

INET ACC.0405/2017

May 12, 2017

Subject : Clarification on results of business operations for Q1/2017

To : The President of The Stock Exchange of Thailand

Enclosure : 1. A Set of the Management's Discussion and Analysis for Q1/2017
(Thai / English)

Internet Thailand Public Company Limited ("INET") would like to submit its audited consolidated financial statements and separate financial statements for the 3 months period ended March 31, 2017.

The operation result of the Company and its subsidiaries ("the Company") of the 3 months period ended March 31, 2017 amounting to Baht 53.04 million, increased more than 20% compared to the 3 months period ended March 31, 2016. Please see further details in the Management's Discussion and Analysis for Q1/2017 as attached.

Best regards,

Mrs. Morragot Kulatumyotin

Managing Director

Management Discussion and Analysis

1. CONSOLIDATED RESULTS OF OPERATIONS

The consolidated financial statement for 3 months period ended of March 31, 2017 compared with the results of consolidated financial statement for 3 months period ended of March 31, 2016.

Unit : Thousand Baht

	Q1/2016	Q1/2017	%YoY
Revenue from Service and Sales	197,614	256,153	29.62%
Cost of Service and Sales	(145,778)	(188,547)	29.34%
Gross Profit	51,836	67,606	30.42%
Other Revenue	3,957	55,409	1300.28%
Selling and Administrative Expenses	(40,207)	(55,275)	37.48%
Finance Cost	(7,303)	(6,927)	-5.15%
Share of Profit from investment in Joint Venture and Assosiated Company	4,750	3,119	-34.34%
Profit before Income Tax	13,033	63,932	390.54%
Income Tax Expense	(1,840)	(10,890)	491.85%
Net Profit	11,193	53,042	373.89%

Total Revenue from sales and services

Total revenues for the Company and its subsidiaries at the end of Q1/2017 were amounting to Baht 311.56 million, increased by Baht 109.99 million or 54.57% from Q1/2016 due to the total revenues from services and sales for the Company at Baht 256.15 million increase by Baht 58.54 million or 29.62% from Q1/2016 that main revenues increase from Cloud services 30%, Internet access services 26% and Co-Location services 19%, respectively.

And other revenue in Q1/2017 amounting to Baht 55.41 million, It has increased Baht 51.45 million or 1,300.28% from Q1/2016 due to the fact that selling the associated stocks, Netbay Public Company Limited. As the result the ratio of shareholding stocks remain 13.71%

Cost of sales and services

Cost of services and sales for Q1/2017 amounting to Baht 188.55 million, increased by Baht 42.77 million or 29.34%. Costs of services were proportional to revenue growth and were mainly attributed to depreciation resulting from recognition of completed projects as asset.

Management Discussion and Analysis

Selling and Administrative Expense

Selling and administrative expenses in Q1/2017 amounting to Baht 55.28 million, increased by Baht 15.07 million or 37.48%. Due to the company focused on investment in the personnel expenses for supporting the expansion. And Finance costs totaled Baht 6.93 million, decreased by Baht 0.37 million or 5.15% from Q1/2016. Due to the expiration of the financial lease contract in Q1 /2017.

Gross Profit and Net Profit

Gross profit margin for Q1/2017 equal to 26.39%, which was increased from 26.23% recorded in Q1/2016. And the Net profit for Q1/2017 amounting to Baht 53.04 million, increased by Baht 41.85 million or 373.89% resulted from the increase in revenue from service and sales. Including gain from selling the associated stocks, Netbay Public Company Limited, net profit margin was 17.02% of total revenue.

2. Financial Position

Assets

As at March 31, 2017, the Company's total assets were amounting to Baht 2,703.93 million increased by Baht 115.21 million or 4.50 % from December 31, 2016. The main result is leasehold improvements and equipment.

Liabilities and Equity

Liabilities

Total liabilities of Baht 1,297.50 million, increased by Baht 61.35 million or 4.96% from December 31, 2016 which was caused mainly by increase in deferred tax liabilities.

Total Equity

Shareholders' equity as of March 31, 2017 were Baht 1,406.43 million, growing by Baht 53.86 million or 3.98% from December 2016 due to the increasing of retained earnings and book value per share was Baht 2.81 (Par value per share was Baht 1).