

INet Inc.
Corporate Governance Code

Adopted by the Board of Directors on June 29, 2007

Based on OECD Principles of Corporate Governance and Corporate Governance Code for Companies Listed on the Macedonian Stock Exchange [hereinafter CG MSE Code]¹

The Company shall voluntarily comply with the following principles of the Corporate Governance Code for Companies listed on the Macedonian Stock Exchange, as appropriate for INet corporate governance structure:

Principle 1:

The Board of Directors is responsible for the corporate governance structure of the company and compliance with this Code.

Principle 2:

All shareholders possessing the same type and class of shares are treated equally.

Principle 3:

Family members of the individuals who are authorized to represent the Company and their representatives can not be appointed as proxies.

Principle 4:

Procedures for General Meeting of Shareholders allow for equitable treatment of all shareholders. The Company's procedures do not make it unduly difficult or expensive for shareholders to cast votes.

Principle 6:

The Company takes into consideration the interests of the Company's stakeholders and has a Code of Conduct that regulates the Company's relationship with its stakeholders.

Principle 7:

The Company ensures the timely and accurate disclosure of all material matters regarding the corporation, including its financial situation, performance, ownership and corporate governance.

Principle 8:

The Board of Directors is responsible for the strategic guidance of the Company, the effective monitoring of the management, and the Board's accountability to the Company and the Shareholders.

Principle 10:

The Board of Directors has a President who ensures that the Board of Directors functions properly.

Principle 13:

The Executive Members of the Board of Directors are responsible for achieving the Company's aims, strategy and results.

¹ Even though not all Principles from the CG MSE Code are included in the INet Corporate Governance Code, the same enumeration is held from the CG MSE Code, for reference purposes.

² Principle 5 is not part of the INet Corporate Governance Code [hereinafter INet CG Code], due to the fact that INet is not listed on the Macedonian Stock Exchange.

³ Principle 9 is not part of the INet CG Code, due to the size of INet

⁴ Principle 11 is not part of the INet CG Code due to the fact that the Company might not have the function of Internal Legal Council, also due to the size of the Company.

⁵ Principle 12 is not part of the INet CG Code, due to the fact that the Board of Directors does not have Committees, also due to the size of the Company.

Principle 14:

The Executive Members of the Board of Directors are responsible for complying with all laws and regulations, for managing the risks associated with the Company activities and for financing the Company.

Principle 15:

Any conflict of interests or potential conflict of interests between the Company and the members of the Board of Directors are avoided.

COMPLIANCE AND ENFORCEMENT OF THE CODE

Principle 1:

The Board of Directors is responsible for the corporate governance structure of the company and compliance with this Code.

- 1.1. The Board outline of the system of rules according to which the Company is managed and controlled is explained in a separate chapter of the annual report, partly by reference to the principles and best practice provisions of this Code. In this chapter, the Company indicates expressly to what extent it applies the best practice provisions in this Corporate Governance Code and, if it does not do so, why and to what extent it does not apply them.
- 1.2. The Company compliance with the Code is submitted to the General Meeting of the Shareholders for discussion as a separate agenda item.

THE GENERAL MEETING OF SHAREHOLDERS, SHAREHOLDERS' RIGHTS AND EQUITABLE TREATMENT

Principle 2:

All shareholders possessing the same type and class of shares are treated equally.

Principle 3:

Family members of the individuals who are authorized to represent the Company and their representatives can not be appointed as proxies.

Principle 4:

Procedures for General Meeting of Shareholders allow for equitable treatment of all shareholders. The Company's procedures do not make it unduly difficult or expensive for shareholders to cast votes.

- 4.1. The notice and agenda of the General Shareholders Meetings are published on the web-site of the Company;
- 4.2. The General Meeting of Shareholders is held in a place accessible to all shareholders;
- 4.3. The General Meeting of Shareholders' agenda items are clearly defined and precisely formulated, leaving no room for multiple interpretations;
- 4.4. Information related to the items of the shareholders meeting is available on the website of the company 21 days prior to the General Meeting of Shareholders and within a period of one year after the general meeting of shareholders.

4.5. The General Meeting of Shareholders is conducted in a way that all shareholders are encouraged to participate and are provided sufficient time to ask members of the Board of Directors and the external certified auditor, questions during the General Meeting of Shareholders.

THE ROLE OF STAKEHOLDERS

Principle 6:

The Company takes into consideration the interests of the Company's stakeholders and has a Code of Conduct that regulates the Company's relationship with its stakeholders.

6.1. The Company shall have an established policy for its relationships with stakeholders. This policy is published on the website of the Company;

6.2. The stakeholders, in particularly the employees, may freely communicate with the Board of Directors about their concerns related to illegal or unethical practices and their rights are not compromised by doing this;

TRANSPARENCY AND DISCLOSURE

Principle 7:

The Company ensures the timely and accurate disclosure of all material matters regarding the corporation, including its financial situation, performance, ownership and corporate governance.

7.1. The identity and the number of shares of each class and type of shareholders possessing at least 5% of the Company's charter capital are disclosed.

7.3. The Company ensures timely and accurate disclosure of all material information related to:

- a) overall company objectives and the objectives for the upcoming period;
- b) information on certified auditors;
- c) material risk factors;
- d) related party transactions;
- e) major transactions; and
- f) changes in the charter capital and in the results of the Company within the reporting period;

This information is available on the ongoing basis on the Company website.

7.5. The Company develops specific procedures ensuring regular, timely and equitable dissemination of information to all shareholders and the public at large.

7.6. The Board of Directors actively supervises the process of collecting, compiling and verifying operational data in order to prepare the financial statements.

7.7. The Board of Directors or any other person authorized by the Board verifies all publicly disclosed information.

THE BOARD OF DIRECTORS (NON-EXECUTIVE DIRECTORS)

Principle 8:

The Board of Directors is responsible for the strategic guidance of the Company, the effective monitoring of the management, and the Board's accountability to the Company and the Shareholders.

8.1. The division of duties within the Board of Directors and the procedure of the Board are described in the Statute and other acts of the Company. The Board of Directors includes in the regulations of the Company a paragraph dealing with its relations with the executive directors, external certified auditor and

the General Meeting of Shareholders. The Statute and the other acts of the Company are available on the website of the company.

8.2. The Board of Directors acts on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company.

8.3. The Board of Directors treats all shareholders equally when decisions affect shareholder groups differently.

8.4. The Board of Directors applies high ethical standards and takes into account the interests of the stakeholders.

8.5. The Board of Directors reviews corporate strategies, major plans of action, risk policies, annual budgets and business plans; sets performance objectives; monitors the implementation of the business plans and corporate performance; and oversees and/or approves major capital expenditures, acquisitions and divestitures in accordance with the law.

8.9. The Board of Directors ensures integrity of the election process of the independent auditor as well as the integrity of the independent auditor's reporting process.

8.10. The Board of Directors meets at least four times a year, at least once in three months.

THE PRESIDENT OF THE BOARD OF DIRECTORS

Principle 10:

The Board of Directors has a President who ensures that the Board of Directors functions properly.

10.1. The President of the Board of Directors:

- Determines the agenda, schedules meetings, chairs the Board of Directors meetings and monitors the functioning of the Board of Directors;
- Ensures that the materials for the meetings are available to the members of the Board of Directors and provides comprehensive and timely information and ensures that there is sufficient time for the members of the Board of Directors to make decisions;
- Represents the Board of Directors;
- Initiates evaluation of the functioning of the Board of Directors;

THE BOARD OF DIRECTORS (EXECUTIVE DIRECTORS)

Principle 13:

The Executive Members of the Board of Directors are responsible for achieving the Company's aims, strategy and results.

13.1. The executive members of the Board of Directors are accountable to the Board of Directors and ultimately accountable to the General Meeting of Shareholders.

13.2. In executing their functions, executive members of the Board of Directors are guided by the interests of the Company and its shareholders, taking into consideration the interests of the Company's shareholders.

13.3. The executive members of the Board of Directors provide the Board of Directors all information necessary for the Board of Directors to fulfill its rights and duties.

Principle 14:

The executive members of the Board of Directors are responsible for complying with all laws and regulations, for managing the risks associated with the Company activities and for financing the Company.

CONFLICT OF INTERESTS

Principle 15:

Any conflict of interests or potential conflict of interests between the Company and the members of the Board of Directors are avoided.