



INET ACC. 0768/2017

Aug 11, 2017

Subject : Management's Discussion and Analysis for Q2/2017

To : The President of The Stock Exchange of Thailand

Enclosure : 1. A Set of the Management's Discussion and Analysis for Q2/2017
(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 June 30, 2017.

The operation result of the Company and its subsidiaries ("the Company") of the 3 months period ended June 30, 2017 amounting to Baht 207.16 million, increased more than 20% compared to the 3 months period ended June 30, 2016. Please see further details in the Management's Discussion and Analysis for Q2/2017 as attached.

Best regards,

Mrs. Morragot Kulatumyotin

Managing Director



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Management Discussion and Analysis

1. CONSOLIDATED RESULTS OF OPERATIONS

The consolidated financial statement for 3 months period ended of June 30, 2017 compared with the results of consolidated financial statement for 3 months period ended of June 30, 2016.

Unit : Thousand Baht

	Q2/2016	Q2/2017	%YoY
Revenue from Service and Sales	207,607	212,872	2.54%
Cost of Service and Sales	(153,704)	(185,225)	20.51%
Gross Profit	53,903	27,647	-48.71%
Other Revenue	1,650	357,649	21575.70%
Selling and Administrative Expenses	(45,214)	(114,382)	152.98%
Finance Cost	(8,338)	(6,778)	-18.71%
Share of loss from investment in joint venture	(40)	29	
Share of profit from investment in associated company	5,655	2,181	-61.43%
Profit before Income Tax	7,616	266,346	3397.19%
Income Tax Expense	(1,777)	(59,183)	3230.50%
Net Profit	5,839	207,163	3447.92%

Total Revenue from sales and services

Total revenues for the Company and its subsidiaries at the end of Q2/2017 were amounting to Baht 570.52 million, increased by Baht 361.26 million or 172.64% from Q2/2016 due to the total revenues from services and sales for the Company at Baht 212.87 million increase by Baht 5.27 million or 2.54% from Q2/2016 that main revenues increase from Co-Location services 31%, Internet access services 28% and EDC Network services 12%, respectively.

And other revenue in Q2/2017 amounting to Baht 357.65 million, It has increased Baht 355.99 million or 21,575.70% from Q2/2016 due to the main cause was the company had the gain on classification investments from Netbay securities and received gain from selling Netbay securities..

Cost of sales and services

Cost of services and sales for Q2/2017 amounting to Baht 185.23 million, increased by Baht 31.52 million or 20.51%. 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 Q2/2017 amounting to Baht 114.38 million, increased by Baht 69.17 million or 60.47%. Due to the company focused on investment in the personnel expenses for supporting the expansion. And Finance costs totaled Baht 6.78 million, decreased by Baht 1.56 million or 23.02% from Q2/2016. Due to the expiration of the financial lease contract in Q2 /2017.

Gross Profit and Net Profit

Gross profit margin for Q2/2017 equal to 12.99%, which was decreased from 25.96% recorded in Q2/2016. And the Net profit for Q2/2017 amounting to Baht 207.16 million, increased by Baht 201.32 million or 97.18% resulted from the increase in revenue from service and sales. Including the company had the gain on classification investments from Netbay securities and received gain from selling Netbay securities.

2. Financial Position

Assets

As at June 30, 2017, the Company's total assets were amounting to Baht 3,291.81 million increased by Baht 703.09 million or 27.16 % from December 31, 2016. Due to the main cause was the company had the increase in Investments in available-for-sale securities and leasehold improvements and equipment.

Liabilities and Equity

Liabilities

Total liabilities of Baht 1,626.88 million, increased by Baht 390.74 million or 31.61% from December 31, 2016 due to the main reason is the increase in long-term loans from financial institutions.

Total Equity

Shareholders' equity as of June 30, 2017 were Baht 1,664.93 million, growing by Baht 312.35 million or 23.09% from December 2016 due to the increasing of retained earnings and book value per share was Baht 3.33 (Par value per share was Baht 1).