



Annual Report 2016

Internet Thailand Public Company Limited





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Message from Chairman and Managing Director



“

the Company allocated additional investment in establishing a world standard internet data center in Saraburi province with an aim to improve stability and efficiency of our cloud service

”



In 2016, Internet Thailand Public Company Limited recorded a total revenue of 1,011 million Thai baht comprising sales revenue of 845 million Thai baht, an increase of 44% from 2015, thanks to the high growth in cloud service which is a key infrastructure for Thailand's digital transformation. The company's consolidated financial statement reported net income of 84 million Thai baht, an increase by 115% compared to 2015. This significant growth in net income resulted from sales of investment in an associated company after being listed in SET in 2016.

In preparing for the expansion of business sector following Thailand's digital economy, the Company allocated additional investment in establishing a world standard internet data center in Saraburi province with an aim to improve stability and efficiency of our cloud service and also to provide internet data services to Thai businesses. After 9 months of construction, the internet data center INET-IDC3, is now in operation. The fund used for this investment was obtained by way of offering additional shares to existing shareholders with the number of shares increased from 250 to 500 million shares. On behalf of the Board of Directors and employees, I wish to thank all the shareholders for your trust and confidence in the Company.

In achieving for service excellence, the Board of Directors puts forward a policy to continuously develop and improve our service quality of network infrastructure. In 2016, the Company has become the first operator to successfully develop a software-defined network which would enable smooth service without interruption. As a consequence, the Company was awarded Thailand Best Infrastructure as a Service Provider 2016 by Frost & Sullivan.

Apart from business growth, the Board of Directors also puts accents on sustainability and being a responsible member of the society. The Company, as part of IT sector, commits to contribute to the achievement for **Thailand 4.0** by providing various services developed further from innovations. According to Corporate Governance Survey 2016 conducted by Thai Institute of Directors Association (IOD), the company received "Very Good" CGR recognition level for the second year confirming our commitment to optimise corporate governance standards which is in line with our policy for sustainability.

On behalf of Internet Thailand Public Company Limited, I would like to thank shareholders, employees, business partners, customers, and all other stakeholders including financial institutions, for your kind excellent support as always and strongly hope to continue receiving such support from you.



Prof. Dr. Pairash Thajchayapong
Chairman of the Board of Directors



Mrs. Morragot Kulatumyotin
Managing Director

Board of Directors



01

**Prof. Dr. Pairash
Thajchayapong**

Chairman of the Board of Directors
and Chairman of Executive
Committee



02

Dr. Thaweesak Koanantakool

Director, Vice Chairman of
Executive Committee,
Chairman of Corporate
Governance Committee ,
Risk Management Committee
Member and CEO Performance
Review Committee Member



03

Mrs. Morragot Kulatumyotin

Director, Executive Committee
Member, Risk Management
Committee Member and Corporate
Governance Committee Member



04

Mr. Aniruth Hiranraks
Director



05

Ms. Tanwadee Wongterarit
Director and CEO Performance
Review Committee Member



06

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



07

Dr. Apiruck Preechayasomboon
Director



08

Dr. Kamthon Waithayakul
Director and CEO Performance
Review Committee Member



09

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



10

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



11

Mr. Aran Permpiboon
Independent Director,
Chairman of Nomination and
Remuneration Committee
Member and Audit
Committee Member



12

Ms. Nilobon Tangprasit
Independent Director,
Audit Committee Member,
Nomination and Remuneration
Committee Member and Corporate
Governance Committee Member

Executives



01

**Mrs. Morragot
Kulatumyotin**
Managing Director



02

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



03

**Mr. Saknon
Kangsumrith**
Senior Vice President



04

**Mr. Attawut
Kampradit**
Senior Vice President



05

Mr. Piyaret Saelee
Senior Vice President



06

Mr. Attaphong Hapsa
Senior Vice President



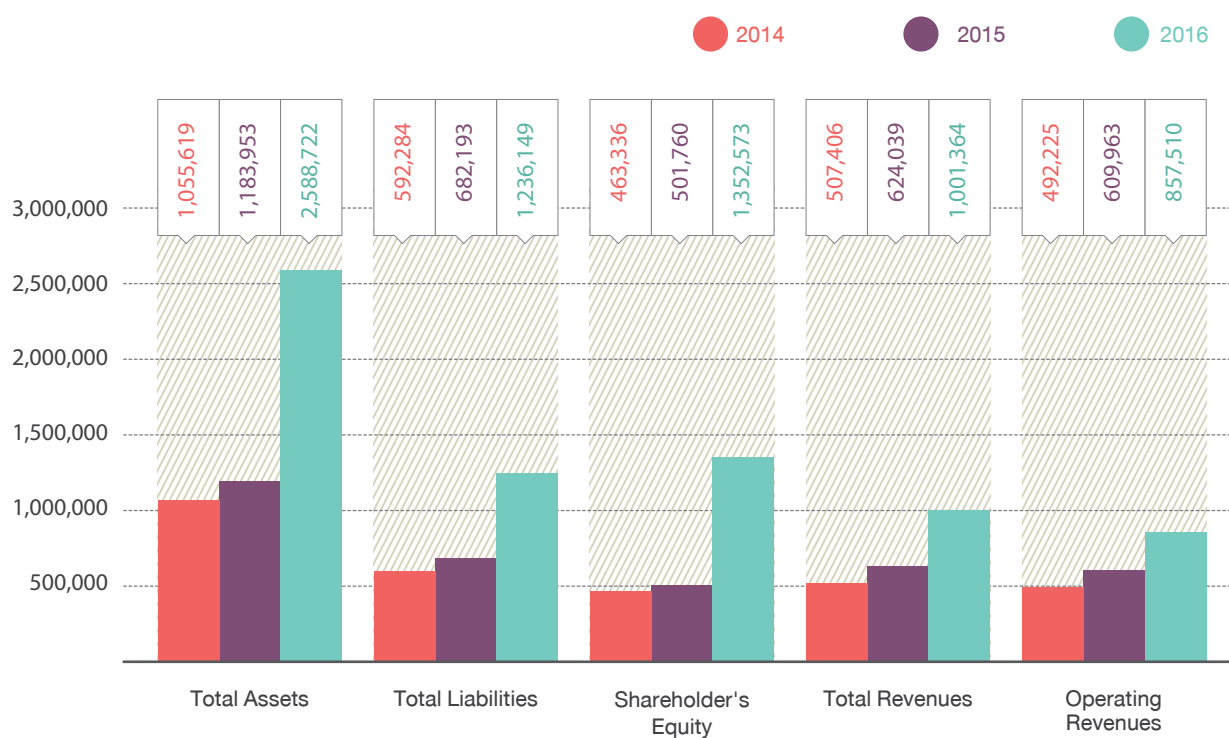
07

Mrs. Varaporn Pintola
Senior Vice President

Hilights of Financial Performance

Unit : Thousand Baht

| | 2014 | 2015 | 2016 |
|---------------------------------|-----------|-----------|-----------|
| Financial Highlights | | | |
| Total Assets | 1,055,619 | 1,183,953 | 2,588,722 |
| Total Liabilities | 592,284 | 682,193 | 1,236,149 |
| Shareholder's Equity | 463,336 | 501,760 | 1,352,573 |
| Total Revenues | 507,406 | 624,039 | 1,001,364 |
| Operating Revenues | 492,225 | 609,963 | 857,510 |
| Net Profit (Loss) | -7,409 | 39,112 | 84,368 |
| Financial Ratios | | | |
| Current Ratio (Times) | 0.28 | 0.27 | 0.77 |
| Gross Profit Margin (%) | 22.17 | 26.17 | 22.91 |
| Operating Profit Margin (%) | 2.65 | 8.75 | 12.92 |
| Net Profit Margin (%) | -1.46 | 6.27 | 8.43 |
| Return on Equity (%) | -1.57 | 8.11 | 9.10 |
| Return on Asset (%) | -0.78 | 3.49 | 4.47 |
| Debt to Equity Ration (Times) | 1.28 | 1.36 | 0.91 |
| Information | | | |
| Earning (Loss) Per Share (Baht) | -0.03 | 0.16 | 0.23 |
| Book Value Per Share (Baht) | 1.85 | 2.01 | 3.76 |



Vision Mission and Core Values



Vision

“As a reliable leading ICT infrastructure services provider with quality standards ”

Mission

- Provide the secure infrastructure service with international standard
- Operate the business that generates good returns and grows sustainable
- Be a good member of the society and care for the environment

Core Value

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



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.



Neutral

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.



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 view. INET is well prepared to be alert in new technology all the time to 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.



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 begin 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 witch will in turn benefit our stakeholders in the long run.

Changes and Significant Development of the Company in the Year 2016



In June, the Company organized the Extraordinary General Meeting of Shareholders No. 1/2016 which passed the resolution to increase the registered capital of the Company by means of allocating the newly issued ordinary shares in the amount of not exceeding 250,020,799 shares with the par value of 1 Baht per share to the existing shareholders of the Company in proportion to their shareholding (Right Offering: RO) at a price of 3 Baht per share at the allocation rate of 1 existing share per 1 new ordinary share, the fractions of which shall be disregarded.

The Company has been promoted by the Board of Investment (BOI) for Data Center Services, and awarded the incentives on the import duty exemption for the import of equipment from abroad as well as the corporate income tax exemption for Data Center Services for 8 years which will result in the lower cost of equipment.

In July, the Company changed the registered capital from 333,333,333 Baht to 512,541,598 Baht, and the paid-up capital from 250,020,799 Baht to 500,041,575 Baht.

In December, the Company completed the construction INET Internet Data Center 3 (INET-IDC3) preparing to fully launch Co-Location and Cloud Services in the Year 2017.

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, 1977, 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 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. On June 13, 2016, the Company organized the Extraordinary General Meeting no. 1/2016 which passed the resolution to increase the Company’s registered capital by Baht 262,520,799 from Baht 250,020,799 by issuing new common shares of 262,520,799. At present, the Company has the registered capital of Baht 512,541,598, the paid-up capital of Baht 500,041,575 and the total share number of 500,041,575 shares with the par value of Baht 1 per share. The shareholding proportion is as follows;

The Company has shareholders :

- Public 51 %
- National Science and Technology Development Agency 17%
- TOT Public Company Limited 16%
- CAT Telecom Public Company Limited 16 %

The Company provides three main types of service :

1. Cloud Solutions
2. Internet access
3. Co-Location

Type of Business



Type of Business

The Company is a provider of the integrated ICT infrastructure services for the business and individuals who need ICT as a tool to strengthen the business competitiveness. The Company's services include Cloud Solutions, Internet Connectivity Service, Internet Data Center (IDC) Service, together with various equipment for those who care for efficient services with international standard.



1) Cloud Solutions Service

Cloud solutions service is a service which allows user to utilize any IT resources over the internet under the information Security Management System of ISO/IEC 27001 and ISO/IEC 20000 which can be divides in to 3 categories as follows:

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

The Company has been providing Public Cloud Service Models for 5 years which certified standard by Information Security Management System of ISO/IEC 27001:2005 for providing services on internet data center at Thai Summit Tower and Bangkok Thai Tower, and also certified ISO 20000-1:2011 for Information Management Service and Cloud Solutions Service both at Thai Summit Tower and Bangkok Thai Tower for the first Company in Thailand.



This guaranteed quality and standard of Cloud Solutions Service that the customer would receive good services together with quality. Moreover, the company is the first one in Thailand to be certified on a Cloud Security Alliance–Security, Trust & Assurance Registry (CSA–STAR) which is a specific standard of information Security for cloud. CSA–STAR affirms company’s readiness and service ability where of a number of large organizations has been trusted and the number of customers is increasing. In addition, the company also offers a trial service for potential customers.

In 2015, the company earned BOI privileges for an investment on Cloud Service, therefore, the company will be granted tax exemption on 2016. Furthermore, the Company also continuously develops new services in order to meet customer’s demand and appropriate to their business for examples; Local Microsoft Azure service, HP Cloud, Email on cloud and Virtual Desktop service.

2) 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 over broadband connections and MetroLAN network connected to the offices’ Intranet networks in leading buildings in the middle of Bangkok with the speed of 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.



3) 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 organizations who may concerned on security and stable by storing their existing servers and other computing hardware.
- **Business Continuity Planning / Disaster Recovery Center** : Data backup center for management of databases efficiently and safely with a backup space together with internet and facilities to support operation during emergency such as flood crisis and political crisis.

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

In the Year 2017, new Internet Data Center (IDC) will operate in Saraburi Province connecting to other 2 Internet Data Centers via the Network System and Software-defined Network, which will result in more stability of the Company's services.

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.

Revenue Structure

Revenue Structure of INET and its Subsidiary

| Services and products | Consolidated Financial Statement ⁽¹⁾ | | Consolidated Financial Statement ⁽¹⁾ | | Consolidated Financial Statement ⁽¹⁾ | |
|---|---|------|---|------|---|------|
| | 2016 | | 2015 | | 2014 | |
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Internet Access | 152.65 | 15 | 129.67 | 21 | 117.11 | 23 |
| Co-Location Service | 146.03 | 15 | 120.85 | 19 | 113.54 | 22 |
| Cloud Solutions Service | 429.59 | 43 | 242.68 | 39 | 143.62 | 28 |
| EDC Network Pool | 27.82 | 3 | 22.84 | 4 | 22.16 | 4 |
| Other Service income ⁽²⁾ | 101.42 | 10 | 93.93 | 15 | 95.80 | 19 |
| Total revenues from operating business | 857.51 | 86 | 609.96 | 98 | 492.23 | 97 |
| Other Income ⁽³⁾ | 143.85 | 14 | 14.08 | 2 | 16.01 | 3 |
| Total Revenue | 1,001.36 | 100 | 624.04 | 100 | 508.24 | 100 |
| Share of profit from an associated Company ⁽⁴⁾ | 19.32 | 6.97 | 16.31 | 7.24 | 4.84 | 2.61 |

Remarks :

- (1) Consolidating the Company's financial statement with the financial statement of its subsidiary, Mandala Communication Co.,Ltd., Thai Dot Com Co., Ltd., Thai Starter Dot Com Co., Ltd.,
- (2) Revenue from Other Service income included professional services and sales of computer and relevant equipment.
- (3) Other revenues consisted of Gain on sales of investment in associates company, 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, 25% from year 2014-2015 and 15.30% for the year 2016

Marketing and Competition Situation

Business Strategies and Direction

The company has changed the organization direction and business strategies from the company who was a leading Internet service provider to become the company who provide Infrastructure as a Service (IaaS) in order to create an IT essential tool. Businesses in Thailand are able to adopt this tool to create a competitive advantage, to manage costs more effectively, and also to prepare to step confidently into a Digital Economy Era. Starting from a global standard Cloud Solutions Service in a form of IaaS which has high security and located in Thailand. The Cloud Solutions Service will be a core service that the Company strives to provide a new alternative to many organizations.

The company analyzed competitive environment that affects the business operations of the organization, both internal and external. The company established core business strategies to cope with a dynamic environment and strong competition in order to achieve the goals of the business effectively.

Operating Strategies

The Strategies for achievement.

1. Focus on Cloud Solution Services for the enterprise customers which needs IT to strengthen their competitiveness such as Financial Institutes, Retail Groups and SME
2. Offer alternative solutions to customers such as Development of Local Microsoft Azure Service, HP Cloud, Email on Cloud and VDI etc.
3. Collaborate with partners to provide Cloud Solutions by using Cloud Reseller Model in order to expand customer base and service especially private organizations.

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 providing additional services to meet their needs, for example:

1. The 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 faster and more flexible.
2. The organizations that would like to control budget which relative to revenue, while still having access to the Internet and cloud service provided in accordance with an SLA guarantee.

The market in recent years and sales channels

The company specific market had offered services to target customers in specific group. In order to ensure that products and services can help customers do business more effectively and able to made the deal through the company's sale representative. Moreover, the collaboration from partners to promote Cloud Reseller Model in order to expand the customer base and services especially private organization.

Competitive Analysis

The Previous Year's Competition within the Industry

According to economic factors and customer's requirements has changed which affected to ICT Industries, especially the expansion and demand-ing of Smart Devices usage, alteration of ICT services, model and of products and services consumption adjustment by Social media for Business providers (SMB), ICT Service providers, as well as organization customers and individual customers.

All these factors change the demand of service by increasing the use of mobility devices combined with internal IT Consumerization. The growth and the use of ICT are from four major services which are Cloud Computing, Mobility, Social Business and Bid Data.

In 2016, ETDA discovered that more than 85% of users access the internet through a smart phone and Top 5 internet activities are No.1 Social network 96.1%, No. 2 Youtube 88.1% and No. 3 Search 7% while internet use for shopping is at 59% and online trade is at 33.8%.

The Industry and the Competition trend in the future

The government's digital economy policy promotes the ICT industry to grow and expand at a greater speed both in terms of hard infrastructure and soft infrastructure. All the Company's Core business such as Cloud solutions, Internet access, Co-Location and EDC network pool, will play a vital role in supporting other business in the digital economy area.

With an ISO/IEC 27001 security certification and an ISO 20000 cloud services certification, the Company has provided public cloud services for four 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 purchasing decision.

The Internet access and network connectivity markets are highly competitive with a number of competitors in various sizes, from small medium to large. Since customers see network providers are indistinguishable 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 target, the Company set the competition strategy as follows;

- Market Management
- Focus on Services
- Cost Management

Number of competitors, Size of the Company compare to Competitors, Company status and ability in competition

In the industry where the Company runs its business, there are 103 companies that have been granted operator licenses 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 in order to run Internet service business for customers of small and medium sizes, and to provide Internet-related to the customers. The Company also placed its representatives in the subsidiaries' board of directors.

Policy on Associated Company

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

Risk Factors

The Company realizes that risk management is an important part in supporting the Company to operate under the strategy as set. Facing with risks from various factors such as changes in economic, social, political and financial conditions, as well as changes in technology and innovation which affect the Company's business, the Board of Directors appointed the Risk Management Committee since the Year 2006 to manage the risks which may affect the Company's business. The Risk Management Committee shall manage to ensure that the Company's risk management processes are effective and efficient by identifying and assessing internal and external risk factors for both general risk and enterprise risk, as well as stipulating a measure to prevent and follow up the risks appropriately. This action is in accordance with the Principles of Enterprise Risk Management, the policy that is in line with the corporate strategies, to ensure that a comprehensive risk and the significant issues of the organization are entirely covered. The Company has categorized the risks as follows;

1. Strategic Risk

The Company offers a full range of ICT infrastructure services, develop innovations, products, services and applications, as well as consults, designs, and installs a network system to serve the business needs of customers and build the customers' satisfaction continuously by focusing on the provision of Cloud Services to the corporate customers who need fast, flexible, stable standard services with reasonable prices. Cloud Services Provider markets includes both local and foreign providers, such as Amazon Web Services (AWS), Microsoft Azure and Google, which have the advantage of size and technology that enables them to provide faster services at lower prices.

However, since the customers have to shift from the former system to the Cloud service, the provider needs to give an advice to build the customers' confidence, and assist in planning and developing together closely. Moreover, Cloud Services provided by the Company has been certified for compliance with safety standards of ISO / IEC27001: 2013, and the data is stored in the country. The Company thus believes that its Cloud Services are able to compete with those provided by foreign operators.

2. Operations Risk

As a provider of Cloud Solutions and Infrastructure as a Service, the stability of which will enhance the customer' confidence in running systems on Cloud Solutions with safely, stability and continuity, the Company has designed a core network and a backup at the main points of the network with a Network Monitoring System which is efficient in a network management and notification of force majeure. In the past year, the Company has upgraded its network and applied a Software-Defined Network (SDN) to manage the entire network with the software to reduce the risk of faults and redundant works, and enable the system to run automatically. In addition, the Company has established the Security Operation Center (SOC) to monitor the network attacks on the systems of the Company and its customers very closely through 24 hours in order to manage a system check and solve a problems that may occur in a timely manner.

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.

Shareholders

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

On December 30, 2016, Thai NVDR Company Limited took 13,554,932 shares of the Company as reference asset to issue the Non-Voting Depository Receipts (NVDR), accounting for 2.71% 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, 2016 are as follows:

| Rank | Name | No. of shares | % of shareholding |
|------|---|---------------|-------------------|
| 1 | National Science and Technology Development Agency | 85,000,000 | 17.00 |
| 2 | CAT Telecom Public Company Limited | 80,000,000 | 16.00 |
| 3 | TOT Public Company Limited | 80,000,000 | 16.00 |
| 4 | Mr. Satit Vittayakorn by Denali Prestige Asset Management Co.,Ltd. | 27,799,672 | 5.56 |
| 5 | Thai NVDR Company Limited | 13,554,932 | 2.71 |
| 6 | Mr. Tanatip Pichedvanitchoke | 7,600,000 | 1.52 |
| 7 | Miss Pikulkeaw Kraireak by Denali Prestige Asset Management Co.,Ltd. | 6,960,728 | 1.39 |
| 8 | Mrs. Patchara Nitivasin | 6,540,000 | 1.30 |
| 9 | Mr. Charoen Sasilaksananukul | 4,201,100 | 0.84 |
| 10 | Mr. Pongsak Huntrakul | 4,000,000 | 0.80 |

Source : Major shareholders as of December 30, 2016 prepared by Thailand Securities Depository Co.,Ltd.

Dividend Policy

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

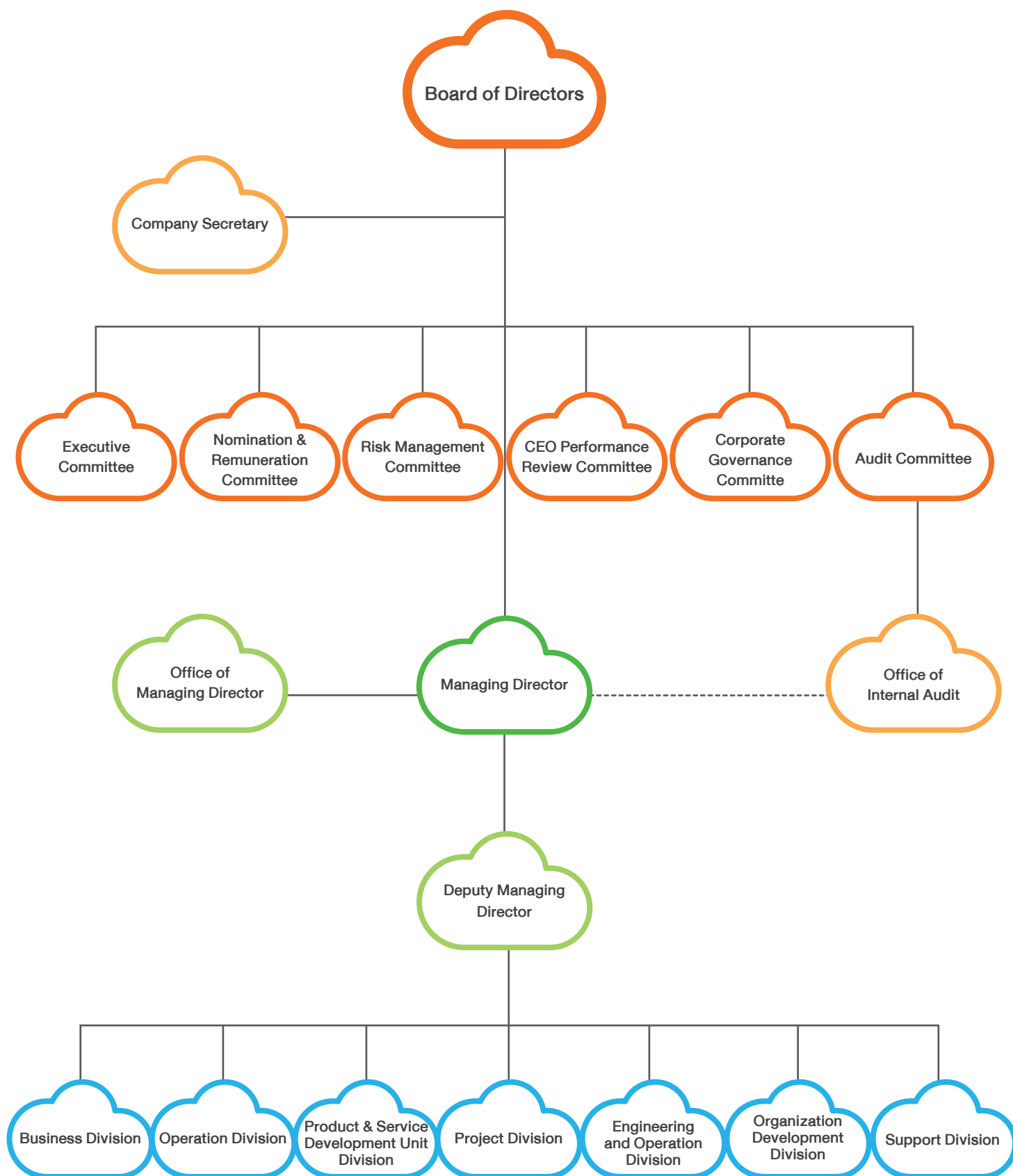
The Company's 2016 dividend payment was approved by the board of directors on February 27, 2017 in accordance with the Company's dividend policy, and is as follows.

The Company's Dividend Payment Info

| | 2015 | 2016 |
|----------------------------------|-------|--------|
| Dividend per share (baht) | 0.015 | 0.0789 |
| Dividend in total (million baht) | 3.75 | 39.45 |
| Dividend per net profit (%) | 34.22 | 50 |



Management Structure



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

1. Board of Directors

As of December 31, 2016, the Board of Director consisted of 12 members as follows;

- | | | |
|-----|---|--|
| 1. | Prof. Dr. Pairash Thajchayapong | Chairman of the Board of Directors, Chairman of Executive Committee |
| 2. | Dr. Thaweesak Koanantakool ¹ | Director, Vice Chairman of Executive Committee, Chairman of Corporate Governance Committee , Risk Management Committee Member, CEO Performance Review Committee Member |
| 3. | Dr. Kamthon Waithayakul ² | Director, CEO Performance Review Committee Member |
| 4. | Dr. Apiruck Preechayasomboon ³ | 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, Chairman of Audit Committee |
| 8. | Mr. Aran Permpiboon | Independent Director, Chairman of Nomination and Remuneration Committee, 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, Nomination and Remuneration Committee Member |
| 11. | Ms. Nilobon Tangprasit ⁴ | Independent Director, Audit Committee Member, Nomination and Remuneration Committee Member, Corporate Governance Committee Member |
| 12. | Mrs. Morragot Kulatumyotin ⁵ | Director, Executive Committee Member, Risk Management Committee Member , Corporate Governance Committee Member |

Remarks :

¹ Dr. Thaweesak Koanantakool was appointed into the Chairman of Corporate Governance Committee, effective on August 11, 2016.

² Dr. Kamthon Waithayakul was appointed into the CEO Performance Review Committee Member, effective on April 28, 2016.

³ Dr. Apiruck Preechayasomboon was appointed into the Board of Directors, effective on June13, 2016.

⁴ Ms. Nilobon Tangprasit was appointed into the Corporate Governance Committee Member, effective on August 11, 2016.

⁵ Mrs. Morragot Kulatumyotin was appointed into the Corporate Governance Committee Member, effective on August 11, 2016.

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.

Authority and duties of the Board of Directors

"Either one of Prof. Dr. Pairash Thajchayapong or Dr. Thaweesak Koanantakool jointly with either one of Mr. Kamthon Waithayakul, Mr. Apiruck Preechayasomboon, 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. Kamthon Waithayakul or Mr. Apiruck Preechayasomboon 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 corporate governance policy.

2. 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, 2016, 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 50 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.

3. 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, 2016, 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. ¹ | 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 |

Remarks :

¹ Prof. Emeritus Achara Chandrachai, Ph.D. was appointed as a Chairman of Audit Committee who has financial background and experiencing in Financial Statement revision.

Authority and duties of the Audit Committee

1. To review and ensure that the Company has correct and sufficient Financial reporting by coordinating with the external auditor and executives in charge to prepare the Company's financial report both quarterly and annually.
2. To review and ensure that the Company has an appropriate and efficient internal control and internal audit system, to consider the independence of the internal audit, and to approve an appointment, relocation or dismissal of the chief of the internal audit or the head of any other unit in charge of an Internal audit.
3. To review and ensure that the Company is in compliance with the securities and exchange laws, the regulations of the Stock Exchange of Thailand and the laws relevant to the Company's businesses.
4. To consider, select and nominate auditor(s) of the Company and to suggest auditors' remunerations to the Board of Directors of the Company for nominating to shareholders by considering the independence, reliability, sufficiency of resource quality and quantity of cases managed by the accounting firm, including experience of the staff assigned to audit the Company. The Audit Committee should also meet with the auditor without the participation of the management team at least once a year.
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests to ensure that they are in compliance with the laws and the Exchange's regulations, are reasonable.
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consists of at least the following information:
 - (1) an opinion on the accuracy, the completeness and the creditability of the Company's financial report.
 - (2) an opinion on the adequacy of the Company's internal control system.
 - (3) an opinion on the compliance with the securities and exchange laws, the regulations of the Stock Exchange of Thailand, or the laws relevant to the Company's business.
 - (4) an opinion on the suitability of the external auditor(s).
 - (5) an opinion on the transactions that may lead to a conflict of interests.
 - (6) number of the Audit Committee's meetings, and the meeting attendance by each member.
 - (7) an opinion or overview comment of the Audit Committee derived from their performance of duties under the scope of the Audit Committee Charter.
 - (8) other transactions which, according to the Audit Committee's opinion, should be known to the share holders and general investors, and are in the scope of the duties and responsibilities assigned by the Board of Directors.
7. To seek the advice of an independent, third party consultant where necessary at the expense of the Company.
8. To review the Audit Committee Charter and propose to the Board of Directors for consideration and approval if changes are needed.
9. To perform any other duties as may be assigned by the Board of Directors with the consent of Audit Committee.

4. 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, 2016, 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 |

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.

5. 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, 2016 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 |

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.

6. 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, 2016 the CEO Performance Review Committee consisted of 2 members as follows:

- | | |
|-------------------------------|---|
| 1. Dr. Thaweesak Koanantakool | CEO Performance Review Committee Member |
| 2. Ms. Tanwadee Wongterarit | CEO Performance Review Committee Member |
| 3. Dr. Kamthon Waithayakul | CEO Performance Review Committee Member |

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.

7. Corporate Governance Committee

The Board of Directors of Internet Thailand Public Company Limited at the Meeting held on 11 August 2016 resolved to appoint Corporate Governance Committee to oversee the compliance with policies, rules and regulations effective on the Company, as well as to assist generating sustainable business value which indicates the responsibility to the Company's Shareholders and Stakeholders.

As of December 31, 2016 the Corporate Governance Committee consisted of 3 members as follows:

- | | |
|-------------------------------|--|
| 1. Dr. Thaweesak Koanantakool | Chairman of Corporate Governance Committee |
| 2. Ms. Nilobon Tangprasit | Corporate Governance Committee Member |
| 3. Mrs. Morragot Kulatumyotin | Corporate Governance Committee Member |

Authority and duties of the Corporate Governance Committee

1. Set policies and practices of corporate governance, including other relevant policies under the law, rules and regulations of regulatory authorities such as the Stock Exchange of Thailand, the Securities and Exchange Commission, and related agencies, as well as guidelines for good corporate governance in accordance with the international standards, to propose to the Board of Directors for approval.
2. Monitor, support, and advise the directors and executives of the Company on the duties and responsibilities in compliance with the good corporate governance policy, including arrange activities to educate staff and set a manual to use in communicating.
3. Review and update policies and practices of corporate governance, other relevant policies, code of ethics, and business ethics as necessary and appropriate in order to conform to the international standard, laws, rules and regulations, as well as the Company's business.
4. Prepare the annual report regarding the good corporate governance and present to the Board of Directors for comments and suggestions.
5. Appoint working committees or hire advisors/specialists as necessary. The Company shall be responsible for all cost incurred.
6. Perform any other duties assigned by the Board of Directors.

8. 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, 2016 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 |

9. Attendance of the Board of Directors' Meeting for the year 2016

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 2016 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 11 times) | Nomination & Remuneration Committee's Meeting (Attendance 5 times) ^a | Risk Management Committee's Meeting (Attendance 4 times) | CEO Performance Review Committee's Meeting (Attendance 2 times) | Corporate Governance Committee Meeting (Attendance 2 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 | 8/10 | 9/10 | - | - | 3/4 | 2/2 | 2/2 | 2/2 |
| 3. Dr. Kamthorn Waithayakul ¹ | 10/10 | - | - | - | - | 1/2 | - | - |
| 4. Dr. Apiruck Preechayasomboon ² | 4/5 | - | - | - | - | - | - | - |
| 5. Ms. Tanwadee Wongterarit | 10/10 | - | - | - | - | 2/2 | - | - |
| 6. Mr. Aniruth Hiranraks | 8/10 | - | - | - | - | - | - | - |
| 7. Prof. Emeritus Achara Chandrachai, Ph.D. | 10/10 | - | 10/11 | - | - | - | - | 2/2 |
| 8. Mr. Aran Permpiboon | 10/10 | - | 11/11 | 5/5 | - | - | - | 1/2 |
| 9. Ms. Narumol Wangsatorntanakul | 7/10 | - | 8/11 | - | 4/4 | - | - | 2/2 |
| 10. Mr. Sahas Treetipbut | 9/10 | 9/10 | - | 5/5 | - | - | - | - |
| 11. Ms. Nilobon Tangprasit | 9/10 | - | 11/11 | 4/5 | - | - | 2/2 | 2/2 |
| 12. Mrs. Morragot Kulatumyotin | 10/10 | 10/10 | - | - | 4/4 | - | 2/2 | 2/2 |

Remarks :

¹ Dr. Kamthorn Waithayakul was appointed into the CEO Performance Review Committee Member effective on April 28, 2016.

² Dr. Apiruck Preechayasomboon was appointed into the Board of Directors, effective on June 13, 2016.

10. 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.

11. Executives

As of December 31, 2016, Management team consisted of 6 members as follows:

- | | |
|----------------------------------|--------------------------|
| 1. Mrs. Morragot Kulatumyotin | Managing Director |
| 2. Mr. Wanchai Vach-shewadumrong | Deputy Managing Director |
| 3. Mr. Saknon Kangsumrith | Senior Vice President |
| 4. Mr. Attawut Kampradit | Senior Vice President |
| 5. Mr. Piyaret Saelee | Senior Vice President |
| 6. Mr. Attaphong Hapsa | Senior Vice President |
| 7. Mrs. Varaporn Pintola | Senior Vice President |

12. 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 Kulatumyotin (Managing Director) as Company Secretary, to be responsible for arranging meetings of the Board of Directors as well as the shareholders' meetings, preparing minutes of the Board of Directors' meetings, the shareholders' meetings, as well as annual report, filing documents specified by laws, and overseeing the compliance with laws and related regulations.

13. Remuneration of Directors and Executives

Directors' Remuneration

The Nomination and Remuneration Committee has carefully considered and determined the pay for 2016 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 6.50 million baht and reward for 2015 to 1.25 million was proposed to cover all kinds of compensation – such as meeting allowance and other benefits – for the committee members in 2016, and this proposed budget has been approved in the annual general meeting of 2016.

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 | Baht 30,000 / person / month |
| Directors | Baht 25,000 / person / month |

The Audit Committee

| | |
|---------------------------------|------------------------------|
| Chairman of the Audit Committee | Baht 17,500 / person / month |
| Audit Committee Members | Baht 15,000 / person / month |

Other Subcommittees

| | |
|-----------------------------------|--|
| Chairman of the subcommittee | Baht 17,500 / person / month with meeting(s) |
| Vice Chairman of the subcommittee | Baht 15,000 / person / month with meeting(s) |
| Subcommittee Members | Baht 15,000 / person / month with meeting(s) |

Directors' remuneration in 2016

| Board of directors | Meeting Allowances | | | | | | | | Reward and pension | Total |
|--|---------------------|---------------------|-----------------|-------------------------------------|---------------------------|----------------------------------|--------------------------------|--|--------------------|------------|
| | Board of directors' | Executive Committee | Audit Committee | Nomination & Remuneration Committee | Risk Management Committee | CEO Performance Review Committee | Corporate Governance Committee | Jointly meetings between Audit Committee and Risk Management Committee | | |
| 1. Prof. Dr. Pairash Thajchayapong | 360,000 | 175,000 | - | - | - | - | - | - | 256,839.62 | 791,839.62 |
| 2. Dr. Thaweesak Koanantakool | 300,000 | 135,000 | - | - | 45,000 | 30,000 | 35,000 | 30,000 | 205,471.70 | 780,471.70 |
| 3. Dr. Kamthon Waithayakul | 300,000 | - | - | - | - | 15,000 | - | - | 170,314.47 | 485,314.47 |
| 4. Dr. Apiruck Preechayasomboon ¹ | 150,000 | - | - | - | - | - | - | - | - | 150,000 |
| 5. Ms. Tanwadee Wongterarit | 300,000 | - | - | - | - | 30,000 | - | - | 205,471.70 | 535,471.70 |
| 6. Mr. Aniruth Hiranraks | 300,000 | - | - | - | - | - | - | - | 205,471.70 | 505,471.70 |
| 7. Prof. Emeritus Achara Chandrachai, Ph.D. | 300,000 | - | 210,000 | - | - | - | - | 35,000 | 205,471.70 | 750,471.70 |
| 8. Mr. Aran Permpiboon | 300,000 | - | 180,000 | 87,500 | - | - | - | 15,000 | 205,471.70 | 787,971.70 |
| 9. Ms. Narumol Wangsatorntanakun | 300,000 | - | 180,000 | - | 70,000 | - | - | 35,000 | 205,471.70 | 790,471.70 |
| 10. Mr. Sahas Treetipbut | 300,000 | 135,000 | - | 75,000 | - | - | - | - | 205,471.70 | 715,471.70 |
| 11. Ms. Nilobon Tangprasit | 300,000 | - | 180,000 | 60,000 | - | - | 30,000 | 30,000 | 205,471.70 | 805,471.70 |
| 12. Mrs. Morragot Kulatumyotin | 300,000 | 150,000 | - | - | 60,000 | - | 30,000 | 30,000 | 205,471.70 | 775,471.70 |
| 13. Dr. Montchai Noosong ² | - | - | - | - | - | - | - | - | 187,893.08 | 187,893.08 |
| 14. Mrs. Preeya Danchaivichit ³ | - | - | - | - | - | - | - | - | 17,578.62 | 17,578.62 |

Remarks :

¹ Dr. Apiruck Preechayasomboon was appointed into the Board of Directors, effective on April 28, 2016.

² Dr. Montchai Noosong resigned from the Board of Directors and the CEO Assessment Committee, effective on October 7, 2015.

³ Mrs. Preeya Danchaivichit resigned from the Board of Directors, effective on February 9, 2015.

Executives' Remuneration

The total amount of remuneration for 7 executive board members is 20.9 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.

14. Personnel

The Number of Employees and Remuneration

As of December 31, 2016,

The Company had a total of 475 employees who work in different parts as follows.

1. High-level executives 7 (persons)
2. Business units 115 (persons)
3. Support units 69 (persons)
4. Engineering 284 (persons)

As of December 31, 2016, Mandala

Communication Company Limited had a total of 18 employees, and Thai Dot Com Company Limited had a total of 11 employees.

In 2016, the total amount of compensation for 468 employees (high-level executives not included) is 173.3 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. An agreement was made between the Company and Krung Thai Bank (KTB) to make KTB Thanawat Loan available to the Company and its employees as part of their welfare, allowing them to ease their financial hardships when necessary and enhance their livelihood.
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 Finance for non-Finance Program Strategic Planning Program , KPIs , Succession Planning Program etc.

1.2) Training for operation-level employees

The Company has consistently been developing its employees at operation levels through a variety of ITIL Foundation Certificate Edition 2011 programs , Big Data programs , MySQL for Administrator program Security Service program ,Cloud Streaming program ISO 22301 (Business Continuity Management) program etc.

1.3) Training for all employees

The Company works to ensure that all the employees receive proper training so that they can work in accordance with the Company's values to guarantee good practice and high standards by providing courses such as orientation, INET Product & Service, INET Road Map , ISO 22301 :2012 program , Excell , CSA STAR program and INET DNA, and other personality development courses etc.

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.

- Thammasat Leadership Program (TLP) batch 9
- Cash Flow Analysis Program
- TCM Study and Benefit Survey 2016 Result Sharing
- IR Professional Development Program
- Strategic CFO
- IIA Thailand Annual Conference
- OpenStack
- Course RH255 RedHat Enterprise Linux System Administrator II
- Modern Marketing Management batch 57
- Microsoft Windows Server 2012, Installing and Configuring Windows Server 2012, Administering Windows Server 2012, Configuring Advanced Windows Server Services 2012
- Internal Auditing Certificate Program (IACP)

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 2016 (hours) | Average amount of time for training (hours/ person/year) |
|---------------------|-------------------------------------|--|
| 475 | 10,780.50 | 22.70 |

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 2016 are as follows.

| 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) |
|---------------------|---|---|
| 475 | 6.01 | 0.67 |

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



Corporate Governance

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 Policy 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. Rights 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 Share Certificate and rights to transfer the shares.

1.1 Disclosure

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

In 2016, 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 including the annual financial statement, quarterly financial statement, annual report, Annual registration statement and etc. The non-periodic reports comprised 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 Conveniently access the information of INET. As such, INET has published their information both in English and in Thai languages on their website (www.inet.co.th) where the information has been grouped into categories which make it easy for searching and communicating with INET

1.2 Shareholders' meeting

INET has stated that the shareholder's general meeting shall be held once a year within 4 months starting from the end of accounting period of INET and the shareholders' meeting shall be organized such that its process has supported the shareholders to have equal rights. The Board of Directors has paid great attention and respected the rights of shareholders by encouraging the shareholders to attend the shareholders' meeting. This is for the shareholders, who are the owner, to have an 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 2016, INET held 2 shareholders' meeting, the 2016 Annual General Meeting of Shareholders, on Thursday 21 April 2016 at 1.30 p.m. at INET Hall meeting room, IT Floor, Thai Summit Tower, 1768 New Petchaburi Road, Bang Kapi Sub-district, Huai Khwang District, Bangkok and the Extraordinary General Meeting of shareholders, on June 13, 2016 at 1:30 p.m. No.1/2016 at Wiwathanachai Hall A, 8th Floor, Thai Summit Tower, 1768 New Petchaburi 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 ended. INET has assigned the attorney of INET to check the identification document presenting before attending the meeting. This procedure is not complicated and is in accordance with information provided to shareholders with the invitation letter.

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

1.2.1 Before the meeting date

INET has disclosed sufficient and timely information Which is relevant for making a decision at the shareholders' meeting in advance. In other words, after the Board of Directors has called for the 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 14 days before 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 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 meeting date.

At the 2016 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 nominate qualified person to be the directors. INET has announced their meeting invitation to the shareholders via SET's Communication Channel 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 2016 to 31 January 2016.

For this year, it is found that the shareholders have neither proposed the meeting agenda nor any person to be the director. 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 would benefit INET's operations, in advance before the meeting date so that INET can provide clarification or additional information at the meeting.

1.2.2 During the meeting date

In the AGM, the Chairman of the meeting has introduced 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 about 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 have the ballots for each agenda which the shareholders attending the meeting received 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 on 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.

1.2.3 After the meeting

INET shall inform the resolution passed at the 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 AGM has recorded and written 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 submitted the minutes of the meeting signed by the Chairman of the meeting to SET, SEC and the registrar (Department of Business Development) for evidence and reference, including publishing on INET's website within 14 days after the shareholders' meeting.

2. Equitable treatment of shareholders

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

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 channel 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 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 behalfs without any conditions. The details and procedures shall be published on the website of INET 30 days in advance before the meeting date 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 placed in the agenda of the shareholders' meeting and propose the persons to be directors in advance, this is considered to be one of the equitable treatments of shareholders.

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

3. Roles of stakeholders

INET has paid great attention to all stakeholders who are in and outside the company, including the society, shareholders, customers, partners, employees and responsibility towards environment. The Board of Directors has set the policy and code of conduct. The company recognizes the importance of the Good Corporate Governance and adheres the significant international principles as follows;

- Accountability
- Responsibility
- Fairness and Integrity
- Transparency
- Creation of Long-Term Value to all Stakeholders
- Promotion of Best Practice
- Vision
- Development of Corporate Governance and Business Ethics

Apart from the above principles, the Company also upholds the following 3 internal factors that effectively accelerate the growth of the Company.

1. Professionalism of every personnel which includes the competency, trustworthiness, discipline, responsibility and preparation for development
2. Good Internal Control System which refers transparent operation
3. Fiduciary Duties towards Stakeholders including Shareholders, Customers, Employees, Government, Partners, Suppliers and Creditors

The Company places the importance on all stakeholders and treats every party equally. Good Corporate Governance will happen with the cooperation of personnel at all levels to recognize, understand and comply it properly. It is the duty of all employees to recognize Board of Directors Policy, Human Resource Policy, Employee Code of Conduct, Policy on Conflicts of Interest, Policy on Internal Audit, Procurement Code of Conduct, Policy on Accounting and Finance, Policy Corporate Social Responsibility, Policy on the Company's Confidentiality, and Policy on Securities Trading, etc., which executives and employees acknowledge and uphold strictly and constantly.

In 2016, the Company created a Code of Conduct Manual as a guideline and a moral standard of the Company for the business operations by emphasizing the management for sustainable growth. Thus, the goal of the Company is not only to generate maximum profit, but also to recognize all responsibilities for all aspects of environmental factors, namely, economy, legal and business ethics by respecting all stakeholder as a basis for sustainable growth.

In this regard, the Company assigned a Corporate Governance Committee to regularly evaluate the compliance with the Code of Conduct, and report to the Board of Directors at least 1 time a year.

3.1 Practice towards major stakeholders of the company

Shareholders

The Company has set the policy and practices regarding the shareholders in the Code of Conduct Manual. 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 deprive the rights of the shareholders.

Customers

The Company has set the policy and practices regarding the customers in the Code of Conduct Manual. The Company holds the commitment to delivering satisfying services to its customers and building trust. The Company places its focus on making continued developments of its services and keeping good relationship with the customers. The Company has worked to ensure that its services are constantly improved by frequently seeking feedback. At the same time, the Company works to ensure that its staff members are trained well to assure the customers that they will always receive the best services possible.

Employees

The Company has set the policy and practices regarding the employees in the Code of Conduct Manual by giving priority to human resource management and employee ethics and recognizing the value of human resources. The Company shall induce employees to work most effectively under the fair employment which provides the equitable career advancement opportunity. All employees are equally treated without the discrimination on the ground of race, gender, color, religion, national origin, age, ethnicity, physical disability and personal issues irrelevant to job performance. The Company shall protect all employees from harassment and intimidation from any persons and by all means. Moreover, the Company sets up the fair wage system by the following factors.

- Position, field of knowledge, individual competency, complication of job, assigned responsibility, and normal work condition
- Capability of each employee showed up in terms of a performance result according to the assigned duties and responsibilities. The objective is to attract and retain talented individuals that match the Company's requirement to work efficiently
- In the case that employee is assigned to travel on duty or for strengthening one's ability, the Company shall bear the expenses derived from the travel according to the necessity and social status of the employee
- Working for the Company, employees should receive a compensation in order not to pay the expense incurred from work. On the other hand, employees should not receive any other special compensation except normal compensation and compliment

The Company has established policies and practices regarding health, safety and work environment. Placing an importance on health, the Company arranges an annual health check and Vaccination against infectious diseases, provides the reimbursement of medical expenses, promotes a workout campaign for good health of employees, designs safe and hygienic working environment in which risk of accidents is reduced and controlled, provides protection device and training regularly, as well as sets business continuity management plan to support emergency situations or disasters that may occur.

The Company has established policies and practices regarding social, community and environment in order for the employee to realize the importance and influence of online media in Thailand in all aspects such as, a social, a business, and an education. As an internet and ICT services provider, the Company urges the employees to strictly comply with relevant laws such as the Computer Crimes Act, and supports activities to promote the use of Internet safety. For environment, the Company places the importance on both directly and indirectly by supporting and encouraging employees to save electric energy and water supply.

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. The Company encourages its employees to receive trainings, both inside and outside of the Company, to enhance the quality of their working lives, mentality, and physicality, while at same time holding activities to better their relationship and engagement.

Partners

The Company has set the policy and practices regarding the business partners in the Code of Conduct Manual. 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.

Business Competitors

The Company has set the policy and practices regarding the business competitors in the Code of Conduct Manual. The business competitors are not considered just business rivals, but under the competition circumstances, they might turn into significant business alliances in the future in conformity with the international principles under the laws relevant to the business competition practices not trying to obtain their trade secrets in an illegal and unprofessional way. The policy dictates that the Company shall:

- (1) Maintain good practices in trade and competition;
- (2) Never attempt to obtain any trade secret of a competitor in an illegal and unprofessional manner;
- (3) Never attack the reputation of a competitor by maliciously uttering anything injurious.

Creditors

The Company has set the policy and practices regarding the creditors in the Code of Conduct Manual and 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.

Society, Community and Environment

The Company has established policies and practices regarding society, community and environment in order for the employee to realize the importance and influence of online media in Thailand in all aspects such as, a social, a business, and an education. As an internet and ICT services provider, the Company urges the employees to strictly comply with relevant laws such as the Computer Crimes Act, and supports activities to promote the use of Internet safety.

In **social/community aspect**, the Company realizes the significance of the use of Internet which highly influences the daily life of modern society. Especially for children and youth, the Company supports the use of the Internet in a safe and creative way. The Company also promotes the adoption of information technology and the Internet as a medium for social and economic development, especially for rural community and disadvantaged people to be familiar and able to use such kind of technology to enhance the quality of life in Thailand's society.

In **educational aspect**, the Company grants an opportunity to the interested academic institutes and organizations to visit the INET Data Center or computer data operation center to study new technologies of the Company, which is an important source of Internet information in Thailand and worldwide, as well as to observe the Company's operations which attracts a number of institutions and organizations to continuously visit the Company.

In **environmental aspect**, the Company gives the importance to both directly and indirectly. For direct focus, the Company supports and induces employees to save electricity and water supply by using as necessary, turning off the light during a luncheon break and after work time, using both sides of paper for maximum benefit, and reducing the unnecessary use of paper by using digital files instead of copied documents. For indirect focus, the Company's Computer Information Operation Center was constructed with the technology that helps to save energy as the walls of the building have features to prevent the external heat so that the air conditioner inside does not need to fully work resulting in energy savings. Moreover, the light bulb selected are LED Motion Sensor which illuminates when motions are detected and turns off automatically after inactivity. This kind of light bulb not only saves the energy but also lasts longer than regular bulb. Furthermore, the fire extinguisher chemical solution and refrigerant selected to use in the Center neither harm the environment nor cause global warming.

3.2 Communication channels to the stakeholders

The stakeholders can communicate directly 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.

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 do not promote both directly and indirectly to use the illegal software which is violated other people's Intellectual Property Right. The Company requires that all employee has to sign and acknowledge the Company's policy concerning the use of personal software. In addition, the company also has the internal announcement under the subject "Forbidden activities regarding as violation of the law" by which the summary is about the announcement of forbidding an employee to break the Intellectual Property Right and/or other activities considered as a fraud specified in Computer Crime Act.

5. Disclosure and transparency

5.1 Quality of the disclosed information

The Board of Directors, the management, and all employees have been well aware that any information relating to INET has an impact to the decision making of the shareholders and investors, interests of the shareholders and stakeholders and the buying and selling of INET's securities. All departments have been awarded and emphasized on governing the disclosure of INET's significant information with accuracy, rapidness, transparency and equal access by every group. This has showed their responsibilities of duties, transparency of operations and other activities.

The information to be disclosed shall be correct, accurate, clear, supported by a clear conclusion, sufficient for making the investment decision, traceable and certified according to SET regulation in order for the information to be widely and equally accessed.

5.2 Disclosure channels

The Board of Directors and the management have committed to conform to the regulation on disclosure of information for listed companies of SEC and SET. This includes the regulation on disclosure of periodic and non periodic reports whereby these document can be sent to SEC and SET via the ELCID system of SET which is the main disclosure channel.

Moreover, INET has highly emphasized on disclosing the correct, complete, timely and transparent information. As such, INET has increased the disclosure channels so that the information can be widely and easily accessed e.g. via company's website (www.inet.co.th/ir), annual registration statement (Form 56-1) and annual report (Form 56-2).

5.3 Investor relations

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

5.4 Securities Analyst

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.

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:

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

6.1 Segregation of duties

In order for INET to perform its operations smoothly, 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 reviewing and balancing 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.

6.2 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 regulations of INET and shall authorize and approve the procurement of no more than Baht 30 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.

6.3 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 every the meeting 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 2016, the Board of Directors has held 10 meetings.

6.4 Remuneration of the directors

The Board of Directors 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 company's director, the Executive Committee, the Audit Committee, the Nomination and Remunerations Committee, the Risk Management Committee, and CEO Performance review 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.

6.5 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, the important document of INET which comprises of structure of the Board of Directors, important rules, regulation, policy and code of conduct, 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 and understanding of their responsibilities in order to support the operations of the Board of Directors and the sub-committees to perform efficiently.

In the Year 2016, Miss Narumol Wangsatatanakhoon, Independent Director, Chairman of the Risk Management Committee and Member of Audit Committee, attended the meetings to exchange the opinions among the management regarding the good internal control system in order to enhance quality and availability of the internal control system of the listed companies as well as to optimize the effectiveness of the financial report preparation process to increase the confidence of the shareholders and investors of the listed companies.

- The significance of good internal control
- Factors that affects the internal control of listed companies
- Financial Eco System and the Expectations of the SEC and SET for the roles and responsibilities of the management in case studies of companies that have been affected in the event of deficiencies in internal controls

Mrs. Morakot Kulatumyotin, Director, Executive Director, Member of Risk Management Committee, Member of Corporate Governance Committee and Managing Director, attended the Executive Development Program "Thammasat for Social", a seminar that presents the approaches and directions for organization management in accordance with the current situation. The Program reinforces ideas about democracy and participation in guiding, preventing and resolving social problems as well as strengthens public consciousness and social responsibility. She also attended the Director Certification Program (DCP), a training program that guides on duties according to the principles of corporate governance, ways to act and prevent legal liability, duties in the risk assessment, corporate strategy development, and enhancement of the Board and Committee efficiency.

Evaluation of the Board of Directors' Performance

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

The performance assessment of the board of directors is conducted on a yearly basis. In 2016, the assessment was conducted on both the individual and the whole board basis at the Meeting No. 9/2016 held on 11 November 2016. 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 duties
5. The Committee's relation with the management
6. Self-improvement of members of the Committee and improvement of the management

The results of the assessment of individual directors in the year 2016 was rated at 92.53 and the assessment of the whole Board rated at 97.88

The Annual Performance Evaluation by the Audit Committee

The Audit Committee's performance also is evaluated on a yearly basis. In 2016, the Audit Committee managed to have a self-assessment session in the 9/2016 meeting on October 27, 2016. In the meeting, the Audit Committee 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.

6.6 Code of conduct

The Company is committed to the rightful conduct as a business operation guideline for the directors, executives and all employees. In the year 2016, the Company has established a Code of Conduct Manual for the directors, executives and all employees to adhere to in performing mission duties with honesty and integrity, both towards the Company and all stakeholders. The Code of Conduct and the Corporate Governance Policy are published on the Company's intranet where the directors, executives and all employees can access conveniently throughout time.

6.7 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, the 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 the 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 about 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.

6.8 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 reports to the Audit Committee and shall be evaluated by the Audit Committee.

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 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.

6.9 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.

6.10 Internal control

The 9/2016 meeting of the Company's board of directors on November 11, 2016 was attended by four of the Audit Committee. The board of directors evaluated the internal control system of Internet Thailand Public Company Limited in 2016. 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 and appropriate 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.

6.11 Risk Management

The board has assigned the Risk Management Committee to responsible on the policy and framework of risk management, follow up on the development of risk management framework, measure and approve the risk management plan, as well as identifying potential risks, evaluating and determining preventive measures. The Risk Management Committee is anticipated to monitor the risk management process and to ensure that it proceeds properly, to encourage the implementation of the developed risk management policy, and report the result back to the Audit Committee and the board for their consideration.

7.1 Structure of the Board of Directors

The Company's management structure consists of the Board of Directors and 6 subcommittees, namely the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, the Corporate Governance 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.

At December 31, 2016, 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 to govern the management on operating and managing. The directors have a term of 3 years in position 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, 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 neither the major shareholders' representative nor 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 protect 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 6 subcommittees and can be summarized as follows:

1. The Executive Committee has been appointed on December 29, 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 September 14, 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 April 30, 2006 to select persons qualified 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 June 25, 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 September 21, 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.
6. The Corporate Governance Committee was appointed on August 11, 2016 in order to ensure the compliance with the relevant rules, regulations and policies effective on the Company as well as to create the sustainable value to the business which represents the responsibility to the Company's shareholders and stakeholders.

7.2 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. Candidates who received 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.

Component and Appointment of the Corporate Governance Committee :

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

In the 2016 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 Consecutively (as of the day the agenda is set) can nominate eligible candidates for the Company's board of directors, during 1-31 January 2016.

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.

7.3 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.

7.4 Managing the use of inside information

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

1. The Board of Directors, the management, staffs and employees shall maintain the confidentiality and/or inside information of INET.
2. The Board of Directors, the management, staffs and employees shall not directly or indirectly disclose or exploit the secret and/or inside information of INET for their own interests or for the interests of other persons either with or without receiving the return.
3. The Board of Directors, the management, staffs and employees shall not buy or sell securities by using confidentiality and/or inside information of INET and/or entering into other legal acts due to the use of confidentiality and/or inside information of INET which may directly or indirectly cause the damages to INET
4. 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.

7.5 Auditor's Remuneration

Audit fee

Audit fee for account period ended December 31,2016 of the Company pay to ANS Audit Co.,Ltd. was 1,150,000 บาท Baht

Audit fee for account period ended December 31,2016 of the subsidiary pay to ANS Audit Co.,Ltd. was 230,000 Baht

Non-audit fee

None.

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).

1. Fair Operating Practices

The Company takes into account interests of all the stakeholders, from shareholders, customers, partners, creditors, employees, to competitors and the community, while also bearing environmental awareness. The Company's Code of Conduct has been established since 1991 as a written guideline, including matters such as the board policy, policy on human resources management and employee code of conduct, policy on conflict of interest, policy on internal control, ethical standard in purchasing, policy on financing and accounting, policy on public activity support, confidentiality policy, and securities trading policy. This code of conduct has been adhered to by the Company's management and employees at all levels thus far.

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 October 17, 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.

The Company has publicized its anti-fraud-and-corruption policy, which was approved by the board on September 24, 2015 via its website, email and intranet

In addition, the Company took part in the Anti-Corruption Seminar that was organized by Thai Institute of Directors and was meant to fight against systemic corruption.

In 2016, the Company conducted a self-assessment on measures against corruption version 2.0 under the Thailand's Private Sector Collective Action Coalition against Corruption (CAC). Since the data to be submitted for certification and some of the information in the compulsory assessment form had not completely met the criteria determined by the Board of CAC, the Company requested an extension to file the information and the assessment form. The CAC Board has thus extended an additional six months from the due date to apply for certification, the schedule of which to submit the document is within June 15, 2017.

Whistleblowing

The board has assigned the Audit Committee to be the recipient of information from any whistleblower through channels that are addressed in this policy.

The whistleblower must specify an alleged wrongdoing in detail as well as his/her name, address, and contact while reporting via the following channels:

1. Email to the chairman of the Audit Committee: achandrachai@gmail.com; chandrachai@hotmail.com; or, the Company's secretary: CS@inet.co.th, or the Internal Control Unit: watasat@inet.co.th
2. Sealed letter to:
Professor Emeritus Achara Chandrachai,
Chairman of the Audit Committee
Internet Thailand Public Company Limited
1768 Thai Summit Tower, 10-12 & IT Floors
New Petchaburi Road, Bang Kapi,
Huai Khwang, Bangkok 10310

No matter who the whistleblowers are (shareholder, customer, competitor, creditor, government agency, or the community), they will be protected by laws and/or the Company's anti-corruption policy.

Protective measures for whistleblowers

1. Personal information and identity of the whistleblower will be kept confidential by the Company and will be accessible only to those in charge of investigation.
2. Recipients of the information must keep confidential the information received this way and identity of the whistleblower, unless required otherwise by law.
3. The Company will reveal only parts of the information that it has to, taking into close consideration risks towards and safety of the whistleblower and those involved.
4. The affected will be compensated properly.

Employees who detect any sign of fraud or corruption can report via the given channels. The Audit Committee will subsequently take the report into consideration and proceed accordingly for an investigation. If the reported person is found guilty, he/she will be given the punishment by the Company and/or the sentence as imposed by laws.

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. In addition, the Company has received the following certifications for the past year

- Cloud Security Alliance – Security, Trust & Assurance Registry (CSA-STAR)
- ISO/IEC 27001:2013 on Information Security Management for both the Company's offices at Thai Summit Tower and Bangkok Thai Tower
- ISO/IEC 20000:2013 on Service Management System (SMS) Standard for both the Company's offices at Thai Summit Tower and Bangkok Thai Tower

6. Environment Care

The Company encourages electricity and water conservation among its employees by asking them to use electricity only when necessary and make sure to turn lights off when not in use. The employees also are asked to reduce their use of paper and use digital files instead of hard copies.

At the Company's data center, the technology that helps to prevent the heat from outside the building from getting in is used, allowing the facility to consume much less electricity for its air-conditioning. LED motion sensor technology has been brought into use as well, to turn lights off automatically when they are not in use, thus extending the lifespan of light bulbs. Fire extinguishers and refrigerant used in the offices also are environmentally friendly.

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. The Company, in collaboration with INET Foundation for the Development of Thailand, donated clothes, socks, and blankets to students in need at Maehangwitthaya in Lampang province to help them get through winter. The Company also held a feast for the students on National Children's Day.
2. The Company donated learning materials and stationery to Lat Krabang Discovery Learning Library that held an event on National Children's Day to encourage moral values among children, with an aim to make them realize the importance of engaging with family activities.
3. The Company donated learning materials and sports equipment to the students of Tha Chang School, Pak Chong district, Nakhon Ratchasima province to support the education and encourage the students to enjoy exercising.

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 and The Company also works in collaboration with education institutes, by sharing practical knowledge and experience, to prepare them for the IT professional scene. The Company works with both private and public sectors as well to help extend their understanding of how to use technology to develop their performances and working efficiency.

Internal Control and Risk Management

The 9/2016 meeting of the Company's board of directors on November 11, 2016 was attended by four of the Audit Committee. The board of directors evaluated the internal control system of Internet Thailand Public Company Limited in 2016 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

1. 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.
2. The organization shall identify and analyze all kinds of risk that may arise in and affect the organization.
3. The organization shall estimate the chance of corruption during risk assessment in order to achieve its goals.
4. The organization shall point out to plausible changes that may occur and affect the internal control and evaluate them.

Part 3 Control Activities

1. The organization shall have measures to reduce to an acceptable level the risks that may prevent the organization from being successful.
2. The organization shall utilize technologies in control activities.
3. 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

1. The organization shall provide quality data in supporting internal control to make it run as anticipated.
2. The organization shall communicate across all of its units to facilitate internal control.
3. The organization shall communicate with other agencies about any matter that may affect its internal control.

Part 5 Monitoring Activities

1. The organization shall monitor and evaluate internal control to make sure that it runs smoothly and properly.
2. 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.

In addition to internal control on the aforementioned matters, the Audit Committee suggested that the Company should provide practical knowledge about risk management during orientations, make the management consider the possibility of fraud or corruption and define proactive measures to prevent it, and posts on its website how the whistleblowers will be protected while providing a means of direct communication such as a hotline. The management was informed of this point and would subsequently follow the suggestion.

In addition, the Company's auditor for 2016 – Mr. Yuttapong Chamuangpan, Registration No. 9445 who is responsible for the Company's audit until December 31, 2016, has not all at pointed out in his report that the Company's internal control system has any defect.

Internal Auditor

From the 9/2015 meeting of the Audit Committee on December 21, 2015, the Committee selected Dharmniti Co., Ltd. as a successful candidate to provide auditing service to the Company for 2016. 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 13 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.

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 2016 | Opinion on connected transaction |
|--|--------------------|--|---|----------------------------------|
| 1. A related party ¹ | Major shareholders | Cost of international and domestic leased line | 58,662 | Market price |
| | | Revenues from Internet service and hire of work contract | 6,603 | Market price |
| 2. Netbay Co., Ltd. | Associated Company | Revenues from Internet service | 5,545 | Market price |
| 3. INET Manage Services Co.,Ltd | Joint Venture | Revenues from Internet Service | 722 | Cost plus profit on agreement |

Remarks :

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.

Accounts receivable and accounts payable as at 31 December 2016

| | |
|---|------------------------|
| A related party ¹ | (Unit : thousand Baht) |
| • Trade accounts receivable | 2,830 |
| • Unbilled service income | 0 |
| • Account payable | 1,755 |
| Netbay Co., Ltd. | (Unit : thousand Baht) |
| • Trade accounts receivable – Associated Company | 1,379 |
| INET Manage services Co.,Ltd. | (Unit : thousand Baht) |
| • Trade accounts receivable – Joint Venture | 456 |

2. 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.

3. 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.

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. 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.



Audit Committee's Report

The Audit Committee of Internet Thailand Public Company Limited currently consists of four independent auditors who have the qualifications as stated in the announcement of SET's Audit Committee and that of Securities and Exchange Commission (SEC). They are experienced experts in management, finance and accounting, and law, namely:

- | | | |
|----|--|-----------------|
| 1. | Professor Emeritus Achara Chandrachai Ph.D | Chairman |
| 2. | Mr. Aran Permpiboon | Audit committee |
| 3. | Ms. Narumol Wangsatorntanakun | Audit committee |
| 4. | Ms. Nilobon Tangprasit | Audit committee |

In 2016, the Audit Committee held eleven meetings, which were always 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 2016, there were one meetings that were not attended by the management: the first meeting on Friday 16 September 2016, to discuss the auditing of its financial statement. The Audit Committee has:

1. Reviewed 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, as well as the revelation of the information in a timely manner, according to the general principles of auditing and related regulations. The statements are subsequently approved by the Committee.

2. Ensured 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 2016, and selected internal auditor(s) to monitor the Company closely. After the examination, 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, and that proper improvements have been made to the system in response to the changing situation.

3. Examined risk management

The Committee has had two official meeting with the Risk Management Committee to make sure that the Company has already set up a proper 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 of the policy the management and employees at all levels for them to follow and practice.

4. Examined the subsidiaries and affiliates

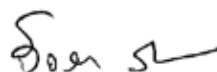
The Committee has thoroughly examined the transactions among the Company's, its subsidiary, and its affiliate, in order to make sure that they have operated under the terms and conditions, and have adequately revealed information.

5. Conducted 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.

6. Selected auditors for 2017

Taking reliability and independence factors into consideration, 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 2017, thus proposing the company to the board of directors for their consideration and to the annual shareholders' meeting 2017 for their approval.



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

Report of the Corporate Governance Committee

On 31 August 2016, Internet Thailand Public Company Limited appointed the Corporate Governance Committee to oversee the compliance with the rules, regulations and policies enforced on the Company, as well as to generate the sustainable value to the business which represents the responsibility to the Shareholders and Stakeholders of the Company. As of 31 December 2016, the Corporate Governance Committee consisted of 3 members including 1 director, 1 independent director and 1 executive director as follows;

- | | |
|---|--|
| 1. Dr. Thaweesak Koanantakool | Director and Vice Chairman of the Executive Board Member of the Risk Management Committee Member of the Managing Director Assessment Committee Chairman of the Corporate Governance Committee |
| 2. Ms. Narumol Wangsatorntanakun | Independent Director and Member of the Audit Committee Member of the Nomination and Remuneration Committee Member of the Corporate Governance Committee |
| 3. Mrs. Morragot Kulatumyotin | Director, Executive Director and Member of the Risk Management Committee Member of the Corporate Governance Committee and Managing Director Acting Company Secretary |

In the year 2016, the Corporate Governance Committee perform its duties under the charter and authorities as assigned by the Board of Directors by holding 2 meetings (each of which is attended by all members) to consider the important matters according to the duties and responsibilities assigned by the Board of Director. The summary is as follows;

1. Consider the Charter of Corporate Governance Committee
2. Consider the Code of Conduct Manual
3. Consider the Policy on Complaint and Whistle-Blowing of Misconduct and Corruption



(Dr. Thaweesak Koanantakool)
Chairman of the Corporate Governance Committee

Management Discussion and Analysis

INET is a one-stop provider of ICT infrastructure services, whose services range from internet access and co-location to cloud solutions. Nowadays, organizations are incorporating digital technologies into their business strategies to enhance their competitiveness, allowing the Company's cloud services to successfully find continued growth.

The Company has been providing cloud solutions for five years, currently certified with ISO/IEC 27001:2015 security standard and ISO 20000-1:2011 information management and cloud solutions standards, which are a guarantee that clients will receive quality services with high security. In addition, the Company is the first in Thailand to have achieved the certification from Cloud Security Alliance – Security, Trust & Assurance Registry (CSA-STAR), which is the industry's most powerful program for security assurance in the cloud. These indicate the Company's readiness and capability to run the business, in addition to the fact that the Company has gained trust from its clients which are large organizations and the number of clients is increasing. The Company is offering free trials to a number of organizations as well.

Company's Performances

In 2016, the Company had total revenue of 1,001.36 million baht, an increase of 60.47% compared to the year 2015 with the increase of main revenues from Cloud Solutions Services, which has a growth rate increase of 77% compared to the previous year. Revenue from EDC Network Pool Service and Co-Location Service still have a steadily increasing growth rate, rising 22% and 21% respectively. Higher revenues brought about a variable increase of costs of sales and services by 46.78% compared to the year 2015.

Due to the recognition of depreciation increasing from the capitalization of the number of projects under construction during the year, the Company's gross margin decreased from 26.17% in 2015 to 22.91% in 2016, while cost of sales and management increased from the previous year accounting for by 90.82% as the Company had further invested in human resources to support the business expansion in 2017. For the increase of the finance cost, it resulted from the investment in new equipment to improve INET Data Centers (INET-IDC) and networking systems for more stability and security of international standards. Overall, in 2016 the company had a net profit of 84.37 million baht, up from the 39.11 million baht as of the previous year, or 45.26 million baht profit increased with net profit of 8.43% of total revenue

The Company did not have a burden of income tax expense for the year 2016 due to retained loss. The income tax expense recorded in the financial statements for the year ended 31 December 2016 resulted from the deferred tax of temporary differences which the Company has followed the Accounting Standard Act 12 Income Tax.

Revenue from Services and Sales

The Company's total revenue for the year 2016 accounted for 1,001.36 million baht divided into revenue from services and sales of 857.51 million baht and other income of 143.85 million baht. Revenue from services and sales was categorized as the table below. The main revenue was from Cloud Solutions Service in the proportion of 50% with the growth rate increase of 77% compared to the year 2015, which is in accordance with the Company's strategy to focus on providing services in terms of IaaS (Infrastructure as a Service) with the emphasis on Cloud Solutions Service on huge internationally standardized Infrastructure.

Operating Revenue Proportion

| | |
|--------------------------|-----|
| Cloud Solutions Service | 50% |
| Internet Access Service | 18% |
| Co-Location Service | 17% |
| Other Service | 12% |
| EDC Network Pool Service | 3% |

Costs of Goods Sold and Services Rendered

In 2016, the Company's total cost of goods sold and services rendered was 661.02 million baht, a 46.78% increase from the previous year, going up in the same direction with the Company's increased income. The major part of the increased cost came from depreciation that occurred when the newly completed project was taken into account as an asset.

Selling and Administrative Expenses

In 2016, the Company's selling and administrative expenses increased by 90.82% due to the increased number of employees and purchasing of new equipment to sustain the growth of the business.

Net Profit/Loss

For consolidated financial statements, the net profit for the year 2016 was 84.37 million baht increasing by 45.26 million baht from 39.11 million baht of the year 2015.

For the separate financial statements, the net profit for the year 2016 was 83.06 million baht increasing by 60.44 million baht from 22.62 million baht of the year 2015. According to the profit from sale of investment in an associated company amounting to 127.83 million baht, the retained earnings increased by 74.66 million baht from the year 2015. The retained earnings as of 31 December 2016 amounted to 85.68 million baht.

Statement of Financial Position

Assets

At the end of 2016, the Company's asset was worth 2,588.72 million baht in total, an increase of 1,404.77 million baht or 118.65% from the previous year. Important details are as follows.

Investments in securities available for sale increased by 212.93 million baht or equivalent to 7,482.63 percent due to the increase of investments.

Cash and cash equivalents increased by 205.58 million baht or equivalent to 2,460.67 percent due to sum from the capital increase.

Current assets increased by 42.01 million baht or 266.58 percent due to the increase of VAT accounts receivable incurred by the higher VAT the Company paid for further investments.

Liabilities

At the end of the year 2016, the Company had total liabilities of 1,236.15 million baht, divided into current liabilities of 865.75 million baht or 63.96 percent and non-current liabilities of 370.40 million baht or 140.26 percent of total liabilities.

The Company's bank overdraft and short-term loan increased from the previous year due to further investments for business expansion, with the loan being secured by bank deposits. The financial lease liabilities also increased due to the fact that the Company has invested more in improving IDC and purchasing more network equipment to improve its range and quality of services. The lease contract has a 3-to-5-year term.

Shareholders

At the end of 2015, the Company's shares were worth 1,352.57 million baht. Of this number, paid-in capitals made up 500 million baht, the premium on common stocks 770 million baht, and legal reserve 10.92 million baht. Increasing from 2015 since the Company has increased the registered capital during the year. The Company had retained earnings of 72.85 million baht and 85.68 million baht according to the consolidated financial statements and the Company's financial statements, respectively. The book value was 3.76 baht per share and 3.80 baht per share (with the par value of 1 baht per share) according to the consolidated financial statements and the Company's financial statements, respectively.

Statement of Cash Flow

At the end of 2016, the Company had the net cash inflow of 213.93 million baht, 8.35 million baht of which was the cash inflow as at the beginning of the year and another 205.58 million baht was the increase during the year. The cash inflow during the year from operations of 84.99 million baht decreased by 4.34% from the year 2015 due to the increase of interest expenses from the financial leasing contracts while the cash outflow from investments was 599.90 million baht increasing by 537.39 million baht from the year 2015. The Company had net cash from financing activities amounted to 720.49 million baht which was gained from the Company's capital increase.

| Financial Ratio | 2014 | 2015 | 2016 |
|---|-------|-------|--------|
| Liquidity Ratios | | | |
| Current Ratio (times) | 0.28 | 0.27 | 0.77 |
| Quick Ratio (times) | 0.22 | 0.23 | 0.70 |
| Activity Ratios | | | |
| Account Receivable Turnover (times) | 6.45 | 6.62 | 5.95 |
| Collection Period (days) | 57 | 55 | 61 |
| Fixed Asset Turnover (times) | 0.90 | 0.89 | 0.85 |
| Asset Turnover (times) | 0.53 | 0.56 | 0.53 |
| Financial Policy Ratios | | | |
| Debt-to-Equity Ratio (times) | 1.28 | 1.36 | 0.91 |
| Debt-to-Asset Ratio (times) | 0.56 | 0.58 | 0.48 |
| Dividend Payout Ratio (%) ¹ | N/A | 9.59 | 33.60 |
| Profitability Ratio | | | |
| Gross Profit Margin (%) | 22.17 | 26.17 | 22.91 |
| Operating Income Margin (%) | 2.65 | 8.75 | 12.92 |
| Net Profit Margin (%) | -1.46 | 6.27 | 8.43 |
| Return on Assets (%) | -0.78 | 3.49 | 4.47 |
| Return on Equity (%) | -1.57 | 8.11 | 9.10 |
| Per Share Informations | | | |
| Book value per share (Baht) | 1.85 | 2.01 | 3.76 |
| Earnings (Loss) per share (Baht) ¹ | -0.03 | 0.16 | 0.23 |
| Dividend per share (Baht) | N/A | 0.015 | 0.0789 |

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

From the financial ratio table, in 2016, the Company's liquidity ratio was close to that of the previous year, and debt to equity ratio decreased compared to the last year as the Company has increased its registered capital in the year. According to the investments in INET Data Centers (INET-IDC) and network equipment to continuously improve customer services, the Company used funds from financial institutions by further entering into financing contracts.

From this investment, the Company has gained the confidence of its customers which resulted in a significant increase of total revenue of 60.47% compared to the previous year. The overall profitability ratio increased as well.

The gross margin narrowed from 26.17% of the year 2015 to 22.91% in the year 2016 due to the higher depreciation from the capitalization of several projects. The increase of net profit margin from 6.27% in the year 2015 to 12.92% in the year 2016 allowed the Company to pay dividends from its 2016 operating results with a dividend payout ratio of 33.60% at the rate of 0.0789 baht per share, totaling 39.45 million baht.

From an overview of improved performance, it resulted in a higher dividend payout ratio and lower debt to equity ratio from 1.36 times to 0.91 times in 2016.

Report of the Board of Director's responsibilities for Financial Statement


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, 2016. The Company's auditor conducted his audits and expressed an opinion on the financial statement 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)

Independent Auditor's Report

To the Shareholders of Internet Thailand Public Company Limited

Opinion

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, 2016, and the related consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and note to the financial statements and a summary of significant accounting policies.

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 its subsidiaries, and of Internet Thailand Public Company Limited, respectively, as at December 31, 2016, and the consolidated and separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Investments in assets of the Project

Risk

As described in Note to Financial Statements No. 18, during the year the Company invested in assets totaling Baht 1,061.44 million. Cost of assets consists of construction costs of the building and the IT infrastructure systems, equipment and other direct costs, the cost of site dismantlement, and capitalized borrowing costs. Management must establish a policy to separate the components of the assets, and must estimate the useful life of each asset component for the calculation of depreciation. Capitalization of the expenditures as costs for the project depends on the nature of the particular expenditure, relevance of the project, and the appropriateness of the amount of related capital expenditure. The determination of the useful life of the asset for the calculation of the depreciation requires judgment by Management.

Auditor's Response

- I gained an understanding of the internal control related to payments under the construction contract, processes of construction inspection, including all relevant authorizations.
- selected significant items in order to:
 - a) verify the amounts with the contracts and/or evidence supporting the payments;
 - b) verify the appropriateness of the capitalized other direct cost and borrowing cost, as well as the capitalization period, if any;
 - c) compare the significant items with the project budget;
 - d) consider the appropriateness of the estimated costs of site dismantlement and discount rate used by the Company to generate the estimated liability on site dismantlement;
 - e) verify the separation of significant components in the fixed asset register;
 - f) verify the reasonableness of the estimated useful life of each component asset as compared to those in the same industry or similar assets.

Other Information

Management is responsible for the other information. The other information comprises the information contained in Annual Report for the year 2016 but does not include the consolidated and separate financial statements and the auditor's report thereon. The Annual report for the year 2016 is expected to be made available to the auditor after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for the correction.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, and matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. A description of an audit is provided in the attached Appendix.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Yuttapong Chuamuangpan)
Certified Public Accountant Registration Number 9445
ANS Audit Company Limited
Bangkok, February 27, 2017

Financial Statements

INTERNET THAILAND PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Statements of financial position As at December 31, 2016

| | | Unit : Baht | | | |
|---|------------|-----------------------------------|---------------|-------------------------------|---------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | Notes | 2016 | 2015 | 2016 | 2015 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 6 | 213,934,385 | 8,354,618 | 132,737,000 | 2,966,411 |
| Investments in available-for-sale securities - net | 7 | 215,771,666 | 2,845,604 | 215,771,666 | 2,845,604 |
| Trade and other receivables - net | 5.8 | 177,926,966 | 110,426,994 | 208,939,052 | 135,417,510 |
| Current portion of finance lease receivables | | | | | |
| Receivable from and loan to unrelated party - net | 5.9 | - | - | 3,433,617 | 3,608,453 |
| Inventories - net | 10 | - | - | - | - |
| Other current assets | 11 | 149,657 | 1,559,100 | - | 53,974 |
| Total current assets | 5, 12 | 60,740,200 | 18,733,351 | 58,594,343 | 16,094,923 |
| | | 668,522,874 | 141,919,667 | 619,475,678 | 160,986,875 |
| Non-current assets | | | | | |
| Pledged deposits with financial institutions | 13, 21, 24 | 66,708,087 | 114,379,364 | 66,708,087 | 114,379,364 |
| Finance lease receivables - net | 5, 9 | - | - | 8,655,688 | 12,535,292 |
| Withholding tax receivable | | 71,055,011 | 63,609,897 | 66,693,396 | 60,950,246 |
| Investments in joint venture | 14 | 2,460,723 | - | 2,499,995 | - |
| Investments in associated company | 15 | 52,550,465 | 39,344,407 | 30,602,000 | 39,999,900 |
| Investments in subsidiary | 16 | - | - | 94,999,960 | 28,249,960 |
| Deferred maintenance and services for equipment - net | 17 | 17,369,888 | - | 17,369,888 | - |
| Property, leasehold improvements and equipment - net | 18 | 1,611,551,664 | 750,075,198 | 1,598,942,685 | 741,392,286 |
| Intangible assets - net | 19 | 79,724,012 | 49,538,914 | 70,975,702 | 40,526,677 |
| Deferred income tax assets - net | 20 | - | 7,800,930 | - | 7,800,930 |
| Other non-current assets | | 18,779,378 | 17,284,940 | 18,644,965 | 17,282,137 |
| Total non-current assets | | 1,920,199,228 | 1,042,033,650 | 1,976,092,366 | 1,063,116,792 |
| Total assets | | 2,588,722,102 | 1,183,953,317 | 2,595,568,044 | 1,224,103,667 |

Internet Thailand Public Company Limited and Subsidiaries

Statements of financial position As at December 31, 2016

| | Notes | Unit : Baht | | | |
|--|-------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | 2016 | 2015 | 2016 | 2015 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts and short-term loans from financial institutions | 21 | 445,755,115 | 264,439,809 | 445,755,115 | 264,439,809 |
| Trade and other payables | 5, 22 | 243,469,741 | 123,683,937 | 240,745,745 | 128,882,414 |
| Unearned service income | | 8,303,480 | 10,074,709 | 8,020,297 | 9,827,519 |
| Current portion of liabilities under financial lease agreements | 23 | 136,468,393 | 94,000,524 | 136,468,393 | 94,000,524 |
| Current portion of long-term loan from financial institutions | 24 | - | 22,308,000 | - | 22,308,000 |
| Other current liabilities | | 31,756,486 | 13,518,962 | 30,620,481 | 12,420,196 |
| Total current liabilities | | 865,753,215 | 528,025,941 | 861,610,031 | 531,878,462 |
| Non-current liabilities | | | | | |
| Liabilities under financial lease agreements - net | 23 | 352,488,052 | 119,049,669 | 352,488,052 | 119,049,669 |
| Long-term loan from financial institutions - net | 24 | - | 27,425,382 | - | 27,425,382 |
| Employee benefit obligations | 25 | 10,704,029 | 7,485,146 | 10,109,605 | 6,654,105 |
| Deferred tax liabilities - net | 20 | 6,996,860 | - | 6,996,860 | - |
| Other liabilities | | 206,997 | 206,997 | 206,997 | 206,997 |
| Total non-current liabilities | | 370,395,938 | 154,167,194 | 369,801,514 | 153,336,153 |
| Total liabilities | | 1,236,149,153 | 682,193,135 | 1,231,411,545 | 685,214,615 |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Registered | | | | | |
| 512,541,598 ordinary shares, at Baht 1 each in 2016 | 26 | <u>512,541,598</u> | | <u>512,541,598</u> | |
| 333,333,333 ordinary shares, at Baht 1 each in 2015 | | | <u>333,333,333</u> | | <u>333,333,333</u> |
| Issued and paid-up | | | | | |
| 500,041,575 ordinary shares, at Baht 1 each | 26 | 500,041,575 | | 500,041,575 | |
| 250,020,799 ordinary shares, at Baht 1 each | | | 250,020,799 | | 250,020,799 |
| Share premium | 26 | 770,205,508 | 272,133,956 | 770,205,508 | 272,133,956 |
| Deficit from business combination under common control of associated company | 15 | (11,759,096) | (19,208,121) | - | - |
| Retained earnings (deficit) | | | | | |
| Appropriated - Legal reserve | 27 | 10,921,073 | 6,794,299 | 10,921,073 | 6,794,299 |
| Unappropriated | | 72,848,437 | (376,6205) | 85,679,190 | 11,020,744 |
| Other components of shareholders' equity | | 10,246,843 | (4,214,546) | (2,690,847) | (1,080,746) |
| Total shareholders' equity attributable to owners of parent | | 1,352,504,340 | 501,760,182 | 1,364,156,499 | 538,889,052 |
| Non-controlling interests | | 68,609 | - | - | - |
| Total shareholders' equity | | 1,352,572,949 | 501,760,182 | 1,364,156,499 | 538,889,052 |
| Total liabilities and shareholders' equity | | 2,588,722,102 | 1,183,953,317 | 2,595,568,044 | 1,224,103,667 |

Internet Thailand Public Company Limited and Subsidiaries

Statements of profit or loss and other comprehensive income For the year ended December 31, 2016

| | | Unit : Baht | | | |
|--|-------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | Notes | 2016 | 2015 | 2016 | 2015 |
| | 5, 30 | | | | |
| Revenue from services | | 853,651,179 | 598,403,722 | 843,990,464 | 586,034,364 |
| Revenue from sales | | 3,859,016 | 11,558,919 | 1,477,100 | 7,485,800 |
| Cost of services | | (657,134,029) | (441,677,864) | (665,987,382) | (443,986,185) |
| Cost of sales | | (3,883,900) | (8,669,133) | (1,353,857) | (5,928,335) |
| Gross profit | | 196,492,266 | 159,615,644 | 178,126,325 | 143,605,644 |
| Dividend income | | - | - | 14,240,000 | 3,600,000 |
| Gain on sales of investment in associates company | 15 | 121,832,820 | - | 127,827,050 | - |
| Other income | | 22,021,618 | 14,076,258 | 23,793,461 | 17,227,502 |
| Profit before operating expenses | | 340,346,704 | 173,691,902 | 343,986,836 | 164,433,146 |
| Selling expenses | | (84,965,260) | (50,347,766) | (78,949,240) | (46,658,203) |
| Administrative expenses | | (144,622,138) | (69,966,007) | (136,953,449) | (64,576,464) |
| Total expenses | | (229,587,398) | (120,313,773) | (215,902,689) | (111,234,667) |
| Profit before share of profit (loss) | | | | | |
| from associated company and joint venture | | 110,759,306 | 53,378,129 | 128,084,147 | 53,198,479 |
| Share of loss from investment in joint venture | 14 | (39,272) | - | - | - |
| Share of profit from investment in associated company | 15 | 19,317,673 | 16,314,162 | - | - |
| Profit before finance costs and income tax | | 130,037,707 | 69,692,291 | 128,084,147 | 53,198,479 |
| Finance costs | | (29,697,631) | (23,589,934) | (29,697,631) | (23,589,934) |
| Profit before income tax | | 100,340,076 | 46,102,357 | 98,386,516 | 29,608,545 |
| Income tax expenses | 20 | (15,971,522) | (6,990,205) | (15,330,461) | (6,990,205) |
| Profit for the years | | 84,368,554 | 39,112,152 | 83,056,055 | 22,618,340 |
| Other comprehensive income: | | | | | |
| Items that will not be reclassified | | | | | |
| to profit or loss | | | | | |
| Defined benefit plan actuarial gain (loss) - net income tax | | 109,384 | (100,129) | (520,582) | 63,111 |
| Items that may be reclassified | | | | | |
| subsequently to profit or loss | | | | | |
| Gain (loss) on changes in value of | | | | | |
| available-for-sale investments - net income tax | 7 | (1,610,101) | (587,349) | (1,610,101) | (587,349) |
| Loss on changes in value of available-for-sale | | | | | |
| investments of associated company | | (606,449) | - | - | - |
| Gain on Changes in shareholding in associated company | 15 | 16,677,939 | - | - | - |
| Other comprehensive income (loss) for the years - net | | 14,570,773 | (687,478) | (2,130,683) | (524,238) |
| Total comprehensive income for the years | | 98,939,327 | 38,424,674 | 80,925,372 | 22,094,102 |
| Profit (loss) attributable to: | | | | | |
| Equity holders of the Company | | 84,382,285 | 39,112,152 | 83,056,055 | 22,618,340 |
| Non-controlling interests of the subsidiary | | (13,731) | - | - | - |
| | | 84,368,554 | 39,112,152 | 83,056,055 | 22,618,340 |
| Total comprehensive income (loss) attributable to | | | | | |
| Equity holders of the Company | | 98,953,058 | 38,424,674 | 809,253,712 | 22,094,102 |
| Non-controlling interests of the subsidiary | | (13,731) | - | - | - |
| | | 98,939,327 | 38,424,674 | 80,925,372 | 22,094,102 |
| Basic earnings per share (Baht) | | | | | |
| | | 0.23 | 0.16 | 0.23 | 0.09 |
| Weighted average number of issued and fully paid-up | | | | | |
| common shares (shares) | | | | | |
| | | 359,319,499 | 250,020,799 | 359,319,499 | 250,020,799 |

Internet Thailand Public Company Limited and Subsidiaries

Unit : Baht

Consolidated financial statements

Statements of changes in shareholders' equity For the year ended December 31, 2016

Other components of shareholders' equity

Other comprehensive income

| Notes | Issued and Paid-Up Share Capital | Share premium | Deficit on business combination | | Retained earnings (deficit) | | Defined benefit plan actuarial gain (loss) | Gain (loss) on investment - available for sale revaluation | Gain (loss) on change in shareholding in associated company | Total other components of shareholders' equity of the subsidiary | Total shareholders' equity |
|--|--|------------------|------------------------------------|-----------------------------|-------------------------------------|----------------|--|--|---|---|----------------------------------|
| | | | common of associated company | under control company | Appropriated to legal reserve | Unappropriated | | | | | |
| Balance as at January 1, 2015 | 250,020,799 | 272,133,956 | (19,208,121) | (19,208,121) | 25,492,427 | (61,476,356) | - | (493,397) | (3,133,800) | (3,627,197) | 463,335,508 |
| Recorded legal reserve to settle the deficit | - | - | - | - | (19,278,168) | 19,278,168 | - | - | - | - | - |
| Legal reserve | - | - | - | - | 580,040 | (580,040) | - | - | - | - | - |
| Total comprehensive income (loss) for the year | - | - | - | - | - | 39,112,152 | (100,129) | (587,349) | - | (687,478) | 38,424,674 |
| Transfer to retained earnings | - | - | - | - | - | (100,129) | 100,129 | - | - | 100,129 | - |
| Balance as at December 31, 2015 | 250,020,799 | 272,133,956 | (19,208,121) | (19,208,121) | 6,794,299 | (3,766,205) | - | (1,080,746) | (3,133,800) | (4,214,546) | 501,760,182 |
| Share capital increased | 250,020,776 | 498,071,552 | - | - | - | - | - | - | - | - | 748,092,328 |
| Deficit on business combination under common control in associated company | - | - | - | - | - | - | - | - | - | - | - |
| decreased from change in shareholding in associated company | - | - | - | 7,449,025 | - | - | - | - | - | - | 7,449,025 |
| Legal reserve | - | - | - | - | 4,126,774 | (4,126,774) | - | - | - | - | - |
| Dividend paid | - | - | - | - | - | (3,750,253) | - | - | - | - | (3,750,253) |
| Increase in non-controlling interests of the subsidiaries | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income (loss) for the year | - | - | - | - | - | 84,382,285 | 109,384 | (1,610,101) | 16,677,939 | 14,570,773 | 98,939,327 |
| Transfer to retained earnings | - | - | - | - | - | 109,384 | (109,384) | - | - | (109,384) | - |
| Balance as at December 31, 2016 | 500,041,575 | 770,205,508 | (11,759,096) | (11,759,096) | 10,921,073 | 72,848,437 | - | (2,690,847) | 13,544,139 | 10,246,843 | 1,352,572,949 |

Internet Thailand Public Company Limited

Statements of changes in shareholders' equity
For the year ended December 31, 2016

| Unit : Baht | | | | | | | | | | | |
|--|--|------------------|-------------------------------------|----------------|--|---|--|---------------|--|--|--|
| Separate financial statements | | | | | | | | | | | |
| Other components of shareholders' equity | | | | | | | | | | | |
| Other comprehensive income | | | | | | | | | | | |
| Notes | Issued and Paid-Up Share Capital | Share premium | Retained earnings (deficit) | | Defined benefit plan actuarial gain (loss) | Gain (loss) on investment – available for sale revaluation | Total other components of shareholders' equity | | | | |
| | | | Appropriated to legal reserve | Unappropriated | | | | | | | |
| Balance as at January 1, 2015 | | | | | | | | | | | |
| 27 | 250,020,799 | 272,133,956 | 25,492,427 | (30,358,835) | - | (493,397) | (493,397) | 516,794,950 | | | |
| 27 | - | - | (19,278,168) | 19,278,168 | - | - | - | - | | | |
| | - | - | 580,040 | (580,040) | - | - | - | - | | | |
| | - | - | - | 22,618,340 | 63,111 | (587,349) | (524,238) | 22,094,102 | | | |
| | - | - | - | 63,111 | (63,111) | - | (63,111) | - | | | |
| Balance as at December 31, 2015 | | | | | | | | | | | |
| 26 | 250,020,776 | 498,071,552 | - | - | - | - | - | 748,092,328 | | | |
| 27 | - | - | 4,126,774 | (4,126,774) | - | - | - | - | | | |
| 28 | - | - | - | (3,750,253) | - | - | - | (3,750,253) | | | |
| | - | - | - | - | (520,582) | (1,610,101) | (2,130,683) | 80,925,372 | | | |
| | - | - | - | (520,582) | 520,582 | - | 520,582 | - | | | |
| Balance as at December 31, 2016 | | | | | | | | | | | |
| | 500,041,575 | 770,205,508 | 10,921,073 | 85,679,190 | - | (2,690,847) | (2,690,847) | 1,364,156,499 | | | |

Internet Thailand Public Company Limited and Subsidiaries

Statements of Cash Flows

For the year ended December 31, 2016

| | Unit : Baht | | | |
|---|-----------------------------------|-------------------|-------------------------------|-------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Cash flows from operating activities | 100,340,076 | 46,102,357 | 98,386,516 | 29,608,545 |
| Profit before income tax | | | | |
| Adjustments to reconcile profit before tax | | | | |
| to net cash flows from (used in) operating activities: | | | | |
| Share of loss from investment in joint venture | 39,272 | - | - | - |
| Gain on sales of investment in associates company | (121,832,820) | - | (127,827,050) | - |
| Share of profit from associated company | (19,317,673) | (16,314,162) | - | - |
| Dividend income | - | - | (14,240,000) | (3,600,000) |
| Depreciation and amortization | 181,616,345 | 109,489,091 | 177,580,301 | 107,667,132 |
| (Reversal) Allowance for doubtful accounts | (318,962) | 1,578,296 | (318,962) | 1,578,296 |
| Bad debt | 128,490 | - | 128,490 | - |
| Gain on sales of investments in available for sale securities | (158,320) | - | (158,320) | - |
| Gain on sales of assets | (3,710,024) | (384,599) | (3,710,024) | (1,974,199) |
| Reversal of provision for litigation loss | - | (3,492,115) | - | (3,492,115) |
| Estimated employee benefit obligations | 3,198,121 | 1,510,753 | 2,804,772 | 1,371,150 |
| Interest income | (2,985,965) | (1,996,934) | (3,973,642) | (3,276,266) |
| Interest expenses | 29,697,631 | 23,589,934 | 29,697,631 | 23,589,934 |
| Profit from operating activities before changes | | | | |
| in operating assets and liabilities | 166,696,171 | 160,082,621 | 158,389,712 | 151,472,477 |
| Operating assets (increased) decreased | | | | |
| Trade and other receivables | (66,492,074) | (38,157,107) | (72,442,027) | (47,982,358) |
| Finance lease receivables | - | - | 4,054,440 | 3,356,254 |
| Inventories | 1,409,443 | 2,708,538 | 53,974 | 442,920 |
| Other current assets | (42,006,849) | 4,647,423 | (42,499,420) | 3,990,499 |
| Deferred maintenance and services for equipment | (17,369,888) | - | (17,369,888) | - |
| Other non-current assets | (1,494,438) | (1,058,967) | (1,362,828) | (1,058,966) |
| Operating liabilities increased (decreased) | | | | |
| Trade and other payables | 39,252,362 | (9,768,090) | 30,599,329 | (875,545) |
| Unearned service income | (1,771,229) | 3,469,158 | (1,870,222) | 3,370,133 |
| Other current liabilities | 18,237,524 | 570,222 | 18,200,285 | (42,904) |
| Cash from operating activities | 96,461,022 | 122,493,798 | 75,796,355 | 112,672,510 |
| Cash received on interest income | 2,168,539 | 2,099,719 | 3,084,599 | 3,004,681 |
| Cash paid for interest expenses | (5,553,670) | (23,589,934) | (5,533,670) | (23,589,934) |
| Cash paid for corporate income tax | (8,086,175) | (12,158,697) | (5,743,150) | (10,854,883) |
| Net cash from operating activities | 84,989,716 | 88,844,886 | 67,584,134 | 81,232,374 |

Internet Thailand Public Company Limited and Subsidiaries

Statements of Cash Flows

For the year ended December 31, 2016

| | Unit : Baht | | | |
|---|-----------------------------------|---------------------|-------------------------------|---------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Cash flows from investing activities | | | | |
| (Increased) decreased in pledged deposits with financial institutions | 47,671,277 | 5,440,483 | 47,671,277 | 5,440,483 |
| Cash received from sales of available for sale securities | 20,127,855 | - | 20,127,855 | - |
| Increased in investment in available for sales securities | (234,908,223) | - | (234,908,223) | - |
| Cash paid for investment in joint venture | (2,499,995) | - | (2,499,995) | - |
| Cash received from sales of investment in associates company | 137,224,950 | - | 137,224,950 | - |
| Cash paid for investment in subsidiary | - | - | (66,750,000) | - |
| Dividend received | 14,240,000 | 3,600,000 | 14,240,000 | 3,600,000 |
| Cash paid for purchases of equipment | (543,925,303) | (53,315,351) | (536,595,643) | (51,055,638) |
| Cash received from equipment sales | 5,880,000 | 611,215 | 5,880,000 | 611,215 |
| Cash paid for intangible assets | (43,707,744) | (18,845,400) | (42,608,660) | (16,845,400) |
| Net cash used in investing activities | (599,897,183) | (62,509,053) | (658,218,439) | (58,249,340) |
| Cash flows from financing activities: | | | | |
| Net decreased in bank overdrafts | 170,453,842 | 22,436,958 | 170,453,842 | 22,436,958 |
| and short-term loans from financial institutions | (144,657,641) | (45,860,398) | (144,657,641) | (45,860,398) |
| Cash payments for financial lease agreements | (49,733,382) | (19,014,673) | (49,733,382) | (19,014,673) |
| Cash payments for long-term loan from financial institutions | 748,092,328 | - | 748,092,328 | - |
| Cash received from increase in share capital | (3,750,253) | - | (3,750,253) | - |
| Dividend paid increase in non-controlling interests | 82,340 | - | - | - |
| Net cash from (used in) financing activities | 720,484,234 | (42,438,113) | 720,404,894 | (42,438,113) |
| Net cash and cash equivalents increased (decreased) | 205,579,767 | (16,102,280) | 129,770,589 | (19,455,079) |
| Cash and cash equivalents at the beginning of the year | 8,354,618 | 24,456,898 | 2,966,411 | 22,421,490 |
| Cash and cash equivalents at the end of the year | 213,934,385 | 8,354,618 | 132,737,000 | 2,966,411 |
| Supplemental disclosures of cash flows information | | | | |
| Non-cash transaction: | | | | |
| Payables for purchase of assets increase (decreased) | 80,533,442 | 5,957,046 | 81,264,002 | 5,735,236 |
| Assets increased from financial lease agreements | 407,281,396 | 134,016,335 | 407,281,396 | 134,016,335 |
| Receivables for sale of assets increase | - | - | - | 3,000,000 |
| Investment in subsidiary increased from settlement by finance lease receivables | - | - | - | 23,250,000 |

INTERNET THAILAND PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

1. General Information

Internet Thailand Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is listed on the Stock Exchange of Thailand on November 14, 2001 and conducting the provision of internet access services (“Access business”) and integrated services in relation to information and communication technologies (“Business solutions”). 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 Financial Reporting Standards (“TFRS”) 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 financial statements are presented in compliance with 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 Thai language and are expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant in the Thai language, an English translation of the Thai version of the financial statements is provided.

The accompanying financial statements are prepared on the historical cost basis, except as disclosed in respective accounting policies.

The preparation of the financial statements in conformity with Thai Financial Reporting Standard 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, or 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, 2016 and 2015, is as follows:

| Name of subsidiary | Business type | % Equity interest owned by the Company | | Paid-up capital (Million baht) | |
|--|--|--|-------|--------------------------------|-------|
| | | 2016 | 2015 | 2016 | 2015 |
| <u>The subsidiary held by company.</u> | | | | | |
| Mandala Communications Co., Ltd. | Provision of telecommunication services including other related services | 99.99 | 99.99 | 95.00 | 28.25 |
| <u>The subsidiary held by Mandala Communications Co., Ltd.</u> | | | | | |
| Thai Dot Com Co., Ltd. | Provision and development of electronics system | 99.97 | 99.97 | 1.00 | 0.25 |
| <u>The subsidiary held by Mandala Communications Co., Ltd.</u> | | | | | |
| Thai Starter Dot Com Co., Ltd. | Facilities management services for computer | 18.00 | - | 20.00 | - |

The financial statements of Thai Starter Dot Com Co., Ltd. are included in the consolidated financial statements since there are common directors and the Company has control over the financial and operating policies of Thai Starter Dot Com Co., Ltd.

Subsidiaries are 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 subsidiaries are prepared using the same significant accounting policies as the company.

New financial reporting standards

1) Financial reporting standards that became effective in the current year

During the year, the Group have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting 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 standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

2) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting 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 standards.

The management of the Group believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint venture, and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

The accounting standard no effect in the consolidated financial statements, because of the assessment of the management of the Group to choose recognized the investment under the cost method in the separate financial statements as previously.

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 revenues 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.

The Group recognizes revenue from service contracts with a term on a straight line basis over the term of the contracts. Unearned revenue is presented as deferred service income.

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 dividend income

Interest income is recognized on 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 that 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.

Finance lease receivables

Finance lease receivables are stated at outstanding balances net of 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 revenue, 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 Group 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 Group 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 Group 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 Group 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.

Deferred maintenance services for equipments

Deferred maintenance services for equipments are amortized to as expenses according to the terms of the agreements of 3 – 5 years.

Property, leasehold improvements and equipment

Property, leasehold improvements 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 life:

| Types of assets | Years |
|-----------------------|---------|
| Leasehold improvement | 3 to 10 |
| Network equipment | 5 to 10 |
| Computer equipment | 5 |
| Office equipment | 5 |
| Motor vehicles | 5 |

Property, construction in progress and assets under installation are stated at cost and no depreciation is provided.

Depreciation method, useful life and the residual value will be reviewed at the end of the accounting period and is adjusted if appropriate.

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 Group'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 prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate prevailing 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 Group 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 Group 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 Group 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

The Group recognizes salaries, wages, bonuses and contributions to the social security fund are recognized as expenses when incurred.

Post-employment benefits

- **Defined contribution plans**

The Group and its employees have jointly established a provident fund. The Group and its employees contribute to the fund on a monthly basis. The fund's assets are held in a separate trust fund and the Group's contributions are recognized as expenses when incurred.

- **Defined benefit plans**

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group 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 rates, future salary increase rates, staff turnover rates, mortality rates, and inflation rates.

When the actuarial assumptions are changed, the Group recognized actuarial gains or losses in the other comprehensive income for the period in which they arise.

Provision

Provisions are recognized when the Group 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 expenses represent 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**

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

Basic earnings (loss) per share

Basic earnings (loss) per share are 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.

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 have 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 Group 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 are 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.

Leasehold improvement, equipment and depreciation

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

In addition, the management is required to review leasehold improvement and equipment for impairment on a periodic 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 Group’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 rates, future salary increase rates, mortality rate and staff turnover rates.

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 be incurred. Therefore, it recorded contingent liabilities with estimated future loss.

5. Related parties transactions

The followings present relationships with enterprises and individuals that control or are controlled by the Company, whether directly or indirectly, or have common directors or shareholders with the Company.

| Related parties | Nature of relationships | % Equity interest owned by the Company | |
|--|---|--|-------|
| | | 2016 | 2015 |
| The National Science and Technology Development Agency ("NSTDA") | The company's shareholders and common directors | - | - |
| CAT Telecom Public Company Limited ("CAT Telecom") | The company's shareholders and common directors | - | - |
| TOT Public Company Limited ("TOT") | The company's shareholders and common directors | - | - |
| Mandala Communications Co., Ltd. | Subsidiary company | 99.99 | 99.99 |
| Thai Dot Com Co., Ltd. | Subsidiary company | 99.97 | 99.97 |
| Thai Starter Dot Com Co., Ltd. | Subsidiary company | 18.00 | - |
| Netbay PLC. | Associated company | 15.30 | 24.99 |
| INET Managed Services Co., Ltd. | Joint Venture | 49.99 | - |

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, 2016 and 2015, the significant transactions with related parties can be summarized as follows:

| Unit: Baht | | | | | |
|-----------------------------------|-----------------------------------|------------|-------------------------------|------------|--|
| | Consolidated financial statements | | Separate financial statements | | Pricing policy |
| | 2016 | 2015 | 2016 | 2015 | |
| Transactions with related parties | | | | | |
| For the years ended December 31, | | | | | |
| Subsidiary Company | | | | | |
| Revenue from services | - | - | 22,431,630 | 15,238,079 | Cost plus profit and agreed contract price |
| Other income | - | - | 668,808 | 1,872,236 | Cost plus profit and agreed contract price |
| Interest income | - | - | 1,041,547 | 1,293,746 | According to a finance lease agreement |
| Rental equipment supply | - | - | 31,176,269 | 24,130,885 | Cost plus profit and agreed contract price |
| Service expenses | - | - | 7,771,026 | 720,000 | Cost plus profit and agreed contract price |
| Joint Venture | | | | | |
| Revenue from services | 722,241 | - | 722,241 | - | Cost plus profit and agreed contract price |
| Associated company | | | | | |
| Revenue from services | 5,545,356 | 12,189,229 | 5,545,356 | 12,189,229 | Market price |
| Dividend income | - | - | 14,240,000 | 3,600,000 | As declared by associated company |
| Related companies | | | | | |
| Revenue from services | 6,603,278 | 4,375,704 | 6,603,278 | 4,375,704 | Market price |
| Service expense | 58,662,913 | 62,678,053 | 58,662,913 | 62,678,053 | Market price |
| Dividend paid | 1,837,500 | - | 1,837,500 | - | As declared |

Significant balances with related parties as at December 31, 2016 and 2015 can be summarized as follows:

| | Unit: Baht | | | |
|--|-----------------------------------|-------------------|-------------------------------|-------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Trade and other receivables - related parties | | | | |
| Subsidiary company | - | - | 38,161,561 | 31,724,381 |
| Joint Venture | 456,159 | - | 456,159 | - |
| Associated company | 1,379,523 | 3,074,929 | 1,379,523 | 3,074,929 |
| Related company (The Company's shareholder) | 2,829,607 | 2,687,480 | 2,829,607 | 2,687,480 |
| Total trade and other receivables - related parties | 4,665,289 | 5,762,409 | 42,826,850 | 37,486,790 |
| Finance lease receivables - related parties | | | | |
| Subsidiary company | - | - | 12,089,305 | 16,143,745 |
| Total Finance lease receivables - related parties | - | - | 12,089,305 | 16,143,745 |
| Accrued interest - related parties | | | | |
| Subsidiary company | - | - | 445,987 | 374,370 |
| Total accrued interest - related parties | - | - | 445,987 | 374,370 |
| Prepaid service expenses - related parties | | | | |
| Subsidiary company | - | - | 459,070 | 859,935 |
| Total prepaid service expenses - related parties | - | - | 459,070 | 859,935 |
| Trade and other payables - related parties | | | | |
| Trade payables | | | | |
| Subsidiary company | - | - | 3,314,301 | 8,325,290 |
| Related company (The Company's shareholder) | 1,754,549 | 5,994,481 | 1,754,549 | 5,994,481 |
| Total trade payables | 1,754,549 | 5,994,481 | 5,068,850 | 14,319,771 |
| Accrued costs | | | | |
| Subsidiary company | - | - | 1,120,204 | 834,968 |
| Related company (The Company's shareholder) | 36,176,259 | 29,244,690 | 36,176,258 | 29,244,690 |
| Total accrued costs | 36,176,259 | 29,244,690 | 37,296,462 | 30,079,658 |
| Total trade and other payables - related parties | 37,930,808 | 35,239,171 | 42,365,312 | 44,399,429 |

Directors' and management's remuneration

Directors' and management's remuneration for the years ended December 31, 2016 and 2015 consist of the following:

| | Unit: Baht | | | |
|---|-----------------------------------|-------------------|-------------------------------|-------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Short-term employee benefits | 20,467,440 | 17,301,476 | 18,113,940 | 15,285,476 |
| Long-term post-employment benefits | 534,091 | 209,069 | 510,769 | 179,885 |
| Total directors' and management's remuneration | 21,001,531 | 17,510,545 | 18,624,709 | 15,465,361 |

6. Cash and cash equivalents

Cash and cash equivalents as at December 31, 2016 and 2015 can be summarized as follows:

| | Unit: Baht | | | |
|--------------------------------------|-----------------------------------|-----------|-------------------------------|-----------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Cash | 202,094 | 262,770 | 168,894 | 240,360 |
| Cash at banks - at call | 48,600,453 | 8,091,848 | 44,213,742 | 2,726,051 |
| Highly liquid short-term investments | 165,131,838 | - | 88,354,364 | - |
| Total cash and cash equivalents | 213,934,385 | 8,354,618 | 132,737,000 | 2,966,411 |

7. Investments in available for sale securities - net

Investments in available for sale securities as at December 31, 2016 and 2015 can be summarized as follows:

| | Unit: Baht | | | |
|--|--|-----------------------|------------------|-----------------------|
| | Consolidated and separate financial statements | | | |
| | 2016 | | 2015 | |
| | Cost price | Fair value Level 1 | Cost price | Fair value Level 1 |
| Investments in available-for-sale securities | | | | |
| Equity securities | 64,790,320 | 215,771,666 | 4,196,537 | 2,845,604 |
| Debt securities | 154,344,904 | - | - | - |
| Total investments in available-for-sale securities | 219,135,224 | 215,771,666 | 4,196,537 | 2,845,604 |
| Add : Unrealised loss on changes in values of investments | (3,363,558) | - | (1,350,933) | - |
| Investments in available-for-sale securities - net | 215,771,666 | 215,771,666 | 2,845,604 | 2,845,604 |

The table above analyses recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The levels applicable to the Group's investments are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets (Stock Exchange) for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: The information cannot be observed, for example information regarding estimate cash flows in the future by the Company.

The Company sold temporary investment with profit before tax, presented under "other income" in the statement of profit or loss for the year ended December 31, 2016 in amount to Baht 0.16 million.

8. Trade and other receivables – net

Trade and other receivables as at December 31, 2016 and 2015 can be summarized as follows:

| | Unit: Baht | | | |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Trade receivables | | | | |
| Trade receivable – related companies | 4,665,289 | 5,762,409 | 42,826,850 | 37,486,790 |
| Trade receivables – other companies | 176,336,773 | 110,433,186 | 170,299,242 | 103,324,951 |
| Total Trade receivables | 181,002,062 | 116,195,595 | 213,126,092 | 140,811,741 |
| Less: Allowance for doubtful Accounts | (6,532,940) | (6,723,412) | (6,532,940) | (6,723,412) |
| Total Trade receivables – net | 174,469,122 | 109,472,183 | 206,593,152 | 134,088,329 |
| Other receivables | | | | |
| Interest receivable | 1,663,575 | 846,149 | 2,109,562 | 1,220,519 |
| Advance payment for shares | 1,250,000 | - | - | - |
| Other receivables | 544,269 | 108,662 | 236,338 | 108,662 |
| Total Other receivables | 3,457,844 | 954,811 | 2,345,900 | 1,329,181 |
| Total trade and other receivables – net | 177,926,966 | 110,426,994 | 208,939,052 | 135,417,510 |

On December 29, 2016, Mandala Communications Co., Ltd., the subsidiary has entered into a letter of the warrant to purchase ordinary shares of Community Information Co., Ltd. of Baht 10 per share, totaling 500,000 shares, in the total amount of Baht 5 million. The Company already paid 25% of the investment, which is presented in the consolidated financial statements under advance payment for shares. Such company registered the increase share capital with the Ministry of Commerce on January 27, 2017. The Company interest is 25 percent of the total share capital. This is considered as the associated company.

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

| | Unit: Baht | | | |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2559 | 2558 | 2559 | 2558 |
| Trade receivables – related companies | | | | |
| Not yet due | 652,442 | 1,112,326 | 5,226,401 | 4,579,086 |
| Past due | | | | |
| Not over 3 months | 680,083 | - | 5,500,540 | 5,155,509 |
| Over 3 months but not ov | - | - | 5,668,789 | 4,543,060 |
| Over 6 months but not over 12 months | 2,247 | 1,043,037 | 11,234,026 | 16,916,641 |
| Over 12 months | 3,330,517 | 2,287,480 | 13,972,000 | 6,287,480 |
| Unbilled receivables – related companies | | | | |
| Not over 3 months | - | 1,319,566 | 1,225,094 | 5,014 |
| Total trade receivables – related companies | 4,665,289 | 5,762,409 | 42,826,850 | 37,486,790 |
| Trade receivables – other company | | | | |
| Not yet due | 82,696,083 | 86,252,896 | 80,418,086 | 81,867,769 |
| Past due | | | | |
| Not over 3 months | 28,917,047 | 10,418,133 | 26,727,375 | 9,568,924 |
| Over 3 months but not over 6 months | 3,279,556 | 896,946 | 3,279,557 | 794,226 |
| Over 6 months but not over 12 months | 363,062 | 191,484 | 363,062 | 185,064 |
| Over 12 months | 7,682,898 | 5,624,190 | 7,670,058 | 5,551,430 |
| Unbilled receivables – others | 52,613,127 | 6,208,862 | 51,056,104 | 4,516,863 |
| Not over 3 months | 785,000 | - | 785,000 | - |
| Over 3 months but not over 6 months | - | 840,675 | - | 840,675 |
| Total trade receivables – other company | 176,336,773 | 110,433,186 | 170,299,242 | 103,324,951 |
| Total trade receivables | 181,002,062 | 116,195,595 | 213,126,092 | 140,811,741 |

As at December 31, 2016 and 2015, a portion of 12-month overdue receivables, which has not yet been provided for the allowance for doubtful accounts, represents amount due to TOT Public Company Limited of Baht 2.29 million and amount due to Mandala Communications Company Limited of Baht 10.40 million and Baht 4.00 million, respectively. The management is in the process of following-up on these receivables and believes that they will finally be recovered.

9. Finance lease receivables

Finance lease receivables as at December 31, 2016 and 2015 can be summarized as follows:

| | Unit: Baht | | | |
|---|-----------------------------------|------------------|-------------------------------|-------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Due within 1 year | | | | |
| Minimum to be received within one year | 1,224,000 | 1,224,000 | 5,874,000 | 5,874,000 |
| Deferred interest income | - | - | (1,216,383) | (1,041,547) |
| Present value of minimum payment | 1,224,000 | 1,224,000 | 4,657,617 | 4,832,453 |
| Due over 1 year but not over 4 years | | | | |
| Minimum to be received longer than one year | - | - | 9,300,000 | 13,950,000 |
| Deferred interest income | - | - | (644,312) | (1,414,708) |
| Financial lease receivables - net of current portion | - | - | 8,655,688 | 12,535,292 |
| Less Allowance for doubtful Accounts | (1,224,000) | (1,224,000) | (1,224,000) | (1,224,000) |
| Financial lease receivables - net | - | - | 12,089,305 | 16,143,745 |

On December 29, 2014, the Company entered into a business purchase agreement for online recruitment with Mandala Communications Co., Ltd, a subsidiary company, for Baht 46.50 million whereby Mandala Communications Co., Ltd. agreed to pay the cost of the assets of Baht 23.25 million, by issuing 2.325 million new shares at a price of 10 Baht each to the Company. The remaining of Baht 23.25 million will be paid in annual installments without interest of Baht 4.65 million each on June 30th of every year, until December 31, 2019. The installments will begin being paid on June 30, 2015. If the buyer fails to pay the cost of the assets, the Company is entitled to charge the interest at the rate of 7.5 percent per annum for the unpaid balance until full settlement.

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, 2016 and 2015, 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 Court of appeal ruled in favor of the Company. However, the borrower and the guarantor has filed a petition to the Supreme Court. The Supreme Court also ruled in favor of the Company. At present, the case is 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 – net

Inventories as at December 31, 2016 and 2015 can be summarized as follows:

| | Unit: Baht | | | |
|---|-----------------------------------|-----------|-------------------------------|----------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2559 | 2558 | 2559 | 2558 |
| Finished goods | 208,312 | 1,563,781 | 58,655 | 58,655 |
| Work in process | - | 53,974 | - | 53,974 |
| Total inventories | 208,312 | 1,617,755 | 58,655 | 112,629 |
| Less : Allowance for obsolete inventories | (58,655) | (58,655) | (58,655) | (58,655) |
| Total inventories – net | 149,657 | 1,559,100 | - | 53,974 |

12. Other current assets

Other current assets as at December 31, 2016 and 2015 can be summarized as follows:

| | Unit: Baht | | | |
|-----------------------------------|-----------------------------------|------------|-------------------------------|------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Unclaimed input tax | 12,324,231 | 3,808,454 | 9,737,087 | 2,380,978 |
| Revenue Department receivable | 27,800,573 | 1,625,968 | 27,782,790 | - |
| Prepaid expenses | 16,755,477 | 13,093,596 | 17,214,547 | 13,508,618 |
| Receivables – Customs | 3,713,779 | - | 3,713,779 | - |
| Other | 146,140 | 205,333 | 146,140 | 205,327 |
| Total other current assets | 60,740,200 | 18,733,351 | 58,594,343 | 16,094,923 |

13. Pledged deposits at financial institutions

As at December 31, 2016 and 2015, deposits with banks amounting to Baht 66.71 million and Baht 114.38 million, respectively, were pledged as collateral for bank overdrafts and letters of guarantee issued by the banks (Notes 21 and 24).

14. Investments in joint venture

Investments in joint venture as at December 31, 2016 and 2015, consisted of:

| Company name | Nature of business | Ownership % | Nature of business | Unit: Baht | | | |
|---------------------------------|---|-------------|--------------------|---|------|---------------------------------------|------|
| | | | | Consolidated financial statements | | Separate financial statements | |
| | | | | Carrying amounts based on equity method | | Carrying amounts based on cost method | |
| | | | | 2016 | 2015 | 2016 | 2015 |
| INET Managed Services Co., Ltd. | Information technology design, development and management | (%) | | | | | |
| | | 49.99 | | | | | |
| | | - | 5,000,000 | 2,460,723 | - | 2,499,995 | - |
| | | | | 2,460,723 | - | 2,499,995 | - |

Summarized financial information of joint venture

Financial information of the joint venture is summarized below:

| Company name | Unit: Baht บาท/ล้านบาท | | | |
|---------------------------------|------------------------------------|------|---|------|
| | Total assets as at December 31, | | Total liabilities as at December 31, | |
| | 2016 | 2015 | 2016 | 2015 |
| INET Managed Services Co., Ltd. | 5,515,571 | - | 594,115 | - |
| | 5,515,571 | - | 594,115 | - |
| | 5,515,571 | - | 594,115 | - |

| Company name | Unit: Baht บาท/ล้านบาท | | | |
|---------------------------------|--|------|--|------|
| | Total revenues for the years ended December 31, | | Net income for the years for the years ended December 31, | |
| | 2016 | 2015 | 2016 | 2015 |
| INET Managed Services Co., Ltd. | 919,882 | - | (78,544) | - |
| | 919,882 | - | (78,544) | - |
| | 919,882 | - | (78,544) | - |

During the year ended December 31, 2016, the Company acquired 999,998 ordinary shares in INET Managed Services Co., Ltd. at Baht 2.50 per share totaling Baht 2.50 million. The acquisition resulted the Company holding a 49.99 percent of the registered capital and the share subscription is fully paid-up.

During the year ended December 31, 2016, the Company has recognized its share of loss from investment in joint venture of Baht 0.04 million.

The carrying value of investments in joint venture is recognized in the consolidated financial statements as at December 31, 2016, is as follows.

| | Unit : Baht |
|--|-------------|
| Current assets | 5,499,300 |
| Non-current assets | 16,271 |
| Current liabilities | (594,115) |
| Non-current liabilities | - |
| Net assets of the joint venture | 4,921,456 |
| Investments (%) | 49.99% |
| Proportion of equity interest in the joint venture company - net | 24,60,723 |



15. Investments in associated company

Investments in associated company as at December 31, 2016 and 2015 can be summarized as follows:

| Company's name | Nature of business | Ownership % | Unit: Baht | | | | | | | |
|----------------|---|-------------|-----------------|----------|-----------------------------------|-------------|-------------------------------|------------|------------|------------|
| | | | Paid-up capital | | Consolidated financial statements | | Separate financial statements | | | |
| | | | 2016 (%) | 2015 (%) | 2016 | 2015 | 2016 | 2015 | | |
| Netbay PLC. | Provision and development of electronics system | 15.30 | | | 200,000,000 | 160,000,000 | 52,550,465 | 39,344,407 | 30,602,000 | 39,999,900 |
| | | 24.99 (%) | | | | | | | | |
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Summarized financial information of associated company

Financial information of the associated company is summarized below.

| Company's name | Unit: Baht | | | | | | | |
|----------------|------------------------------------|-------------|---|------------|--|-------------|--|------------|
| | Total assets as at December 31, | | Total liabilities as at December 31, | | Total revenues for the years ended December 31, | | Net income for the years for the years ended December 31, | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Netbay PLC. | 468,809,328 | 251,081,386 | 125,364,684 | 93,661,223 | 277,090,975 | 225,220,893 | 87,642,981 | 65,272,968 |
| | 468,809,328 | 251,081,386 | 125,364,684 | 93,661,223 | 277,090,975 | 225,220,893 | 87,642,981 | 65,272,968 |

Share of profit and dividend received

During the years ended December 31, 2016 and 2015, 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 associated company | | Dividend income | |
| | 2016 | 2015 | 2016 | 2015 |
| Netbay PLC. | 19,317,673 | 16,314,162 | 14,240,000 | 3,600,000 |

On June 13, 2016, the associated company offered shares to the initial public offering (IPO). The Company did not follow the offering. As a result, the Company's interest is reduced from 24.99 percent to 20.00 percent. The Company had recorded a gain from change of shareholding in associated company of Baht 20.31 million as other comprehensive income in the consolidated financial statement and reduced losses on business combinations under common control of Baht 3.84 million in the consolidated statement of changes in shareholders' equity.

During the year 2016, the Company disposed part of its shares in the associated company to public through financial institutions of 9.40 million shares. The Company had recorded a gain on sales of investment in associated company in consolidated and separate financial statements for the year ended December 31, 2016 in amount of Baht 121.83 million and Baht 127.83 million, respectively. As a result, the Company's interest is reduced from 20 percent to 15.30 percent. The Company recorded a loss from change of shareholding in associated company of Baht 3.63 million as other comprehensive income in the consolidated financial statement and reduced losses on business combinations under common control of Baht 3.61 million in the consolidated statement of changes in shareholders' equity.

The carrying values of investments in associated company are recognized in the consolidated financial statements as at December 31, 2016 and 2015, follows:

| | Unit : Thousand Baht | |
|---|----------------------|----------|
| | 2016 | 2015 |
| Current assets | 357,255 | 212,904 |
| Non-current assets | 111,555 | 38,178 |
| Current liabilities | (107,397) | (81,368) |
| Non-current liabilities | (17,968) | (12,293) |
| Net assets of the associated company | 343,445 | 157,421 |
| Investments (%) | 15.30% | 24.99% |
| Proportion of equity interest in the associated company - net | 52,550 | 39,344 |

16. Investments in subsidiary

Investments in subsidiary as at December 31, 2016 and 2015 can be summarized as follows:

| Company's name | Separate financial statements | | | | | |
|----------------------------------|-------------------------------|-------|-----------------|------------|------------|------------|
| | Ownership % | | Paid-up capital | | Unit: Baht | |
| | | | | | Cost | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Mandala Communications Co., Ltd. | 99.99 | 99.99 | 94,999,960 | 28,250,000 | 94,999,960 | 28,249,960 |
| | | | | | 94,999,960 | 28,249,960 |

During the year ended December 31, 2016, the Company purchased the increased shares capital of Mandala Communication Co., Ltd. of Baht 10 per share, totaling 6.675 million shares, in the total amount of Baht 66.75 million.

During the year ended December 31, 2015, Mandala Communications Co., Ltd. has issued the additional ordinary shares of 2.325 million shares at Baht 10 per share totaling of Baht 23.25 million to pay the costs of the assets on Online Recruitment (Note 9).

17. Deferred maintenance services for equipment

Deferred maintenance services for equipment as at December 31, 2016 can be summarized as follows:

| Deferred maintenance services for equipment due to amortized within 1 year | Unit : Baht |
|--|---------------------------|
| Deferred maintenance services for equipment due to amortized over 1 years | Consolidated and separate |
| Total deferred maintenance services for equipment | financial statements |
| | 7,932,397 |
| | 9,437,491 |
| | 17,369,888 |

18. Property, leasehold improvements and equipment – net

Property, leasehold improvements and equipment as at December 31, 2016 can be summarized as follows:

| | Unit: Baht | | | |
|---------------------------------|-----------------------------------|--------------------------|--------------------|----------------------------|
| | Consolidated financial statements | | | |
| | As at January 1, 2016 | Movement during the year | | As at December 31, 2016 |
| | | Increase | Decrease | |
| Cost | | | | |
| Land | - | 19,182,727 | - | 19,182,727 |
| Leasehold improvements | 148,284,634 | 17,128,316 | - | 165,412,950 |
| Network equipment | 709,420,096 | 226,240,764 | 6,150,000 | 929,510,860 |
| Computers | 10,290,268 | 10,897,927 | 13,290 | 21,174,905 |
| Office equipment | 35,615,027 | 7,733,500 | - | 43,348,527 |
| Motor vehicles | 3,227,940 | - | - | 3,227,940 |
| Building under construction | - | 210,885,889 | - | 210,885,889 |
| Assets under installation | 73,630,646 | 800,720,283 | 224,751,348 | 649,599,581 |
| Total | 980,468,611 | 1,292,789,406 | 230,914,638 | 2,042,343,379 |
| Accumulated depreciation | | | | |
| Leasehold improvements | 36,680,859 | 28,911,977 | - | 65,592,836 |
| Network equipment | 162,323,449 | 132,519,348 | 3,992,856 | 290,849,941 |
| Computers | 5,640,634 | 2,535,428 | 458 | 8,175,604 |
| Office equipment | 25,090,863 | 3,479,943 | - | 28,570,806 |
| Motor vehicles | 657,608 | 647,003 | - | 1,304,611 |
| Total | 230,393,413 | 168,093,699 | 3,993,314 | 394,493,798 |
| Allowance for impairment | | | | |
| Network equipment | - | 36,297,917 | - | 36,297,917 |
| Total | - | 36,297,917 | - | 36,297,917 |
| Net booked value | 750,075,198 | | | 1,611,551,664 |

| | Unit: Baht | | | |
|---------------------------------|-------------------------------|--------------------------|--------------------|----------------------------|
| | Separate financial statements | | | |
| | As at January 1, 2016 | Movement during the year | | As at December 31, 2016 |
| | | Increase | Decrease | |
| Cost | | | | |
| Land | - | 19,182,727 | - | 19,182,727 |
| Leasehold improvements | 148,284,634 | 17,128,316 | - | 165,412,950 |
| Network equipment | 699,795,010 | 219,733,164 | 6,150,000 | 913,378,174 |
| Computers | 10,144,269 | 10,806,427 | 13,290 | 20,937,406 |
| Office equipment | 35,615,027 | 7,733,500 | - | 43,348,527 |
| Motor vehicles | 3,227,940 | - | - | 3,227,940 |
| Building under construction | - | 210,885,889 | - | 210,885,889 |
| Assets under installation | 73,630,646 | 800,720,283 | 224,751,348 | 649,599,581 |
| Total | 1,181,583,415 | 1,286,190,306 | 230,914,638 | 2,025,973,194 |
| Accumulated depreciation | | | | |
| Leasehold improvements | 36,680,858 | 28,911,977 | - | 65,592,835 |
| Network equipment | 161,356,747 | 129,885,942 | 3,992,856 | 287,249,833 |
| Computers | 5,519,164 | 2,495,801 | 458 | 8,014,507 |
| Office equipment | 25,090,863 | 3,479,943 | - | 28,570,806 |
| Motor vehicles | 657,608 | 647,003 | - | 1,304,611 |
| Total | 229,305,240 | 165,420,666 | 3,993,314 | 390,732,592 |
| Allowance for impairment | | | | |
| Network equipment | - | 36,297,917 | - | 36,297,917 |
| Total | - | 36,297,917 | - | 36,297,917 |
| Net booked value | 952,278,175 | | | 1,598,942,685 |

Depreciation for the years ended December 31, 2016 and 2015, in the consolidated financial statements of Baht 168.09 million and Baht 102.31 million, respectively, and in the separate financial statements of Baht 165.42 million and Baht 101.67 million, respectively, are included in the statements of profit or loss.

As at December 31, 2016 and 2015, the Group had leasehold improvements, equipment and motor vehicles amounting to Baht 42.44 million and Baht 39.50 million, respectively, and the Company had leasehold improvements, equipment and motor vehicles amounting to Baht 42.30 million and Baht 39.47 million, respectively, are fully depreciated but are still in use.

As at December 31, 2016, the management of the Company considers allowance for impairment of the network equipment, in full amount because the bid failed.

Finance cost capitalized as equipment under development:

| | Unit : Baht | |
|---------------------------------------|--|------|
| | Consolidated and separate financial statements | |
| | 2016 | 2015 |
| Capitalised interest on part of loans | | |
| from financial institutions | 4554372 | - |
| Capitalisation rate (%) | 3.61 – 4.40 | - |

19. Intangible assets – net

Intangible assets as at December 31, 2016 can be summarized as follows:

| | Unit: Baht | | | |
|--|-----------------------------------|--------------------------|------------|-------------------|
| | Consolidated financial statements | | | |
| | As at | Movement during the year | | As at |
| | January 1, 2016 | Increase | Decrease | December 31, 2016 |
| Cost | | | | |
| Computer software | 74,024,949 | 36,469,713 | - | 110,494,662 |
| Computer software under development | 7,478,500 | 40,041,583 | 32,803,552 | 14,716,531 |
| Accumulated amortization | (31,964,535) | (13,522,646) | - | (45,487,181) |
| Intangible assets – net | 49,538,914 | | | 79,724,012 |

| | Unit: Baht | | | |
|--------------------------|-------------------------------|--------------------------|------------|-------------------|
| | Separate financial statements | | | |
| | As at | Movement during the year | | As at |
| | January 1, 2016 | Increase | Decrease | December 31, 2016 |
| Cost | | | | |
| Computer software | 65,365,390 | 33,612,525 | - | 98,977,915 |
| Computer software | | | | |
| under development | 5,878,500 | 39,799,687 | 30,803,552 | 14,874,635 |
| Accumulated amortization | (30,717,213) | (12,159,635) | - | (42,876,848) |
| Intangible assets - net | 40,526,677 | | | 70,975,702 |

Amortization for the years ended December 31, 2016 and 2015, in the consolidated financial statements of Baht 13.52 million and Baht 7.18 million, respectively, and in the separate financial statements of Baht 12.16 million and Baht 6.00 million, respectively, are included in the statements of profit or loss.

20. Deferred tax assets and liabilities – net

Movements in deferred tax assets and liabilities during years ended December 31, 2016 were as follows:

| | Unit: Baht | | | |
|---|--|------------------------------|----------------|-------------------|
| | Consolidated and separate financial statements | | | |
| | | Movement increase (decrease) | | |
| | As at | Other comprehensive | | As at |
| | January 1, 2016 | Profit or loss | income or loss | December 31, 2016 |
| Deferred tax assets : | | | | |
| Trade and other receivables | 9,261,792 | (38,095) | - | 9,223,697 |
| Accrued gratuities | 1,824 | - | - | 1,824 |
| Inventories | 11,731 | - | - | 11,731 |
| Employee benefit obligations | 1,330,820 | 560,955 | 130,146 | 2,021,921 |
| Tax losses | 11,552,440 | (6,312,838) | - | 5,239,602 |
| Property, leasehold improvements and equipment (allowance for impairment) | - | 1,861,993 | | 1,861,993 |
| | 22,158,607 | (3,927,985) | 130,146 | 18,360,768 |
| Total deferred tax assets | | | | |
| Deferred tax liabilities : | | | | |
| Unrealised profit on changes in values of investments | (270,187) | - | (402,525) | (672,712) |
| Property, leasehold improvements and equipment (depreciation) | 14,627,864 | 11,402,476 | - | 26,030,340 |
| | 14,357,677 | 11,402,476 | (402,525) | 25,357,628 |
| Total deferred tax liabilities | | | | |
| Deferred tax assets and liabilities - net | 7,800,930 | | | (6,996,860) |

Reconciliation of effective tax rate for the years ended December 31, 2016 and 2015 as follows:

| | Unit: Baht | | | |
|---|-----------------------------------|-------------|-------------------------------|------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Profit before income tax | 100,340,076 | 46,102,357 | 98,386,516 | 29,608,545 |
| Income tax rate | 20% | 20% | 20% | 20% |
| Current income tax expenses as tax rate | 20,068,015 | 9,220,471 | 19,677,303 | 5,921,709 |
| Non-deductible expenses by the Revenue Code | 5,991,552 | 6,000 | 5,825,855 | 6,000 |
| Double expenses by the Revenue Code | (4,323,166) | (166,559) | (4,304,691) | (166,559) |
| Dividend income | - | (33,990) | (2,848,000) | (753,990) |
| Share of profit from investment in associated company | (3,863,535) | (3,262,832) | - | - |
| Share of profit from investment in joint venture | 7,854 | - | - | - |
| Gain on sales of investment in associates company | 1,198,846 | - | - | - |
| Profit (loss) of inter-company transactions | (107,130) | (420,764) | - | - |
| Unutilized tax loss carry forward | 1,180,609 | 1,647,879 | 1,180,609 | 1,983,045 |
| Effect from promoted activities | (4,200,615) | - | (4,200,615) | - |
| Difference from income tax rate | 19,092 | - | - | - |
| Tax expenses | 15,971,522 | 6,990,205 | 15,330,461 | 6,990,205 |
| The average effective tax rate | 15.92% | 15.16% | 15.58% | 23.61% |

The Group used income tax rate of 20% for the calculation of corporate income tax for the years ended December 31, 2016 and 2015. According to the Royal Decree No. 577 B.E. 2557 dated November 10, 2014, the corporate income tax rate will continue at 20 % on net profit for the accounting periods beginning on January 1, 2015 to December 31, 2015 and according to the Revenue Code Amendment Act No. 42 B.E. 2559 which is effective from March 5, 2016 onwards, the corporate income tax is reduced from 30 % to 20% of net profit for accounting period beginning on or after January 1, 2016 onwards.

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

Bank overdraft and short-term loan from financial institutions as at December 31, 2016 and 2015 can be summarized as follows:

| | | Unit : Baht | |
|--|-------------|--|------|
| | | Consolidated and separate financial statements | |
| | | 2016 | 2015 |
| Bank overdraft | - | 65,182,159 | |
| Promissory note | - | 60,000,000 | |
| Bill of exchange | 450,000,000 | 140,000,000 | |
| Less: discount | (4,244,885) | (742,350) | |
| Bill of exchange – net | 445,755,115 | 139,257,650 | |
| Total bank overdraft and short-term loan from financial institutions | 445,755,115 | 264,439,809 | |

As at December 31, 2016 and 2015, the Company issued unsecured bills of exchange to specific investors in the total amount of Baht 450 million and Baht 140 million, respectively, through many financial institutions, appointed as a representative of the Company. The bills of exchange have a term of 90 – 183 days and bear interest at a fixed rate based on the interest rates in the future.

As at December 31, 2016 and 2015, the Company had the following credit lines from financial institutions:

| Unit: Baht | | | | |
|---------------------|-----------------------------------|--------|-------------------------------|--------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Bank overdraft | 75.00 | 101.00 | Market Rate ๓๖ MOR | Market Rate to MOR |
| Letter of guarantee | 67.00 | 67.00 | - | - |
| Promissory note | 60.00 | 90.00 | Market Rate ๓๖ MOR | Market Rate to MOR |
| Bill of exchange | 450.00 | 140.00 | Fixed rate | Fixed rate |

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

22. Trade and other payables

Trade and other payables as at December 31, 2016 and 2015 can be summarized as follows:

| | Unit: Baht | | | |
|---------------------------------------|-----------------------------------|--------------------|-------------------------------|--------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Trade payables | | | | |
| Trade payables - related companies | 37,930,808 | 35,239,171 | 42,365,312 | 44,399,429 |
| Trade payables - others | 68,609,120 | 52,168,045 | 65,416,375 | 48,912,688 |
| Total trade payables | 106,539,928 | 87,407,216 | 107,781,687 | 93,312,117 |
| Other payables | | | | |
| Payables for purchase assets | 94,314,455 | 13,781,013 | 94,314,455 | 13,050,453 |
| Other payables | 4,695,083 | 8,312,737 | 4,451,824 | 8,218,876 |
| Accrued expenses | 37,920,275 | 14,182,971 | 34,197,779 | 14,300,968 |
| Total other payables | 136,929,813 | 36,276,721 | 132,964,058 | 35,570,297 |
| Total trade and other payables | 243,469,741 | 123,683,937 | 240,745,745 | 128,882,414 |

23. Liabilities under financial lease agreement - net

Liabilities under financial lease agreements as at December 31, 2016 and 2015 can be summarized as follows:

| | Unit: Baht | | | |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2559 | 2558 | 2559 | 2558 |
| Due within 1 year | | | | |
| Minimum payments | 160,585,968 | 103,647,857 | 160,585,968 | 103,647,857 |
| Deferred interest | (24,117,575) | (9,647,333) | (24,117,575) | (9,647,333) |
| Present value of minimum payment | 136,468,393 | 94,000,524 | 136,468,393 | 94,000,524 |
| Due over 1 year but not over 5 years | | | | |
| Minimum payments | 387,246,747 | 127,824,437 | 387,246,747 | 127,824,437 |
| Deferred interest | (34,758,695) | (8,774,768) | (34,758,695) | (8,774,768) |
| Present value of minimum payment | 352,488,052 | 119,049,669 | 352,488,052 | 119,049,669 |
| Net book value of assets under financial leases | 657,837,305 | 301,711,633 | 657,837,305 | 301,711,633 |

The Company entered into lease agreements with a certain companies for operating network equipment. The leases agreements have the terms of one to five years and bear interest rates of 4.00% to 11.00% per annum.

24. Long-term loans from financial institution – net

Long-term loans from financial institution as at December 31, 2016 and 2015 can be summarized as follows:

| | Unit: Baht | |
|--|--|--------------|
| | Consolidated and separate financial statements | |
| | 2016 | 2015 |
| Long-term loans from financial institution | - | 49,733,382 |
| Less Current portion | - | (22,308,000) |
| Long-term loans from financial institution – net | - | 27,425,382 |

25. Employee benefit obligations

Movements of the present value of employee benefit obligations for the years ended December 31, 2016 and 2015, are as follows:

| | Unit: Baht | | | |
|---|-----------------------------------|-----------|-------------------------------|-----------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Employee benefit obligations beginning of the years | 7,485,146 | 5,890,042 | 6,654,105 | 5,361,844 |
| Included in profit or loss: | | | | |
| Current service costs | 2,981,219 | 1,275,151 | 2,596,412 | 1,156,676 |
| Cost of interest | 216,902 | 235,602 | 208,360 | 214,474 |
| Included in other comprehensive income: | | | | |
| Actuarial (gains) losses arising from | | | | |
| Financial assumptions changes | 1,230,733 | 84,351 | 1,127,859 | (78,889) |
| Experience adjustments | (1,209,971) | - | (477,131) | - |
| Employee benefit obligations ending of the years | 10,704,029 | 7,485,146 | 10,109,605 | 6,654,105 |

Employee benefit expenses for the years ended December 31, 2016 and 2015, as shown in the statements of profit or loss as follows:

| | Unit: Baht | | | |
|----------------------------------|-----------------------------------|-----------|-------------------------------|-----------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Costs of sales | 854,341 | 520,315 | 854,341 | 520,315 |
| Selling expenses | 466,949 | 327,309 | 466,949 | 327,309 |
| Administrative expenses | 1,876,831 | 663,129 | 1,483,482 | 523,526 |
| Total employee benefits expenses | 3,198,121 | 1,510,753 | 2,804,772 | 1,371,150 |

Principal actuarial assumptions at the valuation date are as follow:

| | (Percentage (%)/annum) | | | |
|-------------------------------------|--|---|--|---|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Discount rate for monthly salary | 3.4% - 3.51% | 4% | 3.4% | 4% |
| Future monthly salary increase rate | 6% | 5% | 6% | 5% |
| Mortality rate | 50% of Thai Mortality Ordinary Tables of 2008 | 100% of Thai Mortality Ordinary Tables of 2008 | 50% of Thai Mortality Ordinary Tables of 2008 | 100% of Thai Mortality Ordinary Tables of 2008 |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2016 are summarized below:

| Unit: Baht | | |
|---|-----------------------------------|-------------------------------|
| Change of the present value of the employee benefit obligations | | |
| | Consolidated financial statements | Separate financial statements |
| Discount rate | | |
| Increase 1% | 8,974,789 | 8,974,789 |
| Decrease 1% | 11,422,097 | 11,422,097 |
| Salary increase rate | | |
| Increase 1% | 11,405,906 | 11,405,906 |
| Decrease 1% | 8,966,605 | 8,966,605 |
| Turnover rate | | |
| Increase 10% | 9,536,343 | 9,536,343 |
| Decrease 10% | 10,780,734 | 10,780,734 |

As at December 31, 2016, the maturity analysis of undiscounted cash flows of benefit payments was as follows:

| Unit: Baht | | |
|---------------------------|-----------------------------------|-------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Within 1 year | - | - |
| Over 1 and up to 5 years | 17,047,659 | 17,047,659 |
| Over 5 and up to 10 years | 938,187,431 | 887,317,878 |

26. Share capital

During the year, there have been changes of registered share capital as follows:

On June 13, 2016, the Company's Extraordinary General Meeting of Shareholders No. 1/2016 passed the following resolutions:

- Approved the reduction of registered capital from Baht 333.33 million to Baht 250.02 million by cancelling 83,312,534 shares, at a par value of Baht 1 per share, totaling Baht 83.31 million. The Company registered the reduction of its capital with the Ministry of Commerce on June 21, 2016.
- Approved the increase of registered capital from Baht 250.02 million to Baht 512.54 million by issuing ordinary shares totaling 262,520,799 shares, at a par value of Baht 1 per share. This is to be offered to the existing shareholders of the Company in proportion to the number of shares each shareholder holding (Right offering) of 250,020,799 shares, at Baht 3 per share and to support the sale of new shares to persons who perform as director, executive and employees of the Company and/or its subsidiaries under ESOP INET 2016 Scheme amount 12,500,000 shares, at Baht 3 per share. The Company registered the increase of its capital with the Ministry of Commerce on June 22, 2016.

On July 22, 2016, the resolution of the Board of Directors Meeting 6/2016 has approved the allotment of new shares of 250,020,776 shares to the shareholders of the Company according to the proportion to the number of shares held by shareholders (Right Offering) at the price of Baht 3 each. The Company has received full payment and has registered an increase in paid-up capital with the Ministry of Commerce on July 25, 2016.

27. 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.

The resolution of Extraordinary Shareholders Meeting No. 1/2015 held on December 18, 2015, has approved the transfer of the legal reserve to clear the deficit of the company. According to the financial statement of the third quarter ended September 30, 2015 reviewed by the auditor, of Baht 19.28 million.

28. Dividend

The Ordinary Shareholders' Meeting of 2016, held on April 21, 2016, approved a dividend payment to existing shareholders from net profits for the year 2015 at the rate of Baht 0.015 per share, totaling Baht 3.75 million, and also approved that an additional Baht 0.58 million be appropriated to the legal reserve.

29. Expenses by nature

The Company's has significant expenses by nature for the years ended December 31, 2016 and 2015 are as follows:

| | Unit: Baht | | | |
|--------------------------------|-----------------------------------|-------------|-------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Rental expenses from operating | 86,227,332 | 69,313,212 | 85,801,082 | 69,073,212 |
| Salary and wages and other | | | | |
| employee benefits | 240,431,373 | 145,946,417 | 229,157,145 | 135,719,714 |
| Depreciation expenses | 168,093,699 | 102,308,359 | 165,420,666 | 101,672,036 |
| Amortisation expenses | 13,522,646 | 7,180,732 | 12,159,635 | 5,995,096 |

30. Operating Segment

The Group 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 Group for the years ended December 31, 2016 and 2015 can be set out below.

| | Unit: Baht | | | | | |
|--|-----------------|--------------------|---------------|-----------------|--------------------|---------------|
| | 2016 | | | 2015 | | |
| | Access business | Business solutions | Total | Access business | Business solutions | Total |
| Service income and sales | 152,647,134 | 704,863,061 | 857,510,195 | 129,665,151 | 480,297,490 | 609,962,641 |
| Cost of services and sales | (125,593,407) | (535,424,522) | (661,017,929) | (108,083,279) | (342,263,718) | (450,346,997) |
| Segment results | 270,537,270 | 169,438,539 | 196,492,266 | 21,581,872 | 138,033,772 | 159,615,644 |
| Gain on sales of investment in associates company | | | 121,832,820 | | | - |
| Other income | | | 22,021,618 | | | 14,076,258 |
| Selling expenses | | | (84,965,260) | | | (50,347,766) |
| Administrative expenses | | | (144,622,138) | | | (69,966,007) |
| Profit before share of profit (loss) from associated company and joint venture | | | 110,759,306 | | | 53,378,129 |
| Share of loss from investment in joint venture | | | (39,272) | | | - |
| Share of profit from an associate | | | 19,317,673 | | | 16,314,162 |
| Profit before finance costs and income tax expenses | | | 130,037,707 | | | 69,692,291 |
| Finance costs | | | (29,697,631) | | | (23,589,934) |
| Profit before income tax expenses | | | 100,340,076 | | | 46,102,357 |
| Income tax expenses | | | (15,971,522) | | | (6,990,205) |
| Profit for the years | 9,915,739 | 74,452,815 | 84,368,554 | 5,916,418 | 33,195,734 | 39,112,152 |

For the Group, no sales or other transactions occurred between the business segments. Since both business segments share the same revenue-generated assets and liabilities, the Group did not allocate costs of providing services and assets and liabilities used between these two business segments.

The Group has major customers for the years ended December 31, 2016 and 2015 a account of the revenues from the provision of telecommunication services including internet access services in amount of Baht 246.66 million and Baht 159.27 million, respectively.

The report showing the calculation of income allocated to the National Broadcasting and Telecommunication Commission by the Group for the years ended December 31, 2016 and 2015 are as follows.

| Unit: Baht | | |
|---|-------------|-------------|
| Consolidated and separate financial statements | | |
| | 2016 | 2015 |
| Revenue from telecommunications license type 1 | 373,879,439 | 263,097,665 |
| Revenue not related totelecommunications licenses | 479,771,740 | 335,306,057 |
| Total revenue from services | 853,651,179 | 598,403,722 |

31. Promotional privileges

The Company has Board of Investment promotion to engage in the activity of “Cloud Services” under Promotion Certificate No. 58-1841-1-00-2-0, dated July 7, 2015. The Company received the license from the Board of Investment to start operations as from May 19, 2015 and has obtained benefits and privileges under Sections 25, 26, 28, 31, 34 and 37 of the Investment Promotion Act B.E. 2520. Granted privileges include corporate income tax exemption for eight years on total net profit commencing from the date revenue if first derived from the operation, but not exceeding 100% of investment and excluding land and working capital. The Company received its first income from sales on November 2, 2015.

Revenue from services for the years ended December 31, 2016 and 2015 which are derived from BOI promoted activities, are in the amount of Baht 168.86 million and Baht 13.56 million, respectively.

32. Financial Instruments

32.1 Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables, loans, and notes receivable. The Group manages this risk by adopting appropriate credit control policies and procedures. As such, The Group does not expect to incur material financial losses. In addition, The Group 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.

32.2 Interest rate risk

The Group is exposed to significant interest rate risks relate primarily to bank deposits and short-term investments. Most of the interest rates that fluctuate based on market rates or a fixed rate with a maturity date after the date of the statement of financial position does not exceed one year. As the Group has a policy to deposit or invest in highly liquid instruments with a maturity not exceeding one year, the Group's interest rate risk is low.

Significant financial assets and liabilities classified by type of interest rate are as follows.

Unit : Thousand Baht
Consolidated financial statements as at December 31, 2016

| Description ^a | Notes | Floating interest rate | Fixed | No interest rate | Total |
|---|-------|---------------------------|---------|---------------------|---------|
| Financial asset | | | | | |
| Cash and cash equivalents | 6 | - | 213,732 | 202 | 213,934 |
| Investments in available-for-sale securities | 7 | - | 154,345 | 61,427 | 215,772 |
| Trade and other receivables | 8 | - | - | 177,927 | 177,927 |
| Restricted deposits at financial institutions | 13 | - | 66,708 | - | 66,708 |
| Financial liabilities | | | | | |
| Bank overdrafts and short-term loans | | | | | |
| from financial institutions | 21 | - | 445,755 | - | 445,755 |
| Trade and other payables | 22 | - | - | 243,470 | 243,470 |
| Liabilities under financial lease agreements | 23 | - | 488,956 | - | 488,956 |

Unit : Thousand Baht
Consolidated financial statements as at December 31, 2015

| Description | Notes | Floating interest rate | Fixed interest rates | No interest rate | Total |
|---|-------|---------------------------|-------------------------|---------------------|---------|
| Financial asset | | | | | |
| Cash and cash equivalents | 6 | - | 8,092 | 263 | 8,355 |
| Investments in available-for-sale securities | 7 | - | - | 2,846 | 2,846 |
| Trade and other receivables | 8 | - | - | 110,427 | 110,427 |
| Restricted deposits at financial institutions | 13 | - | 114,379 | - | 114,379 |
| Financial liabilities | | | | | |
| Bank overdrafts and short-term loans | | | | | |
| from financial institutions | 21 | 125,182 | 139,258 | - | 264,440 |
| Trade and other payables | 22 | - | - | 123,684 | 123,684 |
| Liabilities under financial lease agreements | 23 | - | 213,051 | - | 213,051 |
| Long-term loans from financial institutions | 24 | 49,733 | - | - | 49,733 |

For financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date, (if this occurs before the maturity date). From the date of the statement of financial position are as follows.

Unit : Thousand Baht
Consolidated financial statements as at December 31, 2016

| Description | Notes | Within 12 Month | Over 12 Month | Total | Interest rate |
|---|-------|-----------------|---------------|---------|----------------|
| Financial asset | | | | | |
| Cash and cash equivalents | 6 | 213,732 | - | 213,732 | 0.30% - 1.10% |
| Investments in available-for-sale securities | 7 | - | 154,345 | 154,345 | 2.22% - 4.60% |
| Restricted deposits at financial institutions | 13 | 66,708 | - | 66,708 | 0.85% - 1.5% |
| Financial liabilities | | | | | |
| Bank overdrafts and short-term loans | | | | | |
| from financial institutions | 21 | 445,755 | - | 445,755 | 3.61% - 4.40% |
| Liabilities under financial lease agreements | 23 | 136,468 | 352,488 | 488,956 | 4.00% - 11.00% |

Unit : Thousand Baht
Consolidated financial statements as at December 31, 2015

| Description | Notes | Within 12 Month | Over 12 Month | Total | Interest rate |
|---|-------|-----------------|---------------|---------|----------------|
| Financial asset | | | | | |
| Cash and cash equivalents | | | | | |
| Investments in available-for-sale securities | 6 | 8,092 | - | 8,092 | 0.20% - 0.50% |
| Restricted deposits at financial institutions | 13 | 11,4379 | - | 114,379 | 0.85% - 2.00% |
| Financial liabilities | | | | | |
| Bank overdrafts and short-term loans | | | | | |
| from financial institutions | 21 | 139,258 | - | 139,258 | 4.20% - 4.40% |
| Liabilities under financial lease agreements | 23 | 94,001 | 119,050 | 213,051 | 4.00% - 11.00% |

32.3 Foreign currency risk

The Group 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 Group 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.

32.4 Fair values

Since the majority of the Group'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.

32.5 Capital management

The primary objective of The Group'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 December 31, 2016 and 2015, total debt to equity ratio was 0.91:1 and 1.36:1, respectively in consolidated financial statements and was 0.90:1 and 1.27:1, respectively, in separate financial statement.

33. Commitments and contingent liabilities

33.1 Penalty from a service contract

As at December 31, 2016 and 2015, the Company had contingent liabilities from the penalty amounting to Baht 2.48 million under a service contract it entered with an associated company. The Company's management anticipates not having to make such payments and believes it will ultimately end the case without any penalty payment. As a result, the Company has not made any reserve in the consolidated and separate financial statements.

33.2 Commitments and contingent liabilities with financial institutions

As at December 31, 2016 and 2015, the Company has a commitment with a bank for letters of guarantee issued by that bank totaling Baht 50.93 million and Baht 33.10 million, respectively, which were guaranteed by pledged deposits at various financial institutions (Notes 13 and 21).

33.3 Operating lease commitments

The Group has commitments with regard to operating lease agreements with leasing terms of 1 - 30 years. As at December 31, 2016 and 2015, the Group has future obligations to make lease payments are as follows:

| | Unit: Million Baht | | | |
|--------------------------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Due within 1 year | 40.98 | 61.49 | 40.98 | 61.49 |
| Due over 1 year but not over 5 years | 32.63 | 28.92 | 32.63 | 28.92 |
| Over 5 years | 34.04 | 34.04 | 34.04 | 34.04 |
| Total | 107.65 | 124.45 | 107.65 | 124.45 |

During the year 2015, the Company entered into a land lease agreement with a company for a period of 30 years (January 1, 2016 to December 31, 2045) renewable within 60 days from the expiration date. The agreement is a operations lease and is non-terminable. As at December 31, 2015, the Company is obligated to pay a rental fee of Baht 1,077,700 per year. The rental fee will increase every three years at the rate of 5% of the value of the previous years. When the lease term ends, the Company is required to restore the lease space to its original condition so as to be available within 90 days of receiving notice from the lessor.

33.4 Agreements

As at December 31, 2016 and 2015, the Company was obligated to pay remaining costs of equipment in the amount of Baht 263.24 million and Baht 39.06 million, respectively.

As at December 31, 2016, the Company has a contractual obligation under construction agreements of buildings in the amount of Baht 28.61 million.

34. 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 on a monthly basis 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, 2016 and 2015 amounted to approximately Baht 6.57 million and Baht 4.61 million respectively, in the consolidated financial statements and amounted to Baht 6.13 million and Baht 4.40 million respectively, in the separated financial statements.

35. Event after the reporting period

Board of Directors' Meeting No. 2/2017, held on February 27, 2017, resolved pay a dividend from its operating result for the year ended December 31, 2016, for 500 million shares at the rate of Baht 0.0789 per share, amounting Baht 39.45 million. The dividend payments must be approved at the Annual General Meeting of the Company's shareholders.

36. Approval of interim financial statements

These financial statements have been approved for issuance by the Company's authorized director on February 27, 2017.

Brief Profile of Directors and Executives

| Name / Position / Date of appointment | Age (yrs) | Education / Training Program | Percentage of Share holding (%) | Relationship between directors and executives | Experiences during the past 5 years. | | |
|--|-----------------------------------|--|---|--|--------------------------------------|---|--|
| | | | | | Professional Experience | Position | Organization / Company |
| 1. Prof. Dr. Pairash Thajchayapong • Chairman of the Board of Directors • Chairman of Executive Committee • Authorised Director Date of appointment. : 28 August 2001 (Date of registered as a public limited company) | 72 | <u>Education</u> • Ph.D. Electronics and Computer Engineering University of Cambridge, United Kingdom <u>Training Program</u> • Director Certification Program (DCP) by Thai Institute of Directors (IOD) • Director Accreditation Program (DAP) by Thai Institute of Directors (IOD) | - | - | 2001 – present | • Chairman of the Board of Directors | • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited |
| | | | | | 2008 – present | • Chairman of Executive Committee | |
| | | | | | Other Listed Companies | | |
| | | | | | 2007 – present | • Director | • Kasikornbank Public Company Limited • Kasikornbank Public Company Limited • Netbay Public Company Limited |
| | | | | | 2008 – present | • Member of the Human Resources and Remuneration Committee | |
| | | | | | 2008 – present | • Chairman of the Board | |
| | | | | | Other Companies | | |
| | | | | | 2006 – present | • Executive Committee Member | • Wisdom wave Company Limited |
| | | | | | Other Organizations | | |
| | | | | | 2009 – present | • Chairman of Executive Committee | • Synchrotron Light Research Institute (Public Organization) • National Astronomical Research Institute of Thailand (Public Organization) • Hydro and Agro Informatics Institute (Public Organization) • National Science and Technology Development Agency, Ministry of Science and Technology • Suranaree University of Technology |
| 2009 – present | • Chairman of Executive Committee | | | | | | |
| 2009 – present | • Executive Committee Member | | | | | | |
| 2005 – present | • Senior Adviser | | | | | | |
| 2005 – present | • The University Board | | | | | | |

| Name / Position / Date of appointment | Age (yrs) | Education / Training Program | Percentage of Share holding (%) | Relationship between directors and executives | Experiences during the past 5 years. | | |
|---|--------------|---|---|--|--|---|--|
| | | | | | Professional Experience | Position | Organization / Company |
| 2. Dr. Thaweesak Koanantakool • Director • Vice Chairman of Executive Committee • Risk Management Committee Member • CEO Performance Review Committee • Corporate Governance Committee • Authorised Director Date of appointment. : 28 August 2001 (Date of registered as a public limited company) | 63 | <u>Education</u> • Ph.D. Digital Communications, Imperial College of Science and Technology, University of London, United Kingdom <u>Training Program</u> • Role of the Chairman Program (RCP) by Thai Institute of Directors (IOD) • Director Certification Program (DCP) by Thai Institute of Directors (IOD) | - | - | 2001 – present 2008 – present 2011 – present 2010 – present 2009 – 2010 2007 – 2011 2016 – Present | • Director • Vice Chairman of Executive Committee • Risk Management Committee Member • CEO Performance Review Committee Member • Adviser of CEO Performance Review Committee • Chairman of Risk Management Committee • Chairman of Corporate Governance Committee | • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited |
| | | | | | Other Listed Companies | | |
| | | | | | 2016 – Present | • Independent Director and Audit Committee Member | • Thai Siam Commercial Bank Public Company Limited |
| | | | | | Other Organizations | | |
| | | | | | 2010 – present 2006 – 2010 | • Director • Deputy Director | • National Science and Technology Development Agency • National Science and Technology Development Agency, Ministry of Science and Technology |
| | | | | | 2016 – Present | • Chairman of Corporate Governance Committee Member | • Internet Thailand Public Company Limited |
| | | | | | 2016 – Present | • Independent Director and Audit Committee Member | • Thai Siam Commercial Bank Public Company Limited |
| | | | | | <u>Position holding in other companies</u> • Corporate Governance Committee Member • Independent Director and Audit Committee Member | | |
| | | | | | | | |
| | | | | | | | |

| Name / Position / Date of appointment | Age (yrs) | Education / Training Program | Percentage of Share holding (%) | Relationship between directors and executives | Experiences during the past 5 years. | | |
|--|--------------|---|---|--|--------------------------------------|---|---|
| | | | | | Professional Experience | Position | Organization / Company |
| 3. Dr. Kamthon Waithayakul • Director • CEO Performance Review Committee Member Date of appointment. : 28 August 2001 (Date of registered as a public limited company) | 57 | <u>Education</u> • Diplome de Docteur, Computer , L'Universite Paris VI,France <u>Training Program</u> • Director Certification Program (DCP) by Thai Institute of Directors (IOD) • Financial Statements for Directors (FSD) by Thai Institute of Directors (IOD) | - | - | 2015 – present | • Director | • Internet Thailand Public Company Limited |
| | | | | | 2016 - present | • CEO Performance Review Committee Member | • Internet Thailand Public Company Limited |
| | | | | | Other Companies | | |
| | | | | | 2012 – present | • Senior Executive Vice President – Operations | • TOT Public Company Limited |
| | | | | | 2012 - 2014 | • Director | • Thai Longdistance Telecommunications Company Limited |
| | | | | | Other Organizations | | |
| | | | | | 2015 – present | • Director Dept.12 | • The Telecommunications Association of Thailand Under The Royal Patronage |
| | | | | | 2012 | • Adviser of Subcommittee Promote the Use of Scientification | • Senate |
| <u>Position holding in other companies</u> • CEO Performance Review Committee Member | | | | | 2016 - present | • CEO Performance Review Committee Member | • Internet Thailand Public Company Limited |

| Name / Position / Date of appointment | Age (yrs) | Education / Training Program | Percentage of Share holding (%) | Relationship between directors and executives | Experiences during the past 5 years. | | |
|--|--------------|--|---|--|--------------------------------------|---|--|
| | | | | | Professional Experience | Position | Organization / Company |
| | | | | | 2016 - present | • Director | • Internet Thailand Public Company Limited |
| 4.Dr. Apiruck Preschayasomboon • Director Date of appointment. : 13 June 2016 | 57 | <u>Education</u> • Ph.D. Electrical Engineering, Florida Atlantic University <u>Training Program</u> • Director Certification Program (DCP) by Thai Institute of Directors (IOD) • Financial Statements for Directors (FSD) by Thai Institute of Directors (IOD) • How to Develop a Risk Management Plan (HRP) by Thai Institute of Directors (IOD) | - | - | Other Organizations | | |
| | | | | | 2015 – present | • Executive Vice President of Fixed Line and Broadband Development Office | • TOT Public Company Limited |
| | | | | | 2013 – 2015 | • Executive Vice President of Corporate Strategy Office | • TOT Public Company Limited |
| | | | | | 2012 – 2013 | • Executive Vice President of Metropolitan Sale and Service 3 Office | • TOT Public Company Limited |
| | | | | | 2012 | • Vice President of Network Planning Department | • TOT Public Company Limited |
| | | | | | 2010 – 2012 | • Vice President of TOT Innovation Institute | • TOT Public Company Limited |
| <u>Position holding in other companies</u> • Director | | | | | 2009 – 2010 | • Vice President of International Business Development Department | • TOT Public Company Limited |
| | | | | | 2016 – present | • Director | • Internet Thailand Public Company Limited |

| Name / Position / Date of appointment | Age (yrs) | Education / Training Program | Percentage of Share holding (%) | Relationship between directors and executives | Experiences during the past 5 years. | | |
|---|--------------|--|---|--|--------------------------------------|---|--|
| | | | | | Professional Experience | Position | Organization / Company |
| 5. Ms. Tanwadee Wongterarit • Director • CEO Performance Review Committee Member • Authorised Director Date of appointment. : 24 April 2009 | 55 | <u>Education</u> • Master of Science in Electrical Engineering, University of Miami, U.S.A. <u>Training Program</u> • Director Accreditation Program (DAP) by Thai Institute of Directors (IOD) • Director Certification Program (DCP) by Thai Institute of Directors (IOD) • Financial Statements for Directors (FSD) by Thai Institute of Directors (IOD) • Advance Management Program by Harvard Business School USA | - | - | 2009 – present | • Director | • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited |
| | | | | | 2009 – present | • CEO Performance Review Committee Member | |
| | | | | | Other Listed Companies | | |
| | | | | | 2013 – present | • Director | • Total Access Communication Public Company Limited |
| | | | | | Other Companies | | |
| 6. Mr. Aniruth Hiranraks • Director • Authorised Director Date of appointment. : 24 April 2009 | 44 | <u>Education</u> • Master of Engineering (Electrical – Communications) Cornell University U.S.A. <u>Training Program</u> • Director Accreditation Program (DAP) by Thai Institute of Directors (IOD) | - | - | 2015 – present | • Senior Executive Vice President (Information Technology) | • CAT Telecom Public Company Limited |
| | | | | | 2013 - 2015 | • Senior Executive Vice President (Corporate Strategy) | • CAT Telecom Public Company Limited |
| | | | | | 2009 – 2012 | • Senior Executive Vice President (Voice Business) | • CAT Telecom Public Company Limited |
| | | | | | 2009 – present | • Director | • Internet Thailand Public Company Limited |
| | | | | | 2013 – present | • Manager Dept. 10 – Information Technology Strategy Department • Manager Dept. 10 – International Network | • CAT Telecom Public Company Limited • CAT Telecom Public Company Limited |

| Name / Position / Date of appointment | Age (yrs) | Education / Training Program | Percentage of Share holding (%) | Relationship between directors and executives | Experiences during the past 5 years. | | |
|---|--------------|---|---|--|--------------------------------------|---|--|
| | | | | | Professional Experience | Position | Organization / Company |
| | | | | | 2006 – present 2009 – present | <ul style="list-style-type: none"> Independent Director Chairman of Audit Committee | <ul style="list-style-type: none"> Internet Thailand Public Company Limited Internet Thailand Public Company Limited |
| 7. Prof. Emeritus Achara Chandrachai, Ph.D. <ul style="list-style-type: none"> Independent Director Chairman of Audit Committee Date of appointment. : 27 April 2006 | 68 | <u>Education</u> <ul style="list-style-type: none"> Ph.D. Quantitative Business Analysis, Arizona State University, U.S.A. <u>Training Program</u> <ul style="list-style-type: none"> Audit Committee Program (ACP) by Thai Institute of Directors (IOD) Director Certification Program (DCP) by Thai Institute of Directors (IOD) | - | - | Other Listed Companies | | |
| | | | | | 2013 – present | <ul style="list-style-type: none"> Independent Director and Chairman of Audit Committee | <ul style="list-style-type: none"> Saha Union Public Company Limited |
| | | | | | 2007 – 2015 | <ul style="list-style-type: none"> Independent Director and Chairman of Audit Committee | <ul style="list-style-type: none"> Dimet Public Company Limited |
| | | | | | Other Companies | | |
| | | | | | 2005 – present | <ul style="list-style-type: none"> Independent Director and Audit Committee Member | <ul style="list-style-type: none"> Pan Rajdivee Group Public Company Limited |
| <u>Position holding in other companies</u> <ul style="list-style-type: none"> Resignation from Independent Director and Chairman of Audit Committee | | | | | Present | <ul style="list-style-type: none"> Independent Director and Audit Committee Member | <ul style="list-style-type: none"> Chaoprayamahakorn Public Company Limited |
| | | | | | 2006 – present | <ul style="list-style-type: none"> Professor Emeritus, Technopreneurship & Innovation Management Program | <ul style="list-style-type: none"> Chulalongkorn University |
| | | | | | 23 February 2016 | <ul style="list-style-type: none"> Independent Director and Chairman of Audit Committee | <ul style="list-style-type: none"> Dimet Public Company Limited |

| Name / Position / Date of appointment | Age (yrs) | Education / Training Program | Percentage of Share holding (%) | Relationship between directors and executives | Experiences during the past 5 years. | | |
|---|--------------|--|---|--|--|---|--|
| | | | | | Professional Experience | Position | Organization / Company |
| 8. Mr. Aran Permpiboon • Independent Director • Chairman of Nomination and Remuneration Committee • Audit Committee Member Date of appointment : 28 August 2001 (Date of registered as a public limited company) | 72 | <u>Education</u> • Master's Degree of Public Administration (Personnel Management), National Institution of Development Administration (NIDA) <u>Training Program</u> • Monitoring Fraud Risk Management (MFM) by Thai Institute of Directors (IOD) • Monitoring the Quality of Financial Reporting (MFR) by Thai Institute of Directors (IOD) • Monitoring the Internal Audit Function (MIA) by Thai Institute of Directors (IOD) • Monitoring the System of Internal Control and Risk Management (MIR) by Thai Institute of Directors (IOD) • Audit Committee Program (ACP) by Thai Institute of Directors (IOD) • Director Certification Program (DCP) by Thai Institute of Directors (IOD) | - | - | 2005 – present 2008 – present 2008 – present | • Independent Director • Chairman of Nomination and Remuneration Committee • Audit Committee Member | • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited |

| Name / Position / Date of appointment | Age (yrs) | Education / Training Program | Percentage of Share holding (%) | Relationship between directors and executives | Experiences during the past 5 years. | | |
|---|--------------|---|---|--|--------------------------------------|--|--|
| | | | | | Professional Experience | Position | Organization / Company |
| 9. Ms. Narumol Wangsatorntanakun • Independent Director • Chairman of Risk Management Committee • Audit Committee Member Date of appointment : 26 February 2009 | 62 | <u>Education</u> • M.A. in International Economics (Economics), Marquette University, Milwaukee, Wisconsin, U.S.A. • M.S. in Electrical Engineering, Major in Data Communication, University of Wisconsin, Milwaukee, Wisconsin, U.S.A. <u>Training Program</u> • Audit Committee Program (ACP) by Thai Institute of Directors (IOD) • Director Accreditation Program (DAP) by Thai Institute of Directors (IOD) | 0.01 | - | 2009 – present | • Independent Director | • Internet Thailand Public Company Limited |
| | | | | | 2011 – present | • Chairman of Risk Management Committee | • Internet Thailand Public Company Limited |
| | | | | | 2013 – present | • Audit Committee Member | • Internet Thailand Public Company Limited |
| | | | | | 2009 – 2011 | • Risk Management Committee Member | • Internet Thailand Public Company Limited |
| | | | | | Other Listed Companies | | |
| | | | | | 2008 – 2014 | • Chairman of the Nomination and Remuneration Committee | • ACAP Advisory Group Public Company Limited |
| | | | | | 2003 – 2014 | • Independent Director and Audit Committee Member | • ACAP Advisory Group Public Company Limited |
| | | | | | Other Companies | | |
| | | | | | 2002 – present | • Chief Information Officer | • Thai Smart Card Company Limited |
| | | | | | 2010 – 2012 | • Director | • ITBC Business Consultant Group Company Limited |

| Name / Position / Date of appointment | Age (yrs) | Education / Training Program | Percentage of Share holding (%) | Relationship between directors and executives | Experiences during the past 5 years. | | |
|---|--------------|---|---|--|--------------------------------------|---|--|
| | | | | | Professional Experience | Position | Organization / Company |
| 10. Mr. Sahas Treetipbut • Director • Executive Committee Member • Nomination and Remuneration Committee Member Date of appointment. : 28 August 2001 (Date of registered as a public limited company) | 69 | <u>Education</u> • Master of Computer and Information Science, Syracuse University, U.S.A. <u>Training Program</u> • Director Accreditation Program (DAP) by Thai Institute of Directors (IOD) • Successful Formulation & Execution of Strategy (SFE) by Thai Institute of Directors (IOD) • How to Measure the Success of Corporate Strategy (HMS) by Thai Institute of Directors (IOD) | - | - | 2001 – present | • Director | • Internet Thailand Public Company Limited |
| | | | | | 2008 – present | • Executive Committee Member | • Internet Thailand Public Company Limited |
| | | | | | 2006 - present | • Nomination and Remuneration Committee Member | • Internet Thailand Public Company Limited |
| | | | | | Other Listed Companies | | |
| | | | | | 2014 – present | • Independent Director | • Origin Property Public Company Limited |
| | | | | | 2014 – present | • Chairman of Audit Committee | • Origin Property Public Company Limited |
| | | | | | 2012 – present | • Chairman of the Board | • Thiensurat Public Company Limited |
| | | | | | 2008 – present | • Chairman of the Board | • COL Public Company Limited |
| | | | | | 2008 - Present | • Audit Committee Member | • COL Public Company Limited |
| | | | | | 2008 – present | • Independent Director | • COL Public Company Limited |
| | | | | | Other Companies | | |
| | | | | | 2013 – present | • Director | • Netbay Public Company Limited |
| | | | | | 2008 – 2012 | • Director | • Tradesiam Publice Company Limited |
| | | | | | 2008 – 2012 | • Chairman of the Board | • KTB General Services Company Limited |
| | | | | | 2015 – present | • Director | • Thai Dot Com Company Limited |
| | | | | | 2016-present | • Chairman of the Board | • Thai Dot Com Company Limited |
| <u>Position holding in other companies</u> • Chairman of the Board | | | | | | | |

| Name / Position / Date of appointment | Age (yrs) | Education / Training Program | Percentage of Share holding (%) | Relationship between directors and executives | Experiences during the past 5 years. | | |
|---|--------------|---|---|--|--------------------------------------|---|--|
| | | | | | Professional Experience | Position | Organization / Company |
| 11. Ms. Nilobon Tangprasit • Independent Director • Chairman of Nomination and Remuneration Committee • Audit Committee Member • Corporate Governance Committee Member Date of appointment. : 12 May 2014 | 57 | <u>Education</u> • LL.M., Temple University School of Law, at Philadelphia, Pennsylvania, U.S.A. • Barrister-at-Law, The Institute of Legal Education, Thai Bar Association <u>Training Program</u> • Director Accreditation Program (DAP) by Thai Institute of Directors (IOD) | - | - | 2014 – present | • Independent Director | • Internet Thailand Public Company Limited |
| | | | | | 2014 – present | • Chairman of Nomination and Remuneration Committee | • Internet Thailand Public Company Limited |
| | | | | | 2014 – present | • Audit Committee Member | • Internet Thailand Public Company Limited |
| | | | | | 2016 – present | • Corporate Governance Committee Member | • Internet Thailand Public Company Limited |
| | | | | | Other Listed Companies | | |
| <u>Position holding in other companies</u> • Corporate Governance Committee Member | | | | | 2009 – present | • Company Secretary | • Siam Makro Public Company Limited |
| | | | | | Other Companies | | |
| | | | | | 2005 – present | • Director | • Siam City Law Offices Limited |
| | | | | | 2006 – present | • Director | • Hanna Instruments (Thailand) Limited |
| | | | | | 2007 – present | • Director | • Chavalit & Partners Limited |
| | | | | | 2007 – present | • Director | • Sabre Travel Network (Thailand) Limited |
| | | | | | 2009 – present | • Director | • SCL International Limited |
| | | | | | 2011 – present | • Director | • Tonami (Thailand) Company Limited |
| | | | | | 2012 – present | • Director | • SCL Tax Consultants Limited |
| | | | | | 2016 – present | • Corporate Governance Committee Member | • Internet Thailand Public Company Limited |

| Name / Position / Date of appointment | Age (yrs) | Education / Training Program | Percentage of Share holding (%) | Relationship between directors and executives | Experiences during the past 5 years. | | |
|---|--------------|---|---|--|--|--|--|
| | | | | | Professional Experience | Position | Organization / Company |
| 12. Mrs. Morragot Kulatumyotin • Director • Executive Committee Member • Risk Management Committee Member • Corporate Governance Committee Member • Managing Director • Acting Company Secretary Date of appointment. : 23 April 2003 | 50 | <u>Education</u> • Master of Science in Computer Science, University of Missouri Columbia, U.S.A. • Master of Business Administration, Thammasart University <u>Training Program</u> • Director Accreditation Program (DAP) by Thai Institute of Directors (IOD) • Effective Minutes Taking (EMT) by Thai Institute of Directors (IOD) • Company Secretary Program (OSP) by Thai Institute of Directors (IOD) • Poom Palung Pandin Program by Chula Unisearch, Chulalongkorn University • Thammasat Leadership Program (TLP), Thammasart University | 0.17 | - | 2003 – present 2008 – present 2008 – present 2016 – present 2013 – present 2013 – present 2012 – 2013 1999 – 2013 | • Director • Executive Committee Member • Risk Management Committee Member • Corporate Governance Committee Member • Managing Director • Acting Company Secretary • Acting Managing Director • Deputy Managing Director | • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited |
| | | | | | Other Companies | | |
| <u>Position holding in other companies</u> • Corporate Governance Committee Member | | | | | present 2008 – present | • Director • Chairman of the Board | • Thai Dot Com Company Limited • Mandala Communication Company Limited |
| | | | | | 2016 – present | • Corporate Governance Committee Member | • Internet Thailand Public Company Limited |

| Name / Position / Date of appointment | Age (yrs) | Education / Training Program | Percentage of Share holding (%) | Relationship between directors and executives | Experiences during the past 5 years. | | |
|---|--------------|---|---|--|--|---|--|
| | | | | | Professional Experience | Position | Organization / Company |
| 13. Mr. Wanchai Vach-shevadumrong • Deputy Managing Director | 42 | <u>Education</u> • Master of Business Administration Chulalongkorn University <u>Training Program</u> • Director Accreditation Program (DAP) by Thai Institute of Directors (IOD) • Leadership Suecession Program (LSP) by Institute of Research and Development for Public Enterprise (IRDP) | - | - | 2013 – present 2012 – 2013 2011 – 2012 | • Deputy Managing Director • Executive Vice President • Senior Vice President | • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited |
| | | | | | Other Companies | | |
| | | | | | present 2013 – present 2012 – 2016 2007 – 2011 2007 – 2011 | • Director • Managing Director • Director • Deputy Managing Director • Vice President | • Thai Dot Com Company Limited • Mandala Communication Company Limited • Netbay Public Company Limited • Wall Technology Company Limited • Wall Technology Company Limited |
| <u>Position holding in other companies</u> • Resignation from Director | | | | | 2012 – 2016 | • Director | • Netbay Public Company Limited |
| 14. Mr. Saknon Kangsumrith • Senior Vice President | 49 | <u>Education</u> • Master of Science in Information Technology Management, University of the Thai Chamber of Commerce | - | - | 2013 – present 2011 – 2012 2007 – 2011 | • Senior Vice President • Vice President • Senior Consultant | • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited • Internet Thailand Public Company Limited |
| | | | | | | | |

| Name / Position / Date of appointment | Age (yrs) | Education / Training Program | Percentage of Share holding (%) | Relationship between directors and executives | | | |
|--|--------------|--|---|--|----------------------------|--------------------------------|--|
| | | | | | Professional Experience | Position | Organization / Company |
| | | | | | 2014 – present | • Senior Vice President | • Internet Thailand Public Company Limited |
| 15. Mr. Attawut Kampradit • Senior Vice President | 46 | <u>Education</u> • Master Degree , University of the Thai Chamber of Commerce <u>Training Program</u> • ITIL V3. Expert • CDCP : Certified Data Centre Professional • CDFOM : Certified Data Centre Facilities Operations | - | | Other Companies | | |
| | | | | | 2009 – 2013 | • Services Management Director | • MFEC Public Company Limited |
| | | | | | 2014 – present | • Senior Vice President | • Internet Thailand Public Company Limited |
| 16. Mr.Piyaret Saelee • Senior Vice President | 51 | <u>Education</u> • Mini MBA Thammasart University <u>Training Program</u> • TOI solaris by SUN Micro System • ITIL foundation by Pink • Informix/ Oracle Administrator | - | | Other Companies | | |
| | | | | | 2013 – 2014 2009 – 2013 | • Vice President • Director | • G-ABLE Company Limited • G-ABLE Company Limited |
| | | | | | present | • Senior Vice President | • Internet Thailand Public Company Limited |
| 17. Mr.Attaphong Habsa • Senior Vice President | 45 | <u>Education</u> • Master of MIS&Marketing City University of Seattle, U.S.A. <u>Training Program</u> • Consulting Sale by Microsoft Cooperation | - | | Other Companies | | |
| | | | | | 2014–2015 | • Head of Commercial | • True Internet Data Center Company Limited |
| | | | | | | | |

| Name / Position / Date of appointment | Age (yrs) | Education / Training Program | Percentage of Share holding (%) | Relationship between directors and executives | Professional Experience | | |
|--|--------------|--|---|--|---|--|--|
| | | | | | Professional Experience | Position | Organization / Company |
| | | <ul style="list-style-type: none"> • Project Management by Project Decision (PMI Certify) • Supervisory Skill and Service Quality for Supervisory by Thailand Management Association (TMA) • Telecom industry and technology trend of 2.5G, 3G and 4G by Hutchison CAT Wireless Multimedia Ltd. • 3G Technology & Trend with BREW and JAVA by Qualcomm • Wireless and Mobile Network integration technology by Cisco (Thailand) • Small Business Management (Entrepreneurship) by Bellevue Community College: Bellevue, WA, U.S.A. | | | 2012-2014 2010 – 2012 2005 - 2010 | <ul style="list-style-type: none"> • Business Development Director • Business Development Director • Business Development Manager | <ul style="list-style-type: none"> • MFEC Public Company Limited • Sawasdeeshop Limited • MFEC Public Company Limited |
| 18. Mrs. Varaporn Pintola • Senior Vice President | 55 | <u>Education</u> <ul style="list-style-type: none"> • Business Computer (BBA) Assumption University • Marketing (MBA) Assumption University | 0.02 | - | 2016 – present | • Senior Vice President | • Internet Thailand Public Company Limited |
| | | | | | Other Companies | | |
| | | | | | 2010 - 2016 | • General Manager | • Hewlett-Packard (Thailand) |

Changes in Securities Holding of Directors and Management as of 31 December 2016

| Name | Numbers of stocks held of beginning of the year | Numbers of stocks held of during the year | Numbers of stocks held of end of the year |
|--|---|---|---|
| 1. Prof. Dr. Pairash Thajchayapong | - | - | - |
| 2. Dr. Thaweesak Koanantakool | - | - | - |
| 3. Dr. Kamthon Waithayakul | - | - | - |
| 4. Dr. Apiruck Preechayasomboon | - | - | - |
| 5. Ms. Tanwadee Wongterarit | - | - | - |
| 6. Mr. Aniruth Hiranraks | - | - | - |
| 7. Prof. Emeritus Dr. Achara Chandrachai | - | - | - |
| 8. Mr. Aran Permpiboon | - | - | - |
| 9. Mr. Sahas Treetipbut | - | - | - |
| 10. Ms. Narumol Wangsatorntanakun | 60,000 | - | 60,000 |
| 11. Ms. Nilobon Tangprasit | - | - | - |
| 12. Mrs. Morragot Kulatumyotin | 416,000 | 416,000 | 832,000 |
| 13. Mr. Wanchai Vach-shewadumrong | - | - | - |
| 14. Mr. Saknon Kangsumrith | - | - | - |
| 15. Mr. Attawut Kampradit | - | - | - |
| 16. Mr. Piyaret Saelee | - | - | - |
| 17. Mr. Attaphong Habsa | - | - | - |
| 18. Mrs. Varaporn Pintola | 107,562 | - | 107,562 |

Remarks : ¹Mrs. Morragot Kulatumyotin acquired securities from right offering (RO)

Details of the positions of the Board of directors, management and the controlling persons of subsidiaries and associated company as of 31 December 2016

| Name | Internet Thailand Public Company Limited | Subsidiary | |
|--|--|---------------------------------|------------------------|
| | | Mandala Communication Co., Ltd. | Thai Dot Com Co., Ltd. |
| 1. Prof. Dr. Pairash Thajchayapong | C | | |
| 2. Dr. Thaweesak Koanantakool | D | | |
| 3. Dr. Kamthon Waithayakul | D | | |
| 4. Dr. Apiruck Preechayasomboon | D | | |
| 5. Ms. Tanwadee Wongterarit | D | | |
| 6. Mr. Aniruth Hiranraks | D | | |
| 7. Prof. Emeritus Dr. Achara Chandrachai | D | | |
| 8. Mr. Aran Permpiboon | D | | |
| 9. Mr. Sahas Treetipbut | D | | C |
| 10. Ms. Narumol Wangsatorntanakun | D | | |
| 11. Ms. Nilobon Tangprasit | D | | |
| 12. Mrs. Morragot Kulatumyotin | D, MD | C | |
| 13. Mr. Wanchai Vach-shewadumrong | M | MD | D |
| 14. Mr. Saknon Kangsumrith | M | | |
| 15. Mr. Attawut Kampradit | M | | |
| 16. Mr. Piyaret Saelee | M | | |
| 17. Mr. Attaphong Habsa | M | | |
| 18. Mrs. Varaporn Pintola | M | | |

Remarks :

C = Chairman
D = Director

MD = Managing Director
M = Management

Details of Directors in the Subsidiaries as of 31 December 2016

| Name | Mandala Communication Co., Ltd. | Thai Dot Com Co., Ltd. |
|----------------------------------|---------------------------------|------------------------|
| 1. Mrs. Morragot Kulatumyotin | C | |
| 2. Mr. Wanchai Vach-shewadumrong | D, MD | D |
| 3. Mr. Songsak Danubumrungsart | D | |
| 4. Ms. Hunsa Nawaraphan | D | D, MD |
| 5. Mr. Sahas Treetipbut | | C |
| 6. Ms. Vilawan Vanadurongvan | | D |

C = Chairman

D = Director

MD = Managing Director

Remarks :

Internet Thailand Public Company Limited has 2 subsidiaries i.e. Mandala Communication Co.,Ltd. and Thai Dot Com Co., Ltd . exceed 10% of total revenues according to the consolidated Income Statement for latest fiscal year.

General Information

Registered Office

Internet Thailand Public Company Limited

1768 Thai Summit Tower, 10th -12th Floor and IT Floor

New Petchburi Road, Khwaeng Bang Kapi,

Khet Huay Khwang, Bangkok 10310

Type of Business

Infrastructure as a Service Provider and Integrated Communication

ISIN No.

0107544000094

Tel:

0-2257-7000

Fax:

0-2257-1379

Home page

<http://www.inet.co.th>

Registered Capital

512,541,598 Baht

Registered and paid-up Capital

500,041,575 Baht

No. of Paid-up Share

500,041,575 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. Mandala Communication Co., Ltd. 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 | 100,000,000 | 95,000,000 | 10,000,000 | 99.99 |
| 2. Thai Dot Com Co., Ltd. 1768 Thai Summit Tower, 12nd 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 | 20,000,000 | 5,000,000 | 2,000,000 | 99.99 (held by Mandala Communication Co.,Ltd.) |
| 3. INET Manage Services Co.,Ltd. 1768 Thai Summit Tower, 12nd Floor, New Petchburi Road, Khwaeng Bang Kapi, Khet Huay Khwang, Bangkok 10310 Tel: 0-2257-7000 Fax: 0-2257-7222 | Network and communication infrastructure design Information Technology consulting services | 1,000,000 | 1,000,000 | 10,000 | 49.99 (held by Internet Thailand PCL.) |
| 4. Thai Starter Dot Com Co.,Ltd 1768 Thai Summit Tower, 12nd 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 | 100,000 | 100,000 | 10,000 | 18.00 (held by Thai Dot Com Co.,Ltd.) |
| 5. Netbay Plc. 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 | 200,000,000 | 160,00,00 | 160,000,000 | 15.30 (held by Internet Thailand Plc.) |



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
 Mr. Sathien Vongsnan registration No. 3495
 Mr. Atipong Atipongsakul registration No. 3500
 Mr. Vichai Ruchitanont Registration No.4054
 Ms. Kultida Pasurakul registration No. 5946
 Mr. Yuttapong Chuamuangpan registration No. 9445

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.
 or company's website www.inet.co.th





22 years a Thailand's Pride

INET is dedicated to improve our service by creating network infrastructure that answer all needs for a well-constructed business. Constantly bring in new innovation technology to ensure the quality of service . INET constantly proved a world Class quality services as we put customer satisfaction on our top priority.



www.inet.co.th

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Khet Huay Khwang, Bangkok 10310