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## I. Overview

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Thaicom Plc (the Company)'s consolidated revenue from sale of goods and rendering of services for Q3/2014 totaled Baht 2,598 million, continuously growing from the same quarter last year. This was driven by revenue growth from both conventional and IPSTAR satellite, telephone, and Internet business. The satellite business generated an increase of Baht 466 million or 25.6% from Q3/2013, and the telephone and Internet business generated an increase of Baht 60 million or 29.1% from Q3/2013.

The Company generated a normalized net profit in Q3/2014 of Baht 510 million, up by Baht 190 million, 59.4%, from Baht 320 million in Q3/2013 which was resulted from sales and services revenue growth. However, CS Loxinfo Public Company Limited (CSL) recognized impairment loss for goodwill of Teleinfo Media Public Company Limited (TMC), CSL's subsidiary, amounting to Baht 550 million due to a decline of voice info services and mobile content business. CSL decided to realize full amount of loss in TMC investment, of which the Company recognized the loss of Baht 231 million proportionately. As a result, the Company had share of loss of associate of Baht 195 million and a net profit in Q3/2014 down to Baht 279 million.

For 9M/2014, the Company reported consolidated revenue from sale of goods and rendering of services of Baht 7,421 million, up by Baht 1,792 million, 31.8%, from Baht 5,629 million for 9M/2013 and a normalized net profit of Baht 1,407 million which increased by Baht 566 million, 67.3%, from Baht 841 million for 9M/2013. This was contributed by the growth of both conventional and IPSTAR satellite business, and the telephone and Internet business in Lao PDR. However, share of loss of CSL investment caused a net profit for 9M/2014 down to Baht 1,176 million.

In the separate financial statements, the Company had revenue from sale of goods and rendering of services in Q3/2014 Baht 1,774 million, an increase of Baht 246 million, 16.1%, compared to Baht 1,528 million in Q3/2013. For 9M/2014, the revenue was Baht 5,176 million, up by 25.8% or Baht 1,061 million from Baht 4,115 million last year. The growth was due mainly to the satellite business.

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## II. Business Summary

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### ***Transponder leasing and related business***

In Q3/2014, the Company's successfully launched THAICOM-7 into orbit services at 120 degrees East on 7<sup>th</sup> September 2014 by Falcon 9 rocket of Space Exploration Technologies Corporation (SPACE X), following the launching of THAICOM-6 earlier this year. Moreover, the Company plans to launch THAICOM-8 into orbit services at 78.5 degrees East within 1H/2016.

In Q3/2014, the Company issued Senior Debentures of 5-year, coupon rate of 4.28% per annum, and 7-year, coupon rate of 4.68% per annum, in the total amount of Baht 4,550 Million. The debentures were offered to individuals and institutional investors. The main purposes of these debentures were for THAICOM 7's investment, following by the investment in THAICOM 8 Satellite Project. Tris Rating Co., Ltd. has confirmed the company's credit rating at "A-". The outlook remains "stable".

The Company and Nok Airlines Public Company Limited jointly launched commercial In-Flight Connectivity services using Ku-band to provide broadband, the first in the Asia Pacific. The service launch comes as the Company strategy "End-to-End Solutions", under the concept to expand its focus to include end-to-end "Mobility Service" for air, land, and sea vehicles.

IPSTAR Australia Pty Limited (IPA), a wholly-owned subsidiary of the Company, continued to operate additional Australian Government's National Broadband Network (NBN) project in September 2014 to meet the demand of businesses and rural residential homes throughout the country. 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.

### ***Telephone and Internet access business***

As of the end of Q3/2014, Lao Telecommunications Co., Ltd. (LTC) had total phone subscribers of 1,617,493, increased from 1,414,835 at the end of Q3/2013, and had total mobile subscribers of 1,364,997 million. Currently, LTC still ranks No.1 in Lao PDR's mobile phone. LTC has continued to focus on localized activities and promotions in potential and competitive areas to acquire new subscribers and keep existing subscribers. The number of LTC's Internet subscribers especially HSPA and CDMA Fixed Wireless subscribers continued to increase.

In Q3/2014, CSL had a continuous growth of the number of subscribers for Leased line and Internet Data Center (IDC) services, resulting from an increase in new customers and bandwidth usage from its corporate customers. For Internet services via broadband, high price competition caused a decrease in broadband customer base. The Company put more effort to focus on providing ICT & Cloud Solution Services in order to conform with current customer demands. However, the revenue from ICT & Cloud Services decreased because CSL had recognized the delivered ICT & Cloud project sales in previous quarter.

### Media business

In Q3/2014, DTV Service Co., Ltd. (DTV) has still collaborated with True Visions to add True Vision's sport and entertainment content package on Ku-band. Moreover, DTV has focused on collaboration with content partners to expand its customer base by delivering diversified contents. As a result, DTV generated the increase in sale of DTV satellite dish and IRD box compared to Q2/2014.

## III. Consolidated Operating Results

### Selected financial information on THCOM

Unit: MBt	Amount			Change		Amount		Change
	Q3/14	Q2/14	Q3/13	QoQ (%)	YoY (%)	9M/14	9M/13	YoY (%)
Revenue from sale of goods and rendering of services	2,598	2,449	2,061	6.1%	26.1%	7,421	5,629	31.8%
Cost of sale of goods and rendering of services	1,513	1,356	1,222	11.6%	23.8%	4,360	3,325	31.1%
SG&A expenses	476	441	378	7.9%	25.9%	1,352	1,136	19.0%
EBIT from continuing operations*	609	652	461	-6.6%	32.1%	1,709	1,168	46.3%
EBITDA from continuing operations **	1,293	1,331	979	-2.9%	32.1%	3,690	2,739	34.7%
Share of profits of associate	(195)	42	44	-564.3%	-543.2%	(103)	154	-166.9%
Reversal of impairment (impairment losses) on non-current assets held for sale	-	-	-	-	-	-	51	-
Profit (Loss) from continuing operations	279	498	320	-44.0%	-12.8%	1,176	892	31.8%
Profit (Loss) from discontinued operation, net of income tax	-	-	-	-	-	-	(51)	-
Net profit (loss)	279	498	320	-44.0%	-12.8%	1,176	841	39.8%
EPS (Baht)	0.25	0.45	0.29	-44.4%	-13.8%	1.07	0.77	39.0%
Normalized net profit (loss)***	510	498	320	2.4%	59.4%	1,407	841	67.7%
Normalized net profit (loss) per share	0.47	0.45	0.29	2.5%	59.4%	1.28	0.77	67.3%

\* 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

\*\*\* Normalized net profit (loss) = Normalized net profit (loss) + impairment loss for goodwill from TMC amount Baht 231million

### Sales and service income

Consolidated revenue from sale of goods and rendering of services in Q3/2014 was Baht 2,598 million, an increase of Baht 537 million or 26.1% from Baht 2,061 million in Q3/2013, and an increase of Baht 149 million or 6.1% compared to Baht 2,449 million in previous quarter. For 9M/2014, consolidated revenue from sale of goods and rendering of services was Baht 7,421 million, an increase of Baht 1,792 million or 31.8% from Baht 5,629 million for 9M/2013 driven by revenue growth from the satellite business, and the telephone and Internet services in Lao PDR .

Revenue from sale of goods and rendering of services	Q3/14	Q2/14	Q3/13	%QoQ	%YoY	9M/14	9M/13	%YoY
Satellite and related services	2,287	2,157	1,821	6.0%	25.6%	6,549	4,950	32.3%
Telephone and Internet access services*	266	265	206	0.4%	29.1%	783	611	28.3%
Media services**	60	39	62	53.8%	-3.2%	133	138	-3.6%
Consolidation eliminations	(15)	(12)	(28)	25.0%	-46.4%	(44)	(70)	-37.1%
<b>Total</b>	<b>2,598</b>	<b>2,449</b>	<b>2,061</b>	<b>6.1%</b>	<b>26.1%</b>	<b>7,421</b>	<b>5,629</b>	<b>31.8%</b>

\* 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 Q3/2014 was Baht 2,287 million, a rise of Baht 466 million, 25.6%, compared to Baht 1,821 million in Q3/2013, and up by Baht 130 million, 6.0%, from Baht 2,175 in Q2/2014. There was mainly from an increase in Thaicom conventional and IPSTAR satellite business.

For 9M/2014, revenue from satellite transponder leasing and related services was Baht 6,549 million, up by Baht 1,599 million, 32.3%, from Baht 4,950 million for 9M/2013, contributed by Thaicom conventional and IPSTAR satellite business.

Satellite and related services	Q3/14	Q2/14	Q3/13	%QoQ	%YoY	9M/14	9M/13	%YoY
Conventional*	1,130	1,115	916	1.3%	23.4%	3,306	2,395	38.0%
IPSTAR	1,157	1,042	905	11.0%	27.8%	3,243	2,555	26.9%
Sales	158	44	38	259.1%	315.8%	282	145	94.5%
Services	999	998	867	0.1%	15.2%	2,961	2,410	22.9%
<b>Total</b>	<b>2,287</b>	<b>2,157</b>	<b>1,821</b>	<b>6.0%</b>	<b>25.6%</b>	<b>6,548</b>	<b>4,950</b>	<b>32.3%</b>

\* 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 Q3/2014 was Baht 1,130 million, up by Baht 214 million, 23.4%, from Baht 916 million in Q3/2013, and up by Baht 15 million, 1.3%, from Baht 1,115 million in Q2/2014, due mainly to:
  - Revenue growth from satellite transponder leasing service following the growing demands of Thailand's broadcasters especially THAICOM-6's leasing service. The Company successfully launched the THAICOM-6 satellite into orbit and commenced broadcasting services on 1<sup>st</sup> February 2014.
  - Revenue growth from value-added services such as 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 3,306 million for 9M/2014, up by Baht 911 million, 38.0%, from Baht 2,395 million for 9M/2013.

- Revenue from the Thaicom 4 (IPSTAR) satellite business was Baht 1,157 million in Q3/2014, up by Baht 252 million, 27.8%, from Baht 905 million in Q3/2013, and also increased by Baht 115 million, 11.0%, from Baht 1,042 million in Q2/2014. This was contributed by:
  - An increase of user terminal (UT) sale revenue especially in India and Australia, and installation for in-flight connectivity services with Nok Airlines Public Company Limited,
  - An increase of bandwidth leasing service revenue in Australia, together with share of service revenue from China, offset by a decrease of bandwidth leasing service in Japan and Indonesia in Q2/2014

For 9M/2014, IPSTAR revenue totaled Baht 3,243 million, rose by Baht 688 million, 26.9%, from Baht 2,555 million in 9M/2013 due to:

- Sales revenue growth, due mainly to sales of equipment for installation of satellite application network to a telecommunications service provider in Japan, together with an increase in user terminal (UT) sale in India and Australia and the installation revenue for in-flight connectivity services with Nok Airlines Public Company Limited.
- Service revenue growth, mainly driven by bandwidth leasing service in China, India, and Malaysia, including share of service revenue from China, and revenue recognition from OSS's satellite communication services since Q1/2014

#### Telephone and Internet access services

The Company's revenue from telephone and Internet services in Lao PDR in Q3/2014 was Baht 266 million, up by Baht 60 million, 29.1% compared to Baht 206 million in Q3/2013. This led to revenue for 9M/2014 of Baht 783 million, up by Baht 172 million, 28.2% from Baht 611 million in 9M/2013. The revenue growth was mainly contributed by increases in;

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

Compared to Q2/2014, revenue from telephone and Internet services in Lao PDR in Q3/2014 increased by Baht 1 million, 0.4%, due mainly to an increase of 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 Q3/2014 was Baht 60 million, decreased by Baht 2 million, 3.2%, from Baht 62 million in Q3/2013, but up by Baht 21 million, 53.8%, from Baht 39 million in Q2/2014. This was due mainly to revenue increase in sale of DTV satellite dish and IRD box, following higher sales volume in Thailand and Cambodia.

For 9M/2014, revenue from media services totaled Baht 133 million, down by Baht 5 million, 3.6%, from Baht 138 million for 9M/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 Q3/2014 of Baht 1,513 million, an increase of Baht 291 million, 23.8%, compared to Baht 1,222 million in Q3/2013, and an increase of Baht 157 million, 11.6%, from Baht 1,356 million in previous quarter.

Total consolidated cost of sale and services for 9M/2014 was Baht 4,360 million, up by Baht 1,035 million, 31.1%, from Baht 3,325 million for 9M/2013. For 9M/2014, total cost accounted for 58.7% of total sales and service income decreased from 59.1% for 9M/2013.

Cost of sale of goods and rendering of services	Q3/14	Q2/14	Q3/13	%QoQ	%YoY	9M/14	9M/13	%YoY
Satellite and related services	1,328	1,184	1,059	12.2%	25.4%	3,828	2,852	34.2%
Telephone and Internet access services*	133	140	128	-5.0%	3.9%	411	381	7.9%
Media services**	64	44	49	45.5%	30.6%	157	127	23.6%
Consolidation eliminations	(12)	(12)	(14)	0.0%	-14.3%	(36)	(35)	2.9%
<b>Total</b>	<b>1,513</b>	<b>1,356</b>	<b>1,222</b>	<b>11.6%</b>	<b>23.8%</b>	<b>4,360</b>	<b>3,325</b>	<b>31.1%</b>

\* 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 Q3/2014 was Baht 1,328 million, an increase of Baht 269 million, 25.4%, from Baht 1,059 million in Q3/2013, and an increase of Baht 144 million, 12.2%, from Baht 1,184 million in Q2/2014.

For 9M/2014, cost relating to transponder leasing and related services was Baht 3,828 million, an increase of Baht 976 million, 34.2%, from Baht 2,852 million for 9M/2013, due to increases in cost relating to both Thaicom conventional and IPSTAR businesses.

Satellite and related services	Q3/14	Q2/14	Q3/13	%QoQ	%YoY	9M/14	9M/13	%YoY
Conventional*	566	536	446	5.6%	26.9%	1,759	985	78.6%
IPSTAR	762	648	613	17.6%	24.3%	2,069	1,867	10.8%
<b>Total</b>	<b>1,328</b>	<b>1,184</b>	<b>1,059</b>	<b>12.2%</b>	<b>25.4%</b>	<b>3,828</b>	<b>2,852</b>	<b>34.2%</b>

\* 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 Q3/2014 was Baht 566 million, an increase of Baht 120 million, 26.9%, from Baht 446 million in Q3/2013. For 9M/2014, cost relating to the Thaicom conventional satellite business totaled Baht 1,759 million, up by Baht 774 million, 78.6%, from Baht 985 million for 9M/2013, due mainly to increases in:

- Depreciation cost for an increase in assets for the Thaicom 6, net with a decrease in existing depreciation cost, and 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

Compared to the previous quarter, cost relating to the Thaicom conventional satellite business in Q3/2014 increased by Baht 30 million, 5.6%, due mainly to an increase in operating agreement fee following the revenue growth.

Cost relating to the Thaicom 4 (IPSTAR) satellite business in Q3/2014 was Baht 762 million, up by Baht 149 million, 24.3%, from Baht 613 million in Q3/2013. For 9M/2014, cost relating to the Thaicom 4 (IPSTAR) satellite business totaled Baht 2,069 million, rose by Baht 202 million, 10.8%, from Baht 1,867 million for 9M/2013, due mainly to increases in:

- Operating agreement fee following the IPSTAR bandwidth revenue growth,
- Cost relating to OSS's satellite communication services,
- Cost relating to installation for in-flight connectivity, and
- Cost following user terminal (UT) sale growth in India and Australia

Compared to Q2/2014, cost relating to the Thaicom 4 (IPSTAR) satellite business increased by Baht 114 million, 17.6%, attributable to an increase in cost of user terminal (UT) sale in India and Australia following in its revenue growth, together with installation cost relating to Nok Airlines services using Ku-band to provide in-flight broadband.

#### Cost of telephone and Internet access services

Cost relating to the telephone and Internet access business in Lao PDR for Q3/2014 amounting to Baht 133 million, an increase of Baht 5 million, 3.9%, from Baht 128 million in Q3/2013, due to cost of interconnection charge and cost of sale of SIM card and fixed wireless handset following the sale growth. To compare with Q2/2014, the cost decreased by Baht 7 million, 5%, from Baht 140 million in previous quarter, as a result from improvement in cost management.

For 9M/2014, the cost was Baht 411 million, up by Baht 30 million or 7.9% from Baht 381 million for 9M/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

#### Cost of media services

Cost relating to media business in Q3/2014 was Baht 64 million, up by Baht 15 million, 30.6%, from Baht 49 million in Q3/2013, and Baht 20 million, 45.5%, from Baht 40 million in Q2/2014, caused by higher cost of sales of DTV satellite dish and IRD box following the revenue increase. As a result, cost was Baht 157 million for 9M/2014 which rose by Baht 30 million, 23.6%, from Baht 127 million for 9M/2013.

#### ***Selling and administrative expenses***

SG&A expenses, including directors and management benefit expenses, totaled Baht 476 million in Q3/2014, an increase of Baht 98 million, 25.9%, compared to Baht 378 million in Q3/2013 due mainly to increases in:

- Provision for doubtful debts for the satellite business,
- Marketing expenses for the satellite business and internet access business in Lao PDR, and
- Provision for obsolete inventory for the media business

Compared to the previous quarter, SG&A expenses for Q2/2014 increased by Baht 35 million, 7.9%, due to:

- Higher staff expenses for satellite business,
- Higher provision for doubtful debts for the satellite business,  
Offset by
- Lower SG&A for the satellite business and internet access business in Lao PDR

For 9M/2014, SG&A expenses amounted to Baht 1,352 million, up by Baht 216 million, 19.0%, from Baht 1,136 million for 9M/2013, mainly contributed by:

- Higher marketing for the satellite business,
- Higher marketing expenses, provision for doubtful debts of internet access business in Lao PDR, and
- Higher provision for obsolete inventory for the media business.  
Offset by
- Lower SG&A for media business

#### ***Gain on exchange rate***

In Q3/2014, the Company reported a gain on foreign exchange rate of Baht 42 million, up by Baht 88 million from Baht 46 million loss in Q3/2013. Gain on exchange rate for Q3/2014 was a result of the revaluation of borrowings for the Thaicom 6 project due to the appreciation of the Thai Baht against the US dollar as compared to the exchange rate (USD/THB) at the end of Q2/2014.

For 9M/2014, the Company reported a gain on foreign exchange rate of Baht 82 million, attributable to the revaluation of borrowings for the Thaicom 6 project due to the appreciation of the Thai Baht against the US dollar as compare to the exchange rate (USD/THB) at the end of 2013. For 9M/2013, the Company reported a loss on foreign exchange rate of Baht 100 million.

### **Finance costs**

Finance costs totaled Baht 97 million in Q3/2014, up by Baht 30 million, 44.8%, compared with Baht 67 million in Q3/2013, leading to finance costs for 9M/2014 of Baht 279 million, up by Baht 80 million, 40.2%, from Baht 199 million for 9M/2013. The increase was caused by interest expenses on long-term loan for the Thaicom 6 project.

### **Share of profit of associates**

In Q3/2014, the Company recognized share of loss from CSL amounting to Baht 195 million, down by Baht 239 million or 543.2% from a profit of Baht 44 million in Q3/2013, and Baht 237 million or 564.3% from a profit of Baht 42 million in Q2/2014 mainly contributed by:

- TMC, CSL's subsidiary, impairment loss for goodwill amounting to Baht 550 million caused sharing of Baht 231 million to the Company. As a result, the Company had share of loss of associate of Baht 195 million.

For 9M/2014, share of loss of associates from CSL amounted to Baht 103 million, down by Baht 257 million or 166.9% from a profit Baht 154 million for 9M/2013 resulting from:

- TMC, CSL's subsidiary, impairment loss for goodwill amounting to Baht 550 million,
- Lower a profit from continuing operation from voice info services and mobile content business,
- An extraordinary gain (net of corporate income tax) of Baht 23 million recognized in 9M/2013 resulting from the settlement of old promotion/discount for the internet network rental fee from its supplier. There was no this transaction during 9M/2014.

### **Income tax expense**

In Q3/2014, the Company reported income tax expense of Baht 138 million, up by Baht 13 million or 10.4% from Baht 125 million in Q3/2013. For 9M/2014, the Company's income tax expense amounted to Baht 348 million, up by Baht 75 million or 27.5% from Baht 273 million for 9M/2013.

### **Net profit**

In Q3/2014, the Company generated a normalized net profit of Baht 510 million, up by Baht 190 million, 59.4%, from Baht 320 million in Q3/2013 which was resulted from sales and services revenue growth. However, the Company recognized share of TMC impairment loss of Baht 231 million proportionately which affected a share of loss of associates down to Baht 195 million, and a net profit in Q3/2014 down to Baht 279 million which decreased by Baht 41 million or 12.8% from Baht 320 million in Q3/2013, and also decreased by Baht 44 million or 44% from Baht 498 million in 2Q/2014.

For 9M/2014, the Company reported a normalized net profit of Baht 1,407 million which increased by Baht 566 million, 67.3%, from Baht 841 million for 9M/2014. As a result of TMC impairment loss recognition, the company generated a net profit for 9M/2014 down to Baht 1,176 million, but still up by Baht 335 million, 39.8%, from Baht 841 million in 9M/2013 due to higher revenues from satellite, telephone and internet access services, together with cost management.

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## **IV. Financial Position**

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At the end of Q3/2014, the Company reported total assets of Baht 28,731 million, an increase of Baht 1,357 million or 5.0% from Baht 27,374 million at the end of 2013. This was mainly because of:

- Higher cash and cash equivalents, and current investments which were short-term deposits at financial institutions and the investment in Synertone Communication Corporation Limited (Synertone),  
Offset by
- Year-to-date accumulated depreciation and amortization of PP&E and intangible assets under operating agreements, and

- Additional PP&E mostly for the Thaicom 8 project and the telephone business in Lao PDR

THCOM's asset components

Assets	September 30, 2014		December 31, 2013 (Restated)	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	7,074	24.6	5,424	19.8
Investment in associates	194	0.7	487	1.8
PP&E, net	5,471	19.0	3,163	11.6
Intangible assets under the concession agreement, net	13,758	47.9	15,042	54.9

**Trade accounts receivable, accrued income, and other accounts receivable**

As of 30<sup>th</sup> September 2014, the Company had net trade accounts receivable and accrued income of Baht 1,233 million, 4.3% of total assets, comprising of related parties and other parties which represented 6.9% and 93.1% of total trade accounts receivable and accrued income, respectively. As of 30<sup>th</sup> September 2014, the Company had an allowance for doubtful accounts of Baht 219 million or 18.9% of total trade accounts receivable, lower than 18.4% as of 31<sup>st</sup> December 2013. Trade and other accounts receivable and accrued income as of 30<sup>th</sup> September 2014 increased by Baht 42 million from the end of 2013, due mainly to an increase in trade accounts receivable from the satellite business.

**Liquidity**

At the end of Q3/2014, the Company had a current ratio of 0.90x, up from 0.82x at the end of 2013 due mainly to:

- Reclassification of investment in ordinary shares of Synertone from available-for-sale investments to current investments, and
- Lower deferred income from IPSTAR service revenue, due to reclassification from Lower deferred income to revenue,  
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 Q3/2014 the Company's investment in CSL totaled Baht 194 million, a decrease of Baht 293 million or 60.2% from Baht 487 million at the end of 2013, reflecting a proportionate recognition of CSL's net loss for 9M/2014 amounting to Baht 103 million, and a dividend income from CSL of Baht 190 million.

**Property, plant and equipment**

*Property, Plant and Equipment (PP&E)* at the end of Q3/2014 was Baht 5,471 million, an increase of Baht 2,308 million or 73.0% from Baht 3,163 million at the end of 2013. This was due mainly to:

- Additions to PP&E for 9M/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 9M/2014

### **Intangible assets under operating agreement**

Intangible assets under operating agreement at the end of Q3/2014 was Baht 13,758 million, a decrease of Baht 1,284 million or 8.5% from Baht 15,042 million at the end of 2013 mostly due to depreciation expenses in 9M/2014.

### **Borrowings and Shareholders' equity**

The Company's *net borrowings* at the end of Q3/2014 were Baht 9,539 million, an increase of Baht 1,167 million or 13.9% from Baht 8,372 million at the end of 2013, mainly attributable to short-term loans from financial institutions for the Thaicom 8 project, offset by repayment of long-term borrowings for the Thaicom 6 project.

The Company's *shareholders' equity* at the end of Q3/2014 was Baht 16,414 million, an increase of Baht 883 million or 5.7% from Baht 15,581 million at the end of 2013, reflecting net profit for 9M/2014 of Baht 1,222 million, offset by dividends to owners of the Company of Baht 493 million.

With higher net borrowings and shareholders' equity for the nine-month period ended 30<sup>th</sup> September 2014, the ratio of net borrowings to equity at the end of Q3/2014 was 0.58x, up from 0.54x at the end of 2013.

### **Cash flow**

*Net cash flow provided by operating activities* for 9M/2014 was Baht 2,964 million, up by Baht 706 million or 31.3% from Baht 2,258 million in 9M/2013, due mainly to higher operating profit for 9M/2014.

*Net cash flow used in investing activities* for 9M/2014 was Baht 2,757 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 9M/2013, net cash flow used in investing activities was Baht 1,198 million.

*Net cash flow provided by financing activities* for 9M/2014 was Baht 456 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 9M/2013, net cash flow used in financing activities was Baht 279 million.

The Company had ending cash of Baht 2,828 million on 30 September 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.