
I. Overview

Thaicom Plc (the Company)'s consolidated revenue from sale of goods and rendering of services for Q2/2014 totaled Baht 2,449 million, continuously growing from the same quarter last year. This was driven by revenue growth from the satellite business and the telephone and Internet business. The satellite business generated an increase of Baht 570 million or 35.9% from the same quarter last year. The revenue growth and the efficiency of cost and expense control resulted in a net profit for Q2/2014 of Baht 498 million, up by Baht 99 million and Baht 308 million from Q1/2014 and Q2/2013 respectively.

For 1H/2014, the Company reported consolidated revenue from sale of goods and rendering of services of Baht 4,824 million, up by Baht 1,257 million or 35.2% from Baht 3,567 million for 1H/2013, and a net profit of Baht 897 million, up by Baht 376 million or 72.2% from Baht 521 million for 1H/2013. This was contributed by operational improvement both from the conventional satellite service and the IPSTAR bandwidth leasing service, and from the telephone services in Lao PDR having continued increases in subscriber base, together with the efficiency of cost and expense control.

In the separate financial statements, the Company had a net profit of Baht 275 million or Baht 0.25 per share for Q2/2014, up by Baht 97 million or 54.5% from Baht 178 million or Baht 0.16 per share for Q2/2013. For 1H/2014, the Company reported a net profit of Baht 478 million or Baht 0.44 per share, up by Baht 107 million or 28.8% from Baht 371 million or Baht 0.34 per share for 1H/2013. The growth was due mainly to the continued operational improvement from the satellite business.

In August 2014, CS LoxInfo Plc ("CSL"), the Company's associate, announced it would pay an interim dividend of Baht 0.41 per share for the performance of the first six months of 2014.

II. Business Summary

Transponder leasing and related business

The Company successfully launched the Thaicom 6 satellite into orbit earlier this year and commenced broadcasting services on 1 February 2014. The company plans to launch two new satellites before 2016 to extend its target geography and be a host of yet-to-be-announced new industry partnerships and acquisitions. The Company plans to launch the Thaicom 7 satellite into the 120 degrees East in Q3/2014, and the Thaicom 8 satellite into the 78.5 degrees East by mid-2016.

The Company has continued to focus on the development of integrated technological innovations, end-to-end solutions and unlimited satellite network, as a part of our mobility services which are the new innovations and technologies of satellite-based communications that have expansively served sea-air-land connectivity with our strong pioneering history.

In Q2/2014, the Company started to broadcast digital satellite TV channels. With satellite dish and set-top box installed, viewers in Thailand will be able to enjoy the high picture quality of the channels for the digital terrestrial TV all over the country in addition to the hundreds of other satellite TV channels already available on Thaicom satellite platform.

The NBN Co has selected the Company's wholly owned subsidiary, IPSTAR Australia (IPA), for a new initiative to boost the number of broadband connections for Australians who cannot access an existing commercial broadband service. Under the NBN Co Satellite Support (NSS) Scheme, IPA is appointed as an official wholesaler and will deliver the scheme together with participating Internet Service Providers (ISPs) in Australia.

IPSTAR Japan Co. (IPJ), a wholly-owned subsidiary of the Company, launched a low-cost maritime broadband service for vessels to Ocean Trans Co., a Tokyo-based shipping company. It selected IPSTAR broadband service to provide its crew with reliable and cost-effective access to email and the Internet, thus boosting crew morale and productivity while at sea.

Moreover, the Company has become the first in the Asia Pacific region to introduce commercial In-Flight Connectivity services using Ku-band to provide broadband on Nok Air's commercial flights. The carrier will provide broadband Wi-Fi services on many of its aircraft starting in Q3/2014.

Telephone and Internet access business

As of the end of Q2/2014, Lao Telecommunications Co., Ltd. (LTC) had total phone subscribers of 1,596,464, increased from 1,375,097 at the end of Q2/2013. LTC has continued to focus on localized activities and promotions in potential and competitive areas to acquire new subscribers and keep existing subscribers, and on providing the optimal quality of services, resulting to a growth in market size. Currently, LTC still ranks No.1 in Lao PDR's mobile phone market share. Moreover, the number of Internet subscribers especially HSPA subscribers continued to increase.

In Q2/2014, CSL had a continued growth in Internet Data Center and ICT & Cloud Services, resulting from increases in new customers and bandwidth usage from its corporate customers. CSL's broadband services had still generated lower revenue, resulting from intense price competition. However, this service had contributed low revenue portion which insignificantly affected total ICT revenue, and CSL has focused more on core products which had more competitive advantage.

Media business

DTV Service Co., Ltd. (DTV), the Company's subsidiary, has still collaborated with True Visions to add True Vision's sport and entertainment content package as a top-up service through DTV platform, which has customer base all over Thailand. This will enhance the viewing experience for DTV customers. Moreover, DTV has focused on collaboration with content partners to expand its customer base by delivering diversified contents; entertainment, sports, news, and documentaries, which are not provided on other satellite dishes. DTV also continues to find additional partnerships with other platforms to share common channels to strengthen DTV platform.

III. Consolidated Operating Results

Selected financial information on THCOM

Unit: MBt	Amount			Change		Amount		Change
	Q2/14	Q1/14	Q2/13	QoQ (%)	YoY (%)	1H/14	1H/13	YoY (%)
Revenue from sale of goods and rendering of services	2,449	2,374	1,794	3.2%	36.5%	4,824	3,567	35.2%
Cost of sale of goods and rendering of services	1,356	1,492	1,030	-9.1%	31.7%	2,847	2,102	35.4%
SG&A expenses	441	436	353	1.1%	24.9%	877	759	15.5%
EBIT from continuing operations*	652	446	411	46.2%	58.6%	1,100	706	55.8%
EBITDA from continuing operations **	1,331	1,066	947	24.9%	40.5%	2,398	1,758	36.4%
Share of profits of associate	42	50	48	-16.0%	-12.5%	92	109	-15.6%
Reversal of impairment (impairment losses) on non-current assets held for sale	-	-	-	-	-	-	51	-100.0%
Profit (loss) from continuing operations	498	399	190	24.8%	162.1%	897	572	56.8%
Profit (Loss) from discontinued operation, net of income tax	-	-	-	-	-	-	(51)	100.0%
Net profit (loss)	498	399	190	24.8%	162.1%	897	521	72.2%
EPS (Baht)	0.45	0.36	0.17	25.0%	164.7%	0.82	0.48	70.8%

* EBIT = Revenue from sale of goods and rendering of services – Cost of sale of goods and rendering of services – SG&A

** EBITDA = EBIT + Depreciation and Amortization

Sales and service income

Consolidated revenue from sale of goods and rendering of services in Q2/2014 was Baht 2,449 million, an increase of Baht 655 million or 36.5% compared to Baht 1,794 million in Q2/2013, and an increase of Baht 75 million or 3.2% from Baht 2,374 million in Q1/2014. For 1H/2014, consolidated revenue from sale of goods and rendering of services was Baht 4,824 million, an increase of Baht 1,257 million or 35.2% from Baht 3,567 million for 1H/2013.

Revenue from sale of goods and rendering of services	Q2/14	Q1/14	Q2/13	%QoQ	%YoY	1H/14	1H/13	%YoY
Satellite and related services	2,157	2,103	1,587	2.6%	35.9%	4,261	3,129	36.2%
Telephone and Internet access services*	265	253	200	4.7%	32.5%	518	405	27.9%
Media services**	39	34	29	14.7%	34.5%	73	76	-3.9%
Consolidation eliminations	(12)	(16)	(22)	25.0%	45.5%	(28)	(43)	34.9%
Total	2,449	2,374	1,794	3.2%	36.5%	4,824	3,567	35.2%

* Include revenue from Telephone and Internet services in Lao PDR generated by Lao Telecommunications Co., Ltd. (LTC)

** Include revenue from Media services generated by DTV Service Co., Ltd. (DTV) and Cambodian DTV Network Ltd. (CDN)

Satellite transponder leasing and related services

Revenue from satellite transponder leasing and related services in Q2/2014 was Baht 2,157 million, a rise of Baht 570 million or 35.9% compared to Baht 1,587 million in Q2/2013, contributed by Thaicom conventional satellite service and IPSTAR bandwidth leasing service. Compared to Baht 2,103 million in Q1/2014, the satellite revenue grew by Baht 54 million or 2.6%, mainly from Thaicom conventional satellite service.

For 1H/2014, revenue from satellite transponder leasing and related services was Baht 4,261 million, up by Baht 1,132 million or 36.2% from Baht 3,129 million in 1H/2013, mainly contributed by Thaicom conventional satellite service and IPSTAR bandwidth leasing service.

Satellite and related services	Q2/14	Q1/14	Q2/13	%QoQ	%YoY	1H/14	1H/13	%YoY
Conventional*	1,115	1,060	745	5.2%	49.7%	2,175	1,479	47.1%
IPSTAR	1,042	1,043	842	-0.1%	23.8%	2,086	1,650	26.4%
Sales	44	79	45	-44.3%	-2.2%	124	107	15.9%
Services	998	964	797	3.5%	25.2%	1,962	1,543	27.2%
Total	2,157	2,103	1,587	2.6%	35.9%	4,261	3,129	36.2%

* Include the Thaicom 5 satellite, the interim satellite acquired by the Company to provide services ahead of the launch of the Thaicom 6 satellite, and the Thaicom 6 satellite

- Revenue from the Thaicom conventional satellite business for Q2/2014 was Baht 1,115 million, up by Baht 370 million or 49.7% from Baht 745 million in Q2/2013, and up by Baht 55 million or 5.2% from Baht 1,060 million, due mainly to:
 - Revenue growth from satellite transponder leasing service following the growing demand of Thailand's broadcasters served by an interim satellite providing services at 78.5 degrees East orbital slot ahead of the launch of Thaicom 6 and commencing services since August 2013. The Company successfully launched the Thaicom 6 satellite into orbit and commenced broadcasting services on 1 February 2014. The number of television channels under the conventional satellite platform at 78.5 degrees east increased from 513 channels at the end of Q2/2013 to 677 channels at the end of Q2/2014,
 - Revenue growth from value-added services e.g. teleport services including tape playout and digital signal compression.

The increasing demand for commercial satellite services from broadcasting satellite operators resulted in revenue from the Thaicom conventional satellite business of Baht 2,175 million for 1H/2014, up by Baht 696 million or 47.1% from Baht 1,479 million in 1H/2013.

- Revenue from the Thaicom 4 (IPSTAR) satellite business was Baht 1,042 million in Q2/2014, up by Baht 200 million or 23.8% from Baht 842 million in Q2/2013. This was contributed by growth in service revenue of Baht 201 million or 25.2% resulting from increases in bandwidth usage in China, India, and Indonesia, and an increase in revenue generated by Orion Satellite Systems Pty Limited (OSS), the Company's indirect subsidiary in Australia, for its satellite communication services.

Compared to the previous quarter, IPSTAR revenue in Q2/2014 declined by Baht 1 million or 0.1%, due mainly to a revenue decrease from sale of equipment for installation of satellite application network to a telecommunications service provider, offset by a revenue increase from bandwidth leasing service in Australia.

For 1H/2014, IPSTAR revenue totaled Baht 2,086 million, rose by Baht 436 million or 26.4% from Baht 1,650 million in 1H/2013 on:

- Service revenue growth of Baht 419 million or 27.2%, mainly driven by bandwidth leasing service in China, Thailand, India, Indonesia, Malaysia, New Zealand, and Australia, and revenue recognition from OSS's satellite communication services starting in Q1/2014.
- Sales revenue growth of Baht 17 million or 15.9%, due mainly to sales of equipment for installation of satellite application network to a telecommunications service provider in Japan in Q1/2014, offset by a decrease in user terminal (UT) sale revenue following lower UT sales volume resulting from the Company's ongoing Open Access Platform (OAP) strategy.

Telephone and Internet access services

The Company's revenue from telephone and Internet services in Lao PDR in Q2/2014 was Baht 265 million, up by Baht 65 million or 32.5% compared to Baht 200 million in Q2/2013. This led to revenue for 1H/2014 of Baht 518 million, up by Baht 113 million or 27.9% from Baht 405 million in 1H/2013. The revenue growth was mainly contributed by increases in;

- Revenue from prepaid and postpaid mobile phone services, resulting from higher prepaid and postpaid mobile phone subscriber base, and higher average revenue per subscriber (ARPU) for prepaid mobile phone service,
- Revenue from CDMA Fixed Wireless service, following an increase in subscriber base,
- Revenue from Internet access services, following an increase in the number of HSPA subscribers,
- Revenue from interconnection charge, and international telephone service charge, and
- Revenue from sale of SIM card and fixed wireless handset,

Compared to the previous quarter, revenue from telephone and Internet services in Lao PDR in Q2/2013 increased by Baht 12 million or 4.7%, due mainly to increases in revenue from prepaid mobile phone service, revenue from CDMA Fixed Wireless service, and revenue from Internet access service.

Media services

Revenue from media services in Q2/2014 was Baht 39 million, up by Baht 10 million or 34.5% from Baht 29 million in Q2/2013, and up by Baht 5 million or 14.7% from Baht 34 million in Q1/2014. This was due mainly to revenue increase in sale of Dtv satellite dish and IRD box, following higher Dtv sales volume in Cambodia.

For 1H/2014, revenue from media services totaled baht 73 million, down by Baht 3 million or 3.9% from Baht 76 million in 1H/2013, due mainly to revenue decrease in sale of Dtv satellite dish and IRD box, following Dtv sales volume drop in Thailand, offset by revenue increase in sale of Dtv satellite dish and IRD box, following higher Dtv sales volume in Cambodia.

Cost of sales and service

The Company reported consolidated cost of sale and services for Q2/2014 of Baht 1,356 million, an increase of Baht 326 million or 31.7% compared to Baht 1,030 million in Q2/2013, and a decrease of Baht 136 million or 9.1% from Baht 1,492 million in Q1/2014.

Total consolidated cost of sale and services for 1H/2014 was Baht 2,847 million, up by Baht 745 million or 35.4% from Baht 2,102 million for 1H/2013. For 1H/2014, total cost accounted for 59% of total sales and service income, not changed from 1H/2013.

Cost of sale of goods and rendering of services	Q2/14	Q1/14	Q2/13	%QoQ	%YoY	1H/14	1H/13	%YoY
Satellite and related services	1,184	1,316	882	-10.0%	34.2%	2,499	1,792	39.5%
Telephone and Internet access services*	140	139	129	0.7%	8.5%	279	253	10.3%
Media services**	44	48	30	-8.3%	46.7%	93	77	20.8%
Consolidation eliminations	(12)	(11)	(11)	-9.1%	-9.1%	(24)	(20)	-20.0%
Total	1,356	1,492	1,030	-9.1%	31.7%	2,847	2,102	35.4%

* Include cost from Telephone and Internet access services in Lao PDR generated by Lao Telecommunications Co., Ltd. (LTC)

** Include cost from Media services generated by DTV Service Co., Ltd. (DTV) and Cambodian DTV Network Ltd. (CDN)

Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services in Q2/2014 was Baht 1,184 million, an increase of Baht 302 million or 34.2% from Baht 882 million in Q2/2013, and a decrease of Baht 132 million or 10.0% from Baht 1,316 million in Q1/2014.

For 1H/2014, cost relating to transponder leasing and related services was Baht 2,499 million, an increase of Baht 707 million or 39.5% from Baht 1,792 million for 1H/2013 due to increases in cost relating to the Thaicom conventional business, and IPSTAR business.

Satellite and related services	Q2/14	Q1/14	Q2/13	%QoQ	%YoY	1H/14	1H/13	%YoY
Conventional*	536	657	266	-18.4%	101.5%	1,193	538	121.7%
IPSTAR	648	659	616	-1.7%	5.2%	1,306	1,254	4.1%
Total	1,184	1,316	882	-10.0%	34.2%	2,499	1,792	39.5%

* Include the Thaicom 5 satellite, the interim satellite acquired by the Company to provide services ahead of the launch of the Thaicom 6 satellite, and the Thaicom 6 satellite

- Cost relating to the Thaicom conventional satellite business for Q2/2014 was Baht 536 million, an increase of Baht 270 million or 101.5% from Baht 266 million in Q2/2013 mainly caused by increases in:
 - Depreciation cost for an increase in assets for the Thaicom 6 project, and
 - Operating agreement fee following the revenue growth

Compared to the previous quarter, cost relating to the Thaicom conventional satellite business in Q2/2014 decreased by Baht 121 million or 18.4% due mainly to:

- A decrease in transponder rental, resulting from recognition of transponder rental in Q1/2014 from acquiring an interim satellite to provide services at 78.5 degrees East orbital slot ahead of the launch of Thaicom 6 satellite. The Company commenced broadcasting services on the Thaicom 6 satellite on 1 February 2014; thus, no such transponder rental was recorded in Q2/2014,

Offset by

- An increase in depreciation cost on the Thaicom 6 assets, due to the full-quarter recognition of depreciation cost for Q2/2014, but the two-month recognition of depreciation cost for Q1/2014, and
- An increase in operating agreement fee following the revenue growth.

For 1H/2014, cost relating to the Thaicom conventional satellite business totaled Baht 1,193 million, up by Baht 655 million or 121.7% from Baht 538 million in 1H/2013, due mainly to increases in:

- Depreciation cost for an increase in assets from the Thaicom 6 project,
- Transponder rental from acquiring an interim satellite to provide services at 78.5 degrees East orbital slot ahead of the launch of Thaicom 6 satellite,
- Operating agreement fee following the revenue growth.

- Cost relating to the Thaicom 4 (IPSTAR) satellite business was Baht 648 million, up by Baht 32 million or 5.2% from Baht 616 million in Q2/2013 on increases in:
 - Operating agreement fee following the IPSTAR bandwidth revenue growth, and
 - Cost relating to OSS's satellite communication services.

Compared to Q1/2014, cost relating to the Thaicom 4 (IPSTAR) satellite business decreased by Baht 11 million or 1.7%, attributable to a decrease in cost of sales of equipment for installation of satellite application network in Japan, offset by an increase in cost relating to OSS's satellite communication services following its revenue growth.

For 1H/2014, cost relating to the Thaicom 4 (IPSTAR) satellite business totaled Baht 1,306 million, rose by Baht 52 million or 4.1% from Baht 1,254 million for 1H/2013, due mainly to increases in:

- Operating agreement fee following the IPSTAR bandwidth revenue growth,
- Cost relating to OSS's satellite communication services recognized since Q1/2014,
- Cost of sales of equipment for installation of satellite application network in Japan

Cost of telephone and Internet access services

Cost relating to the telephone and Internet access business in Lao PDR for Q2/2014 amounted to Baht 140 million, an increase of Baht 11 million or 8.5% from Baht 129 million in Q2/2013, leading to the 1H/2014 cost of Baht 279 million, up by Baht 26 million or 10.3% from Baht 253 million for 1H/2013, due mainly to increases in:

- Cost of interconnection charge following the airtime revenue growth, and
- Cost of sale of SIM card and fixed wireless handset following the sale growth,

Compared to Q1/2014, cost relating to the telephone and Internet access business in Lao PDR in Q2/2014 increased by Baht 1 million or 0.7%.

Cost of media services

Cost relating to media business in Q2/2014 was Baht 44 million, up by Baht 14 million or 46.7% from Baht 30 million in Q2/2013, leading to the 1H/2014 cost of Baht 93 million, rose by Baht 16 million or 20.8% from Baht 77 million for 1H/2013,. This was caused by higher cost of sales of Dtv satellite dish and IRD box following the revenue increase in Cambodia.

Compared to Q1/2014, cost relating to media business in Q2/2014 declined by Baht 4 million or 8.3% due mainly to a decrease in cost of sales of obsolete inventory in Q2/2014, offset by an increase in cost of sales of Dtv satellite dish and IRD box following the revenue increase in Cambodia.

Selling and administrative expenses

SG&A expenses, including directors and management benefit expenses, totaled Baht 441 million in Q2/2014, an increase of Baht 88 million, or 24.9%, compared to Baht 353 million in Q2/2013 due mainly to increases in:

- Marketing expenses for the satellite business,
- Marketing expenses, and provision for doubtful debts for the telephone and Internet access business in Lao PDR,
- Provision for obsolete inventory for the media business.

Compared to the previous quarter, SG&A expenses for Q2/2014 increased by Baht 5 million or 1.1% due to:

- Higher marketing expenses, and provision for obsolete inventory for the media business,
Offset by
- Lower provision for doubtful debts for the satellite business, and
- Lower administrative expenses for the telephone and Internet business in Lao PDR.

For 1H/2014, SG&A expenses amounted to Baht 877 million, up by Baht 118 million or 15.5% from Baht 759 million for 1H/2013, mainly contributed by:

- Higher marketing for the satellite business,
- Higher marketing expenses, provision for doubtful debts, offset by lower administrative and staff expenses for the telephone and Internet business in Lao PDR,
- Higher provision for obsolete inventory for the media business.

Loss on exchange rate

In Q2/2014, the Company reported a loss on foreign exchange rate of Baht 13 million, down by Baht 160 million from Baht 173 million in Q2/2013. Loss on exchange rate for Q2/2014 was largely impacted by the revaluation of borrowings for the Thaicom 6 project as a result of the depreciation of the Thai Baht against the US dollar as compared to the exchange rate (USD/THB) at the end of Q1/2014.

For 1H/2014, the Company reported a gain on foreign exchange rate of Baht 40 million, attributable to the revaluation of borrowings for the Thaicom 6 project as a result of the appreciation of the Thai Baht against the US dollar as compare to the exchange rate (USD/THB) at the end of 2013. For 1H/2013, the Company reported a loss on foreign exchange rate of Baht 53 million.

Finance costs

Finance costs totaled Baht 95 million in Q2/2014, up by Baht 29 million, or 43.9%, compared with Baht 66 million in Q2/2013, leading to fianance costs for 1H/2014 of Baht 182 million, up by Baht 50 million or 37.9% from Baht 132 million for 1H/2013. The increase was caused by interest expenses on long-term loan for the Thaicom 6 project.

Share of profit of associates

Share of profit of associates in Q2/2014 was Baht 42 million, down by Baht 6 million or 12.5% from Baht 48 million in Q2/2013, due to an 11.4% decrease in CSL's net profit over Q2/2013. This was mainly caused by a drop in operating profit from media and advertising on YellowPages and voice info services and mobile content businesses, resulting from the soften economy and lower purchasing power, in parallel with, the extension of an expiration date for prepaid telephone cards announced by The National Telecommunications Commission. However, Internat data center and ICT & cloud service business grew continuously.

For 1H/2014, share of profit of associates amounted to Baht 92 million, down by Baht 17 million or 15.6% from Baht 109 million for 1H/2013, driven by a 15.8% decrease in CSL's net profit, resulting from:

- A decrease in operating profit from media and advertising on YellowPages and voice info services and mobile content businesses,
- An extraordinary gain (net of corporate income tax) of Baht 23 million recognized in 1H/2013 resulting from the settlement of old promotion/discount for the internet network rental fee from its supplier,
Offset by
- Operational improvement from the ICT business, and media and advertising on YellowPages business.

Income tax expense

In Q2/2014, the Company reported income tax expense of Baht 113 million, up by Baht 64 million or 130.6% from Baht 49 million in Q2/2013. For 1H/2014, the Company's income tax expense amounted to Baht 210 million, up by Baht 62 million or 41.9% from Baht 148 million for 1H/2013.

IV. Financial Position

At the end of Q2/2014, the Company reported total assets of Baht 29,201 million, an increase of Baht 1,827 million or 6.7% from Baht 27,374 million at the end of 2013. This was mainly because of:

- Additional PP&E mostly for the Thaicom 8 project and the telephone business in Lao PDR,
- Higher cash and cash equivalents, and current investments which were short-term deposits at financial institutions,
Offset by
- Year-to-date accumulated depreciation and amortization of PP&E and intangible assets under operating agreements.

THCOM's asset components

Assets	June 30, 2014		December 31, 2013	
			(Restated)	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	7,033	24.1	5,424	19.8
Investment in associates	492	1.7	487	1.8
PP&E, net	5,082	17.4	3,163	11.6
Intangible assets under the concession agreement, net	14,268	48.9	15,042	54.9

Trade accounts receivable, accrued income, and other accounts receivable

As of 30 June 2014, the Company had net trade accounts receivable and accrued income of Baht 1,239 million (or 4.2% of total assets), comprising of other parties and related parties which represented 93% and 7% of total trade accounts receivable and accrued income, respectively. As of 30 June 2014, the Company had an allowance for doubtful accounts of Baht 205 million or 16.2% of total trade accounts receivable, lower than 18.4% as of 31 December 2013. Trade and other accounts receivable and accrued income as of 30 June 2014 increased by Baht 92 million from the end of 2013, due mainly to an increase in trade accounts receivable from the satellite business.

Liquidity

At the end of Q2/2014, the Company had a current ratio of 0.84x, up from 0.82x at the end of 2013 due mainly to:

- Reclassification of investment in ordinary shares of Synertone Communication Corporation Limited from available-for-sale investments to current investments,
- Higher short-term deposits at financial institutions,
Offset by
- Higher short-term loans from financial institutions for the Thaicom 8 project,

Investments in associate

Investment in CSL was presented as "investment in associate" item. At the end of Q2/2014 the Company's investment in CSL totaled Baht 492 million, an increase of Baht 5 million or 1.0% from Baht 487 million at the end of 2013, reflecting a proportionate recognition of CSL's net profit for 1H/2014 amounting to Baht 92 million, offset by a dividend income from CSL of Baht 88 million.

Property, plant and equipment

Property, Plant and Equipment (PP&E) at the end of Q2/2014 was Baht 5,082 million, an increase of Baht 1,919 million or 60.7% from Baht 3,163 million at the end of 2013. This was due mainly to:

- Additions to PP&E for 1H/2014 largely consisting of assets for the Thaicom 8 project and the telephone business in Lao PDR,
Offset by
- Accumulated depreciation and amortization of PP&E in 1H/2014.

Intangible assets under operating agreement

Intangible assets under operating agreement at the end of Q2/2014 was Baht 14,268 million, a decrease of Baht 774 million or 5.1% from Baht 15,042 million at the end of 2013 mostly due to depreciation expenses in 1H/2014.

Borrowings and Shareholders' equity

The Company's *net borrowings* at the end of Q2/2014 were Baht 9,448 million, an increase of Baht 1,076 million or 12.9% from Baht 8,372 million at the end of 2013, mainly attributable to short-term loans from financial institutions in Q2/2014 for the Thaicom 8 project, offset by repayment in Q1/2014 of long-term borrowings for the Thaicom 6 project.

The Company's *shareholders' equity* at the end of Q2/2014 was Baht 16,004 million, an increase of Baht 423 million or 2.7% from Baht 15,581 million at the end of 2013, reflecting net profit for 1H/2014 of Baht 897 million, offset by dividends to owners of the Company of Baht 493 million.

With higher net borrowings and shareholders' equity for the six-month period ended 30 June 2014, the ratio of net borrowings to equity at the end of Q2/2014 was 0.59x, up from 0.54x at the end of 2013.

Cash flow

Net cash flow provided by operating activities for 1H/2014 was Baht 2,550 million, up by Baht 588 million or 30.0% from Baht 1,962 million in 1H/2013, due mainly to higher operating profit for 1H/2014.

Net cash flow used in investing activities for 1H/2014 was Baht 2,830 million, mostly for:

- The payments for property and equipment for the Thaicom 8 project and assets for the expansion of the telephone business in Lao PDR,
- Current investments which were short-term deposits at financial institutions mature within one year, and
- Payment for acquisition of OSS from Orion Satellite Investment Limited.

For 1H/2013, net cash flow used in investing activities was Baht 794 million.

Net cash flow provided by financing activities for 1H/2014 was Baht 460 million mainly comprising of:

- Proceeds from short-term loans from financial institutions for the payments for the Thaicom 8 project's assets,
Offset by
- Dividends paid to owners of the Company,
- Repayments of long-term borrowings for the Thaicom 6 project, and
- Interest payments mostly consisting of debenture interests and interest expenses on long-term loan for the Thaicom 6 project

For 1H/2013, net cash flow used in financing activities was Baht 369 million.

The Company had ending cash of Baht 2,330 million on 30 June 2014.

This document contains certain forward-looking statements. They refer to future events and to the future financial performance of the Companies. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe” or “continue.” Although the Companies believe that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.