

Internet Thailand Public Company Limited



Annual Report 2013

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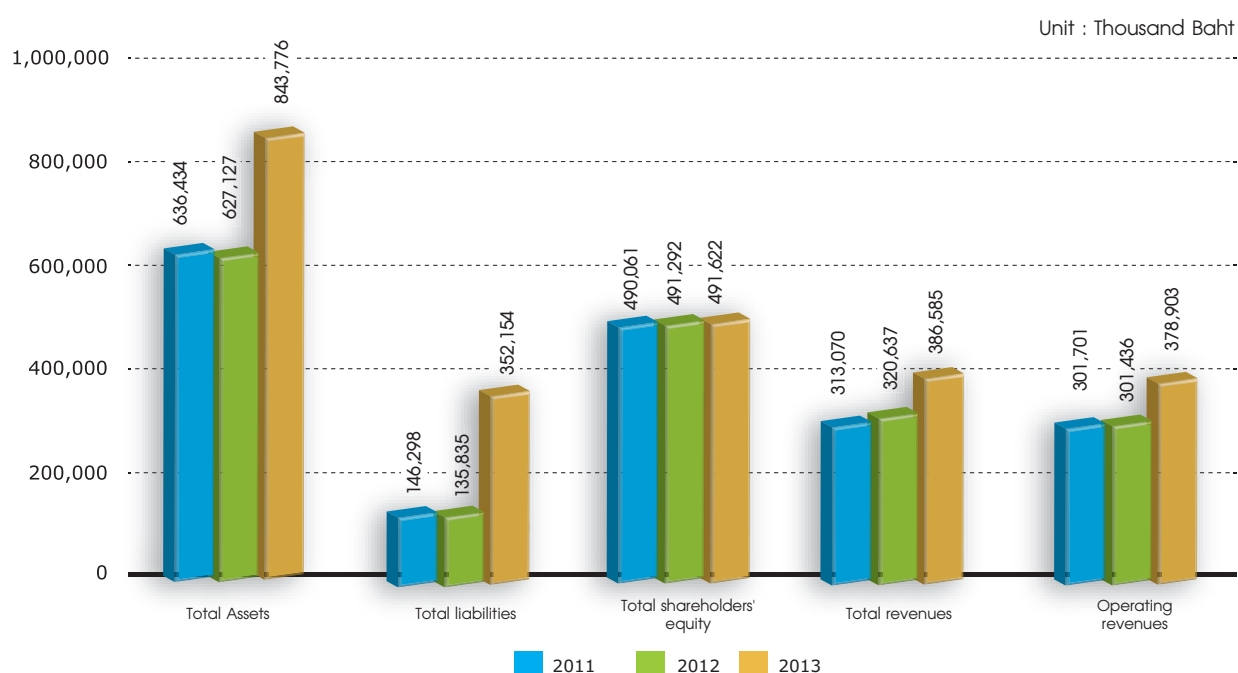
Financial Highlights



Highlights of Financial Performance

Unit : Thousand Baht

	2013	2012	2011
Financial Highlights			
Total assets	843,776	627,127	636,434
Total liabilities	352,154	135,835	146,298
Shareholder's equity	491,622	491,292	490,061
Total revenues	386,585	320,637	313,070
Operating revenues	378,903	301,436	301,701
Net profit (Loss)	330	574	(83,659)
No. of employees	192	156	183
Financial Ratios			
Current ratio (times)	0.44	2.58	3.42
Gross profit margin (%)	24.85	23.55	20.11
Operating profit margin (%)	(0.32)	(4.75)	(26.30)
Net profit margin (%)	0.79	(0.39)	(26.72)
Return on equity (%)	0.62	(0.25)	(15.55)
Return on asset (%)	0.70	(0.48)	(10.08)
Debt to equity ratio (times)	0.72	0.28	0.30
Information			
Earnings (Loss) per share (Baht)	0.01	(0.01)	(0.33)
Dividend payment per share	-	-	-
Book value per share (Baht)	1.97	1.97	1.96





The current trend in the IT services industry is towards providing answers to ever more mobile computing such as cloud computing, social networking technologies, and mass data management. The current environment in which we now operate coupled with the ever expanding technological breakthroughs and a field of very strong competitors are the determining factors that shape Internet Thailand (Public) Company's strategy of providing solutions to customers in the form of an Infrastructure as a Service provider. We have adjusted our methods and processes to account for increased mobility, and to increase our reaches in the business. Our improvements have resulted in more competitive cost with the eventual aim of fostering strong and sustainable growth today and long into the future.

In the past year, Internet (Thailand) Public Company is crossing into the next decade of our growth. We have conducted research and developed many new high value services that will help us to gain market shares and pull in more revenue for the company. Our efforts will also increase the efficiency of our services and significantly reduce our operating costs. With such examples of effective managements, we have been able to increase our revenue by 26% in 2013 when compared to the year earlier in 2012. In that same period, we have seen increased gross profit of 32% and increased net profit of 345%

A handwritten signature in black ink, reading "P. Thajchayapong".

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



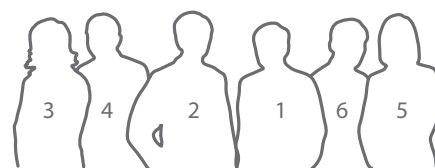
INET places significant importance on our human resource and we encourage a continuous cycle of development. Our efforts in developing our human resource is not merely a matter of policy, nor is it limited in scope to only the upper management, we apply this same philosophy to all strata of our organization so that everyone will look to the future in the same direction. We stress the importance of providing up-to-the-minute updates regarding the company and the industry to all our staffs. Besides the values we placed on our staffs, we also give utmost precedence to our Corporate Social Responsibility. We know that our success depends very much on ourselves being a responsible and beneficial member of the community in which we are located in. We believe that our ethical conduct in business will help us to strengthen our growth sustainably long into the future.

On the this occasion, I'd like to take this opportunity to thank our team of management staff to have helped us achieve very satisfactory growth in 2013. I'd like to thank all our staff for being the driving force and a significant contributor of our growth. I must also thank all our stake holders. Myself and my management team will strive our best to take our company much further in the coming years, and we truly appreciate the trusts that you've afforded us all along.

(Mrs. Morragot Kulatumyotin)
Managing Director

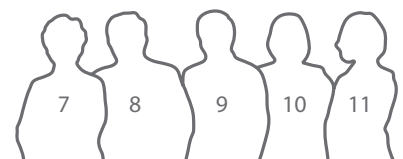


1. Prof. Dr. Pairash Thajchayapong
*Chairman of the Board and
Chairman of Executive Committee*
2. Dr. Thaweesak Koanantakool
*Director, Vice Chairman
of Executive Committee,
Risk Management Committee
Member and Adviser of CEO
Performance Review Committee*
3. Mrs. Preeya Danchaivijit
Director
4. Dr. Montchai Noosong
Director
5. Ms. Tanwadee Wongterarit
*Director and CEO Performance
Review Committee Member*
6. Mr. Aniruth Hiranraks
Director



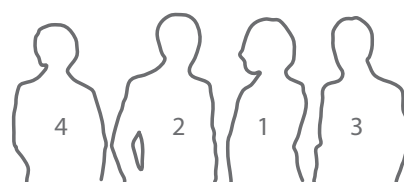


7. Prof. Emeritus Achara Chandrachai, Ph.D.
*Independent Director and
Chairman of Audit Committee*
8. Mr. Aran Permpiboon
*Independent Director, Chairman
of Nomination and Remuneration
Committee and Audit Committee
Member*
9. Mr. Sahas Treetipbut
*Director, Executive Committee
Member and Nomination and
Remuneration Committee Member*
10. Ms. Narumol Wangsatorntanakun
*Independent Director
Chairman of Risk Management
Committee and Audit Committee*
11. Mrs. Morragot Kulatumyotin
*Director, Executive Committee
Member and Risk Management
Committee Member, Acting Company Secretary*





1. Mrs. Morragot Kulatumyotin
Managing Director
2. Mr. Wanchai Vach-shewadumrong
Deputy Managing Director
3. Mr. Saknon Kangsumrith
Senior Vice President
4. Miss Manassanan Niyomsukniran
Vice President





Important Changes in 2013 and Type of Business



Vision

- As a reliable leading ICT infrastructure services provider with quality standards

Mission

- Commitment to our customers by offering safety and quality standards infrastructure services that meet the business needs with a fair price
- To operate the business that can generate good returns and has expanded the business to continue to grow sustainably
- To be a good member of society and be an environment friendly

Core Values

Internet Thailand Public Company Limited (INET) operates a business that transforms knowledge into business opportunities. We uphold 4 principles as follows:

1. Innovation

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

2. Neutral

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

3. Energetic

INET benefits from the diversity of our people. Our business succeeds by holistic communications, sharing, and working together where INET respects each other both the customers and internal organization point of view. INET is well prepare to be alert in new technology all the time in order to responsible to both internal and external customers with sense of enthusiasm. Hence, it can be ensure that our mission will be complete on time in order to meet the customer's needs both present and in the future.

4. Trustworthy

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

Significant Changes in 2013

Internet Thailand Public Company Limited provides full scope of services as an Infrastructure as a Service which consisted of Networking Service, Internet Data center and Cloud Service in order to meet online business requirements of Thailand

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. In 2013, the company has already renovated INET IDC at Thai Summit Tower (TST), and after the renovation, INET IDC at Bangkok Thai Tower has fully operated with 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 and can be ensured that the company's IDCs are modernized, up-to-standard, and run fully backup of each other on the secured network and the service can be provided without any interruptions.

In 2013, the company has been certified security standard ISO/IEC 27001: 2005 for INET IDC at Bangkok Thai Tower in Cloud service as the first company in Thailand. Moreover, INET is now on process of filing for an application for Safety and Security Standard ISO/IEC 20000-1: 2011 and assume to be certified by 2014 so that the clients can trust in the company's services.

In addition, the company has been restructured in order to increase efficiency and reduce costs. The company has closed down all seven branches upcountry in mid-2556.

In cooperation with the partner, INET corporate with Transaction Network Services Company Limited, a credit card payment network provider (EDC network pool), whom has been certified standard PCI DSS. As a result, our financial institute's customers also get such premium standard automatically. With this such corporation, the company has won the trust of American Express (AMEX), a worldwide credit card provider to provide payment network service in Thailand.

The company is a provider of ICT infrastructure services for businesses and individuals who want to use ICT as a tool to strengthen the competitiveness of business. The company offers services ranging from full scope of network connectivity also data center with fully equipment for those who want an effective with international standards. INET also offering ICT systems and cloud computing as a tool to increase efficiency for businesses.

The company's business can be divided into two major groups as follows:

1. Full Internet Access for Business

The Company provides full Internet access services with various speeds and service areas cover all provinces. Users 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 and the technical support team is available 24 hours. As a result, the Company services are recognized and chosen by many large business organizations in Thailand.

2. Business Solutions

Business Solutions for IT and Communications Industry

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.

2.2 Cloud Services : Cloud service is the virtual computing service under the Information Security Management System of ISO27001: 2005 which can be divided into 3 categories as follows:

- Infrastructure as a Service (IaaS) is the service that provides infrastructure for the company in terms of hardware which will reduce the user's IT investment cost.
- Platform as a Service (PaaS) is the service that company can run the applications on the system without worrying about an investment in hardware and software equipments.
- Software as a Service (SaaS) is the service in the form of applications such as Email on Cloud and Antivirus.

2.3 EDC Network Pool Service : EDC Network Pool is the Credit Card Payment System Center linked between banks and other merchants through the various telecommunications networks such as landline telephone, mobile phone, and the internet. Card transactions are safe and flexible in all nationwide areas. In 2012, the Company became a business alliance with Transaction Network Services Company Limited (TNS), a World leader in a payment service system. 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.

2.4 Software Services : Online application for customers such as Online recruitment and mail services etc.

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 list of Mandala Board of Directors (as of 31 December 2013) is as follows :

- | | |
|--------------------------------|-----------------------|
| 1. Mrs. Morragot Kulatumyotin | Chairman of the Board |
| 2. Mr. Songsak Danubumrungsart | Director |
| 3. Ms. Pornthip Vachirangkool | Director |

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, 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 2022.

Social Activity:

The Company recognizes the importance of Internet applications that are highly influenced the everyday life of modern society. Specifically in children and youth. The company operates to support the safe and productive use of the Internet by support Internet Foundation for the Development of Thailand (www.inetfoundation.or.th) for 10 years continuously in order to carry out activities to promote the adoption of information technology and the Internet as a mediator. To development economic and social especially in rural and disadvantaged communities by encouraging them to learn and familiar with the technology I order to enhance well-being of Thai's society.

The company also promotes the conservation of natural resources and the environment by corporation with Internet Foundation for the Development of Thailand to organize the seedlings grown mangrove at Samutsakorn Province. In addition, INET has donated pants glasses to the Dusit volunteered to help victims of floods in Prachinburi Province.

Education Activity:

The company organize opening house for all education institutes who interested in INET IDC as a crucial learning opportunity to get access into information of Thai's internet and world wide which they could learn INET's business as well. The institutions and organizations who interested in INET and attended site visit are Stock Exchange of Thailand, Ministry of Justice and Chulalongkorn University , etc.

Business Strategies and Direction

Business Direction

The company has followed the organization's direction and business strategies continuously in order to achieve short term goals and long-term business as the leading Internet provider. However, changing environment, technology in the market and the competition are more intense which affect the business operations of the company. Therefore, the company has adjusted its approaching of the service as an ICT infrastructure providers (infrastructure as a service provider) and reprocessing operations also streamlined in order to increase the ability to conduct the business and maintain cost competitiveness in the market. Preparation to growth and building a strong and sustainable organization for the completion on the future.

The company analysed competitive environment that affects the business of the organization, both internal and external. The company established core business strategies to cope with an environment of strong competition and rapid changes in order to contribute to achieving the goals of the business effectively.

Operating Strategies

The Strategies for achievement.

1. Focused on Cloud service especially server, storage to major customer who concern quality of the service such as financial institutes.

2. Focused Partner. Partners in providing Internet broadband (FTTX).

Business Situation of ICT Services

Economy turndown in 2013-2014, report from National Economic and Social Development Council estimated that in 2014 Thailand's economy will grow at 4-5 %, with the main factors is exported due to weakness of Thai baht. Whereas, private consumption grew 2.7 % increasing from 2013 only 0.8 % due to people has less consumption. However, the infrastructure of the company can help organizations reduce costs. Changing investment with a high amount by using rental scheme to lower the cost. It is likely to offer various services in the private sector in 2014.

An unforeseen disaster both natural and political disasters that have occurred in the last 2-3 years, and is likely to happen in the future that could give organizations the awareness of management so that businesses can operate continuously (Business Continuity Management). It was an opportunity to offer a DR site (Disaster Recovery Site) and BCP with in IDC.

Mobile internet is a trend for these days, using mobile device, and mobile applications in Thailand. The auction of 3G and 4G-LTE in the near future that could affect the number of subscribers and increasing of mobile data rapidly. From the market survey, NECTEC. Expected that the smart phone will account for 78% of all phones. As a result, the supply is a provider of application, e commerce, and content must adapt to the service on cloud which located in IDC with a large and stable network connection. The company can take this opportunity to serve infrastructure as a service to this segment.

The auction of digital TV and IPTV services with growing of broadband technology developed and transfer data at very high Gbps and changing of a new generation's life style that cause demand of Internet connection to your home with high-speed stability with technology FTTX (Fiber To The X) The company saw an opportunity to provide Internet service in partnership with a high-speed network to the residential market in mass by point with strengths of an experienced company and expertise in Internet for a long time

Competitive Strategy

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

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

- The Business Strategy focus on quality of service and generate profits to organizations which is likely to increase service to meet the client's business rather than retail customers.

The market in recent years and sales channels

In 2013 the company specific marketed had offered services to target customers in specific group. To ensure that products and services can help customers do business more effectively and sales could made through the company's sales staff.

Competitors Overview

- Internet access in specific markets and network connections services are very competitive. Because users see no difference. And easily transition to the new. The advantage is a network provider with the network itself. It can be done at lower cost. The strategy is to manage costs to a minimum. Access and navigation service is one solution for customer service.
- IDC market oriented company serving customers who want IDC in modern standard ISO/IEC 27001: 2005 Data Center management which can save energy. The life of the equipment longevity. Located on a large network with stability and few providers. The company has an advantage due to the 2 IDC in high standard which available immediately. Thus it could meet the needs of customers.
- Market cloud services and cloud computing has been start for more than five years in abroad, but in Thailand, cloud services in earnest about a year in 2012 by the company is sorted as a pioneer as the first public cloud services in Thailand. The platform as a service with high quality. Services is growing steadily. The company is focused on providing cloud services as standard certified ISO/IEC 20000-1: 2011 cloud service and quality of service on The IDC Certified Information Security Management standard ISO/IEC 27001: 2005.

Estimated Number of competitors. Size of the company. Status and competitiveness.

In the same industry, there are a number of companies organized as a competitor of the company for about five companies. Companies was classified as medium-sized companies in the group competition. But the company's has potential to compete with competitors.

Revenue Structure

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

Services and products	Consolidated Financial Statement 2013 ^{1/}		Consolidated Financial Statement 2012 ^{1/}		Consolidated Financial Statement 2011 ^{1/}	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Access Business	98.4	25.44	94.4	29.44	130.25	41.6
2. Business Solutions ^{2/}	280.5	72.56	207.0	64.56	171.45	54.76
Total revenues from operating business	378.9	98	301.4	94.00	301.7	96.37
3. Other income ^{3/}	7.7	2	19.2	6.0	11.37	3.63
Total Revenues	386.6	100	320.6	100	313.07	100
4. Share of profit from an associated Company ^{4/}	6.4	4.2	16	5	10.82	3.46

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 incomes.

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

1. Business Competitiveness Risk

After the National Broadcasting and Telecommunications Commission (NBTC) has issued the Notification regarding the procedures and the revenue collection methods on May, 2012, so that the basic telecommunication service can be built nationwide and social community service can be provided, the operators with revenues higher than 20 millions baht have to remit 3.75% of their revenues to the Broadcasting and Telecommunications Research and Development Fund for the public interest which increases the cost burden of the Internet service providers. Moreover, the NBTC has also announced the Notification of Licensing Fee for Telecommunications Business B.E. 2555 (2012), the major content specifies that the telecommunications business licensees, including the Internet service licensees, have to pay the annual fee from the telecommunication business income, including the Internet service income on a progressive rate basis which means high income operators have to pay higher fee based on their revenue generation. Therefore, the telecommunication business operators, including the small internet service providers, will have higher cost because the fee will be calculated based on the gross revenue before deducting expenditures. However, in addition to the Internet services, the company also provides the full ICT integrated services which has the same revenue proportion and the growth prospect is better than internet service growth.

2. Risk from Technology Changes

The rapid change in the Internet and IT technology has lead to the consolidation of many networks and IT businesses such as Broadband Internet, Mobile Internet, Social Network, CloudComputing, Data Center and BCP. The company needs to train their people to closely follow and study the change in the IT industry in order to immediately response to the client's need.

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.

4. Risk of Changing in Related Laws and Obligations

Due to the nature of its business which operating under license from the Telecommunications Broadcasting Commission. National Broadcasting and Telecommunications Commission (NBTC .) which will be issued . Regulations to oversee both the telecommunications and broadcasting companies continually have risk to be affected by changes of the law and policy of the government. These are factors beyond our control that may affect the company's new project development, the company has focused on studying the various related laws carefully before investing. Including monitoring the movements on various issues closely. To be able to plan projects properly if changes in law or government policy.

Shareholding Structure and Management

The first top 10 shareholders on the closing date of the registration book as of February 28, 2014 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	Thai NVDR Company Limited	7,550,500	3.02
5	Mr. Tawardchai Tanthipoj	4,876,000	1.95
6	ABN AMRO NOMINEES SINGAPORE PTE LTD	3,600,000	1.44
7	Mrs. Oraphan Mayakarn	3,400,000	1.36
8	Mr. Thanabodee Hoontrakul	3,000,000	1.20
9	Mr. Charoen Sasiluxsanakul	2,989,200	1.20
10	Mr. Pornchai Kuwattanachai	2,591,400	1.04

Source : Major shareholders as of February 28, 2013 prepared by Thailand Securities Depository Co.,Ltd.

NVDR Outstanding Shares

As of February 28, 2013, Thai NVDR Company Limited has company's share as NVDRs (Non-Voting Depository Receipt) outstanding of 7,550,500 units or equivalent to 3.02 % 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.

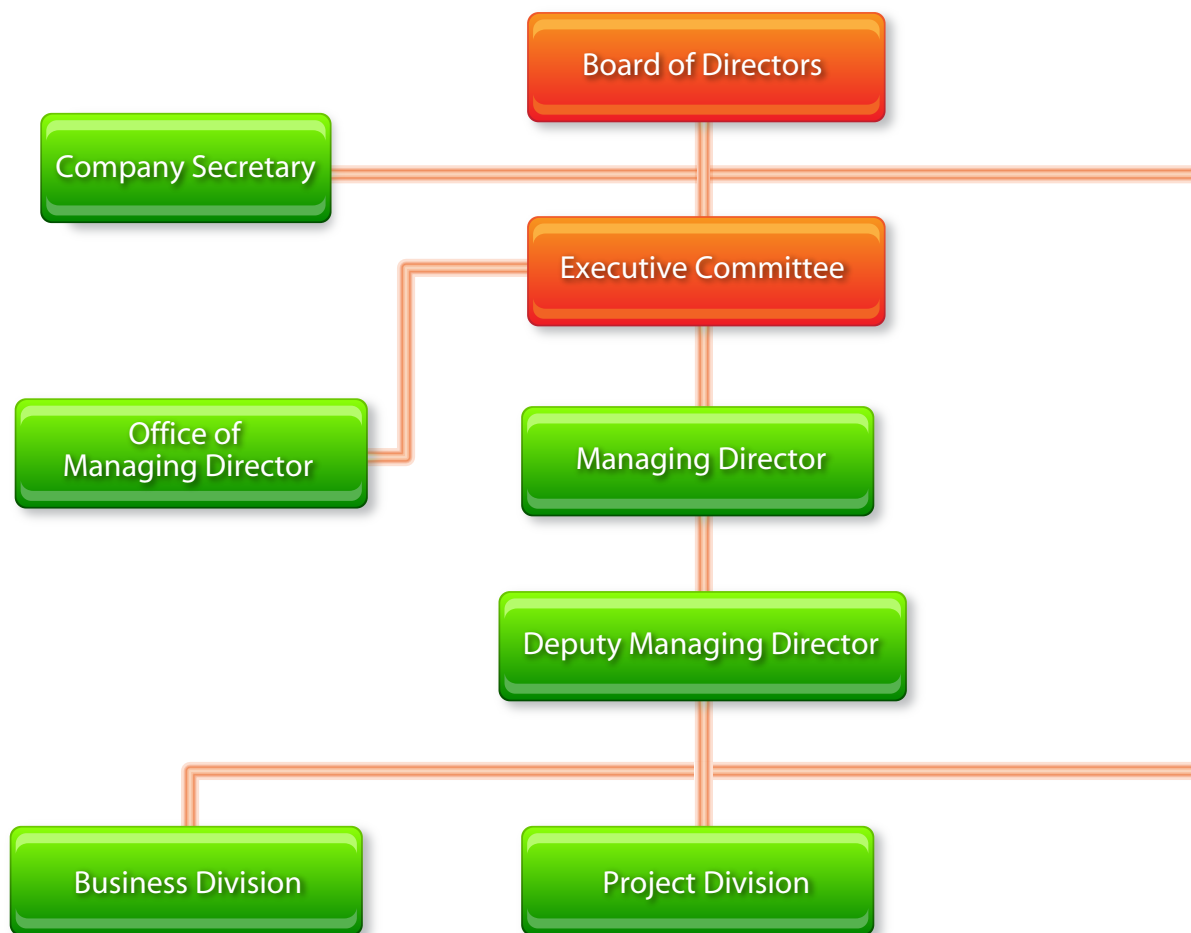
Dividend Policy

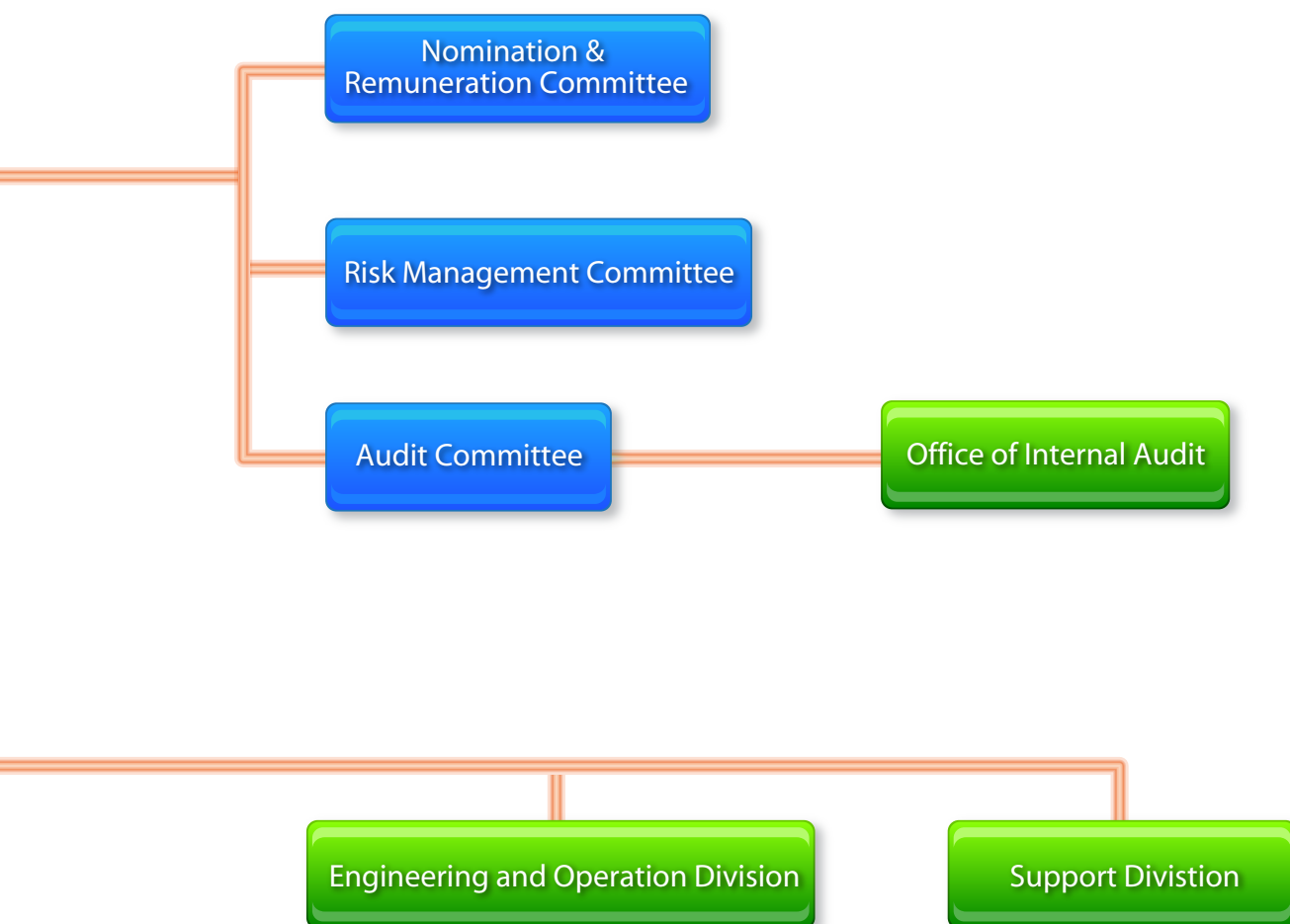
The Company's dividend policy

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 company's normal operation.

Organization Chart

The Organization Chart as of December 31, 2013





The Company's Board of Directors consists of 11 members who are scholars and experts, whose personal qualifications fully conform to Section 68 of the Public Limited 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, 2543. They are:

(1) Prof. Dr. Pairash Thajchayapong	Chairman of the Board of Directors and Chairman of Executive Committee
(2) Dr. Thaweesak Koanantakool	Director, Vice Chairman of Executive Committee, Risk Management Committee Member, and Adviser of CEO Performance Review Committee
(3) Dr. Montchai Noosong ¹	Director
(4) Mrs. Preeya Danchaivichit ²	Director
(5) Ms. Tanwadee Wongterarit	Director and CEO Performance Review Committee Member
(6) Mr. Aniruth Hiranraks	Director
(7) Prof. Emeritus Dr. Achara Chandrachai	Independent Director and Chairman of Audit Committee
(8) Mr. Aran Permpiboon Independent	Independent Director, Chairman of Nomination and Remuneration Committee Member and Audit Committee Member
(9) Ms. Narumol Wangsatorntanakun	Independent Director, Chairman of Risk Management Committee and Audit Committee Member
(10) Mr. Sahas Treetipbut	Independent Director, Executive Committee Member and Nomination and Remuneration Committee Member
(11) Ms. Morragot Kulatumyotin	Director, Executive Committee Member and Risk Management Committee Member and Acting Company Secretary

Remark:

1. Dr. Montchai Noosong is appointed to be a director in replace of Mr. Somsak Mahaviriyo on October 10, 2013.
2. Mrs. Preeya Danchaivichit is appointed to be a director in replace of Dr. Kamthon Waithayakul on November 4, 2013.
3. Ms. Narumol Wangsatorntanakun is appointed to be audit committee on November 13, 2013

Authorized Directors

"Either one of Prof. Dr.Pairash Thajchayapong or Dr.Thaweesak Koanantakool jointly with either one of Mr. Montchai Noosong, Mrs. Preeya Danchaivichit, 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. Montchai Noosong or Mrs. Preeya Danchaivichit 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 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 transactions 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 13 directors to attend the Director Accreditation Program (DAP) and Director Certification Program (DCP), which are set by Thai Institute of Directors. (Directors' Training Information can be found in Attachment 1)

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, 2013, the Executive Committee consisted of 4 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) Mrs. 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 Executive Committee will be in a post for 3 years similar to the term of the Company's directors.

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 of December 31, 2013, 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 ¹ | Audit Committee Member |
| (4) Ms. Narumol Wongsatorntanakul ² | Audit Committee Member |
| (5) Ms. Saraporn Watasat | Secretary |

Remark:

1. Mr. Chavalit Uttasart resigned from Director on October 9, 2013
2. Ms. Narumol Wongsatorntanakul is appointed to be Audit Committee Member on November 13, 2013.

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.
2. Review with the Auditor and internal auditor to ascertain that the internal audit system of the Company is appropriate and efficient as well as the independence of the Internal Audit, the approval of the appointment, transfer and termination of the contract of Internal Audit Head.
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 in order to propose this agenda for shareholder's approval. 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. The Audit Committee is required to attend the meeting with the Auditor without the management at least once in a year.
5. Consider the disclosure of information on connected transactions or transactions with conflicts of interest to ascertain that they are correct and complete according to the law, SET specifications and related rules and regulations.
6. 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.
7. Seek an independent advice from professional consultants when it is necessary with the Company's expense.
8. Review the Audit Committee's Code of Conduct; if it is necessary and appropriated.
9. Perform any acts assigned by the Board of Directors and consented to by the Audit Committee.

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, 2013, 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 ¹ | Nomination and Remuneration Committee Member |
| (4) Mr. Yossakrai Rujipongvatee | Secretary |

Remark:

1. Mr. Chavalit Uttasart resigned from Director on October 1, 2013

Authority and duties of the Nomination and Remuneration Committee

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

1. Propose the guideline, procedure and criteria on the remuneration payment to the Board of Directors and other Committees appointed by the Board of Directors, including the Managing Director which are fair and reasonable and present the details to the Shareholder's Meeting and/or the Board of Director's Meeting for consideration.
2. Propose remuneration policy for Management Incentive that harmonized with the company's outcome and Management's performance to Board Meeting for consideration.
3. Consider selecting appropriate persons who shall be appointed as the Company's Director, Independent Director, Nomination and Remuneration Committee Member or other Committee which the Board of Director agrees upon and proposes to Board Meeting for consideration.
4. Outline the procedure and criteria on selection and remuneration payment for the persons or Committee (referred in no. 3) which are fair and reasonable.

5. Perform any acts 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 recommendation to the Board of Directors for supervising risks that have adverse effect on the Company either internal or external factors to leaving the remaining risks to suitable and acceptable level.

As on December 31, 2012 the Risk Management Committee consisted of 3 members:

- | | |
|--|---------------------------------------|
| (1) Ms. Narumol Wangsatorntanakun | Chairman of Risk Management Committee |
| (2) Dr. Thaweesak Koanantakool | Risk Management Committee Member |
| (3) Ms. Morragot Kulatumyotin | Risk Management Committee Member |
| (4) Mr. Wanchai Vach-shewadumrong ¹ | Secretary |

Remark:

1. Mr. Wanchai Vach-shewadumrong was appointed to be secretary in replace Mr. Pat Hosiri since December 31, 2013.

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 acts 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 in every 6 months.

As on December 31, 2013 the CEO Performance Review Committee consisted of 2 members as follows:

- | | |
|--|--|
| (1) Dr. Thaweesak Koanantakool | Adviser of CEO Performance Review Committee |
| (2) Ms. Vilawan Vanadurongvan ¹ | Chairman of CEO Performance Review Committee |
| (3) Ms. Tanwadee Wongterarit | CEO Performance Review Committee Member |
| (4) Mr. Somsak Mahaviriyo ² | CEO Performance Review Committee Member |
| (5) Mr. Yossakrai Rujipongvatee | Secretary |

Remark:

1. Ms. Vilawan Vanadurongvan resigned from Director since October 9, 2013.
2. Mr. Somsak Mahaviriyo resigned from Director since September 2, 2013

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 persons.

As on December 31, 2013 there were 4 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 ¹ | Independent Director |
| (5) Ms. Vilawan Vanadurongvan ² | Independent Director |

Remark:

1. Mr. Chavalit Uttasart resigned from Director on October 9, 2013.
2. Ms. Vilawan Vanadurongvan resigned from Director on October 9, 2013

Brief profile of Independent Directors can be found in Attachment 1

Company secretary

At the meeting of the Board of Directors no. 1/2013 on February 7, 2012, the Board of Directors had a resolution to appoint Mrs. Morragot Kulatumyotin (Acting Managing Director and Director) as Company Secretary, instead of Mr. Pat Hosiri who resigned from the position, 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 2013

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, Managing Director 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 in arranging Minutes of Meeting to be taken in writing, and maintaining Minutes of Meeting certified by the Chairman, ready for inspection by the directors of the Company or related person in case they may wish to do so.

In 2013, the Board of Directors held a total of 11 meetings, the Executive Committee held a total of 9 meetings, the Audit Committee held a total of 14* meetings, the Nomination and Remuneration Committee held a total of 6 meetings, the Risk Management Committee held a total of 6* meetings and the CEO Performance Review Committee held a total of 5 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 (11 times)	Attendance (10 times)	Attendance (14* times)	Attendance (6 times)	Attendance (6*times)	Attendance (5 times)
1. Prof. Dr. Pairash Thajchayapong	11/11	10/10				
2. Dr. Thaweesak Koanantakool	9/11	8/10			5/6	
3. Mr. Somsak Mahaviriyo ¹	7/7					3/5
4. Dr. Kamthon Waithayakul ²	8/8					
5. Dr. Montchai Noosong ³	3/3					
6. Mrs. Preeya Danchaivichit ⁴	2/2					
7. Ms. Tanwadee Wongterarit	8/11					5/5
8. Mr. Aniruth Hiranraks	10/11					
9. Prof. Emeritus Dr. Achara Chandrachai	10/11		14/14			
10. Mr. Aran Permpiboon	10/11		13/14	6/6		
11. Mr. Chavalit Uttasart ⁵	6/8		9/10	6/6		
12. Ms. Vilawan Vanadurongvan ⁶	7/8					5/5
13. Ms. Narumol Wangsatorntanakun	10/11		1/1		6/6	
14. Mr. Sahas Treetipbut	10/11	8/10		6/6		
15. Mrs. Morragot Kulatumyotin	11/11	10/10			6/6	

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

Remarks:

1. Mr. Somsak Mahaviriyo resigned on September 2, 2013.
2. Dr. Kamthon Waithayakul resigned on October 30, 2013.
3. Dr. Montchai Noosong replaced Mr. Somsak Mahaviriyo as a director on October 10, 2013.
4. Mrs. Preeya Danchaivichit replaced Dr. Kamthon Waithayakul as a director on May 14, 2012.
5. Mr. Chavalit Uttasart resigned on October 9, 2013.
6. Ms. Vilawan Vanadurongvan resigned on October 9, 2013

Managing Director

At the meeting of Board of Directors no. 3/2556 on March 19, 2013, the resolution to appoint Mrs. Morragot Kulatumyotin as the Company Managing Director effective from April 1, 2013 onwards.

Authority and duties of Managing Director

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 Managing Director 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.

The Appointment of Managing Director

Internet Thailand Public Company Limited is a public company and listed on the Stock Exchange of Thailand, therefore, the recruitment and appointment of Managing Director has to follow the procedure of Public Limited Companies Act and the Securities and Exchange Act. The Managing Director should not have forbidden characters by laws. The hiring contract should be clearly written, as well as the CEO performance reviews have to be regularly conducted throughout the contract period.

Management Team

As on December 31, 2013, Management team consisted of 4 members as follows:

(1) Mrs. Morragot Kulatumyotin	Managing Director
(2) Mr. Wanchai Vach-shewadumrong	Deputy Managing Director
(3) Mr. Saknon Kangsumrith	Senior Vice President
(4) Ms. Manassanan Niyomsukniran	Vice President, Accounting Division

Nomination procedures and the appointment of Directors

Selection of persons to be appointed as the Company's director follows 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 appoints 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 major 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	Chairman of the Board of Directors and Chairman of Executive Committee
Shareholding	-
Family Relationship	-
Education	Ph.D. Electronics and Computer Engineering University of Cambridge, United Kingdom
Director Training Program	Director Certification Program (DCP) by Thai Institute of Directors (IOD)
Professional Experience	2001- present Chairman of the Board, Internet Thailand Public Company Limited
	2008- present Chairman of the Executive Board, Internet Thailand Public Company Limited
	2008- present Chairman of the Board, NetBay Company Limited
	2005- present Senior Adviser, National Science and Technology Development Agency, Ministry of Science and Technology
	2004- 2005 Permanent Secretary, Ministry of Science and Technology, Office of the Permanent Secretary for Ministry of Science and Technology

2. Dr. Thaweesak Koanantakool

Position	Director, Vice Chairman of Executive Committee, Risk Management Committee Member and Adviser of CEO Performance Review Committee
Shareholding	-
Family Relationship	-
Education	Ph.D. Digital Communications, Imperial College of Science and Technology, University of London, United Kingdom
Director Training Program	Director Certification Program (DCP) and Roles of Chairman 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
	2009- 2010 CEO Performance Review Committee Member, Internet Thailand Public Company Limited
	2008- present Vice Chairman of Executive Committee, Internet Thailand Public Company Limited
	2007- 2011 Chairman of Risk Management 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

3. Dr. Montchai Noosong

Position	Director
Shareholding	-
Family Relationship	-
Education	Docteur de L'Ecole Nationale Supérieure des Telecommunications (Informatique et Reseaux) Telecom Paris, France
Training Program	Director Certification Program (DCP) and Roles of Chairman by Thai Institute of Directors (IOD) Financial Statement for Directors (FSD) by Thai Institute of Directors (IOD)
Professional Experience	2013 - present 2013 - present 2012 2011 - 2012 2009 - 2010 2007 - 2009
	Director, Internet Thailand Public Company Limited Senior Executive Vice President - Senior Adviser, TOT Public Company Limited Acting-Senior Executive Vice President , TOT Public Company Limited Senior Executive Vice President - Senior Adviser, TOT Public Company Limited Senior Executive Vice President - Investment Management, TOT Public Company Limited Executive Vice President - Product Development Division, TOT Public Company Limited

4. Mrs. Preeya Danchaivichit

Position	Director
Shareholding	-
Family Relationship	-
Education	MBA Westminster College, U.S.A. Master of Accounting, Thammasart University.
Director Training Program	Director Certification Program (DCP) by Thai Institute of Directors (IOD)
Professional Experience	2013 - present 2012 - present
	Director, Internet Thailand Public Company Limited Vice President - Financial and Accounting, TOT Public Company Limited

5. Ms. Tanwadee Wongterarit

Position	Director and CEO Performance Review Committee Member
Shareholding	-
Family Relationship	-
Education	Master of Science in Electrical Engineering, University of Miami, U.S.A.
Director Training Program	Director Accreditation Program (DAP) by Thai Institute of Directors (IOD)
Professional Experience	2009 - present 2009 - present Present 2009 - 2012 2008 - 2009 2007
	Director, Internet Thailand Public Company Limited CEO Performance Review Committee Member, Internet Thailand Public Company Limited Senior Executive Vice President (Corporate Strategy), CAT Telecom Public Company Limited Senior Executive Vice President (Voice Business), CAT Telecom Public Company Limited Senior Executive Vice President (Wireless Business), CAT Telecom Public Company Limited Senior Executive Vice President (CDMA Business), CAT Telecom Public Company Limited

6. Mr. Aniruth Hiranraks

Position		Director
Shareholding		-
Family Relationship		-
Education		Master of Engineering (Electrical- Communications), Cornell University, U.S.A.
Director Training Program		Director Accreditation Program (DAP) by Thai Institute of Directors (IOD)
Professional Experience	2009 - present	Director, Internet Thailand Public Company Limited
	2013 - present	Manager Dept. 10- Information Technology Strategy Department, CAT Telecom Public Company Limited
	2009 - 2013	Manager Dept. 10- International Network, CAT Telecom Public Company Limited
	2008 - 2009	Manager Dept. 10- Network Engineering, CAT Telecom Public Company Limited
	2007 - 2008	Manager Dept. 10- Planning & Engineering, CAT Telecom Public Company Limited

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

Position		Independent Director and Chairman of Audit Committee
Shareholding		-
Family Relationship		-
Education		Ph.D. Quantitative Business Analysis, Arizona State University, U.S.A.
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, Chulalongkorn University
	2008 - present	Manager, IMET (Institute Management Education Thailand)
	2007 - present	Independent Director and Chairman of Audit Committee, Dimet (Siam) Public Company Limited
	2005 - present	Independent Director and Chairman of Audit Committee, Pan Rajdhevee Group Public Company Limited
	2013 - present	Independent Director and Chairman of Audit Committee, Sa-ha Union Public Company Limited

8. Mr. Aran Permpiboon

Position	Independent Director, Audit Committee Member and Chairman of Nomination and Remuneration Committee	
Shareholding	-	
Family Relationship	-	
Education	Master's Degree of Public Administration (Personnel Management), National Institution of Development Administration (NIDA) Bachelor's Degree of Electrical Engineering, Chulalongkorn University	
Director Training Program	Director Certification Program (DCP) and Audit Committee Program (ACP) by Thai Institute of Directors (IOD)	
Professional Experience	2005 - present	Independent Director, Internet Thailand Public Company Limited
	2008 - present	Chairman of the Nomination and Remuneration Committee, Internet Thailand Public Company Limited
	2008 - present	Audit Committee Member, Internet Thailand Public Company Limited
	2008 - present	Independent Director and Chairman of Audit Committee, Absolute Impact Public Company Limited
	2003 - 2004	Acting President, TOT Public Company Limited

11. Ms. Narumol Wangsatorntanakun

Position		Independent Director and Chairman of Risk Management Committee
Shareholding		0.02%
Family Relationship		-
Education		M.A. in International Economics (Economics), Marquette University, Milwaukee, Wisconsin, U.S.A. M.S. in Electrical Engineering, Major in Data Communication, University of Wisconsin, Milwaukee, Wisconsin, U.S.A.
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
	2011 - present	Chairman of Risk Management Committee, Internet Thailand Public Company Limited
	2009 - 2011	Risk Management Committee Member, Internet Thailand Public Company Limited
	2013 - present	Audit Committee, Internet Thailand Public Company Limited
	2008 - present	Chairman of the Nomination and Remuneration Committee, ACAP Advisory Group Pcl.
	2003 - present	Independent Director and Audit Committee Member, ACAP Advisory Group Pcl.
	2010 - 2012	Director, ITBC Business Consultant Group Co., Ltd.
	2002 - present	Chief Information Officer, Thai Smart Card Co., Ltd.

12. Mr. Sahas Treetipbut

Position		Independent Director, Executive Committee Member and Nomination and Remuneration Committee Member
Shareholding		0.07%
Family relationship		-
Education		Master of Computer and Information Science, Syracuse University, U.S.A.
Director Training Program		Director Certification Program (DCP) and Audit Committee Program (ACP) 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

13. Mrs. Morragot Kulatumyotin

Position	Director, Risk Management Committee Member, Executive Committee Member and Managing Director
Shareholding	0.16%
Family Relationship	-
Education	Master of Science in Computer Science, University of Missouri Columbia, U.S.A. Master of Business Administration, Thammasart University
Director Training Program	Director Accreditation Program (DAP), Company Secretary Program (CSP), Audit Committee Program (ACP) and Effective Minutes Taking (EMT) by Thai Institute of Directors (IOD)
Professional Experience	2013 - present Managing Director, Internet Thailand Public Company Limited 2012 - 2013 Acting Managing Director, Internet Thailand Public Company Limited 2008 - present Executive Committee member, Internet Thailand Public Company Limited 2008 - present Risk Management Committee member, Internet Thailand Public Company Limited 2003 - present Director, Internet Thailand Public Company Limited 1999 - 2013 Deputy Managing Director 2008 - present Chairman of the Board, Mandala Communication Company Limited 2004 - 2011 Director, Netbay Company Limited

1. Mrs. Morragot Kulatumyotin

Position	Managing Director
Shareholding	0.16%
Family Relationship	-
Education	Master of Science in Computer Science, University of Missouri Columbia, U.S.A. Master of Business Administration, Thammasart University
Director Training Program	Director Accreditation Program (DAP), Company Secretary Program (CSP), Audit Committee Program (ACP) and Effective Minutes Taking (EMT) by Thai Institute of Directors (IOD)
Professional Experience	2013 - present 2012 - 2013 2008 - present 2008 - present 2003 - present 1999 - 2013 2008 - present 2004 - 2011
	Managing Director, Internet Thailand Public Company Limited Acting Managing Director, Internet Thailand Public Company Limited Executive Committee member, Internet Thailand Public Company Limited Risk Management Committee member, Internet Thailand Public Company Limited Director, Internet Thailand Public Company Limited Deputy Managing Director Chairman of the Board, Mandala Communication Company Limited Director, Netbay Company Limited

2. Mr. Wanchai Vach-shevadumrong

Position	Deputy Managing Director
Shareholding	-
Family Relationship	-
Education	Master of Business Administration, Chulalongkorn University
Professional Experience	2013 - present 2012 - 2013 2011 - 2012 2007 - 2011
	Deputy Managing Director, Internet Thailand Public Company Limited Executive Vice President, Internet Thailand Public Company Limited Senior Vice President, Internet Thailand Public Company Limited Deputy Managing Director / Sales & Marketing Director, Wall Technology Company Limited

3. Mr. Saknon Kangsumrith

Position	Senior Vice President
Shareholding	-
Family Relationship	-
Education	Master of Science in Information Technology Management, University of the Thai Chamber of Commerce
Professional Experience	2013 - present 2012 - 2013 2011 - present 2007 - 2011
	Senior Vice President, Internet Thailand Public Company Limited Acting Senior Vice President, Internet Thailand Public Company Limited Vice President, Internet Thailand Public Company Limited Senior Consultant, Internet Thailand Public Company Limited

4. Miss Manassanan Niyomsukniran

Position	Vice President
Shareholding	-
Family Relationship	-
Education	Master Degree of Business Administration (Young Executive Program), National Institute of Development Administration
Professional Experience	2012 - present 2011 - 2012 2007 - 2011
	Vice President, Internet Thailand Public Company Limited Local Regulatory Reporting Manager, Citibank N.A. Financial Analyst, Schlumberger Overseas S.A.

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 subsidiary company and the associated company as of 31 December, 2013

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. Dr. Montchai Noosong	D		
4. Mrs. Preeya Danchaivichit	D		
5. Ms. Tanwadee Wongterarit	D		
6. Mr. Aniruth Hiranraks	D		
7. Prof. Emeritus Dr. Achara Chandrachai	D		
8. Mr. Aran Permpiboon	D		
9. Mr. Sahas Treetipbut	D		D
10. Ms. Narumol Wangsatorntanakun	D		
11. Mrs. Morragot Kulatumyotin	D, MD	C	
12. Mr. Wanchai Vach-shewadumrong	M		D
13. Mr. Saknon Kangsumrith	M		
14. Ms. Manassanan Niyomsukniran	M		

Remarks : C = Chairman
D = Director

MD = Managing Director
M = Management

Director & Executives' remunerations

The 2013 Annual General Meeting of Shareholders resolved that the directors' remuneration for 15 persons is not over Baht 5.50 million, comprising the Board of Directors and Subcommittees allowances. In year 2013, the company paid the remuneration to the directors in total amount of Baht 5.5 million for meeting allowances of the Board of Directors, Subcommittees and other remunerations.

Total remuneration of executives in 2013, the remuneration of 4 executives was Baht 9.2 million, comprising salary and other allowances.

Directors' remuneration in 2013

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	250,000	125,000
2. Dr. Thaweesak Koanantakool	Director / Risk Management Committee Member / Vice Chairman of Executive Committee / Adviser of CEO Performance Review Committee	180,000	170,000
3. Mr. Somsak Mahaviriyo1	Director / CEO Performance Review Committee Member	140,000	30,000
4. Dr. Kamthon Waithayakul 2	Director	160,000	-
5. Miss Tanwadee Wongterarit	Director / CEO Performance Review Committee Member	200,000	50,000
6. Mr. Aniruth Hiranraks	Director	160,000	-
7. Dr. Montchai Noosong 3	Director	60,000	-
8. Mrs. Preeya Danchaivichit4	Director	40,000	-
9. Prof. Emeritus Achara Chandrachai, Ph.D.	Independent Director / Chairman of the Audit Committee	200,000	175,000
10. Mr. Aran Permpiboon	Independent Director / Chairman of the Nomination and Remuneration Committee / Audit Committee Member	200,000	215,000
11. Mr. Chavalit Uttasart	Independent Director / Audit Committee Member / Nomination and Remuneration Committee Member	200,000	140,000
12. Miss Vilawan Vanadurongvan	Independent Director / Chairman of CEO Performance Review Committee	140,000	50,000
13. Ms. Narumol Wangsatorntanakun	Independent Director / Chairman of the Risk Management Committee	200,000	85,000
14. Mr. Sahas Treetipbut	Director / Nomination and Remuneration Committee Member / Executive Committee Member	200,000	140,000
15. Mrs. Morragot Kulatumyotin	Director / Risk Management Committee Member / Executive Committee Member	220,000	160,000

Remark : 1. Mr. Somsak Mahaviriyo resigned on September 2, 2013.
 2. Dr. Kamthon Waithayakul resigned on October 30, 2013.
 3. Dr. Montchai Noosong replaced Mr. Somsak Mahaviriyo as a director on October 10, 2013.
 4. Mrs. Preeya Danchaivichit replaced Dr. Kamthon Waithayakul as a director on May 14, 2012.
 5. Mr. Chavalit Uttasart resigned on October 9, 2013.
 6. Ms. Vilawan Vanadurongvan resigned on October 9, 2013

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 2013, INET has operated under SET practice guideline 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, and traceable and the most important is such information shall be equally available to all shareholders.

In 2013, 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 2013, INET held 1 shareholders' meeting, "the 2012 Annual General Meeting of Shareholders", on Thursday 24th April 2013 at 09.00 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 bar code 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 07.00 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 2013 Annual General Meeting of Shareholders, there were 24 shareholders attending the meeting and 18 proxies, in total of 42 persons, holding 87,251,902 shares from total 250,020,799 issued and paid-up shares, equivalent to 34.90 % 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 2013 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 2013 AGM invitation letter and its documents which are the same documents that INET has sent to the shareholders on INET's website at least 2 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 2013 AGM on 8th April 2012 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 2013 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 2013 to 31 January 2013. 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 2013 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 and 30 minutes. As such, this 2013 AGM has set to start at 09.00 a.m. and end at 12.30 a.m.

1.2.3 After the meeting

INET shall inform the resolution passed at the 2013 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 2013 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. However, even INET reported a net profit for the year 2013, but the Company still has a retained loss. Therefore, the Company has suspended the dividend payment.

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 2012 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 2013, 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.

Creditors

The Company realizes that the trade creditors play important roles in supporting company's business operation flow. Therefore, the Company has strictly paid their bills for services and/or products bought from trade creditors on time and no discrimination either big or small creditors.

Business Competitors

The Company is aware of the importance of the business competitors and don't treat the competitors as business rivals. But the Company considers the business competitors can be changed to the alliances in the future. Therefore, the company has treated the competitors fairly.

Employees

INET has emphasized on the importance of personnel development in order to create and promote the employee's ability, skill, attitude and capacity of all levels so that the employees can work effectively and consistently with the task's objective and business's achievement. Additionally, the capacity development of the employees also expands their performance.

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 participation of all parties, such as Songkran festival, FIT for good activities, annual meeting and party, etc.

Society

Company realized and concern about influence of social network in every aspect no matter in social business and education. As an Internet and ICT infrastructure provider, the company strictly in compliance with relevant laws such as the Computer Crime Act and support activities to promote the safe and productive use of the Internet in 2013. The company provides support safe and productive using of the Internet for children, youth and families through Internet Foundation for the Development of Thailand.

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. Policy not to violate the Intellectual Property Right

The Company's Board of Directors has paid an importance to the Intellectual Property Right and is considered as a Company's main policy. Therefore, the Company don't promote both directly and indirectly to use the illegal software which is violated other people's Intellectual Property Right. The Company requires that every employee has to sign and acknowledge the Company's policy concerning the use of personal software. In addition, the company also has

the internal announcement under the subject “Forbidden activities regarding as violation of the law” by which the summary is about the announcement of forbidding an employee to break the Intellectual Property Right and/or other activities considered as a fraud specified in Computer Crime Act.

5. Disclosure and transparency

5.1 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.

5.2 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/ir), annual registration statement (Form 56-1) and annual report (Form 56-2).

5.3 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/ir, and e-mail address : ir@inet.co.th.

5.4 Securities Analyst

In 2013, the Company has provided a fair and accessible opportunity to securities analysts from many brokers to get the Company’s information such as Maybank Kim Eng (Thailand) Public Company Limited, Kiatnakin Securities Public Company Limited, KGI Securities (Thailand) Public Company Limited. The given information is related to the company’s performance, trend and business direction which the analysts can review these information to the public later on.

6. Responsibilities of the Board of Directors

6.1 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’s regulations.

Currently, the Board of Directors comprises of 11 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 B.E. 2535

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 1 director who have held the executive positions i.e. the Managing Director. The Chairman of the Board of Directors is the director who has not held any executive position and is not the same person as the Managing Director who has held the highest executive position of INET. Although the Chairman of the Board of Directors represents the major shareholders i.e. National Science and Technology Development Agency (NSTDA), the Chairman shall perform its duties with independency whereby such person shall not be dominated or guided during the discussion. The Chairman of the Board of Directors has encouraged all directors to fully participate in the

discussion and present their opinions by providing sufficient and appropriate time for discussion in order to have a consensus conclusion in all matters proposing to the Board meeting.

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

from TOT PCL. with shareholding of 16% and 2 directors are from CAT Telecom PCL. with shareholding of 16%.

Moreover, none of the directors of INET have held position in the listed companies more than 3 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 the director's denomination and appointment for both the director's retiring by rotation and not by rotation. The director appointment agenda will be proposed to the Board of Directors and Annual General Shareholder's Meeting for further approval.

Neutrality of non-executive directors

The Board of Directors comprises of 11 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	1	4	3

The Company has total 5 Independent Directors, or one-third of all 11 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, staffs, consultant 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 independence.
- 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.

6.2 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 2013, 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 2013, the Audit Committee has held 14 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 2013, the Nomination and Remuneration Committee has held 6 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 2013, 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 2013, the CEO Performance Review Committee has held 5 meetings.

6.3 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 is aware of the duty towards shareholders (the business's owners and the appointees of the Board of Directors) by performing the duty and responsibility for the shareholder's best interest. The Board of Director's Fiduciary Duty consists of 4 main functions as follows:

1. Duty of Care: duty to work with carefulness.
2. Duty of Loyalty: duty to conduct business with honesty.
3. Duty of Obedience: duty to obey laws, company's objectives, regulations and shareholder's resolutions.
4. Duty of Disclosure: duty to disclose the information to the shareholder correctly and completely.

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).

Furthermore, the Board of Directors has set up the procedure, condition and method to report the interests of directors and management. As part of Board of Directors and management's responsibilities, the interests report should be made and kept at the Company as an evidence. Thus, the Company can be notified about the interests which might be related to the Company's business operation and does not cause the conflict of interests as specified in Section 89/14 of the Securities and Exchange Act B.E. 2551.

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 confidences 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, staffs and employees shall maintain the confidentiality and/or inside information of INET.

2. The Board of Directors, the management, staffs 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 the return.

3. The Board of Directors, the management, staffs 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 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.

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.9/2013 on 28th October 2013 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.

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.

6.4 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 regularly or at least once in 3 months. 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 2013, the Board of Directors has held 11 meetings (for more details, please see the topic of the Board of Directors for the 2013 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 that matter. This is to support the decision making of the Board of Directors and to be informed about the Board operations.

6.5 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 2013, INET has paid remuneration to the directors and the management. For more details, please see the topic of remuneration of directors and the management.

6.6 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 2013	
1. A related party ^{1/}	Major shareholders	Cost of international and domestic leased line	51,177	Market price
		Revenues from Internet service and hire of work contract	4,933	Market price
2. Netbay Co., Ltd.	Associated Company	Revenues from Internet service	5,714	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 2013

A related party ^{1/}

(Unit : thousand Baht)

- Trade accounts receivable	2,358
- Unbilled service income	0
- Account payable	8,630

Netbay Co., Ltd.

(Unit : thousand Baht)

- Trade accounts receivable - Associated Company	856
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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 October, 2013 Mr. Chavalit Uttasart resigned from being Director of the Internet Thailand PCL and effective on October 9, 2013 that cause to be ceased from Audit Committee as well. Board of Directors Meeting No.10/2556 which were held on Wednesday 13th November 2013 has resolution to appoint Ms. Narumol Wangsatorntanakul in replace resigned director.

Audit Committee are qualified as set out in the Charter of the Audit Committee and follows Best Practice and Guidelines for the Audit Committee of the Stock Exchange of Thailand (SET) The scope and duties and responsibilities include the review of the Company's financial reports with accuracy and sufficiency. Including reviewing the Company's internal control system. Monitoring system within a reasonable and effective. As well as overseeing the Company's compliance to follows terms and related laws.

In 2013, the Audit Committee had organized 11 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 aforementioned financial statements. For the benefit of investors or financial statements users, this year Audit Committee had one meeting with the auditor without the company's management in order to acknowledge the auditor's policy and auditing plans.

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 2 meetings 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.

Self-Assessment: The Audit Committee has assessed themselves on the topic. The composition of the Audit Committee, Training and resource, Meeting, Activities of the Audit Committee. Relationship with the external auditors, internal auditors and management. From assessment show that the Audit Committee could follow the duties as specified in the Code of Best Practice and Guidelines for the Audit Committee which it could contribute to strengthening good governance effectively.

Proposed the appointment of the auditor for the year 2014: The Board of Directors has considered and selected the auditor as well as fixed the audit's fee by proposing the ANS Audit Co., Ltd., to be the auditor of the Internet Thailand PCL. for the year 2014. This agenda will be proposed to the Board of Directors and Annual General Shareholder's Meeting for further approval.



(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 for the year 2013. Therefore, the explanation and analysis of financial status and performance stipulated in this section are referred 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 2013, the Company has invested to renovate the INET IDC at Bangkok Thai Tower Phase 2 with 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 leaders such as Cisco in IT network and HP in IT infrastructure, have 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.

Overall Performance

In 2013, the Company's total income amounted 386 million Baht, an increase of 21% , cost of service and cost of goods sold at 285 million Baht an increase of 24% compared with the 2012 figure . The net profit totaled 3.06 million Baht, or 0.01 Baht per share. The Company has profit before interest, tax, depreciation and amortization (EBITDA) 5.1 million Baht, due to the opening of new IDC, Cloud services.

In addition, the Company recognized profit sharing from an associated Company, Netbay Co., Ltd., which the Company holds 40% shares, in an amount of 6 million Baht. From the establishment (end of 2004) until present, the company has recognized the profit sharing from Netbay Co., in the amount of 184% from the initial investment of 36 million baht. During the year, Netbay paid dividend for 2013, totaling 4 million Baht, to the Company. The aforementioned dividend was recorded in other income in the separated financial statements.

At the end of 2013, the Company's liquidity was 0.44 times. As of 31 December 2013, cash, cash equivalents and short-term investment totaled 20 million Baht, decreasing 215 million Baht, or 92%, from the 2012 figure.

Income from Sales and Services

The Company's services income for 2013 amounted to 372 million Baht, increased by 25% compared with the 2012 figure, due to the opening of new IDC and the services from Cloud Computing. Whereas sales income for 2013 was 7 million Baht, or an increase of 2 million Baht compared with the 2012 figure.

In 2013, the income proportion of Internet access, business solutions and trading was 25:73:2 (31:67:2 in 2012).

Costs, Selling and Administrative Expenses

In 2013, the Company's costs of sales and services totaled 285 million Baht, increased by 24% from the 2012 figure, due to electricity cost from fully operate new Internet Data Center so does License cost from Cloud service whereas, the selling and administrative expenses were 103 million Baht, decreased by 1% comparing with last year, due to the Company's expenses control policy, the Company's restructuring policy and sales and management expenses control policy which will benefit to the Company in the long run which could reduce expense cost to 8 million Baht whereas, expansion of the business that cost the human resource management also selling expense up to 7 million Baht.

Profit Sharing from an Associated Company

In 2013, the Company earned profits from Netbay Co., Ltd., which is the associated company, the investment totaling 6 million Baht. Accordingly, the Company recognized dividend from the affiliate in the separated financial statement, in an amount of 16 million Baht. The dividend was recorded as other income.

Performance

In 2013, the Company's net loss amounted 3 million Baht, or 0.01 Baht per share, and EBITDA was recorded as profit of 5 million Baht.

Financial Status

1. Asset

Asset's Components

At the end of 2013, the Company's assets amounted 844 million Baht, increased by 216 million Baht, compared with the 2012 figure. The major changes are summarized as follows.

Cash and cash equivalents, including short-term investment, totaled 20 million Baht, a decrease of 215 million Baht or 92%, compared with the 2012 figure due to selling in available-for sale- securities.

Company hold pledged bank deposits amount 96 million Baht, an increase 92 million Baht by making bank deposit to guarantee the overdraft account and bank guarantee.

Leasehold improvements and equipment – net, intangible assets – net valued increased to 325 million Baht, due to the renovation of IDC at Bangkok Thai Tower, Core Network & Software purchase, and the renovation of IDC at Thai Summit Tower in the amount of 325 million Baht.

Asset's Quality

Account Receivable

As of 31 December 2013, the trade account receivable – net was worth 79 million Baht, or an decrease of 7% compared with the 2012 figure, provided that 40% of the total amount was undue.

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

- Individuals and private sectors are granted credit for 30 days.
- Government agencies and state enterprises are granted credit for 45-90 days.

Net trade accounts receivable accounted for 9% of total assets, and the collection period for the trade accounts receivable was 79 days. The table below demonstrates trade accounts receivable categorized by their ages. As at December 31, 2013, current trade accounts receivable and trade account receivables overdue less than 3 months under the credit-granted policy amounted to 69 million Baht or accounted to 87% 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, 2013		December 31, 2012	
	Million Baht	%	Million Baht	%
Current	33.78	40	27.74	33
Overdue less than 3 months	135.29	42	37.91	46
3 - 6 months	3.22	4	1.76	2
6 - 12 months	1.67	2	6.41	8
Over 12 months	10.06	12	9.04	11
Total trade accounts receivable	84.02	100.00	82.86	100.00
Less allowance for doubtful accounts	(6.74)	-8	(6.88)	-8
Receivables - Net	77.28	92	75.98	92

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 is set up 100% of total outstanding.
- Government agencies or state enterprises accounts receivable, allowance is 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, 2013 in the amount of 6.74 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 2013, the Company's Liquidity ratio was 0.44 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 50 million Baht.

Cash flow from investment activities of the Company: the Company had cash from investment activities amounted to 187 million Baht from buying equipment and intangible asset totaled 284 million Baht, pledge bank deposit increase 92 million Baht whereas, the Company invest in available –for sale- securities decrease by 180 million Baht and divided 11 million Baht.

Cash flow from financing activities of the Company: the Company gain net cash 103 million Baht due to overdraft and short-term-loan, an increase 107 million Baht whereas, cash debt from financial lease 4 million Baht.

As summarized, at the end of 2013, the Company's cash and short-term investments totaled 20 million Baht, decreased by 215 million Baht or by 91% compared with 2012.

Liquidity ratios are summarized as follows:

	2013	2012
Current Ratio (times)	0.44	2.58
Quick Ratio (times)	0.33	2.46
Cash and current investments Investment in available - for-sale securities(Baht million)	20	235

3. Capital Expenditures

In 2013, the Company purchased equipment and intangible assets for use in its business operations totaling 284 million Baht.

4. Sources of Funds

Appropriateness of Capital Structure

At the end of 2013, registered capital of the Company remained at 333 million Baht, which was paid-up capital amounting to 250 million Baht. As at December 31, 2013, debt-to-equity ratio of the Company was 0.72 times.

Shareholders' Equity

At the end of 2013, the Company's shareholders' equity was at 492 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 55 million Baht and accumulated loss at 58 million Baht or at 1.97 Baht per share on book value (as its par value is Baht 1 per share).

Liabilities

As the end of 2013, total liabilities of the Company totaled 86 million Baht, mostly current liabilities accounted for 96% of total liabilities.

Key Financial Ratio

Financial Ratio	2013	2012	2011
Liquidity Ratios			
Current Ratio (times)	0.44	2.58	3.42
Quick Ratio (times)	0.33	2.46	3.02
Activity Ratios			
Account Receivable Turnover (times)	4.63	4.95	5.95
Collection Period (days)	79	74	61
Fixed Asset Turnover (times)	1.18	2.61	4.41
Asset Turnover (times)	0.53	0.51	0.46
Financial Policy Ratios			
Debt-to-Equity Ratio (times)	0.72	0.28	0.30
Debt-to-Asset Ratio (times)	0.42	0.22	0.23
Dividend Payout Ratio (%) ^{1/}	N/A	N/A	N/A
Profitability Ratios			
Gross Profit Margin (%)	24.85	23.55	20.11
Net Profit Margin (%)	0.79	-0.39	-26.72
Operating Income Margin (%)	-0.32	-4.75	-26.30
Return on Assets (%)	0.7	-0.48	-10.08
Return on Equity (%)	0.62	-0.25	-15.55
Per Share Informations			
Book value per share (Baht)	1.97	1.97	1.96
Earnings (Loss) per share (Baht) ^{1/}	0.01	-0.01	-0.33
Dividend per share (Baht)	N/A	N/A	0.03

Remarks : 1/ 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 in the amount of 760,000 Baht.
- The subsidiary Company's auditor in the amount of 70,000 Baht.

2. Non-audit fee

- None

Report of the Board of Directors' Responsibilities for Financial Statements

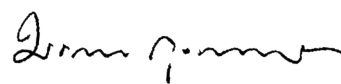
The Board of Directors of Internet Thailand Public Company Limited ("the Company") is responsible for the Company's financial statements and information of the company and the Subsidiary company that are reported in the Annual Report. The aforementioned financial statements have been prepared in accordance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

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

The Board of directors believes that the Company's overall effective internal control systems can be trusted with justifiable financial statements of Internet Thailand Public Company Limited as of December 31, 2013. 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



(Mrs. Morragot Kulatumyotin)
Managing Director



Auditor's Report and Financial Statements



To the Shareholders of Internet Thailand Public Company Limited

To the Board of Directors and Shareholders of Internet Thailand Public Company Limited:

I have audited the accompanying consolidated and separate financial statements of Internet Thailand Public Company Limited and its subsidiary, and of Internet Thailand Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2013, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

As discussed in Note 15 to the financial statements, the consolidated financial statements for the years ended December 31, 2013 and 2012 of Internet Thailand Public Company Limited and its subsidiary included an investment in the domestic associated company based on financial statements of the domestic associated company which had not been audited by an auditor. The carrying value of the investment in the consolidated financial statements as at December 31, 2013 and 2012 amounted to Baht 46.73 million and Baht 46.99 million respectively representing 5.54% and 7.49% respectively of total assets in the consolidated financial statements, and the equity of net gain of the domestic associated company in the consolidated financial statements for the years ended December 31, 2013 and 2012 amounted to Baht 6.38 million and Baht 11.29 million respectively, representing 208.50% and (903.20%) respectively of net profit for the years then ended. This constitutes a limitation imposed by circumstance. My opinion is qualified in respect of this matter.

Qualified of Opinion

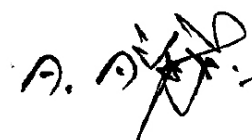
In my opinion, except for the possible effects of the equity recording of the investment in associated company as described in the Basis for Qualified Opinion paragraph, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separated financial position as at December 31, 2013 and the consolidated and separated financial performance and the consolidated and separated cash flows for the year then ended of Internet Thailand Public Company Limited and its subsidiary, and of Internet Thailand Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.

Emphasis of matters

I draw attention to Note 28, during the year 2013, the Company had contingent liabilities from the penalty according service contract with a government entity amounting to Baht 3.92 million. The Company's management has a view that the Company will not make such payments without reasonable manner and believes that the Company will ultimately process the case without any penalty payment. As a result, the Company has not made any reserve in the consolidated and separate financial statements for the year ended December 31, 2013. My opinion on these financial statements is not modified in respect of this matter.

Other Matter

The consolidated financial statements for the year ended December 31, 2012 (before restated) and the consolidated statements of financial position as at January 1, 2012 (before restated) and the separate financial statements for the year ended December 31, 2012 of Internet Thailand Public Company Limited were audited by another auditor, whose report dated February 27, 2013 expressed an unqualified opinion. The consolidated financial statements for the year ended 2012 and the consolidated statement of financial position as at January 1, 2012 have been restated since the associated company adopted the new financial reporting standards effective from January 1, 2013 as described in Note 2 to financial statements.



(Atipong AtipongSakul)
Certified Public Accountant
Registration Number 3500
ANS Audit Company Limited

Bangkok, February 26, 2014

Statements of Financial Position

As at 31 December 2013

Unit : Baht

	Notes	Consolidated financial statements			Separate financial statements	
		December 31, 2013	December 31, 2012	January 1, 2012	December 31, 2013	December 31, 2012
			(Restated)	(Restated)		
Assets						
Current Assets						
Cash and cash equivalents	6	12,309,030	46,350,470	122,742,366	11,601,735	43,811,442
Short-term investments		-	861,944	34,458,417	-	861,944
Investments in available for sale securities	7	7,200,618	187,288,988	230,741,953	7,200,618	187,288,988
Trade and other receivables - net	5, 8	78,646,374	85,009,098	37,891,131	74,910,759	85,029,506
Receivable from and loan to unrelated party - net	9	-	-	9,651,011	-	-
Inventories	10	8,532,402	6,451,035	4,868,143	8,532,402	6,451,035
Other current assets	5, 11	25,814,319	9,541,713	9,994,422	28,049,246	9,525,222
Total Current Assets	13	2,502,743	335,503,248	450,347,443	130,294,760	332,968,137
Non-Current Assets						
Pledged deposits with financial institutions	12, 19	96,197,546	3,796,320	3,796,320	96,197,546	3,796,320
Finance lease receivables - net of current portion - net	13	-	1,224,000	1,224,000	-	1,224,000
Withholding tax receivable		40,656,025	36,431,965	31,102,070	40,528,505	35,833,904
Investments in subsidiary	14	-	-	-	4,999,960	4,999,960
Investments in associated company	15	46,734,481	46,987,267	35,699,372	39,999,900	35,999,900
Leasehold improvements and equipment - net	16	472,116,993	146,782,410	67,603,283	471,848,061	146,537,216
Intangible assets - net	17	18,789,998	19,883,527	11,596,752	18,775,324	19,866,681
Deferred income tax assets - net	18	21,713,517	21,396,340	20,064,117	21,713,517	21,396,340
Other non-current assets		15,064,528	15,121,674	15,582,813	15,034,725	15,121,674
Total Non-Current Assets		711,273,088	291,623,503	186,668,727	709,097,538	284,775,995
Total Assets		843,775,831	627,126,751	637,016,170	839,392,298	617,744,132

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Mr. Aniruth Hiranraks
(Director)

P. Thajchayapong

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 2013

						Unit : Baht
Notes	Consolidated financial statements			Separate financial statements		
	December 31, 2013	December 31, 2012 (Restated)	January 1, 2012 (Restated)	December 31, 2013	December 31, 2012	
Liabilities and Shareholders' Equity						
Current Liabilities						
Bank overdrafts and short-term loans from financial institutions	19	106,898,544	-	-	106,898,544	
Trade and other payables	20	155,566,395	121,705,526	126,588,259	152,878,755	122,311,743
Current portion of liability under financial lease agreements	21	26,502,044	-	-	26,502,044	-
Unearned service income		3,371,812	2,041,076	3,421,657	2,833,467	2,041,076
Other current liabilities		9,563,332	6,094,892	11,690,994	9,205,824	6,028,138
Total Current Liabilities		301,902,127	129,841,494	141,700,910	298,318,634	130,380,957
Non-Current Liabilities						
Liability under financial lease agreements - net	21	44,593,430	-	-	44,593,430	-
Employee benefit obligations	22	5,451,548	5,786,449	4,390,486	5,384,604	5,681,504
Other liabilities		206,997	206,997	206,997	206,997	206,997
Total Non-Current Liabilities		50,251,975	5,993,446	4,597,483	50,185,031	5,888,501
Total Liabilities		352,154,102	135,834,940	146,298,393	348,503,665	136,269,458
Shareholders' Equity						
Share capital						
Registered						
333,333,333 common shares, at Baht 1 each		333,333,333	333,333,333	333,333,333	333,333,333	333,333,333
Issued and paid-up						
250,020,799 common shares, at Baht 1 each		250,020,799	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	272,133,956
Retained earnings (deficit)						
Appropriated - Legal reserve		25,492,427	24,871,525	24,688,965	25,492,427	24,871,525
Unappropriated		(54,660,812)	(57,103,545)	(55,669,709)	(55,393,908)	(66,920,588)
Other components of shareholders' equity		(1,364,641)	1,368,982	(456,329)	(1,364,641)	1,368,982
Total Shareholders' Equity						
attributable to owners of parent		491,621,729	491,291,717	490,717,682	490,888,633	481,474,674
Non-controlling interests		-	94	95	-	-
Total shareholders' equity		491,621,729	491,291,811	490,717,777	490,888,633	481,474,674
Total Liabilities and Shareholders' Equity		843,775,831	627,126,751	637,016,170	839,392,298	617,744,132

The accompanying note are an integral part of the financial statements

Statements of Comprehensive Income

For the years ended 31 December 2013

(Unit:Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
	3, 5, 25		(Restated)		
Revenues from service		371,718,082	296,329,436	367,057,342	295,750,959
Revenues from sales		7,185,467	5,106,751	7,185,467	5,106,751
Costs of services		(279,109,079)	(226,519,469)	(277,717,260)	(226,914,448)
Cost of sales		(5,631,657)	(3,916,962)	(5,631,657)	(3,916,962)
Gross profit		94,162,813	70,999,756	90,893,892	70,026,300
Dividend income		-	-	10,632,000	15,999,920
Other income		7,681,892	19,200,809	8,058,494	19,300,330
Profit before operating expenses		101,844,705	90,200,565	109,584,386	105,326,550
Selling expenses		(50,571,492)	(43,702,685)	(42,800,524)	(42,676,890)
Administrative expenses		(52,479,922)	(60,825,515)	(52,527,316)	(60,787,010)
Total expenses		(103,051,414)	(104,528,200)	(95,327,840)	(103,463,900)
Profit (loss) before share of profit					
from associated company		(1,206,709)	(14,327,635)	14,256,546	1,862,650
Share of profit from investment					
in associated company	15	6,379,214	11,287,807	-	-
Profit (loss) before finance costs and tax revenue (expenses)		5,172,505	(3,039,828)	14,256,546	1,862,650
Finance costs		(1,742,735)	-	(1,742,735)	-
Profit (loss) before tax revenue (expenses)		3,429,770	(3,039,828)	12,513,811	1,862,650
Tax revenue (expenses)	18	(366,229)	1,788,551	(366,229)	1,788,551
Profit (loss) for the years		3,063,541	(1,251,277)	12,147,582	3,651,201
Other comprehensive income:					
Gain (loss) on changes in value of available for sale investments		(3,417,029)	2,281,639	(3,417,029)	2,281,639
Income tax relating to component of other comprehensive income (loss)		683,406	(456,328)	683,406	(456,328)
Other comprehensive income (loss) for the years - net		(2,733,623)	1,825,311	(2,733,623)	1,825,311
Total comprehensive income (loss) for the years		329,918	574,034	9,413,959	5,476,512

The accompanying note are an integral part of the financial statements

Statements of Comprehensive Income (Continued)

For the years ended 31 December 2013

(Unit:Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
	3, 5, 25		(Restated)		
Profit (loss) attributable to:					
Equity holders of the Company		3,063,635	(1,251,276)	12,147,582	3,651,201
Non-controlling interests of the subsidiary		(94)	(1)	-	-
		3,063,541	(1,251,277)	12,147,582	3,651,201
Basic earnings (loss) per share (Baht)	25	0.01	(0.01)	0.05	0.01
Weighted average number of issued and fully paid-up common shares (Shares)		250,020,799	250,020,799	250,020,799	250,020,799

The accompanying note are an integral part of the financial statements

(Unit:Baht)

The accompanying note are an integral part of the financial statements

Statement of changes in shareholders' equity (continued)

For the years ended 31 December 2013

(Unit:Baht)

Separate financial statements									
		Retained earnings (deficit)			Other components of equity				
					Other comprehensive income			Total other	
	Notes	Issued and paid-up share capital	Share premium	Appropriated Legal reserve	Unappropriated	Changes in value of available for sale investments	components of shareholders' equity	shareholders' equity	Total
		250,020,799	272,133,956	24,688,965	(70,389,229)	(456,329)	(456,329)	475,998,162	
	23	-	-	182,560	(182,560)	-	-	-	-
		-	-	-	3,651,201	1,825,311	1,825,311	5,476,512	
		250,020,799	272,133,956	24,871,525	(66,920,588)	1,368,982	1,368,982	481,474,674	
	23	-	-	620,902	(620,902)	-	-	-	-
		-	-	-	12,147,582	(2,733,623)	(2,733,623)	9,413,959	
		250,020,799	272,133,956	25,492,427	(55,393,908)	(1,364,641)	(1,364,641)	490,888,633	

The accompanying note are an integral part of the financial statements

Statements of cash flows

For the years ended 31 December 2013

(Unit:Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		
Cash Flows from Operating Activities				
Profit (loss) before income tax revenue	3,429,770	(3,039,828)	12,513,811	1,862,650
Adjustments to reconcile profit (loss) before income tax revenue to net cash flows from (used in) operating activities:				
Share of profit from associated company	(6,379,214)	(11,287,807)	-	-
Dividend income	-	-	(10,632,000)	(15,999,920)
Depreciation and amortization	41,557,449	21,347,052	41,404,878	20,773,955
Amortisation of prepaid insurance expenses	330,398	1,062,804	330,398	1,062,804
Allowance for doubtful accounts	1,086,235	10,006,385	1,086,235	10,006,385
Gain on sales of assets	(558,501)	(345,784)	(558,501)	(345,784)
Reversal of provision for contingent liability	-	(212,404)	-	(212,404)
Reversal of estimate cost of other services	-	(3,181,667)	-	(3,181,667)
Estimated employee benefit obligations	447,668	1,395,963	455,669	1,367,006
Gain on sales of available for sale securities	(3,246,077)	(1,758,382)	(3,246,077)	(1,758,382)
Accrued cost reversal	-	(3,784,555)	-	(3,784,555)
Penalty income	-	(7,770,620)	-	(7,770,620)
Interest income	(3,708,613)	(6,275,752)	(3,708,613)	(6,260,566)
Interest expenses	1,742,735	-	1,742,735	-
Profit (loss) from operating activities before changes in operating assets and liabilities	34,701,850	(3,844,595)	39,388,535	(4,241,098)
Operating assets (increased) decreased				
Trade and other receivables	5,914,720	(39,483,066)	9,670,743	(39,688,714)
Inventories	(2,081,367)	(1,582,892)	(2,081,367)	(1,582,892)
Other current assets	(16,272,606)	(610,094)	(18,524,024)	(643,023)
Other non-current assets	57,146	461,139	86,949	461,139
Withholding tax receivable	832,720	-	-	-
Operating liabilities increased (decreased)				
Trade and other payables	25,281,342	(18,857,758)	21,987,485	(19,348,856)
Unearned service income	1,330,736	(1,380,581)	792,391	(1,380,581)
Other current liabilities	3,468,440	(2,202,040)	3,177,686	(2,039,940)
Cash from (used in) operating activities	53,232,981	(67,499,887)	54,498,398	(68,463,965)
Cash received on interest income	4,294,382	6,056,097	4,294,382	6,040,910
Cash paid for employee benefit obligations	(782,569)	-	(752,569)	-
Cash paid for interest expenses	(1,742,735)	-	(1,742,735)	-
Cash paid for corporate income tax	(5,056,780)	(5,329,895)	(4,694,601)	(5,202,376)
Net Cash From (Used in) Operating Activities	49,945,279	(66,773,685)	51,602,875	(67,625,431)

The accompanying note are an integral part of the financial statements

Statements of cash flows (Continued)

For the years ended 31 December 2013

(Unit:Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash Flows from Investing Activities				
Decrease in short-term investments	861,944	25,596,473	861,944	25,596,473
Decrease (increased) in pledged deposits with financial institutions	(92,401,226)	8,000,000	(92,401,226)	8,000,000
Cash received from sales of available for sale securities	183,980,267	34,896,420	183,980,267	34,896,420
Decrease (increased) in investment in available for sales securities	(4,393,247)	12,596,566	(4,393,247)	12,596,566
Cash paid for investment in associated company	(4,000,000)	(16,000,000)	(4,000,000)	(16,000,000)
Dividend received	10,632,000	15,999,920	10,632,000	15,999,920
Cash paid for purchases of equipment	(281,080,054)	(79,853,214)	(280,905,927)	(79,853,213)
Cash received from equipment sales	2,464,231	653,571	2,464,231	653,571
Cash paid for intangible assets	(3,069,340)	(11,507,947)	(3,069,330)	(11,507,947)
Net Cash Used in Investing Activities	(187,005,425)	(9,618,211)	(186,831,288)	(9,618,210)
Cash flows from financing activities:				
Net increase in bank overdrafts				
and short-term loans from financial institutions	106,898,544	-	106,898,544	-
Cash payments for financial lease agreements	(3,879,838)	-	(3,879,838)	-
Net cash from financing activities	103,018,706	-	103,018,706	-
Net Cash and Cash Equivalents decreased	(34,041,440)	(76,391,896)	(32,209,707)	(77,243,641)
Cash and Cash Equivalents at the Beginning of the years	46,350,470	122,742,366	43,811,442	121,055,083
Cash and Cash Equivalents at the End of the years	12,309,030	46,350,470	11,601,735	43,811,442
Supplemental Disclosures of Cash Flows Information				
Non-Cash transaction:				
Payables for purchase of assets increased	8,579,527	17,759,580	8,579,527	17,759,580
Assets increased from financial lease agreements	74,975,312	-	74,975,312	-

The accompanying note are an integral part of the financial statements

Note to Financial Statements

For the years ended 31 December 2013

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 November 14, 2001 and has been engaging in the provision of telecommunication services including internet access services. The Company's registered office is located at No. 1768 Thai Summit Tower, 10th - 12th Floors, and the IT Floor, New Petchburi Road, Bangkapi Sub-district, Huay Khwang District, Bangkok.

2. Basis for preparation of the financial statements

The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand and applicable rules and regulations of the Securities and Exchange Commission.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in the Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

Basis of consolidated financial statement presentation

The consolidated financial statements include the financial statements of Internet Thailand Public Company Limited, and its subsidiary (together referred to as the "Group"). The Company's shareholding in subsidiary as at December 31, 2013 and 2012, are as follows:

Name of subsidiary	Business type	% Equity interest owned by the Company	
		December 31, 2013	December 31, 2012
Mandala Communications Co., Ltd.	provision of telecommunication services including other related services	99.99	99.99

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.

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

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

Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that is 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.

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.

Prior year adjustments

During the year ended December 31, 2013, an associated company has adopted new and revised TAS/TFRS/ TI/FAP'S Announcement which are effective for the financial statements for the period beginning on or after January 1, 2013. Such transition affected the Associate's overall financial position and financial performance. The

Company, therefore, restated the investment in an associate in the consolidated financial statements. The effects of the change were recognized retrospectively in the consolidated financial statements and the consolidated statements of financial positions as at December 31, 2012 and January 1, 2012 and the consolidated statements of comprehensive income for the years ended December 31, 2012 were adjusted accordingly. The management estimates that the impact on the financial statements as follows:

(Unit: Baht)

	Consolidated financial statements		
	December 31, 2013	December 31, 2012	January 1, 2012
Statements of financial positions			
Investments in associated company	1,024,377	1,231,021	582,200
Retained earnings increased	1,024,377	1,231,021	582,200
Statements of comprehensive income			
Share of profit from investment in associated company	206,644	648,821	
Profit for the years increased		206,644	648,821
Basic earnings per share increased (Baht per share)		0.001	0.003

Adoption of new and revised TFRS

The Federation of Accounting Professions issued Thai Accounting Standards ("TAS"), Thai Financial Reporting Standard ("TFRS"), Thai Interpretations ("TI") and Accounting Guidance which are effective for fiscal years beginning on or after January 1, 2013 as follows:

TAS/TFRS/TI/FAP's Announcement	Topic
TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosures of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rate
TFRS 8	Operating Segments
TI 10	Government Assistance – No Specific Relation to Operating Activities
TI 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
TI 25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders
No. 34/2555	Accounting Guidance for Transfer and Transferred of Financial Assets

The Company and subsidiary's management believe that TAS, TFRS, TI, and guideline will not have any significant impact on the financial statements for the year when they are initially applied, except the impact of an associated company's adoption of the Accounting Standards TAS 12, Income Taxes.

New and revised Thai Financial Reporting Standards not yet effective

The Company has not yet adopted the new and revised Thai Financial Reporting Standards as follows:

- a) Thai Accounting Standards ("TAS"), Thai Financial Reporting Standards ("TFRS"), Thai Financial Reporting Interpretation ("TFRI") and Thai Interpretation ("TI") which are effective for the financial statements for the period beginning on or after January 1, 2014 as follows:

TAS/TFRS/TFRI/TI	Topic
TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rate
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Venture
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations

TFRS 8 (revised 2012)	Operating Segments
TFRI 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRI 4	Determining whether an Arrangement contains a Lease
TFRI 5	Rights to Interests arising from Decommission, Restoration and Environmental Rehabilitation Funds
TFRI 7	Applying the Restatement Approach under TAS 29
TFRI 10	Financial Reporting in Hyperinflationary Economies
TFRI 12	Interim Financial Reporting and Impairment
TFRI 13	Service Concession Arrangements
TFRI 17	Customer Loyalty Programmes
TAS/TFRS/TFRI/TI	Distributions of Non-cash Assets to Owners
TFRI 18	Topic
TI 15	Transfers of Assets from Customers
TI 27	Operating Leases-Incentives
	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TI 29	Disclosure-Service Concession Arrangements
TI 32	Intangible Assets-Web Site Costs

The management of the Company is assessing the impacts of these TAS/TFRS/TFRI/TI on the financial statements for the period in which they are initially applied.

b) Thai Financial Reporting Standard (TFRS) which is effective for the financial statements for the period beginning on or after January 1, 2016 as follows:

TFRS	Topic
TFRS No. 4	Insurance Contracts
The management of the Company is assessing the impacts of this standard on the financial statements for the period in which they are initially applied.	

3. Significant accounting policies Revenues and expenses recognitions

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.

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.

Cost of uncompleted jobs or undelivered jobs are recorded as work in process.

Interest income and dividends income

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

Expenses

Expenses are recognised on an accrual basis.

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.

Trade and other receivables

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

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.

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).

Work in process and supplies

Cost of work, which is not yet recognized as revenues, is recorded in work in process using the invoiced value after discounting.

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.

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.

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 determining income.

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.

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.

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.

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.

Impairment of assets

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

An impairment loss is recognised in profit or loss.

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.

Provision

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

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.

4. Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

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

Fair value of financial instruments

In determining the fair value of financial instruments 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.

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.

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, growth rates and expense to revenue ratios. The value derived from the afore-mentioned method may vary due to changes in competitive forces, revenue structure, cost structure, industrial conditions and economic conditions.

Equipment and depreciation

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

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

Intangible assets

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

Deferred tax assets

Deferred tax assets are recognised 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. In addition, the management has to use their judgement to prepare the Company's financial projections to determine the provision for impairment of deferred tax assets in the account.

Post-employment benefits under defined benefit plans

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

Litigation

The Company has contingent liabilities as a result of litigation. The 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.

5. Related Parties 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.

The Company had business transactions with related parties. These parties are directly and indirectly related through common shareholding and/or directorship. The financial statements reflect the effects of these transactions on the basis determined by the Company and the parties concerned. For the years ended December 31, 2013 and 2012, the significant transactions with related parties can be summarized as follows:

(Unit:Baht)

	Consolidated financial statements		Separate financial statements		
	2013	2012	2013	2012	Pricing Policy
Transactions with related parties					
For the years ended December 31,					
Subsidiary Company					
Other income	-	-	389,946	129,000	Market price
Equipment rental expenses	-	-	3,243,429	1,555,376	Market price
Service expenses	-	-	-	400,000	Market price
Associated company					
Service income	5,714,293	1,936,878	5,714,293	1,936,878	Market price
Related companies					
Service income	4,932,641	5,588,073	4,932,641	5,588,073	Construction contract: contract price, Other: market price
Service expenses	51,176,666	41,844,500	51,176,666	41,844,500	Construction contract: contract price, Other: market price

The outstanding balances as at December 31, 2013 and 2012 of the above transactions have been separately shown in the statements of financial position and consist of the following:

(Unit:Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade and other receivables - related parties				
Subsidiary company	-	-	351,159	20,408
Associated company	856,000	-	856,000	-
Related company (The Company's shareholder)	2,358,104	2,334,881	2,358,104	2,334,881
Total trade and other receivables - related parties	3,214,104	2,334,881	3,565,263	2,355,289
Prepaid service expenses - related parties				
Subsidiary company	-	-	2,880,702	-
Total prepaid service expenses - related parties	-	-	2,880,702	-
Trade and other payables - related parties				
Subsidiary company	-	-	977,150	690,817
Related company (The Company's shareholder)	8,629,873	797,546	8,629,873	797,546
Total trade and other payables - related parties	8,629,873	797,546	9,607,023	1,488,363

Directors and management's remuneration

Directors and management's remuneration for the year ended December 31, 2013 and 2012, these consist of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Short-term employee benefits	12,856,971	14,027,725	12,256,971	14,027,725
Long-term post-employment benefits	161,536	472,360	161,536	472,360
Total directors and management's remuneration	13,018,507	14,500,085	12,418,507	14,500,085

(Unit:Baht)

6. Cash and cash equivalents

Cash and cash equivalents as at December 31, consisted of:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Cash	408,657	485,767	398,657	473,639
Cash at banks - at call	10,238,362	32,861,545	9,710,014	30,334,645
Highly liquid short-term investments	1,662,011	13,003,158	1,493,064	13,003,158
Total cash and cash equivalents	12,309,030	46,350,470	11,601,735	43,811,442

(Unit:Baht)

7. Investments in available for sale securities

Investments in available for sale securities as at December 31, consisted of:

	Consolidated and Separate financial statements			
	2013		2012	
	Cost	Fair value	Cost	Fair value
Available-for-sale securities				
Equity securities	8,906,419	7,200,618	14,108,868	15,331,032
Debt securities	-	-	171,468,892	171,957,956
Total investments	8,906,419	7,200,618	185,577,760	187,288,988
Add : Unrealised profit (loss) on changes in values of investments	(1,705,801)	-	1,711,228	-
Investments - net	7,200,618	7,200,618	187,288,988	187,288,988

(Unit:Baht)

During the year ended December 31, 2013, the Company sold the investment with a gain of Baht 3.23 million which is shown as "other income" in the statement of comprehensive income for the year ended December 31, 2013.

8. Trade and other receivables - net

Trade and other receivables as at December 31, consisted of:

	(Unit:Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Trade receivables				
Trade receivable – related companies	3,214,104	2,334,881	3,565,263	2,355,289
Trade receivables – other companies	80,807,322	80,526,244	76,740,548	80,526,244
Total Trade receivables	84,021,426	82,861,125	80,305,811	82,881,533
Less: Allowance for doubtful Accounts	(6,740,794)	(6,878,559)	(6,740,794)	(6,878,559)
Total Trade receivables - net	77,280,632	75,982,566	73,565,017	76,002,974
Other receivables				
Interest receivable	653,966	1,239,735	653,966	1,239,735
Receivables delayed penalty	565,513	7,770,620	565,513	7,770,620
Other receivables	146,263	16,177	126,263	16,177
Total Other receivables	1,365,742	9,026,532	1,345,742	9,026,532
Total trade and other receivables - net	78,646,374	85,009,098	74,910,759	85,029,506

The Company has trade receivables can be classified by age analysis as follows:-

	(Unit:Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Trade receivables - related companies				
Not yet due	878,899	20,437	1,230,058	40,845
Past due				
Not over 3 months	22,898	26,964	22,898	26,964
Over 6 months but not over 12 months	24,827	84,229	24,827	84,229
Over 12 months	2,287,480	2,203,251	2,287,480	2,203,251
Total trade receivables – related companies	3,214,104	2,334,881	3,565,263	2,355,289
Trade receivables – other company				
Not yet due	32,902,651	27,724,169	29,750,984	27,724,169
Past due				
Not over 3 months	6,920,740	14,373,068	6,042,484	14,373,068
Over 3 months but not over 6 months	2,722,716	1,100,629	2,685,865	1,100,629
Over 6 months but not over 12 months	1,225,875	149,642	1,225,875	149,642
Over 12 months	6,834,213	6,686,932	6,834,213	6,686,932
Unbilled receivables - others				
Not over 3 months	28,341,634	23,509,252	28,341,634	23,509,252
Over 3 months but not over 6 months	494,525	663,639	494,525	663,639
Over 6 months but not over 12 months	418,179	6,171,632	418,179	6,171,632
Over 12 months	1,094,070	-	1,094,070	-
Total trade receivables – other company	80,807,322	80,526,244	76,740,548	80,526,244
Total trade receivables	84,021,426	82,861,125	80,305,811	82,881,533

Part of over 12 months overdue receivables, which have not yet been provided for the allowance for doubtful accounts, represented amount due to TOT Public Company Limited of Baht 2.29 million, The management is under the process of following up and believes that they will finally be recovered.

Receivable delayed payment of Baht 7.22 million represent receivable that agrees to pay the penalty by offsetting against the goods/or services the Company will receive from the customer at least 10% of the goods/or service value until the full settlement which is expected to be in 2014.

9. 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 December 31, 2013 and 2012, 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 Court of appeal ruled in favour of the Company but, the borrower lodged an appeal to the Supreme Court. At present, the case is under the consideration of the Supreme Court.

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 2011, 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. The Company therefore reversed provision for doubtful accounts previously set up. However, subsequently, that company could not pay the receivable amounts to the Company as the court's judgement. The Company therefore set up allowance for doubtful accounts in full amount in 2012.

10. Inventories

Inventories as at December 31, consisted of:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Finished goods	6,620,048	6,451,035	6,620,048	6,451,035
Work in process	1,912,354	-	1,912,354	-
Total inventories	8,532,402	6,451,035	8,532,402	6,451,035

11. Other current assets

Other current assets as at December 31, consisted of:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Unclaimed input tax	5,937,424	5,796,569	5,458,495	5,783,773
Value Added Tax receivable	12,984,783	-	12,984,783	-
Prepaid expenses	6,782,737	3,635,800	9,497,294	3,632,105
Other	109,375	109,344	108,674	109,344
Total other current assets	25,814,319	9,541,713	28,049,246	9,525,222

12. Pledged deposits at financial institution

As at December 31, 2013 and 2012, deposits with banks amounting to Baht 96.20 million and Baht 3.80 million, respectively, were pledged as collateral for bank overdrafts and letters of guarantee issued by the banks (Note 19).

13. Finance lease receivable – net of current portion - net

Finance lease receivable – net of current portion as at December 31, consisted of:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Finance lease receivable - net of current portion	1,224,000	1,224,000	1,224,000	1,224,000
Less: Allowance for doubtful Accounts	(1,224,000)	-	(1,224,000)	-
Finance lease receivable - net of current portion - net	-	1,224,000	-	1,224,000

14. Investments in subsidiary

Investments in subsidiary as at December 31, consisted of:

Company's name	Separate financial statements					
	(Unit:Baht)					
	Ownership %		Paid-up capital		Cost	
	2013	2012	2013	2012	2013	2012
Mandala Communications Co., Ltd.	99.99	99.99	5,000,000	5,000,000	4,999,960	4,999,960
					4,999,960	4,999,960

15. Investments in associated company

Investments in associated company as at December 31, consisted of:

Company's name	Nature of business	(Unit:Baht)							
		Consolidated financial statements				Separate financial statements			
		Ownership %		Paid-up capital		Carrying amounts based on equity method		Carrying amounts based on cost method	
		2013	2012	2013	2012	2013	2012	2013	2012
		(%)	(%)			(Restated)			
Net Bay Co., Ltd.	Provision and development of electronics system	39.66	39.99	100,000,000	90,000,000	46,734,481	46,987,267	39,999,900	35,999,900
						46,734,481	46,987,267	39,999,900	35,999,900

Share of profit and dividend received

During the years, the Company has recognized its share of profit from investment in associated company in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company's name	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of profit from investment in an associate during the years		Dividend received during the years	
	2013	2012	2013	2012
Net Bay Co., Ltd.	6,379,214	11,287,807	10,632,000	15,999,920

Summarized financial information of associated company

Financial information of the associated company is summarized below.

Company's name	(Unit:Baht)							
	Total assets as at		Total liabilities as at		Total revenues for the years ended		Net income for the years ended	
	December 31,		December 31,		December 31,		December 31,	
	2013	2012	2013	2012	2013	2012	2013	2012
		(Restated)		(Restated)		(Restated)		(Restated)
Net Bay Co., Ltd.	152,028,684	199,319,146	60,047,666	53,802,605	151,706,902	136,868,877	15,948,075	28,219,525

During the year ended December 31, 2013, the Company acquired the additional ordinary shares in Netbay Co., Ltd. of 400,000 shares at Baht 10 per share totaling of Baht 4.00 million resulting in an interest proportion of 39.99% of registered capital of such company. The Company has fully paid for the increased shares subscription.

The consolidated financial statements for the years ended December 31, 2013 and 2012 of Internet Thailand Public Company Limited and its subsidiary included an investment in the domestic associated company based on financial statements of the domestic associated company which had not been audited by an auditor. The carrying value of the investment in the consolidated financial statements as at December 31, 2013 and 2012 amounted to Baht 46.73 million and Baht 46.99 million respectively representing 5.54% and 7.49% respectively of total assets in the consolidated financial statements.

The equity of net gain of the domestic associated company in the consolidated financial statements for the years ended December 31, 2013 and 2012 amounted to Baht 6.38 million and Baht 11.29 million respectively, representing 208.50% and (903.20%) respectively of net profit for the years then ended.

16. Leasehold improvements and equipment - net

Leasehold improvements and equipment as at December 31, 2013 consisted of:

(Unit:Baht)

	Consolidated financial statements		
	As at January 1, 2013	Movement during the year Increase Decrease	As at December 31, 2013
Cost			
Leasehold improvements	17,017,847	6,620,138	23,371,685
Network equipment	312,735,637	60,904,931	366,062,044
Computers	6,635,187	3,668,904	10,267,991
Office equipment	36,862,954	1,498,176	34,499,355
Assets under installation	6,820,001	291,942,744	298,762,745
Total	380,071,626	364,634,893	732,963,820
Accumulated depreciation			
Leasehold improvements	2,386,529	2,646,148	4,766,378
Network equipment	193,648,380	32,046,507	219,986,656
Computers	5,248,268	1,225,132	6,472,095
Office equipment	32,006,039	1,476,793	29,621,698
Total	233,289,216	37,394,580	260,846,827
Net booked value	146,782,410		472,116,993

Depreciations for the years ended December 31, 2013 and 2012, amounted to Baht 37.39 million and Baht 18.13 million, respectively, in the Company's consolidated statements of comprehensive income.

As at December 31, 2013 and 2012, the Company's and its subsidiary's leasehold improvements and equipment amounting to Baht 199 million and Baht 191 million, respectively, are fully depreciated but are still in use.

(Unit:Baht)

	Separate financial statements		
	As at January 1, 2013	Movement during the year Increase Decrease	As at December 31, 2013
Cost			
Leasehold improvements	17,005,847	6,539,138	23,278,685
Network equipment	309,569,455	60,904,931	362,895,862
Computers	6,582,315	3,575,777	10,121,992
Office equipment	36,862,954	1,498,176	34,499,355
Assets under installation	6,820,001	291,942,744	298,762,745
Total	376,840,572	364,460,766	729,558,639
Accumulated depreciation			
Leasehold improvements	2,374,530	2,639,271	4,747,502
Network equipment	190,694,827	31,929,454	216,916,050
Computers	5,227,960	1,198,673	6,425,328
Office equipment	32,006,039	1,476,793	29,621,698
Total	230,303,356	37,244,191	257,710,578
Net booked value	146,537,216		471,848,061

Depreciation for the years ended December 31, 2013 and 2012 for the separated financial statements amounting Baht 37.24 million and Baht 17.56 million, respectively, are included in the statements of comprehensive income.

As at December 31, 2013 and 2012, the Company's leasehold improvements and equipment amounting to Baht 196 million and Baht 188 million, respectively, are fully depreciated but are still in use.

17. Intangible assets - net

Intangible assets as at December 31, 2013 consisted of:

(Unit:Baht)

	Consolidated financial statements		
	As at	Movement during the year	
	January 1, 2013	Increase	Decrease
			December 31, 2013
Computer software			
Cost	46,150,686	3,069,330	-
Accumulated amortization	(26,267,159)	(4,162,859)	-
Intangible assets - net	19,883,527		18,789,998

(Unit:Baht)

	Separate financial statements		
	As at	Movement during the year	
	January 1, 2013	Increase	Decrease
			December 31, 2013
Computer software			
Cost	46,116,136	3,069,330	-
Accumulated amortization	(26,249,455)	(4,160,687)	-
Intangible assets - net	19,866,681		18,775,324

18. Deferred tax assets - net

Deferred tax assets as at December 31, 2013 consisted of:

(Unit:Baht)

	Consolidated and separate financial statements		
	Movement increase (decrease)		December 31, 2013
	January 1, 2013	Statement of Income	Statement of Decrease
Computer software			
Allowance for doubtful accounts	9,048,021	217,247	-
Accrued gratuities	1,824	-	-
Employee benefit obligations	1,136,300	(59,380)	-
Tax losses	11,552,440	-	-
Total deferred tax assets	21,738,585	157,867	-
Deferred tax liabilities :			
Unrealised profit (loss) on changes in values of investments	342,245	-	(683,406)
Depreciation	-	524,096	-
Total deferred tax liabilities	342,245	524,096	(683,406)
	21,396,340		21,713,517

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Profit (loss) before income tax	3,429,770	(3,039,828)	12,513,811	1,862,650
Income tax rate	20%	23%	20%	23%
Current income tax expense as tax rate	685,954	(699,160)	2,502,762	428,409
Non-deductible expenses by the Revenue Code	61,464	101,814	44,203	95,805
Double expenses by the Revenue Code	(118,278)	(199,524)	(118,278)	(69,951)
Dividend income	-	-	(2,126,400)	(3,679,982)
Share of profit from investment in associated company	(1,275,843)	(2,596,196)	-	-
Non-utilized tax loss	1,012,932	1,604,515	63,942	1,437,168
Tax expense (revenue)	366,229	(1,788,551)	366,229	(1,788,551)
The average effective tax rate	10.68%	(48.49%)	2.93%	(96.02%)

The Company's unused tax loss carry forward as at December 31, 2013, amounting to Baht 183.77 million, which management believes are exploiting the instability of such tax. Therefore the Company recognized as deferred tax assets from tax losses carried forward amounting to Baht 11.55 million. The balance of deferred tax assets which have not been recognized are Baht 25.20 million.

The Group used income tax rate of 20% for the calculation of corporate income tax for the years ended December 31, 2013 and used income tax rate of 23% for the calculation of corporate income tax for the years ended December 31, 2012 attributable to the Section 5 of the Royal Decree Issued Under the Revenue Code Regarding Deduction in Tax Rate (No. 530) B.E. 2554.

19. Bank overdraft and short-term loan from financial institutions

Bank overdraft and short-term loan from financial institutions as at December 31, consisted of:

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Bank overdraft	47,206,183	-	47,206,183	-
Bill of exchange	60,000,000	-	60,000,000	-
Less discount	(307,639)	-	(307,639)	-
Bill of exchange - net	59,692,361	-	59,692,361	-
Total bank overdraft and short-term loan from financial institutions	106,898,544	-	106,898,544	-

On November 13, 2013, the Company issued unsecured bills of exchange to a financial institution, totaling Baht 60 million, bearing interest rate of 4.40% per annum. The maturity date is February 12, 2014.

As at December 31, 2013 and 2012, the Company had credit lines from banks are as follows:

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Bank overdraft	75.00	15.00	Market Rate - MOR	
Letter of guarantee	87.00	87.00	-	
Promissory note	97.00	97.00	MLR - 1%	

These credit lines are secured by pledging the Company's fixed deposit (Note 12).

20. Trade and Other Payables

Trade and other payables as at December 31, consisted of:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Trade payables				
Trade payables - related companies	8,629,873	797,546	9,607,023	1,488,363
Trade payables - others	109,329,412	90,057,939	105,952,432	90,029,991
Total trade payables	117,959,285	90,855,485	115,559,455	91,518,354
Other payables				
Payables for purchase assets	26,339,107	17,759,580	26,339,107	17,759,580
Other payables	4,966,770	5,077,776	4,905,213	5,072,124
Accrued expenses	6,301,233	8,012,685	6,074,980	7,961,685
Total other payables	37,607,110	30,850,041	37,319,300	30,793,389
Total trade and other payables	155,566,395	121,705,526	152,878,755	122,311,743

21. Liabilities under financial lease agreement - net

Liabilities under financial lease agreements as at December 31, consisted of:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Due within 1 year				
Minimum payments	30,657,946	-	30,657,946	-
Deferred interest	(4,155,902)	-	(4,155,902)	-
Present value of minimum payment	26,502,044	-	26,502,044	-
Due over 1 year but not over 5 years				
Minimum payments	47,646,476	-	47,646,476	-
Deferred interest	(3,053,046)	-	(3,053,046)	-
Present value of minimum payment	44,593,430	-	44,593,430	-
Net book value of assets under financial leases	74,667,221	-	74,667,221	-

The Company entered into lease agreements with a certain companies for operating equipment and vehicles. The leases agreements have the terms of one to three years and bear interest rates between 6.00 % to 7.00 % per annum.

22. Employee Benefit Obligations

The Group made defined benefit plan in accordance with severance payment under the labor law which entitled retired employee within work service period in various rates, such as more than 10 years to receive severance payment not less than 300 days or 10 months of the last salary.

Movements of the present value of employee benefits obligation for the year ended December 31, are as follows

	(Unit:Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Post-employment benefit plan				
Employee benefit obligations as at beginning of the years	5,786,449	4,390,486	5,681,504	4,314,498
Current service cost recognition	881,445	935,403	852,236	914,414
Cost of interest	260,390	197,572	260,390	194,152
Payment for employee benefit obligations	(782,569)	-	(752,569)	-
Actuarial gain (loss) on defined employee benefit plans	(694,167)	262,988	(656,957)	258,440
Net employee benefit obligations as at ending of the years	5,451,548	5,786,449	5,384,604	5,681,504

Employee benefit expenses in the statements of comprehensive income for the years ended December 31, consisted of:

	(Unit:Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Current service cost	881,445	935,403	852,236	914,414
Interest from obligation	260,390	197,572	260,390	194,152
Actuarial gain (loss) on defined employee benefit plans	(694,167)	262,988	(656,957)	258,440
Total employee benefits expenses	447,668	1,395,963	455,669	1,367,006

Employee benefit expenses for the years ended December 31, as shown in the statements of comprehensive income as follow:

	(Unit:Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Costs of sales	98,550	192,001	98,550	192,001
Selling expenses	119,586	351,344	127,587	322,387
Administrative expenses	229,532	852,618	229,532	852,618
Total employee benefits expenses	447,668	1,395,963	455,669	1,367,006

Principal actuarial assumptions as at December 31, 2013 and 2012 (expressed as weighted averages) are as follows:

	(Percentage/Year)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Discount rate	4.50	4.50	4.50	4.50
Future salary increases	5.00	5.00	5.00	5.00
Turn over rate	5.00	5.00	5.00	5.00

The actuarial assumption of discount rate is estimated from weighted average of yield rate of government bonds as at the end of reporting date that reflects the estimated timing of benefit payments.

The actuarial assumption of mortality rate for reasonable estimation of probability of retirement in the future is estimated from mortality table.

23. Legal reserve

In compliance with the Public Company Act, B.E. 2535 (1992), the Company set aside as a legal reserve at least 5% of its net profit until the reserve equal 10% of the authorized share capital. This reserve is not available for dividend distribution.

24. Expenses by nature

The Company has significant expenses by nature for the years ended December 31, are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Rental expenses from operating lease agreements	47,302,524	56,381,256	47,192,524	56,273,016
Salary and wages and other employee benefits	97,533,831	72,073,583	92,241,199	70,942,389
Depreciation expenses	37,394,581	18,125,881	37,244,192	17,556,543
Amortisation expenses	4,162,859	3,221,172	4,160,688	3,217,411

25. Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing profit (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.

Basic earnings (loss) per share for the years ended December 31, 2013 and 2012 were calculated as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Net profit (loss) attributable to shareholders of the parent (Baht)	3,063,635	(1,251,276)	12,147,582	3,651,201
Weighted average number of ordinary shares	250,020,799	250,020,799	250,020,799	250,020,799
Basic earnings (loss) per share (Baht)	0.01	(0.01)	0.05	0.01

26. Operating Segment

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 operating segments of the Company and its subsidiary for the years ended December 31, 2013 and 2012 can be set out below.

	2013			2012		
	Accesss busines	Business solutions	Total	Accesss busines	Business solutions	Total
Service income and sales	98,387,208	280,516,341	378,903,549	94,417,638	207,018,549	301,436,187
Cost of services and sales	(87,564,615)	(197,176,121)	(284,740,736)	(87,336,315)	(143,100,116)	(230,436,431)
Segment result	10,822,593	83,340,220	94,162,813	7,081,323	63,918,433	70,999,756
Other income			7,681,892			19,200,809
Unallocated selling expenses			(50,571,492)			(43,702,685)
Unallocated administrative			(52,479,922)			(60,825,515)
Loss before share of profit from an associate			(1,206,709)			(14,327,635)
Share of profit from an associate			6,379,214			10,638,986
Profit (loss) before finance costs and income tax revenue			5,172,505			(3,688,649)
Finance costs			(1,742,735)			-
Loss before income tax (expenses) revenue			3,429,770			(3,688,649)
Tax (expenses) revenue			(366,229)			1,788,551
Profit (loss) for the years			3,063,541			(1,900,098)

For the Company and its subsidiary, there are no sales or other transactions occurred between the business segments. 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.

27. Financial Instruments

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. 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.

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.

Fair values

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

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 instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

28. Contingent liabilities

Penalty according to service contract

During the year 2013, the Company had contingent liabilities from the penalty according to the service contract with a government entity amounting to Baht 3.92 million. The Company's management has a view that the Company will not make such payments without reasonable manner and believes that the Company will ultimately process the case without any penalty payment. As a result, the Company has not made any reserve in the consolidated and separate financial statements for the year ended December 31, 2013.

Guarantees

As at December 31, 2013 and 2012, the Group has contingent liabilities in relation to the letters of guarantee issued by banks amounting to approximately Baht 21.81 million and Baht 18 million, respectively (Notes 12 and 19).

Litigation

As at December 31, 2013 and 2012, 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 2.82 million and Baht 2.20 million, respectively, with interest. The Company, therefore, recorded the provision for liability incurred from compensation and interest. However, The Company has filed an appeal against the judgment of the trial court. The Court of Appeal issued a judgment in favor of the counter party in the matter. The Company has filed a petition against the legal process. Currently, the case is under consideration of the Supreme Court.

29. Commitments

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 December 31, 2013 and 2012, the Company had obligations to pay lease payments in the future as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2013	2012	2013	2012
Due within 1 year	40.67	36.90	40.58	36.90
Due over 1 year but not over 5 years	12.47	11.10	12.33	11.10
Total	53.14	48.00	52.91	48.00

As at December 31, 2013, the Company is committed to pay the cost of equipment amounting of Baht 162.78 million.

30. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2552. Both employees and the Company contribute to the fund monthly at the rate of 3% - 10% of salary. 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. Total contributions by the Group for the year ended December 31, 2013 and 2012 amounted to approximately Baht 3.69 million and Baht 3.56 million respectively, in the consolidated financial statements and amounted to Baht 3.48 million and Baht 3.51 million respectively, in the separated financial statements.

31. Capital management

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

According to the statements of financial position as at 31 December 2013 and 2012, total debt to equity ratio was 0.72:1 and 0.28:1, respectively for the Group and was 0.71:1 and 0.28:1, respectively, for the Company.

32. Reclassification

The Company has reclassified certain accounts in the statements of financial positions as at December 31, 2012 and January 1, 2012 to conform to the presentation of the financial statements of current years.

	(Unit: Baht)					
	Cosolidated financial statements					
	As 31 December 2012			As 1 January 2012		
	Before reclassification	Reclassification	After reclassification	Before reclassification	Reclassification	After reclassification
Short-term investments	4,658,264	(3,796,320)	861,944	38,254,737	(3,796,320)	34,458,417
Other current assets	45,973,678	(36,431,965)	9,541,713	41,096,492	(31,102,070)	9,994,422
Pledged deposits with financial institutions	-	3,796,320	3,796,320	-	3,796,320	3,796,320
Withholding tax receivable	-	36,431,965	36,431,965	-	31,102,070	31,102,070

(Unit:Baht)

	Separate financial statements					
	As 31 December 2012			As 1 January 2012		
	Before reclassification	Reclassification	After reclassification	Before reclassification	Reclassification	After reclassification
Short-term investments	4,658,264	(3,796,320)	861,944	4,658,264	(3,796,320)	861,944
Other current assets	45,359,126	(35,833,904)	9,525,222	45,359,126	(30,631,528)	14,727,598
Pledged deposits with financial institutions	-	3,796,320	3,796,320	-	3,796,320	3,796,320
Withholding tax receivable	-	35,833,904	35,833,904	-	30,631,528	30,631,528

33. Approval of interim financial statements

These financial statements have been approved to be issued by the Company's authorized director on February 26, 2014.

- **Registered Office :** Internet Thailand Public Company Limited
1768 Thai Summit Tower, 10th -12th Floor and IT Floor
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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 VI 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 : 90,000,000 Baht which divided into 9,000,000 ordinary shares, each of Baht 10 par value

Registered and Paid-up capital : 90,000,000 Baht
No. of Paid-up Ordinary Shares : 9,000,000 ordinary shares. The company holds in the proportion of 40%

• **References**

(A) Registrar :

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Mr.Thanongsak Praditthan

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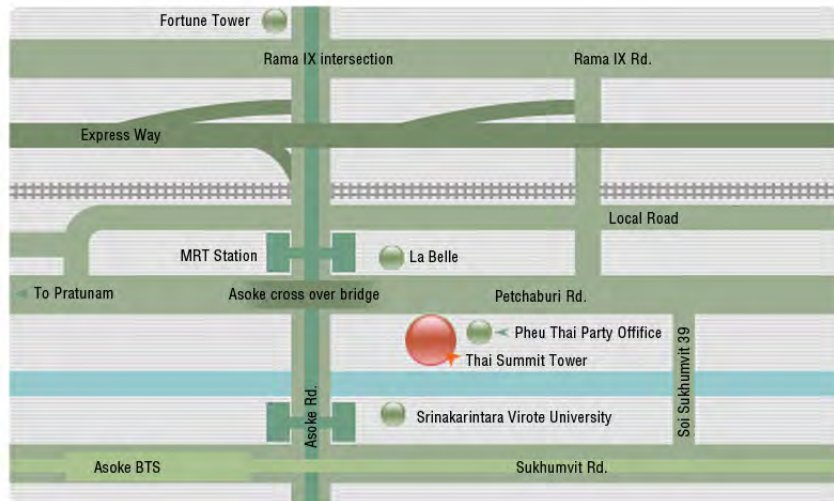
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