Overview

The consolidated revenue for the three-month ended 30 June 2013 (2Q13) was 5,956 million baht and for the six-month ended the same period (1H13) was 12,146 million baht based on the consolidated profit attributable to owners of the Company of 3,676 million baht and 7,701 million baht, respectively. The consolidated net profit depends primarily on the results of operations of AIS Group, an associated company and the primary focus of our local wireless communications business. We account for AIS Group using the equity method. Our share of the net results from AIS Group, for 2Q13, was 3,688 million baht, which contributed 61.9% of our total consolidated revenue and 100.3% of our consolidated net profit attributable to owners of the Company and for six-month period ended 30 June 2013 was 7,708 million baht, which contributed 63.5% of our total consolidated revenue and 100.1% of our consolidated net profit attributable to owners of the Company.

On QoQ, the consolidated revenue and net profit attributable to owners of the Company decreased from the three-month period ended 31 March 2013 (1Q13), as a result from share of the net results from AIS Group, but this was offset with the increase in revenue from media and advertising businesses. In 1Q13, there was a net foreign exchange gain of 119 million baht, while in 2Q13 it was a loss of 173 million baht.

For YoY and 1H13, the share of net results from investment in AIS was a main contribution to the increase of the consolidated revenue and the consolidated profit attributable to owners of the Company of 2Q13 and the six-month period ended 30 June 2012 (1H12).

Dividend payment of the Company

On 13 August 2013, the Board of Director of the Company passed a resolution to pay an interim dividend from operational result of 29 March to 12 August 2013 at 2.37 baht each, in total of 7,599 million baht. The Company scheduled to pay this dividend on 10 September 2013.

The 2.1GHz network expansion

The new AIS 3G-2.1GHz was officially launched in May 2013 with a positive response from customers. With the new 3G-2.1GHz network now available in 56 key provinces, nearly 3.9 million or 10% of total subscribers have registered as of 2Q13. AIS are currently accelerating the new network roll-out and expect our 3G-2.1GHz service to be available in all urban areas nationwide within this year.

Thaicom 6

The Thaicom 6 project completed Pre-Shipment Review, and will be shipped to the launch site. Thaicom 6's launch schedule will be in late of the third quarter or in the fourth quarter of this year. The demand for commercial satellite services from broadcasting satellite operators continues to be strong and growing. Currently, 66% of Thaicom 6's total transponders have been reserved.

General Information

We are a holding company with investments mainly in telecommunications, media and advertising. Our discrete business segments are as follows: local wireless telecommunication managed by Advanced Info Service Plc (AIS), an associated company; satellite and international businesses managed by Thaicom Plc (THAICOM), a subsidiary, and its jointly-controlled entities that operate telecommunications services in Laos; media and advertising businesses managed by our subsidiaries and an associated company ITV Plc (ITV), Matchbox Co., Ltd. (MB), and Ookbee Co., Ltd. (OOKB), respectively. Other businesses are primarily managed by DTV Co., Ltd. (DTV) and CS Loxinfo Plc (CSL).

ITV had been operating a free-to-air television broadcasting station in Thailand until its license was revoked by the Prime Minister's Office on 7 March 2007 and the company had to cease operations. As a result, there is currently no revenue from ITV, which is now included in the media and advertising business. This matter is currently under arbitration and the outcome cannot be predicted. The details of this case have been included in the notes to the financial statement.

The Company's Operations (using the Cost Method)
(Should be read in conjuction with the Company's financial statements)

	Three-month period ended 30 June						Six-month period ended 30 June			
	2Q13		1Q13		2Q12		1H13		1H12	
	Mn. baht	%	Mn. baht	%	Mn. baht	%	Mn. baht	%	Mn. baht	%
Dividend income	-	-	6,194	*99.7%*	35	*62.5%*	6,194	*99.4%*	5,158	*99.0%*
Other income	19	*100.0%*	17	*0.3%*	21	*37.5%*	36	*0.6%*	51	*1.0%*
Total revenues	19	*100.0%*	6,211	*100.0%*	56	*100.0%*	6,230	*100.0%*	5,209	*100.0%*
Total expenses...............................	68	*357.9%*	85	*1.4%*	73	*130.4%*	153	*2.4%*	145	*2.8%*
Net profit (loss) for the period	**(49)**	***(257.9)%***	**6,126**	***98.6%***	**(17)**	***(30.4)%***	**6,077**	*97.6%*	**5,064**	*97.2%*

2Q13 compared to 1Q13 and 2Q12

In 1Q13, the Company had a dividend receipt from AIS

The Company's Net Result

There was a loss of 49 million baht and 17 million baht in 2Q13 and 2Q12, respectively, while in 1Q13 there was a profit of 6,126 million baht. The main reason was from the dividend received from AIS in 1Q13, while, in 2Q12, from other subsidiaries.

1H13 compared to 1H12

Greater dividend receipt from AIS & THAICOM in 1H13

The Company's Net Result

In 1H13, the profit of the Company increased 1,013 million baht or 20.0% from 1H12 due to the dividend receipt from AIS in 1H13 was greater than in 1H12. The dividend per share in 1H13 was 5 baht, in total of 6,014 million baht, while in 1H12, there was 4.26 baht per share, in total of 5,123 million baht. In addition, in 1Q13, there was a dividend received from THAICOM at 0.40 baht per share, totally 180 million baht.

The Company's Financial Position (using the Cost Method)
(Should be read in conjuction with the Company's financial statements)

	As at			
	30 June 2013		31 December 2012	
	Mn. baht	%	Mn. baht	%
Assets				
Cash & cash equivalents and current investment	2,180	*15.1%*	2,178	*15.1%*
Investments in subsidiaries and associates	12,135	*84.3%*	12,135	*84.4%*
Other assets	86	*0.6%*	72	*0.5%*
Total assets	**14,401**	***100.0%***	**14,385**	***100.0%***
Liabilities				
Other liabilities	90	*0.6%*	141	*1.0%*
Total liabilities	90	*0.6%*	141	*1.0%*
Equity				
Share capital	3,206	*22.3%*	3,206	*22.3%*
Premium on share capital	10,342	*71.8%*	10,342	*71.9%*
Legal reserve and others	502	*3.5%*	504	*3.5%*
Retained earnings	261	*1.8%*	192	*1.3%*
Equity attributable to owners of the Company	14,311	*99.4%*	14,244	*99.0%*
Total liabilities and equity	**14,401**	***100.0%***	**14,385**	***100.0%***

Assets

Cash & cash equivalents and current investment as at 30 June 2013 were 2,180 million baht, a slight increase from the end of 2012.

Liability and equity

Total liabilities as at 30 June 2013 decreased mainly from the drop of accrued expenses.

Equity attributable to owners of the Company increased slightly from 31 December 2012.

***Consolidated operation results,* showing each item as a percentage of total consolidated revenue**
(Should be read in conjuction with the Company's financial statements)

	For the three-month period						For the six-month period			
	2Q13		1Q13		2Q12 (Re-presented)**		1H13		1H12 (Re-presented)**	
	Mn. baht	%	Mn. baht	%	Mn. baht	%	Mn. baht	%	Mn. baht	%
Revenue:										
Revenue from sales of goods and rendering of services:										
- Satellite	1,586	26.6%	1,542	24.4%	1,435	24.7%	3,129	25.8%	3,076	26.7%
- Telecommunications in Laos (other than AIS)	200	3.4%	193	3.1%	283	4.9%	404	3.3%	347	3.0%
- Media and advertising	355	6.0%	264	4.2%	380	6.6%	619	5.1%	575	5.0%
- Others*	31	0.5%	61	1.0%	95	1.6%	81	0.6%	191	1.6%
Total revenue from sales of goods and rendering of services	2,172	36.5%	2,060	32.7%	2,193	37.8%	4,233	34.8%	4,189	36.3%
Share of net result from investments - equity method:										
- AIS (local wireless telecommunications)	3,688	61.9%	4,020	63.7%	3,506	60.5%	7,708	63.5%	7,137	61.9%
- Others	47	0.8%	62	1.0%	39	0.7%	109	0.9%	83	0.7%
Total share of net results from investments - equity method	3,735	62.7%	4,082	64.7%	3,545	61.2%	7,817	64.4%	7,220	62.6%
Net foreign exchange gain	-	-	119	1.9%	-	-	-	-	-	-
Other income	49	0.8%	47	0.7%	58	1.0%	96	0.8%	123	1.1%
Total revenue	**5,956**	**100.0%**	**6,308**	**100.0%**	**5,796**	**100.0%**	**12,146**	**100.0%**	**11,532**	**100.0%**
Expenses:										
Cost of sales and services	1,182	19.8%	1,158	18.4%	1,279	22.1%	2,341	19.3%	2,477	21.5%
Operating agreement fees	189	3.2%	184	2.9%	187	3.2%	374	3.1%	370	3.2%
Loss on provision for interest on unpaid operating agreement fees	108	1.8%	107	1.7%	108	1.9%	215	1.8%	216	1.9%
Selling expenses	36	0.6%	35	0.5%	39	0.6%	70	0.6%	70	0.6%
Administrative expenses	381	6.4%	398	6.3%	311	5.4%	779	6.4%	689	6.0%
Net foreign exchange loss	173	2.9%	-	-	47	0.8%	53	0.4%	34	0.3%
Management benefits	34	0.6%	36	0.6%	35	0.6%	70	0.6%	72	0.6%
Total expenses	**2,103**	**35.3%**	**1,918**	**30.4%**	**2,006**	**34.6%**	**3,902**	**32.2%**	**3,928**	**34.1%**
Profit before finance costs and income tax	**3,853**	**64.7%**	**4,390**	**69.6%**	**3,790**	**65.4%**	**8,244**	**67.9%**	**7,604**	**65.9%**
Finance costs	(66)	(1.1)%	(67)	(1.1)%	(111)	(1.9)%	(134)	(1.1)%	(224)	(1.9)%
Tax expense	(49)	(0.8)%	(101)	(1.6)%	(55)	(0.9)%	(151)	(1.2)%	(123)	(1.1)%
Profit for the period – continued operations, net	**3,738**	**62.8%**	**4,222**	**66.9%**	**3,624**	**62.6%**	**7,959**	**65.5%**	**7,257**	**62.9%**
Loss from discontinued operations, net	-	-	(51)	(0.8)%	(136)	(2.3)%	(51)	(0.4)%	(255)	(2.2)%
Profit for the period	**3,738**	**62.8%**	**4,171**	**66.1%**	**3,488**	**60.3%**	**7,908**	**65.1%**	**7,002**	**60.7%**
Attributable to:										
Owners of the Company	3,676	61.8%	4,025	63.8%	3,470	60.0%	7,701	63.4%	7,009	60.8%
Non-controlling interests	62	1.0%	146	2.3%	18	0.3%	207	1.7%	(7)	(0.1)%
Net profit for the period	**3,738**	**62.8%**	**4,171**	**66.1%**	**3,488**	**60.3%**	**7,908**	**65.1%**	**7,002**	**60.7%**

* Includes internet, direct satellite television, information technology businesses and consolidation elimination

** Re-presentations have principally been made following TFRS "*Non-current assets held for abandonment and discontinued operations" of Mfone Co., Ltc.*

2Q13 compared to 1Q13 and 2Q12

Sale and service revenue rose from media and advertising, together with satellite businesses

Revenue from sales and services

Sale and service revenue increased 5.4% QoQ from 2,060 million baht to 2,172 million baht. This was contributed mainly from media and advertising businesses and satellite business.

For YoY, sale and service revenue decreased slightly from 2,193 million baht, mainly from other businesses and telecommunications in Laos but this was offset with the increase of satellite business and media and advertising businesses.

Overall satellite revenue increased from IPSTAR and conventional satellite

Satellite Business

The QoQ revenue increased slightly, mainly from the revenue of Thaicom 4 (IPSTAR) as a result from the rise of bandwidth usage in Thailand, Australia and Malaysia. Besides, the revenue from conventional satellite increased, as a result from the rise of value-added services revenue. However, this was offset with the decrease of UT sale that decreased.

For YoY, the revenue increased from conventional satellite as a result from the rise of teleport service and from equipment sold to a broadcasting satellite operator, which was nil in 2Q12. However, the revenue from Thaicom 4 (IPSTAR) service dropped as a result from the decrease of UT sale, but this was offset with the increase in bandwidth usage in Thailand, Australia and Malaysia.

Revenue from telecommunications in Laos dropped QoQ, but rose YoY

Telecommunications in Laos

Comparing QoQ, the total number of mobile and fixed-line telephone subscribers in Laos in 2Q13 was 1.37 million, while in 1Q13 was 1.39 million. Revenue decreased slightly, mainly from interconnection charge and international sharing charge.

For YoY, the total number of telephone subscribers, both mobile and fixed-line increased from 1.36 million in 2Q12. Revenue rose from both postpaid and prepaid subscribers and increased in Average Revenue per Usage (ARPU). In addition, there was a rise of the interconnection charge, international call and international roaming.

Media and advertising

The revenue increased 34.5% QoQ due to the increase of marketing activities of customer but a slight decrease from the same period last year.

Other businesses

Revenue from other businesses decreased 49.2% QoQ and 67.4% YoY, mainly, due to the sale of satellite dish, as a result from competitive price in the market. By the end of 2Q13, the accumulated sales volume of satellite TV dishes set was 1.43 million sets, a slight increase from 1.42 million sets in 1Q13 and from 1.31 million in 2Q12.

Share of net results from investments – Equity Method.

Net profit of AIS rose YoY from a rise of revenue, but dropped QoQ from seasonality

(For more details of AIS, please see "Management Discussion and Analysis of Financial Results of AIS" herewith)

The share of net results dropped 8.3% from 4,020 million baht in 1Q13 to 3,688 million baht in 2Q13, but rose 5.2% from 3,506 million baht in 2Q12, mainly contributed by AIS Group.

The net profit of the standalone AIS Group was 9,195 million baht in 2Q13, a decrease of 7.3% from the profit of 9,923 million baht in 1Q13. However, when compare to the same period last year, the net profit increased 5.5% from 8,713 million baht (excluding the adjustment to derivatives made by the Company to its share of profits from AIS Group's results).

The net profit of AIS Group that decreased 7.3% QoQ was mainly from the drop of sale and service revenue, together with higher SG&A, but this was offset with a drop of cost of sale and service. The cost of sale decreased following its revenue. Service costs dropped due to the regulatory fees following its service revenue since the revenue began shifting to new 2.1GHz license platform which carries a lower regulatory fee when compared to 900MHz.

Sale and service revenue dropped 18.3% and 1.6% QoQ, respectively. The decrease of sale revenue was from consumers continued to wait for the new iPhone, while the service revenue dropped from voice service due to seasonality. The revenue from non-voice service increased from the launch of new 3G-2.1GHz services in May 2013 which received a very positive response from customers and stimulated higher mobile internet usage.

SG&A increased 11.0% QoQ, primarily from marketing expenses due to 3G-2.1GHz launch activities, higher staff cost and channel enhancement to support 3G-2.1GHz service launch.

When compare YoY, the net profit of AIS rose 5.5%, mainly from the sale and service revenue that increased, together with related costs and SG&A.

Sale and service revenue rose 6.0% and 4.3% YoY. The increase of sale revenue was from the growing of smart device popularity. The service revenue rose from non-voice service increased from the launch of new 3G-2.1GHz services in May 2013 stimulated higher mobile internet usage. However, this was offset with the decrease of voice revenue due to a saturated voice market.

The cost of sale increased 6.8% YoY, mainly due to its growing revenue. While the cost of service rose 3.1%, mainly due to the 3G-2.1GHz network expansion and preventive maintenance program. Besides, regulatory fees rose following its service revenue.

SG&A increased 14.0% YoY, mainly due to rising maketing activities and channel enhancement to support 3G-2.1GHz service launch, together with the increase of staff costs.

Cost of sales and services

Cost of sales and services increased slightly QoQ, but decreased 7.5% YoY

Cost of sales and services rose slightly QoQ as a result from media and advertising businesses, but this was offset with the decrease of satellite business. The rise of cost from media and advertising businesses was following its revenue. However, the drop of cost related to satellite business was mainly from Thaicom 4 (IPSTAR), resulted from the cost of UT sales dropped in recpect of lower sale revenue. The cost of conventional satellite also dropped due to a decrease of cost of equipment sold.

For YoY, sales and services costs dropped 7.5% as a result from satellite business and media and advertising businesses. The cost of satellite decreased mainly from the UT sale of Thaicom 4 (IPSTAR), following its revenue. However, the cost of conventional satellite rose from equipment sold to a broadcasting satellite operator as per the growth of revenue. Furthermore, the drop from media and advertising businesses was in line with its revenue.

Operating agreement fees

Total operating agreement fees increased QoQ and YoY. This was mainly as a result of an increase in revenue from satellite service.

Administrative expenses

The administrative expenses dropped slightly QoQ from 398 million baht in 1Q13 to 381 million baht in 2Q13, as a result from a reversal of an allowance for bad debt and staff costs.

When comparing YoY, the administrative expenses increased 22.5% from 311 million baht. The rise was mainly from staff costs and professional fees.

Finance costs

Finance costs dropped slightly QoQ but dropped 40.5% YoY, mainly from the repayment the long-term debenture of THAICOM at 3,300 million baht, which was mature on 6 November 2012.

Tax expenses

Tax expenses dropped 51.5% QoQ and 10.9% YoY, mainly; from lower operating profit of satellite business.

Net results attributable to non-controlling interests

In 2Q13, the net result attributable to non-controlling interests was a profit of 62 million baht, a decrease from 1Q13 of 146 million baht. This was due to lower operational profit of THAICOM. While in 2Q12, the net result attributable to non-controlling interests rose due to an increase of 2Q13 operational profit from THAICOM.

1H13 compared to 1H12

Revenue from sales and services

Sale and service revenue rose from 1H12

Sale and service revenue increased slightly from 4,189 million baht in 1H12 to 4,233 million baht in 1H13. This was contributed from telecommunications in Laos, satellite business, and media and advertising businesses; however, this was offset with the decrease of revenue from other businesses.

Satellite Business

The revenue increased slightly from 1H12, mainly from conventional satellite as a result from the rise of value-added services e.g. teleport service, but this was offset with the decrease in revenue from Thaicom 4 (IPSTAR) as a result from the drop of UT sale.

Telecommunications in Laos

Revenue from telecommunications in Laos increased due to ARPU

The revenue from telecommunications in Laos increased 16.4%. This was primarily due to the increase of ARPU from both postpaid and prepaid subscribers, a rise of the interconnection charge, international call and international roaming.

Media and advertising

The revenue rose slightly due to the increase of marketing activities of customer.

Other businesses

Revenue from other businesses decreased 57.6% was from a price competition of satellite dish. By the end of 1H13, the accumulated sales volume of satellite television dish set was 1.43 million sets, an increase of 0.11 million sets from 1H12.

Share of net results from investments – Equity Method.

(For more details of AIS, please see part "Management Discussion and Analysis of Financial Results of AIS" herewith)

Net profit of AIS rose 8.4%, from the growth of non-voice revenue and lower of corporate tax rate to 20%

The share of net results rose 8.0% from 7,137 million baht in 1H12 to 7,708 million baht in 1H13, mainly contributed by AIS Group.

The net profit of the standalone AIS Group was 19,117 million baht in 1H13, increased 8.4% from the profit of 17,639 million baht in 1H12 (excluding the adjustment to derivatives made by the Company to its share of profits from AIS Group's results). The rise of net profit was mainly from the rise of sale and service revenue and lower of tax expense as per the drop of corporate tax rate from 23% to 20%. However, the related costs and SG&A rose.

Sale and service revenue rose 8.8% and 5.1% from 1H12, respectively. The service revenue rose from non-voice service due to higher mobile internet usage, while the increase of sale revenue was from higher devices sold. Sale and service costs rose following its revenue.

SG&A increased 16% from 1H12, mainly due to marketing expenses and channel enhancement to support 3G-2.1GHz service launch, together with the write-off obsolete equipment.

Cost of sales and services

Cost of sales and services decreased slightly

The decrease of cost of sales and services 5.5% was mainly from satellite business, of which cost of Thaicom 4 (IPSTAR) dropped from lower sale of UT, but it was offset with the rise of conventional satellite as its revenue grew. In addition, cost of other businesses dropped following its revenue. Cost of telecommunications in Laos increased from the depreciation of expanded network. Together, cost related to media and advertising businesses rose following its revenue.

Operating agreement fees

Total operating agreement fees increased slightly from 1H12. This was mainly as a result of an increase in satellite revenue.

Administrative expenses

The administrative expenses rose 13.1% from 689 million baht in 1H12 to 779 million baht in 1H13, as a result from staff costs and professional fees.

Finance costs

Finance costs dropped 40.2% from 1H12, mainly from the repayment the long-term debenture of THAICOM at 3,300 million baht, which was mature on 6 November 2012.

Tax expenses

Tax expenses rose 22.8% mainly from higer operating profit of satellite business.

Net results attributable to non-controlling interests

The gain from subsidiaries shared to non-controlling interests increased from loss in 1H12 as a result from the profit of satellite business in 1H13 was higher than in 1H12. There was a loss from ITV allocated to the loss in net results attributable to non-controlling interests.

Consolidated Financial Position
(Should be read in conjuction with the Company's financial statements)

	As at			
	30 June 2013		31 December 2012	
Asset	**Mn. baht**	**%**	**Mn. baht**	**%**
Cash & cash equivalents and current investment	6,932	*14.2%*	5,663	*11.8%*
Other current assets...	2,394	*4.9%*	2,124	*4.4%*
Non-current assets held for abandonment	-	-	1,769	*3.7%*
Investments in associates	20,487	*41.8%*	18,758	*39.0%*
Property and equipment, net	5,942	*12.1%*	5,707	*11.9%*
Property and equipment under	10,813	*22.1%*	11,482	*23.9%*
operating agreements, net	2,395	*4.9%*	2,552	*5.3%*
Other non-current assets...	6,932	*14.2%*	5,663	*11.8%*
Total assets	**48,963**	***100.0%***	**48,055**	***100.0%***
Liabilities and equity				
Current portion of long-term borrowings..........................	348	*0.7%*	116	*0.2%*
Total current liabilities...	8,548	*17.5%*	7,811	*16.3%*
Liabilities of non-current assets classified as held for				
abandonment	-	-	1,769	*3.7%*
Long-term borrowing	7,015	*14.3%*	7,047	*14.7%*
Other liabilities..	826	*1.7%*	766	*1.6%*
Total liabilities...	16,737	*34.2%*	17,509	*36.4%*
Equity attributable to equity holders of the Company	24,250	*49.5%*	22,543	*46.9%*
Non-controlling interests..	7,976	*16.3%*	8,003	*16.7%*
Total equity...	32,226	*65.8%*	30,546	*63.6%*
Total liabilities and equity	**48,963**	***100.0%***	**48,055**	***100.0%***

Total assets rose slightly from investment in associates, it was offset with the decrease of non-current assets held for abandonment

Assets

As at 30 June 2013, the cash & cash equivalents and current investment totaled 6,932 million baht, an increase of 22.0% from 31 December 2012, mainly due to the operational result of 1H13.

Non-current assets held for abandonment decreased due to THAICOM lose the control over Mfone.

The investments in associates increased 9.2%, mainly, from the operational result of 1H13, but it was offset with the interim dividend of associates.

Total liabilities dropped from the liabilities of non-current assets classified as held for abandonment

Liabilities and equity

As at 30 June 2013, the consolidated liabilities dropped 4.4%, mainly due the decrease of the liabilities of non-current assets classified as held for abandonment; as a result from THAICOM lose the control over Mfone.

The consolidated equity increased from 31 December 2012, primary due to the operational profit of 1H13, but it was offset with the interim dividend paid by the Company.

*Consolidated Cash Flow**
(Should be read in conjuction with the Company's financial statements)

	For the six-month period ended 30 June	
	2013	**2012**
	Mn. baht	**Mn. baht**
Net cash provided by operating activities	7,991	7,294
Net cash used in investing activities	(549)	(1,223)
Net cash used in financing activities	(6,196)	(12,471)
Net increased (decreased) in cash & cash equivalents and current investment	**1,246**	**(6,400)**
Cash & cash equivalents and current investment at beginning of period	5,663	13,954
Effects of exchange rate changes on balances held in foreign currencies	23	1
Cash & cash equivalents and current investment at end of period	**6,932**	**7,555**

*Cash flow comprises cash & cash equivalents and current investment.

Consolidated cash flow

Cash rose the end of 2012 mainly due to operational result of 1H13, but offset with interim dividend paid

As at 30 June 2013, consolidated cash & cash equivalents and current investment totaled 6,932 million baht, an increase of 623 million baht from the end of 2012 (excluding the effects of exchange rate changes on balances held in foreign currencies).

Net cash flows provided by operating activities

In 1H13, the consolidated cash flow provided by operating activities was 7,991 million baht, an increase by 697 million baht from 1H11, mainly due to the incremental of dividend paid by associates.

Net cash flows used in investing activities

In 1H13, the net cash used in investing activities was 549 million baht when compared to 1,223 million baht in 1H12. This was because, in 1H12, there was a higher investment in property and equipment than in 1H13.

Net cash flows used in financing activities

In 1H13, the consolidated cash flows used in financing activities amounted to 6,196 million baht, compare to 12,471 million baht in 1H12; as a result from paying accrued dividend of 2011 in 1Q12.

1H13 Management Discussions and Analysis of Financial Results of AIS

(An associate which the Company has significant influence and using Equity Method for the consolidated financial statements)

EXECUTIVE SUMMARY

The new AIS 3G-2.1GHz was officially launched in May 2013 with a positive response from customers. With the new 3G-2.1GHz network now available in 56 key provinces, nearly 3.9 million or 10% of total subscribers have registered as of 2Q13. We are currently accelerating the new network roll-out and expect our 3G-2.1GHz service to be available in all urban areas nationwide within this year. Since launching the 3G-2.1GHz service, revenue from the new 3G has gradually increased and accounted for 8% of service revenue, excluding IC, by the end of 2Q13. We witnessed a lower regulatory cost of 7.2%QoQ, despite service revenue dropping only 1.3%QoQ because more customers than expected migrated to 2.1GHz and adopted 3G handsets. At the same time, roaming rate from 3G to 2G was lower than our original guidance.

In 2Q13, service revenue continued to grow YoY but decreased QoQ due to seasonality. Non-voice revenue continued to be the key growth driver, offset by softened voice revenue. Non-voice growth came from higher mobile data consumption as smartphone users increased to 8.3mn from 7mn in 1Q13, while other non-voice services, such as SMS and ring back tone, slowed down. YoY, messaging revenue started to contract, reflecting SMS-data cannibalization. In 1H13, non-voice revenue increased 27% YoY, but voice revenue was flat YoY, while service revenue, excluding IC, grew 6.2%YoY, in line with the full year guidance of 6-8%YoY.

Despite a higher OPEX from the 3G-2.1GHz launch, EBITDA in 1H13 grew 3.9%YoY and net profit increased 8.4%YoY. Despite the aggressive roll out of the new 3G-2.1GHz network, 1H13 net profit continued to grow because depreciation and amortization in 1H13 remained stable at 0.4% YoY, due to our conservative amortization policy, and the corporate tax rate is lower this year at 20%.

Guidance for 2013 has been revised up in response to the positive developments. The target for 2.1GHz subscribers in 2013 has now been increased to 10-12mn, due to a positive response from consumers and a faster network coverage rollout than targeted. EBITDA margin has also been revised up to 43% because of a lower IC rate (from Bt1/min to Bt0.45/min, effective July 1, 2013) and a lower roaming rate, despite a higher network OPEX and marketing expense. CAPEX guidance of Bt70bn is maintained to achieve 97% population coverage by 2015, while we expect to achieve service revenue growth guidance at 6-8% from improved non-voice growth, although this is likely to be offset by a softer voice growth.

Operational Summary

In 2Q13, our **subscriber** base increased to 37.7mn with a **net addition** of 548k subscribers. The majority of new subscribers came from the prepaid segment, but the postpaid showed a better growth rate at 14%YoY, compared to the prepaid at 7.5%YoY. The strong postpaid net addition was due to more attractive bundled smartphone packages. In compliance with NBTC's regulation on prepaid validity, in February, we applied a temporary measure causing a significant drop in prepaid churn in 1Q13. In March, after we implemented an approved prepaid validity measure from the NBTC, prepaid **churn** in 2Q13 increased to 3.8%, but was still lower than the churn level in 2012. Postpaid churn was 1.5% and stable both YoY and QoQ. Blended average revenue per user (**ARPU**) in 2Q13 decreased to Bt244/month, due to seasonality. YoY, blended ARPU decreased 2.8%. Comparing our 3G (2.1GHz) and 2G (900MHz) subscribers, 2G subscriber ARPU decreased as high value customers and smartphone users moved to 3G-2.1GHz. 3G postpaid ARPU was Bt792/month, compared to a 2012 average postpaid ARPU of Bt676/month. 3G prepaid ARPU was Bt216/month, compared to a 2012 average of Bt207/month. Blended minutes of use (**MOU**) also dropped QoQ due to seasonality. YoY, blended MOU decreased 3%.

Reclassification Notes

1. On the financial statement, the Company reclassified certain roaming costs previously booked under cost of services to be deducted from service revenue. Henceforth, service revenue presentation has been changed from a gross basis to a net basis after roaming costs. In 1H12, the amount was 21mn. Please refer to note 22 of the financial statement for further details.

2. On revenue breakdown in this report, we made a reclassification by moving certain billing and collection fee previously booked under voice revenue to other service revenue. The fee is the revenue receiving from other operators for billing and collecting revenue on their behalf. This was approximately Bt40mn per quarter and has been retrospectively reclassified since 2011. Please note that total service revenues remained unchanged from this reclassification.

Subscribers	2Q12	3Q12	4Q12	1Q13	2Q13
2G-Postpaid	3,468,600	3,546,300	3,683,300	3,825,800	2,712,000
2G-Prepaid	31,339,800	31,777,600	32,060,400	33,293,100	31,008,100
3G-Postpaid	-	-	-	-	1,235,000
3G-Prepaid	-	-	-	-	2,711,300
Total subscribers	**34,808,400**	**35,323,900**	**35,743,700**	**37,118,900**	**37,666,400**
Net additions					
2G-Postpaid	83,700	77,700	137,000	142,500	-1,113,800
2G-Prepaid	587,100	437,800	282,800	1,232,700	-2,285,000
3G-Postpaid	-	-	-	-	1,235,000
3G-Prepaid	-	-	-	-	2,711,300
Total net additions	**670,800**	**515,500**	**419,800**	**1,375,200**	**547,500**
ARPU (Bt/sub/month)					
2G-Postpaid	674*	676*	683*	683*	663
2G-Prepaid	205*	202*	210*	204*	192
3G-Postpaid	-	-	-	-	792
3G-Prepaid	-	-	-	-	216
Blended	**251***	**249***	**258***	**254***	**244**
MOU (minute/sub/month)					
2G-Postpaid	504*	495*	483*	470*	450
2G-Prepaid	313*	323*	324*	323*	307
3G-Postpaid	-	-	-	-	450
3G-Prepaid	-	-	-	-	322
Blended	**332***	**340***	**340***	**339***	**322**

*(*ARPU is restated due to a change in definition and the reclassification in 2Q13; MOU is restated due to a change in definition)*
2G refers to 900 & 1800MHz operation under Build-Transfer-Operate contract; 3G refers to 2100MHz operation under license issued by NBTC

Financial Summary

Revenue

In 2Q13, AIS reported a **total revenue** of Bt36,007mn, an increase of 4.5% YoY, underpinned by a growing demand for mobile internet. QoQ, the total revenue declined 3.9%, mainly from softer device sales and reduced voice revenue. In 1H13, total revenue was Bt73,484mn, an increase of 5.5% YoY.

- **SIM & device sales** were Bt4,209mn, an increase of 6% YoY, from growing smart device popularity, but were softer 18% QoQ, as consumers continue to wait for the new iPhone. The sales margin fell to 7.2%, compared to 7.9% in 1Q13 and 7.8% in 2Q12. In 1H13, SIM & device sales rose 8.8% YoY, while the sales margin stood at 7.6%.

- **Service revenue, excluding IC**, was Bt28,084mn, an increase of 5.4% YoY, following strong mobile data growth momentum, but dropped 1.3% QoQ due to softer voice revenue. 3G-2.1GHz service was launched in May-13 and contributed 8% of service revenue, excluding IC, in 2Q13. In 1H13, service revenue, excluding IC, increased 6.2% YoY, reaching Bt56,534mn.

  - In 2Q13, **voice revenue** was Bt18,202mn, a decrease of 1.4% YoY, reflecting a saturated voice market. QoQ, voice revenue dropped 2.6% mainly from the prepaid segment. In 1H13, voice revenue was stable at Bt36,881mn, representing 65% of service revenue, compared to 70% in 1H12. **Postpaid voice revenue** in 1H13, grew 7.8% YoY due to growing smartphone package subscription, particularly from 3G-2.1GHz subscribers who generated a higher ARPU. **Prepaid voice revenue** in 1H13 decreased 3.4% YoY because of natural migration from high value prepaid users to postpaid users.

- **Non-voice revenue** stood at Bt7,921mn, an increase of 25% YoY and 3% QoQ. In May-13, AIS launched the new 3G-2.1GHz services which stimulated higher mobile internet usage. New 3G received a very positive response from customers with 3.9m subscribers in 2Q13. Due to declining smart device prices and rising popularity of social applications, smartphone penetration increased to 22% from 19% in 1Q13. In 1H13, non-voice revenue was Bt15,608mn, an increase of 27% YoY, driven by an impressive mobile data revenue growth of 59% YoY. Messaging revenue contracted YoY for two consecutive quarters, reflecting SMS-data cannibalization. In 2H13, there will be more differentiated digital life style content on offer, including exclusive English Premier League (EPL) on mobile, GMMZ on AIS, and AIS mPay Rabbit.

- **International and other revenues**
  - **International roaming (IR)** revenue continued its declining trend of 8.5% YoY and 1.2% QoQ to Bt651mn in 2Q13. In 1H13, the IR revenue fell 7.3%. This was caused by global price pressures, which was partly offset by growing users and increased usage of data roaming service.

  - **International call & other business** was Bt1,310mn, an increase of 13% YoY, but a decrease of 8.1% QoQ, due to IDD services seasonality. In 1H13, combined revenues increased 13% to Bt2,736mn due to higher infrastructure rental revenue and other services.

- **Interconnection charges (IC)**
  Net interconnection revenue slightly dropped QoQ but increased 73% YoY to Bt185mn as other operators promoted any network calls. In 1H13, AIS was a net IC recipient of Bt374mn, an increase from Bt214mn in 1H12.

Cost of services, excluding IC

As a result of 3G-2.1GHz network expansion, **cost of services, excluding IC**, in 2Q13 increased 5.5%YoY to Bt13,491mn. However, QoQ, cost of services, excluding IC, decreased 1.6% as regulatory fees dropped. In 1H13, cost of service, excluding IC, was Bt27,196mn, an increase of 6.3%YoY, due to 3G-2.1GHz network expansion.

- **Regulatory fees** in 2Q13 increased 1.2%YoY due to service revenue growth, but decreased 7.2%QoQ because service revenue dropped and revenue began shifting to new 2.1GHz license platform which carries a lower regulatory fee compared to 900MHz Build-Transfer-Operate contract. Regulatory fees, as a percentage to service revenue including net IC, were 25.1% in 2Q13, compared to 26.7% in 1Q13 and 26.2% in 2Q12. In 1H13, regulatory fees were Bt14,728mn, an increase of 5.1%YoY, due to the service revenue growth.
- **Depreciation & amortization** in 2Q13 was Bt3,987mn, an increase of 4.6%YoY and 3.9%QoQ, due to the amortization of the 2.1GHz license and depreciation of the new 2.1GHz network, offset by a lower amortization of assets under concession. In 1H13, depreciation & amortization was stable at 0.4%YoY.
- **Network OPEX** was Bt1,873mn, an increase of 27%YoY and 8.5%QoQ, due to the 3G-2.1GHz network expansion and preventive maintenance program. In 1H13, network OPEX was Bt3,599mn, an increase of 30%YoY, due to the 3G-2.1GHz network expansion. As of June 2013, we had installed around 7,500 base stations of 3G-2.1GHz in more than 60 provinces around Thailand.
- **Other cost of service** was Bt543mn, an increase of 11%YoY and 8.1%QoQ, mainly due to increasing call center capacity to support the 3G-2.1GHz launch and other cost related to network roll-out. In 1H13, other cost of service had increased 3.6%YoY.

Selling and general administrative expense (SG&A)

SG&A was Bt3,349mn, an increase of 14%YoY and 11%QoQ, due to higher marketing, staff cost and administrative expenses to support the new 3G-2.1GHz service, including new 3G launch activities and an increase of customer service channels. In 1H13, SG&A expense was Bt6,371mn, an increase of 16%YoY.

- **Marketing expense** was Bt917mn, an increase of 22%YoY and 30%QoQ, due to 3G-2.1GHz launch activities to create awareness of the new 3G-2.1GHz service. In 1H13, marketing expense was 2.2% of total revenue and is expected to rise in 2H13 toward 3-3.5% of total revenue for full year.
- **General administrative expenses** increased 8.9%YoY and 5.8%QoQ to Bt2,189mn, due to higher staff cost and channel enhancement to support 3G-2.1GHz service launch. In 1H13, general administrative expense increased 10%YoY, mainly due to the write-off of obsolete equipment valued at Bt116 in 1Q13 and channel enhancement.

- **Bad debt** was Bt189mn, an increase of 43%YoY, due to postpaid revenue growth and a higher postpaid subscriber base, but decreased 2%QoQ. In 1H13, bad debt increased 46%YoY while the percentage of bad debt to postpaid revenue was 2.5%, compared to 1.9% in 1H12.

Profit

Despite higher expenses from 3G-2.1GHz launch, **EBITDA** in 2Q13 increased 4%YoY to Bt15,753mn. QoQ, EBITDA decreased 3.3% as revenue dropped. In 1H13, EBITDA was Bt32,046mn, an increase of 3.9%YoY. **EBITDA margin** slightly improved QoQ to 43.7% from 43.5% in 1Q13 as regulatory fee shifted from revenue sharing to annual license fee basis, but decreased YoY from 44% in 2Q12 due to higher expense from 3G-2.1GHz launch. In 1H13, the EBITDA margin was 43.6%, compared to 44.3% in 1H12. **Net profit** of 2Q13 was Bt9,195mn, an increase of 5.5%YoY, due to EBITDA growth and lower corporate tax rate at 20%. QoQ, net profit decreased 7.3% because of lower EBITDA and a loss in foreign exchange of Bt155mn, compared to foreign exchange gain of Bt171mn in 1Q13. The foreign exchange loss was due to depreciation of the Thai Baht, while US dollar quoted CAPEX increased due to the 3G-2.1GHz expansion. We are working on solutions to limit this foreign currency exposure. In 1H13, net profit was Bt19,117mn, an increase of 8.4%YoY, due to revenue growth, stable depreciation and amortization due to our conservative amortization policy, and the lower corporate tax rate, offset by higher expenses from 3G-2.1GHz service launch.

Financial position

In 2Q13, as the 3G-2.1GHz network was expanding, the non-current asset increased to Bt67,252mn from Bt64,637mn in 1Q13. However, total assets were Bt108,563mn, and decreased from Bt116,169mn in 1Q13, largely because of a decrease in cash from Bt36,737mn in 1Q13 to Bt25,458mn after Bt14.8bn dividend payout.

After repayment of Bt4,000mn debenture and a loan of Bt247mn in 2Q13, AIS still maintained a net cash position while its interest bearing debt was Bt20,432mn, a decrease from Bt24,681mn in 1Q13. Liquidity, represented by current ratio, was 1.07 and improved from 0.93 in 1Q13. Consolidated equities were Bt47,788mn and increased from Bt38,604mn in 1Q13 due to higher retained earnings from 2Q13 net profit.

Cash Flow

In 1H13, operation cash flow was Bt29,406mn and stable compared to 1H12. Cash CAPEX in 1H13 was Bt11,970mn and increased from Bt3,474mn in 1H12 due to expansion of the new 3G-2.1GHz network. As a result of the higher CAPEX, free cash flow (EBITDA-CAPEX) of 1H13 was Bt20,075mn and decreased 27%YoY, despite the EBITDA growth in 1H13.

*(*Restated due to the reclassification in 2Q13)*

Income statement (Bt-million)	2Q12	1Q13	2Q13	%YoY	%QoQ	1H12	1H13	%YoY
Voice revenue	18,459*	18,680*	18,202	-1.4%	-2.6%	37,112*	36,881	-0.6%
Postpaid (voice)	4,581*	4,876*	4,990	8.9%	2.3%	9,151*	9,866	7.8%
Prepaid (voice)	13,878*	13,803*	13,212	-4.8%	-4.3%	27,960*	27,015	-3.4%
Non-voice revenue	6,321	7,687	7,921	25%	3.0%	12,294	15,608	27%
International Roaming	711	659	651	-8.5%	-1.2%	1,413	1,309	-7.3%
Others (IDD, other fee)	1,165*	1,426*	1,310	13%	-8.1%	2,430*	2,736	13%
Service revenue excluding IC	**26,656**	**28,451**	**28,084**	**5.4%**	**-1.3%**	**53,248**	**56,534**	**6.2%**
IC revenue	3,840	3,874	3,715	-3.3%	-4.1%	7,789	7,588	-2.6%
Service revenue	**30,496**	**32,324**	**31,798**	**4.3%**	**-1.6%**	**61,037**	**64,123**	**5.1%**
SIM and handset sales	3,971	5,152	4,209	6.0%	-18.3%	8,607	9,361	8.8%
Total revenues	**34,466**	**37,476**	**36,007**	**4.5%**	**-3.9%**	**69,644**	**73,484**	**5.5%**
Cost of service	(16,515)	(17,390)	(17,020)	3.1%	-2.1%	(33,169)	(34,410)	3.7%
Regulatory fee	(7,004)	(7,641)	(7,088)	1.2%	-7.2%	(14,016)	(14,728)	5.1%
Depreciation & Amortization	(3,812)	(3,836)	(3,987)	4.6%	3.9%	(7,793)	(7,823)	0.4%
Network operating expense	(1,474)	(1,726)	(1,873)	27%	8.5%	(2,774)	(3,599)	30%
Other cost of services	(491)*	(503)*	(543)	11%	8.1%	(1,010)*	(1,046)	3.6%
IC cost	(3,733)	(3,684)	(3,530)	-5.4%	-4.2%	(7,574)	(7,214)	-4.8%
Cost of SIM and handset sales	(3,660)	(4,746)	(3,907)	6.8%	-18%	(7,921)	(8,653)	9.2%
Total costs	**(20,175)**	**(22,136)**	**(20,927)**	**3.7%**	**-5.5%**	**(41,090)**	**(43,063)**	**4.8%**
Gross profit	**14,291**	**15,341**	**15,080**	**5.5%**	**-1.7%**	**28,554**	**30,421**	**6.5%**
SG&A	(2,940)	(3,022)	(3,349)	14%	11%	(5,496)	(6,371)	16%
Marketing Expense	(749)	(706)	(917)	22%	30%	(1,257)	(1,623)	29%
General administrative & staff cost	(2,010)	(2,068)	(2,189)	8.9%	5.8%	(3,881)	(4,257)	9.7%
Bad debt provision	(132)	(193)	(189)	43%	-2.0%	(261)	(381)	46%
Depreciation	(49)	(55)	(55)	12%	0.1%	(97)	(110)	13%
Operating profit	**11,351**	**12,319**	**11,731**	**3.3%**	**-4.8%**	**23,058**	**24,050**	**4.3%**
Net foreign exchange gain (loss)	(12)	171	(155)	1204%	190%	2	17	584%
Other income (expense)	298	233	207	-31%	-11%	526	440	-16%
Finance cost	(292)	(275)	(258)	-12%	-6.0%	(580)	(533)	-8.0%
Income tax	(2,604)	(2,523)	(2,339)	-10%	-7.3%	(5,305)	(4,863)	-8.3%
Non-controlling interest	(28)	(3)	9	-132%	-411%	(63)	6	-110%
Net profit for the period	**8,713**	**9,923**	**9,195**	**5.5%**	**-7.3%**	**17,639**	**19,117**	**8.4%**

Service revenues (Bt-million)	2Q12	1Q13	2Q13	%YoY	%QoQ	1H12	1H13	%YoY
2G revenue *(Build-Transfer-Operate)*	25,490	27,025	24,466	-4.0%	-9.5%	50,818	51,491	1.3%
3G revenue *(License)*	-	-	2,307	-	-	-	2,307	-
Service revenues *(voice, non-voice, Inter Roaming)*	**25,490**	**27,025**	**26,773**	**5.0%**	**-0.9%**	**50,818**	**53,799**	**5.9%**

EBITDA (Bt-million)	2Q12	1Q13	2Q13	%YoY	%QoQ	1H12	1H13	%YoY
Operating Profit	11,351	12,319	11,731	3.3%	-4.8%	23,058	24,050	4.3%
Depreciation & amortization	3,862	3,891	4,042	4.7%	3.9%	7,891	7,933	0.5%
(Gain) loss on disposals of PPE	(7)	115	32	-551%	-72%	(9)	147	-1766%
Management benefit expense	(44)	(33)	(49)	12%	48%	(73)	(83)	13%
Other financial cost	(10)	2	(3)	-67%	-284%	(20)	(1)	-93%
EBITDA	**15,152**	**16,293**	**15,753**	**4.0%**	**-3.3%**	**30,846**	**32,046**	**3.9%**

Financial Position (Bt-million)/% to total asset	1Q13		2Q13	
Cash	36,737	31.6%	25,458	23.5%
ST investment	1,281	1.1%	1,459	1.3%
Trade receivable	7,892	6.8%	8,432	7.8%
Inventories	1,644	1.4%	1,568	1.4%
Others	3,979	3.4%	4,393	4.0%
Current Asset	**51,533**	**44.4%**	**41,311**	**38.1%**
License for Telecom	14,336	12.3%	14,093	13.0%
Network and PPE	42,426	36.5%	45,684	42.1%
Intangible asset	2,214	1.9%	2,115	1.9%
Defer tax asset	5,020	4.3%	4,721	4.3%
Others	640	0.6%	640	0.6%
Total Assets	**116,169**	**100.0%**	**108,563**	**100.0%**
Trade account payable	6,166	5.3%	7,035	6.5%
CP of LT loans	10,944	9.4%	6,970	6.4%
Accrued R/S expense	7,502	6.5%	9,520	8.8%
Others	30,515	26.3%	15,011	13.8%
Current Liabilities	**55,126**	**47.5%**	**38,536**	**35.5%**
Total interest-bearing debt	24,681	21.2%	20,432	18.8%
Total Liabilities	**77,566**	**66.8%**	**60,775**	**56.0%**
Unappropriated retained earning	12,403	10.7%	21,598	19.9%
Total Equity	**38,604**	**33.2%**	**47,788**	**44.0%**

Key Financial Ratio	2Q12	1Q13	2Q13
Interest bearing debt to equity	0.53	0.64	0.43
Net debt to equity	Net cash	Net cash	Net cash
Net debt to EBITDA	Net cash	Net cash	Net cash
Current Ratio	1.26	0.93	1.07
Interest Coverage	40	45	46
DSCR	4.4	4.3	6.3
ROE	87%	97%	85%

Debt repayment schedule	Debenture	Loan (Bt-million)
1Q13	-	-
2Q13	4,000	247
3Q13	4,000	-
4Q13	-	247
2014	2,500	2,939
2015	-	2,399
2016	-	3,707
2017	-	1,801
2018	-	2,799

Source and use of fund : 1H13 (Bt-million)

Source of Fund		Use of Fund	
Operating CF before change in working capital	32,640	Dividend payment	14,863
Proceeds of long-term borrowings	3,812	CAPEX & Fixed assets	11,970
Changes in working capital	1,321	Income tax paid	4,555
Interest received	322	Debt repayment	4,243
Sale of property and equipment	5	Cash increased	1,854
		Finance cost and finance lease paid	497
		Net change in current/long investments	119
Total	**38,101**	**Total**	**38,101**

FY2013 MANAGEMENT OUTLOOK & STRATEGY *(Revised)*

Service revenue growth *(maintained)*	6-8% YoY
3G-2.1GHz subscribers *(revised)*	10-12 million (revised up from 8-10mn), 40% using 3G devices
EBITDA margin *(revised)*	~43% (revised up from 41-42%)
CAPEX *(maintained)*	Bt70bn in 3 year (10% allocated for 2G maintenance)
Network amortization *(new)*	Increase by 1-2% YoY (excluding amortization of license fee)

Maintain investment plan of Bt70bn for 2013-15

Since receiving the license to operate 2.1GHz in Dec-12, we have successfully rolled out new 3G coverage in urban areas in more than 60 provinces around Thailand. We are well ahead of our target to achieve urban coverage of all 77 provinces within this year, and provide 3G coverage of 97% of the total population by 2015. To achieve this roll-out plan, we are maintaining the same estimated capital expenditure of Bt70bn from 2013 to 2015, of which around Bt12bn was already spent in 1H13.

Revise up 3G-2.1GHz subscriber target and maintain revenue prospects

Since the service launch in early April, we have registered 3.9mn subscribers on 3G-2.1GHz. This figure is supported by our fast network coverage rollout, which is better than originally planned. We have therefore revised up our guidance on subscriber targets to 10-12mn from the previous guidance of 8-10mn. Nevertheless, of this amount, we have maintained the same estimate of 3G device penetration of 40%.

Because of the strong 3G subscriber uptake and wider network coverage in 2H13, we expect a better outlook on mobile data growth, but softer voice growth as 1H13 slightly contracted following the industry trend. Hence, we will maintain expected service revenue growth between 6-8% in 2013.

Revise up EBITDA margin to approximately 43%

There are two key positive changes towards the EBITDA margin outlook; namely, lower IC and roaming rates. The new IC rate was lowered to Bt0.45/minute as of July (down from Bt1/minute). This will have an accounting impact on lower gross revenue, while net IC will remain unchanged, hence an increase in the EBITDA margin. The roaming rate between 2G and 3G networks is now set at Bt0.6/minute, lower from the original guidance of Bt1/minute. The will result in lower roaming costs for 3G subscribers and will have a positive impact on the margin. These two positive impacts will be partly offset by rising network operating expense, as we rollout the network more quickly and increase higher marketing spending to encourage wider 3G subscription. Marketing spending is expected to be in the range of 3-3.5% of total revenue against the previous guidance of 2.5%. Taking all of these factors into consideration, we expect the 2013 EBITDA margin to be around 43%, up from the previous guidance of 41-42%.

Maintain the dividend policy: 100% dividend payout

The company aims to maintain the same dividend policy that commits 100% payout ratio and pays a dividend twice a year. The dividend payout ratio is based on consolidated earnings and subject to the availability of retained earnings on the separated financial statement. This commitment is supported by our strong cash flow from operations and a low debt level. The CAPEX and license payment will be funded by internal cash flow and additional borrowings if required. Given that the company is currently in a net cash position and has a strong financial credit rating (A- by S&P), the management is confident to raise gearing as appropriate. If and when there are any new business opportunities or significant changes that may impact on our future operation and investment, and hence capital structure, the company will promptly discuss any new direction with the investment community.