

8.8% yoy increase in total revenue in 2011.

Growth in EBIT and net cash flow from operating activities

I. Overview

Thaicom Plc ("the Company")'s total consolidated total revenue for 2011 was Baht 7,404 million, up by Baht 597 million or 8.8% compared to Baht 6,807 million for 2010, due to a revenue increase from satellite services. The revenue growth and the efficiency of cost control resulted in an operating profit (EBIT) for 2011 of Baht 253 million, up Baht 877 million from an operating loss for 2010 of Baht 624 million. Net cash flow provided by operations for 2011 was Baht 3,038 million, an increase of Baht 1,203 million from 2010.

However, the Company reported an extraordinary expense arisen from the effect of corporate tax rate change from 30% to 23% in 2012 and 20% in 2013 onwards of Baht 360 million recognized in Q4/2011, leading to a net loss of Baht 490 million in 2011.

Regardless of this extraordinary item, the Company would generate net profit in Q4/2011 of Baht 46 million for the second consecutive profitable quarter, an increase of Baht 30 million from a net profit of Baht 16 million in Q3/2011. The Company's net loss for 2011 would be Baht 130 million, down by Baht 676 million from a net loss of Baht 806 million in 2010.

CS LoxInfo Plc (CSL) declared the payment of dividends for 2011 of Baht 0.54 per share, including an interim dividend for 2011 of 0.27 Baht per share.

II. Business Summary

Transponder leasing and related business

In May 2011, the Company received approval from the Ministry of Information and Communication Technology (MICT) to build and launch the Thaicom 6 satellite. The Thaicom 6 satellite will meet increased demand for satellite service in the future as the trend of demand for transponder is rising in Asia and Africa and to replace the existing satellites which have reached their end of life. It will be placed on the Company's prime orbital slot at 78.5 degrees East and collocated with the Thaicom 5 satellite, to support the robust market growth. The Thaicom 6 satellite is considered a medium-size satellite of three-axis stabilized type, similar to the Thaicom 5 satellite, with the total of 26 transponders: 18 C-band transponders and 8 Ku-band transponders. The Company expects to launch the Thaicom 6 satellite into the orbit around the second quarter of 2013.

In December 2011, the Company entered into a cooperation agreement with Asia Satellite Telecommunications Co., Ltd., to preserve the 120 degrees East orbital slot and to develop and build a satellite to provide satellite services in order to improve the Company's earnings in the future. The satellite is a medium-size satellite with the total of 28 transponders, all of which are C-band transponders for the services in Asia and Australia. The Company will be the owner of the numbers of transponders not exceeding 14 transponders under the name Thaicom 7. It is expected that the Thaicom 7 satellite will be completed and launched into the 120 degrees East orbit slot in 2014.

In 2011, the Company focuses on both domestic and international broadcasting markets, resulting to a dramatic business growth. Currently, the total number of TV channels under the conventional satellite platform increased from 358 channels at the end of 2010 to more than 420 channels at the end of 2011.

Telephone business

As of the end of 2011, Lao Telecommunications Co., Ltd. (LTC) and Mfone Company Limited (Mfone) had total phone subscribers of 1,308,655 and 461,246, respectively. Currently, the telecom market competition in Cambodia is high with nine mobile operators.

Internet and media business

The total number of Dtv satellite television dish sets sold thus far by DTV Service Co., Ltd. (DTV) was 1,168,837 sets as of the end of 2011, an increase of 223,673 sets from 945,164 sets at the end of 2010.

CSL reported an operating profit of Baht 589 million, an increase of Baht 82 million or 16.2% from 2010. This was due mainly 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 YoY (%)
	2011	2010	
Revenue from sale of goods and rendering of services	7,254	6,700	8.3%
Share of profits of associate	141	168	-16.1%
Cost of sale of goods and rendering of services	5,473	5,851	-6.5%
SG&A expenses	1,528	1,473	3.7%
EBIT*	253	(624)	140.5%
EBITDA**	2,861	1,963	45.7%
Net profit (loss) before gain (loss) from extraordinary items	(130)	(806)	83.9%
Gain (loss) from extraordinary items****	(360)	-	-100.0%
Net profit (loss)	(490)	(806)	39.2%
EPS (Baht)	(0.45)	(0.74)	39.2%

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

** EBITDA = EBIT + Depreciation and Amortization

*** 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.

**** 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 2011 was Baht 7,254 million, a rise of Baht 554 million or 8.3% compared to Baht 6,700 million in 2010 due to an increase in revenue from the satellite business, offset by decreases in revenue from the telephone business and the Internet and media business.

Revenue from sale of goods and rendering of services	2011	2010	Change YoY (%)
Satellite and related services	5,682	4,598	23.6%
Telephone services	1,167	1,453	-19.7%
Internet access and media services	405	649	-37.6%
Total	7,254	6,700	8.3%

Satellite transponder leasing and related services

Revenue from satellite transponders and related services in 2011 was Baht 5,682 million, a rise of Baht 1,084 million or 23.6% compared to Baht 4,598 million in 2010.

Management's Discussion and Analysis: THCOM

Satellite and related services	2011	2010	Change YoY (%)
Thaicom 2, 5	2,415	2,238	7.9%
IPSTAR	3,267	2,360	38.4%
Sales	672	729	-7.8%
Services	2,595	1,631	59.1%
Total	5,682	4,598	23.6%

7.9% yoy revenue increase from transponder leasing service and value-added services for conventional satellite business

- Revenue from the Thaicom conventional satellite business (Thaicom 2 and Thaicom 5) for 2011 was Baht 2,415 million, up by Baht 177 million or 7.9% from Baht 2,238 million in 2010 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; offset by
 - Revenue drop from the effect of the appreciation of Baht against USD.

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 358 channels at the end of 2010 to more than 420 channels at the end of 2011.

38.4% yoy IPSTAR revenue increase mainly from 59.1% IPSTAR service revenue growth.

- Revenue from the Thaicom 4 (IPSTAR) satellite business was Baht 3,267 million in 2011, up by Baht 907 million or 38.4% from Baht 2,360 million in 2010. This was contributed by:
 - Service revenue in 2011 was Baht 2,595 million, a growth of Baht 964 million or 59.1% from Baht 1,631 million in 2010. The main drivers of service growth were:
 - Higher bandwidth usage mainly in India, Japan, Australia, Malaysia, Thailand, Philippines, New Zealand, Myanmar, and Indonesia.
 - Full charge to customer in Japan. The Company has charged bandwidth usage fees in full to the customer in Japan since April 2011 on a monthly basis, while the Company charged it with a 50% discount for a 1-year advance payment for the service period of April 2010-March 2011.
 - Gateway Access Fee. In Q3/2011, NBN Company Limited (NBN Co) paid a gateway access fee of approximately Baht 100 million to IPSTAR Australia Pty Ltd (IPA)
 - Sales revenue in 2011 was Baht 672 million, a drop of Baht 57 million or 7.8% from Baht 729 million in 2010 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 user terminal) to use the IPSTAR bandwidth; offset by
 - Sale of IPSTAR gateway and equipment for IPSTAR gateway. In 2011, the Company sold an IPSTAR gateway in Japan and equipment for IPSTAR gateway in Australia, and Myanmar.

Telephone services

The Company's revenue from telephone services in 2011 was Baht 1,167 million, down by Baht 286 million or 19.7% compared to Baht 1,453 million in 2010.

- Mfone

Currently, there are 9 mobile operators in Cambodia, leading to a price war and the intense competition in the market, and decreases in the number of telephone subscribers and in average mobile phone revenue per subscriber.

- LTC

The mobile phone industry in Lao PDR also faces higher competition resulting in a drop in the number of telephone subscribers and average mobile phone revenue per subscriber in 2011.

However, the Lao Ministry of Post, Telecommunication, and Communication (MPTC) has controlled the mobile phone tariffs and disallowed free-airtime promotion to customers since Q3/2011. This resulted in higher average mobile phone revenue per subscriber and higher mobile phone revenue in 2H/2011 as compared to 1H/2011. LTC still ranks No.1 in Lao PDR's mobile phone market share.

Moreover, Mfone and LTC reported financial statements in USD and Lao kip respectively, so that an appreciation of Baht against USD and Lao kip further reduced the Company's telephone revenue presented in Baht.

Internet access and media services

Revenue from Internet access and media services in 2011 was Baht 405 million, down by Baht 244 million or 37.6% from Baht 649 million in 2010.

- Dtv satellite dish sales
 - DTV Service Co., Ltd. (DTV) reported a drop in Dtv satellite dish sales volume in Thailand, leading to lower revenue generated by DTV.
 - Cambodian DTV Network limited (CDN) had a decrease in IRD box sales volume in Cambodia, resulting in lower revenue generated by CDN.
- Internet revenue generated by LTC was higher following an increase in the number of subscribers, while Internet revenue generated by Mfone was lower in 2011.

Other income

The Company's other income for 2011 was Baht 150 million, an increase of Baht 43 million or 40.2% compared to Baht 107 million in 2010, largely contributed by 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 sales and service

The Company reported total consolidated cost of sale and services for 2011 of Baht 5,473 million, a decrease of Baht 378 million or 6.5% compared to Baht 5,851 million in 2010, on cost decreases from the satellite business, the telephone business, and the Internet and media business. For 2011, total cost accounted for 75.4% of total sales and service income, down from 87.3% in 2010.

Cost of sale of goods and rendering of services	2011	2010	Change YoY (%)
Satellite and related services	3,890	3,983	-2.3%
Telephone services	1,260	1,366	-7.8%
Internet access and media services	323	502	-35.7%
Total	5,473	5,851	-6.5%

Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services in 2011 was Baht 3,890 million, a decrease of Baht 93 million or 2.3% from Baht 3,983 million in 2010.

Satellite and related services	2011	2010	Change YoY (%)
Thaicom 2, 5	953	1,090	-12.6%
IPSTAR	2,937	2,893	1.5%
Total	3,890	3,983	-2.3%

- Cost relating to the Thaicom conventional satellite (Thaicom 2 and Thaicom 5) was Baht 953 million, a decrease of Baht 137 million or 12.6% from Baht 1,090 million in 2010 mainly caused by:
 - Lower cost of providing the system integration services.
 - Lower cost of transponder rental for the global digital television service.
 - Lower cost of fiber optic for satellite transponder leasing service provided to broadcasting satellite operators.
 - Lower cost of in-orbit insurance; offset by
 - Higher operating agreement fee following the revenue growth.
- Cost relating to the Thaicom 4 (IPSTAR) satellite was Baht 2,937 million, up by Baht 44 million or 1.5% from Baht 2,893 million in 2010 primarily due to:
 - An increase in cost of IPSTAR service was mainly from:
 - Higher operating agreement fee in line with the IPSTAR bandwidth revenue growth.
 - Higher gateway operation cost in India; offset by
 - Lower cost of in-orbit insurance
 - A decrease in cost of IPSTAR sales was mainly from:
 - Lower cost of UT sales following the UT sales drop.
 - Lower warranty cost for UTs sold in Australia; offset by
 - Cost of IPSTAR gateway sales in Japan and cost of IPSTAR gateway equipment sales in Myanmar incurred in 2011, while these costs were nil in 2010.
 - Higher cost of IPSTAR gateway equipment sales in Australia.

Cost of telephone services

Cost relating to the telephone business for 2011 amounted to Baht 1,260 million, a decrease of Baht 106 million or 7.8% from Baht 1,366 million in 2010.

- Mfone reported cost decreases in:
 - Cost of electricity resulting from its efficiency in cost control.
 - Cost of interconnection charge.
 - Revenue sharing cost following the revenue drop.
- Offset by LTC's cost increases in:
 - Depreciation cost for its expanded telephone network.
 - Cost of inter-roaming.

As stated above that Mfone and LTC reported its financial statements in USD and Lao kip respectively, so the appreciation of Baht against USD and Lao kip further lowered the Company's total cost from the telephone business in Cambodia and Lao PDR when converting to Baht.

Cost of Internet access and media services

Cost relating to the Internet access and media business in 2011 was Baht 323 million, down by Baht 179 million or 35.7% from Baht 502 million in 2010.

- DTV reported a drop in cost of Dtv satellite dish sales in Thailand, in line with its revenue drop.
- CDN reported lower cost of IRD box sales in Cambodia, following its revenue drop.

Selling and administrative expenses

SG&A expenses, including directors and management benefit expenses, totaled Baht 1,528 million in 2011, an increase of Baht 55 million, or 3.7%, compared to Baht 1,473 million in 2010. This was contributed by SG&A increase from the satellite business, offset by SG&A decreases from the telephone business, and the Internet and media business.

- Satellite and related services
 - Higher staff expenses and obsolete stock provision, offset by
 - Lower marketing expenses;
- Telephone services
Lower marketing expenses for the telephone services in Cambodia and Lao PDR.
- Internet and media services
Lower marketing expenses for Dtv satellite dish sales in Thailand.

Loss on exchange rate

In 2011, the Company reported a loss on foreign exchange of Baht 85 million. This was impacted by:

- A loss on foreign exchange caused by the revaluation of borrowings in USD. This had been mainly incurred since Q3/2011 during the period of the Baht depreciation from the revaluation of borrowings for the Thaicom 6 project.
- A loss on foreign exchange caused by the revaluation of assets in USD such as cash deposits, trade accounts receivable and accrued income, during the period of the Baht appreciation.
- A loss on foreign exchange resulted from the revaluation of IPA's assets and liabilities in USD.

The foreign exchange loss for 2011 was Baht 5 million lower than the foreign exchange loss of Baht 90 million for 2010. The revaluation of assets e.g. tax deposit in India, trade accounts receivable and accrued income, caused a loss on exchange rate during the period of the Baht appreciation against USD in 2010.

Share of profit of associates

Share of profit of associates in 2011 was Baht 141 million, down by Baht 27 million or 16.1% from Baht 168 million in 2010, due to a 15.4% decrease in CSL's net profit over 2010 mainly due to extraordinary expenses comprising 1) an expense of Baht 23 million from the effect of corporate tax rate change from 30% to 23% in 2012 and 20% in 2013 onwards and 2) an allowance for goodwill impairment on its investment in subsidiaries of Baht 37 million. However, CSL reported an increase in operating profit of Baht 82 million or 16.2% from Baht 507 million in 2010. This was due mainly to the growth of Internet access services and voice info services & mobile content services, together with its efficiency in cost and expense control.

Finance costs

Finance costs totaled Baht 479 million in 2011, down by Baht 17 million, or 3.4%, compared with Baht 496 million in 2010. This was because there was no interest expense from the payment of operating agreement fee in 2011. Finance costs mostly comprised of debenture interests.

Income tax expense

In 2011, the Company reported income tax expense of Baht 483 million including 1) income tax expense for 2011 of Baht 132 million and 2) the effect of corporate tax rate change of Baht 351 million, while the Company recognized the future benefit arising from losses carried forward that reduced the future tax base as an income tax receivable of Baht 135 million in 2010.

IV. Financial Position

At the end of 2011, the Company reported total assets of Baht 27,216 million, an increase of Baht 1,348 million or 5.2% from Baht 25,868 million at the end of 2010. This was mainly because of higher cash and cash equivalents, and additions to PP&E mainly consisting of assets for the satellite business and the telephone network expansion, offset by the year-to-date accumulated depreciation and amortization of PP&E and PP&E under operating agreements.

THCOM's asset components

Assets	December 31, 2011		December 31, 2010	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	4,679	17.2	3,026	11.7
Investment in associates	451	1.7	440	1.7
PP&E, net	6,611	24.3	5,263	20.3
PP&E under the concession agreement, net	12,828	47.1	14,177	54.8

Liquidity

At the end of 2011, the Company had a current ratio of 0.69 times, down from 0.89 at the end of 2010 due mainly to higher current portion of long-term loans largely including the debentures of Baht 3,300 million redeemable in 6 November 2012.

Investments

Investment in CSL was presented as "investment in subsidiaries, jointly controlled entities and associate" item. At the end of 2011 the Company's investment in CSL was Baht 451 million, an increase of Baht 11 million or 2.5% from Baht 440 million at the end of 2010, reflecting a proportionate recognition of CSL's net profit for 2011 amounting to Baht 141 million, the unrealized gain from the reduction in investment in the associate of Baht 0.35 million, offset by the dividend paid of Baht 130 million.

Property, plant and equipment

Property, Plant and Equipment (PP&E) at the end of 2011 was Baht 6,611 million, an increase of Baht 1,348 million or 25.6% from Baht 5,263 million at the end of 2010. This was due mainly to:

- Additions to PP&E of Baht 2,394 million for 2011 largely consisting of assets under construction for the Thaicom 6 project and satellite equipment, and assets for the telephone network expansion in Lao PDR.

Offset by:

- Accumulated depreciation and amortization of PP&E of Baht 1,153 million in 2011.

PP&E at the end of 2011 also included assets under operating agreements of Mfone of approximately Baht 1,998 million, down by Baht 320 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 2011 was Baht 12,828 million, a decrease of Baht 1,349 million from Baht 14,177 million at the end of 2010 mostly due to amortization expenses in 2011.

Borrowings and Shareholders' equity

The Company's *net borrowings* at the end of 2011 were Baht 10,277 million, an increase of Baht 1,879 million from Baht 8,398 million at the end of 2010. This was mainly attributable to:

- Proceeds from long-term loans for the Thaicom 6 project.
- An increase in borrowings from change in status from account payable of property and equipment of telephone network in Cambodia.

Offset by:

- Repayment of long-term borrowings by IPA, DTV, Mfone, and LTC.

The Company's *shareholders' equity* at the end of 2011 was Baht 14,176 million, a decrease of Baht 367 million from Baht 14,543 million at the end of 2010, reflecting:

- Net loss for 2011 of Baht 490 million.

Offset by:

- Translation gain relating to financial statements of foreign operations of Baht 134 million.

With higher net borrowings and lower shareholders' equity for the year ended December 31, 2011, the ratio of net borrowings to equity at the end of 2011 was 0.72 times, up from 0.58 times at the end of 2010.

Cash flow

65.6% yoy increase
in operating cash
flow driven by
operational
improvement.

Net cash flow provided by operating activities for 2011 was Baht 3,038 million, rose by Baht 1,203 million or 65.6% from Baht 1,835 million in 2010, due mainly to:

- Operational improvement for 2011. Operating profit for 2011 was Baht 253 million, while operating loss was Baht 624 million for 2010.
- Payment of accrued 18th operating agreement fee of Baht 415 million in 1H/2010, while there was no this account in 2011.

Net cash flow used by investing activities for 2011 was Baht 2,369 million, mostly for the Thaicom 6 project, the expansion of telephone network, and for satellite equipment. For 2010, net cash flow used by investing activities was Baht 571 million.

Net cash flow provided by financing activities for 2011 was Baht 931 million due mainly to:

- Proceeds from long-term loans of Baht 1,628 million mostly for the Thaicom 6 project.

Offset by:

- Interest payment of Baht 464 million most of which consisted of debenture interests.
- Repayment of long-term borrowings of Baht 310 million by IPA, DTV, Mfone and LTC.

For 2010, net cash flow used in financing activities was Baht 786 million.

The Company had ending cash of Baht 2,866 million on 31 December 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.