
I. Overview

9.7% yoy increase in consolidated sales and service revenue in 2012.

Thaicom Plc ("the Company")'s total consolidated revenue from sale of goods and rendering of services for 2012 was Baht 7,266 million, up by Baht 642 million or 9.7% compared to Baht 6,624 million for 2011, due to revenue increase from satellite services and telephone services in Lao PDR. The revenue growth and the efficiency of cost and SG&A control resulted in an operating profit (EBIT) for 2012 of Baht 1,335 million, up by Baht 623 million or 87.5% from Baht 712 million for 2011.

Growth of Baht 717 million in net profit from continuing operations

The Company reported net profit from continuing operations of Baht 682 million for 2012, a growth of Baht 717 million from net loss from continuing operations of Baht 35 million for 2011. Including net loss from discontinued operation of Mfone Company Limited (Mfone), a subsidiary of jointly-controlled entity, the Company's net profit was Baht 174 million, compared to net loss of Baht 490 million for 2011. However, regardless of related expenses from filing Mfone into insolvency proceedings and an impairment losses on non-current assets held for abandonment, a total of Baht 254 million recorded in 2012, and expenses arisen from the effect of corporate tax rate change of Baht 360 million recorded in 2011, the Company would generate net profit of Baht 428 million for 2012, as compared to net loss of Baht 130 million for 2011.

In the separate financial statements for 2012, the Company had net profit of Baht 786 million or Baht 0.72 per share, as compared to net loss of Baht 476 million for 2011, due mainly to the revenue growth from satellite services and dividend received from its subsidiary.

At the Annual General Meeting of the shareholders of Lao Telecommunications Co., Ltd. (LTC) held on 4 February 2013, the shareholders approved the appropriation of dividend from 2012 operation of USD 15 million.

At the Board of Directors' meeting of CS LoxInfo Plc (CSL) held on 8 February 2013, the directors passed a resolution to approve the appropriation of dividends from the second half performance of 2012 of Baht 0.30 per share. The proposed dividends must be approved by the shareholders at their meeting.

At the Board of Directors' meeting of the Company held on 13 February 2013, the directors passed a resolution to approve the appropriation of dividends of Baht 0.40 per share, amounting to Baht 438 million. The proposed dividends must be approved by the shareholders at their meeting.

II. Business Summary

Transponder leasing and related business

Strong demand for broadcast service drives growth of the Company's satellite business. The total number of TV channels under the conventional satellite platform increased from 427 channels at the end of 2011 to 465 channels at the end of 2012. Growth of Video Distribution for C-Band and Direct-to-Home (DTH) services for Ku-band are the key drivers for the revenue growth from transponder leasing.

THAICOM 6 and THAICOM 7 will be launched in 2013 and 2014, respectively. These new satellites will significantly enhance the Company's capability to provide services to meet increasing demand in Asia Pacific and Africa. THAICOM 6 will co-locate with THAICOM 5 at 78.5 degrees east, the Company's prime orbital slot for broadcast services. In addition to Asia, THAICOM 6 will provide broadcasters and telecom operators in Africa with a full range of end-to-end satellite communication services via its high-power C-band beam dedicated to Africa under the name AFRICOM 1. THAICOM 7 will be placed at 120 degrees East orbital slot and will have maximum 14 high-power C-band transponders serving Asia and Australia.

The Company's sale of IPSTAR bandwidth has grown continuously. In Q3/2012, the Company had reached a Framework Agreement with China Telecom Satellite (CTS) and Synertone Communication Corporation (Synertone) to proceed with the sale of IPSTAR bandwidth in China. The Company, with cooperation from CTS, its official partner in China, will sell all IPSTAR capacity available for China to Synertone (24% of IPSTAR's total capacity). Moreover,

IPSTAR satellite had set another world first when it became the first broadband satellite to provide commercial WiMAX backhaul services in Japan.

Telephone business

As of the end of 2012, LTC, providing telecom services in Lao PDR, had total phone subscribers of 1,335,598. During the third quarter of 2012, the Ministry of Post, Telecommunication and Communication (MPTC) announced all mobile prepaid subscribers had to register for using service. As a result, most of customers who hold multi-SIM cards had churned out and kept only a regular number, leading to decreased mobile market size. LTC has been prepared to cope with tougher competition with an emphasis on proper network expansion plan to extend the service area and network to cover all portions of the country, and on the quality of service.

The telecom market competition in Cambodia has been still high. Mfone, providing telecom services in Cambodia, had total phone subscribers of 365,316 as of the end of 2012. Mfone filed a petition for the opening of insolvency proceedings to the Phnom-Penh Municipal Court on 9 January 2013.

Internet and media business

The total number of Dtv satellite television dish sets sold thus far by DTV Service Co., Ltd. (DTV) was 1,389,113 sets as of the end of 2012, an increase of 220,276 sets from 1,168,837 sets at the end of 2011. Currently, the market competition of satellite dish and set-top box has been relatively high. There are diversified types of set-top box with lower price in the market. Consequently, DTV has lowered its sales prices to be competitive in the market and continued to develop new devices for expanding its customer group and building up customer satisfaction, e.g. HDTV box to support Content Channel in High Definition format and Hybrid Box which is a new alternative box for customer to view contents delivered from a satellite and Internet in the same box.

CSL's ICT business grew from the previous year due mainly to an emphasis on expanding ICT integrated services and ICT solution services to meet its existing corporate customers' needs. In addition, CSL's voice info services & mobile content services business grew from last year due to the growth of its customer base from various product offerings.

On 16 October 2012, CSL has disposed an investment in Watta Classifieds Company Limited (Watta) in order to manage the total profits of its group and prevent the future risk from operation, since Watta's operating result has been net loss continuously. As a result, Watta has ceased being a subsidiary of CSL.

III. Consolidated Operating Results

Selected financial information on THCOM

Unit: MBt	Amount		Change YoY (%)
	2012*	2011*	
Revenue from sale of goods and rendering of services	7,266	6,624	9.7%
Share of profits of associate	164	141	16.3%
Cost of sale of goods and rendering of services	4,484	4,508	-0.5%
SG&A expenses	1,447	1,404	3.1%
Impairment losses on non-current assets held for abandonment	175	-	100.0%

Unit: MBt	Amount		Change YoY (%)
	2012*	2011*	
EBIT from normal operations**	1,335	712	87.5%
EBITDA from normal operations ***	3,481	2,868	21.4%
Profit (loss) from continuing operations	682	(35)	2048.6%
Loss from discontinued operation, net of income tax*	(508)	(467)	-8.8%
Profit (loss) attributable to non-controlling interest	-	12	-100.0%
Net profit (loss) before extraordinary items	428	(130)	429.2%
Impairment losses on Mfone's assets / related expenses	(254)	-	-100.0%
Effect of corporate tax rate change****	-	(360)	100.0%
Net profit (loss)	174	(490)	135.5%
EPS (Baht)	0.16	(0.45)	135.6%

* The comparative statement of income has been re-presented to show the discontinued operations separately from continuing operations. The loss from discontinued operation of Baht 508 million (2011: Baht 467 million) is attributable entirely to the owners of the Company.

** EBIT = Sales and service income – Cost of sales and service – SG&A

*** EBITDA = EBIT + Depreciation and Amortization

**** In Q4/2011, the Company recognized the effect of corporate tax rate change from 30% to 23% in 2012 and 20% in 2013 onwards of Baht 360 million including THCOM's portion of Baht 351 million and CSL group's portion of Baht 9 million.

Sales and service income

Consolidated revenue from sale of goods and rendering of services in 2012 was Baht 7,266 million, an increase of Baht 642 million or 9.7% as compared to Baht 6,624 million in 2011 due to increases in revenue from its satellite business and telephone business in Lao PDR, offset by a revenue decrease from its Internet and media business.

Revenue from sale of goods and rendering of services	2012	2011	%YoY
Satellite and related services	6,279	5,684	10.5%
Telephone services	702	574	22.3%
Internet access and media services	285	366	-22.1%
Total	7,266	6,624	9.7%

Satellite transponder leasing and related services

Revenue from satellite transponders and related services in 2012 was Baht 6,279 million, an increase of Baht 595 million or 10.5% compared to Baht 5,684 million in 2011.

Satellite and related services	2012	2011	%YoY
Thaicom 5	2,921	2,566	13.8%
IPSTAR	3,358	3,118	7.7%
Sales	313	517	-39.5%
Services	3,045	2,601	17.1%
Total	6,279	5,684	10.5%

13.8% yoy revenue increase from transponder leasing service and value-added services for conventional satellite business

- Revenue from the Thaicom 5 satellite business for 2012 was Baht 2,921 million, up by Baht 355 million or 13.8% from Baht 2,566 million in 2011 due mainly to:
 - Revenue growth from satellite transponder leasing service provided to broadcasting satellite operators.
 - Revenue growth from value-added services e.g. teleport services including tape playout and digital signal compression.

The demand for commercial satellite services from broadcasting satellite operators continues to be strong and growing with an increase in the number of television channels under the conventional satellite platform at 78.5 degrees east from 427 channels at the end of 2011 to 465 channels at the end of 2012.

7.7% yoy IPSTAR revenue increase mainly from 17.1% IPSTAR service revenue growth.

- Revenue from the Thaicom 4 (IPSTAR) satellite business was Baht 3,358 million in 2012, up by Baht 241 million or 7.7% from Baht 3,117 million in 2011. This was contributed by:
 - Service revenue in 2012 was Baht 3,045 million, a growth of Baht 445 million or 17.1% from Baht 2,600 million in 2011. The main driver of service growth was higher bandwidth usage mainly in Australia, Japan, Malaysia, India, Myanmar, and New Zealand.
 - Sales revenue in 2012 was Baht 313 million, a drop of Baht 204 million or 39.5% from Baht 517 million in 2011 due mainly to user terminal (UT) sales volume drop. This was the result of implementing Open Platform strategy to increase bandwidth sales by enabling other providers' ground system (including UT) to use the IPSTAR bandwidth.

Telephone services

The Company's revenue from telephone services in 2012 was Baht 702 million, up by Baht 128 million or 22.3% compared to Baht 574 million in 2011. After MPTC has announced to control the tariffs for telecom service and disallowed all operators to give free airtime to customers, LTC had a continued increase in average revenue per subscriber (ARPU) in 2012. MPTC has also given precedence to competition on quality of service to benefit customers. As a result, LTC still ranks No.1 in Lao PDR's mobile phone market share.

Internet access and media services

Revenue from Internet access and media services in 2012 was Baht 285 million, down by Baht 81 million or 22.1% from Baht 366 million in 2011, due mainly to a revenue decrease in sale of Dtv satellite dish and IRD box. This was because of a drop in Dtv sales volume in Thailand and lower price from its price adjustment to match the competitors' price in the market. There have been various types of TV receiver equipment in the market e.g. satellite dish, local cable TV service, and antenna. Consequently, the market competition has been relatively high especially on price and content. Several operators have also released new models of satellite dish at competitive price to the market. As at the end of 2012, accumulated Dtv sales volume was 1,389,113 sets, up 220,276 sets from 1,168,837 sets at the end of 2011.

However, Internet revenue generated by LTC was higher following an increase in the number of subscribers mainly from wireless broadband internet-HSPA service.

Other income

The Company's other income for 2012 was Baht 106 million, a decrease of Baht 44 million or 29.3% compared to Baht 150 million in 2011. This was largely due to a gain from sale of the existing IPSTAR gateway in Malaysia to MEASAT Satellite Systems Sdn. Bhd. of Baht 29 million and a compensation of Baht 18 million from flood insurance claimed by DTV, recognized in Q4/2011.

Cost of sale of goods and rendering of services

The Company reported total consolidated cost of sale of goods and rendering of services for 2012 of Baht 4,484 million, a decrease of Baht 24 million or 0.5% compared to Baht 4,508 million in 2011, on cost decreases from the satellite business and the Internet and media business, offset by a cost increase from the telephone business. For 2012, total cost accounted for 61.7% of total sales and service income, down from 68.1% in 2011.

Cost of sale of goods and rendering of services	2012	2011	%YoY
Satellite and related services	3,848	3,890	-1.1%
Telephone services	390	351	11.1%
Internet access and media services	246	267	-7.9%
Total	4,484	4,508	-0.5%

Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services in 2012 was Baht 3,848 million, a decrease of Baht 42 million or 1.1% from Baht 3,890 million in 2011.

Satellite and related services	2012	2011	%YoY
Thaicom 5	1,030	953	8.1%
IPSTAR	2,818	2,937	-4.1%
Total	3,848	3,890	-1.1%

- Cost relating to the Thaicom 5 satellite business was Baht 1,030 million in 2012, an increase of Baht 77 million or 8.1% from Baht 953 million in 2011 mainly caused by higher operating agreement fee paid to the Ministry of Information and Communication Technology of Thailand (MICT) following the revenue growth and increase in concession-fee rate from 17.5% in 2011 to 20.5% in 2012.
- Cost relating to the Thaicom 4 (IPSTAR) satellite business was Baht 2,818 million in 2012, a decrease of Baht 119 million or 4.1% from Baht 2,937 million in 2011 primarily due to:
 - A decrease in cost of IPSTAR sales mainly from:
 - Lower cost of UT sales following the UT sales drop,
 - Lower warranty cost for UTs sold in Australia;
 - An increase in cost of IPSTAR service mainly from:
 - Higher operating agreement fee paid to MICT following the IPSTAR bandwidth revenue growth and increase in concession-fee rate,
 - Higher gateway operation cost in China, offset by
 - Lower cost of in-orbit insurance.

Cost of telephone services

Cost relating to the telephone business for 2012 amounted to Baht 390 million, an increase of Baht 39 million or 11.1% from Baht 351 million in 2011, contributed by increases in;

- Depreciation cost for its expanded telephone network.
- Cost of inter-roaming.

Cost of Internet access and media services

Cost relating to the Internet access and media business in 2012 was Baht 246 million, down by Baht 21 million or 7.9% from Baht 267 million in 2011 due largely to a drop in cost of sale of Dtv satellite dish and IRD box, in line with its revenue drop.

Selling and administrative expenses

SG&A expenses, including directors and management benefit expenses, totaled Baht 1,447 million in 2012, an increase of Baht 43 million, or 3.1%, compared to Baht 1,404 million in 2011.

- Satellite and related services
 - Related expenses from filing Mfone into insolvency proceedings in 2012,
 - Higher staff expenses and administrative expenses, offset by
 - The reversal of bad debt provision for satellite customers,
 - Lower obsolete stock provision.
- Telephone services in Lao PDR
Higher marketing and staff expenses for the telephone services in Lao PDR.
- Internet and media services
Lower obsolete stock provision and administrative expenses, offset by higher marketing expenses for Dtv satellite dish sales in Thailand.
- Other business segments
Related expenses from filing Mfone into insolvency proceedings recognized in the jointly-controlled entity's SG&A expenses in 2012.

Impairment losses on non-current assets held for abandonment

On 12 November 2012, the Board of Directors approved the sale of share of Mfone. The Share Purchase Agreement contains conditions that both parties shall fulfill within 60 days from the agreement date. The Company recognized an impairment loss of approximately Baht 251 million in the financial statements for the nine-month period ended 30 September 2012. However, after 60 days from the agreement date, the buyer sent a notice to terminate the Share Purchase Agreement since the buyer could not fulfill the conditions precedent.

On 7 January 2013, the Board of Directors approved proposal of the management of the jointly-controlled entity to file Mfone into insolvency proceedings based on Cambodia Law due to Mfone's deteriorating financial position and continued operating loss; its cash flow has been insufficient for operation and debt repayment. As a result, the Company recognized an impairment loss on non-current assets held for abandonment of Baht 175 million for the year ended 31 December 2012.

Loss on exchange rate

In 2012, the Company reported a gain on foreign exchange of Baht 20 million. This was impacted by:

- A gain on foreign exchange from the revaluation of borrowings for the Thaicom 6 project as a result of the appreciation of the Thai Baht against the US dollar,
- A gain on foreign exchange from the revaluation of Shenington Investment Pte Ltd. (SHEN)'s borrowings as a result of the appreciation of the Singapore dollar against the US dollar, offset by
- A loss on foreign exchange from the revaluation of IPSTAR Co., Ltd.'s assets as a result of the appreciation of the Japanese Yen against the US dollar.

Share of profit of associates

Share of profit of associates in 2012 was Baht 164 million, up by Baht 23 million or 16.3% from Baht 141 million in 2011, due to a 16.4% increase in CSL's net profit over 2011 which was contributed by:

- Higher operating profit from ICT Business as a result of expanding ICT integrated services and ICT solution services to meet its existing corporate customers' needs,
- Higher operating profit from voice info services & mobile content services business, resulting from the growth of mobile subscription revenue (due to an increase in its customer base) and from various product offerings,
- Extraordinary expenses recognized in 2011 of Baht 60 million, compared to extraordinary gain of Baht 6 million recognized in 2012. (See "The Clarification" in CSL's Management's Discussion and Analysis for 2012 for more details), offset by
- Operating loss from the publishing of the Thailand YellowPages in 2012 resulting from the impact of flood crisis in the end of year 2011. CSL postponed the delivery of 2012 BKK-YP and Upcountry YP books from January 2012 to May 2012 and from July 2012 to October 2012, respectively.

Finance costs

Finance costs totaled Baht 420 million in 2012, down by Baht 32 million, or 7.1%, compared with Baht 452 million in 2011. This was because of the repayment of the principal amount of Baht 3,300 million of the debentures on 6 November 2012, resulting in a decrease in debenture interests in 2012 as compared to 2011. Finance costs mostly comprised of debenture interests.

Income tax expense

In 2012, the Company reported income tax expense of Baht 347 million, a decrease of Baht 154 million or 30.7% from Baht 501 million in 2011. This was due mainly to the effect of corporate tax rate change in 2011.

Loss from discontinued operation, net of income tax

The Company's consolidated financial statement for the year ended 31 December 2012 has separated Mfone's operating result under "Loss from discontinued operation, net of income tax" to show the discontinued operations separately from continuing operations.

The Company recorded net loss of Baht 508 million for Mfone's operation in 2012, up by Baht 41 million or 8.8% from net loss of Baht 467 million in 2011, due mainly to decreasing number of mobile phone subscribers as a result of intense competition in Cambodia.

IV. Financial Position

At the end of 2012, the Company reported total assets of Baht 25,811 million, a decrease of Baht 1,405 million or 5.2% from Baht 27,216 million at the end of 2011. This was mainly because of the year-to-date accumulated depreciation and amortization charges of PP&E and PP&E under operating agreements, lower cash and cash equivalents, offset by additions to PP&E mainly consisting of assets for the satellite business and the telephone network expansion in Lao PDR.

THCOM's asset components

Assets	December 31, 2012		December 31, 2011	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	5,809	22.5	4,679	17.2
Investment in associates	456	1.8	451	1.7
PP&E, net	5,647	21.9	6,611	24.3
PP&E under the concession agreement, net	11,482	44.5	12,828	47.1

Liquidity

At the end of 2012, the Company had a current ratio of 1.51x, up from 0.69x at the end of 2011 due mainly to lower current portion of long-term loans resulting from the repayment of the principal amount of Baht 3,300 million of the debentures in Q4/2012.

Investments in associate

Investment in CSL was presented as "investment in associate" item. At the end of 2012 the Company's investment in CSL was Baht 456 million, an increase of Baht 5 million or 1.1% from Baht 451 million at the end of 2011, reflecting

- A proportionate recognition of CSL's net profit for 2012 amounting to Baht 164 million, offset by
- Dividend received from CSL of Baht 143 million,
- Share of other comprehensive loss of associate of Baht 18 million.

Property, plant and equipment

Property, Plant and Equipment (PP&E) at the end of 2012 was Baht 5,647 million, a decrease of Baht 964 million or 14.6% from Baht 6,611 million at the end of 2011. This was due mainly to:

- Additions to PP&E of Baht 1,923 million for 2012 largely consisting of assets under construction for the Thaicom 6 project and assets for the telephone network expansion in Lao PDR,
- Offset by:
- Transferring Mfone's assets of Baht 1,606 million to "non-current assets held for abandonment"
 - Accumulated depreciation charges of PP&E of Baht 1,064 million in 2012.

PP&E at the end of 2012 also included assets under operating agreements of Mfone of approximately Baht 1,551 million, down by Baht 447 million from Baht 1,998 million at the end of 2011. The Company reclassified these assets to non-current asset held for abandonment and discontinued operation in full amount (see Note 8).

PP&E under operating agreements

PP&E under operating agreements at the end of 2012 was Baht 11,482 million, a decrease of Baht 1,346 million from Baht 12,828 million at the end of 2011 mostly due to amortization charges for 2012.

Interest-bearing liabilities and Shareholders' equity

The Company's *interest-bearing liabilities* at the end of 2012 were Baht 7,161 million, a decrease of Baht 3,116 million from Baht 10,277 million at the end of 2011. This was mainly attributable to:

- Repayment of the principal amount of Baht 3,300 million of the debentures in Q4/2012,
- Transferring Mfone's interest-bearing liabilities to "liabilities of non-current assets held for abandonment" of Baht 1,431 million, offset by
- Proceeds from long-term loans for the Thaicom 6 project.

The Company's *shareholders' equity* at the end of 2012 was Baht 14,239 million, an increase of Baht 63 million from Baht 14,176 million at the end of 2011, reflecting:

- Net profit for 2012 of Baht 174 million, offset by
- Other comprehensive loss of Baht 112 million.

With lower interest-bearing liabilities and higher shareholders' equity for the year ended December 31, 2012, the ratio of interest-bearing liabilities to equity at the end of 2012 was 0.50x, down from 0.72x at the end of 2011.

Cash flow

15.6% yoy increase in operating cash flow driven by operational improvement.

Net cash flow provided by operating activities for 2012 was Baht 3,512 million, up by Baht 475 million or 15.6% from Baht 3,037 million in 2011, due mainly to operational improvement for 2012. Operating profit for 2012 was Baht 1,335 million, up by Baht 623 million or 87.5% from Baht 712 million for 2011.

Net cash flow used in investing activities for 2012 was Baht 1,871 million, mostly for the Thaicom 6 project and the expansion of telephone network in Lao PDR. For 2011, net cash flow used in investing activities was Baht 2,369 million.

Net cash flow used in financing activities for 2012 was Baht 2,227 million due mainly to:

- Repayment of the principal amount of Baht 3,300 million of the debentures in Q4/2012,
- Interest payment of Baht 439 million most of which consisted of debenture interests, offset by
- Proceeds from long-term loans of Baht 1,621 million mostly for the Thaicom 6 project.

For 2011, net cash flow provided by financing activities was Baht 932 million.

The Company had ending cash of Baht 2,268 million on 31 December 2012.

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.