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## **I. Overview**

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Thaicom Plc ("the Company")'s total revenue from sale of goods and rendering of services for 2010 was Baht 6,700 million, down by Baht 488 million compared to 2009, due to a revenue drop from telephone services, offset by revenue growth from satellite services resulting from a 38.0% increase in IPSTAR service revenues, and a revenue increase from Internet and media services. Share of profit of associates for 2010 also increased by 36.0% year-on-year. The Company reported a loss on foreign exchange of Baht 90 million and a net loss of Baht 789 million for 2010.

CS LoxInfo Plc ("CSL") declared it would pay a dividend for 2010 of Baht 0.50 per share, including an interim dividend total dividend for the year 2010 of 0.25 Baht per share.

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## **II. Business Summary**

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

In Thailand, there are more than 6 million satellite TV households receiving TV channels from the Thaicom-5 satellite and around 3 million households who receive the channels through cable TV networks. In the foreign market, the Company has the largest viewers in Indochina and is one of the top players in South Asia. In 2010, 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 at 78.5 degrees east has increased from 283 channels at the end of 2009 to 358 channels at the end of 2010.

In 2010, two new gateways at Delhi and Mumbai in India have been completed and are fully operational to provide IPSTAR service, adding 2 more to the existing 14 second generation IPSTAR gateways in Australia, Cambodia, China, Myanmar, New Zealand, Thailand, the Philippines, Malaysia, Vietnam, Indonesia and Japan.

The Company has implemented Open Platform strategy to enhance the commercialization of IPSTAR services within the region by concentrating on increasing bandwidth sales. This strategy enables other providers' ground system (including user terminal) to use the IPSTAR bandwidth.

### ***Telephone business***

A growth of the telephone business in Lao PDR yielded an increase in telephone subscribers, especially in prepaid mobile phone service. As of the end of 2010, Lao Telecommunications Co., Ltd. ("LTC") and Mfone Company Limited ("Mfone") had total phone subscribers of 1,658,354 and 723,860, respectively. Currently, the telecom market competition in Cambodia is high with 9 mobile operators.

### ***Internet and media business***

In 2010, DTV Service Co., Ltd. ("DTV"), the Company's subsidiary, had a continued growth of DTV sales volume. The total number of DTV satellite television dish sets sold thus far by DTV was 945,164 sets as of the end of 2010, an increase of 352,278 sets from the end of 2009.

CSL reported a 39.4% year-on-year growth in net profit for 2010. 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 YoY (%)
	2010	2009	
Revenue from sale of goods and rendering of services	6,700	7,188	-6.8%
Share of profits of associate	170	125	36.0%
Cost of sale of goods and rendering of services	5,851	6,128	-4.5%
SG&A expenses	1,460	1,177	24.0%
EBIT*	(611)	(117)	-422.2%
EBITDA**	1,976	2,655	-25.6%
Net profit	(789)	(471)	-67.5%
EPS (Baht)	(0.72)	(0.43)	-67.4%

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

\*\* EBITDA = EBIT + Depreciation and Amortization  
n.m. = not meaningful

#### Sales and service income

Consolidated revenue from sale of goods and rendering of services in 2010 was Baht 6,700 million, a decrease of Baht 488 million or 6.8% compared to Baht 7,188 million in 2009 due to a decrease in revenue from the telephone business, offset by increases in revenue from the satellite business and in revenue from the Internet access and media business.

Revenue from sale of goods and rendering of services	2010	2009	%YoY
Satellite and related services	4,598	4,506	2.0%
Telephone services	1,453	2,147	-32.3%
Internet access and media services	649	535	21.3%
<b>Total</b>	<b>6,700</b>	<b>7,188</b>	<b>-6.8%</b>

#### Satellite transponder leasing and related services

Revenue from satellite transponders and related services in 2010 was Baht 4,598 million, a rise of Baht 92 million or 2.0% compared to Baht 4,506 million in 2009.

Satellite and related services	2010	2009	%YoY
Thaicom 2, 5 and related services	2,238	2,338	-4.3%
IPSTAR services	2,360	2,168	8.9%
Sales	729	986	-26.1%
Services	1,631	1,182	38.0%
<b>Total</b>	<b>4,598</b>	<b>4,506</b>	<b>2.0%</b>

- Revenue from the Thaicom conventional satellite business for 2010 was Baht 2,238 million, a decrease of Baht 100 million or 4.3% from Baht 2,338 million in 2009, mainly due to the appreciation of Baht against USD. 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 283 channels at the end of 2009 to 358 channels at the end of 2010.

- IPSTAR revenue was Baht 2,360 million in 2010, up by Baht 192 million or 8.9% from Baht 2,168 million in 2009 because of an increase of Baht 449 million or 38.0% in IPSTAR service revenue following an increase in bandwidth usage mainly in Japan, India, Australia, and New Zealand, 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.

#### Telephone services

The Company's revenue from the telephone service business in 2010 was Baht 1,453 million, a decrease of Baht 694 million or 32.3% compared to Baht 2,147 million in 2009. Currently, there are 9 mobile operators in Cambodia, leading to a price war and the intense competition in the market, and a decline in the number of Mfone's subscribers. 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, the appreciation of Baht has caused lower revenue from the telephone business in Cambodia in Baht as Mfone reported financial statements in US dollars.

At the end of 2010, LTC' telephone subscribers amounted to 1,658,354, a 22.2% increase from 1,357,005 subscribers at the end of 2009. Mfone reported 723,860 subscribers at the end of 2010, a 15.8% decline from 860,089 subscribers at the end of 2009.

#### Internet access and media services

Revenue from the Internet access and media business in 2010 was Baht 649 million, rose by Baht 114 million or 21.3% from Baht 535 million in 2009, mainly due to DTV sales growth. As at the end of 2010, accumulated DTV sales volume was 945,164 sets, up 352,278 sets from the end of 2009.

#### **Cost of sales and service**

The Company reported total cost for 2010 of Baht 5,851 million, a decrease of Baht 277 million or 4.5% compared to Baht 6,128 million in 2009, due to decreases in cost of sales and services from the satellite business and the telephone business, offset by an increase in cost from the Internet and media business. For 2010, total cost accounted for 87.3% of total sales and service income, up from 85.3% in 2009.

<b>Cost of sale of goods and rendering of services</b>	<b>2010</b>	<b>2009</b>	<b>%YoY</b>
Satellite and related services	3,983	4,231	-5.9%
Telephone services	1,366	1,447	-5.6%
Internet access and media services	502	450	11.6%
<b>Total</b>	<b>5,851</b>	<b>6,128</b>	<b>-4.5%</b>

#### Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services in 2010 was Baht 3,983 million, a decrease of Baht 248 million or 5.9% from Baht 4,231 million in 2009.

<b>Satellite and related services</b>	<b>2010</b>	<b>2009</b>	<b>%YoY</b>
Thaicom 2, 5 and related services	1,090	1,280	-14.8%
IPSTAR services	2,893	2,951	-2.0%
<b>Total</b>	<b>3,983</b>	<b>4,231</b>	<b>-5.9%</b>

- Cost relating to the Thaicom conventional satellite and related business was Baht 1,090 million, a decrease of Baht 190 million or 14.8% from Baht 1,280 million in 2009 mainly due to a decrease in depreciation as the Thaicom 1A satellite and the Thaicom 2 satellite had been fully depreciated since February 2009 and December 2009 respectively, and lower operating agreement fee in accordance with the revenue drop.
- Cost of providing IPSTAR services was Baht 2,893 million, down by Baht 58 million or 2.0% from Baht 2,951 million in 2009 mainly due to decreases in cost of in-orbit insurance, and in UT cost following the UT sales drop, offset by increases in operating agreement fee in accordance with the IPSTAR bandwidth revenue growth, and in warranty cost for UT in Australia.

#### Cost of telephone services

Cost relating to the telephone business for 2010 amounted to Baht 1,366 million, a decrease of Baht 81 million or 5.6% from Baht 1,447 million in 2009. Mfone reported decreases in depreciation cost as a one-time write-off of USD 3.3 million was recognized in Q1/2009, in revenue sharing cost corresponding to the revenue drop, in cost of VOIP international calling service and in interconnection charge, offset by higher depreciation cost for the expanded telephone network. As stated above that Mfone reported its financial statements in US dollars, so the appreciation of Baht against US dollar further lowered total cost from the telephone business in Cambodia when converting US dollar to Baht. LTC reported an increase in depreciation cost for the expanded telephone network in Lao PDR, offset by decreases in cost of inter-roaming and in cost of rental equipment.

#### Cost of Internet access and media services

Cost relating to the Internet access and media business in 2010 was Baht 502 million, up by Baht 52 million or 11.6% from Baht 450 million in 2009, due to increases in cost of DTV sales corresponding to the sales growth.

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

SG&A expenses, including director and management benefit expenses, were Baht 1,460 million in 2010, an increase of Baht 283 million, or 24.0%, compared to Baht 1,177 million in 2009. This was due to higher doubtful debt provision as the allowance for doubtful accounts of Baht 44 million was reported in 2010, while the reversal of doubtful accounts of Baht 87 million mostly for the satellite business was reported in 2009. Staff expenses and special rewards for staff, marketing and administrative expenses from the satellite business and the telephone business in Lao PDR also increased year-on-year, but administrative and marketing expenses from the telephone business in Cambodia decreased from the previous year.

#### ***Loss on exchange rate***

The Baht has appreciated against the US Dollar in 2010, the revaluation of assets e.g. tax deposit in India, trade accounts receivable and accrued income, caused a loss on exchange rate of Baht 90 million most of which were unrealized, while a gain of Baht 465 million was reported in 2009.

#### ***Share of profit of associates – equity method***

Share of profit of associates in 2010 was Baht 170 million, up by Baht 45 million or 36.0% from Baht 125 million in 2009, due to a 39.4% increase in CSL's net profit over 2009 mainly caused by revenue increase from Internet access service including the continued growth of leased line services, Internet Data Center Services (IDC), and internet equipment & solution sales, and revenue growth from voice info services & mobile content services resulting from an efficient marketing plan and various products offering, together with its efficiency in cost and expense control.

### **Finance costs**

Finance costs totaled Baht 488 million in 2010, down by Baht 599 million, or 55.1%, compared with Baht 1,087 million in 2009. Finance costs in 2010 mostly comprised of interests on debenture, while finance costs in 2009 mostly consisted of the amortization of finance costs which was a non-cash item and did not affect the Company's cash flow, and the breakage cost for the early repayment of long-term loans in November 2009 for the Thaicom 4 and Thaicom 5 projects.

### **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 130 million in 2010, an increase of Baht 18 million from Baht 112 million in 2009.

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## **IV. Financial Position**

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At the end of 2010, the Company reported total assets of Baht 25,848 million, a decrease of Baht 1,555 million or 5.7% from Baht 27,403 million at the end of 2009. This was mainly because of the depreciation and amortization of PP&E and PP&E under operating agreements offset by increased cash and cash equivalents.

### THCOM's asset components

<b>Assets</b>	<b>December 31, 2010</b>		<b>December 31, 2009</b>	
	<b>Amount (Bt mn)</b>	<b>% of Total assets</b>	<b>Amount (Bt mn)</b>	<b>% of Total assets</b>
Current assets	3,026	11.7	2,647	9.7
Investment in associates	459	1.8	419	1.5
PP&E, net	5,263	20.4	6,046	22.1
PP&E under the concession agreement, net	14,177	54.8	15,528	56.7

### **Liquidity**

At the end of 2010, the Company had a current ratio of 0.89 times, down from 0.98 at the end of 2009 due to higher accounts payable - property and equipment for the telephone network, and increased current portion of long-term loans.

### **Investments**

Investment in CSL was presented as "investment in subsidiaries, jointly controlled entities and associate" item. At the end of 2010 the Company's investment in CSL was Baht 459 million, an increase of Baht 40 million or 9.5% from Baht 419 million at the end of 2009, reflecting a proportionate recognition of CSL's net profit for 2010 amounting to Baht 170 million, the unrealized gain from the reduction in investment in the associate of Baht 1 million, offset by the dividend paid of Baht 130 million.

### **Property, plant and equipment**

Property, Plant and Equipment (PP&E) at the end of 2010 was Baht 5,263 million, a decrease of Baht 783 million or 13.0% from Baht 6,046 million at the end of 2009. This was mainly due to depreciation and amortization of PP&E of Baht 1,131 million, foreign currency translation adjustments of Baht 358 million, offset by the purchase of assets of Baht 720 million in 2010 most of which were assets for the expansion of telephone network in Lao PDR and Cambodia,

and satellite equipment. PP&E at the end of 2010 also included the assets under operating agreements of Mfone of approximately Baht 2,318 million, down Baht 655 million from Baht 2,973 million at the end of 2009.

#### **PP&E under operating agreements**

PP&E under operating agreements at the end of 2010 was Baht 14,177 million, a decrease of Baht 1,351 million from Baht 15,528 million at the end of 2009 mostly due to depreciation and amortization expenses in 2010.

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

The Company's net borrowings at the end of 2010 were Baht 8,398 million, a decrease of Baht 391 million from Baht 8,789 million at the end of 2009. This was mainly due to the repayments of long-term borrowings made by Mfone, DTV and IPA, and a gain on exchange rate from the appreciation of Baht against USD.

The Company's shareholders' equity at the end of 2010 was Baht 14,679 million, a decrease of Baht 947 million from Baht 15,626 million at the end of 2009, reflecting a net loss for 2010 of Baht 789 million, and a translation loss relating to financial statements of foreign operations of Baht 149 million.

With lower net borrowings and shareholders' equity for the period ended December 31, 2010, the ratio of net borrowings to equity at the end of 2010 was 0.57 times, slightly up from 0.56 times at the end of 2009.

#### **Cash flow**

The Company's net cash inflow from operating activities for 2010 was Baht 1,835 million. Net cash outflow from investing activities was Baht 571 million, mainly due to payments of Baht 698 million for the satellite equipment and the expansion of telephone network. The Company had net cash outflows from financing activities of Baht 786 million mainly due to long-term loan repayments of Baht 351 million including the loan repayments for the expansion of telephone network in Cambodia, the repayment of long-term loans of DTV and IPA and short-term loan repayment of Baht 81 million mostly from satellite business and interest payment of Baht 493 million, offset by the proceeds from long-term borrowings of Baht 139 million.

The Company had ending cash of Baht 1,272 million on December 31, 2010.

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### **V. Impact from the Change in Accounting Standards to be in accordance with International Financial Reporting Standards "IFRS"**

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During 2010, the Federation of Accounting Professions "FAP" announced the revision of TAS and TFRS, totally 25 standards, some are to replace existing standards and some are additional standards. These standards were published in the Royal Thai Government Gazette. In addition, there are drafts of TAS and TFRS that are expected to be announced in the future.

At present, the Group has early adopted TAS 12 *Income Taxes*, but has not yet adopted other accounting standards that are announced by FAP and have effective for the accounting periods beginning on or after January 1, 2011, including the draft of accounting standards.

If these accounting standards are adopted, the Group believes that the impacts of adopting these TAS and TFRS shall have no material impact on the consolidated and the separate financial statements of the Company except the new TAS 19 *Employee Benefits*.

The principal changes introduced by the revised TAS 16 *Property, Plant and Equipment* and affecting the Group are that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of

the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The revised TAS 16 permits as a transitional provision that these changes may be introduced prospectively from the year of introduction. Management intends to adopt this transitional provision and accordingly the introduction of the revised TAS 16 from January 1, 2011 has no impact on the financial statements of 2010 or prior years. Management has already reviewed the impact on the 2011 financial statements of introducing the revised TAS 16 from January 1, 2011 concluding that the effects are not significant.

However, the new TAS 19 *Employee Benefits*, effective on January 1, 2011, may have material impact on the financial statements in the period of initial application. The Group has to recognize a liability when an employee has provided service in exchange for benefits to be paid in the future. The Group/the Company intends to adopt transitional provision that permits the transitional liability to be recognized and accounted for immediately in equity (retained earnings) at the transition date. Management has determined that the transitional liability as at January 1, 2011 for post-employment benefits are Baht 148.3 million for the Group and Baht 88.6 million for the Company.

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.