
I. Overview

Thaicom Plc ("the Company")'s total revenue from sale of goods and rendering of services for Q1/2011 was Baht 1,570 million. IPSTAR service revenue rose by 40.3%, while telephone service revenue declined by Baht 131 million year-on-year. However, telephone service revenue was up by Baht 8 million as compared to the previous quarter. In Q1/2011, the Company reported 22.2% higher share of profit of associates and lower finance costs as compared to Q1/2010, a loss on foreign exchange of Baht 14 million, and net loss of Baht 167 million.

From 1 January 2011, consequent to the adoption of new and revised Thai Financial Reporting Standards ("TFRS") as set out in note 32 of the financial statements for the year ended 31 December 2010, the Group's accounting policies has changed from its accounting policies that were applied in the financial statements for the year ended 31 December 2010.

The Company's financial statements for the year ended 31 December 2010, as the prior year comparative statements, were restated to follow the new policy. The impacts of the changes on the financial statements for the year ended 31 December 2010 are included in notes 3(i).

Lao Telecommunications Co., Ltd. ("LTC") declared it would pay a dividend for 2010 of USD 15 million.

II. Business Summary

Transponder leasing and related business

IPSTAR Australia Pty Ltd ("IPA") has signed a contract with NBN Company Limited ("NBN Co") for Australia's National Broadband Network's Interim Satellite Service which will commence from 1 July 2011 onwards. The contract is valued at AUD 100 million over a period of five years with an option to extend.

On 4 March 2011, the Income Tax Appellate Tribunal ("ITAT") decided that the Company's income from transponder service in India was not a royalty and as the Company did not have a permanent establishment in India, such income was not subject to tax in India. As for the demand for interest and penalty made by the Revenue Department of India, such demand should be without effect. The Company is managing to retrieve the deposit and withholding tax from the Revenue Department of India. However, the Revenue Department of India is likely to appeal to the High Court of Delhi against the decision of ITAT.

Telephone business

As of the end of Q1/2011, LTC and Mfone Company Limited ("Mfone") had total phone subscribers of 1,632,629 and 698,282, respectively. Currently, the telecom market competition in Cambodia is high with 9 mobile operators.

Internet and media business

Accumulated number of DTV satellite television dish sets sold by DTV Service Co., Ltd. ("DTV"), the Company's subsidiary, was 1,000,961 sets as of the end of Q1/2011, an increase of 339,243 sets from the end of Q1/2010.

CSL reported a 21% year-on-year growth in net profit for Q1/2011. This was due to the growth of Internet access services and voice info services & mobile content services, in parallel with its efficiency in cost and expense control.

III. Consolidated Operating Results

Selected financial information on THCOM

Unit: MBt	Amount			Change	
	Q1/11	Q4/10 restated ***	Q1/10 restated ***	QoQ (%)	YoY (%)
Revenue from sale of goods and rendering of services	1,570	1,652	1,784	-5.0%	-12.0%
Share of profits of associate	44	61	36	-27.9%	22.2%
Cost of sale of goods and rendering of services	1,306	1,455	1,525	-10.2%	-14.4%
SG&A expenses	367	352	357	4.3%	2.8%
EBIT*	(103)	(155)	(98)	33.5%	-5.1%
EBITDA**	524	500	536	4.8%	-2.2%
Net profit	(167)	(172)	(161)	2.9%	-3.7%
EPS (Baht)	(0.15)	(0.16)	(0.15)	6.3%	0.0%

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

** EBITDA = EBIT + Depreciation and Amortization

n.m. = not meaningful

*** From 1 January 2011, consequent to the adoption of new and revised Thai Financial Reporting Standards ("TFRS"), the Company's financial statements for the year ended 31 December 2010, as the prior year comparative statements, were restated to follow the new policy.

Sales and service income

Consolidated revenue from sale of goods and rendering of services in Q1/2011 was Baht 1,570 million, a decrease of Baht 214 million or 12.0% compared to Baht 1,784 million in Q1/2010 due to decreases in revenue from the telephone business, the satellite business, and the Internet access and media business.

Compared to Baht 1,652 million in Q4/2010, consolidated revenue from sale of goods and rendering of services declined by Baht 82 million or 5.0% due to revenue drops from the Internet access and media business, and the satellite business, offset by revenue growth from the telephone business.

Revenue from sale of goods and rendering of services	Q1/11	Q4/10	Q1/10	%QoQ	%YoY
Satellite and related services	1,141	1,177	1,198	-3.1%	-4.8%
Telephone services	321	313	452	2.6%	-29.0%
Internet access and media services	108	162	134	-33.3%	-19.4%
Total	1,570	1,652	1,784	-5.0%	-12.0%

Satellite transponder leasing and related services

Revenue from satellite transponders and related services in Q1/2011 was Baht 1,141 million, a decrease of Baht 57 million or 4.8% compared to Baht 1,198 million in Q1/2010, and a decrease of Baht 36 million or 3.1% from Baht 1,177 million in Q4/2010.

Satellite and related services	Q1/11	Q4/10	Q1/10	%QoQ	%YoY
Thaicom 2, 5 and related services	562	539	637	4.3%	-11.8%
IPSTAR services	579	638	561	-9.2%	3.2%
<i>Sales</i>	92	192	214	-52.1%	-57.0%
<i>Services</i>	487	446	347	9.2%	40.3%
Total	1,141	1,177	1,198	-3.1%	-4.8%

- Revenue from the Thaicom conventional satellite business for Q1/2011 was Baht 562 million, a decrease of Baht 75 million or 11.8% from Baht 637 million in Q1/2010, due mainly to revenue drops from system integration service, and from the appreciation of Baht against USD. However, the Company's broadcasting business has grown significantly with an increase in the number of television channels under the conventional satellite platform at 78.5 degrees east from 293 channels at the end of Q1/2010 to 374 channels at the end of Q1/2011.

Compared to Baht 539 million in the previous quarter, revenue from the Thaicom conventional satellite business grew by Baht 23 million or 4.3% as a result of higher transponder lease.

- IPSTAR revenue was Baht 579 million in Q1/2011, up by Baht 18 million or 3.2% from Baht 561 million in Q1/2010 because of an increase of Baht 140 million or 40.3% in IPSTAR service revenue following an increase in bandwidth usage mainly in India, Japan, and Australia, offset by a UT sales drop. These were the results of implementing Open Platform strategy to increase bandwidth sales by enabling other providers' ground system (including user terminal) to use the IPSTAR bandwidth.

Compared to Q4/2010, IPSTAR revenue declined by Baht 59 million due to a UT sales drop, partially offset by an increase of Baht 41 million or 9.2% in IPSTAR service revenue following an increase in bandwidth usage mainly in Malaysia, Australia, Myanmar, Cambodia, and Indonesia.

IPSTAR service revenue grew 40.3% YoY and 9.2% QoQ.

Telephone services

The Company's revenue from the telephone service in Q1/2011 was Baht 321 million, down by Baht 131 million or 29.0% compared to Baht 452 million in Q1/2010. Currently, there are 9 mobile operators in Cambodia, leading to a price war and the intense competition in the market, and a decline revenue per minute usage. The mobile phone industry in Lao PDR also faces higher competition; however, LTC still has the continued growth of telephone subscribers and ranks No.1 in Lao PDR's mobile phone market share. Moreover, Mfone reported financial statements in US dollars, so that the appreciation of Baht against USD lowered its revenue presented in Baht. Compared to the prior quarter, telephone revenue was up by Baht 8 million or 2.6%.

At the end of Q1/2011, LTC' telephone subscribers amounted to 1,632,629, a 22.9% increase from 1,328,800 subscribers at the end of Q1/2010. Mfone reported 698,282 subscribers at the end of Q1/2011, a 4.9% growth from 665,834 subscribers at the end of Q1/2010.

Internet access and media services

Revenue from the Internet access and media business in Q1/2011 was Baht 108 million, dropped by Baht 26 million or 19.4% from Baht 134 million in Q1/2010, and down by Baht 54 million or 33.3% from Baht 162 million in Q4/2010. This was mostly due to DTV sales decreases. As at the end of Q1/2011, accumulated DTV sales volume was 1,000,961 sets, up 339,243 sets at the end of Q1/2010.

Cost of sales and service

The Company reported total cost for Q1/2011 of Baht 1,306 million, a decrease of Baht 219 million or 14.4% compared to Baht 1,525 million in Q1/2010, and declined by Baht 150 million or 10.3% from Baht 1,456 million in Q4/2010. This was from decreases in cost of sales and services from the satellite business, the Internet and media business, and the telephone business. For Q1/2011, total cost accounted for 83.2% of total sales and service income, down from 85.5% in Q1/2010.

Cost of sale of goods and rendering of services	Q1/11	Q4/10	Q1/10	%QoQ	%YoY
Satellite and related services	890	1,010	1,046	-11.9%	-14.9%
Telephone services	334	341	356	-2.1%	-6.2%
Internet access and media services	82	105	123	-21.9%	-33.3%
Total	1,306	1,456	1,525	-10.3%	-14.4%

Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services in Q1/2011 was Baht 890 million, down by Baht 156 million or 14.9% from Baht 1,046 million in Q1/2010, and down by Baht 120 million or 11.9% from Baht 1,010 million in the previous quarter.

Satellite and related services	Q1/11	Q4/10	Q1/10	%QoQ	%YoY
Thaicom 5 and related services	237	242	332	-2.1%	-28.6%
IPSTAR services	653	768	714	-15.0%	-8.5%
Total	890	1,010	1,046	-11.9%	-14.9%

- Cost relating to the Thaicom conventional satellite and related business was Baht 237 million, a decrease of Baht 95 million or 28.6% from Baht 332 million in Q1/2010 primarily due to a cost reduction from system integration service following its revenue drop.
- Cost of providing IPSTAR services was Baht 653 million, down by Baht 61 million or 8.5% from Baht 714 million in Q1/2010, and down by Baht 115 million or 15.0% from Baht 768 million in Q4/2010, due mainly to a UT cost decrease following the UT sales drop, partially offset by an increase in operating agreement fee in accordance with the IPSTAR bandwidth revenue growth.

Cost of telephone services

Cost relating to the telephone business for Q1/2011 amounted to Baht 334 million, a decrease of Baht 22 million or 6.2% from Baht 356 million in Q1/2010. Mfone reported decreases in the electricity cost resulting from cost-efficient control, in revenue sharing cost corresponding to the revenue drop, and in the costs of VoIP international calling service, offset by an increase in interconnection charge. As stated above that Mfone reported its financial statements in USD, so the appreciation of Baht against USD further lowered total cost from the telephone business in Cambodia when converting USD to Baht. LTC reported a rise in depreciation costs for the expanded telephone network in Lao PDR, offset by an inter-roaming cost reduction.

Compared to Q4/2010, the cost of telephone service was down by Baht 7 million or 2.1%. Mfone reported decreases in interconnection charge, in the cost of phone sets and sims sold following the sales drop, and in the electricity cost. LTC reported an increase in cost of inter-roaming.

Cost of Internet access and media services

Cost relating to the Internet access and media business in Q1/2011 was Baht 82 million, down by Baht 41 million or 33.3% from Baht 123 million in Q1/2010, and down by Baht 23 million or 21.9% from Baht 105 million in Q4/2010. This was primarily due to decreases in cost of DTV sales corresponding to the sales drops.

Selling and administrative expenses

SG&A expenses, including director and management benefit expenses ("SG&A"), were Baht 367 million in Q1/2011, an increase of Baht 10 million, or 2.8%, compared to Baht 357 million in Q1/2010, due mainly to higher doubtful debt provision for the satellite business, increased staff expenses, partially offset by lower marketing expenses for the satellite business and the telephone business, and the reduction of administrative expenses for the satellite business.

Compared to the prior quarter, SG&A was up by Baht 15 million or 4.3%, driven by increases in doubtful debt provision and in obsolete stock provision for the satellite business, and in staff expenses, offset by lower marketing expenses for the satellite business and the telephone business.

Loss on exchange rate

The Company reported a loss on exchange rate of Baht 14 million. Unrealized loss on exchange rate resulting from the revaluation of assets and liabilities in foreign currencies was mainly contributed by IPSTAR Co., Ltd. ("IPSTAR Co")'s unrealized loss on exchange rate resulting from the revaluation of advance receipts from customers in Japan since Japanese yen has appreciated against USD and IPSTAR Co presents its financial statements in USD. For Q1/2010, there was a loss on exchange rate of Baht 29 million.

Share of profit of associates – equity method

Share of profit of associates in Q1/2011 was Baht 44 million, up by Baht 8 million or 22.2% from Baht 36 million in Q1/2010, due to a 21% increase in CSL's net profit over Q1/2010 mainly caused by revenue increases from Internet access service including the continued growth of leased line services and internet equipment & solution sales, and from voice info services & mobile content services, together with its efficiency in cost and expense control.

Finance costs

Finance costs totaled Baht 120 million in Q1/2011, down by Baht 5 million, or 4.0%, compared with Baht 125 million in Q1/2010. The Company delayed the payment of 18th operating agreement fee that should be paid in 2009, but it was paid in 2010, so interest expense of Baht 5 million was incurred in Q1/2010, while there was no this account in Q1/2011. Finance costs in Q1/2011 mostly comprised of debenture interests.

Income tax expense

The Company recognized the future benefit arising from losses carried forward that reduced the future tax base as an income tax receivable of Baht 15 million in Q1/2011, a decrease of Baht 12 million from Baht 27 million in Q1/2010.

IV. Financial Position

At the end of Q1/2011, the Company reported total assets of Baht 25,971 million, an increase of Baht 103 million or 0.4% from Baht 25,868 million at the end of 2010. This was mainly because of higher cash and cash equivalents, offset by the depreciation and amortization of PP&E and PP&E under operating agreements.

THCOM's asset components

Assets	March 31, 2011		December 31, 2010	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	3,477	13.4	3,026	11.7
Investment in associates	422	1.6	440	1.7
PP&E, net	5,218	20.1	5,263	20.3
PP&E under the concession agreement, net	13,845	53.3	14,177	54.8

Liquidity

At the end of Q1/2011, the Company had a current ratio of 0.94 times, up from 0.89 at the end of 2010 due mainly to increased cash and cash equivalents from advance receipts from customers in Thailand for IPSTAR service, and higher amounts due from related parties.

Investments

Investment in CSL was presented as "investment in subsidiaries, jointly controlled entities and associate" item. At the end of Q1/2011, the Company's investment in CSL was Baht 422 million, down by Baht 18 million or 4.1% from Baht 440 million at the end of 2010, reflecting a proportionate recognition of CSL's net profit for Q1/2011 amounting to Baht 44 million, the unrealized gain from the reduction in investment in the associate of Baht 0.2 million, offset by the dividend paid by CSL of Baht 63 million.

Property, plant and equipment

Property, Plant and Equipment (PP&E) at the end of Q1/2011 was Baht 5,218 million, a decrease of Baht 45 million or 0.9% from Baht 5,263 million at the end of 2010. This was due mainly to depreciation and amortization of PP&E of Baht 265 million, offset by the purchase of assets of Baht 217 million in Q1/2011 most of which were assets for the expansion of telephone network in Lao PDR and Cambodia, and for the satellite equipment. PP&E at the end of Q1/2011 also included the assets under operating agreements of Mfone of approximately Baht 2,227 million, down Baht 91 million from Baht 2,318 million at the end of 2010.

PP&E under operating agreements

PP&E under operating agreements at the end of Q1/2011 was Baht 13,845 million, a decrease of Baht 332 million from Baht 14,177 million at the end of 2010 mostly due to the depreciation and amortization expenses in Q1/2011.

Borrowings and Shareholders' equity

The Company's net borrowings at the end of Q1/2011 were Baht 8,591 million, up by Baht 193 million from Baht 8,398 million at the end of 2010, due mainly to Mfone's increased borrowings resulting from the change in status from account payable of property and equipment of telephone network.

The Company's shareholders' equity at the end of Q1/2011 was Baht 14,416 million, a decrease of Baht 127 million from Baht 14,543 million at the end of 2010, reflecting a net loss for Q1/2011 of Baht 167 million, partially offset by a translation gain relating to financial statements of foreign operations of Baht 39 million.

With higher net borrowings and lower shareholders' equity for the three-month period ended March 31, 2011, the ratio of net borrowings to equity at the end of Q1/2011 was 0.60 times, slightly up from 0.58 times at the end of 2010.

Cash flow

The Company's net cash inflow from operating activities for Q1/2011 was Baht 730 million. Net cash outflow from investing activities was Baht 186 million, mainly caused by the payments of Baht 166 million for the satellite equipment and the expansion of telephone network. The Company had net cash outflow from financing activities of Baht 117 million mainly coming from the interest payment of Baht 119 million.

The Company had ending cash of Baht 1,700 million on March 31, 2011.

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.