I. Overview

The change of important accounting policies

In 2015, Thaicom Plc (the Company or THCOM) has changed its accounting policies that have material effect on the realized and recorded in investment in CS Loxinfo Plc (CSL) and in Shenington Investment Pte Limited (SHEN). In 2014, the Company recorded the investment in CSL as equity method and recorded the investment in SHEN as proportionate consolidation. However, in 2015, the Company has adopted the new and revised TFRS and as a result, the investment in CSL was consolidated and recorded as investment in subsidiaries while the investment in SHEN was recorded as equity method. This adoption has already been restated for 2014 consolidated performance as disclosed in 2015 financial statements.

Performance overview

In 2015, the Company's consolidated revenue from sale of goods and rendering of services was Baht 12,453 million, up by Baht 560 million or 4.7% from Baht 11,893 million in 2014. This was due mainly to an increase in revenue from satellite business, especially from the Thaicom 7 Satellite which began to provide services in Q4/2014 and its capacity usage has ramped up continuously until 100% of the capacity was sold in Q4/2015.

The revenue from Internet access and media businesses has grown continuously from 2014 due to the increase of revenue from sales of satellite receiver sets from Cambodian DTV Network Ltd. (CDN), including the revenue growth of ICT business from CSL.

The telephone network business in Lao People's Democratic Republic (Lao PDR) was operated by Lao Telecommunications Co., Ltd. (LTC). The Company recorded the investment in SHEN, which is LTC's shareholder, by the equity method. The share of profits of investment in SHEN in 2015 was Baht 194 million, up by Baht 40 million or 26.0% from Baht 154 million in 2014. The improved result was from the increase of mobile subscriber's market share of LTC from 46.93% as at the end of 2014 to 51.98% as at the end of 2015. LTC still maintains the 1st rank of market share among Lao PDR's telecom operators. In addition, in 2015, LTC's concession to operate telecom business in Lao PDR has successfully been extended for another 25 years, from 2022 – 2046, beyond its expiry in 2021. This will be beneficial and enhance LTC's future business expansion.

The Company reported a consolidated net profit (attributable to owner of the Company) of Baht 2,122 million, up by Baht 521 million or 32.5% from Baht 1,601 million compared to that of 2014, as a result of revenue growth, while less SG&A due to the impairment loss on goodwill of Thailand YellowPages business of Baht 550 million recorded in 2014. In 2015, the Company incurred the loss on foreign exchange rate, net of tax, of Baht 552 million, as a result of revaluation of the loan for the Thaicom 6 and Thaicom 8 Projects and SHEN's loan to support the payment of LTC's concession extension fee. However, there are compensations managed from other incomes such as gain from selling of the investment in Synertone Communication Corporation (Synertone)'s ordinary shares. In case that the gain (loss) from exchange rate, capital gain from selling of the investment and impairment loss on goodwill of Thailand YellowPages business were excluded, the normalized net profit of the Company was Baht 2,396 million, up by Baht 598 million or 33.3% from Baht 1,798 million in 2014.

Other important matters

In 2015, the Company recognized the impairment loss on investment of one of its subsidiaries, IPSTAR Australia Pty Ltd (IPA), an Australian's broadband satellite service provider. IPA was established in 2003 and was wholly owned by one of THCOM's subsidiaries. And due to the internal restructuring in 2012, IPA was acquired and its total shares were transferred to THCOM at the acquisition price of Baht 971 million. Since 2012, the Company has gained from dividend payment from IPA's performance in total of AUD 25 million or around Baht 650 million.

Main revenue stream of IPA came from providing service to Australian Government's National Broadband Network (NBN), of which its contract ends September 2017. IPA plans to replace the revenue from NBN by expanding its services to corporate and retail segments. However, the recession of Australian's economic and industrial sectors contributes to a slow growth of mining and construction industries, which are target customers of IPA. As a result, the revenue expected from these customers may not be able to compensate the loss of revenue stream from NBN after the contract ends.

Therefore, the Company, on a conservative basis, has considered recognizing the loss on investment of IPA at the amount of Baht 454 million. This is recorded in THCOM's separate financial statement, of which THCOM's separate net profit of 2015 was Baht 794 million, decreased by Baht 224 million or 22.0% compared with Baht 1,018 million in 2014. The impairment has neither affected the Company's consolidated performance nor impacted the cash flow since it is a non-cash item.

II. Business Update

Transponder leasing and related business

On 17 November 2015, the Thai Institute of Directors Association (IOD) in collaboration with six leading private sector organizations namely, the Stock Exchange of Thailand (SET), the Thai Chamber of Commerce, the Federation of Thai Industries, the Thai Bankers' Association, the Thai Listed Companies Association and, the Federation of Thai Capital Market Organizations presented the Board of the Year Awards 2015 to top performing boards of Thai listed companies. The Company's Board of Directors was awarded "Board of the Year for Distinctive Practice" for the third straight years, and received an honor of "Board with Consistent Best Practices". In addition, the Company's Audit Committee was as well recognized as "Audit Committee of the Year". With all these honorable awards received from leading organization, it has demonstrated the Company success and commitment in corporate governance to all stakeholders.

On 19 November 2015, the Thaicom 7 Satellite has achieved a 100% booked following an order from Grant Investrade Ltd (GIL), the subsidiary of Hinduja Ventures Ltd. The transponders were used to provide digital cable TV services through a Headend-In-The-Sky (HITS) system which helps distribute smoothly the transition to digital and allows customers to choose channels through a satellite multiplex across India.

In addition, the Company plans for a new broadband satellite project, "the Thaicom 9 Satellite", in order to serve excess demand in several countries where the Thaicom 4 Broadband Satellite's capacity is not sufficient. The license approval process is going on as planned and the Company is currently in the process of selecting the satellite manufacturer.

Internet and media business

CDN, the Company's subsidiary, has grown significantly in sales of satellite receiver sets in Cambodia during 2015. This was resulted from CDN continuously supported marketing and sales promotions to increase sales volume, together with improving distribution channels and installation teams.

CSL has continuously grown on main services especially in a basic Internet connection (Leased Line) Internet Data Center (IDC) and ICT Solution services and Cloud Computing. For Media and Advertising on YellowPages business, Teleinfo Media Plc. (TMC) has been putting more effort into publishing and distributing new advertising print vertical books, such as "Aroi", "Factory Guide", "Machine Parts & Hardware Tools", and "Builder & Construction Guide", in order to compensate for the decline in the sale of advertising space in Thailand YellowPages. These vertical books achieved well responses by customers due to their niches that can penetrate into specific target groups.

Telephone network business

LTC's performance has grown significantly in both profit from operation and number of subscribers resulting from maximizing in service quality and telephone network, providing various of data packages for all customer groups, and continuing to promote marketing events and activities. As at the end of 2015, LTC ranked No.1 with mobile's market share of 51.98%, up from 46.93% as at the end of 2014. LTC's mobile subscribers as at the end of 2015 was 1,947,996, increased from 1,712,506 subscribers as at the end of 2014.

III. Consolidated Operating Results

Selected financial information on THCOM

Unit: MBt	Amount		Change YoY (%)
	2015	2014 (Restated)	
Revenue from sale of goods and rendering of services	12,453	11,893	4.7%
Cost of sale of goods and rendering of services	7,354	7,041	4.4%
SG&A expenses	2,118	2,854	-25.8%
EBIT from continuing operations*	2,981	1,998	49.2%
EBITDA from continuing operations **	5,758	5,110	12.7%
Share of profits (losses) of investment in joint ventures	194	154	26.0%
Profit for the period	2,305	1,514	52.2%
Profit (loss) attributable to: non-controlling interest	183	(87)	-310.3%
Profit attributable to: owner of the Company	**2,122**	**1,601**	**32.5%**
Earnings per share (Baht)	1.94	1.46	32.9%
Other extraordinary items***	(274)	(197)	39.1%
Normalized profit* **	**2,396**	**1,798**	**33.3%**
Normalized profit per share (Baht)	2.19	1.64	33.3%

* EBIT = Sales and service income – Cost of sales and service – SG&A
** EBITDA = EBIT + Depreciation and Amortization
*** Normalized net profit = Net profit excludes extraordinary items, which are foreign exchange loss, impairment loss for goodwill, and gain from selling of investment (Others extraordinary items are net after tax)

Revenue from sale of goods and rendering of services

Consolidated revenue from sale of goods and rendering of services for 2015 was Baht 12,453 million, an increase of Baht 560 million or 4.7% compared to Baht 11,893 million in 2014. This was contributed by the increase of revenue from both satellite services and Internet and media services.

Revenue from sale of goods and rendering of services	2015	2014 (Restated)	%YoY
Satellite and related services	9,258	8,783	5.4%
Internet and media services*	3,272	3,230	1.3%
Consolidation eliminations	(77)	(120)	-35.8%
Total	**12,453**	**11,893**	**4.7%**

* Include revenue from sales and services generated by DTV Service Co., Ltd. (DTV), Cambodian DTV Network Ltd. (CDN), and CS Loxinfo Public Company Limited (CSL).

Satellite transponder leasing and related services

Satellite and related services	2015	2014 (Restated)	%YoY
Conventional*	5,031	4,472	12.5%
Thaicom 4 Broadband	4,227	4,311	-1.9%
Services	*3,910*	*3,920*	*-0.3%*
Sales	*317*	*391*	*-18.9%*
Total	**9,258**	**8,783**	**5.4%**

* Include the Thaicom 5 6 and 7 Satellites and the interim satellite acquired by the Company to provide services ahead of the launch of the Thaicom 6 Satellite.

Revenue from satellite transponders and related services in 2015 was Baht 9,258 million, a rise of Baht 475 million or 5.4% compared to Baht 8,783 million in 2014. The revenue growth was mainly to revenue growth from conventional satellite and related services described as following;

- Revenue from the Thaicom conventional satellite business in 2015 was Baht 5,031 million, up by Baht 559 million or 12.5% from Baht 4,472 million in 2014, mainly contributed by;
  - Revenue growth from transponder leasing service due to the growing demand of broadcasting services. The number of television channels broadcasted under the conventional satellite platform at 78.5 degrees east was 792 channels (666 SD and 126 HD) as at the end of 2015, increased from 702 channels (592 SD and 110 HD) as at the end of 2014. In addition, the Thaicom 7 Satellite, which began to operate in Q4/2014, has achieved a fully booked in Q4/2015.
  - Revenue increase from the Thaicom 6 Satellite due to value-added services, together with revenue growth from sales of satellite equipment to broadcasting satellite operators especially in Myanmar in Q1/2015.
- Revenue from the Thaicom 4 Broadband Satellite business was Baht 4,227 million in 2015, slightly drop by Baht 84 million or 1.9% from Baht 4,311 million in 2014. This was due mainly to;
  - The slight decrease of service revenue of Baht 10 million or 0.3% from Baht 3,920 million, resulting from revenue drop in Australia and Japan from the impact of currency exchange that AUD and JPY have depreciated against USD, offset with the increase of service revenue from Malaysia, India and Myanmar. As at the end of 2015, the overall bandwidth usage for the Thaicom 4 Broadband Satellite increased slightly from 57.0% as at the end of 2014 to be 57.5%.
  - Sales revenue drop of Baht 74 million or 18.9% from Baht 391 million, resulting from revenue drop from sales of equipment installation, which depended on customer projects several countries in each year. Total user terminal (UT)'s sales in 2015 slightly increased from 2014 due to higher sales in Australia and Japan, offset with the decrease in other countries following the Company's Open Access Platform (OAP) strategy .

Internet and media services

The Company's revenue from Internet and media services for 2015 was Baht 3,272 million, up by Baht 42 million or 1.3% compared to Baht 3,230 million in 2014, which was mainly contributed by;

- The increase of sales revenue from CDN by Baht 163 million or 131.3% from an increase of sales from satellite receiver sets,
- Revenue in ICT business from CSL by Baht 52 million or 2.3% due mainly to the revenue growth from Leased Line, Internet Data Center (IDC) and other value added services, offset with
- The decrease of revenue from DTV, Media and Advertising on YellowPages and Voice Info Services and Mobile Content Services totally by Baht 174 million or 19.7% following print media industry trend, consumer behavior and technological change.

Cost of sale of goods and rendering of services

The Company's consolidated cost of sale of goods and rendering of services was Baht 7,354 million, an increase of Baht 313 million or 4.4% compared to Baht 7,041 million for 2014 as a result of higher costs from both satellite business and Internet and media services.

Cost of sale of goods and rendering of services	2015	2014 (Restated)	%YoY
Satellite and related services	5,302	5,140	3.2%
Internet and media services*	2,115	2,005	5.5%
Consolidation eliminations	(63)	(104)	-39.4%
Total	**7,354**	**7,041**	**4.4%**

* Include cost from sales and services generated by DTV Service Co., Ltd. (DTV) Cambodian DTV Network Ltd. (CDN), and CS Loxinfo Public Company Limited (CSL).

Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services for 2015 was Baht 5,302 million, an increase of Baht 162 million or 3.2% from Baht 5,140 million for 2014, due to an increase in cost relating to conventional satellite business, offset with a decrease in the Thaicom 4 Broadband Satellite business.

In 2015, the gross margin from satellite transponder leasing and related services was 42.7%, improving from 41.5% in 2014, partly due to the reduction of % operating fee as a result of the service from the Thaicom 7 satellite. The revenue from the Thaicom 7 Satellite is subject to the operating fee of 5.25% of revenue charged under Telecom Operation License (License Fee) to the National Broadcasting and Telecommunications Commission (NBTC), whereas the revenue from other satellites were subject to the operating fee of 20.5% of revenue charged under the Agreement for Operation of Domestic Communication Satellites (Concession Fee) to Ministry of Information and Communication Technology (MICT)

Satellite and related services	**2015**	**2014** (Restated)	**%YoY**
Conventional*	2,557	2,348	8.9%
Thaicom 4 Broadband	2,745	2,792	-1.7%
Total	**5,302**	**5,140**	**3.2%**

* Include the Thaicom 5 6 and 7 Satellites and the interim satellite acquired by the Company to provide services ahead of the launch of the Thaicom 6 Satellite

- Cost relating to the Thaicom conventional satellite business was Baht 2,557 million in 2015, up by Baht 209 million or 8.9% from Baht 2,348 million in 2014, mainly caused by:
  - An increase of both License Fee and Concession Fee following an increase in transponder revenue from the Thaicom 7 Satellite and other satellites,
  - Depreciation cost on the Thaicom 6 and 7 Satellites which increased in 2015, offset with cost of transponder rental from acquiring an interim satellite to provide services at 78.5 degrees East orbital slot ahead of the launch of the Thaicom 6 Satellite incurred in 2014, and
  - Cost of satellite equipment following the increase in sales to broadcasting satellite operators in Q1/2015.
- Cost relating to the Thaicom 4 Broadband Satellite services in 2015 was Baht 2,745 million, down by Baht 47 million or 1.7% from Baht 2,792 million in 2014, primarily due to:
  - A decrease of sales of equipment installation following the sales revenue drop, offset with
  - An increase of Concession Fee following the bandwidth utilization growth.

Cost of Internet and media services

Cost relating to the Internet and media services in 2015 was Baht 2,115 million, an increase of Baht 110 million or 5.5% from Baht 2,005 million in 2014, due mainly to an increase of;

- Cost of CDN's sales of Baht 114 million or 110.6% following an increase in sales of satellite receiver sets,
- Cost of Voice Info Services and Mobile Content Services of Baht 38 million or 16.6% resulted from the higher cost of contents and R&D costs for application on smartphone services, offset with,
- A decrease of cost of DTV's sales and services of Baht 38 million or 33.3% following revenue drop, and
- A decrease of cost of Advertising on YellowPages of Baht 18 million or 17.1% due to cost control in order to compensate with a decline of its revenue.

Selling and administrative expenses

SG&A expenses, including directors and management benefit expenses, were Baht 2,118 million in 2015, a decrease of Baht 736 million or 25.8% from Baht 2,854 million in 2014, mainly contributed by:

- Impairment loss on goodwill of Media and Advertising on YellowPages business of TMC, CSL's subsidiary, in Q3/2014 of Baht 550 million,
- Reversal of Provision for obsolete inventory of satellite receiver sets sold by DTV,
- A decrease in marketing expenses for the satellite business, and Internet and media services,

  Offset by
- An increase in staff expenses for the satellite business, and Internet and media services,
- An increase in provision for doubtful debts for Internet and media services.

Gain (Loss) on exchange rate

In 2015, the Company reported a loss on foreign exchange rate of Baht 595 million. This was largely impacted by the revaluation of borrowings for the Thaicom 6 and 8 projects as a result of the depreciation of the Thai Baht against the US dollar. Compared with 2014, the Company had a gain on foreign exchange rate of Baht 72 million.

Finance costs

Finance costs were Baht 306 million in 2015, decreased by Baht 78 million or 20.3% from Baht 384 million in 2014, resulted from;

- The decrease of the Thaicom 6 project loan principal,
- Lower average interest rate as a result of refinancing the loan for the Thaicom 6 and 8 Projects to optimize financing cost, and also the decrease of average interest rate for the long-term debenture,

  Offset with
- The increase of short term loans to support LTC's concession extension fee.

Share of profits of investment in joint ventures

Share of profit of investment in joint venture in telephone business in 2015 was Baht 194 million, up by Baht 40 million or 26.0% from Baht 154 million in 2014, due to an increase of;

- Share of revenue from LTC, resulting from revenue growth in 2015 amounted to Baht 1,336 million, increased from Baht 1,076 million in 2014, following the growth of Mobile subscribers, Fixed Wireless and Internet SIM (HSPA) and sales of fixed wireless handset and SIM card, offset with
- A loss on foreign exchange rate in SHEN from the revaluation of borrowings to support LTC's concession extension fee, of which the Company shared proportionately of Baht 70 million, and
- Financing costs from the borrowings which the Company recognized proportionately Baht 38 million.

Net profit

The Company reported a profit attributable to owner of the Company of Baht 2,122 million, an increase of Baht 521 million or 32.5% from Baht 1,601 million for 2014.

The Company's normalized profit, excluding the impacts of gain (loss) from exchange rate, capital gain from selling of the investment in Synertone's ordinary shares, and impairment loss on goodwill of TMC, was Baht 2,396 million, an increase of Baht 598 million or 33.3% from Baht 1,798 million in 2014. This was contributed by the continuous growth of satellite and related services especially from the conventional satellite services, higher revenue from Internet and media services, and telephone network services.

In 2015, the Company recognized the impairment loss on investment of IPA of Baht 454 million. This is recorded in THCOM's separate financial statement, of which THCOM's separate net profit of 2015 was Baht 794 million, decreased by Baht 224 million of 22.0% compared with Baht 1,018 million in 2014.

IV. Financial Position

As at the end of 2015, the Company reported total assets of Baht 33,592 million, an increase of Baht 1,704 million or 5.3% from Baht 31,888 million at the end of 2014. This was mainly because of the increase of:

- Cash and cash equivalents, mainly from operation activities and selling investment in Synertone ordinary shares,
- Long-term loans to SHEN to support the payment of LTC's concession extension fee which will enhance LTC's future business operation,
- PP&E, which mostly were the assets of the Thaicom 8 Satellite project,

  Offset by
- Depreciation and amortization of PP&E and intangible assets under operating agreements.

THCOM's asset components

Assets	31-Dec-15		31-Dec-14 (Restated)	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	8,005	23.8%	7,072	22.2%
Loans to a joint venture and related parties	2,330	6.9%	291	0.9%
PP&E, net	9,032	26.9%	8,353	26.2%
Intangible assets under operating agreement	11,227	33.4%	13,249	41.5%

Trade accounts receivable, accrued income, and other accounts receivable

As at the end of 2015, the Company had net trade accounts receivable and accrued income of Baht 2,086 million or 6.2% of total assets, comprising of those from other parties and related parties, representing 91.6% and 8.4% of total trade accounts receivable and accrued income, respectively.

The Company had an allowance for doubtful accounts of Baht 231 million or 13.1% of total trade accounts receivable, lower than 16.0% as at the end of 2014. Trade and other accounts receivable and accrued income as at the end of 2015 increased by Baht 471 million from the end of 2014, due mainly to an increase in trade account receivable for the satellite business.

Liquidity

As at the end of 2015, the Company had a current ratio of 1.83x, up from 1.77x as at the end of 2014 due mainly to the increase of:

- Cash and cash equivalents and net trade accounts receivable and accrued income,

  Offset by
- An increase in short-term loans from financial institutions for lending to SHEN to support LTC's concession extension.

Loans to a joint venture and related parties

As at the end of 2015, the Company had loans to a joint venture and related parties of Baht 2,330 million, an increase of Baht 2,039 million or 700.7% from Baht 291 million as at the end of 2014. This was mainly due to the loan to SHEN.

Property, plant and equipment

Property, Plant and Equipment (PP&E) as at the end of 2015 was Baht 9,032 million, an increase of Baht 679 million or 8.1% from Baht 8,353 million as at the end of 2014. This was due mainly to;

- Additions to PP&E for the assets of the Thaicom 8 project, offset by
- Depreciation and amortization of PP&E in 2015.

Borrowings and Shareholders' equity

The Company's net borrowings as at the end of 2015 were Baht 11,750 million, an increase of Baht 649 million or 5.8% from Baht 11,101 million as at the end of 2014, mainly attributable to;

- An increase of short-term loans from financial institutions for lending to SHEN to support LTC's concession extension,
- Impact from the revaluation of borrowings resulting from the depreciation of the Thai Baht against the US dollar,

  Offset by
- Repayment of long-term borrowings for the Thaicom 6 project,
- Repayment of short-term borrowing of CSL.

As at the end of 2015, the Company's shareholders' equity was Baht 18,111 million, an increase of Baht 826 million or 4.8% from Baht 17,285 million as at the end of 2014, reflecting from a net profit for 2015 of Baht 2,122 million, offset by dividend payment to owners of the Company of Baht 712 million and the revaluation adjustment of Synertone existing ordinary shares.

As at the end of 2015, the ratio of interest bearing debt to equity was 0.65x, up from 0.64x as at the end of 2014.

Cash flow

Net cash flow provided by operating activities for 2015 was Baht 4,729 million, a decrease of Baht 102 million or 2.1% from Baht 4,831 million for 2014, due mainly to an increase in payments from changes in working capital offset by an increase of operational profit in 2015.

Net cash flow used in investing activities for 2015 was Baht 3,378 million, most of which were;

- Cash outflow as a long-term loan to SHEN, LTC's holding company, and
- Cash outflow for the payment of the assets of Thaicom 8 project.

Net cash flow used in financing activities for 2015 was Baht 716 million, mainly comprising of;

- Repayment of short-term borrowings for the Thaicom 8 project and repayment of long-term borrowings for the Thaicom 6 project, together with dividend payment to shareholders,

  Offset by
- Proceeds from short-term borrowings for lending to SHEN.

The Company had ending cash of Baht 3,401 million as at the end of 2015.

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.