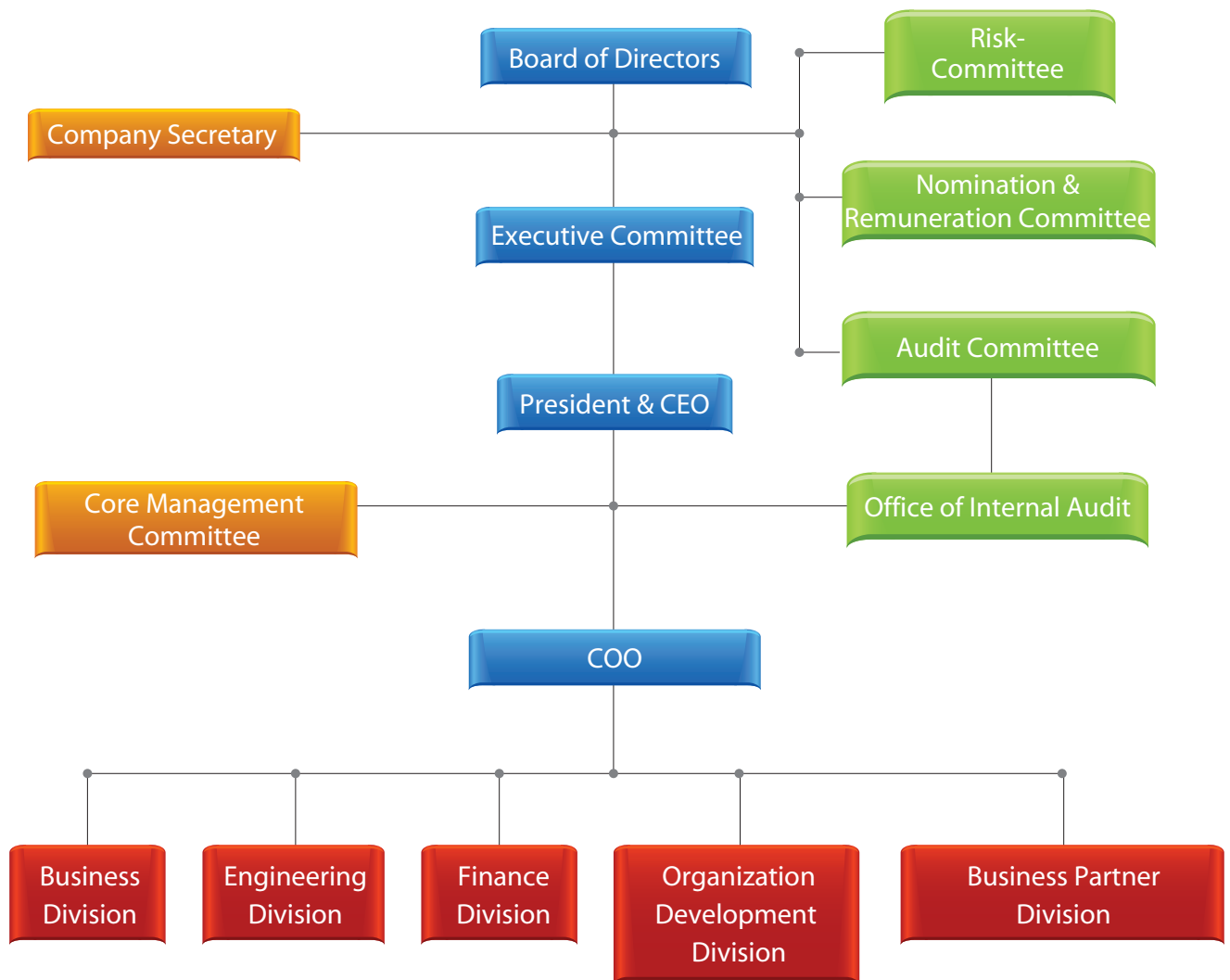
Dividend Policy

The Company's dividend policy

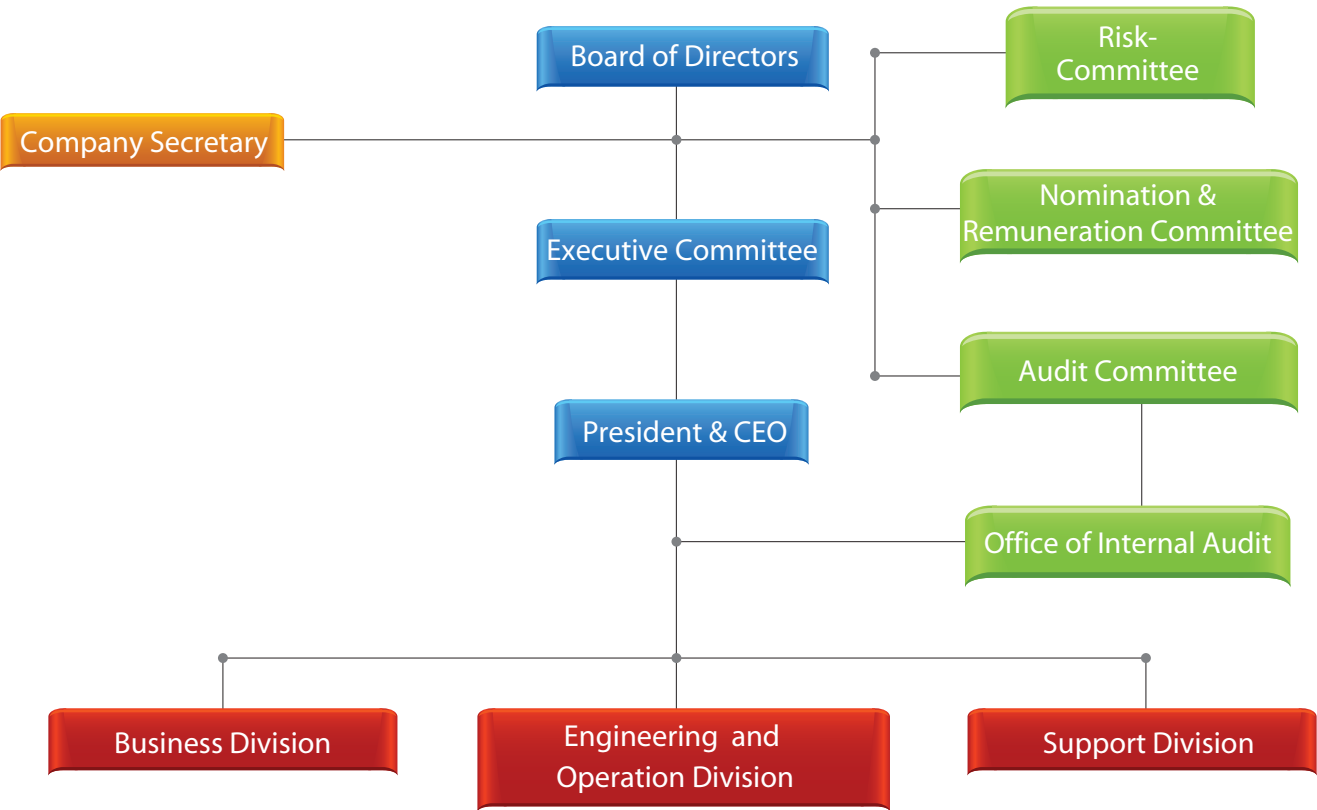
The Company's dividend policy is to pay dividend no less than 30% of profit after tax, if the fund is not required elsewhere and subject to the economic and future project of the Company and the subsidiary and the payment would have no significant effect on the running of the Company.

Organization Chart

The Organization Chart as of December 31, 2011



The new Organization Chart according to the resolution fo the Board of Directors on February 10, 2012



The Company's Board of Directors consists of 14 members who are scholars and experts, 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 ³	Chairman of the Board of Directors and Chairman of Executive Committee
(2) Dr. Thaweesak Koanantakool ^{2,4}	Director, Vice Chairman of Executive Committee, Adviser of CEO Performance Review Committee, and Risk Management Committee Member
(3) Mr. Noppanat Hutacharoen ¹	Director and CEO Performance Review Committee Member
(4) Mr. Natthawat Bhasayavan ³	Director
(5) Ms. Tanwadee Wongterarit ³	Director and CEO Performance Review Committee Member
(6) Mr. Aniruth Hiranraks ¹	Director
(7) Prof. Emeritus Dr. Achara Chandrachai ³	Independent Director and Chairman of Audit Committee
(8) Mr. Aran Permpiboon ²	Independent Director, Chairman of Nomination and Remuneration Committee Member and Audit Committee Member
(9) Mr. Chavalit Uttasart ²	Independent Director, Audit Committee Member and Nomination and Remuneration Committee Member
(10) Ms. Vilawan Vanadurongvan ²	Independent Director and Chairman of CEO Performance Review Committee
(11) Ms. Narumol Wangsatorntanakun ^{2,4}	Independent Director and Chairman of Risk Management Committee
(12) Mr. Sahas Treetipbut ²	Director, Nomination and Remuneration Committee Member and Executive Committee Member
(13) Mr. Pairoj Supamongkol ³	Director, Risk Management Committee Member and Executive Committee Member
(14) Ms. Morragot Kulatumyotin ¹	Director, Risk Management Committee Member and Executive Committee Member

Remark:

1. Appointed to be a director of the Company on April 24, 2009.
2. Appointed to be a director of the Company on April 23, 2010.
3. Appointed to be a director of the Company on April 22, 2011.
4. Appointed Ms. Narumol Wangsatorntanakun Mr. Natthawat to be Chairman of Risk Management Committee, replacing Dr. Thaweesak Koanantakool who remains Risk Management Committee Member, according to the resolution of Board of Directors, meeting no. 8/2554 held on November 9, 2011.

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 thereof 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.

The Company made a review of duties of the board of directors in order to harmonize with the good corporate governance policy and 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 appointment of Executive Committee of the Internet Thailand Public Company Limited 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, 2011, the Executive Committee consisted of 5 members as follows;

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

Authority and duties of the Executive Committee

The Executive Committee has the following authority and duties:

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 appointment of Audit Committee has the duty 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 between the internal Audit Committee and the auditor.

As on December 31, 2011, the Audit Committee consisted of 3 members (All have understanding or experience of accounting and finance) as follows:

(1) Prof. Emeritus Dr. Achara Chandrachai	Chairman of 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 appointment of Nomination and Remuneration Committee has the duty to consider selecting appropriate person for the positions of the Audit Committee Member, the Nomination and Remuneration Committee Member and others to govern management and internal control system including establishing criteria for remuneration to the Board of Directors, other directors, and CEO.

As on December 31, 2011, the Nomination and Remuneration Committee consisted of 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 Petcharat*	Secretary

Remark: * Resigned since June 30, 2011.

Authority and duties of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has the following authority and duties:

1. 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 the Board Meeting for consideration.
2. 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.
3. 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.
4. Present remuneration policy for Management Incentive that harmonized with the company's outcome and Management Incentive's performance.
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, the appointment of Risk Management Committee for prescribing the policy framework, guideline, and for giving recommendation to the Board of Directors for supervising risks that have adverse affect on the Company either internal or external factors to leaving the remaining risks to suitable and acceptable level.

As on December 31, 2011 the Risk Management Committee consisted of 4 members:

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

Remark : * According to the resolution of Board of Directors, meeting no. 8/2554 held on November 9, 2011, Ms. Narumol Wangsatorntanakun was appointed to be Chairman of Risk Management Committee, replacing Dr. Thaweesak Koanantakool who remains Risk Management Committee Member.

** Resigned since December 31, 2011

Authority and duties of the Risk Management Committee

The Risk Management Committee has the following authority and duties:

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 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

In the meeting of the Board of Directors of the Internet Thailand Public Company Limited held on December 23, 2010, the Board of Directors passed the resolution to approve the appointment of CEO Performance Review Committee for imposing policies and processes for the review of the performance of the CEO.

As on December 31, 2011 the CEO Performance Review Committee consisted of 4 members as follows:

- | | |
|--------------------------------|--|
| (1) Dr. Thaweesak Koanantakool | Adviser of CEO Performance Review Committee |
| (2) Ms. Vilawan Vanadurongvan | Chairman of CEO Performance Review Committee |
| (3) Ms. Tanwadee Wongterarit | CEO Performance Review Committee Member |
| (4) Mr. Noppanat Hutacharoen | CEO Performance Review Committee Member |
| (5) Ms. Prapawan Chinskul | Secretary |

Authority and duties of the CEO Performance Review Committee

The CEO Performance Review Committee has the following authority and duties:

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 Executives, major shareholders or other companies which has the same group of the Executives or major shareholders and are independent from the Company's major shareholders and the group of major shareholders including protect fairly every shareholder's benefit. Besides, the Company followed the criteria of the Securities and Exchange Commission Thailand that the number of Independent Directors must be at least one third of the total number of directors and not less than 3.

As on December 31, 2011 there were 5 Independent Directors as follows:

- | | |
|-----------------------------------|----------------------|
| (1) Mr. Aran Permpiboon | Independent Director |
| (2) Prof. Dr. Achara Chandrachai | Independent Director |
| (3) Ms. Narumol Wangsatorntanakun | Independent Director |
| (4) Mr. Chavalit Uttasart | Independent Director |
| (5) Miss Vilawan vanadurongvan | Independent Director |

Remark: Brief profile of Independent Directors can be found in Attachment1

Company secretary

At the meeting of the Board of Directors no. 3/2554 on March 24, 2011, the Board of Directors had a resolution to appoint Ms. Prapawan Chinskul as Company Secretary, to be responsible for arranging meetings of the Board of Directors as well as the shareholders' meetings, preparing minutes of the Board of Directors' meetings, the shareholders' meetings, as well as annual report, filing documents specified by laws, and overseeing the compliance with laws and related regulations.

Attendance of the Board of Directors' Meeting for the year 2011

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 2011, the Board of Directors held a total of 9 meetings, the Executive Committee held a total of 10 meetings, the Audit Committee held a total of 11* meetings, the Nomination and Remuneration Committee held a total of 2 meetings, the Risk Management Committee held a total of 6* meetings and the CEO Performance Review Committee held a total of 3 meetings 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 (9 times)	Attendance (10 times)	Attendance (11* times)	Attendance (2 times)	Attendance (6* times)	Attendance (3 times)
(1) Prof. Dr. Pairash Thajchayapong	9/9	10/10				
(2) Dr. Thaweesak Koanantakool	9/9	10/10			5/6	
(3) Mr. Noppanat Hutacharoen	9/9					3/3
(4) Mr. Natthawat Bhasayavan	5/9					
(5) Ms. Tanwadee Wongterarit	9/9					3/3
(6) Mr. Aniruth Hiranraks	7/9					
(7) Prof. Emeritus Dr. Achara Chandrachai	8/9		11/11			
(8) Mr. Aran Permpiboon	9/9		11/11	2/2		
(9) Mr. Chavalit Uttasart	6/9		7/11	2/2		
(10) Ms. Vilawan Vanadurongvan	9/9					3/3
(11) Ms. Narumol Wangsatorntanakun	9/9				5/6	
(12) Mr. Sahas Treetipbut	9/9	10/10		2/2		
(13) Dr. Pairoj Supamongkol	9/9	10/10			5/6	
(14) Mrs. Morragot Kulatumyotin	9/9	9/10			6/6	

Remark: * Two of them are joint meetings between Audit Committee and Risk Management Committee

President & CEO

At the meeting of Board of Directors no. 8/2553 on December 23, 2010, the resolution to appoint Dr. Pairoj Supamongkol as the Company's President & CEO was passed, effective from December 23, 2010 onwards.

Authority and duties of President

At the 1/2001 Board of Directors' Meeting on September 14, 2001, the Board, with the consent of the Audit Committee, resolved 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

In the meeting of the Board of Directors of the Internet Thailand Public Company Limited held on February 5, 2007, Core Management Committee was appointed for more flexibility and efficient business management.

However, the Core Management Committee was canceled by the Board of Directors on February 27, 2012 due to the reorganization.

Management Team

As on December 31, 2011, Management team consisted of 5 members, same as those as of December 31, 2010.

According to the resolution of the Board of Directors on February 10, 2012 for reorganization, the new Management team consisted of 15 members as follows:

- | | |
|-----------------------------------|---------------------------------|
| (1) Dr. Pairoj Supamongkol | President & CEO |
| (2) Ms. Morragot Kulatumyotin | Senior Executive Vice President |
| (3) Mr. Wanchai Vach-shewadumrong | Senior Vice President |
| (4) Ms. Prapawan Chinskul | Senior Vice President |
| (5) Mr. Ichayut Kanittasoonorn | Vice President |
| (6) Ms. Pornthip Vachirangkool | Vice President |
| (7) Mr. Roman Kanittanon | Vice President |
| (8) Mr. Tossapol Phuripongsatorn | Vice President |
| (9) Mr. Saknon Kangsumrith | Vice President |
| (10) Mr. Sanan Kurkulsatsanakit | Vice President |

(11) Mr. Songsak Danubumrungsart	Vice President
(12) Ms. Phatcharin Saelim	Vice President
(13) Ms. Jithaporn Thansuporn	Vice President
(14) Mr. Yakorn Kijsatitsakol	Vice President
(15) Mr. Akardej Pralomkan	Vice President

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.

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	2001-present	Chairman of the Board of Directors Internet Thailand Public Company Limited
	2008-present	Chairman of Executive Committee Internet Thailand Public Company Limited
	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 ^{1/}

Position in the Company		Director, Vice Chairman of Executive Committee, Risk Management Committee Member 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	2001-present	Director, Internet Thailand Public Company Limited
	2010-present	Adviser of CEO Performance Review Committee Internet Thailand Public Company Limited
	2008-present	Vice Chairman of Executive Committee Internet Thailand Public Company Limited
	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 in the Company		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	2009-present	Director/CEO Performance Review Committee Member Internet Thailand 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 (Southern Region) TOT Public Company Limited

4. Mr. Nathavat Bhasayavan

Position in the Company		Director,
Shareholding		-
Family relationship		-
Education		Bachelor of Science in Technical Education Program (Electrical Engineering), King Mongkut's Institute of Technology North Bangkok
Professional experience	2010-present	Director, Internet Thailand Public Company Limited
	2010-2011	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 in the Company		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	Director/CEO Performance Review Committee Member Internet Thailand Public Company Limited
	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 in the Company		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	Director, Internet Thailand Public Company Limited
	2009-present	Vice President International Network CAT Telecom Public Company Limited
	2008-2009	Vice President Network Engineering CAT Telecom Public Company Limited
	2007-2008	Vice President Planning & Engineering 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	2006-present	Independent Director, Internet Thailand Public Company Limited
	2009-present	Chairman of Audit Committee, Internet Thailand Public Company Limited
	2006-present	Professor Emeritus, Technopreneurship & Innovation Management Program
	2008-Present	Manager, IMET (Institute of Management Education Thailand)
	2008-2010	Deputy Director, Unisearch, 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	2005-present	Independent Director, Internet Thailand Public Company Limited
	2008-present	Chairman of Nomination and Remuneration Committee and Audit Committee Member Internet Thailand Public Company Limited
	2003-2004	Acting President, TOT Public Company Limited
	2002-2003	Senior Executive Vice President , TOT Corporation Public Company Limited

9. Mr. Chavalit Uttasart

Position in the Company		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	2009-present	Independent Director and Audit Committee Member and Nomination and Remuneration Committee Member
		Internet Thailand Public Company Limited
	2005-present	Managing Partner, Chavalit & Associates Limited
	2005-present	Managing Partner, Siam City Law Offices Limited

10. Ms. Vilawan Vanadurongvan

Position in the Company		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	2010-present	Independent Director and Chairman of CEO Performance
		Internet Thailand Public Company Limited
	2011-present	Executive Board, Electronic Transactions Development Agency (Public Organization)
	2006-2010	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

11. Ms. Narumol Wangsatorntanakun ^{2/}

Position in the Company		Independent Director and Chairman of Risk Management Committee
Shareholding		0.02%
Family relationship		-
Education		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	2009-present	Independent Director, Internet Thailand Public Company Limited
	209-2011	Risk Management Committee
	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 in the Company		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	2001-present	Director, Internet Thailand Public Company Limited
	2008-present	Executive Committee Member, Internet Thailand Public Company Limited
	2006-present	Nomination and Remuneration Committee Member Internet Thailand Public Company Limited
	1995-2008	Senior Executive Vice President and Managing Director-Product Development and Marketing, Krung Thai Bank Public Company Limited

13. Dr.Pairoj Supamongkol

Position in the Company		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	Director, Risk Management Committee Member Executive Committee Member Internet Thailand Public Company Limited
	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

14. Mrs. Morragot Kulatumyotin

Position in the Company		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	2003-present	Director, Internet Thailand Public Company Limited
	2008-present	Executive Committee Member and Risk Management Committee Member Internet Thailand Public Company Limited
	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

1. Mr.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	Dec 2010 – present	Director/ Executive Committee member/ Risk Management Committee Member/ President & CEO Internet Thailand Public Company Limited
	May-Dec 2010	Executive Vice President -Business Division Internet Thailand Public Company Limited
	2006 – May.2010	Executive Vice President Krung Thai Computer Services 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, USA Master of Business Administration Thammasart University Director Accreditation Program, Company Secretary Program and Effective Minutes Taking by Thai Institute of Directors (IOD)
Professional experience	2003 – present	Director Internet Thailand Public Company Limited
	2008 – present	Executive Committee member/ Risk Management Committee Member, Internet Thailand Public Company Limited
	1999 – present	Senior Executive Vice President & COO Internet Thailand Public Company Limited
	2008 – present	Chairman of the Board Mandala Communication Company Limited
	2004 – 2011	Director, Netbay Company Limited

3. Mr. Wanchai Vach-shewadumrong

Position		Senior Vice President
Shareholding		-
Family relationship		-
Education		Master of Business Administration, Chulalongkorn University
Professional experience	2011-Present	Senior Vice President, Internet Thailand Public Company Limited
	2007 – 2011	Deputy Managing Director/ Sales & Marketing Director Wall Technology Company Limited

4. Mrs. Prapawan Chinskul

Position		Senior Vice President
Shareholding		0.05%
Family relationship		-
Education		Master of Information Resources Management, Syracuse University, USA Company Secretary, Program and Effective Minutes Taking by Thai Institute of Directors (IOD)
Professional experience	2011-Present	Senior Vice President Internet Thailand Public Company Limited
	2004 – 2011	Vice President, Internet Thailand Public Company Limited

5. Mr. Ichayut Kanittasoonorn

Position		Vice President
Shareholding		-
Family relationship		-
Education		Master of Business Administration, Chulalongkorn University
Professional experience	2010 – present	Vice President, Internet Thailand Public Company Limited
	2006 – 2009	BU Manager, Cetelem (Thailand) Company Limited

6. Ms. Pornthip Vachirangkool

Position		Vice President
Shareholding		-
Family relationship		-
Education		Master of Business Administration, Ramkhamhaeng University
Professional experience	2010 – present	Vice President, Internet Thailand Public Company Limited
	2006 – 2010	General Manager, Kohsan Electronics Thailand Company Limited

7. Mr. Roman Kanittanon

Position		Vice President
Shareholding		-
Family relationship		-
Education		Master of Managerial Technology, Johnson & Wales University, USA
Professional experience	2010 – present	Vice President, Internet Thailand Public Company Limited
	2005 – 2010	Senior Manager Krung Thai Computer Services Co.,Ltd

8. Mr. Tossapol Phuripongsatorn

Position		Vice President
Shareholding		-
Family relationship		-
Education		Master of Business Administration Mahidol University
Professional experience	2012 – present	Vice President, Internet Thailand Public Company Limited
	2006 – 2009	Sales Manager, T.N. Information Systems Ltd.

9. Mr. Saknon Kangsumrith

Position		Vice President
Shareholding		-
Family relationship		-
Education		Master of Science in Information Technology Management University of the Thai Chamber of Commerce
Professional experience	2011 – present	Vice President, Internet Thailand Public Company Limited
	2007 – 2011	Senior Consultant, Internet Thailand Public Company Limited

10. Mr. Sanan Kurkulsatsanakit

Position	Vice President
Shareholding	-
Family relationship	-
Education	Bachelor of Science in Technical Education in Computer Technology King Mongkut's Institute of Technology North Bangkok
Professional experience	2011 – present 2002 – 2011
	Vice President, Internet Thailand Public Company Limited Assistant Vice President, Internet Thailand Public Company Limited

11. Mr. Songsak Danubumrungsart

Position	Vice President
Shareholding	-
Family relationship	-
Education	Master of Business Administration, Srinakharinwirot University
Professional experience	2011 – present 2010 – 2011 2006 – 2009
	Vice President, Internet Thailand Public Company Limited Assistant Vice President, Internet Thailand Public Company Limited Head of Merchant Administrator, GHL (Thailand) Company Limited

12. Ms. Phatcharin Saelim

Position	Vice President
Shareholding	0.004%
Family relationship	-
Education	Master of Science in Information Technology King Mongkut's University of Technology Thonburi
Professional experience	2009 – present 2007 – 2009
	Vice President, Internet Thailand Public Company Limited Assistant Vice President, Internet Thailand Public Company Limited

13. Ms. Jithaporn Thansuporn

Position	Vice President
Shareholding	0.009%
Family relationship	-
Education	Master of Business Administration, Strayer University, USA
Professional experience	2009 – present 2007 – 2009
	Vice President, Internet Thailand Public Company Limited Assistant Vice President, Internet Thailand Public Company Limited

14. Mr. Yakorn Kijatsitsakol

Position	Vice President
Shareholding	-
Family relationship	-
Education	Master of Information Technology Management Assumption University
Professional experience	2011 – present 1995 – 2010
	Vice President, Internet Thailand Public Company Limited Manager Krung, Thai Computer Services Co.,Ltd

15. Mr. Akardej Pralomkan

Position	Vice President
Shareholding	0.004%
Family relationship	-
Education	Bachelor of Accounting, Chulalongkorn University
Professional experience	2002 – present
	Vice President, 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 March 5, 2012

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. Noppanat Hutacharoen	D		
4. Mr. Natthawat Bhasayavan	D		
5. Ms. Tanwadee Wongterarit	D		
6. Mr. Aniruth Hiranraks	D		
7. Prof. Dr. Achara Chandrachai	D		
8. Mr. Aran Permpiboon	D		
9. Mr. Chavalit Uttasart	D		
10. Ms. Vilawan Vanadurongvan	D		
11. Ms. Narumol Wangsatorntanakun	D		
12. Mr. Sahas Treetipbut	D		
13. Dr. Pairoj Supamongkol	D, P		D
14. Mrs. Morragot Kulatumyotin	D, M	C	
15. Mr. Wanchai Vach-shewadumrong	M		D
16. Mrs. Prapawan Chinskul	M	D	
17. Mr. Ichayut Kanittasoonorn	M		
18. Ms. Pornthip Vachirangkool	M	D	
19. Mr. Roman Kanittanon	M		
20. Mr. Tossapol Phuripongsatorn	M		
21. Mr. Saknon Kangsumrith	M		
22. Mr. Sanan Kurkulsatsanakit	M		
23. Mr. Songsak Danubumrungsart	M	D	
24. Ms. Phatcharin Saelim	M		
25. Ms. Jithaporn Thansuporn	M		
26. Mr. Yakorn Kijatsitsakol	M		
27. Mr. Akardej Pralomkan	M		

Remarks : C = Chairman

P = President

D = Director

M = Management

Monetary remuneration

Total remuneration of the directors in 2011, the Annual General Meeting of Shareholders resolved that the directors' remuneration for 14 persons not over Baht 5.50 million, comprising the Board of Directors' meeting and Subcommittees allowances. In year 2011, the Company paid the remuneration to the directors in total amount of Baht 4.67 for meeting allowances of the Board of Directors, Subcommittees and other remuneration.

Total remuneration of executives in 2011, the remuneration of 5 executives was Baht 21.01 million comprising salary and gasoline allowances.

Directors' remuneration in 2011

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 / Risk Management Committee Member/ Vice Chairman of Executive Committee / Adviser of CEO Performance Review Committee	240,000	226,250
3. Mr. Noppanat Hutacharoen	Director / CEO Performance Review Committee Member	240,000	20,000
4. Mr. Natthawat Bhasayavan	Director	240,000	-
5. Ms. Tanwadee Wongterarit	Director / CEO Performance Review Committee Member	240,000	30,000
6. Mr. Aniruth Hiranraks	Director	240,000	-
7. Prof. Emeritus Dr. Achara Chandrachai	Independent Director / Chairman of Audit Committee	240,000	150,000
8. Mr. Aran Permpiboon	Independent Director / Chairman of 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. Ms. Vilawan Vanadurongvan	Independent Director	240,000	37,500
11. Ms. Narumol Wangsatorntanakun	Independent Director / Chairman of Risk Management Committee	240,000	65,000
12. Mr. Sahas Treetipbut	Director / Nomination and Remuneration Committee Member / Executive Committee Member	240,000	110,000
13. Dr. Pairoj Supamongkol	Director / Risk Management Committee Member / Executive Committee Member	240,000	140,000
14. Mrs. Morragot Kulatumyotin	Director / Risk Management Committee Member / Executive Committee Member	240,000	140,000

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 2011, 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 2011, 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 electronic 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 2011, INET held 1 shareholders' meeting, "the 2011 Annual General Meeting of Shareholders", on Friday 22nd April 2011 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 2011 Annual General Meeting of Shareholders, there were 38 shareholders attending the meeting and 17 proxies, in total of 55 persons, holding 124,484,062 shares from total 250,020,799 issued and paid-up shares, equivalent to 49.79% 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.

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.

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 2011 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 electronic 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 2011 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 2011 AGM on 5th April 2011 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 2011 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 electronic 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 1 January 2011 to 31 January 2011. 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 2011 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 2011 AGM has set to start at 9.00 a.m. and end at 11.07 a.m.

1.2.3 After the meeting

INET shall inform the resolution passed at the 2011 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 following day.

The minutes of the 2011 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 2010 operation results on May 4, 2011 at the rate of 0.03 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 2011 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 2011, 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

INET is aware that the employees are valuable resources and the main driver of the success of INET's operations. As such, INET shall focus on continuously and regularly developing their capacities so that the persons are ready for the growth of INET.

In the previous year, the Company conducted training programs on advance management for their executives. The Company also supported employees on internal and external training programs continuously, together with knowledge management. The employees will be prepared for business competition and rapid changes in the future.

In addition, the Company takes into consideration a development of quality of life. It includes physical, mental and emotional development. Several activities related to its core value were arranged by the Welfare Committee appointed internally to promote relationships and participations of all parties, such as Songkran festival, FIT for good activities, annual meeting and party, etc.

Society

During the flood crisis in Bangkok and vicinity area, the Company jointly with NSTDA assisted flood victims by providing areas for setting up a center for hearing impaired persons at Thai Summit Tower, Petchaburi Road. The Company also donated more than 5,000 waterproof pants through several government agencies to help flood victims all over Thailand, for example, Internal Security Operations Command (ISOC), Industrial Estate Authority of Thailand (IEAT), etc. Also, the Company provided fast troops to transfer customers' computers to be temporarily installed at the Company.

In 2011, the Company expanded the opportunity for youths, students, and college students who encountered disasters. The support covered learning media, educational aid, and assistance in restoration of schools in Pathumtani and Chaiyaphum Provinces.

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 : 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 Senior Executive Vice President. 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

The Company has total 5 Independent Directors, or one-third of all 14 directors in line with legal requirements. Moreover, the Audit Director is not the major shareholders' representative or 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 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 2011, the Executive Committee has held 10 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 2011, the Audit Committee has held 11 meetings, 2 of which were joint meeting with the Risk Management Committee.

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 2011, 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 2011, the Risk Management Committee has held 6 meetings, 2 of which were joint meeting with the Audit Committee

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 2011, the CEO Performance Review Committee has held 3 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 confidents 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.9/2554 on 26th December 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 2011, the Board of Directors has held 9 meetings (for more details, please see the topic of the Board of Directors for the 2011 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 2011, 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 2011	
1. A related party ^{1/}	Major shareholders	Cost of international and domestic leased line	65,926	Market price
		Revenues from Internet service and hire of work contract	(10,024)	Market price
2. Netbay Co., Ltd.	Associated Company	Revenues from Internet service	1,168	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 2011

A related party ^{1/} (Unit : thousand Baht)

- Trade accounts receivable	2,502
- Unbilled service income	5,039

Netbay Co., Ltd. (Unit : thousand Baht)

- Trade accounts receivable	8
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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. INET has taken into account the necessity and appropriateness for the maximum benefits of the Company and its shareholders. In this regard, INET 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, INET 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 INET's regulations.

5) Policy or tendency for mutual transactions in the future

In the future, such mutual transactions will still arise continuously. INET 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, INET 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.
- INET 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 2011, the Audit Committee had organized 9 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 2012: 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 2012 to the Board of Directors to consider and seek for approval at the 2012 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 2011, the Company has invested more than 80 million Baht to renovate the INET IDC at Bangkok Thai Tower. Clean and green technologies according to the ISO 14644 standard, the internal security control system (centerline management with 3-D display), and the international operating standards based on the Business Continuity Planning (BCP) with the cooperation from Cisco in IT network and HP in IT infrastructure, have been applied. Moreover, the Company opened additional two service centers at CAT Nonthaburi Telecommunication Center and TOT IDC Center Changwatana. This service is to ensure mutual backup systems with the strong network systems supporting consistent services without any interruption.

In 2011, the Company was trusted by NECTEC, an organization under the National Science and Technology Development Agency (NSTDA), to adopt the VAJA 6.0 Program for commercial services. Primarily, the Company was the first one in Thailand to provide this service through the website. The Text-to-Speech Synthesis (TTS) technology converting statements with Thai alphabets into sound has been applied.

In addition, the Company has collaborated with Transaction Network Services Company (TNS), a leader in worldwide payment providers over more than 60 countries including Thailand, to combine the Company's strength on infrastructure and network to TNS's world-class technology and expertise. The collaboration aims to upgrade credit card payment network services in Thailand to comply with the PCI DSS standard, a new worldwide standard for data security.

As for social contribution activities, during the flood crisis in Bangkok and vicinity area, the Company set up 24-hour special team to assist customers and flood victims to conduct their businesses through the Internet network system conveniently for more than 600 hours. In addition, the Company jointly with NSTDA assisted flood victims by providing areas for setting up a center for hearing impaired persons at Thai Summit Tower, Petchaburi Road. The Company also donated more than 5,000 waterproof pants through several government agencies to help flood victims all over Thailand, for example, Internal Security Operations Command (ISOC), Industrial Estate Authority of Thailand (IEAT), etc. Also, the Company provided fast troops to transfer customers' computers to be temporarily installed at the Company.

Overall Performance

In 2011, the Company's total income amounted 313 million Baht, a decrease of 24% compared with the 2010 figure. The net loss totaled 84 million Baht, or 0.33 Baht per share. The Company has loss before interest, tax, depreciation and amortization (EBITDA) at 52 million Baht, 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 11 million Baht. From the establishment at the end of 2004, profit sharing of 20 million Baht, or 277% of an initial investment, has been recognized. In 2011, Netbay Co., Ltd., paid dividend for 2010, totaling 10 million Baht, to the Company. The aforementioned dividend was recorded in other income in the separate financial statements. The Company also paid shareholders a dividend for 2010 performance of approximately 8 million Baht, or 0.03 Baht per share, on May 13, 2011.

At the end of 2011, the Company's liquidity was high, or 3.42 times. As of 31 December 2011, cash, cash equivalents and short-term investment totaled 392 million Baht, decreasing 24 million Baht, or 6%, from the 2010 figure.

Income from Sales and Services

The Company's services income amounted 286 million Baht, decreased by 26% compared with the 2010 figure, due to high competition of Internet markets mentioned above.

Sales income was 16 million Baht, or a decrease of 2 million Baht compared with the 2010 figure.

In 2011, the income proportion of Internet access and business solutions was 43 : 57 (44:56 in 2010).

Costs, Selling and Administrative Expenses

In 2011, the Company's costs of sales and services totaled 241 million Baht, decreased by 17% from the 2010 figure. The selling and administrative expenses were 151 million Baht, close to those of previous year. The Company has reorganized its structure for better management and control of cost and expense in the long run.

Profit Sharing from an Associated Company

In 2011, the Company earned profits from Netbay Co., Ltd., which was the associated Company, totaling 11 million Baht

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

Performance

In 2011, the Company's net loss amounted 84 million Baht, or 0.33 Baht per share, and EBITDA was recorded loss at 52 million Baht.

Financial Status

1. Asset

Asset's Components

At the end of 2011, the Company's assets amounted 636 million Baht, decreased by 86 million Baht, or 12%, compared with the 2010 figure. The major changes are summarized as follows.

Cash and cash equivalents, including short-term investment, totaled 392 million Baht, an increase by 24 million Baht or 6%, compared with the 2010 figure.

The investment in the associated Company was 35 million Baht, or 3% higher than the 2010 figure. The Company recognized profit sharing from the associated Company in an amount of 11 million Baht and reduced the investment in the associated Company, with cash dividend, in an amount of 10 million Baht.

Leasehold improvements and equipment – net, intangible assets – net valued 16 million Baht, due to depreciation and amortization of 17 million Baht. In 2011, the Company invested in equipment and intangible assets of 33 million Baht.

Asset's Quality

Account Receivable

As of 31 December 2011, the trade account receivable – net was worth 37 million Baht, or a decrease of 38% compared with the 2010 figure, provided that 71% of the total amount was undue.

Service income undue declined 58 million Baht, or 100% because the project of which income was recognized based on percentage of completion has been completed. The final payment has already been received.

The Company has a collection policy to offer its customers 2 types of credit:

- 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 6% of total assets, and the collection period for the trade accounts receivable was 56 days. The table below demonstrates trade accounts receivable categorized by their age. As at December 31, 2011, current trade accounts receivable and trade account receivables overdue less than 3 months under the credit-granted policy amounted to 34 million Baht or accounted to 79% of total trade accounts receivable, which was in line with the Company's credit-granted policy and not causing any debt collection problem.

Trade account receivable comparison

Aging of accounts receivable	December 31, 2011		December 31, 2010	
	Million Baht	%	Million Baht	%
Current	30.72	70.84	40.81	62.66
Overdue less than 3 months	3.56	8.21	11.58	17.78
3 - 6 months	0.73	1.67	2.25	3.45
6 - 12 months	2.14	4.94	0.97	1.49
Over 12 months	6.21	14.33	9.52	14.62
Total trade accounts receivable	43.36	100.00	65.12	100.00
Less allowance for doubtful accounts	(6.52)	(15.05)	(5.48)	(8.42)
Receivables - Net	36.83	84.95	59.64	91.58

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, 2011 stood at 6.52 million Baht. 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 2011, liquidity of the Company was as high as 3.42 times. Cash flow in the Company's activities was as follows:

Cash flow from operating activities of the Company: the Company had cash from business operations amounted to 12 million Baht.

Cash flow from investment activities of the Company: the Company had cash from investment activities amounted to 4 million Baht. 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 totaling 14 million Baht.

Cash flow from financing activities of the Company: the Company paid the dividend for the year 2010 in the amount of 7.5 million Baht.

As summarized, at the end of 2011, the Company's cash and short-term investments totaled 392 million Baht, decreased by 24 million Baht or by 6% compared with 2010.

Additionally, the Company has been granted bank overdrafts from a number of commercial banks in the total amount of 15 million Baht. 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>2011</u>	<u>2010</u>
Current Ratio (times)	3.42	4.21
Quick Ratio (times)	3.02	3.89
Cash and currents investments (Baht million)	392	415

3. Capital Expenditures

In 2011, the Company purchased equipment and intangible assets for use in its business operations totaling 14 million Baht.

4. Sources of Funds

Appropriateness of Capital Structure

At the end of 2011, registered capital of the Company remained at 333 million Baht, which was paid-up capital amounting to 250 million Baht. As at December 31, 2011, debt-to-equity ratio of the Company was on a low level or at 0.30 times.

Shareholders' Equity

At the end of 2011, the Company's shareholders' equity was at 490 million Baht. This amount consisted of issued and paid-up shares in the amount of 250 million Baht, premium on ordinary shares amounted to Baht 272 million, legal reserve amounted to 25 million Baht and accumulated loss at 56 million Baht or at 1.96 Baht per share on book value (as its par value is Baht 1 per share)

Liabilities

As the end of 2011, total liabilities of the Company totaled 146 million Baht, mostly current liabilities accounted for 96.86% of total liabilities.

Key Financial Ratio

Financial Ratio	2011	2010	2009
Liquidity Ratios			
Current Ratio (times)	3.42	4.21	3.67
Quick Ratio (times)	3.02	3.89	3.43
Activity Ratios			
Account Receivable Turnover (times)	6.56	7.09	6.42
Collection Period (days)	56	51	57
Fixed Asset Turnover (times)	4.41	6.23	7.44
Asset Turnover (times)	0.46	0.54	0.71
Financial Policy Ratios			
Debt-to-Equity Ratio (times)	0.30	0.23	0.29
Debt-to-Asset Ratio (times)	0.23	0.19	0.22
Dividend Payout Ratio (%) ^{1/}	N/A	N/A	102.38
Profitability Ratios			
Gross Profit Margin (%)	20.11	27.75	32.46
Net Profit Margin (%)	(26.72)	(3.10)	2.12
Operating Income Margin (%)	(26.30)	(8.26)	0.77
Return on Assets (%)	(10.08)	(2.75)	1.91
Return on Equity (%)	(15.55)	(2.12)	2.00
Per Share Informations			
Book value per share (Baht)	1.96	2.34	2.44
Earnings (Loss) per share (Baht) ^{2/}	(0.33)	(0.05)	0.05
Dividend per share (Baht) ^{1/, 2/}	N/A	0.03	0.05

Remarks : 1/ - In 2010, the Company paid dividends at the rate of Baht 0.03 per share to shareholders on May 13, 2011.

- In 2009, the Company paid dividends at the rate of Baht 0.05 per share to shareholders on May 14, 2010.

2/ Calculated from weighted average number of ordinary shares issued and paid up during the period.

Auditor's Remuneration

1. Audit fee

The Company paid audit fee to:

- The Company's auditor a total sum of 950,000 Baht in the past accounting year.
- The subsidiary Company's auditor a total sum of 84,000 Baht in the past accounting year.

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, 2011. The Company's auditor conducted his audits and expressed an opinion on the financial statements and the results of its operation in accordance with generally accepted auditing and accounting principles.



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



(Dr. Pairoj Supamongkol)
President & CEO

Auditor's Report
and
Financial Statements

To the Shareholders of Internet Thailand Public Company Limited

I have audited the accompanying consolidated statements of financial position of Internet Thailand Public Company Limited and its subsidiary as at 31 December 2011 and 2010, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and have also audited the separate financial statements of Internet Thailand Public Company Limited for the same periods. 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 audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide 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 2011 and 2010, and the results of their operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 3 to the financial statements, during the current year, the Company adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied them in its preparation and presentation of the financial statements.



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

Ernst & Young Office Limited

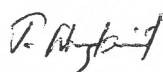
Bangkok: 27 February 2012

Statements of financial position

As at 31 December 2011 and 2010

(Unit:Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Assets					
Current assets					
Cash and cash equivalents	8	122,742,366	145,788,301	121,055,083	143,929,145
Currents investments					
Short-term investments	9	38,254,737	169,891,238	38,254,737	169,891,238
Investments in available-for-sale	9	230,741,953	99,562,658	230,741,953	99,562,658
Trade and other receivables	10.2, 11	37,891,131	60,199,313	37,705,890	60,065,539
Unbilled service income receivable	10.2, 12	-	57,750,345	-	57,750,345
Receivable from and loan to an unrelated party	13	9,651,011	-	9,651,011	-
Inventories	14	4,868,143	2,831,091	4,868,143	2,831,091
Other current assets	15	41,096,492	39,910,395	40,576,531	39,395,917
Total current assets		485,245,833	575,933,341	482,853,348	573,425,933
Non-current assets					
Finance lease receivables - net					
of current portion	14	1,224,000	1,296,000	1,224,000	1,296,000
Investment in subsidiary company	16	-	-	4,999,960	4,999,960
Investment in associated company	17	35,117,172	33,990,266	19,999,900	19,999,900
Leasehold improvements and equipment	18	67,603,283	48,278,687	66,788,753	46,826,405
Intangible assets	19	11,596,752	14,422,381	11,576,146	14,397,037
Deferred income tax assets	20	20,064,117	33,379,695	20,064,117	33,379,695
Other non-current assets		15,582,813	15,574,728	15,582,813	15,574,728
Total non-current assets		151,188,137	146,941,757	140,235,689	136,473,725
Total assets		636,433,970	722,875,098	623,089,037	709,899,658



Ms. Tanwadee Wongterarit
(Director)



Prof. Dr. Pairash Thajchayapong
(Director)

The accompanying note are an integral part of the financial statements

Statements of financial position (continued)

As at 31 December 2011 and 2010

(Unit:Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	10.2, 21	126,588,259	96,697,781	127,685,574	96,566,273
Unbilled service costs		-	20,318,539	-	20,318,539
Unearned service income		3,421,657	6,898,382	3,421,657	6,898,383
Other current liabilities	29.2	11,690,994	13,017,966	11,462,149	12,818,127
Total current liabilities		141,700,910	136,932,668	142,569,380	136,601,322
Non-current liabilities					
Provision for long-term employee benefits	22	4,390,486	-	4,314,498	-
Other non-current liabilities		206,997	231,993	206,997	231,993
Total non-current liabilities		4,597,483	231,993	4,521,495	231,993
Total liabilities		146,298,393	137,164,661	147,090,875	136,833,315
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
Retained earnings					
Appropriated - statutory reserve	23	24,688,965	24,688,965	24,688,965	24,688,965
Unappropriated		(56,251,909)	38,900,321	(70,389,229)	26,256,319
Other components of shareholders' equity		(456,329)	(33,696)	(456,329)	(33,696)
Equity attributable to owners of the Company		490,135,482	585,710,345	475,998,162	573,066,343
Non-controlling interests of the subsidiaries		95	92	-	-
Total shareholders' equity		490,135,577	585,710,437	475,998,162	573,066,343
Total liabilities and shareholders' equity		636,433,970	722,875,098	623,089,037	709,899,658

The accompanying note are an integral part of the financial statements

Statements of income

For the years ended 31 December 2011 and 2010

(Unit:Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Service income	10.1	285,718,933	385,677,011	285,150,206	385,115,411
Sales		15,981,797	18,410,496	15,981,797	18,410,496
Costs of services	10.1	(227,960,735)	(277,296,414)	(230,915,915)	(278,458,023)
Costs of sales		(13,071,877)	(14,660,943)	(13,071,877)	(14,762,950)
Gross profit		60,668,118	112,130,150	57,144,211	110,304,934
Other income	17.2	11,369,647	6,016,746	21,396,118	16,428,629
Profit before operating expenses		72,037,765	118,146,896	78,540,329	126,733,563
Selling expenses		(40,948,321)	(61,831,516)	(40,948,321)	(59,244,044)
Administrative expenses		(110,433,744)	(89,674,748)	(107,602,772)	(91,483,284)
Loss before share of profit from associated company		(79,344,300)	(33,359,368)	(70,010,764)	(23,993,765)
Share of profit from investment in associated company	17.2	10,826,857	12,609,693	-	-
Loss before finance cost and corporate income tax		(68,517,443)	(20,749,675)	(70,010,764)	(23,993,765)
Finance cost		-	(224)	-	(224)
Loss before corporate income tax		(68,517,443)	(20,749,899)	(70,010,764)	(23,993,989)
Corporate income tax	25	(15,141,313)	8,041,560	(15,141,313)	8,041,560
Loss for the year		(83,658,756)	(12,708,339)	(85,152,077)	(15,952,429)
Loss attributable to:					
Equity holders of the Company		(83,658,759)	(12,708,345)	(85,152,077)	(15,952,429)
Non-controlling interests of the subsidiary		3	6	-	-
		(83,658,756)	(12,708,339)	(85,152,077)	(15,952,429)
Loss per share	26				
Basic loss per share					
Loss attributable to equity holders of the Company		(0.33)	(0.05)	(0.34)	(0.06)

The accompanying note are an integral part of the financial statements

Statements of comprehensive income

For the years ended 31 December 2011 and 2010

(Unit:Baht)

Note	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Loss for the year	(83,658,756)	(12,708,339)	(85,152,077)	(15,952,429)
Other comprehensive income:				
Loss on changes in value of available-for-sale investments	9	(536,715)	(536,715)	(33,696)
Income tax relating to component of other comprehensive income		114,082	114,082	-
Other comprehensive income for the year - net		(422,633)	(422,633)	(33,696)
Total comprehensive income for the year		(84,081,389)	(85,574,710)	(15,986,125)

The accompanying note are an integral part of the financial statements

For the years ended 31 December 2011 and 2010



The accompanying note are an integral part of the financial statements

Statements of cash flows

For the years ended 31 December 2011 and 2010

(Unit:Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Cash flows from operating activities					
Loss before tax		(68,517,443)	(20,749,899)	(70,010,764)	(23,993,989)
Adjustments to reconcile loss before tax to net cash from (used in) operating activities					
Share of profit from investment in associated company	17.2	(10,826,857)	(12,609,693)	-	
Dividend income from associated company	17.2	-	-	(9,699,951)	(10,139,950)
Depreciation and amortisation	18, 19	16,880,254	19,058,958	16,222,215	18,400,971
Amortisation of prepaid insurance expense		1,161,740	1,110,359	1,161,740	1,110,359
Reversal of bad debt and doubtful accounts	11	(8,943,564)	(95,771)	(8,943,564)	(95,771)
Loss from write-off inventories	15	843,083	-	843,083	-
Gains on disposals of equipment		(4,096)	(53,033)	(4,096)	(53,033)
Provision for contingent liability	29.2	2,406,653	-	2,406,653	-
Estimate cost of other services		5,200,582	-	5,200,582	-
Reversal of Provision for long-term employee benefits		(1,315,021)	-	(1,391,009)	-
Interest income		(6,563,994)	(4,853,221)	(6,554,514)	(4,851,765)
Loss from operating activities before changes in operating assets and liabilities					
		(69,678,663)	(18,192,300)	(70,769,625)	(19,623,178)
Operating assets (increase) decrease					
Trade and other receivables		22,215,412	(5,139,805)	22,266,879	(4,996,250)
Unbilled service income receivable		57,750,345	83,869,822	57,750,345	83,869,822
Finance lease receivables	14	72,000	1,116,000	72,000	1,116,000
Inventories		(2,880,135)	(1,920,184)	(2,880,135)	(1,920,184)
Other current assets		(166,853)	(333,755)	(289,933)	(370,869)
Other non-current assets		(8,085)	2,111,142	(8,085)	2,111,142
Operating liabilities increase (decrease)					
Trade and other payables		10,122,227	(26,535,478)	11,351,051	(26,990,955)
Unbilled service costs		(20,318,539)	(12,709,338)	(20,318,539)	(12,709,338)
Unearned service income		(3,476,726)	(1,315,945)	(3,476,726)	(1,315,944)
Other current liabilities		(8,934,207)	3,431,441	(8,963,213)	3,337,226
Other non-current liabilities		(24,996)	(74,877)	(24,996)	(74,877)
Cash from (used in) operating activities		(15,328,220)	24,306,723	(15,290,977)	22,432,595
Cash received on interest income		5,949,317	5,526,327	5,939,836	5,524,871
Cash refund from (paid for) corporate income tax		(2,180,983)	(200,612)	(2,052,422)	16,081
Net cash flows from (used in) operating activities		(11,559,886)	29,632,438	(11,403,563)	27,973,547

The accompanying note are an integral part of the financial statements

Statements of cash flows (Continued)

For the years ended 31 December 2011 and 2010

(Unit:Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Cash flows from investing activities					
Decrease (increase) in short-term investments	9	131,636,501	(16,601)	131,636,501	(16,601)
Decrease in cash at banks and current investments subject to withdrawal restrictions	9	-	7,407,519	-	7,407,519
Increase in investment in available-for-sales securities	9	(131,716,009)	(99,596,354)	(131,716,009)	(99,596,354)
Dividend received from associated company	17.2	9,699,951	10,139,950	9,699,951	10,139,950
Cash paid for purchases of equipment	18	(13,283,883)	(11,171,686)	(13,268,333)	(11,147,786)
Cash paid for intangible assets	19	(329,806)	(1,688,963)	(329,806)	(1,667,238)
Proceeds from disposals of equipment		6,813	130,062	6,813	130,062
Net cash used in investing activities		(3,986,433)	(94,796,073)	(3,970,883)	(94,750,448)
Cash flows from financing activities					
Dividends paid	28	(7,499,616)	(12,500,360)	(7,499,616)	(12,500,360)
Net cash flows used in financing activities		(7,499,616)	(12,500,360)	(7,499,616)	(12,500,360)
Net decrease in cash and cash equivalents		(23,045,935)	(77,663,995)	(22,874,062)	(79,277,261)
Cash and cash equivalents at beginning of the year		145,788,301	223,452,296	143,929,145	223,206,406
Cash and cash equivalents at end of the year	8	122,742,366	145,788,301	121,055,083	143,929,145
		-	-	-	-
Supplemental significant non-cash transaction:					
Receivable from and loan to an unrelated party increase from reversal of bad debt and doubtful accounts	13	(9,651,011)	-	(9,651,011)	-
Liabilities from purchase of equipment		19,768,250	-	19,768,250	-

The accompanying note are an integral part of the financial statements

Note to Financial Statements

For the years ended 31 December 2011 and 2010

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 of 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 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543, except for the early adoption of Thai Accounting Standard No. 12 "Income taxes" as announced in the Report Gazette on 26 May 2010.

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	
			2011	2010	2011	2010	2011	2010
			%	%	%	%	%	%
Mandala Communications Co., Ltd.	Telecommunication Business and Related services	Thailand	99.99	99.99	0.72	0.59	1.65	2.27

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

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

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.

Accounting standards:

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 12	Income Taxes
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
	Financial reporting standards:
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
	Financial Reporting Standard Interpretations:
TFRIC 15	Agreements for the Construction of Real Estate
	Accounting Standard Interpretations:
SIC 31	Revenue-Barter Transactions Involving Advertising Services

These accounting standards do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised 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. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiary have changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current year. The change has the effect of decreasing the profit of the Company and its subsidiaries for the year 2011 by Baht 1.1 million, (0.004 Baht per share) (Separate financial statements: decreasing profit by Baht 1.0 million, or 0.004 Baht per share). The cumulative effect of the changes in the accounting policy has been presented in Note 5.

4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

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
	Accounting Standard Interpretations:
SIC 10	Government Assistance - No Specific Relation to Operating Activities

SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

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.

5. Cumulative effect of changes in accounting policies due to the adoption of new accounting standards

During the current year, the Company made the changes to its significant accounting policies described in Note 3, as a result of the adoption of revised and new accounting standards. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statement of financial position as at 1 January 2011 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Statements of financial position as at 1 January 2011	
Increase in deferred tax assets	1,712
Increase in provision for long-term employee benefits	5,706
Decrease in unappropriated retained earnings	3,994

6. Significant accounting policies

6.1 Revenue and expense recognition

(a) Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

(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.

6.2 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.

6.3 Trade and other receivables and allowance for doubtful accounts

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

6.4 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 Statements of financial position.

6.5 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).

6.6 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.

6.7 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 in profit or loss when the securities are sold.
- c) Investment in associated company is accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiary and associated company 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 in profit or loss 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 in profit or loss. 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.

6.8 Leasehold improvements and equipment

Leasehold improvement and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of leasehold improvements and equipment is calculated by reference to their costs or the revalued amount, on the straight-line basis over the following estimated useful lives:

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.

6.9 Intangible assets

The intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

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

6.10 Related party transactions

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

They also include associated company and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

6.11 Long-term leases

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

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

6.12 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 rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

6.13 Impairment of assets

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

An impairment loss is recognised in profit or loss.

6.14 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan. The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current period.

6.15 Provision

Provisions 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.

6.16 Income tax

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

Current tax

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

Deferred tax

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

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

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

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

7. Use of accounting estimates

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

7.1 Leases

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

7.2 Allowance for doubtful accounts

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

7.3 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 exercise judgement, 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 longer-term volatility of financial instruments.

7.4 Impairment of equity investments

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

7.5 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.

7.6 Equipment and depreciation

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

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

7.7 Intangible assets

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

7.8 Deferred tax assets

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

7.9 Post-employment benefits under defined benefit plans

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

7.10 Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and found that it is probable that loss will incur. Therefore, it recorded contingent liabilities with estimated future loss.

8. Cash and cash equivalents

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash	477,737	514,742	466,512	503,517
Cash at banks - at call	112,199,794	18,171,438	10,523,736	16,323,507
Highly liquid short-term investments	10,064,835	127,102,121	10,064,835	127,102,121
Total cash and cash equivalents	122,742,366	145,788,301	121,055,083	143,929,145

9. Current investments

	(Unit:Baht)			
	Consolidated and Separate financial statements			
	2011		2010	
	Cost	Fair value	Cost	Fair value
Short-term investments				
Term deposits with banks	11,808,814	11,808,184	105,023,596	105,023,596
Promissory notes	26,445,923	26,445,923	64,867,642	64,867,642
Total short-term investments	38,254,737	38,254,737	169,891,238	169,891,238
Available-for-sale securities				
Equity securities	10,993,953	10,993,953	3,794,177	3,791,950
Debt securities	220,318,411	220,442,741	95,802,177	95,770,708
Total available-for-sale securities	231,312,364	230,741,953	99,596,354	99,562,658
Less: Unrealised loss on changes in values of investments	(570,411)	-	(33,696)	-
Available-for-sale securities - net	230,741,953	230,741,953	99,562,658	99,562,658
Total current investments	268,996,690	268,996,690	269,453,896	269,453,896
Less: Current investments subject to withdrawal restrictions	(11,785,000)	(11,785,000)	(11,785,000)	(11,785,000)
Current investments - net	257,211,690	257,211,690	257,668,896	257,668,896

As at 31 December 2011 and 2010, the Company's term deposits amounting to and Baht 11.8 million, respectively, are pledged as collateral against letters of guarantee issued by banks on behalf of the Company as already described in Note 29.

10. 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.

10.1 Transaction during the years

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.

	Consolidated financial statements		Separate financial statements		Unit:Baht) Transfer Pricing Policy
	2011	2010	2011	2010	2011
<u>Transactions with subsidiary company</u>					
(eliminated from the consolidated financial statements)					
Other income	-	-	336,000	280,000	Market price
Equipment rental expenses	-	-	1,752,192	6,591,005	Market price
Service expenses	-	-	2,400,000	2,000,000	Market price
<u>Transactions with associated company</u>					
Service income	1,168,328	1,315,000	1,168,328	1,315,000	Market price

	Consolidated financial statements		Separate financial statements		Unit:Baht) Transfer Pricing Policy
	2011	2010	2011	2010	2011
Transactions with related companies					
Service income	(10,024,402)	5,907,783	(10,024,402)	5,907,783	Construction contract: contract price, other: market price
Service expenses	65,925,853	82,193,615	65,925,853	82,193,615	Construction contract: contract price, other: market price

10.2 Outstanding balances at the end of the years

As at 31 December 2011 and 2010, the balances of the accounts between the Company and those related companies are as follows:

	Consolidated		(Unit: Baht)	
	financial statements		Separate	
	2011	2010	2011	2010
Trade and other receivables - related parties (Note 11)				
Subsidiary	-	-	7,275	4,898
Associated company	8,025	49,600	8,025	49,600
Related company (The Company's shareholder)	2,494,064	8,404,380	2,494,064	8,404,380
Total trade and other receivables - related parties	2,502,089	8,453,980	2,509,364	8,458,878
Unbilled service income -related party (Note 12)				
Related company (The Company's shareholder)	-	57,750,345	-	57,750,345
Total unbilled service income - related party	-	57,750,345	-	57,750,345
Trade and other payables - related parties (Note 21)				
Subsidiary	-	-	1,379,125	224,814
Related company (The Company's shareholder)	5,039,115	9,796,185	5,039,115	9,796,185
Total trade and other payables - related parties	5,039,115	9,796,185	6,418,240	10,020,999

10.3 Directors and management's remuneration

During the years ended 31 December 2011 and 2010, the Company and its subsidiary had employee benefit expenses of their directors and management as below.

	Consolidated		(Unit: Baht)	
	financial statements		Separate	
	2011	2010	2011	2010
Short-term employee benefits	20,246,298	19,307,600	20,246,298	19,307,600
Post-employment benefits	320,679	-	320,679	-
Termination benefits	5,788,229	-	5,788,229	-
Total	26,355,206	19,307,600	26,355,206	19,307,600

11. Trade and other receivables

The balance of trade and other receivables as at 31 December 2011 and 2010, aged on the basis of due dates, are summarised below.

	Consolidated		(Unit: Baht)	
	financial statements		Separate	
	2011	2010	2011	2010
Trade accounts receivable - related parties				
Aged on the basis of due dates				
Not yet due	215,064	965,804	222,340	970,702
Past due				
Up to 3 months	237,580	913,090	237,580	913,090
3 - 6 months	250,853	624,381	250,852	624,381
6 - 12 months	494,261	958,120	494,261	958,120
Over 12 months	1,304,331	4,992,585	1,304,331	4,992,585
Total	2,502,089	8,453,980	2,509,364	8,458,878
Less: Allowance for doubtful debts	-	-	-	-
Total trade accounts receivable - related parties - net	2,502,089	8,453,980	2,509,364	8,458,878

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Trade accounts receivable - unrelated parties				
Aged on the basis of due dates				
Not yet due	30,500,006	39,839,483	30,307,490	39,700,811
Past due				
Up to 3 months	3,321,635	10,667,080	3,321,635	10,667,080
3 - 6 months	475,075	1,621,071	475,075	1,621,071
6 - 12 months	1,648,595	13,406	1,648,595	13,406
Over 12 months	4,909,195	4,529,360	4,909,195	4,529,360
Total	40,854,506	56,670,400	40,661,990	56,531,728
Less: Allowance for doubtful debts	(6,523,185)	(5,481,187)	(6,523,185)	(5,481,187)
Total trade accounts receivable - unrelated parties, net	34,331,321	51,189,213	34,138,805	51,050,541
Total trade accounts receivable - net	36,833,410	59,643,193	36,648,169	59,509,419
Other receivables				
Interest receivable	1,036,539	405,402	1,036,539	405,402
Other receivables	21,182	150,718	21,182	150,718
Total other receivables	1,057,721	556,120	1,057,721	556,120
Trade and other receivables - net	37,891,131	60,199,313	37,705,890	60,065,539

12. Unbilled service income receivables

As at 31 December 2011 and 2010, the Company had unbilled service income receivables as follows:

	(Unit: Baht)	
	Consolidated and	
	separate financial statements	
	2011	2010
Total project value	57,923,060	80,875,350
Service income recognised under percentage of completion method	57,923,060	72,787,815
Less: Recognised service income for which invoices have been issued	(57,923,060)	(15,037,470)
Unbilled service income receivables	-	57,750,345

13. 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 2011 and 2010, 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 sued 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 favour of the Company but, the borrower lodged an appeal.

The Company has other receivable arising from an agreement to assign the aerial photographing of Bangkok 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 therefore sued such supplier and set aside an allowance for doubtful accounts for this amount in full. During the current year, the Civil Court rendered its final judgment, calling the supplier to pay the receivable plus interest amounting to Baht 19.3 million to the Company. Thus, the Company reversed the allowance for doubtful accounts.

14. 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 2011 and 2010, the future minimum installments to be received under finance lease agreements were as follows:

	Unit:Baht)	
	Consolidated and separate financial statements	
	2011	2010
Minimum installments to be received within one year	-	-
Minimum installments to be received longer than one year	1,224,000	1,296,000
Finance lease receivables	1,224,000	1,296,000
Less: Deferred interest income	-	-
Unearned related service income	-	-
Finance lease receivables - net	1,224,000	1,296,000
Installments due within one year	-	-
Installments due longer than one year	1,224,000	1,296,000
Finance lease receivables - net	1,224,000	1,296,000

Movements of finance lease receivables for the year ended 31 December 2011 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	1,296,000	-	-	1,296,000
Increase during the year				
Decrease during the year	(72,000)	-	-	(72,000)
Balance - end of the year	1,224,000	-	-	1,224,000

15. Inventories

	Unit:Baht)					
	Consolidated and separate financial statements					
	Cost		Decrease to net realisable value of inventory		Inventories - net	
	2011	2010	2011	2010	2011	2010
Finished goods	4,788,360	3,904,870	-	(1,164,581)	4,788,360	2,740,289
Office supplies	79,783	90,802	-	-	79,783	90,802
Inventories - net	4,868,143	3,995,672	-	(1,164,581)	4,868,143	2,831,091

16. Investment in subsidiary

Details of investment in subsidiary as presented in 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	
	2011	2010	2011	2010	2011	2010	2011	2010
			(%)	(%)				
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	-	-

17. Investments in associate

17.1 Details of associate

(Unit:Baht)

Company's name	Nature of business	Consolidated financial statements				Separate financial statements			
		Paid-up capital		Shareholding percentage		Carrying amounts based on equity method		Carrying amounts based on cost method	
		2011	2010	2011	2010	2011	2010	2011	2010
				(%)	(%)				
Net Bay Co., Ltd.	Provision and development of electronics system	50,000,000	50,000,000	39.99	39.99	35,117,172	33,990,266	19,999,900	19,999,900
						35,117,172	33,990,266	19,999,900	19,999,900

17.2 Share of profit and dividend received

During the years, the Company has recognised its share of profit from investment in 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			
	2011		2010		2011		2010	
Net Bay Co., Ltd.	10,826,857	12,609,693	9,699,951	10,139,950				
	10,826,857	12,609,693	9,699,951	10,139,950				

17.3 Summarised financial information of associate

Financial information of the 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	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net Bay Co., Ltd.	50,000,000	50,000,000	115,380,639	118,178,822	27,702,826	33,201,265	125,552,767	134,825,032	27,067,142	31,524,232

18. Leasehold improvements and equipment

(Unit:Baht)

	Consolidated financial statements						
	Leasehold improvements	Network equipment	Computers	Office equipment	Motor vehicles	Assets under installation	Total
Cost							
1 January 2010	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
Acquisition	-	5,158,972	253,126	890,555	-	26,771,092	33,073,745
Transfer in (out)	(33,028,246)	(2,605,588)	(6,732,450)	(15,635,387)	-	-	(58,001,671)
31 December 2011	1,958,490	223,876,789	7,337,273	34,742,056	-	27,443,032	295,357,640
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
Depreciation charged for the year	284,036	12,093,509	822,097	525,178	-	-	13,724,820
Transfer in (out)	(33,028,077)	(2,602,221)	(6,718,870)	(15,628,174)	-	-	(57,977,342)
31 December 2011	1,693,063	187,445,230	5,670,868	32,945,196	-	-	227,754,357
Net book value							
31 December 2010	549,632	43,369,463	2,248,956	1,438,696	-	671,940	48,278,687
31 December 2011	265,427	36,431,559	1,666,405	1,796,860	-	27,443,032	67,603,283
Depreciation for the year							
2010 (Baht 14.9 million included in services cost, and the balance in selling and administrative expenses)							15,813,458
2011 (Baht 12.9 million included in services cost, and the balance in selling and administrative expenses)							13,724,820

(Unit:Baht)

	Separate financial statements						
	Leasehold improvements	Network equipment	Computers	Office equipment	Motor vehicles	Assets under installation	Total
Cost							
1 January 2010	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
Acquisition	-	5,130,000	253,126	890,555	-	26,771,092	33,044,773
Disposals	(33,028,246)	92,605,589	(6,647,550)	(15,635,387)	-	-	(57,916,772)
31 December 2011	1,946,490	220,681,636	7,313,373	34,742,056	-	27,443,032	292,126,587
Accumulated depreciation							
1 January 2010	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
Depreciation charged for the year	284,036	11,462,141	880,163	525,178	-	-	13,071,518
Accumulated depreciation on disposals	(33,028,076)	(2,602,222)	(6,647,392)	(15,628,174)	-	-	(57,905,864)
31 December 2011	1,681,064	185,050,440	5,661,134	32,945,196	-	-	225,337,834
Net book value							
31 December 2010	549,632	41,966,703	2,199,434	1,438,696	-	671,940	46,826,405
31 December 2011	265,426	35,631,196	1,652,239	1,796,860	-	27,443,032	66,788,753
Depreciation included in statements of income for years ended							
2010 (Baht 14.9 million included in services cost, and the balance in selling and administrative expenses)							15,158,571
2011 (Baht 12.9 million included in services cost, and the balance in selling and administrative expenses)							13,071,518

As at 31 December 2011, 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 199 million (2010: Baht 226 million) (the Company only: Baht 199 million, 2010: Baht 226 million).

19. Intangible assets

The net book value of intangible assets as at 31 December 2011 and 2010 is presented below.

(Unit: Baht)

	Computer software	
	Consolidated financial statements	Separate financial statements
As at 31 December 2011		
Cost	34,642,739	34,608,190
<u>Less</u> Accumulated amortisation	(23,045,987)	(23,032,044)
Net book value	11,596,752	11,576,146
As at 31 December 2010		
Cost 34,312,933	34,278,384	
<u>Less</u> Accumulated amortisation	(19,890,552)	(19,881,347)
Net book value	14,422,381	14,397,037

A reconciliation of the net book value of intangible assets for the years 2011 and 2010 is presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Net book value at beginning of year	14,422,381	15,978,918	14,397,037	15,972,199
Acquisition of computer software	329,806	1,688,963	329,806	1,667,238
Amortisation	(3,155,435)	(3,245,500)	(3,150,697)	(3,242,400)
Net book value at end of year	11,596,752	14,422,381	11,576,146	14,397,037

20. Deferred tax assets

As of 31 December 2011 and 2010, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Baht)

	Consolidated and separate financial statements	
	2011	2010
Deferred tax assets		
Allowance for doubtful accounts	7,046,744	13,612,212
Provision for liabilities	481,331	4,972,241
Accrued gratuities	6,620	63,546
Provision for long-term employee benefits	862,900	-
Loss on re-measuring available-for-sale investments	114,082	-
Provision for reduction cost of inventory	-	291,145
Tax losses carry forward	11,552,440	14,440,551
Total	20,064,117	33,379,695

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30% to 23% in 2012, and then to 20% from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company reflected the changes in tax rates in its deferred tax calculation, as presented above.

As at 31 December 2011 the Company has unused tax losses totaling Baht 20.66 million, on which deferred tax assets have not been recognised the Company believes that they might not be used to offset taxable income in the future.

21. Trade and other payables

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Trade accounts payable - related parties	5,039,115	9,796,185	6,418,240	10,020,999
Trade accounts payable - unrelated parties	94,214,032	77,885,721	94,209,979	77,724,065
Other payables for purchase of - equipment	19,768,250	-	19,768,250	-
Other payables	5,807,414	6,319,544	5,581,456	6,305,618
Accrued expenses	1,759,448	2,696,331	1,707,649	2,515,591
Total trade and other payables	126,588,259	96,697,781	127,685,574	96,566,273

22. Post-employment benefits for employees

22.1 Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3-10 percent of basic salary base on their employment period. The fund, which is managed by Krung Thai Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2011, the Company contributed Baht 5.4 million (2010: Baht 6.1 million) to the fund.

22.2 Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011, which is compensations on employees' retirement, was as follows:

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earnings (Note 5)	5,705,507	5,705,507
Current service cost	810,894	734,906
Interest cost	256,748	256,748
Benefits paid during the year	(7,669,740)	(7,669,740)
Actuarial loss	5,287,077	5,287,077
Balance at end of year	4,390,486	4,314,498

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.5	4.5	4.5	4.5
Future salary increase rate (depending on age)	5.0	5.0	5.0	5.0
Staff turnover rate	5.0	5.0	5.0	5.0

23. 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% 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.

24. Expenses by nature

Significant expenses by nature are as follows:

	Consolidated financial statements		Separate financial statements	
			(U(Unit: Baht))	
	2011	2010	2011	2010
Rental expenses from operating lease agreements	56,469,400	73,782,351	56,216,440	73,198,966
Salary and wages and other employee benefits	106,634,827	102,470,525	104,622,337	100,431,597
Depreciation expenses	13,724,820	15,813,458	13,071,518	15,158,571
Amortisation expenses	3,155,434	3,245,500	3,150,697	3,242,400

25. Corporate income tax

Corporate income tax in the statements of income for the years ended 31 December 2011 and 2010 were as follows:

	Consolidated financial statements		Separate financial statements	
			(U(Unit: Baht))	
	2011	2010	2011	2010
Current income tax:				
Current income tax charge	-	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	5,166,296	(8,041,560)	5,166,296	(8,041,560)
Effects of changes in the applicable tax rates	9,975,017	-	9,975,017	-
Income tax expense reported in the statement of income	15,141,313	(8,041,560)	15,141,313	(8,041,560)

As at 31 December 2011 and 2010 the aggregate current and deferred tax relating to items that are charged or credited directly to other comprehensive income were as follows:

	Consolidated financial statements		Separate financial statements	
			(Unit: Baht)	
	2011	2010	2011	2010
Accounting loss before tax	(68,517,443)	(20,749,899)	(70,010,764)	(23,993,989)
Applicable tax rate	30%	25%	30%	25%
Accounting profit before tax multiplied by applicable tax rate	(21,003,229)	(5,998,497)	(21,003,229)	(5,998,497)
Effects of changes in the applicable tax rates	9,975,017	-	9,975,017	-
Origination of temporary differences (reversal)	5,166,296	(8,041,560)	5,166,296	(8,041,560)
Effects of:				
Non-deductible expenses	6,889,362	803,297	6,889,362	803,297
Tax-exempt items	(16,869,636)	(9,245,351)	(16,869,636)	(9,245,351)
Tax effect on utilised tax loss	30,983,503	14,440,551	30,983,503	14,440,551
Total	21,003,229	5,998,497	21,003,229	5,998,497
Income tax expenses reported in the statement of income	15,141,313	(8,041,560)	15,141,313	(8,041,560)

26. Loss per share

Basic loss per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

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

(Unit:Baht)

Consolidated financial statements					
loss for the year		Weighted average number of ordinary shares		Earnings per share	
2011	2010	2011	2010	2011	2010
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic loss per share					
Loss attributable to equity holders of the Company					
(83,659)	(12,708)	250,021	250,021	(0.33)	(0.05)
(83,659)	(12,708)	250,021	250,021		
Separate financial statements					
loss for the year		Weighted average number of ordinary shares		Earnings per share	
2011	2010	2011	2010	2011	2010
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic loss per share					
Loss attributable to equity holders of the Company					
(85,152)	(15,952)	250,021	250,021	(0.34)	(0.06)
(85,152)	(15,952)	250,021	250,021		

27. 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 2011 and 2010 can be set out below.

(Unit:Baht)

	Consolidated financial statements					
	31 December 2011			31 December 2010		
	Accesss businesses	Business solutions	Total	Accesss businesses	Business solutions	Total
Service income and sales (1)	130,250,150	171,450,580	301,700,730	176,788,328	227,299,179	404,087,507
Cost of services and sales (2)			(241,032,612)			(291,957,357)
Segment result			60,668,118			112,130,150
Other income			11,369,647			6,016,746
Unallocated selling expenses			(40,948,321)			(61,831,516)
Unallocated administrative expenses			(110,433,744)			(89,674,748)
Loss before finance cost and corporate income tax			(79,344,300)			(33,359,368)
Share of profit from associate			10,826,857			12,609,693
Finance cost			-			(224)
Loss before corporate income tax			(68,517,443)			(20,749,899)
Corporate income tax			(15,441,313)			8,041,560
Loss for the year			(83,658,756)			(12,708,339)
Loss attributable to:						
Equity holders of the company			(83,658,759)			(12,708,345)
Non-controlling interests of the subsidiary			3			6
			(83,658,756)			(12,708,339)

(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 2011			31 December 2010		
	Accesss businesses	Business solutions	Total	Accesss businesses	Business solutions	Total
Service income and sales (1)	130,250,150	170,881,853	301,132,003	176,788,328	226,737,579	403,525,907
Cost of services and sales (2)			(243,987,792)			(293,220,973)
Segment result			57,144,211			110,304,934
Other income			21,396,118			16,428,629
Unallocated selling expenses			(40,498,321)			(59,244,044)
Unallocated administrative expenses			(107,602,772)			(91,483,284)
Loss before finance cost and corporate income tax			(70,010,764)			(23,993,765)
Finance cost			-			(224)
Loss before corporate income tax			(70,010,764)			(23,993,989)
Corporate Income tax			(15,141,313)			8,041,560
Loss for the year			(85,152,077)			(15,952,429)

(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.

28. Dividends

Dividends	Approved by	Total dividends paid (Baht)	Dividend per share (Baht)
Annual dividend for 2010	Annual General Meeting of the shareholders on 22 April 2011	7,499,616	0.03
Total dividends declared in 2011		7,499,616	0.03
Annual dividend for 2009	Annual General Meeting of the shareholders on 23 April 2010	12,500,360	0.05
Total dividends declared in 2010		12,500,360	0.05

29. Contingent liabilities

29.1 Guarantees

At 31 December 2011, the Company had contingent liabilities in respect of bank guarantees amounting to Baht 19 million (2010: Baht 21 million), issued by banks on behalf of the Company in respect of operation in ordinary course of the Company's business.

29.2 Litigation

At 31 December 2011, the Company had litigation, being demanded to pay for damages. The Court of First Instance ruled that the Company shall compensate the litigant amounting to Baht 2.2 million with interest. The Company, therefore, recorded the provision for liability incurred from compensation and interest. However, it has lodged an appeal to the Court of First Instance ruling to the Appeal Court.

30. Commitments

30.1 Capital commitments

As at 31 December 2011 and 2010, the Company does not have capital commitments.

30.2 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 2011 and 2010, the Company had obligations to pay lease payments in the future as follows:

	(Unit:Baht)	
	Consolidated and separate financial statements	
Payable within:	2011	2010
1 year	36.6	31.6
1 to 3 years	41.0	3.7
	77.6	35.4

30.3 Long-term service commitments

The Company entered into a fund management agreement with three asset management companies, who manages the Company's private fund. The contract is valid until formal notification for cancelation is made. The Company is committed to pay a fund management fee at a rate of the net asset value of each private fund calculated daily on the working day (such fee excludes VAT) as follow:

	Contract valid from	Management fee rate (%)
Seamico Asset Management Company Limited	8 November 2010	0.28
Krung Thai Asset Management Public Company Limited	1 April 2011	0.22
Thanachart Asset Management Company Limited	19 April 2011	0.20

31. Financial instruments

31.1 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, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and current investments as details in Notes 8 and 9. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which have maturity period of no longer than 1 year. The interest rate risk is therefore expected to be minimal.

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.

31.2 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 and other receivables 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 2011 and 2010, 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 and other payables and liabilities under finance lease agreements are the amounts as stated in the Statements of financial position due to the same reasons as described for financial assets.

As at 31 December 2011 and 2010, there were no material differences between the carrying value of financial liabilities of the Company and its subsidiary and their respective fair value.

32. 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 Statements of financial position as at 31 December 2011 and 2010, the Group's total liabilities to equity ratio was 0.30:1 and 0.24:1, respectively, and the Company's was 0.30:1 and 0.24:1, respectively.

33. Reclassification

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2.1 and as the result of the adoption of revised and new accounting standards as described in Note 3, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, without any effect to the previously reported profit or shareholders' equity.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2012.

- **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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Tel: 0-2257-7000
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- **Network Operations Center (NOC)**

Tel: 0-2257-7111 press 0 and press 5
Fax: 0-2257-7275

- **Northern Regional**

Chiang Mai

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Northern Regional Branch
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Fax: 0-5390-4242

Phitsanulok

Internet Thailand Public Company Limited
Northern Regional Branch
415/5 Moo 5 Hua Ror Muang District Phitsanulok 65000
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- **Northeastern Regional**

Nakhon Ratchasima

Internet Thailand Public Company Limited
Northeastern Regional Branch
281 Po-Klang Road, Tambon Nai-Mueang, Amphoe Mueang, Nakhon Ratchasima 30000
Tel : 0-4426-9800 -1
Fax : 0-4426-9801

- **Eastern Regional**

Pattaya

Internet Thailand Public Company Limited
Pattaya Branch
3/230 Pattaya Road, Tambon Na Kuea, Amphoe Bang Lamung, Chonburi 20150
Tel : 0-3837-0680
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
Tel : 0-7728-8828
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Hat Yai

Internet Thailand Public Company Limited
Hat Yai Branch
6th Floor, No.2 Southland Rubber Building, 55 Rajyindee Road, Hatyai, Songkhla 90110
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Fax : 0-7423-1959

Phuket

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