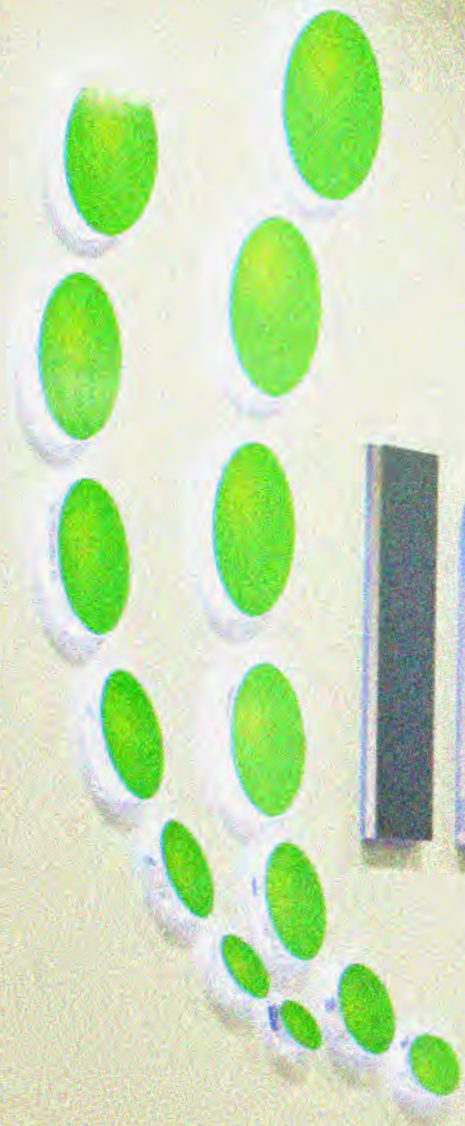


The background of the entire page is a dense, repeating pattern of small, light gray icons. These icons represent various aspects of technology, communication, and business, including smartphones, laptops, Wi-Fi signals, speech bubbles, musical notes, gears, and social media symbols. In the center of the page is a large, solid green cloud-like shape that serves as a backdrop for the title text.

# Annual Report 2014

Internet Thailand Public Company Limited



**INET**

Always by your side



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# Message from Chairman and Managing Director



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



*Morragot Kulatumyotin*  
(Mrs. Morragot Kulatumyotin)  
Managing Director

Last year has been a year full of challenges, both in terms of economy and politics. In the first half we saw a political crisis that had continued from the year before which led to an economic downturn. However, in the second half when our political scene became more stable, the business sector seemed to recover, considering the fact the government had announced the digital economy policy with an aim to spur the economic growth by using innovations and technologies as a major tool.

As we are a leader in providing one-stop IT service with high assured stability and safety standards to enterprises in Thailand, enabling them to make a smart use of technologies to improve performances and reduce costs, we have benefited from the economic recovery as well. We experienced a 32% increase in revenue, from 383 million baht in 2013 to 508 million baht in 2014. In terms of cloud service, the growth mounted to as much as 54% and is likely to continue increasing into the future. Since the beginning, our company has never stopped making improvements in providing services to assure our customers of the promised standard – whether it be the data center, the infrastructure, or the cloud service.

In terms of financial performance, we successfully made profits all through the year, from the first to the last quarter of 2014. We have a net profit of 25 million baht, which is equal to 106% of that of the previous year. Our accumulated deficit, therefore, goes down from 55.4 million baht in 2013 to 30.36 million baht as of 31 December 2014. We also set a goal to reduce it to zero within this year, as part of a gift to our valued shareholders.

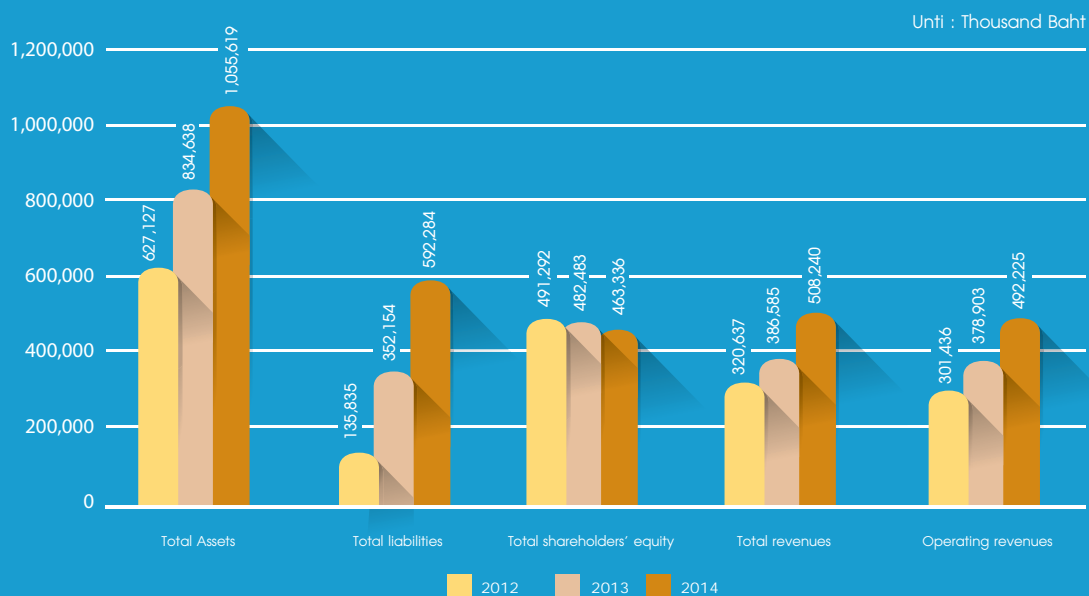
In 2014, we became the first company in Thailand to receive an ISO/IEC 20000-1: 2011 certification for our service management standard and cloud service. We also won Cloud Service Provider Partner of the Year 2014 from VMware, which is a guarantee of our determination and commitment to setting our company the benchmark of this industry.

Last but not least, on behalf of Internet Thailand Public Company Limited, I would like to express our sincere appreciation towards continued trust and support we have received from every single one of shareholders, customers and partners. We assure you that we will keep running our business based on the principles of good governance and professional ethics, and will continue taking part in activities that contribute to developments of our society and the environment.

# Highlights of Financial Performance

Unit : Thousand Baht

	2014	2013	2012
<b>Financial Hightlights</b>			
Total assets	1,055,619	834,638	627,127
Total liabilities	592,284	352,154	135,835
Shareholder's equity	463,336	482,483	491,292
Total revenues	508,240	386,585	320,637
Operating revenues	492,225	378,903	301,436
Net profit (Loss)	(6,816)	329,918	574,034
<b>Financial Ratiosatios</b>			
Current ratio (times)	0.28	0.44	2.58
Gross profit margin (%)	22.17	24.85	23.55
Operating profit margin (%)	2.65	(0.32)	(4.75)
Net profit margin (%)	-1.34	0.79	(0.39)
Return on equity (%)	-1.43	0.62	(0.25)
Return on asset (%)	1.88	0.70	(0.48)
Debt to equity ratio (times)	1.28	0.72	0.28
<b>Information</b>			
Earnings (Loss) per share (Baht)	(0.03)	0.01	(0.01)
Dividend payment per share	-	-	-
Book value per share (Baht)	1.85	1.97	1.97



# Board of Directors



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 Member*



3. Dr. Montchai Noosong  
*Director and CEO Performance  
Review Committee Member*



4. Mrs. Preeya Danchaivijit  
*Director*



5. Ms. Tanwadee Wongterarit  
*Director and CEO Performance  
Review Committee Member*



6. Mr. Aniruth Hiranraks  
*Director*

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# Executives



1. Mrs. Morragot Kulatumyotin  
*Managing Director*



2. Mr. Wanchai Vach-shewadumrong  
*Deputy Managing Director*



7. Prof. Emeritus Achara Chandrachai, Ph.D.  
*Independent Director and  
Chairman of Audit Committee*



8. Mr. Aran Permipiboon  
*Independent Director,  
Chairman of Nomination and  
Remuneration Committee and  
Audit Committee Member*



9. Ms. Narumol Wangsatorntanakun  
*Independent Director,  
Chairman of Risk Management  
Committee and Audit Committee  
Member*



10. Mr. Sahas Treetipbut  
*Director, Executive Committee  
Member and Nomination and  
Remuneration Committee Member*



11. Mrs. Morragot Kulatumyotin  
*Director, Executive Committee  
Member and Risk Management  
Committee Member*



12. Ms. Nilobon Tangprasit  
*Independent Director,  
Audit Committee Member  
and Nomination and  
Remuneration Committee Member*



3. Mr. Saknon Kangsumrith  
*Senior Vice President*



4. Mr. Attawut Kampradit  
*Senior Vice President*



5. Mr. Piyaret Saelee  
*Senior Vice President*

# 01 Vision Mission and Core Values



## 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 Value

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.

# 02 Important Changes of the Company in 2014

The Company has partnered with NetApp (Thailand) in providing cloud solutions, allowing it to maximize the benefits for its customers. NetApp is excellent in developing data storage management system, which allows it to effectively store and protect its customers' data, by a team of professionally trained staff.

The Company has received a one-year Cloud Master Service Provider Certification (CMSP) from Cisco Systems (Thailand), which dates from December 19, 2013 to December 18, 2015. This certification is an evidence of the Company's capabilities to provide and deliver cloud and outsource services, introduce new products to the market, and continuously develop technologies for the customers' interest. With these capabilities, the company is able to gain customer trust and expand its market to make more revenues.

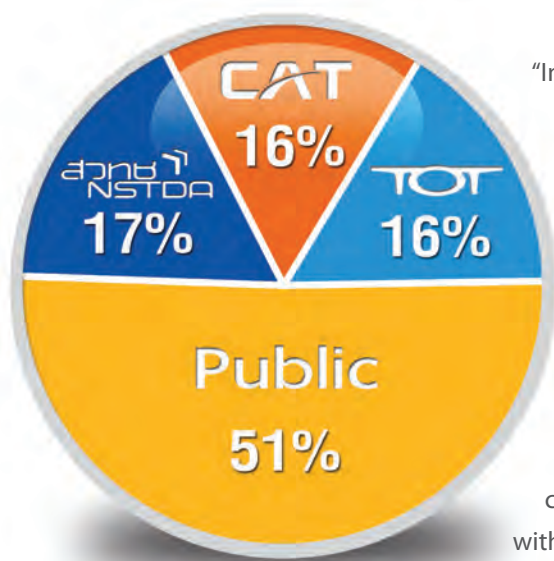
Moreover, the Company is the first organization in Thailand that has received ISO 20000-1:2011 certification for its performance on information management and cloud service, at both Thai Summit Tower office and Bangkok Thai Tower office. This certification is a guarantee of the Company's high performance as a cloud service provider.

In 2013, the Company also was given permission from the National Broadcasting and Telecommunications Commission (NBTC) to hold a type-1 license for Internet service provider, which is commonly given to an Internet service provider without its own network. The license is effective from July 7, 2013 to July 6, 2018, and can be renewed for five years at a time.



# 03 Policy and Business Overview

Internet Thailand Public Company Limited (the “Company”) is a one-stop IT service provider for businesses and individuals who need to utilize information and communication technologies to improve their competitive capacity. The Company’s services range from full Internet solutions, data center, and highly efficient facilities of international standard, to cloud computing.



The Company was originally established on March 1, 1995 under the name “Internet Thailand Service Center” (ITSC), and had been commercially operating until it was later registered as a company on May 13, 1997, under the Cabinet’s command. The paid-in capital was 16 million baht and the par value was 10 baht. On October 9, 1997, the Company was granted approval from then Communications Authority of Thailand to become an Internet service provider with an unexpired operator license, providing Internet services to juristic persons and organizations. Later, on August 28, 2001, the Company was transformed into a public company according to the Cabinet’s resolution and its registered capital was increased before it entered into the Stock Exchange of Thailand on November 14, 2001. The Company currently has a paid-in capital of 250.02 million baht and 333,333,333 shares, with the par value priced at 1 baht each.

The Company provides four main types of service:

1. Internet access
2. Co-Location
3. Cloud Solutions
4. EDC Network Pool

# 04 Type of Business



The company's business can be divided into four 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. Co-Location Service

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.

- Co-Location: Renting secure space for servers and other computing hardware.
- 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.

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.

## 3. Cloud Solutions Service

Cloud service is the virtual computing service under the Information Security Management System of ISO 27001 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.

## 4. 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.

### **The Company's Operator License**

The Company has already been given permission from the National Broadcasting and Telecommunications Commission (NBTC) to hold a type-1 license for Internet service provider, which is commonly given to an Internet service provider without its own network. The license is effective from July 7, 2013 to July 6, 2018, and can be renewed for five years at a time.

### **The Operator License of Mandala Communication Company Limited**

Mandala Communication Company Limited is an affiliate of Internet Thailand Public Company Limited (the "Company") and has been given permission from the National Broadcasting and Telecommunications Commission (NBTC) to hold a type-1 license for Internet service provider, which is commonly given to an Internet service provider without its own network. The license is effective from February 16, 2006 to February 15, 2019, and can be renewed for five years at a time.



# 05 Revenue Structure

## Revenue Structure of the Company, Subsidiaries and Associated Company

Services and products	Consolidated Financial <sup>1/</sup> Statement 2014		Consolidated Financial <sup>1/</sup> Statement 2013		Consolidated Financial <sup>1/</sup> Statement 2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Internet Access	117.11	23%	98.42	25%	94.4	29%
Co-Location Service	113.54	22%	100.43	26%	73.48	23%
Cloud Solutions Service	143.62	28%	93.18	24%	38.65	12%
EDC Network Pool	22.16	4%	20.97	5%	19.24	6%
Other Service income <sup>2/</sup>	95.80	19%	65.91	17%	75.65	24%
Total revenues from operating business	492.23	97%	378.90	98%	301.4	94%
Other Income <sup>3/</sup>	16.01	3%	7.68	2%	19.20	6%
Total Revenue	508.24	100%	386.59	100%	320.6	100%
Share of profit from an associated Company <sup>4/</sup>	4.84	2.61	6.4	4.20	11.29	9.14

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

2/ Revenue from Other Service income included 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. from year 2012-2013 and 25% for the year 2014

# 06 Marketing and Competition Situation

## **Business Strategies and 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 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.

## **Target customer**

The Company's target customer includes organizations from both private and public sectors. The focus is placed on customers that might need cloud solutions in the future and on providing additional services to meet their needs, for example:

1. Thai organizations that seek services from an accredited provider who can help them reduce their IT infrastructure cost, increase the efficiency of their IT systems, and make them work in a faster, more flexible fashion.
2. Any organization that would like to make ends meet, while still having access to the Internet and cloud service provided in accordance with an SLA.

## **The market in recent years and sales channels**

In 2014 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.

## **Competitive Analysis**

### **The Previous Year's Competition within the Industry**

The Company's business suffered the impact of the country's political instability and crisis throughout the first half of 2014 when the government suddenly stopped spending and investments were postponed. However, in the second half when the political crisis started to ease, the Company began making developments again to enhance its competitiveness by utilizing technologies to increase efficiency and reduce

cost. As a result, the Company's cloud solutions have received positive feedback from the market, which contributed to the Company's sales growth in 2014.

### **The Industry and the Competition in the Future**

The government's digital economy policy allows the ICT industry to grow and expand at a greater speed both in terms of hard infrastructure and soft infrastructure. All the Company's main businesses such as cloud solutions, Internet access, colocation, and EDC network pool, will play a vital role in supporting other businesses in the age of digital economy.

With an ISO/IEC 27001 security certification and an ISO 20000 cloud services certification, the Company has provided public cloud services for three years and has been trusted by a number of large organizations, and the number of customers is going up quarter by quarter. In addition, the Company also allows potential customers to test its system before they make a decision.

The Internet access and network connectivity markets are highly competitive with a number of competitors in different sizes, from small and medium to large. Customers, therefore, see no difference across network providers and are not loyal to any specific one. As a result, competitive advantages belong to the providers that have their own networks. The Company's strategies are to minimize the cost by seeking network alliance and to provide access service as a solution for the customers.

### **The Company's Competitive Strategies**

To achieve the goals, the Company has set its competitive strategies as follows:

- Maintain trust and good relationship with partners and customers
- Stay neutral to all network providers
- Focus on customers in private sector
- Enhance cloud security standard to the maximum level (ISO27001, CSA STAR 1, STAR2, STAR3)

In the industry where the Company runs its businesses, there are 103 companies that have been granted operator license from the NBTC and are considered the Company's competitors.

(Source: The List of Internet Providers with Type-1 License granted by NBTC)

## **Policy on Subsidiaries and Associated Company**

### **Policy on Subsidiaries**

The Company has a policy to invest in subsidiaries for them to run Internet service business for customers of small and medium sizes, and to provide Internet-related to the customers. The Company also places its representatives in the subsidiaries' boards of directors.

### **Policy on Associated Company**

The Company has a policy to invest in associated company for them to run businesses concerning e-logistics, electronic system development, and information and communication consultant. The Company also places its representatives in the associated company's board of directors.

# 07 Risk Factors

The Company is fully aware that risk management is one of the most important parts in running a business as there is no business that can avoid risks that may arise from changes in economy, society, politics, finance, innovation and technology. The Company's board of directors, therefore, established a risk management committee to handle risks that may affect the Company's businesses, and the risk management committee has considered both general and business-specific risk factors thoroughly at every three months. The Company's risk management which includes the following aspects has been appropriately exercised in accordance with its policy and strategy.

## **1. Strategic Risk**

The Company provides a one-stop service to meet customers' need for ICT infrastructure. Around one third of the customers are state agencies and enterprises. As a result, when there was a political turmoil that prevented the government from spending on ICT infrastructure, the Company's businesses were badly affected. However, the Company has a plan to reduce its dependence on the government spending by expanding its customer base in private sector, and a plan to offer a rental contract as a cost-saving option to its customers to make it easier for them to make a decision. The Company also is seeking a more stable source of income to reduce this kind of risk.

## **2. Operations Risk**

As the Company is dedicated to becoming a leading Internet service provider, it is fully aware that network stability is one of the most important issues to concern. The Company also has located spare networks in the core parts of the main network to ensure network stability, together with a network monitoring system that will make network management more efficient and will automatically report any accident that happens. The whole system also is monitored by a team of experts 24 hours a day so that an error that arises at any time will be dealt with immediately. This is due to the fact that a delayed service or a failure to deliver the service as stated in the contract may affect the Company's reputation, make it lose customer trust, and/or make it pay compensation to the customer.

## **3. Compliance Risk**

The Company's businesses involve both engineering and telecommunications businesses, and the latter is at present under the monitoring of NBTC. Any change in the rules, regulations, and policy announced by the NBTC – for example, free competition policy, policy on fees and service charges, and user protection policy – might have a significant impact on the Company's business. The Company is fully aware of this issue and studies such rules, regulations, and policy carefully before making any decision. The Company stays tuned to news and updates on this issue all the time so it can always come with an appropriate strategy when any change comes.

#### **4. Financial Risk**

As the Company's capital consists partly of bank loans – both short-term and long-term, the volatility of interest rates may affect the Company's financial status. However, most of the loans the Company has are short-term loans, which impose low risk to the Company, and the long-term loans that the Company has are put at minimum low rate (MLR), and the loan is based on floating rate. In addition, the Company has been closely monitoring the changing interest rates so it can choose an appropriate financial mechanism to handle the risk if there is a sign of volatility.

#### **5. 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.

# 08 Shareholders

## The Number of Shares and the Influence on the Right to Vote from NVDR Shareholders

On December 30, 2014, Thai NVDR Company Limited took 7,862,400 shares of the Company as reference asset to issue the Non-Voting Depository Receipts (NVDR), accounting for 3.15% of the paid-in shares. Thai NVDR is responsible for executing the purchase or sale of those listed company shares whose investors wish to trade through NVDRs. This service is offered to all, irrespective of the number of securities held or the holder's nationality. NVDR holders receive the same full financial benefits as they would receive had they invested directly in shares (i.e. dividends, rights, and warrants) but there are no voting rights for NVDR holders. Thai investors, as well as foreign investors, can be NVDR holders too.

## Shareholding Structure

The first top 10 shareholders on the closing date of the registration book as of December 30, 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	7,862,400	3.15
5	Mr. Thawatchai Tantipoj	4,876,000	1.95
6	ABN AMRO NOMINEES SINGAPORE PTE LTD	3,200,000	1.28
7	Mr. Charoen Sasilaksananukul	3,020,200	1.21
8	Mr. Tanabodee Huntrakul	3,000,000	1.20
9	Mr. Somchart Namsricharoensuk	2,666,900	1.07
10	Mrs. Orapan Mayakarn	2,000,000	1.04

**Source :** Major shareholders as of December 30, 2014 prepared by Thailand Securities Depository Co.,Ltd.

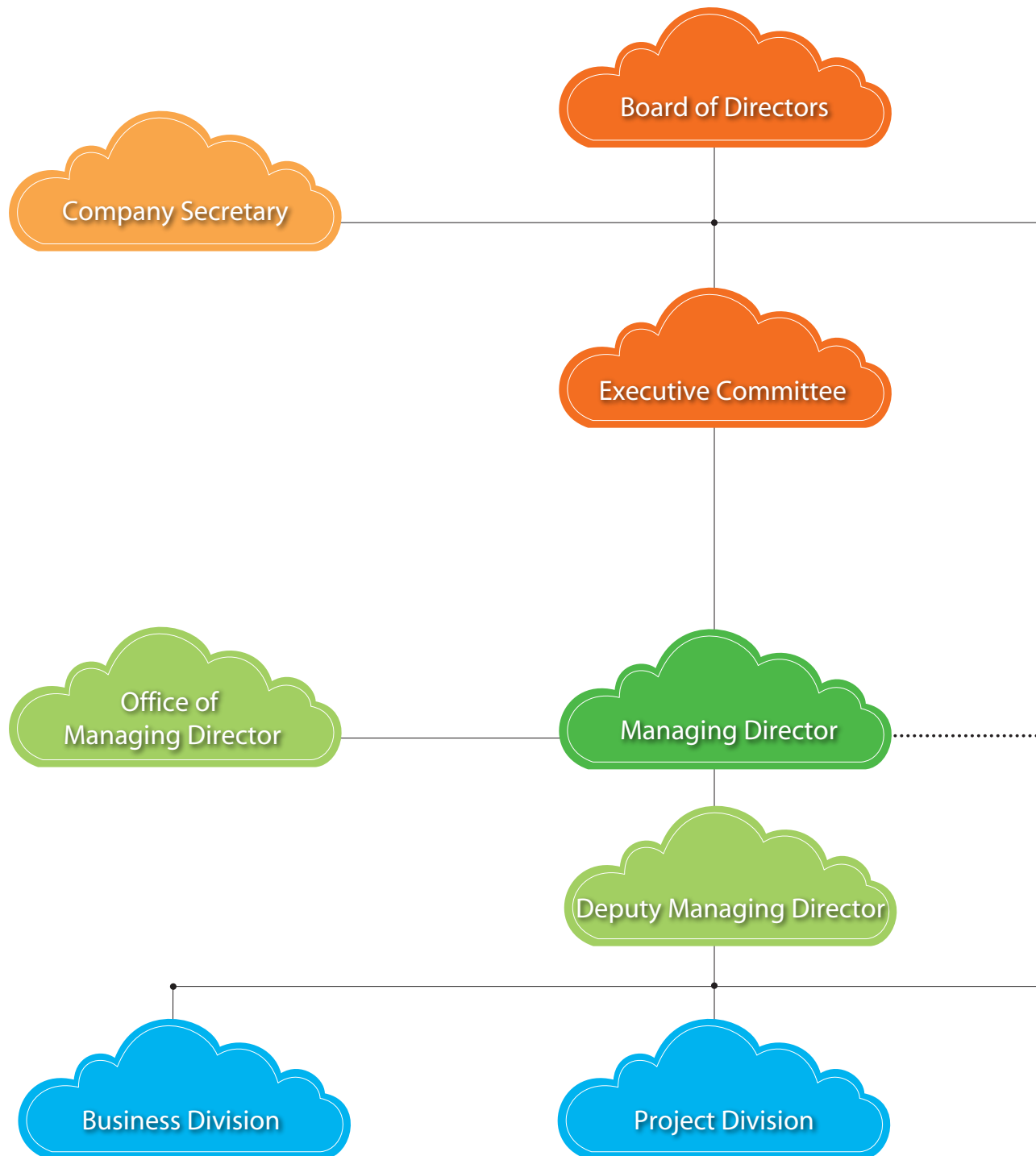
# 09 Dividend Policy

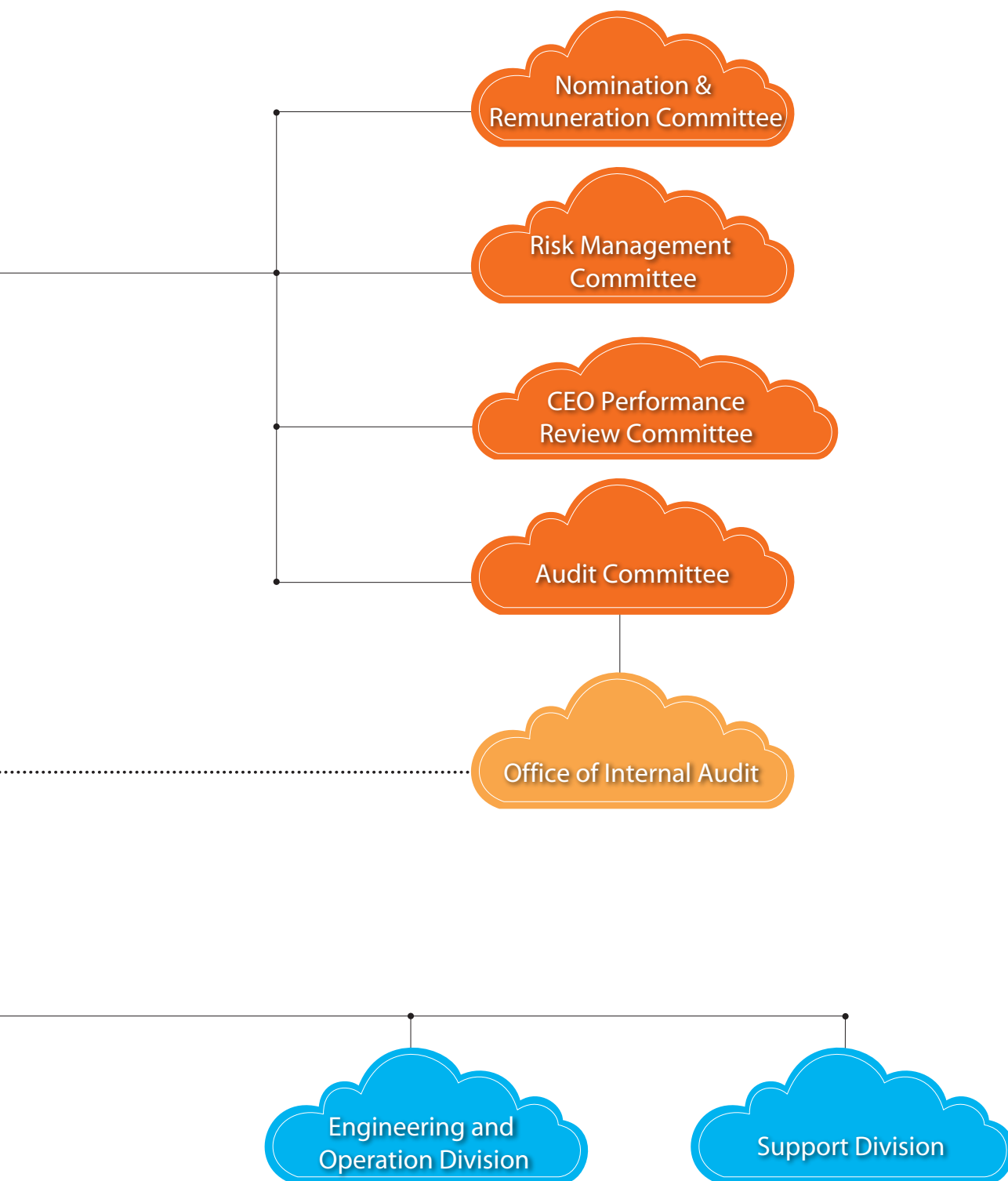
## The Company's dividend policy

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.

# 10 Management Structure

The Organization Chart as of December 31, 2014





The Company's management structure consists of the Board of Directors and five subcommittee, namely the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the CEO Performance Review Committee.

## Board of Directors

As of December 31, 2014, the Board of Director consisted of 12 members as follows;

- |   |  |
|---|--|
| 1. Prof. Dr. Pairash Thajchayapong          | Chairman of the Board of Directors and<br>Chairman of Executive Committee  |
| 2. Dr. Thaweesak Koanantakool               | Director, Vice Chairman of Executive Committee,<br>Risk Management Committee Member and CEO Performance<br>Review Committee Member |
| 3. Dr. Montchai Noosong                     | Director and CEO Performance Review Committee Member   |
| 4. Mrs. Preeya Danchaivichit                | Director   |
| 5. Ms. Tanwadee Wongterarit                 | Director, 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<br>Remuneration Committee Member and Audit<br>Committee Member                    |
| 9. Ms. Narumol Wangsatorntanakun            | Independent Director, Chairman of Risk<br>Management Committee and Audit Committee Member  |
| 10. Mr. Sahas Treetipbut                    | Director, Executive Committee Member and Nomination and<br>Remuneration Committee Member   |
| 11. Ms. Nilobon Tangprasit <sup>1/</sup>    | Independent Director, Audit Committee Member Nomination<br>and Remuneration Committee Member                                       |
| 12. Mrs. Morragot Kulatumyotin              | Director, Executive Committee Member and Risk Management<br>Committee Member   |

**Remark :** 1/ Ms. Nilobon Tangprasit was appointed a member of the Company's director board on May 12, 2014, and was appointed a member of the Audit Committee and a member of the Nomination and Remuneration Committee from September 19, 2014 onwards.

The number of committee members is in accordance with the articles of association, which state that the number must be no less than 11 and no more than 15. Half of them must have a permanent residence in Thailand and meet the requirements as stated by the 1992 Public Company Limited Act and the Notification of the Capital Market Supervisory Board. No. TorChor. 28/2551 concerning application for and approval of offer for sale of newly issued shares.

## 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.

**The Executive Committee**

In the meeting of the Board of Directors of the Internet Thailand Public Company Limited held on December 29, 2008, 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 of December 31, 2014, 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**

1. Write business strategy, policy, business plan, and budget of the Company and propose them for approval from the director board.
2. Manage the Company's operation and activity to achieve the Company's goals and objectives.
3. Manipulate and monitor the Company's performance and financial status, including those of the associated company and subsidiary, and give a report to the Company's director board in each monthly meeting.
4. Seek and consider opportunities to invest in new businesses.
5. Verify and approve activities relating to investment, purchase, procurement, sale, human resources management, finance and management, and general administration, as well as other activities of the Company, with a budget of no more than 30 million baht.
6. Consider and provide comments on any proposal that must be considered by the Company's board of directors, except for any activity that has been assigned to another subcommittee.

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 September 14, 2001, 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, 2014, the Audit Committee consisted of 4 members. At least one member of the Audit Committee has understanding or experience of accounting and finance as follows:

1. Prof. Emeritus Achara Chandrachai, Ph.D.	Chairman of Audit Committee
2. Mr. Aran Permpiboon	Audit Committee Member
3. Ms. Narumol Wongsatorntanakul	Audit Committee Member
4. Ms. Nilobon Tangprasit	Audit Committee Member
5. Ms. Saraporn Watasat	Secretary

### Authority and duties of the Audit Committee

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 April 30, 2006, 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 of December 31, 2014, 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. Ms. Nilobon Tangprasit	Nomination and Remuneration Committee Member
4. Mr. Yossakrai Rujipongvatee	Secretary

### Authority and duties of the Nomination and Remuneration Committee

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 June 25, 2007, 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 of December 31, 2014 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) Mrs. Morragot Kulatumyotin    | Risk Management Committee Member      |
| (4) Mr. Wanchai Vach-shewadumrong | Secretary                             |

## Authority and duties of the Risk Management Committee

1. Consider risk management policy and framework of Internet Thailand Public Company Limited, and write a report 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 and cooperate with the Audit Committee in examining important risk-related matters
7. Nominate candidates for the subcommittee for risk management and encourage them to work in harmony with the Risk Management Committee.
8. Review the Risk Management Committee Charter as necessary
9. 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 September 21, 2009, 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 of December 31, 2014 the CEO Performance Review Committee consisted of 3 members as follows:

- |                                |   |
|--------------------------------|---|
| 1. Dr. Thaweesak Koanantakool  | CEO Performance Review Committee Member |
| 2. Ms. Tanwadee Wongterarit    | CEO Performance Review Committee Member |
| 3. Dr. Montchai Noosong        | CEO Performance Review Committee Member |
| 4. Mrs. Matana Kritsadrangporn | Secretary                               |

## Authority and duties of the CEO Performance Review Committee

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

## Independent Directors

A director who acts as an Independent Director has the responsibility of preventing a conflict of interest between the listed company and the Executives or the major shareholders or other companies which has the 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 of December 31, 2014 there were 4 Independent Directors as follows:

- |   |                      |
|---|----------------------|
| 1. Prof. Emeritus Achara Chandrachai, Ph.D. | Independent Director |
| 2. Mr. Aran Permpiboon                      | Independent Director |
| 3. Ms. Narumol Wongsatorntanakul            | Independent Director |
| 4. Ms. Nilobon Tangprasit                   | Independent Director |

## Attendance of the Board of Directors' Meeting for the year 2014

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.

Details of the meeting of the Board of Directors in 2014 are as follows.

Board of directors	Board of directors' Meeting (Attendance 10 times)	Executive Committee's Meeting (Attendance 10 times)	Audit Committee's Meeting (Attendance 10 times)	Nomination & Remuneration Committee's Meeting (Attendance 3 times)	Risk Management Committee's Meeting (Attendance 3 times)	CEO Performance Review Committee's Meeting (Attendance 3 times)	Jointly meetings between Audit Committee and Risk Management Committee (Attendance 2 times)
1. Prof. Dr. Pairash Thajchayapong	10/10	10/10	-	-	-	-	-
2. Dr. Thaweesak Koanantakool	9/10	9/10	-	-	3/3	3/3	2/2
3. Dr. Montchai Noosong <sup>1/</sup>	8/10	-	-	-	-	1/1	-
4. Mrs. Preeya Danchaivichit	9/10	-	-	-	-	-	-
5. Ms. Tanwadee Wongterarit	6/10	-	-	-	-	3/3	-
6. Mr. Aniruth Hiranraks	9/10	-	-	-	-	-	-
7. Prof. Emeritus Achara Chandrachai, Ph.D.	10/10	-	10/10	-	-	-	2/2
8. Mr. Aran Permpiboon	10/10	-	10/10	3/3	-	-	2/2
9. Ms. Narumol Wongsatorntanakun	9/10	-	9/10	-	3/3	-	1/2
10. Mr. Sahas Treetipbut	10/10	10/10	-	3/3	-	-	-
11. Ms. Nilobon Tangprasit <sup>2/</sup>	6/6	-	3/3	0/0	-	-	1/1
12. Mrs. Morragot Kulatumyotin	10/10	10/10	-	-	3/3	-	2/2

**Remarks :** 1/ Dr. Montchai Noosong was appointed a member of the CEO Performance Review Committee, from September 2014 onwards.

2/ Ms. Nilobon Tangprasit was appointed a member of the Company's director board on May 12, 2014, and was appointed a member of the Audit Committee and a member of the Nomination and Remuneration Committee from September 19, 2014 onwards. In addition, there also was one meeting of the Non Executive Directors, which was not attended by executive board members, in 2014.

## 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.

## Executives

As of December 31, 2014, Management team consisted of 5 members as follows:

- |                                  |                          |
|----------------------------------|--------------------------|
| 1. Mrs. Morragot Kulatemyotin    | Managing Director        |
| 2. Mr. Wanchai Vach-shewadumrong | Deputy Managing Director |
| 3. Mr. Saknon Kangsumrith        | Senior Vice President    |
| 4. Mr. Attawut Kampradit         | Senior Vice President    |
| 5. Mr. Piyaret Saelee            | Senior Vice President    |

## The summary of the changes in the securities holding of the Directors and Executives in 2014

Name	No. of shares		Increased / Decreased
	31 Dec 2014	31 Dec 2013	
1. Prof. Dr. Pairash Thajchayapong	-	-	-
Spouse	-	-	-
2. Dr. Thaweesak Koanantakool	-	-	-
Spouse	-	-	-
3. Dr. Montchai Noosong	-	-	-
Spouse	-	-	-
4. Mrs. Preeya Danchaivichit	-	-	-
Spouse	-	-	-
5. Ms. Tanwadee Wongterarit	-	-	-
6. Mr. Aniruth Hiranraks	-	-	-
7. Prof. Emeritus Achara Chandrachai, Ph.D.	-	-	-
Spouse	-	-	-
8. Mr. Aran Permpiboon	-	-	-
Spouse	-	-	-
9. Ms. Narumol Wangsatorntanakun	60,000	60,000	0
10. Mr. Sahas Treetipbut	-	5,000	(5,000)
Spouse	-	-	-
11. Ms. Nilobon Tangprasit	-	-	-
12. Mrs. Morragot Kulatemyotin	416,000	416,000	0
Spouse	-	-	-
13. Mr. Wanchai Vach-shevadumrong	-	-	-
Spouse	-	N/A*	-
14. Mr. Saknon Kangsumrit	-	-	-
Spouse	-	-	-
15. Mr. Attawut Kampradit	-	-	-
Spouse	20,000	-	20,000
16. Mr. Piyaret Saelee	-	-	-

**Remarks :** \* Married on October 23, 2014

## Company secretary

At the meeting of the Board of Directors no. 1/2013 on February 7, 2013, the Board of Directors had a resolution to appoint Mrs. Morragot Kulatemyotin (Managing 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.

## Remuneration of Directors and Executives

### Directors' Remuneration

The Nomination and Remuneration Committee has carefully considered and determined the pay for 2014 committee and subcommittee members based on the Company's size and business type (in comparison with other businesses in the same industry), the Company's performance and growth potential, and the scope of responsibility of the committee members. A budget of up to 5.50 million baht was proposed to cover all kinds of compensation – such as meeting allowance and other benefits – for the committee members in 2014, and this proposed budget has been approved in the annual general meeting of 2014.

The Company's compensation for committee members comes in different forms as follows.

### Meeting Allowance

#### The Board of Directors

Chairman of the Board of Directors	25,000 Baht / person / month
Directors	20,000 Baht / person / month

#### The Audit Committee

Chairman of the Audit Committee	12,500 Baht / person / month
Audit Committee Members	10,000 Baht / person / month

#### Other Subcommittees

Chairman of the subcommittee	12,500 Baht / person / meeting
Vice Chairman of the subcommittee	10,000 Baht / person / meeting
Subcommittee Members	10,000 Baht / person / meeting

### Directors' remuneration in 2014

Board of directors	Meeting Allowances						Total
	Board of directors'	Executive Committee	Audit Committee	Nomination & Remuneration Committee	Risk Management Committee	CEO Performance Review Committee	
1. Prof. Dr. Pairash Thajchayapong	300,000	125,000	-	-	-	-	425,000
2. Dr. Thaweesak Koanantakool	240,000	90,000	-	-	50,000	30,000	410,000
3. Dr. Montchai Noosong	240,000	-	-	-	-	10,000	250,000
4. Mrs. Preeya Danchaivichit	240,000	-	-	-	-	-	240,000
5. Ms. Tanwadee Wongterarit	240,000	-	-	-	-	30,000	270,000
6. Mr. Aniruth Hiranraks	240,000	-	-	-	-	-	240,000
7. Prof. Emeritus Achara Chandrachai, Ph.D.	240,000	-	175,000	-	-	-	415,000
8. Mr. Aran Permpiboon	240,000	-	140,000	37,500	-	-	417,500
9. Ms. Narumol Wangsatorntanakun	240,000	-	120,000	-	50,000	-	410,000
10. Mr. Sahas Treetipbut	240,000	100,000	-	30,000	-	-	370,000
11. Mrs. Morragot Kulatumyotin	240,000	100,000	-	-	50,000	-	390,000
12. Ms. Nilobon Tangprasit*	160,000	-	40,000	-	-	-	200,000

**Remarks :** \* Ms. Nilobon Tangprasit was appointed a member of the Company's director board on May 12, 2014, and was appointed a member of the Audit Committee and a member of the Nomination and Remuneration Committee from September 19, 2014 onwards.

### Executives' Remuneration

The total amount of remuneration for five executive board members is 11.7 million baht, including salary position allowance and bonus.

The company has provided employees and executives joined the provident fund as collateral and welfare to employees and executives to work out a disability retirement death or resigning from the provident fund. They can choose to apply the provident fund.

## Personnel

### The Number of Employees and Remuneration

As of December 31, 2014, The Company had a total of 220 employees who work in different parts as follows.

- |                          |               |
|--------------------------|---------------|
| 1. High-level executives | 5 (persons)   |
| 2. Business units        | 41 (persons)  |
| 3. Support units         | 174 (persons) |

As of December 31, 2014, Mandala Communication Company Limited had a total of 18 employees, and has not undergone any significant change in the number in the last three years.

In 2014, the total amount of compensation for 215 employees (high-level executives not included) is 95.03 million baht, including salary, overtime pay, bonus, social security pay, provident fund support, and other benefits.

### The Company's provident fund

The Company's provident fund has changed only for the new employee who starts working with the Company since September 1, 2007 onwards. The employee pays in the following ratio:

Working Period	Employee's Payment Ratio (% of salary)
Less than 3 years	3
From 3 years and less than 5 years	3 or 5
From 5 years onwards	3 or 5 or 7

The Company will add up the same ratio with the employee's payment ratio. In case of resigning from the provident fund, the employee has the right to get the add-up portion from the Company based on the number of working period as follows:

Working Period	The add-up portion and the benefit that the employee will get when resigning from the provident fund membership
Less than 3 years	0%
From 3 years and less than 5 years	50%
From 5 years onwards	100%

### Employee Welfare

Apart from salary and bonus, the Company also provides employees with many forms of compensation.

1. To look after employees' health, the Company has provided them with a fund to ease their healthcare expenses, a fitness center, and an annual medical check-up in order to encourage them to stay healthy in the long run.
2. In collaboration with the Government Housing bank, the Company has provided employees with home loans at proper rate of interest, in order to support them in purchasing and having their own accommodation and to improve their morale and loyalty. The loan can also be payable directly to the bank through their bank accounts.
3. The Company also provides employees with financial aid in occasions such as wedding, funeral, ordination, and child education.
4. The Company also provides employees with life and employment insurances as a measure to ease impact of their inability to work.

### Policy on Human Resources Development

The Company usually places its focus on human resources development. It has continuously held a variety of activities to develop skills and expertise of its employees at all levels to improve their potential and enable them to achieve work goals, which will eventually result in improved competitive advantage of the Company in the long run. Last year the Company encouraged a number of employees to join programs and courses on technical training and knowledge management, allowing them to share their valuable working experience and learn from others, as well as preparing them for future changes and challenges.

#### 1) Internal Training

##### 1.1) Training for executives

The Company has consistently been developing its executives through a variety of high-level management programs to improve their knowledge, expertise, and leadership. This is to prepare them for their future positions in their career paths and to keep the Company's ability to compete and become a leader in any industry it is in.

### 1.2) Training for operation-level employees

The Company has consistently been developing its employees at operation levels through a variety of programs - for example, contract management, Awareness Training ISO/IEC 27001:2005, and Project Management for Project Manager (PM THAI) - in order to enhance their skills and expertise in their fields.

### 1.3) Training for all employees

The Company has been working to make sure – through sessions such as orientation – that its core values are recognized by every single one of its employees, and that they will be working harmoniously and efficiently.

## 2) External Training

Apart from internal training, the Company also encourages its executives and employees to join development programs that are held by recognized organizations or experts inside the country or overseas. This kind of encouragement also is aimed to push the Company's executives and employees to establish a greater network with people in their field.

The overall data on both internal and external trainings of the Company's executives and employees is as follows.

Number of Employees	Training Attendance in 2014 (hours)	Average amount of time for training (hours/ person/year)
220	2,606.3	11.8

In addition, the Company also sees the importance of physical, mental, and emotional fitness of all employees at work. The Company manages to have activities relating to its core values held by the Employees' Welfare Committee which was elected by the employees themselves. Such activities include Songkran Tradition Party and annual seminar.

The Company's absence rates in 2014 are as follows.

Total Number of Employees	The Rate of Absence due to business leave, sick leave, and vacation leave (days/person)	The Rate of Absence due to other kinds of leave (days/person)
220	9.57	0.80

**Remark :** Other kinds of leave include maternity, ordination, sterilization, military service, sabbatical, and pilgrimage (for Muslims).

## 1. Report on Good Corporate Governance Practices

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.

INET has operated under SET practice guideline which can be summarized as follows:

### 1.1 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.

#### 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 2014, 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.

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](http://www.inet.co.th)) where the information has been grouped into categories which make it easy for searching and communicating with INET.

#### 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 2014, INET held 1 shareholders' meeting, "the 2014 Annual General Meeting of Shareholders", on Thursday 22nd April 2014 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. 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.

#### **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 2014 AGM invitation letter and its documents which are the same documents that INET has sent to the shareholders on INET's website in advance before the commencement of the meeting.

At the 2014 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 2014 to 31 January 2014. 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.

#### **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.

#### **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 2014 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.

### **1.2 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.

### **1.3 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 whereby the directors, the management and all employees have been aware and strongly complied with.

## **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.

### **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, 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. The company provides support safe and productive using of the Internet.

### **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.

## **1.4 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.

## **1.5 Disclosure and transparency**

### **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.

### **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](http://www.inet.co.th/ir)), annual registration statement (Form 56-1) and annual report (Form 56-2).

### **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](http://www.inet.co.th/ir) and e-mail address : [ir@inet.co.th](mailto:ir@inet.co.th).

### **Securities Analyst**

The Company has provided a fair and accessible opportunity to securities analysts from many brokers to get the Company’s information. 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.

## **1.6 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.

## **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 2014, the Board of Directors has held 10 meetings

## **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 Executive Committee, 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.

## **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 training programs organized by Thai Institute of Directors and SET, i.e. Director Accreditation Program (DAP), Director Certification Program (DCP),

Role of the Chairman Program (RCP) and Audit Committee Program (ACP)

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.

## **Evaluation of the Board of Directors' Performance**

### **Result of the Annual Evaluation of the Board of Directors' Performance (group evaluation)**

Evaluation of the board of directors' performance is conducted on a yearly basis. In 2014, this evaluation was conducted in the 8/2014 meeting on Friday 17 November 2014. In this session, the performance of the board of directors as a whole was evaluated based on the criteria from the Corporate Governance Center, the Stock Exchange of Thailand, including:

1. Structure and qualifications of the Committee
2. Role duty and responsibility of the Committee
3. The Committee's meetings
4. The Committee's functioning
5. The Committee's relation with the management
6. Self-improvement of members of the Committee and improvement of the management

The evaluation result showed that the average value of performance in 2014 was 3.96 (0 = strongly disagree or zero performance, 1 = disagree or little performance, 2 = agree or some performance, 3 = quite strongly agree, or good performance, 4 = strongly agree, or excellent performance).

### **The Annual Performance Evaluation by the Audit Committee**

The Audit Committee's performance also is evaluated on a yearly basis. In 2014, the Audit Committee managed to have a self-assessment session in the 9/2014 meeting on Thursday 13 November. In the meeting, the Audit Committee for the first time employed the self-assessment form that has been developed by Office of the Securities and Exchange Commission. The form consists of two parts: (1) structure and components of the Audit Committee, and general working conditions, and (2) the functioning of the Audit Committee.

### **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.

#### **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**

The 9/2014 meeting of the Company's board of directors on Thursday 13 November 2014 was attended by four of the Audit Committee. The board of directors evaluated the internal control system of Internet Thailand Public Company Limited in 2014 the Board has assessed the adequacy of INET's internal control systems in 5 areas, namely, Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities. The Board found that the Company's internal control system consists of adequate control mechanisms. The Company has allocated sufficient resources to accomplish its goals and has an internal control system for properly monitoring the operations of its subsidiaries and affiliates to keep their businesses transparent.

#### **Risk Management**

The Company's board of directors has assigned the Risk Management Committee to take charge of considering the risk management policy and framework, following up on the development of the framework, measuring and approving the risk management plan, and appointing the subcommittee, as instructed in the guideline. All information of this part is available on the Company's website.

## **2. Structure of the Board of Directors**

The Company's management structure consists of the Board of Directors and five subcommittee, namely the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the CEO Performance Review Committee. 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 12 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.

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.

### Neutrality of non-executive directors

The Board of Directors comprises of 12 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	5	4

The Company has total 4 Independent Directors, or one-third of all 12 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.

### 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:

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

### 3. Nomination and Appointment of Directors and Executives

#### Independent Directors

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.

#### Nomination of Directors and Executives

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.

**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.

**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.

In the 2014 annual general meeting of the shareholders, a single shareholder or a group of shareholders with at least 5% of the Company's shares who have held the shares for at least 12 months (as of the day the agenda is set) can nominate eligible candidates for the Company's board of directors, during 1-31 January 2014.

## **Succession Plan**

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.

## **4. Manipulating and Monitoring the Associated Company and Subsidiaries**

The Company has appointed its representatives to serve as board members in the subsidiaries in order to align business policy and strategy of the two companies. The board member(s) in the subsidiary must submit a report about the subsidiary's performance to the Company's board on a monthly basis.

In monitoring the associated company's performance, the Company has appointed its representatives to serve as board members in the company to ensure that the company operates its business as anticipated.

Manipulating and monitoring the associated company and subsidiary are conducted based on the OECD Principles of Corporate Governance to ensure that the business is operated in an effective, transparent, and fair manner on the way to achieving its goals.

## **5. 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, staff s and employees shall not directly or indirectly disclose or exploit the secret and/or inside information of INET for their own interests or for the interests of other persons either with or without receiving 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.

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.

## **6. Auditor's Remuneration**

### **Audit fee**

Audit fee for account period ended December 31,2014 of the Company pay to ANS Audit Co.,Ltd. was 869,610 Baht

Audit fee for account period ended December 31,2014 of the subsidiary pay to ANS Audit Co.,Ltd. was 80,000 Baht

### **Non-audit fee**

None



# 12 Corporate Social Responsibilities

## 1. Corporate Social Responsibility (CSR)

Internet Thailand Public Company Limited is determined to running a sustained business, taking into account its social responsibility and every party involved. The Company has set its plan and practice in accordance with the eight good governance principles specified by Corporate Social Responsibility Institute (CSRI) of the Stock Exchange of Thailand (SET).

## 2. Anti-corruption Value and Practice

The Company is against all kinds of corruption and is fully aware of the plausible aftermath of corrupt acts. In the 8/2014 meeting on Friday 17 October 2014, the Company's board of directors agreed to join the Collective Action Coalition of the private sector in Thailand to work against corruption, in accordance with the policy of the Government and the National Anti-Corruption Commission. By doing so, the Company has clearly announced its intention to work against corruption in the large scale.

In November 2014, the Company received a reply and the Declaration of Intent to confirm its participation in the program from the Thai Institute of Directors. The Company has a plan to determine its anti-corruption measures and communication methods for people both in and out of the Company to use the whistle-blower hotline safely and, later, to identify common practice for its employees.

### 3. Respect for Human Rights

The Company has been running its businesses with respect to the right and freedom of each individual, and has never violated the human right of any employee, regardless of the title or position. The Company also has strictly followed Thai labor laws and provided extra benefits based on each employee's performance, which makes employees stay with the Company for a long period of time.



### 4. Fair Practice for Employees

The Company sees the importance of human resources development, thus having supported its employees in making improvements to their knowledge, skills, and attitude based on their potential so they can always work in a more efficient manner to accomplish their mission. This kind of human resources practice allows the Company to build a competitive advantage in the long run. In the previous year, the Company held advanced management courses for the management, and continuously encouraged its employees to take self-improvement and knowledge management courses. A lot of working experiences were exchanged and shared. The Company also has a fair practice policy, which results in a performance-based assessment, as well as a reasonable salary and benefits based on the position, experience, the Company's overall performance, and other socio-economic factors.

In addition, the Company also sees the importance of physical, mental, and emotional fitness of all employees. The Company manages to have activities relating to its core values held by the Employees' Welfare Committee which was elected by the employees themselves. Such activities include Songkran Tradition Party and annual seminar. The Company also provides its employees with annual checkup and fitness center.

In the previous year, the Company came up with a Welfare Committee through internal election under the Labour Protection Act B.E. 2541 (1998).

### 5. Responsibilities towards Customers

The Company has been determined to developing and delivering the best service to satisfy its customers' needs, which results in ISO 9001:2008 certification that it has achieved. The scope of quality guarantee covers corporate node, MetroLan, and data center services. Besides, the Company's offices at Bangkok Thai Tower and Thai Summit Tower are the first ones in Thailand to win ISO/IEC 27001:2005 cloud service certification. The Company also has a plan to apply for more certifications such as ISO 20000, with its continued commitment to keep its customers' data confidential.

### 6. Environment Care

The Company's missions are to generate reasonable revenues for its shareholders and to contribute to the improvement of environment and community. The Company always conducts a research before investing





in any project to make it energy-saving, cause less pollution to the community, affect the environment to the minimum degree, and make an optimal use of the resources. In addition, the Company also shared its experience as the owner of an Internet data center in a seminar program called “Environment-Friendly ICT People” under the concept Green IDC, which was hosted by National Science and Technology Development Agency (NSTDA).

## 7. Participation in Community and Society Improvement

The Company is fully aware of the influence of the Internet in everyday life, especially among kids and youth. The Company has encouraged the society to use the Internet in a safe, creative manner by having worked closely with the Internet Foundation for the Development of Thailand for more than ten years. In so doing, the Company has promoted the use of information technology and the Internet in developing the economy and society, especially in the rural areas and among the disadvantaged, so they can make a proper use of these technologies and live a better life.

The Company has consistently contributed to the society through a variety of activities – for example:

1. INET donated waterproof pants for the Thai Red Cross Society to distribute to those affected by the flood.
2. INET made a financial donation to support the purchase of breathing machines for ALS patients in Thailand.
3. INET donated cloud storage to people with hearing and speech impairment to help them communicate through the Universal Foundation for Persons with Disabilities.

## 8. Innovation and Innovation Distribution

As the Company focuses on a sustained development, it has a policy to sustain its leading role in providing IT services in Thailand too. It looks to distribute as much of its IT knowledge to the society as possible so the society can make the best use of it. At the same time, the Company keeps creating a push towards innovation in Thailand all the time while it also had a good chance to share its IT knowledge with some people in Lao PDR on such topics as IT Risk Management and Business Continuity Management.



# 13

# Internal Control and Risk Management

## Internal Control and Risk Management

The 9/2014 meeting of the Company's board of directors on Thursday 13 November 2014 was attended by four of the Audit Committee. The board of directors evaluated the internal control system of Internet Thailand Public Company Limited in 2014 based on the information given by the executive body and the internal auditors. This evaluation form was used in making sure that the Company's internal control system is appropriate and effective enough to keep the Company's operation on the lawful track, and is helping the Company to accomplish its goals without any arising corruption or damage. The complete reliable report consists of five parts as follows:

### Part 1 Control Environment

1. The organization shall express its value in integrity and ethics through actions.
2. The Audit Committee shall be independent from the executive body, and be responsible for overseeing and developing internal control.
3. The executive body shall provide a report mechanism and identifies a clear organization chart that is appropriate for the organization to achieve its goals under the oversight of the Committee.
4. The organization shall show its commitment in keeping and developing employees with high performances.
5. The organization shall make its employees responsible for internal control so the organization is able to accomplish its goals.

### Part 2 Risk Assessment

6. The organization shall state its goals clearly enough so all the related risk factors can be identified and taken into consideration in the evaluation process.
7. The organization shall identify and analyze all kinds of risk that may arise in and affect the organization.
8. The organization shall estimate the chance of corruption during risk assessment in order to achieve its goals.
9. The organization shall point out to plausible changes that may occur and affect the internal control and evaluate them.

### Part 3 Control Activities

10. The organization shall have measures to reduce to an acceptable level the risks that may prevent the organization from being successful.
11. The organization shall utilize technologies in control activities.
12. The organization shall put internal control into its policy, listing its expectations and protocols to enable this policy to be implemented.

### Part 4 Information and Communication

13. The organization shall provide quality data in supporting internal control to make it run as anticipated.

14. The organization shall communicate across all of its units to facilitate internal control.
15. The organization shall communicate with other agencies about any matter that may affect its internal control.

## **Part 5 Monitoring Activities**

16. The organization shall monitor and evaluate internal control to make sure that it runs smoothly and properly.
17. The organization shall try to find the defect in internal control and point it out to the person in charge, including the management and the Committee, in a timely manner.

After an evaluation on the five parts was finished, the Committee found that the Company's internal control system consists of adequate control mechanisms. The Company has allocated sufficient resources to accomplish its goals and has an internal control system for properly monitoring the operations of its subsidiaries and affiliates to keep their businesses transparent.

From the evaluation, the Committee has made some suggestions that are useful for improving internal control. For example, the Committee suggested that the Company open up a new way of communication such as whistle-blower hotline to enable any other agency to report any suspicious act that might relate to corruption in a secure manner. The management was informed of this point and would subsequently follow the suggestion.

In addition, the Company's auditor for 2014 – Mr. Atipong Atipongsukul, the CPA no. 3500 – who is responsible for the Company's audit until December 31, 2014, has not all at pointed out in his report that the Company's internal control system has any defect.

## **Internal Auditor**

From the 9/2012 meeting of the Audit Committee on Tuesday 18 December 2012, the Committee selected Dharmniti Co., Ltd. as a successful candidate to provide auditing service to the Company from 2013 to 2014. Dharmniti Co., Ltd. subsequently assigned Ms. Korakoch Wanasawas, the manager, to serve as the main auditor for the Company.

After the Committee conducted an examination on Ms. Wanasawas's qualifications and the scope of services that Dharmniti Co., Ltd. provided, they found that she was qualified for the job due to her auditor independence and 11 years of auditing experience. She had also attended a number of auditor training programs such as COSO 2013, IT Audit (by Audit Council), and CPIAT, as well as an internal audit improvement project, the newly revised auditing curriculum, self-evaluation on anti-corruption measures, and a program on methods of evaluating accounting system. The Company also assigned an auditor of the company to cooperate with an outsource auditor as well.

The decision to appoint, dismiss, or transfer the main auditor of the Company must be approved (or agreed) by the Company's Audit Committee.

# 14 Related Party Transactions

## 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) Year 2014	Opinion on connected transaction
1. A related party <sup>1/</sup>	Major shareholders	Cost of international and domestic leased line	52,567	Market price
		Revenues from Internet service and hire of work contract	6,275	Market price
2. Netbay Co., Ltd.	Associated Company	Revenues from Internet service	7,290	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 2014

<b>A related party<sup>1/</sup></b>	(Unit : thousand Baht)
- Trade accounts receivable	3,117
- Unbilled service income	0
- Account payable	8,011
<b>Netbay Co., Ltd.</b>	(Unit : thousand Baht)
- Trade accounts receivable - Associated Company	2,692

## 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.

# 15 Audit Committee's Report

The Audit Committee of Internet Thailand Public Company Limited currently consists of four independent auditors who have qualifications as stated in the announcement of SET's Audit Committee - namely Professor Emeritus Achara Chandrachai, Ph.D (Chairman), Mr. Aran Permpiboon and Ms. Narumol Wangsatorntanakun (Audit committee), and Ms. Nilobon Tangprasit, who was added into the Audit Committee in the 7/2014 meeting of board of directors on Thursday 18 September 2014. Ms. Nilobon Tangprasit, therefore, started working for the Company in both the Audit Committee and the Nomination and Remuneration Committee on Friday 19 September 2014 onwards.

Each audit committee has a complete set of qualifications as required in the charter, which correspond to those stated in the regulations and protocols of SET's Audit Committee. The scope and major responsibilities are to make the Company produce adequate financial reports with accuracy, to make sure that the Company has an effective internal control system, and to make sure that the Company strictly follows the rules and other related laws.

In 2014, the Audit Committee held ten meetings, which were attended by the management, auditors, and internal auditors accordingly. In each of the meeting the Audit Committee presented a report to the Company's board of directors. In 2014, there was only one meeting held on Wednesday 26 February 2014 (2/2014) that was not attended by the management. The work of the Audit Committee could be concluded as follows:

## **Reviewing quarterly and annual financial statements**

The Audit Committee has carefully reviewed the Company's quarterly and annual financial statements in collaboration with the management and the internal auditors with regard to the accounting policy in use, examined major changes and reliability of the financial statements, and revealed the information in a timely manner, according to the general principles of auditing and related regulations. The statements are subsequently approved by the Committee.

## **Making sure the Company has an internal control system**

The Audit Committee has carefully examined the Company's internal control system based on the internal audit report of 2014, the internal control evaluation using COSO 2013 criteria (The Committee of Sponsoring Organizations of the Treadway Commission - Internal Control-Integrated Framework), and risk management using COSO-ERM (The Committee of Sponsoring Organizations of the Treadway Commission - Enterprise Risk Management), in collaboration with the internal audits. The Committee agrees that the Company has a proper internal control system to keep its operation in the lawful track, and the system contains no major defect. Improvement has been made to the system in response to the changing situation.

## **Examining risk management**

The Committee has had two official meetings with the Risk Management Committee to make sure that the Company has already set up the policy and risk management framework, has clearly and appropriately stated the level of risk that is acceptable to the Company, has prepared proper reactive measures, and has informed the management and employees of the policy for them to follow and practice.

## **Examining the subsidiaries and affiliates**

The Committee has thoroughly examined the transactions among the Company's, its subsidiary, and its affiliate, in order to make sure that they have operated under the terms and conditions, and have adequately revealed some information.

## **Self-Assessment**

The Committee has assessed itself with regard to the components of the Audit Committee, seminars and resources, meetings, the Committee's activities, the relationship among internal auditors, auditors, and the management. The finding shows that the Committee has completed every task it needs to do according to the charter, and the performance agrees with the principles of good practice, all of which contribute to the efficiency in monitoring the Company.

## **Selecting auditors for 2015**

The Committee has carefully examined the performance of auditors and agrees to select ANS Audit Co., Ltd. to serve as the auditor of Internet Thailand Public Company Limited for 2015, thus proposing the company to the board of directors for their consideration and to the annual shareholders' meeting 2015 for their approval.



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

# 16

# Management Discussion and Analysis

Internet Thailand Public Company Limited (INET) has been running its IT service business for more than 20 years, realizing that communication technology is key in all industries. Managing the network to ensure stability and safety is, therefore, considered the top priority by an Internet service provider like Internet Thailand.

INET has constantly improved its network performance to fulfill different needs of its customers and to achieve a higher level of security, while at the same time managing to come up with new additional products and services such as INET-WebEx Meeting, INET-VDI, and INET-Secure Drive.

As of 2014 year end, INET's revenue was 532 million baht, an increase of 39% compared to its revenue in 2013. The growth rate for cloud services increased by 54% while the growth rate of Internet Data Center (IDC) increased by 13%. Due to the increased investment aimed at improving performance and stability of its network system, INET saw a cost of the rendering of service mounting to 385 million baht, a 36% increase compared to that of 2013. However, INET saw a 45% increase in gross profit, and a 5.3% increase in selling and operating expenses which resulted from increased number of employees and investment for business development. As of fiscal year ended December 31, 2014, INET had a net profit of 25 million baht, which was 106% of that of 2013, making its accumulated deficit decrease from 55.4 million baht in 2013 to 30.36 million baht.

In 2014, INET recognized 4.8 million baht of profit sharing from Netbay Public Company Limited ("Netbay") and recorded 2.6 million baht of dividend in its separate financial statement. In the same year, Netbay which is an associated company of INET also offered its shares for sale to its shareholders in the annual general meeting, but INET did not manage to purchase any of the shares. As a result, INET's ratio of investment in Netbay dropped down from 39.99% to 24.99%.

INET saw no income tax in 2014 due to the fact that it had accumulated deficit from the previous year. As a result, the income tax shown in the financial statement as of December 31, 2014, reflected the deferred tax with temporary differences, which was in compliance with IAS No. 12 Income Taxes.

## **Incomes from Sales and Services**

In 2014, INET earned a total income of 508 million baht from the rendering of services, a 32% increase compared to its income in 2013. This increase was attributed to increased incomes from cloud services (54% increase) and IDC (13% increase), as well as some one-time services.

## **Cost of Services Rendered and Cost of Sales**

In 2014, INET had a total cost of 383 million baht for sales and services rendered, a 34% increase compared to the figure in 2013, which was due to the improved recognition of depreciation, cost of one-time service, and cost of sales.

## **Selling and Administrative Expenses**

In 2014, INET saw 8.7% increase in its selling and administrative expenses compared to the previous year, which resulted from the increased number of employees and investment for business development.

## **Net Profit (Loss) in Separate Financial Statement**

In 2014, INET managed to successfully make profits from the first to the fourth quarter of the year. As of the year ended December 31, 2014, INET enjoyed a net profit of 25 million baht, which was 106% of that of the previous year. In other words, INET's accumulated deficit dropped down from 55.4 million baht in 2013 to 30.36 million baht in 2014.

## **Consolidated Financial Statement**

In 2014, INET had a net loss of 6.8 million baht. The major cause was that INET earned less than anticipated in its profit sharing plan with its associated company. In the third quarter of 2014, INET recognized a profit of 7.1 million baht from its associated company, but as it had to spend some money in preparation for its transformation into a public company, INET saw a profit of only 4.8 million baht as of December 31, 2014. This figure was quite lower than the estimate.

## **Financial Statement**

### **Assets**

As of the 2014 year end, INET had a total of 1,055 million baht in asset, an increase of 220 million baht or 26% compared to the previous year. Major changes are as follows.

Cash and cash equivalent increased by 99% due to the fact that more of the debts were cleared by its debtors.

Accounts receivable decreased by 6% due to improved management. The account receivable turnover was 6.45 and average collection period was 57 days.

INET had a deposit of 119 million baht, an increase by 23 million baht, which was kept by the bank as guarantee for overdraw and retention bond.

INET saw an increase of 206 million baht in the net worth of property and equipment improvement and intangible asset due to the enhancement of the IDC at both Thai Summit and Bangkok Thai offices, as well as the purchase of core network and software.

### **Liabilities**

As of the 2014 year end, INET had a total of 592 million baht in liability, 79% of which was current liabilities and 21% of which was non-current liabilities.

INET saw an increase in overdraft and short-term loan from the financial institution, compared to the previous year. This increase was attributed to INET's increased investment in business development, and the loan was guaranteed by the deposit. The financial lease liabilities, therefore, increased as INET had to invest more in network expansion to meet its customer need, and the lease agreement had a one-to-three-year term.

## **Shareholders' Equity**

As of 2014 year end, INET had a total of 463 million baht in shareholders' equity, 250 million baht of which was issued and paid-up share capital and 272 million baht of which was premium share capital. The reserve was 25 million baht in compliance with the law, and the accumulated deficit was 61 million baht. The book value was 1.85 baht per share (the face value was 1 baht per share).

## **Cash-flow Budget**

As of the 2014 year end, INET had a net cash inflow of 24 million baht – 12 million baht in the early year and another 12 million baht during the rest of the year. Operating activities accounted for 59 million baht (or 18%) of the cash inflow during the rest of the year while INET spent 208 million baht in its investment activities, mainly the purchase of equipment and intangible asset for improving network performance and security. INET also borrowed another 160 million baht from the financial institution using its deposit as guarantee.

## Key Financial Ratio

Financial Ratio	2014	2013	2012
<b>Liquidity Ratios</b>			
Current Ratio (times)	0.28	0.44	2.58
Quick Ratio (times)	0.22	0.33	2.46
<b>Activity Ratios</b>			
Account Receivable Turnover (times)	6.45	4.63	4.95
Collection Period (days)	57.00	79.00	73.74
Fixed Asset Turnover (times)	0.86	1.18	2.61
Asset Turnover (times)	0.54	0.53	0.51
<b>Financial Policy Ratios</b>			
Debt-to-Equity Ratio (times)	1.28	0.72	0.28
Debt-to-Asset Ratio (times)	0.56	0.42	0.22
Dividend Payout Ratio (%) <sup>1/</sup>	N/A	N/A	N/A
<b>Profitability Ratios</b>			
Gross Profit Margin (%)	22.17	24.85	23.55
Net Profit Margin (%)	2.65	0.79	-0.39
Operating Income Margin (%)	-1.34	-0.32	-4.75
Return on Assets (%)	1.88	0.70	-0.48
Return on Equity (%)	-1.43	0.62	-0.25
<b>Per Share Informations</b>			
Book value per share (Baht)	1.85	1.97	1.97
Earnings (Loss) per share (Baht) <sup>1/</sup>	-0.03	0.01	-0.01
Dividend per share (Baht)	N/A	N/A	N/A

**Remarks :** 1/ Calculated from weighted average number of ordinary shares issued and paid up during the period.

In 2014, according to the Financial Table, INET's performance on debt collection was improved, considering that the accounts receivable turnover increased from 4.63 to 6.45, and the average collection period reduced from 79 days in the previous year to 57 days. However, INET's liquidity ratio dropped and debt ratio rose due to the fact that the company had to expand its business to meet the fast-growing demand of its customer. INET then chose short-term financing, not long-term financing. In 2015, INET has a plan to seek financial sources that better correspond to its investment plans, and its past investments have proved to be successful in contributing to a 32% income increase and a 2.65% increase in operating profit margin, compared to the previous year.

# 17

## Report of the Board of Directors' Responsibilities for Financial Statements

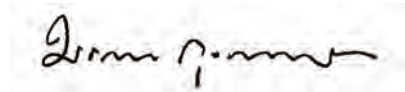
The Board of Directors of Internet Thailand Public Company Limited ("the Company") is responsible for the Company's financial statements and information of the company and the Subsidiary company that are reported in the Annual Report. The aforementioned financial statements have been prepared in accordance 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, 2014. 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

# 18 AUDITOR'S REPORT

## **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 subsidiaries and of Internet Thailand Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2014, and the related consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other notes.

### **Management's Responsibility for the 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 audit opinion.

### **Opinion**

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of Internet Thailand Public Company Limited and of Internet Thailand Public Company Limited respectively as at December 31, 2014, and the consolidated and separate financial

performance and the consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

**Emphasis of matters**

Without qualify my opinion, as discussed in Note 5 and Note 9, the Company has transactions with related company. The financial statements reflect the effect of these transactions on the basis determined by the parties concerned.

**Other Matter**

The consolidated and separate financial statements for the year ended December 31, 2013 of Internet Thailand Public Company Limited and its subsidiaries and of Internet Thailand Public Company Limited respectively, presented herein as comparative information, were audited by another auditor of the same firm, whose report dated February 26, 2014 expressed a qualified opinion, regarding the accounting for investments in associates based on an unaudited financial statements.



(Yuttapong Chuamuangpan)  
Certified Public Accountant  
Registration Number 9445  
ANS Audit Company Limited

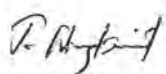
Bangkok, February 26, 2015

# Statements of Financial Positions

As at December 31, 2014

Unit : Baht

		Consolidated financial statements		Separate financial statements		
	Notes	December 31, 2014	December 31, 2013 (Restated)	January 1, 2013	December 31, 2014	December 31, 2013
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	6	24,456,898	12,309,030	46,350,470	22,421,490	11,601,735
Short-term investments		-	-	861,944	-	-
Investments in available for sale securities	7	3,579,790	7,200,618	187,288,988	3,579,790	7,200,618
Trade and other receivables - net	5, 8	73,950,968	78,646,374	85,009,098	85,741,863	74,910,759
Current portion of finance lease receivables	5, 9	-	-	-	27,168,750	-
Receivable from and loan to unrelated party - net	10	-	-	-	-	-
Inventories	11	4,267,638	8,532,402	6,451,035	496,894	8,532,402
Other current assets	5, 12	23,380,774	25,814,319	9,541,713	20,085,422	28,049,246
<b>Total Current Assets</b>		129,636,068	132,502,743	335,503,248	159,494,209	130,294,760
<b>Non-Current Assets</b>						
Pledged deposits with financial institutions	13, 19, 22	119,819,847	96,197,546	3,796,320	119,819,847	96,197,546
Finance lease receivables - net	5, 9	-	-	1,224,000	15,581,250	-
Withholding tax receivable		51,466,980	40,656,025	36,431,965	50,111,141	40,528,505
Investments in associated company	14	26,630,244	37,596,160	46,987,267	39,999,900	39,999,900
Investments in subsidiary	15	-	-	-	4,999,960	4,999,960
Leasehold improvements and equipment - net	16	659,321,441	472,116,993	146,782,410	653,894,129	471,848,061
Intangible assets - net	17	37,874,246	18,789,998	19,883,527	29,676,373	18,775,324
Deferred income tax assets - net	18	14,644,297	21,713,517	21,396,340	14,644,297	21,713,517
Other non-current assets		16,225,973	15,064,528	15,121,674	16,223,171	15,034,725
<b>Total Non-Current Assets</b>		925,983,028	702,134,767	291,623,503	944,950,068	709,097,538
<b>Total Assets</b>		1,055,619,096	834,637,510	627,126,751	1,104,444,277	839,392,298



Miss. Tanwadee Wongterarit  
(Director)



Prof. Dr. Pairash Thajchayapong  
(Director)

The accompanying note are an integral part of the financial statements

# Statements of Financial Positions (Continued)

As at December 31, 2014

Unit : Baht						
		Consolidated financial statements			Separate financial statements	
	Notes	December 31, 2014	December 31, 2013	January 1, 2013	December 31, 2014	December 31, 2013
(Restated)						
Liabilities and Shareholders' Equity						
Current Liabilities						
Bank overdrafts and short-term loans from financial institutions	19	242,002,851	106,898,544	-	242,002,851	106,898,544
Trade and other payables	5, 20	130,987,096	155,566,395	121,705,526	127,514,838	152,878,755
Short-term loans from subsidiary		-	-	-	-	-
Unearned service income		6,605,551	3,371,812	2,041,076	6,457,386	2,833,467
Current portion of liability under financial lease agreements	21	54,599,498	26,502,044	-	54,599,498	26,502,044
Current portion of long-term loan from financial institution	22	19,008,000	-	-	19,008,000	-
Other current liabilities		12,948,740	9,563,332	6,094,892	12,463,100	9,205,824
Total Current Liabilities		466,151,736	301,902,127	129,841,494	462,045,673	298,318,634
Non-Current Liabilities						
Liability under financial lease agreements - net	21	70,294,758	44,593,430	-	70,294,758	44,593,430
Long-term loan from financial institution - net	22	49,740,055	-	-	49,740,055	-
Employee benefit obligations	23	5,890,042	5,451,548	5,786,449	5,361,844	5,384,604
Other liabilities		206,997	206,997	206,997	206,997	206,997
Total Non-Current Liabilities		126,131,852	50,251,975	5,993,446	125,603,654	50,185,031
Total Liabilities		592,283,588	352,154,102	135,834,940	587,649,327	348,503,665
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
Deficit on business combination under common control of associated company	14	(19,208,121)	(9,138,321)	-	-	-
Retained earnings (deficit)						
Appropriated - Legal reserve	24	25,492,427	25,492,427	24,871,525	25,492,427	25,492,427
Unappropriated		(61,476,356)	(54,660,812)	(57,103,545)	(30,358,835)	(55,393,908)
Other components of shareholders' equity		(3,627,197)	(1,364,641)	1,368,982	(493,397)	(1,364,641)
Total Shareholders' Equity attributable to owners of parent		463,335,508	482,483,408	491,291,717	516,794,950	490,888,633
Non-controlling interests		-	-	94	-	-
Total shareholders' equity		463,335,508	482,483,408	491,291,811	516,794,950	490,888,633
Total Liabilities and Shareholders' Equity		1,055,619,096	834,637,510	627,126,751	1,104,444,277	839,392,298

The accompanying note are an integral part of the financial statements

# Statements of Comprehensive Income

For the year ended December 31, 2014

(Unit:Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
	3, 5, 26				
Revenues from service		482,098,865	371,718,082	456,231,559	367,057,342
Revenues from sales	5	10,126,375	7,185,467	60,010,044	7,185,467
Costs of services		(374,998,506)	(279,109,079)	(370,250,827)	(277,717,260)
Cost of sales		(8,111,546)	(5,631,657)	(14,495,216)	(5,631,657)
<b>Gross profit</b>		109,115,188	94,162,813	131,495,560	90,893,892
Dividend income		-	-	2,600,000	10,632,000
Other income		16,014,280	7,681,892	15,993,965	8,058,494
Profit before operating expenses		125,129,468	101,844,705	150,089,525	109,584,386
Selling expenses		(50,017,200)	(50,571,492)	(38,747,803)	(42,800,524)
Administrative expenses		(62,091,866)	(52,479,922)	(61,633,019)	(52,527,316)
<b>Total expenses</b>		(112,109,066)	(103,051,414)	(100,380,822)	(95,327,840)
<b>Profit (loss) before share of profit from associated company</b>		13,020,402	(1,206,709)	49,708,703	14,256,546
Share of profit from investment in associated company	14	4,837,684	6,379,214	-	-
<b>Profit before finance costs and tax income</b>		17,858,086	5,172,505	49,708,703	14,256,546
Finance costs		(17,822,221)	(1,742,735)	(17,822,221)	(1,742,735)
<b>Profit (loss) before tax income</b>		35,865	3,429,770	31,886,482	12,513,811
Tax expenses	18	(6,851,409)	(366,229)	(6,851,409)	(366,229)
<b>Profit (loss) for the years</b>		(6,815,544)	3,063,541	25,035,073	12,147,582
<b>Other comprehensive income:</b>					
Gain (loss) on changes in value of available for sale investments		1,089,055	(3,417,029)	1,089,055	(3,417,029)
Tax revenue (expenses) relating to gain (loss) on changes in value of available for sale investments		(217,811)	683,406	(217,811)	683,406
Loss on changes in shareholding in associated company	14	(3,133,800)	-	-	-
<b>Other comprehensive income (loss) for the years - net</b>		(2,262,556)	(2,733,623)	871,244	(2,733,623)
<b>Total comprehensive income (loss) for the years</b>		(9,078,100)	329,918	25,906,317	9,413,959

The accompanying note are an integral part of the financial statements

# Statements of Comprehensive Income (Continued)

For the year ended December 31, 2014

(Unit:Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		(6,815,544)	3,063,635	25,035,073	12,147,582
Non-controlling interests of the subsidiary		-	(94)	-	-
		(6,815,544)	3,063,541	25,035,073	12,147,582
<b>Total comprehensive income (loss) attributable to</b>					
Equity holders of the Company		(9,078,100)	330,012	25,906,317	9,413,959
Non-controlling interests of the subsidiary		-	(94)	-	-
		(9,078,100)	329,918	25,906,317	9,413,959
<b>Basic earnings (loss) per share (Baht)</b>		(0.03)	0.01	0.10	0.05
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

## Statements of change in shareholders' equity

For the year ended December 31, 2014

Consolidated financial statements											(Unit:Baht)	
	Notes	Paid-Up Issued and Share Capital	Shares premium	Deficit on business combination under common control of associated company	Retained earnings (deficit)	Other components of shareholders' equity					Total	
						Appropriated to legal reserve	Unappropriated for sale revaluation	Gain (loss) on investment - available in associated company	Loss on change in shareholding	Total other components of shareholders' equity		Non-controlling interests
<b>Balance as at January 1, 2013</b>		250,020,799	272,133,956	-	24,871,525	(57,103,545)	1,368,982	-	1,368,982	94	491,291,811	
Deficit on business combination under common control in associated	14	-	-	(9,138,321)	-	-	-	-	-	-	(9,138,321)	
Appropriated to legal reserve	24	-	-	-	620,902	(620,902)	-	-	-	-	-	
Total comprehensive income (loss) for the year		-	-	-	-	3,063,635	(2,733,623)	-	(2,733,623)	(94)	329,918	
<b>Balance as at December 31, 2013</b>		250,020,799	272,133,956	(9,138,321)	25,492,427	(54,660,812)	(1,364,641)	-	(1,364,641)	-	482,483,408	
Deficit on business combination under common control in associated	14	-	-	(21,594,600)	-	-	-	-	-	-	(21,594,600)	
Changes in shareholding in associated company	14	-	-	11,524,800	-	-	-	-	-	-	11,524,800	
Total comprehensive income (loss) for the year		-	-	-	-	(6,815,544)	871,244	(3,133,800)	(2,262,556)	-	(9,078,100)	
<b>Balance as at December 31, 2014</b>		250,020,799	272,133,956	(19,208,121)	25,492,427	(61,476,356)	(493,397)	(3,133,800)	(3,627,197)	-	463,335,508	

The accompanying note are an integral part of the financial statements

## Statements of change in shareholders' equity

For the year ended December 31, 2014

Separate financial statements										(Unit:Baht)
	Notes	Issued and paid-up share capital	Share premium	Retained earnings (dificit)			Other components of equity			Total components of shareholders' equity
				Appropriated	Legal reserve	Unappropriated	Changes in value of available for sale investments	Total other components of shareholders' equity		
<b>Balance as at January 1, 2013</b>		250,020,799	272,133,956	24,871,525	(66,920,588)	1,368,982	1,368,982		481,474,674	
Appropriated to legal reserve	24	-	-	620,902	(620,902)	-	-			
Total comprehensive income (loss) for the year		-	-	-	12,147,582	(2,733,623)	(2,733,623)		9,413,959	
<b>Balance as at December 31, 2013</b>		250,020,799	272,133,956	25,492,427	(55,393,908)	(1,364,641)	(1,364,641)		490,888,633	
Total comprehensive income for the year		-	-	-	25,035,073	871,244	871,244		25,906,317	
<b>Balance as at December 31, 2014</b>		250,020,799	272,133,956	25,492,427	(30,358,835)	(493,397)	(493,397)		516,794,950	

# Statements of cash flows

For the year ended December 31, 2014

(Unit:Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Cash Flows from Operating Activities</b>				
Profit before tax	35,865	3,429,770	31,886,482	12,513,811
Adjustments to reconcile profit (loss) before tax to net cash flows from (used in) operating activities:				
Share of profit from associated company	(4,837,684)	(6,379,214)	-	-
Dividend income	-	-	(2,600,000)	(10,632,000)
Depreciation and amortization	64,373,376	41,557,449	64,055,692	41,404,878
Amortisation of prepaid insurance expenses	-	330,398	-	330,398
Allowance for doubtful accounts (Reversal)	(1,595,679)	1,086,235	(1,595,679)	1,086,235
Gain on sales of investments in available for sale securities	(625,483)	(3,246,077)	(625,483)	(3,246,077)
Gain on sales of assets	(258,865)	(558,501)	(311,037)	(558,501)
Gain on sales of intangible assets	(27,971)	-	(35,408,962)	-
Estimated employee benefit obligations (Reversal)	438,494	447,668	(22,760)	455,669
Interest income	(2,894,019)	(3,708,613)	(2,884,929)	(3,708,613)
Interest expenses	17,822,221	1,742,735	17,822,221	1,742,735
Profit from operating activities before changes in operating assets and liabilities	72,430,255	34,701,850	70,315,544	39,388,535
Operating assets (increased) decreased				
Trade and other receivables	6,586,053	5,914,720	(8,940,457)	9,670,743
Inventories	4,264,764	(2,081,367)	8,035,508	(2,081,367)
Other current assets	2,433,545	(16,272,606)	7,963,824	(18,524,024)
Other non-current assets	(1,161,445)	57,146	(1,188,446)	86,949
Withholding tax receivables	-	832,720	-	-
Operating liabilities increased (decreased)				
Trade and other payables	(6,064,159)	25,281,342	(6,340,027)	21,987,485
Unearned service income	3,233,739	1,330,736	3,623,919	792,391
Other current liabilities	3,385,408	3,468,440	3,257,276	3,177,686
Cash from operating activities	85,108,160	53,232,981	76,727,141	54,498,398
Cash received on interest income	2,599,051	4,294,382	2,589,961	4,294,382
Cash paid for employee benefit obligations	-	(782,569)	-	(752,569)
Cash paid for interest expenses	(17,822,221)	(1,742,735)	(17,822,221)	(1,742,735)
Cash paid for corporate income tax	(10,810,955)	(5,056,780)	(9,582,636)	(4,694,601)
<b>Net cash from operating activities</b>	<b>59,074,035</b>	<b>49,945,279</b>	<b>51,912,245</b>	<b>51,602,875</b>

The accompanying note are an integral part of the financial statements

## Statements of cash flows (Continued)

For the year ended December 31, 2014

(Unit:Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Cash Flows from Investing Activities</b>				
Decrease in short-term investments	-	861,944	-	861,944
Increase in pledged deposits with financial institutions	(23,622,301)	(92,401,226)	(23,622,301)	(92,401,226)
Cash received from sales of available for sale securities	5,335,366	183,980,267	5,335,366	183,980,267
Increased in investment in available for sales securities	-	(4,393,247)	-	(4,393,247)
Cash paid for investment in associated company	-	(4,000,000)	-	(4,000,000)
Dividend received	2,600,000	10,632,000	2,600,000	10,632,000
Cash paid for purchases of equipment	(169,392,134)	(281,080,054)	(164,403,258)	(280,905,927)
Cash received from equipment sales	427,338	2,464,231	416,138	2,464,231
Cash paid for intangible assets	(23,294,859)	(3,069,340)	(22,438,858)	(3,069,330)
Cash received from intangible assets sales	28,067	-	28,067	-
<b>Net cash used in investing activities</b>	<b>(207,918,523)</b>	<b>(187,005,425)</b>	<b>(202,084,846)</b>	<b>(186,831,288)</b>
<b>Cash Flows from Financing Activities:</b>				
Net increase in bank overdrafts				
and short-term loans from financial institutions	135,104,307	106,898,544	135,104,307	106,898,544
Cash payments for financial lease agreements	(42,860,006)	(3,879,838)	(42,860,006)	(3,879,838)
Cash received from long-term loan from financial institution	112,000,000	-	112,000,000	-
Cash payments for long-term loan from financial institution	(43,251,945)	-	(43,251,945)	-
<b>Net cash from financing activities</b>	<b>160,992,356</b>	<b>103,018,706</b>	<b>160,992,356</b>	<b>103,018,706</b>
<b>Net Cash and Cash Equivalents increased (decreased)</b>	<b>12,147,868</b>	<b>(34,041,440)</b>	<b>10,819,755</b>	<b>(32,209,707)</b>
<b>Cash and Cash Equivalents at the Beginning of the years</b>	<b>12,309,030</b>	<b>46,350,470</b>	<b>11,601,735</b>	<b>43,811,442</b>
<b>Cash and Cash Equivalents at the End of the years</b>	<b>24,456,898</b>	<b>12,309,030</b>	<b>22,421,490</b>	<b>11,601,735</b>
<b>Supplemental Disclosures of Cash Flows Information</b>				
Non-Cash transaction:				
Payables for purchase of assets increase (decrease)	(18,515,140)	8,579,527	(19,023,890)	8,579,527
Assets increased from financial lease agreements	96,658,788	74,975,312	96,658,788	74,975,312

The accompanying note are an integral part of the financial statements

# Note to Financial Statements

For the year ended December 31, 2014

## 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 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.

The preparation of the financial statements in conformity with Thai Financial Reporting Standards ("TFRS") requires 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 for preparation of consolidated financial statement

The consolidated financial statements include the financial statements of Internet Thailand Public Company Limited, and its subsidiaries (together referred to as the "Group"). The Company's shareholding in subsidiaries as at December 31, 2014 and 2013, are as follows:

Name of subsidiary	Business type	% Equity interest owned by the Company	
		2014	2013
Mandala Communications Co., Ltd.	provision of telecommunication services including other related services	99.99	99.99

#### The subsidiary held by Mandala Communications Co., Ltd.

Thai Dot Com Co., Ltd.	Provision and development of electronics system	99.97	-
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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 invested in common shares of a company, which the investment is considered as a business combination under common control. The difference between cost of the business combination under common control higher than the net book value of the investee company is being treated as "Surplus (Deficit) from business combinations under common control" shown in Shareholders' Equity in the associated company. The Company has not yet recognized the proportionate interest of the Company in this transaction. The Company, therefore, adjusted the investments in associates in the consolidated financial statements. The effects of such restated financial statements reflected in the statement of financial position as at December 31, 2013, below.

	(Unit: Baht)	
	Consolidated financial statements	
	December 31, 2013	January 1, 2013
<b>Statements of financial positions</b>		
Investments in associated company before adjustments	46,734,481	46,987,267
<b>Adjustments</b>		
Loss from business combinations under common control of the associated company	(9,138,321)	-
Investments in associated company after adjustments	37,596,160	46,987,267

### New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

#### (a) Accounting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

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 Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

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

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease

TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
Accounting Treatment Guidance for Stock Dividend	

These accounting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These accounting standards do not have any significant impact on the financial statements.

#### **(b) Accounting standards that will become effective in the future**

The Federation of Accounting Professions has issued a number of revised and new accounting standards that become effective for fiscal years beginning on or after 1 January 2015. These accounting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these accounting standards involve changes to key principles, as discussed below:

#### **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

At present, the Company and its subsidiaries immediately recognize actuarial gains and losses in profit or loss in the period in which they occur. The assessment of the management of the Company and its subsidiaries is that when the revised standard is applied in 2015 and the method of recognizing those gains and losses is changed to immediately recognize them in other comprehensive income, there will be no impact to provision for long-term employee benefit liabilities and brought forward retained earnings in the financial statements.

#### **TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgment when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that the standards will not have any significant impact on the Company and its subsidiaries' financial statements.

#### **TFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

### **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognized prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

## **3. Significant accounting policies**

### **Revenues and expenses recognitions**

#### **Sales of goods**

Sales of goods are recognized 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 recognized as revenue under the percentage of completion method. The expected loss on unprofitable contracts is recognized as soon as such loss can be for seen.

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

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

#### **Expenses**

Expenses are recognized 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 realizable 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 recognized 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 realizable 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 recognized 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	3 to 10	years
Network equipment	5 to 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 amortization and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortized 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 amortization period and the amortization method of such intangible assets are reviewed at least at each financial year end. The amortization 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 5 - 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 capitalized 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 recognized 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 recognized 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 recognized in profit or loss.

### **Employee benefits**

#### **Short-term employee benefits**

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

#### **Post-employment benefits**

##### *Defined contribution plans*

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

##### *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 recognized immediately in profit or loss.

### **Provision**

Provisions are recognized 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 recognizes deferred tax liabilities for all taxable temporary differences while it recognizes 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 utilized.

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 utilized.

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 judgment 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 judgment 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 judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and 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 judgment 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 judgments 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 recognized 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 utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of 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.

**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.

**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, 2014 and 2013, the significant transactions with related parties can be summarized as follows:

(Unit:Baht)

	Consolidated financial statements		Separate financial statements		Pricing Policy
	2014	2013	2014	2013	
Transactions with related parties					
For the years ended December 31,					
Subsidiary Company					
Sales	-	-	42,750,000		Mutually agreed
Service income	-	-	10,145,442		Market price
Other income	-	-	575,022	279,946	Market price
Equipment rental expenses	-	-	17,315,389	3,243,429	Market price
Service expenses	-	-	190,000	110,000	Market price
Associated company					
Service income	7,290,460	5,714,293	7,290,460	5,714,293	Market price
Dividend income	-	-	2,600,000	10,632,000	As declared
Related companies					
Service income	6,275,026	4,932,641	6,275,026	4,932,641	Construction contract: contract price, Other: market price
Service expenses	52,566,990	51,176,666	52,566,990	51,176,666	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	
	2014	2013	2014	2013
<b>Trade and other receivables - related parties</b>				
Subsidiary company	-	-	16,150,151	351,159
Associated company	2,692,281	856,000	2,692,281	856,000
Related company (The Company's shareholder)	3,117,298	2,358,104	3,117,298	2,358,104
<b>Total trade and other receivables - related parties</b>	<b>5,809,579</b>	<b>3,214,104</b>	<b>21,959,730</b>	<b>3,565,263</b>
<b>Finance lease receivables - related parties</b>				
Subsidiary company	-	-	42,750,000	-
<b>Total Finance lease receivables - related parties</b>	<b>-</b>	<b>-</b>	<b>42,750,000</b>	<b>-</b>
<b>Prepaid service expenses - related parties</b>				
Subsidiary company	-	-	1,585,364	2,880,702
<b>Total prepaid service expenses - related parties</b>	<b>-</b>	<b>-</b>	<b>1,585,364</b>	<b>2,880,702</b>
<b>Trade and other payables - related parties</b>				
<b>Trade payables</b>				
Subsidiary company	-	-	2,181,605	977,150
Related company (The Company's shareholder)	8,011,148	8,629,873	9,769,243	8,629,873
<b>Total trade payables</b>	<b>8,011,148</b>	<b>8,629,873</b>	<b>11,950,848</b>	<b>9,607,023</b>
<b>Accrued costs</b>				
Subsidiary company	-	-	235,001	458,755
Related company (The Company's shareholder)	36,839,132	44,700,156	36,839,132	44,700,156
<b>Total accrued costs</b>	<b>36,839,132</b>	<b>44,700,156</b>	<b>37,074,133</b>	<b>45,158,911</b>
<b>Total trade and other payables - related parties</b>	<b>44,850,280</b>	<b>53,330,029</b>	<b>49,024,981</b>	<b>54,765,934</b>

## Directors and management's remuneration

Directors and management's remuneration for the years ended December 31, 2014 and 2013, these consist of the following:

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term employee benefits	13,494,910	12,856,971	12,894,910	12,256,971
Long-term post-employment benefits	122,028	161,536	122,028	161,536
<b>Total directors and management's remuneration</b>	<b>13,616,938</b>	<b>13,018,507</b>	<b>13,016,938</b>	<b>12,418,507</b>

## 6. Cash and cash equivalents

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

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash	255,173	408,657	235,173	398,657
Cash at banks - at call	24,104,117	10,238,362	22,088,709	9,710,014
Highly liquid short-term investments	97,608	1,662,011	97,608	1,493,064
<b>Total cash and cash equivalents</b>	<b>24,456,898</b>	<b>12,309,030</b>	<b>22,421,490</b>	<b>11,601,735</b>

## 7. Investments in available for sale securities

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

	(Unit:Baht)			
	Consolidated and Separate financial statements			
	2014		2013	
	Cost	Fair value	Cost	Fair value
<b>Available-for-sale securities</b>				
Equity securities	4,196,537	3,579,790	8,906,419	7,200,618
Total investments	4,196,537	3,579,790	8,906,419	7,200,618
Less : Unrealised loss on changes in values of investments	(616,747)	-	(1,705,801)	-
<b>Investments in available for sale securities - net</b>	<b>3,579,790</b>	<b>3,579,790</b>	<b>7,200,618</b>	<b>7,200,618</b>

During the years ended December 31, 2014 and 2013, the Company sold the investment with a gain of Baht 0.63 million and Baht 3.23 million, respectively, which is shown as "other income" in the statement of comprehensive income for the years ended December 31, 2014 and 2013.

## 8. Trade and other receivables - net

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

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Trade receivables</b>				
Trade receivable – related companies	5,809,579	3,214,104	21,959,730	3,565,263
Trade receivables – other companies	72,255,709	80,807,322	67,896,453	76,740,548
Total Trade receivables	78,065,288	84,021,426	89,856,183	80,305,811
Less: Allowance for doubtful Accounts	(5,145,116)	(6,740,794)	(5,145,116)	(6,740,794)
<b>Total Trade receivables - net</b>	<b>72,920,172</b>	<b>77,280,632</b>	<b>84,711,067</b>	<b>73,565,017</b>
<b>Other receivables</b>				
Interest receivable	948,934	653,966	948,934	653,966
Receivables delayed penalty	-	565,513	-	565,513
Other receivables	81,862	146,263	81,862	126,263
Total Other receivables	1,030,796	1,365,742	1,030,796	1,345,742
<b>Total trade and other receivables - net</b>	<b>73,950,968</b>	<b>78,646,374</b>	<b>85,741,863</b>	<b>74,910,759</b>

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

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Trade receivables - related companies</b>				
Not yet due	1,463,090	878,899	9,167,122	1,230,058
Past due				
Not over 3 months	1,926	22,898	1,960,722	22,898
Over 3 months but not over 6 months	-	-	6,202,424	-
Over 6 months but not over 12 months	-	24,827	-	24,827
Over 12 months	2,287,480	2,287,480	2,287,480	2,287,480
Unbilled receivables - related companies				
Not over 3 months	1,086,359	-	1,371,258	-
Over 3 months but not over 6 months	485,362	-	485,362	-
Over 6 months but not over 12 months	485,362	-	485,362	-
<b>Total trade receivables – related companies</b>	<b>5,809,579</b>	<b>3,214,104</b>	<b>21,959,730</b>	<b>3,565,263</b>
<b>Trade receivables – other company</b>				
Not yet due	36,290,296	32,902,651	33,051,179	29,750,984
Past due				
Not over 3 months	12,935,286	6,920,740	11,982,174	6,042,484
Over 3 months but not over 6 months	413,498	2,722,716	293,979	2,685,865
Over 6 months but not over 12 months	144,573	1,225,875	97,065	1,225,875
Over 12 months	5,066,685	6,686,932	5,066,685	6,686,932
Unbilled receivables - others				
Not over 3 months	14,043,489	28,341,634	14,043,489	28,341,634
Over 3 months but not over 6 months	3,045,021	494,525	3,045,021	494,525
Over 6 months but not over 12 months	316,861	418,179	316,861	418,179
Over 12 months	-	1,094,070	-	1,094,070
<b>Total trade receivables – other company</b>	<b>72,255,709</b>	<b>80,807,322</b>	<b>67,896,453</b>	<b>76,740,548</b>
<b>Total trade receivables</b>	<b>78,065,288</b>	<b>84,021,426</b>	<b>89,856,183</b>	<b>80,305,811</b>

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.

## 9. Finance lease receivables

Finance lease receivables as at December 31, consisted of:

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Due within 1 year</b>				
Minimum to be received within one year	1,224,000	1,224,000	29,124,000	1,224,000
Deferred interest income	-	-	(731,250)	-
<b>Present value of minimum payment</b>	<b>1,224,000</b>	<b>1,224,000</b>	<b>28,392,750</b>	<b>1,224,000</b>
<b>Due over 1 year but not over 5 years</b>				
Minimum to be received longer than one year	-	-	18,600,000	-
Deferred interest income	-	-	(3,018,750)	-
<b>Financial lease receivables - net of current portion</b>	<b>-</b>	<b>-</b>	<b>15,581,250</b>	<b>-</b>
<b>Less Allowance for doubtful Accounts</b>	<b>(1,224,000)</b>	<b>(1,224,000)</b>	<b>(1,224,000)</b>	<b>(1,224,000)</b>
<b>Financial lease receivables - net</b>	<b>-</b>	<b>-</b>	<b>42,750,000</b>	<b>-</b>

On December 29, 2014, the Company entered into a business purchase agreement on Online Recruitment with Mandala Communications Co., Ltd, a subsidiary company at a price of Baht 46.50 million whereby Mandala Communications Co., Ltd. agreed to pay the cost of the assets of Baht 23.25 million, by issuing new shares of 2.33 million shares at a price of 10 Baht each to the Company of which the share transfer will be completed by March 2015. The remaining of Baht 23.25 million will be made on an annual installments without interest of Baht 4.65 million each on June 30th of every year, until December 31, 2019 on starting on June 30, 2015. If the buyer fails to pay the cost of the assets, the Company is entitled to change the interest at the rate of 7.5 percent per annum of the unpaid balance until full settlement.

As a result, the Company incurred revenue from sales amounting to Baht 42.75 million, and the respective costs amounted to Baht 8.22 million, resulting in a net profit amounting to Baht 34.53 million.

## 10. 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, 2014 and 2013, 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 favor of the Company. The lender lodged an appeal and the appeal court also ruled in favor to the Company. The case is now finalized.

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 Civil Court rendered its final judgment, calling the supplier to pay the receivable plus interest amounting to Baht 19.3 million to the Company. Subsequently, that company could not pay the receivable amounts to the Company as the court's judgment. The Company therefore set up allowance for doubtful accounts in full amount in 2012.

## 11. Inventories

Inventories as at December 31, consisted of:

	(Unit:Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Finished goods	3,829,399	6,620,048	58,655	6,620,048
Work in process	438,239	1,912,354	438,239	1,912,354
Total inventories	4,267,638	8,532,402	496,894	8,532,402

## 12. Other current assets

Other current assets as at December 31, consisted of:

	(Unit:Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Unclaimed input tax	2,604,324	5,937,424	1,857,531	5,458,495
Value Added Tax receivable	11,129,725	12,984,783	7,949,360	12,984,783
Prepaid expenses	9,563,719	6,782,737	10,195,525	9,497,294
Other	83,006	109,375	83,006	108,674
Total other current assets	23,380,774	25,814,319	20,085,422	28,049,246

### 13. Pledged deposits at financial institution

As at December 31, 2014 and 2013, deposits with banks amounting to Baht 119.82 million and Baht 96.20 million, respectively, were pledged as collateral for bank overdrafts and letters of guarantee issued by the banks (Notes 19 and 22).

### 14. 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	
		2014	2013	2014	2013	2014	2013	2014	2013
		(%)	(%)			(Restated)			
Net Bay PLC.	Provision and development of electronics system	24.99	39.99	160,000,000	100,000,000	26,630,244	37,596,160	39,999,900	35,999,900
						26,630,244	37,596,160	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	
	2014	2013	2014	2013
Net Bay PLC.	4,837,684	6,379,214	2,600,000	10,632,000

### 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,	
	2014	2013	2014	2013	2014	2013	2014	2013
Net Bay PLC.	198,011,725	152,028,684	91,464,530	60,047,666	185,218,608	151,706,902	15,066,177	13,044,277
	198,011,725	152,028,684	91,464,530	60,047,666	185,218,608	151,706,902	15,066,177	13,044,277

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

On January 1, 2014, the associated company acquired the assets of another company. Such acquisition was considered as a business combination under common control. The difference between cost of business combination under the same control over the book value of the investee company was Baht 54 million. The Company, therefore, reduced the value of investments in associated company against the loss on business combination under the control of associated Company, shown in the statement of changes in shareholders' equity in the consolidated financial statements amounting to Baht 21.60 million, according to the proportion of interest of 39.99 percent.

On April 1, 2014, the associated company offered shares to the shareholders whose names appeared in the register of shareholders at the Annual General Meeting of Shareholders. The Company did not follow the offering. As a result, the Company's interest is reduced from 39.99 percent to 24.99 percent. The Company had recorded a loss from change of shareholding in associated company amount to Baht 3.13 million in the consolidated statement of comprehensive income and reduced losses on business combinations under common control of Baht 11.53 million in the consolidated statement of changes in shareholders' equity and the investments in associated company.

Movements of investments in the associated company in the consolidated financial statements are as follows.

	(Unit:Baht)
<b>Investments in associated company beginning of year before adjustments</b>	46,734,481
Prior year adjustment	
Loss from business combinations under common control of the associated company	(9,138,321)
<b>Beginning balance after adjustments</b>	37,596,160
Share of profit from investment in associated company	4,837,684
Dividend income	(2,600,000)
Loss on business combinations under common control of the associated company	(21,594,600)
Changing the proportion interest resulted in loss of business combination under common control of associated company decreased	11,524,800
Changing the proportion interest recognized in other comprehensive income	(3,133,800)
<b>Investments in associated company at the end of the year</b>	26,630,244

## 15. Investments in subsidiary

Investments in subsidiary as at December 31, consisted of:

Company's name	Seperate financial statements					
	Ownership %		(Unit:Baht)			
	2014	2013	Paid-up capital		Cost	
			2014	2013	2014	2013
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

## 16. Leasehold improvements and equipment - net

Leasehold improvements and equipment as at December 31, 2014 consisted of:

					(Unit:Baht)
Consolidated financial statements					
	As at	Movement during the year		As at	
	January 1, 2014	Increase	Decrease	December 31, 2014	
<b>Cost</b>					
Leasehold improvements	23,371,685	50,211,206	1,089,498	72,493,393	
Network equipment	366,062,044	193,179,190	162,695,120	396,546,114	
Computers	10,267,991	1,085,078	3,536,358	7,816,711	
Office equipment	34,499,355	2,529,375	8,390,597	28,638,133	
Moter vehicles	-	3,227,940	-	3,227,940	
Assets under installation	298,762,745	245,538,156	248,235,164	296,065,737	
<b>Total</b>	<b>732,963,820</b>	<b>495,770,945</b>	<b>423,946,737</b>	<b>804,788,028</b>	
<b>Accumulated depreciation</b>					
Leasehold improvements	4,766,378	12,627,179	1,018,789	16,374,768	
Network equipment	219,986,656	44,830,336	162,681,445	102,135,547	
Computers	6,472,095	1,151,221	3,505,772	4,117,544	
Office equipment	29,621,698	1,541,750	8,337,094	22,826,354	
Moter vehicles	-	12,374	-	12,374	
<b>Total</b>	<b>260,846,827</b>	<b>60,162,860</b>	<b>175,543,100</b>	<b>145,466,587</b>	
<b>Net booked value</b>	<b>472,116,993</b>			<b>659,321,441</b>	

Depreciations for the years ended December 31, 2014 and 2013, amounted to Baht 60.16 million and Baht 37.39 million, respectively, in the Company's consolidated statements of comprehensive income.

As at December 31, 2014 and 2013, the Company's and its subsidiary's leasehold improvements and equipment amounting to Baht 41 million and Baht 199 million, respectively, are fully depreciated but are still in use.

(Unit:Baht)				
Separate financial statements				
	As at	Movement during the year		As at
	January 1, 2014	Increase	Decrease	December 31, 2014
Cost				
Leasehold improvements	23,278,685	50,211,206	996,498	72,493,393
Network equipment	362,895,862	191,181,565	162,585,431	391,491,996
Computers	10,121,992	1,085,078	3,536,358	7,670,712
Office equipment	34,499,355	2,529,375	8,390,597	28,638,133
Moter vehicles	-	3,227,940	-	3,227,940
Assets under installation	298,762,745	242,038,156	248,235,164	292,565,737
Total	729,558,639	490,273,320	423,744,048	796,087,911
Accumulated depreciation				
Leasehold improvements	4,747,502	12,616,400	989,135	16,374,767
Network equipment	216,916,050	44,604,982	162,571,781	98,949,251
Computers	6,425,328	1,111,480	3,505,772	4,031,036
Office equipment	29,621,698	1,541,750	8,337,094	22,826,354
Moter vehicles	-	12,374	-	12,374
Total	257,710,578	59,886,986	175,403,782	142,193,782
Net booked value	471,848,061			653,894,129

Depreciation for the years ended December 31, 2014 and 2013 for the separated financial statements amounting Baht 59.89 million and Baht 37.24 million, respectively, are included in the statements of comprehensive income.

As at December 31, 2014 and 2013, the Company's leasehold improvements and equipment amounting to Baht 39 million and Baht 196 million, respectively, are fully depreciated but are still in use.

During the year ended December 31, 2014, the Company's authorized director approved to write off the equipments, which were fully depreciated, for total cost of Baht 173.25 million.

## 17. Intangible assets - net

Intangible assets as at December 31, 2014 consisted of:

	(Unit:Baht)			
	Consolidated financial statements			
	As at	Movement during the year		As at
	January 1, 2014	Increase	Decrease	December 31, 2014
Cost				
Computer software	49,220,016	14,559,859	9,856,826	53,923,049
Computer software under development	-	16,104,008	7,369,008	8,735,000
Accumulated amortization	(30,430,018)	(4,210,515)	(9,856,730)	(24,783,803)
Intangible assets - net	18,789,998			37,874,246

Amortization for the years ended December 31, 2014 and 2013, amounted to Baht 4.21 million and Baht 4.16 million, respectively, in the Company's consolidated statements of comprehensive income.

(Unit:Baht)

	Separate financial statements			
	As at	Movement during the year		As at
	January 1, 2014	Increase	Decrease	December 31, 2014
Cost				
Computer software	49,185,466	6,334,850	9,856,826	45,663,490
Computer software under development	-	16,104,008	7,369,008	8,735,000
Accumulated amortization	(30,410,142)	(4,168,705)	(9,856,730)	(24,722,117)
Intangible assets - net	18,775,324			29,676,373

Amortization for the years ended December 31, 2014 and 2013 for the separated financial statements amounting Baht 4.17 million and Baht 4.16 million, respectively, are included in the statements of comprehensive income.

During the year ended December 31, 2014, the Company's authorized director approved to write off intangible assets, which were fully amortized, for the total cost of Baht 9.86 million.

## 18. Deferred tax assets - net

Deferred tax assets as at December 31, 2014 consisted of:

(Unit:Baht)

	Consolidated and separate financial statements			
	Movement increase (decrease)			
		Other comprehensive		
	January 1, 2014	Profit loss	income	December 31, 2014
Deferred tax assets:				
Allowance for doubtful accounts	9,265,268	(319,136)	-	8,946,132
Accrued gratuities	1,824	-	-	1,824
Employee benefit obligations	1,076,920	(4,552)	-	1,072,368
Tax losses	11,552,440	-	-	11,552,440
Total deferred tax assets	21,896,452	(323,688)	-	21,572,764
Deferred tax liabilities :				
Unrealised profit on changes in values of investments	(341,161)	-	217,811	(123,350)
Depreciation	524,096	6,527,721	-	7,051,817
Total deferred tax liabilities	182,935	6,527,721	217,811	6,928,467
	21,713,517			14,644,297

Income tax for the years ended December 31, 2014 and 2013 as follows:

(Unit:Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Profit (loss) before income tax	35,865	3,429,770	31,886,482	12,513,811
Income tax rate	20%	20%	20%	20%
Current income tax expense as tax rate	7,173	685,954	6,377,296	2,502,762
Non-deductible expenses by the Revenue Code	784,788	61,464	744,791	44,203
Double expenses by the Revenue Code	(270,618)	(118,278)	(270,618)	(118,278)
Dividend income	(51,431)	-	(571,431)	(2,126,400)
Share of profit from investment in associated company	(967,537)	(1,275,843)	-	-
Tax on profit of inter-company transactions	7,102,348	-	-	-
Non-utilized tax loss	246,686	1,012,932	571,371	63,942
Tax expense (revenue)	6,851,409	366,229	6,851,409	366,229
The average effective tax rate	19,103.33%	10.68%	21.49%	2.93%

The Company's unused tax loss carry forward as at December 31, 2014, amounting to Baht 177.34 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 23.92 million.

The Group used income tax rate of 20% for the calculation of corporate income tax for the years ended December 31, 2014 and 2013 attributable to the Section 5 of the Royal Decree Issued Under the Revenue Code Regarding Deduction in Tax Rate No. 577 B.E. 2557 and No. 530 B.E. 2554, respectively.

## 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	
	2014	2013	2014	2013
Bank overdraft	92,303,336	47,206,183	92,303,336	47,206,183
Promissory note	90,000,000	-	90,000,000	-
Bill of exchange	60,000,000	60,000,000	60,000,000	60,000,000
Less discount	(300,485)	(307,639)	(300,485)	(307,639)
Bill of exchange - net	59,699,515	59,692,361	59,699,515	59,692,361
Total bank overdraft and short-term loan from financial institutions	242,002,851	106,898,544	242,002,851	106,898,544

On November 13, 2014, 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, 2015.

As at December 31, 2014 and 2013, the Company had credit lines from banks are as follows:

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Bank overdraft	101.00	75.00	Market Rate to MOR	Market Rate to MOR
Letter of guarantee	67.00	87.00	-	-
Promissory note	90.00	97.00	Market Rate to MOR	MLR - 1%

These credit lines are secured by pledging the Company's fixed deposit (Note 13).

## 20. Trade and Other Payables

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

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Trade payables</b>				
Trade payables - related companies	44,850,280	53,330,029	49,024,981	54,765,934
Trade payables - others	64,167,445	64,629,256	57,612,251	60,793,521
<b>Total trade payables</b>	109,017,725	117,959,285	106,637,232	115,559,455
<b>Other payables</b>				
Payables for purchase assets	7,823,967	26,339,107	7,315,217	26,339,107
Other payables	3,616,761	4,966,770	3,519,625	4,905,213
Accrued expenses	10,528,643	6,301,233	10,042,764	6,074,980
<b>Total other payables</b>	21,969,371	37,607,110	20,877,606	37,319,300
<b>Total trade and other payables</b>	130,987,096	155,566,395	127,514,838	152,878,755

## 21. Liabilities under financial lease agreement - net

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

	(Unit:Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>Due within 1 year</b>				
Minimum payments	60,556,223	30,657,946	60,556,223	30,657,946
Deferred interest	(5,956,725)	(4,155,902)	(5,956,725)	(4,155,902)
<b>Present value of minimum payment</b>	<b>54,599,498</b>	<b>26,502,044</b>	<b>54,599,498</b>	<b>26,502,044</b>
<b>Due over 1 year but not over 5 years</b>				
Minimum payments	73,314,535	47,646,476	73,314,535	47,646,476
Deferred interest	(3,019,777)	(3,053,046)	(3,019,777)	(3,053,046)
<b>Present value of minimum payment</b>	<b>70,294,758</b>	<b>44,593,430</b>	<b>70,294,758</b>	<b>44,593,430</b>
<b>Net book value of assets under financial leases</b>	<b>164,605,802</b>	<b>74,667,221</b>	<b>164,605,802</b>	<b>74,667,221</b>

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 4.00% to 11.00% per annum.

## 22. Long-term loans from financial institution – net

Long-term loans from financial institution consisted of:

	(Unit: Baht)	
	Consolidated and Separate financial statements	
	2014	2013
<b>Long-term loans from financial institution</b>	68,748,055	-
Less Current portion	(19,008,000)	-
<b>Long-term loans from financial institution - net</b>	<b>49,740,055</b>	<b>-</b>

On March 3, 2014, the Company borrowed a long-term loan from a financial institution totaling not exceeding of Baht 52 million, to invest in the computer Data Center. The loan carries interest rate of MLR - 1.50 per annum. The repayments of principal together with interest will be made in 48 monthly installments at Baht 1,084,000 each. The first repayment will be made in April 2014. The loan is secured by pledging the Company's fixed deposit amounting to Baht 15.60 million (Note 13). The Company has to comply with certain conditions specified in the loan agreement. This includes the negative pledge on its equipment and computer centers (Data Center).

On March 10, 2014, the Company borrowed a long-term loan from a financial institution totaling not exceeding of Baht 32 million, for use in operation. The loan carries interest rate of MLR - 1.00 per annum. The repayments of principal together with interest will be made in 48 monthly installments at Baht 735,000 each. The first repayment will be made in March 2014. The loan is secured by pledging the Company's fixed deposit amounting to Baht 32 million (Note 13). The Company has to comply with certain conditions specified in the loan agreement.

On October 16, 2014, the Company's has refinance agreement with a financial institution and obtained the new loan of Baht 28 million, with the aim to repay the loan to other creditors. This long-term loan has an interest rate of MLR per annum, with scheduled payments of principal and interest every month for 39 months, starting from November 2014; the 1st – 15th month of Baht 500,000 each, the 16th – 17th month of Baht 800,000 each, the 18th – 38th month of Baht 900,000 each and fully settlement in last installment. The long-term loan is secured by the deposits with financial institutions in the amount of Baht 8.40 million (Note 13). The Company has to comply with certain conditions specified in the loan agreement.

## 23. 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 years ended December 31, are as follows:

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Post-employment benefit plan</b>				
Employee benefit obligations as at beginning of the years	5,451,548	5,786,449	5,384,604	5,681,504
Current service cost recognition	1,053,624	881,445	959,636	852,236
Cost of interest	218,062	260,390	215,384	260,390
Payment for employee benefit obligations	-	(782,569)	-	(752,569)
Actuarial gain on defined employee benefit plans	(833,192)	(694,167)	(1,197,780)	(656,957)
Net employee benefit obligations as at ending of the years	5,890,042	5,451,548	5,361,844	5,384,604

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

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current service cost	1,053,624	881,445	959,636	852,236
Interest from obligation	218,062	260,390	215,384	260,390
<b>Total employee benefits expenses</b>	<b>1,271,686</b>	<b>1,141,835</b>	<b>1,175,020</b>	<b>1,112,626</b>

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

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Costs of sales	556,801	297,564	460,135	297,564
Selling expenses	322,785	540,079	322,785	510,870
Administrative expenses	392,100	304,192	392,100	304,192
<b>Total employee benefits expenses</b>	<b>1,271,686</b>	<b>1,141,835</b>	<b>1,175,020</b>	<b>1,112,626</b>

Principal actuarial assumptions as at December 31, 2014 and 2013 (expressed as weighted averages) are as follows:

	(Percentage/Year)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Discount rate	4.00	4.50	4.00	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 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.

## 24. 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.

## 25. Expenses by nature

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

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Rental expenses from operating lease agreements	64,194,021	47,302,524	63,897,021	47,192,524
Salary and wages and other employee benefits	121,857,605	97,533,831	110,675,132	92,241,199
Depreciation expenses	60,162,860	37,394,581	59,886,986	37,244,192
Amortisation expenses	4,210,514	4,162,859	4,168,705	4,160,688

## 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, 2014 and 2013 can be set out below.

	(Unit:Baht)					
	2014			2013		
	Accesss business	Business solutions	Total	Accesss business	Business solutions	Total
Service income and sales	117,106,695	375,118,545	492,225,240	93,158,221	285,745,328	378,903,549
Cost of services and sales	(91,464,289)	(291,645,763)	(383,110,052)	(78,476,625)	(206,264,111)	(284,740,736)
Segment result	25,642,406	83,472,782	109,115,188	14,681,596	79,481,217	94,162,813
Other income	3,763,356	12,250,924	16,014,280	768,189	6,913,703	7,681,892
Unallocated selling expenses	(11,754,042)	(38,263,158)	(50,017,200)	(5,057,149)	(45,514,343)	(50,571,492)
Unallocated administrative	(14,591,588)	(47,500,278)	(62,091,866)	(5,247,992)	(47,231,930)	(52,479,922)
Profit (loss) before share of profit from an associate	3,060,132	9,960,270	13,020,402	5,144,644	(6,351,353)	(1,206,709)
Share of profit from an associate	1,136,856	3,700,828	4,837,684	637,921	5,741,293	6,379,214
Profit (loss) before finance costs and income tax revenue	4,196,988	13,661,098	17,858,086	5,782,565	(610,060)	5,172,505
Finance costs	(4,188,222)	(13,633,999)	(17,822,221)	(174,274)	(1,568,462)	(1,742,735)
Profit (loss) before income tax (expenses) revenue	8,766	27,099	35,865	5,608,292	(2,178,522)	3,429,770
Tax expenses	(1,610,081)	(5,241,328)	(6,851,409)	(36,623)	(329,606)	(366,229)
Profit (loss) for the years	(1,601,315)	(5,214,229)	(6,815,544)	5,571,669	(2,508,128)	3,063,541

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.

The report showing the calculation of income allocated to the National Broadcasting and Telecommunication Commission by the Company's and its subsidiaries for the year ended December 31, 2014 is as follows.

	(Unit:Baht)
	<b>Consolidated and separate financial statements</b>
	<b>2014</b>
Income from telecommunication providers	118,412,923
<u>Less</u> Deductible expenses	(60,589,259)
<b>Net</b>	57,823,664
<u>Less</u> Excepted income of Baht 40 million per year	(20,000,000)
<b>Total</b>	37,823,664
USO fee of 3.75%	1,418,387
Value Added Tax of 7%	99,287
<b>Total</b>	1,517,674

## 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 minimize 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. Commitments and contingent liabilities

### Penalty according to service contract

During the year 2014, the Company had contingent liabilities from the penalty according to the service contract with associated company entity amounting to Baht 2.48 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, 2014.

### Guarantees

As at December 31, 2014 and 2013, the Group has contingent liabilities in relation to the letters of guarantee issued by banks amounting to approximately Baht 25.55 million and Baht 21.81 million, respectively (Notes 13 and 22).

### Litigation

As at December 31, 2014 and 2013, 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 3.13 million and Baht 2.82 million, respectively, with interest. The Company, therefore, recorded the provision for liability incurred from compensation and

interest. However, The Company has appealed the judgment of the Supreme Court and the legal process. Currently, the case is under consideration of the Supreme Court.

#### 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, 2014 and 2013, the Company had obligations to pay lease payments in the future as follows:

	(Unit:Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Due within 1 year	63.90	40.67	63.90	40.58
Due over 1 year but not over 5 years	48.78	12.47	48.78	12.33
<b>Total</b>	<b>112.68</b>	<b>53.14</b>	<b>112.68</b>	<b>52.91</b>

#### Agreements

As at December 31, 2014 and 2013, the Company is committed to pay the cost of equipment amounting of Baht 84.82 million and Baht 162.78 million.

## 29. 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 years ended December 31, 2014 and 2013 amounted to approximately Baht 4.16 million and Baht 3.69 million respectively, in the consolidated financial statements and amounted to Baht 3.94 million and Baht 3.48 million respectively, in the separated financial statements.

## 30. 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 2014 and 2013, total debt to equity ratio was 1.28:1 and 0.73:1, respectively for the Group and was 1.14:1 and 0.71:1, respectively, for the Company.

## 31. Approval of interim financial statements

These financial statements have been approved to be issued by the Company's authorized director on February 26, 2015.

# Brief Profile of Directors

## As of 31 December 2014

Name / Position / Date of appointment.	Age (yrs)	Education / Training Program	Percentage of Shareholding (%)	Relationship between directors and executives.	Experiences during the past 5 years.		
					Professional Experience	Position	Organization / Company / Business.
<b>1. Prof. Dr. Pairash Thajchayapong</b> <ul style="list-style-type: none"> <li>Chairman of the Board of Directors</li> <li>Chairman of Executive Committee</li> <li>Authorised Director</li> </ul> <p>Date of appointment. : 28 August 2001 (Date of registered as a public limited company)</p>	70	<b>Education</b> <ul style="list-style-type: none"> <li>Ph.D. Electronics and Computer Engineering University of Cambridge, United Kingdom</li> </ul> <b>Training Program</b> <ul style="list-style-type: none"> <li>Director Certification Program (DCP) by Thai Institute of Directors (IOD)</li> <li>Director Accreditation Program (DAP) by Thai Institute of Directors (IOD)</li> </ul>	-	-	2001 - present 2008 - present <b>Other Companies</b> 2008 - present <b>Other Organization</b> 2005 - present	<ul style="list-style-type: none"> <li>Chairman of the Board of Directors</li> <li>Chairman of Executive Committee</li> <li>Chairman of the Board</li> <li>Senior Adviser</li> </ul>	<ul style="list-style-type: none"> <li>Internet Thailand Public Company Limited</li> <li>Internet Thailand Public Company Limited</li> <li>Netbay Public Company Limited</li> <li>National Science and Technology Development Agency, Ministry of Science and Technology</li> </ul>
<b>2. Dr. Thaweesak Koanantakool</b> <ul style="list-style-type: none"> <li>Director</li> <li>Vice Chairman of Executive Committee</li> <li>Risk Management Committee Member</li> <li>CEO Performance Review Committee Member</li> <li>Authorised Director</li> </ul> <p>Date of appointment. : 28 August 2001 (Date of registered as a public limited company)</p>	61	<b>Education</b> <ul style="list-style-type: none"> <li>Ph.D. Digital Communications, Imperial College of Science and Technology, University of London, United Kingdom</li> </ul> <b>Training Program</b> <ul style="list-style-type: none"> <li>Role of the Chairman Program (RCP) by Thai Institute of Directors (IOD)</li> <li>Director Certification Program (DCP) by Thai Institute of Directors (IOD)</li> </ul>	-	-	2001 - present 2008 - present 2011 - present 2010 - present 2009 - 2010 2007 - 2011 <b>Other Organization</b> 2010 - present 2006 - 2010	<ul style="list-style-type: none"> <li>Director</li> <li>Vice Chairman of Executive Committee</li> <li>Risk Management Committee Member</li> <li>CEO Performance Review Committee Member</li> <li>Adviser of CEO Performance Review Committee</li> <li>Chairman of Risk Management Committee</li> <li>Director</li> <li>Deputy Director</li> </ul>	<ul style="list-style-type: none"> <li>Internet Thailand Public Company Limited</li> <li>Internet Thailand Public Company Limited</li> <li>Internet Thailand Public Company Limited</li> <li>Internet Thailand Public Company Limited</li> <li>Internet Thailand Public Company Limited</li> <li>Internet Thailand Public Company Limited</li> <li>National Science and Technology Development Agency</li> <li>National Science and Technology Development Agency</li> </ul>

Name / Position / Date of appointment.	Age (yrs)	Education / Training Program	Percentage of Shareholding (%)	Relationship between directors and executives.	Experiences during the past 5 years.		
					Professional Experience	Position	Organization / Company / Business.
<b>3. Dr. Montchai Noosong</b> <ul style="list-style-type: none"> <li>• Director</li> <li>• CEO Performance Review Committee Member</li> <li>• Authorised Director</li> </ul> Date of appointment. : 26 September 2013	54	<b>Education</b> <ul style="list-style-type: none"> <li>• Docteur de L'Ecole Nationale Supérieure des Telecommunications (Informatique et Reseaux) (Telecom Paris, France) (1992)</li> </ul> <b>Training Program</b> <ul style="list-style-type: none"> <li>• Director Certification Program (DCP) by Thai Institute of Directors (IOD)</li> <li>• Financial Statement for Directors (FSD) by Thai Institute of Directors (IOD)</li> </ul>	-	-	2013 - present present <b>Other Companies</b> present 2013 - present 2012 2011 - 2012 2009 - 2010 <b>Other Organization</b> present 2010 - present	<ul style="list-style-type: none"> <li>• Director</li> <li>• CEO Performance Review Committee Member</li> <li>• Senior Executive Vice President - Product Development</li> <li>• Senior Executive Vice President - Senior Adviser</li> <li>• Acting Senior Executive Vice President</li> <li>• Senior Executive Vice President - Senior Adviser</li> <li>• Senior Executive Vice President - Investment Management</li> <li>• Director</li> <li>• Director</li> </ul>	<ul style="list-style-type: none"> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• TOT Public Company Limited</li> <li>• TOT Public Company Limited</li> <li>• TOT Public Company Limited</li> <li>• TOT Public Company Limited</li> <li>• TOT Public Company Limited</li> <li>• Thailand Professional Qualification Institute (Public Organization)</li> <li>• The Telecommunications Association of Thailand</li> </ul>
<b>4. Mrs. Preeya Danchaivichit</b> <ul style="list-style-type: none"> <li>• Director</li> <li>• Authorised Director</li> </ul> Date of appointment. : 30 December 2013	54	<b>Education</b> <ul style="list-style-type: none"> <li>• MPCC and MBA Westminster College, U.S.A.</li> <li>• Master of Accounting, Thammasart University.</li> </ul> <b>Training Program</b> <ul style="list-style-type: none"> <li>• Director Certification Program (DCP) by Thai Institute of Directors (IOD)</li> </ul>	-	-	2013 - present <b>Other Companies</b> present 2012 - present	<ul style="list-style-type: none"> <li>• Director</li> <li>• Senior Executive Vice President - Finance and Property Management</li> <li>• Senior Executive Vice President - Financial and Accounting</li> </ul>	<ul style="list-style-type: none"> <li>• Internet Thailand Public Company Limited</li> <li>• TOT Public Company Limited</li> <li>• TOT Public Company Limited</li> </ul>

Name / Position / Date of appointment.	Age (yrs)	Education / Training Program	Percentage of Shareholding (%)	Relationship between directors and executives.	Experiences during the past 5 years.		
					Professional Experience	Position	Organization / Company / Business.
<b>5. Ms. Tanwadee Wongterarit</b> <ul style="list-style-type: none"> <li>• Director</li> <li>• CEO Performance Review Committee Member</li> <li>• Authorised Director</li> </ul> Date of appointment. : 24 April 2009	53	<b>Education</b> <ul style="list-style-type: none"> <li>• Master of Science in Electrical Engineering, University of Miami, U.S.A.</li> </ul> <b>Training Program</b> <ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP) by Thai Institute of Directors (IOD)</li> <li>• Director Certification Program (DCP) by Thai Institute of Directors (IOD)</li> <li>• Financial Statements for Directors (FSD) by Thai Institute of Directors (IOD)</li> </ul>	-	-	2009 - present 2009 - present <b>Other Companies</b> 2013 - present 2009 - 2012	<ul style="list-style-type: none"> <li>• Director</li> <li>• CEO Performance Review Committee Member</li> <li>• Senior Executive Vice President (Corporate Strategy)</li> <li>• Senior Executive Vice President (Voice Business)</li> </ul>	<ul style="list-style-type: none"> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• CAT Telecom Public Company Limited</li> <li>• CAT Telecom Public Company Limited</li> </ul>
<b>6. Mr. Aniruth Hiranraks</b> <ul style="list-style-type: none"> <li>• Director</li> <li>• Authorised Director</li> </ul> Date of appointment. : 24 April 2009	42	<b>Education</b> <ul style="list-style-type: none"> <li>• Master of Engineering (Electrical - Communications) Cornell University U.S.A.</li> </ul> <b>Training Program</b> <ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP) by Thai Institute of Directors (IOD)</li> </ul>	-	-	2009 - present <b>Other Companies</b> 2013 - present 2009 - 2013	<ul style="list-style-type: none"> <li>• Director</li> <li>• Manager Dept. 10 - Information Technology Strategy Department</li> <li>• Manager Dept. 10 - International Network</li> </ul>	<ul style="list-style-type: none"> <li>• Internet Thailand Public Company Limited</li> <li>• CAT Telecom Public Company Limited</li> <li>• CAT Telecom Public Company Limited</li> </ul>
<b>7. Prof. Emeritus Achara Chandrachai, Ph.D.</b> <ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Chairman of Audit Committee</li> </ul> Date of appointment. : 27 April 2006	66	<b>Education</b> <ul style="list-style-type: none"> <li>• Ph.D. Quantitative Business Analysis, Arizona State University, U.S.A.</li> </ul> <b>Training Program</b> <ul style="list-style-type: none"> <li>• Audit Committee Program (ACP) by Thai Institute of Directors (IOD)</li> <li>• Director Certification Program (DCP) by Thai Institute of Directors (IOD)</li> </ul>	-	-	2006 - present 2009 - present <b>Other Listed Companies</b> 2013 - present 2007 - present <b>Other Companies</b> 2005 - present <b>Other Organization</b> 2006 - present 2008 - present	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Chairman of Audit Committee</li> <li>• Independent Director and Chairman of Audit Committee</li> <li>• Independent Director and Chairman of Audit Committee</li> <li>• Independent Director and Chairman of Audit Committee</li> <li>• Professor Emeritus, Technopreneurship &amp; Innovation Management Program</li> <li>• Manager</li> </ul>	<ul style="list-style-type: none"> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Saha Union Public Company Limited</li> <li>• Dimet (Siam) Public Company Limited</li> <li>• Pan Rajdhevee Group Public Company Limited</li> <li>• Chulalongkorn University</li> <li>• Institute Management Education Thailand</li> </ul>

Name / Position / Date of appointment.	Age (yrs)	Education / Training Program	Percentage of Shareholding (%)	Relationship between directors and executives.	Experiences during the past 5 years.		
					Professional Experience	Position	Organization / Company / Business.
<b>8. Mr. Aran Permpiboon</b> <ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Chairman of Nomination and Remuneration Committee</li> <li>• Audit Committee Member</li> </ul> <p>Date of appointment. : 28 August 2001 (Date of registered as a public limited company)</p>	70	<b>Education</b> <ul style="list-style-type: none"> <li>• Master's Degree of Public Administration (Personnel Management), National Institution of Development Administration (NIDA)</li> </ul> <b>Training Program</b> <ul style="list-style-type: none"> <li>• Monitoring Fraud Risk Management (MFM) ) by Thai Institute of Directors (IOD)</li> <li>• Monitoring the Quality of Financial Reporting (MFR) by Thai Institute of Directors (IOD)</li> <li>• Monitoring the Internal Audit Function (MIA) by Thai Institute of Directors (IOD)</li> <li>• Monitoring the System of Internal Control and Risk Management (MIR) by Thai Institute of Directors (IOD)</li> <li>• Audit Committee Program (ACP) by Thai Institute of Directors (IOD)</li> <li>• Director Certification Program (DCP) by Thai Institute of Directors (IOD)</li> </ul>	-	-	2005 - present  2008 - present  2008 - present	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Chairman of Nomination and Remuneration Committee</li> <li>• Audit Committee Member</li> </ul>	<ul style="list-style-type: none"> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> </ul>
<b>9. Ms. Narumol Wangsatorntanakun</b> <ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Chairman of Risk Management Committee</li> <li>• Audit Committee Member</li> </ul> <p>Date of appointment. : 26 February 2009</p>	60	<b>Education</b> <ul style="list-style-type: none"> <li>• M.A. in International Economics (Economics), Marquette University, Milwaukee, Wisconsin, U.S.A.</li> <li>• M.S. in Electrical Engineering, Major in Data Communication, University of Wisconsin, Milwaukee, Wisconsin, U.S.A.</li> </ul> <b>Training Program</b> <ul style="list-style-type: none"> <li>• Audit Committee Program (ACP) ) by Thai Institute of Directors (IOD)</li> <li>• Director Accreditation Program (DAP) ) by Thai Institute of Directors (IOD)</li> </ul>	0.02	-	2009 - present  2001 - present  2013 - present  2009 - 2011  <b>Other Listed Companies</b> 2008 - 2014  2003 - 2014  <b>Other Companies</b> 2002 - present 2010 - 2012	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Chairman of Risk Management Committee</li> <li>• Audit Committee Member</li> <li>• Risk Management Committee Member</li> <li>• Chairman of the Nomination and Remuneration Committee</li> <li>• Independent Director and Audit Committee Member</li> <li>• Chief Information Officer</li> <li>• Director</li> </ul>	<ul style="list-style-type: none"> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• ACAP Advisory Group Public Company Limited</li> <li>• ACAP Advisory Group Public Company Limited</li> <li>• Thai Smart Card Company Limited</li> <li>• ITBC Business Consultant Group Company Limited</li> </ul>

Name / Position / Date of appointment.	Age (yrs)	Education / Training Program	Percentage of Shareholding (%)	Relationship between directors and executives.	Experiences during the past 5 years.		
					Professional Experience	Position	Organization / Company / Business.
<b>10. Mr. Sahas Treetipbut</b> <ul style="list-style-type: none"> <li>• Director</li> <li>• Executive Committee Member</li> <li>• Nomination and Remuneration Committee Member</li> </ul> <p>Date of appointment : 28 August 2001 (Date of registered as a public limited company)</p>	67	<b>Education</b> <ul style="list-style-type: none"> <li>• Master of Computer and Information Science, Syracuse University, U.S.A.</li> </ul> <b>Training Program</b> <ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP) by Thai Institute of Directors (IOD)</li> <li>• Successful Formulation &amp; Execution of Strategy (SFE) by Thai Institute of Directors (IOD)</li> <li>• How to Measure the Success of Corporate Strategy (HMS) by Thai Institute of Directors (IOD)</li> </ul>	-	-	2001 - present 2008 - present 2006 - present <b>Other Listed Companies</b> 2008 - present 2012 - Present <b>Other Companies</b> 2013 - present	<ul style="list-style-type: none"> <li>• Director</li> <li>• Executive Committee Member</li> <li>• Nomination and Remuneration Committee Member</li> <li>• Chairman of the Board</li> <li>• Chairman of the board</li> <li>• Director</li> </ul>	<ul style="list-style-type: none"> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Offcemate Public Company Limited</li> <li>• Thiensurat Public Company Limited</li> <li>• Netbay Public Company Limited</li> </ul>
<b>11. Ms. Nilobon Tangprasit</b> <ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Chairman of Nomination and Remuneration Committee</li> <li>• Audit Committee Member</li> </ul> <p>Date of appointment : 12 May 2014</p>	53	<b>Education</b> <ul style="list-style-type: none"> <li>• LL.M, Temple University School of Law, at Philadelphia, Pennsylvania, U.S.A.</li> <li>• Barrister-at-Law, The Institute of Legal Education, Thai Bar Association</li> </ul>	-	-	present present present <b>Other Companies</b> 2005 - present 2006 - present 2007 - present 2007 - present 2009 - present 2009 - present 2011 - present 2012 - present 2012 - present	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Chairman of Nomination and Remuneration Committee</li> <li>• Audit Committee Member</li> <li>• Director</li> <li>• Director</li> <li>• Director</li> <li>• Director</li> <li>• Company Secretary</li> <li>• Director</li> <li>• Director</li> <li>• Director</li> <li>• Director</li> </ul>	<ul style="list-style-type: none"> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Siam City Law Offices Limited</li> <li>• Hanna Instruments (Thailand) Limited</li> <li>• Chavalit &amp; Partners Limited</li> <li>• Abacus Distribution Systems (Thailand) Limited</li> <li>• Siam Makro Public Company Limited</li> <li>• SCL International Limited</li> <li>• Tonami (Thailand) Company Limited</li> <li>• SCL Tax Consultants Limited</li> <li>• TGK Krung Thep (Thailand) Company Limited</li> </ul>

Name / Position / Date of appointment.	Age (yrs)	Education / Training Program	Percentage of Shareholding (%)	Relationship between directors and executives.	Experiences during the past 5 years.		
					Professional Experience	Position	Organization / Company / Business.
<b>12. Mrs. Morragot Kulatumyotin</b> <ul style="list-style-type: none"> <li>• Director</li> <li>• Executive Committee Member</li> <li>• Risk Management Committee Member</li> <li>• Managing Director</li> <li>• Acting Company Secretary</li> </ul> <p>Date of appointment : 23 April 2003</p>	48	<b>Education</b> <ul style="list-style-type: none"> <li>• Master of Science in Computer Science, University of Missouri Columbia, U.S.A.</li> <li>• Master of Business Administration, Thammasart University</li> </ul> <b>Training Program</b> <ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP) by Thai Institute of Directors (IOD)</li> <li>• Effective Minutes Taking (EMT) by Thai Institute of Directors (IOD)</li> <li>• Company Secretary Program (CSP) by Thai Institute of Directors (IOD)</li> </ul>	0.17	-	2003 - present 2008 - present 2008 - present 2013 - present 2013 - present 2012 - 2013 1999 - 2013 <b>Other Companies</b> present 2008 - present	<ul style="list-style-type: none"> <li>• Director</li> <li>• Executive Committee Member</li> <li>• Risk Management Committee Member</li> <li>• Managing Director</li> <li>• Acting Company Secretary</li> <li>• Acting Managing Director</li> <li>• Deputy Managing Director</li> <li>• Director</li> <li>• Chairman of the Board</li> </ul>	<ul style="list-style-type: none"> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Thai Dot Com Company Limited</li> <li>• Mandala Communication Company Limited</li> </ul>
<b>13. Mr. Wanchai Vach-shevadumrong</b> <ul style="list-style-type: none"> <li>• Deputy Managing Director</li> </ul>	40	<b>Education</b> <ul style="list-style-type: none"> <li>• Master of Business Administration Chulalongkorn University</li> </ul> <b>Training Program</b> <ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP) by Thai Institute of Directors (IOD)</li> </ul>	-	-	2013 - present 2012 - 2013 2011 - 2012 <b>Other Companies</b> present 2013 - present 2012 - present 2007 - 2011 2007 - 2011	<ul style="list-style-type: none"> <li>• Deputy Managing Director</li> <li>• Executive Vice President</li> <li>• Senior Vice President</li> <li>• Director</li> <li>• Managing Director</li> <li>• Director</li> <li>• Deputy Managing Director</li> <li>• Vice President</li> <li>• Senior Vice President</li> <li>• Vice President</li> <li>• Senior Consultant</li> </ul>	<ul style="list-style-type: none"> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Thai Dot Com Company Limited</li> <li>• Mandala Communication Company Limited</li> <li>• Netbay Public Company Limited</li> <li>• Wall Technology Company Limited</li> <li>• Wall Technology Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> </ul>
<b>14. Mr. Saknon Kangsumrith</b> <ul style="list-style-type: none"> <li>• Senior Vice President</li> </ul>	47	<b>Education</b> <ul style="list-style-type: none"> <li>• Master of Science in Information Technology Management, University of the Thai Chamber of Commerce</li> </ul>	-	-	2013 - present 2011 - 2012 2007 - 2011	<ul style="list-style-type: none"> <li>• Senior Vice President</li> <li>• Vice President</li> <li>• Senior Consultant</li> </ul>	<ul style="list-style-type: none"> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> <li>• Internet Thailand Public Company Limited</li> </ul>

Name / Position / Date of appointment.	Age (yrs)	Education / Training Program	Percentage of Shareholding (%)	Relationship between directors and executives.	Experiences during the past 5 years.		
					Professional Experience	Position	Organization / Company / Business.
<b>15. Mr. Attawut Kampradit</b> • Senior Vice President	44	<b>Education</b> • Master Degree , University of the Thai Chamber of Commerce <b>Training Program</b> • ITIL V3. Expert • CDCP : Certified Data Centre Professional • CDFOM : Certified Data Centre Facilities Operations	0.01	-	present 2009 - 2013	• Senior Vice President • Services Management Director	• Internet Thailand Public Company Limited • MFEC Public Company Limited
<b>16. Mr. Piyaet Saelee</b> • Senior Vice President	49	<b>Education</b> • Mini MBA Thammasart University <b>Training Program</b> • TOI solaris by SUN Micro System • ITIL foundation by Pink • Informix/ Oracle Administrator	-	-	present 2013 - 2014 2009 - 2013	• Senior Vice President • Vice President • Director	• Internet Thailand Public Company Limited • G-ABLE Company Limited • G-ABLE Company Limited

## Details of Directors in the Subsidiaries as of 31 December 2014

Name	Mandala Communication Co., Ltd.	Thai Dot Com Co., Ltd.
1. Mrs. Morragot Kulatumyotin	C	D
2. Mr. Wanchai Vach-shewadumrong	MD	D
3. Mr. Songsak Danubumrungsart	D	
4. Ms. Hunsu Nawaraphan	D	D
5. Mr. Pat Hosiri		D

**Remark :** C = Chairman

D = Director

MD = Managing Director

# 21 General Information

<b>Registered Office :</b>	Internet Thailand Public Company Limited 1768 Thai Summit Tower, 10th -12th Floor and IT Floor New Petchburi Road, Khwaeng Bang Kapi, Khet Huay Khwang, Bangkok 10310
Type of Business	Internet Services and Business Solutions Provider
ISIN No.	0107544000094
Tel:	0-2257-7000
Fax:	0-2257-7222
Home page	<a href="http://www.inet.co.th">http://www.inet.co.th</a>
Registered Capital	333,333,333 Baht
Registered and paid-up Capital	250,020,799 Baht
No. of Paid-up Share	250,020,799 shares
Type of Share	Ordinary Share
Par Value	1 Baht per share

## Subsidiaries and Associated Companies Information

Company	Type of Business	Registered Capital (Baht)	Registered and paid-up Capital (Baht)	No. of Paid-up Ordinary Shares	Shareholding (%)
1. <b>Mandala Communication Co., Ltd.</b> 1768 Thai Summit Tower, IT Floor, New Petchburi Road, Khwaeng Bang Kapi, Khet Huay Khwang, Bangkok 10310 Tel: 0-2257-7000 Fax: 0-2257-7222	Telecommunication Business and related services	10,000,000	5,000,000	1,000,000	99.99
2. <b>Thai Dot Com Co., Ltd.</b> 11768 Thai Summit Tower, 12 <sup>nd</sup> Floor, New Petchburi Road, Khwaeng Bang Kapi, Khet Huay Khwang, Bangkok 10310 Tel: 0-2257-7000 Fax: 0-2257-7222	Provide services and develop electronic systems	1,000,000	250,000	1,000,000	99.99 (held by Mandala Communication Co., Ltd.)
3. <b>Netbay Plc.</b> 719/8-9 Rama VI Road, Khwang Wangmai, Khet Pathumwan, Bangkok 10330 Tel: 0-2612-3529 Fax: 0-2612-3051	e-Logistic and electronics system provider and telecommunication and communication consultant	90,000,000	90,000,000	9,000,000	25

## References

### Registrar

#### **Thailand Securities Depository Company Limited**

The Stock Exchange of Thailand Tower 4th, 6th –7th Floor  
62 Ratchadaphisek Road, Khwaeng Klongtoey,  
Khet Klongtoey, Bangkok 10110  
Tel: 0-2359-1200  
Fax: 0-2359-1259

### Auditor

#### **ANS Audit Co.,Ltd.**

100/72, 22nd Floor, 100/2 Vongvanij Building B,  
Rama 9 Road, Huaykwang, Bangkok, 10320  
Tel: 0-2645-0109  
Fax: 0-2645-0110

### Legal Advisor

#### **Kanung & Partner International Consulttancy Co., Ltd.**

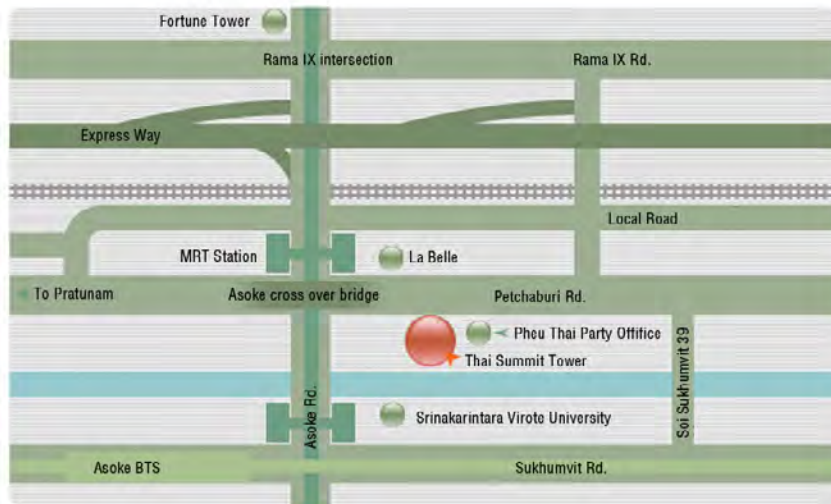
The 9 th Towers Grand Rama 9 (Tower B)  
33/4, 25th Floor, Rama IX Road,  
Huay Kwang, Bangkok 10310  
Tel: 0-2168-1222  
Fax: 0-2168-1212

For further information about the company can be found on Form 56-1 in [www.sec.or.th](http://www.sec.or.th). or company's website [www.inet.co.th](http://www.inet.co.th)

## Address Internet Thailand Public Company Limited

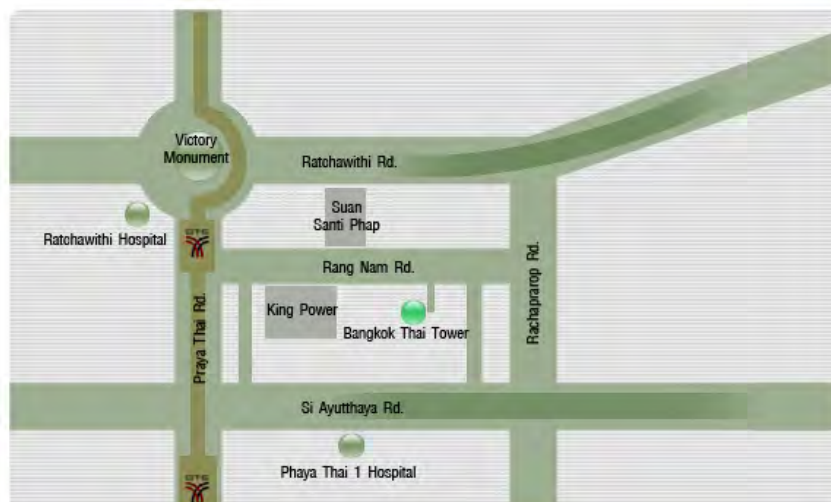
### Head Office

1768 Thai Summit Tower, 10th – 12 th Floor and IT Floor New Petchburi Road,  
Khwaeng Bang Kapi, Khet Huay Khwang, Bangkok 10310  
Tel: 0-2257-7000, Fax. 0-2257-1379  
Call Center : 0-2257-7299



### Network Operations Center (Bangkok Thai Tower)

108 Bangkok Thai Tower, 12th Floor,  
Rangnam Road, Khwaeng Thanon Phayathai,  
Rajdhevee, Bangkok 10400







Internet Thailand Public Company Limited  
1768 Thai Summit Tower, 10<sup>th</sup>-12<sup>th</sup> Floor  
and IT Floor, New Petchaburi Road,  
Bangkapi, Huay Khwang, Bangkok 10310