

## **Independent Auditor's Report on Review of Interim Financial Information**

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

I have reviewed the accompanying consolidated and separate statements of financial position as at March 31, 2014 of Internet Thailand Public Company Limited and its subsidiaries, the related consolidated and separate statements of comprehensive income, changes in shareholders' equity, and of cash flows for the three-month period ended March 31, 2014 and the condensed notes to interim financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Basis for Qualified Conclusion**

As discussed in Note 13 to the interim financial statements, the consolidated financial statements for the three-month period ended March 31, 2014 and 2013 of Internet Thailand Public Company Limited and its subsidiary included an investment in the associated company based on financial statements of the associated company which had not been reviewed by an auditor. The carrying value of the investment in the consolidated financial statements as at March 31, 2014 amounted to Baht 46.47 million representing 5.00% of total assets in the consolidated financial statements, and the equity of net gain of the associated company in the consolidated financial statements for the three-month period ended March 31, 2014 and 2013 amounted to Baht 2.33 million and Baht 1.77 million representing 157.78% and 137.82% of consolidated comprehensive income for each period respectively. I was unable to review to satisfy myself as to balance of the value of the investment in the associated company. This constitutes a limitation imposed by circumstance.

**Qualified Conclusion**

Based on my review, except for the effect of such adjustments to the accompanying interim financial information, if any, as might have been disclosed had I reviewed the financial statements of the associated company as described in the Basis for Qualified Conclusion paragraph, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34, "Interim Financial Reporting".

**Emphasis of matters**

I draw attention to Note 24, as at March 31, 2014, the Company had contingent liabilities from the penalty according service contract with a government entity amounting to Baht 3.92 million. The Company's management has a view that the Company will not make such payments without reasonable manner and believes that the Company will ultimately process the case without any penalty payment. As a result, the Company has not made any reserve in the consolidated and separate financial statements. My opinion on these financial statements is not modified in respect of this matter.

(Atipong AtipongSakul)  
Certified Public Accountant  
Registration Number 3500

ANS Audit Company Limited  
Bangkok, May 12, 2014

**INTERNET THAILAND PUBLIC COMPANY LIMITED**  
**AND ITS SUBSIDIARIES**  
INTERIM FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT ON REVIEW OF  
INTERIM FINANCIAL INFORMATION  
FIRST QUARTER ENDED MARCH 31, 2014

**Internet Thailand Public Company Limited and its subsidiary**

**Statements of Cash Flows**

**For the three-month period ended March 31, 2014**

	Unit : Thousand Baht			
	Unaudited but reviewed			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Cash Flows from Operating Activities</b>				
Profit before tax	1,699	1,776	2,110	6,778
Adjustments to reconcile profit before tax				
to net cash flows from (used in) operating activities:				
Share of profit from associated company	(2,332)	(1,771)	-	-
Dividend income	-	-	(2,600)	(6,600)
Depreciation and amortization	11,048	9,550	11,007	9,515
(Reversal) allowance for doubtful accounts	(1,633)	67	(1,633)	67
Gain on sales of assets	(299)	(48)	(296)	(48)
Estimated employee benefit obligations	109	342	(6)	342
Interest income	(817)	(1,041)	(817)	(1,041)
Interest expenses	2,813	-	2,813	-
Profit from operating activities before changes				
in operating assets and liabilities	10,588	8,875	10,578	9,013
Operating assets (increased) decreased				
Trade and other receivables	(463)	(39,147)	(1,977)	(39,149)
Inventories	(46)	1,403	1,484	1,403
Other current assets	(1,464)	(3,819)	(1,866)	(3,816)
Other non-current assets	(79)	(76)	(79)	(76)
Operating liabilities increased (decreased)				
Trade and other payables	(16,750)	(45)	(15,430)	(130)
Unearned service income	2,172	1,342	742	1,342
Other current liabilities	4,331	2,735	4,147	2,802
Cash used in operating activities	(1,711)	(28,732)	(2,401)	(28,611)
Cash received on interest income	167	1,359	167	1,359
Cash paid for employee benefit obligations	-	(155)	-	(155)
Cash paid for interest expenses	(2,813)	-	(2,813)	-
Cash paid for corporate income tax	(3,997)	(1,070)	(3,996)	(1,061)
<b>Net Cash Used in Operating Activities</b>	<b>(8,354)</b>	<b>(28,598)</b>	<b>(9,043)</b>	<b>(28,468)</b>

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Mrs. Preeya Danchaivijit  
(Director)

.....  
Prof. Dr. Pairash Thajchayapong  
(Director)

**Cash Flows from Investing Activities**

Decrease in short-term investments	-	873	-	873
Increased in pledged deposits with financial institutions	(15,755)	-	(15,755)	-
Cash received from sales of available for sale securities	-	72,073	-	72,073
Dividend received	2,600	6,600	2,600	6,600

Cash paid for purchases of equipment	(65,293)	(52,538)	(65,599)	(52,538)
Cash received from equipment sales	329	48	326	48
Cash paid for intangible assets	(36)	(1,839)	(30)	(1,839)
<b>Net Cash From (Used in) Investing Activities</b>	<b>(78,155)</b>	<b>25,217</b>	<b>(78,458)</b>	<b>25,217</b>
<b>Cash flows from financing activities:</b>				
Net increase in bank overdrafts				
and short-term loans from financial institutions	38,316	-	38,316	-
Cash payments for financial lease agreements	(6,999)	-	(6,999)	-
Cash received from long-term loan from financial institution	58,108	-	58,108	-
Cash payments for long-term loan from financial institution	(661)	-	(661)	-
<b>Net cash from financing activities</b>	<b>88,764</b>	<b>-</b>	<b>88,764</b>	<b>-</b>
<b>Net Cash and Cash Equivalents increased (decreased)</b>	<b>2,255</b>	<b>(3,381)</b>	<b>1,263</b>	<b>(3,251)</b>
<b>Cash and Cash Equivalents at the Beginning of the periods</b>	<b>12,309</b>	<b>46,351</b>	<b>11,602</b>	<b>43,811</b>
<b>Cash and Cash Equivalents at the End of the periods</b>	<b>14,564</b>	<b>42,970</b>	<b>12,865</b>	<b>40,560</b>

#### Supplemental Disclosures of Cash Flows Information

Non-Cash transaction:

Receivable from and loan to an unrelated party decrease

Payables for purchase of assets increased (decreased)	(4,116)	44,074	(4,122)	44,074
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Assets increased from financial lease agreements	9,717	-	9,717	-
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Mrs. Preeya Danchaiwijit  
(Director)

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Prof. Dr. Pairash Thajchayapong  
(Director)

**INTERNET THAILAND PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014 (UNAUDITED BUT REVIEWED)**

**1. General Information**

Internet Thailand Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company listed on the Stock Exchange of Thailand on 14 November 2001 and has been engaging in the provision of telecommunication services including internet access services. The Company’s registered office is located at No. 1768 Thai Summit Tower, 10th - 12th Floors, and the IT Floor, New Petchburi Road, Bangkapi Sub-district, Huay Khwang District, Bangkok.

**2. Basis for the preparation of interim financial statements**

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard No. 34, Interim Financial Reporting (revised 2012), including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and the regulations of the Securities and Exchange Commission.

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

Other than those specified in the notes to the annual and interim financial statements, all other balances presented in these interim financial statements are prepared under the historical cost basis.

The interim financial statements have been prepared to provide information additional to that included in the financial statements for the year ended December 31, 2013. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2013.

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

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

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Mrs. Preeya Danchaivijit  
(Director)

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Prof.Dr.Pairash Thajchayapong  
(Director)

### **Basis for preparation of the consolidated interim financial statements**

The consolidated interim financial statements, related to the Company and its subsidiary (together referred to as the “Group”) are prepared using the same basis as were used for the consolidated financial statements for the year ended December 31, 2013.

There is no change in the structure of the Group during the current period.

### **New accounting standards**

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

The Group disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after January 1, 2014, in the notes to financial statements for the year ended December 31, 2013. In addition, during the current period, the Federation of Accounting Professions issued TAS 36 (revised 2012) Impairment of Assets that is also effective for fiscal years beginning on or after January 1, 2014.

The management of the Group has assessed the effects of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, and believes that they do not have a significant impact to the financial statements.

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

The Group has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended December 31, 2013.

The management of the Group has assessed the effect of this financial reporting standard and believes that it is not relevant to the business of the Group.

### **3. Significant Accounting Policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended December 31, 2013.

### **4. Related Parties Transactions**

The National Science and Technology Development Agency (“NSTDA”), CAT Telecom Public Company Limited (“CAT Telecom”) and TOT Public Company Limited (“TOT”) hold 17%, 16% and 16% of the Company’s equity interest, respectively, and have representatives on the Company’s Board of Directors. They are therefore considered related parties.

Mandala Communications Co., Ltd. and Netbay Co., Ltd. are a subsidiary and an associate, respectively.

During the periods, the Company had significant business transactions with its related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms

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Mrs. Preeya Danchaivijit  
(Director)

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Prof.Dr.Pairash Thajchayapong  
(Director)

and bases agreed upon between the Company and those related parties. The Company had significant transactions for the three-month periods ended March 31, 2014 and 2013 as follows:

	Unit: Thousand Baht				Pricing policy
	Consolidated		Separate financial statements		
	2014	2013	2014	2013	
<b>Transactions with subsidiary company</b>					
Other income	-	-	364	20	Market price
Equipment rental expenses	-	-	2,780	257	Market price
<b>Transactions with associated company</b>					
Service income	1,200	763	1,200	763	Market price
<b>Transactions with related companies</b>					
Service income	1,376	1,328	1,376	1,328	Construction contract: contract price, Other: market price
Service expenses	16,038	12,588	16,038	12,588	Construction contract: contract price, Other: market price

As at March 31, 2014 and December 31, 2013, the Company had significant balances with related parties can be summarized as follows:

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
<b>Trade and other receivables - related parties</b>				
Subsidiary company	-	-	315	351
Associated company	856	856	856	856
Related company (The Company's shareholder)	3,565	2,358	3,565	2,358
<b>Total trade and other receivables - related parties</b>	<b>4,421</b>	<b>3,214</b>	<b>4,736</b>	<b>3,565</b>
<b>Prepaid service expenses - related parties</b>				
Subsidiary company	-	-	3,552	2,881
<b>Total prepaid service expenses - related parties</b>	<b>-</b>	<b>-</b>	<b>3,552</b>	<b>2,881</b>
<b>Trade and other payables - related parties</b>				
Subsidiary company	-	-	1,068	977
Related company (The Company's shareholder)	5,086	8,630	5,086	8,630
<b>Total trade and other payables - related parties</b>	<b>5,086</b>	<b>8,630</b>	<b>6,154</b>	<b>9,607</b>

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## Directors and management's remuneration

For the three-month periods ended March 31, 2014 and 2013, the Company and its subsidiary had employee benefit expenses of their directors and management as below:

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term employee benefits	4,172	3,309	4,022	3,309
Long-term post-employment benefits	21	120	21	120
<b>Total directors and management's remuneration</b>	<b>4,193</b>	<b>3,429</b>	<b>4,043</b>	<b>3,429</b>

## 5. Cash and cash equivalents

Cash and cash equivalents consisted of:

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Cash	420	409	410	399
Cash at banks - at call	12,608	10,238	10,962	9,710
Highly liquid short-term investments	1,536	1,662	1,493	1,493
<b>Total cash and cash equivalents</b>	<b>14,564</b>	<b>12,309</b>	<b>12,865</b>	<b>11,602</b>

## 6. Investments in available for sale securities

Investments in available for sale securities consisted of:

	Unit: Thousand Baht			
	Consolidated and separate financial statements			
	March 31, 2014		December 31, 2013	
	Cost	Fair value	Cost	Fair value
<b>Available-for-sale securities</b>				
Equity securities	8,906	7,959	8,906	7,201
Total investments	8,906	7,959	8,906	7,201
Add : Unrealised profit (loss) on changes in values of investments	(947)	-	(1,705)	-
<b>Investments - net</b>	<b>7,959</b>	<b>7,959</b>	<b>7,201</b>	<b>7,201</b>

Mrs. Preeya Danchaivijit  
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7. **Trade and other receivables - net**

Trade and other receivables consisted of:

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
<b>Trade receivables</b>				
Trade receivable – related companies	4,421	3,214	4,736	3,565
Trade receivables – other companies	80,682	80,807	78,166	76,741
<b>Total Trade receivables</b>	85,103	84,021	82,902	80,306
Less: Allowance for doubtful Accounts	(5,107)	(6,741)	(5,107)	(6,741)
<b>Total Trade receivables - net</b>	79,996	77,280	77,795	73,565
<b>Other receivables</b>				
Interest receivable	1,304	654	1,304	654
Receivables delayed penalty	-	566	-	566
Other receivables	92	146	72	126
<b>Total Other receivables</b>	1,396	1,366	1,376	1,346
<b>Total trade and other receivables - net</b>	81,392	78,646	79,171	74,911

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(Director)

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(Director)

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

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
<b>Trade receivables – related companies</b>				
Not yet due	1,257	879	1,310	1,230
Past due				
Not over 3 months	21	23	66	23
Over 6 months but not over 12 months	-	25	-	25
Over 12 months	3,143	2,287	3,143	2,287
Unbilled receivables - related companies				
Not over 3 months	-	-	217	-
<b>Total trade receivables – related companies</b>	<b>4,421</b>	<b>3,214</b>	<b>4,736</b>	<b>3,565</b>
<b>Trade receivables – other company</b>				
Not yet due	37,360	32,902	35,022	29,751
Past due				
Not over 3 months	17,470	6,921	17,410	6,042
Over 3 months but not over 6 months	324	2,722	243	2,686
Over 6 months but not over 12 months	1,417	1,226	1,380	1,226
Over 12 months	4,815	6,687	4,815	6,687
Unbilled receivables - others				
Not over 3 months	19,296	28,342	19,296	28,342
Over 3 months but not over 6 months	-	495	-	495
Over 6 months but not over 12 months	-	418	-	418
Over 12 months	-	1,094	-	1,094
<b>Total trade receivables – other company</b>	<b>80,682</b>	<b>80,807</b>	<b>78,166</b>	<b>76,741</b>
<b>Total trade receivables</b>	<b>85,103</b>	<b>84,021</b>	<b>82,902</b>	<b>80,306</b>

Part of over 12 months overdue receivables, which have not yet been provided for the allowance for doubtful accounts, represented amount due to TOT Public Company Limited of Baht 2.29 million, and Netbay Company Limited of Baht 0.85 million. The management is under the process of following up and believes that they will finally be recovered.

Mrs. Preeya Danchaivijit  
(Director)

Prof.Dr.Pairash Thajchayapong  
(Director)

## 8. 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 March 31, 2014 and December 31, 2013, the Company set allowance for doubtful accounts on the principal balance of Baht 18 million and the interest receivable of Baht 1.06 million because the borrower had defaulted on payment and the Company had sought collection until the agreement expired. Currently, the Court of First Instance already rendered its judgment. However, the Company disagreed with several issues in the judgment and lodged an appeal. The borrower sued the Company on the grounds that the Company violated the confidentiality clause and disclosed the co-service agreement. The Court of First Instance ruled in favour of the Company but, the borrower lodged an appeal. The Court of appeal ruled in favour of the Company but, the borrower lodged an Supreme Court. At present, the case is under the consideration of the Supreme Court.

The Company has other receivable arising from an agreement to assign the aerial photographing of Bangkok amounting to Baht 25 million, since the supplier was unable to deliver work to the Company in accordance with the conditions of the agreement. The 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 judgement. The Company therefore set up allowance for doubtful accounts in full amount in 2012.

## 9. Inventories

Inventories assets consisted of:

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Finished goods	5,136	6,620	5,136	6,620
Work in process	3,442	1,912	1,912	1,912
<b>Total inventories</b>	<b>8,578</b>	<b>8,532</b>	<b>7,048</b>	<b>8,532</b>

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(Director)

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(Director)

## 10. Other current assets

Other current assets consisted of:

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Corporate income tax receivable	3,930	5,937	3,802	5,458
Unclaimed input tax	14,233	12,985	13,688	12,985
Prepaid expenses	8,968	6,783	12,278	9,497
Other	147	109	147	109
<b>Total other current assets</b>	<b>27,278</b>	<b>25,814</b>	<b>29,915</b>	<b>28,049</b>

## 11. Pledged deposits at financial institution

As at March 31, 2014 and December 31, 2013, deposits with banks amounting to Baht 109.60 million and Baht 96.20 million, respectively, were pledged as collateral for bank overdrafts, promissory note, long-term loan from financial institution and letters of guarantee issued by the banks (Note 17 ,19).

## 12. Investment in subsidiary

Investment in subsidiary consisted of:

Company's name	Separate financial statements					
	Unit: Thousand Baht					
	Ownership %		Paid-up capital		Cost	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Mandala						
Communications Co.,Ltd.	99.99	99.99	5,000	5,000	5,000	5,000
					5,000	5,000

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Prof.Dr.Pairash Thajchayapong  
(Director)

### 13. Investments in associated company

Investments in associated company consisted of:

		Unit: Thousand Baht							
Company's name	Nature of business	Ownership %		Paid-up capital		Consolidated financial statements		Separate financial statements	
		March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013	Carrying amounts based on equity method		Carrying amounts based on cost method	
		(%)	(%)			March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Netbay Co., Ltd.	Provision and development of electronics system	39.99	39.99	100,000	100,000	46,467	46,734	40,000	40,000
						<u>46,467</u>	<u>46,734</u>	<u>40,000</u>	<u>40,000</u>

The consolidated financial statements for the three-month period ended March 31, 2014 and 2013 of Internet Thailand Public Company Limited and its subsidiary included an investment in the associated company based on financial statements of the associated company which had not been reviewed by an auditor. The carrying value of the investment in the consolidated financial statements as at March 31, 2014 amounted to Baht 46.47 million representing 5.00% of total assets in the consolidated financial statements, and the equity of net gain of the associated company in the consolidated financial statements for the three-month period ended March 31, 2014 and 2013 amounted to Baht 2.33 million and Baht 1.77 million representing 157.78% and 137.82% of consolidated comprehensive income for each period respectively.

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(Director)

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Prof. Dr. Pairash Tajchayapong  
(Director)

#### 14. Leasehold improvements and equipment - net

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

	Unit: Thousand Baht	
	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
<b>Balance as at January 1, 2014</b>	732,963	729,559
Increase during the period	70,894	71,194
Decrease during the period	(11,650)	(11,547)
<b>Balance as at March 31, 2014</b>	<b>792,207</b>	<b>789,206</b>
<b>Accumulated Depreciation</b>		
<b>Balance as at January 1, 2014</b>	260,846	257,711
Increase during the period	10,045	10,004
Decrease during the period	(11,620)	(11,517)
<b>Balance as at March 31, 2014</b>	<b>259,271</b>	<b>256,198</b>
<b>Net book value as at January 1, 2014</b>	<b>472,117</b>	<b>471,848</b>
<b>Net book value as at March 31, 2014</b>	<b>532,936</b>	<b>533,008</b>

Depreciation for the three-month periods ended March 31, 2014 and 2013 in the consolidated financial statements of Baht 10.05 million and Baht 8.55 million, respectively, and depreciation in the separate financial statements of Baht 10.00 million and Baht 8.52 million, respectively, are included in the statements of comprehensive income.

As at March 31, 2014 and December 31, 2013, the Company's and its subsidiaries leasehold improvements and equipment amounting to Baht 187.03 million and Baht 199 million, respectively, are fully depreciated but are still in use.

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(Director)

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Prof.Dr.Pairash Thajchayapong  
(Director)

**15. Intangible assets - net**

Intangible assets as at March 31, 2014 consisted of:

	Unit: Thousand Baht	
	Consolidated financial	Separate financial
	statements	statements
<b>Cost</b>		
<b>Balance as at January 1, 2014</b>	49,220	49,185
Increase during the period	36	30
<b>Balance as at March 31, 2014</b>	49,256	49,215
<b>Accumulated amortisation</b>		
<b>Balance as at January 1, 2014</b>	30,430	30,410
Increase during the period	1,003	1,003
<b>Balance as at March 31, 2014</b>	31,433	31,413
<b>Net book value as at January 1, 2014</b>	18,790	18,775
<b>Net book value as at March 31, 2014</b>	17,823	17,802

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Mrs. Preeya Danchaivijit  
(Director)

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Prof.Dr.Pairash Thajchayapong  
(Director)



## 16. Deferred tax assets

Movements in deferred tax assets during the periods were as follows:

	Unit: Thousand Baht			
	Consolidated and separate financial statements			
	January 1, 2014	Movement increase (decrease)		March 31, 2014
		Statements of Income	Statements of Comprehensive Income	
<b>Deffered tax assets :</b>				
Allowance for doubtful accounts	9,265	(327)	-	8,938
Accrued gratuities	2	(1)	-	1
Employee benefit obligations	1,077	-	-	1,077
Tax losses	11,552	-	-	11,552
<b>Total deffered tax assets</b>	<b>21,896</b>	<b>(328)</b>	<b>-</b>	<b>21,568</b>
<b>Deffered tax liabilities :</b>				
Unrealised profit (loss) on changes in values of investments	(341)	-	151	(190)
Depreciation	524	500	-	1,024
<b>Total deffered tax liabilities</b>	<b>183</b>	<b>500</b>	<b>151</b>	<b>834</b>
	<b>21,713</b>			<b>20,734</b>

Tax expenses for the three-month periods ended March 31, 2014 and 2013 were as follows:

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Income tax expense	-	-	-	-
Deferred tax	828	12	828	12
Income tax	<b>828</b>	<b>12</b>	<b>828</b>	<b>12</b>

The Company's unused tax loss carry forward as at March 31, 2014, amounting to Baht 188.76 million, which management believes are exploiting the instability of such tax. Therefore recognized as deferred tax assets from tax losses carried forward amounting to Baht 11.55 million, balance of deferred tax assets have not been recognized amounting to Baht 26.20 million.

The Group used income tax rate of 20% for the calculation of corporate income tax for the three-month period ended March 31, 2014 and 2013 attributable to the Section 5 of the Royal Decree Issued Under the Revenue Code Regarding Deduction in Tax Rate (No. 530) B.E. 2554.

Mrs. Preeya Danchaivijit  
(Director)

Prof.Dr.Pairash Thajchayapong  
(Director)

**17. Bank overdraft and short-term loan from financial institutions**

Bank overdraft and short-term loan from financial institutions consisted of:

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Bank overdraft	45,533	47,206	45,533	47,206
Promissory note	40,000	-	40,000	-
Bill of exchange	60,000	60,000	60,000	60,000
Less discount	(318)	(307)	(318)	(307)
Bill of exchange - net	59,682	59,693	59,682	59,693
<b>Total bank overdraft and short-term loan from financial institutions</b>	<b>145,215</b>	<b>106,899</b>	<b>145,215</b>	<b>106,899</b>

On February 12, 2014, the Company issued unsecured bills of exchange to a financial institution, totaling Baht 60 million, to renew the matured bills of exchange, bearing interest rate of 4.40% per annum. The maturity date is May 15, 2014.

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

	Unit: Million Baht			
	Consolidated and separate financial statements		Interest rate	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Bank overdraft	75.00	75.00	Market Rate to MOR	Market Rate to MOR
Letter of guarantee	67.00	87.00	-	-
Promissory note	61.00	97.00	MLR - 1%	MLR - 1%

These credit lines are secured by pledging the Company's fixed deposit (Note 11).

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Mrs. Preeya Danchaivijit  
(Director)

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Prof.Dr.Pairash Thajchayapong  
(Director)

## 18. Trade and Other Payables

Trade and other payables consisted of:

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
<b>Trade payables</b>				
Trade payables - related companies	5,086	8,630	6,154	9,607
Trade payables - others	99,496	109,329	99,022	105,953
<b>Total trade payables</b>	<b>104,582</b>	<b>117,959</b>	<b>105,176</b>	<b>115,560</b>
<b>Other payables</b>				
Payables for purchase assets	22,223	26,339	22,217	26,339
Other payables	4,933	4,967	4,753	4,905
Accrued expenses	2,962	6,301	1,181	6,075
<b>Total other payables</b>	<b>30,118</b>	<b>37,607</b>	<b>28,151</b>	<b>37,319</b>
<b>Total trade and other payables</b>	<b>134,700</b>	<b>155,566</b>	<b>133,327</b>	<b>152,879</b>

## 19. Long-term loans from financial institution - net

Long-term loans from financial institution consisted of:

	Unit: Thousand Baht	
	Consolidated and separate financial statements	
	March 31, 2014	December 31, 2013
<b>Long-term loans from financial institution</b>	57,447	-
<u>Less</u> Current portion	(20,933)	-
<b>Long-term loans from financial institution - net</b>	<b>36,514</b>	<b>-</b>

On March 3, 2014, the Company borrowed a long-term loan from a financial institution totaling not exceeding of Baht 52 million, to invest in the computer Data Center. The loan carries interest rate of MLR - 1.50 per annum. The repayments of principal together with interest will be made in 48 monthly installments at Baht 1,084,000 each. The first repayment will be made in April 2014. The loan is secured by pledging the Company's fixed deposit amounting to Baht 15.60 million (Note 11). The Company has to comply with certain conditions specified in the loan agreement.

Mrs. Preeya Danchaivijit  
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On March 10, 2014, the Company borrowed a long-term loan from a financial institution totaling not exceeding of Baht 32 million, for use in operation. The loan carries interest rate of MLR - 1.00 per annum. The repayments of principal together with interest will be made in 48 monthly installments at Baht 735,000 each. The first repayment will be made in March 2014. The loan is secured by pledging the Company's fixed deposit amounting to Baht 32 million (Note 11). The Company has to comply with certain conditions specified in the loan agreement.

**20. Liabilities under financial lease agreement - net**

Liabilities under financial lease agreements consisted of:

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
<b>Due within 1 year</b>				
Minimum payments	33,252	30,658	33,252	30,658
Deferred interest	(4,149)	(4,156)	(4,149)	(4,156)
<b>Present value of minimum payment</b>	<b>29,103</b>	<b>26,502</b>	<b>29,103</b>	<b>26,502</b>
<b>Due over 1 year but not over 5 years</b>				
Minimum payments	47,384	47,646	47,384	47,646
Deferred interest	(2,674)	(3,053)	(2,674)	(3,053)
<b>Present value of minimum payment</b>	<b>44,710</b>	<b>44,593</b>	<b>44,710</b>	<b>44,593</b>
<b>Net book value of assets under financial leases</b>	<b>83,204</b>	<b>74,667</b>	<b>83,204</b>	<b>74,667</b>

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

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Mrs. Preeya Danchaivijit  
(Director)

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Prof.Dr.Pairash Thajchayapong  
(Director)

## 21. Employee Benefit Obligations

Movement of the present value of employee benefits obligation for the three-month period ended March 31, 2014 and for the year ended December 31, 2013 as follows:

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
	(3 month periods)	(12 month periods)	(3 month periods)	(12 month periods)
<b>Post-employment benefit plan</b>				
Employee benefit obligations as at beginning of the periods	5,452	5,786	5,385	5,682
Current service cost recognition	263	881	240	852
Cost of interest	54	260	53	260
Payment for employee benefit obligations	-	(782)	-	(752)
Actuarial loss on defined employee benefit plans	(208)	(693)	(299)	(657)
Net employee benefit obligations as at ending of the periods	5,561	5,452	5,379	5,385

Employee benefit expenses in the statements of comprehensive income for the three-month period ended March 31, 2014 and 2013 consisted of:

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current service cost	263	228	240	228
Interest from obligation	54	49	53	49
Actuarial gains on defined employee benefit plans	(208)	65	(299)	65
<b>Total employee benefits expenses</b>	109	342	(6)	342

Mrs. Preeya Danchaivijit  
(Director)

Prof.Dr.Pairash Thajchayapong  
(Director)

Employee benefit expenses for the three-month periods ended March 31, 2014 and 2013 as shown in the statements of comprehensive income are as follow:

	Unit: Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Costs of sales	98	74	98	74
Selling expenses	139	78	115	78
Administrative expenses	80	190	80	190
<b>Total employee benefits expenses</b>	<b>317</b>	<b>342</b>	<b>293</b>	<b>342</b>

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

	(Percentage/Year)			
	Consolidated financial statements		Separate financial statements	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Discount rate	4.00	4.50	4.00	4.50
Future salary increases	5.00	5.00	5.00	5.00
Turn over rate	5.00	5.00	5.00	5.00

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

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

## 22. Basic earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

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Mrs. Preeya Danchaivijit  
(Director)

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Prof.Dr.Pairash Thajchayapong  
(Director)

### 23. Operating Segment

The Company and its subsidiary operate in two business segments, which are (a) provision of internet access services (“Access business”), and (b) integrated services in relation to information and communication technologies (“Business solutions”).

Financial information presented by operating segments of the Company and its subsidiary for the three-month periods ended 31 March 2014 and 2013 can be set out below.

	Unit: Thousand Baht					
	2014			2013		
	Access business	Business solutions	Total	Access business	Business solutions	Total
Service income and sales	26,966	82,496	109,462	21,640	66,891	88,531
Cost of services and sales	(23,400)	(63,478)	(86,878)	(21,302)	(44,887)	(66,189)
Segment result			22,584			22,342
Other income			3,898			3,619
Unallocated selling expenses			(12,010)			(11,214)
Unallocated administrative			(12,292)			(14,742)
Profit before share of profit from an associate			2,180			5
Share of profit from an associate			2,332			1,771
Profit before finance costs and income tax expenses			4,512			1,776
Finance costs			(2,813)			-
Profit before income tax expenses			1,699			1,776
Tax expenses			(828)			(12)
Profit for the period			871			1,764

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

#### **24. Contingent liability**

##### **Penalty according to service contract**

As at March 31, 2014 and December 31, 2013, the Company had contingent liabilities from the penalty according to the service contract with a government entity amounting to Baht 3.92 million. The Company's management has a view that the Company will not make such payments without reasonable manner and believes that the Company will ultimately process the case without any penalty payment. As a result, the Company has not made any reserve in the consolidated and separate financial statements.

##### **Guarantees**

As at March 31, 2014 and December 31, 2013, the Group has contingent liabilities in relation to the letters of guarantee issued by banks amounting to approximately Baht 18.32 million and Baht 21.81 million, respectively (Notes 11 and 17).

##### **Litigation**

As at March 31, 2014 and December 31, 2013, the Company had litigation, being demanded to pay for damages. The Court of First Instance ruled that the Company shall compensate the litigant amounting to Baht 2.88 million and Baht 2.82 million, respectively, with interest. The Company, therefore, recorded the provision for liability incurred from compensation and interest. However, The Company has appealed the judgment of the Supreme Court according to the legal process. Currently, the case is under consideration of the Supreme Court.

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Mrs. Preeya Danchaivijit  
(Director)

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Prof.Dr.Pairash Thajchayapong  
(Director)



## 25. Commitments

### Operating lease commitments

The Company has commitments with regard to operating lease agreement where the Company is the lease with leasing terms of 1-3 years. As at March 31, 2014 and December 31, 2013, the Company had obligations to pay lease payments in the future as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Due within 1 year	31.94	40.67	31.94	40.58
Due over 1 year but not over 5 years	13.32	12.47	13.32	12.33
<b>Total</b>	<b>45.26</b>	<b>53.14</b>	<b>45.26</b>	<b>52.91</b>

### Agreements

As at March 31, 2014 and December 31, 2013, the Company has obliged to pay remain cost of equipment amount of Baht 73.15 million, and Baht 162.78 million, respectively.

## 26. Approval of interim financial statements

These financial statements have been approved to be issued by the Company's authorized director on May 12, 2014.

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Mrs. Preeya Danchaivijit  
(Director)

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Prof.Dr.Pairash Thajchayapong  
(Director)