

Executive Summary and Overview for year 2013

CS Loxinfo ("CSL") reported revenue from sales and services for 2013 of Baht 3,014 million, an increase of Baht 110 million or 4%, and reported net profit of Baht 462 million or Baht 0.78 per share, an increase of Baht 72 million or 18% over last year. This resulted from better performance of YellowPages Business, due to CSL had recognized some of the profit contributed from the sale of advertising space in the 2012 Thailand YellowPages Books, which was resulted from the change in distribution period from January to May, thus, only 8 mths had been recognized in 2012, compared to a full year recognition in 2013 (Please see more detail in "the Clarification" at the end of this document).

Moreover, CSL reported revenue from sales and services in separated financial statement for 2013 of Baht 2,056 million, an increase of Baht 109 million or 6%, and reported net profit of Baht 503 million or Baht 0.85 per share, an increase by 15% over last year. This was due to the continuous growth from core products, especially in ICT & Cloud Services due to an emphasis and expansion in ICT integrated services and ICT solution services to meet the needs of our current corporate customers, and a subsidiary declared higher dividend paid to CSL, as compared to last year (2013 = 310 MB vs 2012 = 260 MB).

At the CSL Board of Directors' meeting held on 12 February 2014, the Board of Directors passed a resolution to recommend to the Shareholders' Annual General Meeting, for the payment of dividends for the 2nd half performance of year 2013 Baht 0.35 per share. The proposed dividend must be approved by the shareholders at their meeting which will be held on 27 March 2014.

Business Summary

ICT Business

ICT Business continuously grew during 2013, especially in ICT & Cloud Services. This was due to CSL changing it's business direction from an ISP (Internet Service Provider) to being an ICT (Internet/Computer/Telecom Service Provider) conforming to new customers' demands. This includes the need to provide a complete solution service, for internet, computer and communication.

As at the end of the end of 2013, CSL had corporate client subscribers (small, medium and large) as follows:

Number of Subscribers	4Q2013	3Q2013	4Q2012
Leased Line (sub)	4,905	4,779	4,509
Internet Data Center: IDC (rack)	364	348	304
Broadband (sub)	1,996	2,681	3,564

The number of subscribers for Leased line and Internet Data Center (IDC) services continuously increased by 3% and 5% over the previous quarter. This was a result from the growth of new customers and bandwidth usage for our corporate customers. However, the number of subscribers for Broadband services had continued to decrease due to intense price completion and CSL has putting more focus on providing ICT Solution Services in order to conform with current customers' demands.

YellowPages Business

In 2013, YellowPages had a better performance compared to last year. This was due to CSL had recognized some of the profit contributed from the sale of advertising space in the 2012 Thailand YellowPages Books, which was resulted from the change of distribution period (From January to May, thus, only 8 mths had been recognized in 2012, compared to a full year recognition in 2013). Moreover, the Company has been putting more effort into focusing on publishing various new vertical books in order to compensate for a decline in the sale of advertising space in the Thailand YellowPages (Bangkok & Upcountry), such as "Aroi for Bangkok area" which was published during 1Q2013 – 3Q2013, or "Aroi for Thailand", "Factory & Builder Guide", "Fashion & Accessories Guide", "Fixed Gang" which was published in 4Q2013. This enabled YellowPages Business to have positive performance compared to 3Q2013.

Voice and Mobile Content Business

The main revenue streams of this business come from SMS subscriptions and Audiotex services for news, entertainment news, horoscope content through all mobile phone networks, and outsource call center services. Moreover, the Company is currently developing additional new online applications.

During 2nd HF 2013, revenue from mobile subscription services slightly grew compared to the 1st HF 2013. This was due to a problem with system migration from 2G platform to 3G platform for mobile network operators in 3Q2013 and soften consumer sentiment in 4Q2013, while outsource call center services continuously grew. As a result of this, the overall total revenue from Voice and Mobile Content Business still increased 6% over last year.

Operating Results

The consolidated financial statement for the year ending 31 December 2013 compared to the consolidated financial statement for the year ending 31 December 2012.

	Period		Change
	2012	2013	(%)
Revenues from sales and services	2,904	3,014	4
Other incomes	40	28	(30)
Total revenue	2,944	3,042	3
Cost of sales and services	1,625	1,729	6
SG&A expenses	768	748	(3)
Operating profit	551	565	3
Financial cost	13	10	(23)
Income tax	157	116	(26)
Net profit before extra. items	381	439	15
Extra. Items	9	23	n.a.
Net profit	390	462	18
EPS	0.66	0.78	18

Total Revenue from sales and services

In 2013, CSL earned Baht 3,014 million in total revenue from sales and services. The main revenue streams were, firstly, ICT business; secondly, publishing of the Thailand YellowPages business; and lastly, Voice Info Services & Mobile Content Services business. The details are as below:

1) Revenue from ICT Business

Revenue from ICT Business for 2013 was Baht 2,049 million, an increase of Baht 114 million or 6% over last year (Baht 1,935). The details are as below:

Revenue from ICT Business	2012 (MB)	2013 (MB)	Change (%)
Leased Line Services	1,277	1,302	2
Internet Data Center Services (IDC)	156	185	19
ICT Services (Internet, Computer and Telecom)	379	456	20
Broadband Services	82	64	(22)
Other value added services	41	42	2
Total	1,935	2,049	6

Revenue from core products and services, Leased line, Internet Data Center (IDC) and ICT & Cloud services, had grown, especially in revenue from ICT & Cloud services grew up 20% over last year. While revenue from broadband services had continued to decrease due to intense price competition and CSL has putting more effort to focus on providing ICT Solution Service in order to conform to current customers' demands.

2) Revenue from publishing the Thailand YellowPages

Revenue from the publishing of the Thailand YellowPages for 2013 was Baht 336 million, an increase of Baht 62 million or 23% over last year (Baht 274 million). This was due to the Company had recognized some of the profit contributed from the sale of advertising space in the 2012 Thailand YellowPages Books, which was resulted from the change of distribution period from January to May, thus, only 8 mths had been recognized in 2012, compared to a full year recognition in 2013.

3) Revenue from Voice Info Services & Mobile Content Services

Revenue from Voice Info Services and Mobile Content Services for 2013 was Baht 628 million, an increase of Baht 34 million or 6% over last year (Baht 594 million). This was due to the expanding in Outsource Call Center Services.

4) Revenue from Print Classified Business

Revenue from Print Classified Business in amount of Baht 101 million, which had been included as a part of the consolidated revenues from sales and services for 2012, was revenue for the nine months period ended 30 September 2012 recognition, before CSL has disposed the investment in Watta Classifieds Company Limited on 16 October 2012.

Cost of sales and services

Costs for sales and services for 2013 was Baht 1,729 million, an increase of Baht 104 million or 6% over last year (Baht 1,625 million). The details are given below:

1) Cost of ICT Business

Cost associated with ICT Business for 2013 was Baht 1,391 million, increased of Baht 106 million or 8% over last year (Baht 1,285 million). This mainly resulted from an increase of cost associated with ICT & Cloud project sales, which rely on its revenue.

2) Cost of publishing the Thailand YellowPages

Cost of publishing the Thailand YellowPages for 2013 was Baht 142 million, an increase of Baht 15 million or 12% over last year (Baht 127 million). This was resulted from the postponing of recognition of some variable cost of 2012 Thailand YellowPages Books in order to comply with its revenue recognition.

3) Cost of Voice Info Services & Mobile Content Services

Cost of Voice Info Services & Mobile Content Services for 2013 was Baht 195 million, an increase of Baht 42 million or 27% over last year (Baht 153 million). This resulted from an increase of cost of content and an expanding in Outsource Call Center services.

4) Cost of Print Classified Business

Cost from Print Classified Business in amount of Baht 60 million, which had been included as a part of the consolidated cost of sales and services for 2012, was cost for the nine months period ended 30 September 2012 recognition, before CSL has disposed the investment in Watta Classifieds Company Limited on 16 October 2012.

Selling and Administrative Expenses

Selling and administrative expenses for 2013 was Baht 748 million, a decrease of Baht 20 million or 3% from last year (Baht 768 million). The details are given below:

1) Selling and administrative expenses of ICT Business

Selling and administrative expenses of ICT Business for 2013 was Baht 443 million, an increase of Baht 26 million or 6% over last year (Baht 417 million), mainly increased from selling and marketing expenses to boot its sales and staff expenses (higher number of employees and merit increased).

2) Selling and administrative expenses of the publishing of the Thailand YellowPages

Selling and administrative expenses of the publishing of the Thailand YellowPages for 2013 was Baht 240 million, roughly equivalent to that in last year (Baht 238 million) due to SG&A control in order to compensate the decline of its revenue.

3) Selling and administrative expenses of Voice Info Services & Mobile Content Service

Selling and administrative expenses of Voice Info Services & Mobile Content Services for 2013 was Baht 64 million, slightly increased from last year (Baht 62 million). This was resulted from staff expenses due to an expanding of Outsource Call Center services.

4) Selling and administrative expenses of Print Classified Business

Selling and administrative expenses from Print Classified Business in amount of Baht 51 million, which had been included as a part of the consolidated selling and administrative expenses for 2012, was SG&A for the nine months period ended 30 September 2012 recognition, before CSL has disposed the investment in Watta Classifieds Company Limited on 16 October 2012.

Extraordinary item

2013: The extraordinary item (net off income tax expense) of Baht 23 million was represented gain from getting discount for the internet network rental fee from our supplier, which had been recognition in 1Q2013.

2012: The extraordinary item (net off income tax expense) totaling Baht 9 million was represented the transaction related to the disposal of an investment in Watta Classifieds Company Limited in order to manage the total profits of the Company's group and prevent the future risk from operation, since Watta has been loss continuously.

Income Tax expense

Income tax expense for 2013 was Baht 116 million, a decrease of Baht 41 million or 26% from last year (Baht 157 million). This was due to the impact of the reduction in the corporate income tax rate to 20% in 2013, under Royal Decree No. 530 B.E. 2554 dated 21 December 2011. (The corporate tax rate for the year 2012 was 23%)

Gross profit and net profit from the operation

In 2013, CSL had gross profit of Baht 1,285 million, slightly increased from last year (Baht 1,279 million). Moreover, net profit from operation (excluded the extraordinary items) for 2013 was Baht 565 million, an increase of Baht 14 million or 3% over last year (Baht 551 million). This mainly resulted from better performance of YellowPages Business, due to CSL had recognized some of the profit contributed from the sale of advertising space in the 2012 Thailand YellowPages Books, which was resulted from the change of distribution period from January to May, thus, only 8 mths had been recognized in 2012, compared to a full year recognition in 2013. Moreover, this year, CSL did not recognize negative performance from Print Classifieds Business due to CSL has already disposed the investment in Watta Classifieds Company Limited on 16 October 2012.

Financial Position

The major asset components comprise of the following:

	31 December 2012		31 December 2013	
	MB	% of total assets	MB	% of total assets
Cash and cash equivalents	468	22	282	13
Trade accounts receivable, accrued income and other receivable	453	21	539	23
Inventories	53	2	68	3
Other current assets	6	1	9	1
Total current assets	980	46	898	40
Property, plant and equipment - net	426	20	597	27
Goodwill	550	26	550	25
Other non-current assets	178	8	173	8
Total assets	2,134	100	2,218	100
Trade and other accounts payable	474	22	406	18
Current portion of long-term loans	78	4	60	3
Unearned income and advances received	243	11	260	12
Other current liabilities	52	3	47	2
Total current liabilities	847	40	773	35
Loan term loan	-	-	60	2
Employee benefit obligations	121	6	123	6
Other non-current liabilities	28	1	48	2
Total liabilities	996	47	1,004	45
Total equity	1,138	53	1,214	55

Assets

As at 31 December 2013, CSL had total assets of Baht 2,218 million, an increase of Baht 84 million or 4% from 2012. This was due to the following:

- Cash and cash equivalents decreased Baht 186 million or 40%, mainly from YellowPages Business and ICT Business due to long term loan repayment, 1HF2013 interim dividend payment (Baht 0.65 per share) and the expanding in new Internet Data Center
- Trade accounts receivable, accrued income and other receivable – net increased Baht 86 million from ICT & Cloud project sales which had been delivered to customers at the end of this year, withholding refunded from the Revenue Department of ICT Business and YellowPages Business and advance to suppliers for the construction of new Internet Data Center Building (ICT Business)
- Property, plant and equipment increased Baht 171 million or 40% mainly from decommissioning cost and leasing agreement with a major shareholders (THAICOM), for providing satellite uplink equipment of ICT Business and the expanding of new Internet Data Center Building (ICT Business)

Liabilities and equity**Liabilities**

As of 31 December 2013, CSL had total liabilities of Baht 1,004 million, roughly equivalent to that in the end of 2012. This was due to the following:

- Trade and other accounts payable decreased Baht 68 million or 14% from A/P internet equipment and accrued expenses
- Loans from financial institutions represented:

Current portion	60	MB
Long term loan	<u>60</u>	MB
Net	<u>120</u>	MB

Net increase of Baht 42 million from settlement during year 2013

Total Equity

As of 31 December 2013, CSL had total equity of Baht 1,214 million, an increase of Baht 76 million or 3% over the end of year 2012. This was due to the following:

- Net profit for Y2013 of Baht 462 million or Baht 0.78 per share
- Total Dividend payment of Baht 386 million (2HF2012 dividend payment of Baht 178 million (Baht 0.30 per share) and 1HF2013 interim dividend payment of Baht 208 million (Baht 0.35 per share))

Assets Quality

Accounts Receivable Analysis

As of 31 December 2013, CSL had trade accounts receivable and accrued net income – net of Baht 413 million or 19% of total assets. The trade accounts receivable comprised of third parties and related parties, representing 79% and 21% of total trade accounts receivable, respectively. The average collection period was 46 days (normal collection period of the Company was 15 – 120 days).

Trade Accounts receivable, based on business segments, are as follows:-

1) ICT Business

Trade accounts receivable consists of two types of customer:

1. Individual customers equal to 3% of total trade accounts receivable, provided with a credit term of 30 days. Average collection period was 25 days in 2013, which roughly equivalent to that in 2012 (27 days)
2. Corporate customers and government agencies equal to 97% of total trade accounts receivable provided with a credit term of 30 – 90 days. Average collection period was 36 days, which roughly equivalent to that in 2012 (38 days)

2) Publishing the Thailand YellowPages Business

Average collection period for 2013 was 79 days (2012 = 70 days). The Company's credit term policies are based on the billing of each advertiser.

1. Full payment with a credit term of 30 days
2. For advertisers of YellowPages – BKK books shall pay as follows:-
 - 2.1 Full amount with a credit term of 30 days for advertisers which has an amount of less than Baht 35,000
 - 2.2 Four installments within 120 days for advertisers which has an amount of equal or more than Baht 35,000

3) Voice Info Services & Mobile Content Business

Average collection period for 2013 was 30 days, decreased from 2012 (33 days). (Normal credit term is 30 days)

Aging analyses for trade accounts receivable were as follows:

Over – Due period	2012		2013	
	MB	%	MB	%
Current	230	58	262	58
Less than 90 days	96	24	119	27
91 – 180 days	26	7	19	4
180 – 360 days	15	4	21	5
Over 360 days	30	7	27	6
Total account receivable	397	100	448	100
Less Allowance for doubtful a/c	(61)	(15)	(57)	(13)
Net trade accounts receivable	336	85	391	87

Based on the table above, CSL had total trade accounts receivable as at 31 December 2013 of Baht 448 million. In addition, CSL had an allowance for doubtful accounts of Baht 57 million or 13% of total trade accounts receivable. The allowance covered the trade accounts receivable over 360 days, which stands at Baht 27 million as of 31 December 2013.

Liquidity

The liquidity of CSL remained a healthy status. As at 31 December 2013, the Company's current ratio was 1.16 times, roughly equivalent to that in last year, while the Company's quick ratio was improved from 0.97 times in last year to 1.06 time at the end of this year.

CSL had cash flow from operations for 2013 of Baht 468 million, a decrease of Baht 211 million or 31% from the same period of last year, which was stood at Baht 679 million. Furthermore, CSL also had cash flow from investment for 2013 of the Company was Baht 296 million, an increase of Baht 119 million from 2012, which was stood at Baht 177 million. This was due to an additional expanding in new Internet Data Center Building for ICT Business.

During the year ended 2013, CSL also paid dividends to our shareholders totaling Baht 386 million, which comprised of:

- 2012 Dividend of Baht 178 million (Baht 0.30 per share)
- 2013 Interim Dividend of Baht 208 million (Baht 0.35 per share)

At the CSL Board of Directors' meeting held on 12 February 2014, the Board of Directors passed a resolution to recommend to the Shareholders' Annual General Meeting, for the payment of dividends for the 2nd half performance of year 2013 Baht 0.35 per share. The proposed dividend must be approved by the shareholders at their meeting which will be held on 27 March 2014.

As at 31 December 2013, CSL had ending cash of Baht 282 million in consolidated financial statement and had outstanding loan of Baht 120 million (Y2012 = 138 MB).

Clarification

Due to the impact of flood crisis at the end of year 2011, the Company has postponed delivery and recognition of 2012 BKK-YP Book from January 2012 to May 2012. Thus, the periods of recognition has also been postponed as follows:

Revenue recognition

Book	Useful life	Started	Ended
2011	12 mths	16 January 2011	15 January 2012
2012	12 mths	1 May 2012	30 April 2013*
2013	12 mths	1 May 2013	30 April 2014

* The consolidated financial statement for the period ending 31 December 2012 will be recognized revenue of 2012 BKK-YP Book of 8 months (from 1 May 2012 to 31 December 2012) in order to comply with useful life of the Book

Cost Recognition of TMC

The Costs of TMC are mainly derived from direct variable costs, such as cost of paper used for printing the Yellow Pages. This cost was recognized by the same method of revenue recognition as mentioned above. Fixed costs are recognized when they occur.

"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.