
I. Overview

*IPSTAR
revenue rose
by 29.2%*

Thaicom Plc ("the Company")'s consolidated sales and service income for 2008 was Baht 7,013 million, up Baht 578 million or 9.0% from last year due to increases in revenue from the satellite business according to a 29.2% increase in IPSTAR revenue, and in revenue from the Internet access and media business. This resulted in a decrease of Baht 272 million or 48.6% in operating loss compared with 2007.

A gain on exchange of Baht 1,050 million and a gain on the sale of investment of Baht 5,127 million in 2007 brought about a net profit of Baht 3,040 million in 2007, whereas a loss on exchange of Baht 369 million for 2008 led to a net loss of Baht 713 million.

CS LoxInfo Plc ("CSL") declared it would pay a dividend for 2008 of Baht 0.72 per share, including an interim dividend of 0.5 Baht per Share already paid to shareholders. Additionally, to increase returns to shareholders other than the dividend payment, CSL reduced its par value from 1 Baht per share to 0.25 Baht per share and returned the 0.75 Baht per share to its shareholders.

Lao Telecommunications ("LTC") announced it would pay a dividend of USD 25 million for the performance of 2008, including an interim dividend of USD 10 million already paid to its shareholders.

II. Business Summary

Transponder leasing and related business

Conventional Thaicom business has grown steadily. In 2008, the company accomplished to add new customers, which mainly are international and domestic TV broadcasters. As at the end of 2008, there are 264 TV channels broadcast via the Thaicom satellites, an increase from 243 channels in 2007.

The three new IPSTAR gateways in Korea, Malaysia and the Philippines have been deployed and operated in 2008. To date thirteen gateways in ten countries are in operation. In 2008, the new retail broadband package has been launched through IPSTAR's partners in New Zealand and the Philippines in order to increase consumer uptake.

Eight IPSTAR service providers in Australia have been granted the Australian Broadband Guarantee Program ("ABG") from the Australian government. ABG is a form of a Universal Service Obligation subsidy program granting subsidies to qualified service providers to provide broadband services to areas in Australia that are unable to access metro-comparable broadband services, which mainly consists of rural households nationwide. With this subsidy grant, the number of IPSTAR end-users thus far has increased aggressively.

In December 2008, the Company has signed a Contract with Vietnam Telecom International ("VTI"), a subsidiary company of Vietnam Posts and Telecommunications ("VNPT"), for IPSTAR capacity.

Telephone business

CamShin has changed its name from "Cambodia Shinawatra Company Limited" to "Mfone Company Limited" ("Mfone") since January 12, 2009.

LTC announced the official launch of the first 3G Mobile System on October 17, 2008. During the first phase, LTC will provide 3G mobile service covering Vientiane and will expand its 3G service to provincial areas in 2009. Currently, LTC provides EDGE and GPRS services nationwide.

A steady growth of mobile phone users in both Cambodia and Lao PDR made telephone operators recognize an increase in telephone subscribers, especially mobile prepaid subscribers. As of the end of 2008, LTC and Mfone's total subscribers were 964,518 and 921,205, increased by 22.7% and 93.8% respectively from 786,075 and 475,435 at the end of 2007.

Due to the sale of 49% shares in Shenington Investments Pte Ltd. ("Shenington") to Asia Mobile Holdings Pte Ltd ("AMH") in 2007, Shenington has recognized revenue and expense in the decreasing proportions from 100% to 51% from Mfone, and from 49% to 24.99% from LTC since July 26, 2007. Consequently, revenue from the telephone network business in 2008 decreased by 12.9% as compared to 2007.

Internet and media business

In 2008, 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 provided thus far by DTV as of the end of 2008 was 346,612.

CSL's reported revenue from internet services rose by 5.8% from 2007 due to an increase in revenue from leased lines services as it has put more effort on expanding customer base in business or corporate segments which have lots of potential to grow in the industry.

III. Consolidated Operating Results

Selected financial information on THCOM

Unit: MBt	Amount		Change
	2008	2007	YoY (%)
Sales and service income	7,013	6,435	9.0%
Gain on sales of investment	-	5,127	-100.0%
Share of net results from associate	67	105	-36.2%
Cost of sales and services	5,780	5,592	3.4%
SG&A expenses	1,521	1,403	8.4%
EBIT*	(288)	(560)	-48.6%
EBITDA**	2,363	2,197	7.3%
Net profit	(713)	3,040	n.m.
EPS (Baht)	(0.65)	2.78	n.m.

* 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 sales and service income in 2008 was Baht 7,013 million, an increase of Baht 578 million or 9.0% compared to Baht 6,435 million in 2007. This was mainly due to revenue growth from the satellite business and the Internet access and media business, offset by a drop in revenue from the telephone business resulted from the reduction in the ownership in Shenington from 100% to 51% following the sale of 49% shares in Shenington to AMH.

Sales and service income	2008	2007	%YoY
Satellite and related services	4,583	3,980	15.2%
Telephone services	1,927	2,212	-12.9%
Internet and media services	503	243	107.0%
Total	7,013	6,435	9.0%

Satellite transponder leasing and related services

Revenue from satellite transponders and related services in 2008 was Baht 4,538 million, an increase of Baht 603 million or 15.2% compared to Baht 3,980 million last year.

Satellite and related services	2008	2550	%YoY
Thaicom 1A, 2, 5 and related services	2,302	2,214	4.0%
IPSTAR services	2,281	1,766	29.2%
Sales	1,370	1,105	24.0%
Services	911	661	37.8%
Total	4,583	3,980	15.2%

- Revenue from the Thaicom conventional satellite business for 2008 was Baht 2,302 million, an increase of Baht 88 million or 4.0% from Baht 2,214 million in 2007, mainly due to a growth of transponder lease.
- Revenue from IPSTAR business was Baht 2,281 million in 2008, up by Baht 515 million or 29.2% from Baht 1,766 million in 2007. Revenue from UT sales rose by 24.0%, reflecting a 50.7% increase in UT sales volume. The significant growth of IPSTAR business in Australia together with the provision of IPSTAR services in Korea, Malaysia and the Philippines resulted in a 37.8% increase in revenues from transponder lease on the Thaicom 4 (IPSTAR) satellite.

IPSTAR revenue rose by 29.2% from 2007.

Telephone services

The Company's revenue from the telephone service business in 2008 was Baht 1,927 million, a decrease of Baht 285 million, or 12.9% compared to Baht 2,212 million in 2007. Following the sale of 49% shares in Shenington to AMH since July 25, 2007, the Company recognized a revenue reduction from LTC and Mfone for only five months in 2007, whereas a full-year revenue reduction was recognized in 2008.

93.8% growth in Mfone's subscriber.

However, the growth of telephone subscribers in both Cambodia and Lao PDR, especially a significant growth rate of prepaid mobile phone subscribers leading to an increase in LTC and Mfone's revenues. As at the end of 2008, LTC and Mfone had 964,518 and 921,205 subscribers, increases of 22.7% and 93.8% from 786,075 and 475,435 subscribers at the end of 2007 respectively. The new 330 telephone base stations were installed in 2008 to enlarge Mfone services to cover tourism spots and all major transportation routes in Cambodia, leading to a sharp growth in customer base in 2008.

Internet and media services

Revenue from Internet and media services rose by 107% from 2007

Revenue from the Internet access and media business in 2008 was Baht 503 million, an increase of Baht 260 million or 107.0% from Baht 243 million in 2007, mainly due to an increase in revenue from DTV sales including Cambodia and Lao PDR sales first incurred in Q1/2008. As at the end of 2008, accumulated DTV sales volume was 346,612 sets, up 245,445 sets from the end of 2007.

Cost of sales and service

The Company reported total costs for 2008 of Baht 5,780 million, an increase of Baht 188 million or 3.4% compared to Baht 5,592 million in 2007 due to increases in cost of sales and services from Internet and media services offset by a decrease in cost from the telephone business. The cost accounted for 82.4% of sales and service income, going down from 86.9% in 2007.

Cost of sales and services	2008	2007	%YoY
Satellite and related services	4,398	4,338	1.4%
Telephone services	965	1,097	-12.0%
Internet and media services	417	157	165.6%
Total	5,780	5,592	3.4%

Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services in 2008 was Baht 4,398 million, an increase of Baht 60 million or 1.4% from Baht 4,338 million last year.

Satellite and related services	2008	2007	%YoY
Thaicom 1A, 2, 3, 5 and related services	1,261	1,344	-6.2%
IPSTAR services	3,137	2,994	4.8%
Total	4,398	4,338	1.4%

- Cost relating to the Thaicom conventional satellite and related business was Baht 1,261 million, a decrease of Baht 83 million or 6.2% from Baht 1,344 million in 2007 mainly due to a reduction in cost of in-orbit insurance.
- Cost of providing IPSTAR services was Baht 3,137 million, an increase of Baht 143 million or 4.8% from Baht 2,994 million in 2007, resulting from higher cost of UT sales corresponding to the sales growth offset by a reduction in cost of in-orbit insurance.

Cost of telephone services

Cost relating to the telephone business for 2008 amounted to Baht 965 million, a decrease of Baht 132 million or 12.0% from Baht 1,097 million in 2007. This was mainly because the Company recognized a full-year cost reduction from Mfone and LTC in 2008 while it recognized a cost reduction from Mfone and LTC for only five months in 2007 corresponding to the reduced investment proportion.

However, there was a rise in LTC and Mfone's amortization of expanded telephone network. Meanwhile, Mfone had an increase in cost of electricity from expanded base stations and an increase in cost of revenue sharing which was in line with the increased revenue.

Cost of Internet access and media services

Cost relating to the Internet access and media business in 2008 was Baht 417 million, an increase of Baht 260 million or 165.6% from Baht 157 million in 2007, because of a cost increase from DTV sales corresponding to the sales growth in Thai, Cambodia and Lao PDR.

Selling and administrative expenses

SG&A expenses, including directors' remuneration, were Baht 1,521 million in 2008, an increase of Baht 118 million, or 8.4%, compared to Baht 1,403 million in 2007. This was due to increases in marketing expenses for the IPSTAR project, marketing expenses for the telephone business from television advertising and promotion, marketing expenses for the DTV business and provision for doubtful debt offset by a decrease in SG&A expenses from LTC and Mfone which was recorded according to the reduced investment proportion.

Interest expense

Interest expense decreased by 44.4% from 2007.

Interest expense was Baht 450 million, a decrease of Baht 359 million or 44.4%, compared with Baht 809 million in 2007 due to loan repayments for the Thaicom 4 and Thaicom 5 projects in Q3/2007, Q2/2008 and Q4/2008 and for DTV in Q3/2008.

Gain/Loss on exchange rate

As the Thai Baht had continuously depreciated, the Company reported a loss of Baht 369 million on foreign exchange for 2008, compared with a gain on exchange of Baht 1,050 million in 2007. Most of the gain and loss on exchange rate were unrealized.

Share of net results from investment – equity method

The share of net results from investment in 2008 was Baht 67 million, decreased by Baht 38 million or 36.2% from Baht 105 million in 2007. This was mainly due to a 38.3% decrease in CSL's net profit from 2007. This was largely due to tax expenses in relation to the registration of its liquidation of Loxley Information Services Co., Ltd. ("Loxserv", a subsidiary of CSL), a write-off of the remaining goodwill of Loxserv, and an impairment loss on investment in WATTA Classifieds Co., Ltd.

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 261 million in this year, compared with income tax expense of Baht 1,952 million for 2007 mostly comprising a tax on the gain on the sale of investment.

IV. Financial Position

At the end of 2008, the Company reported total assets of Baht 28,421 million, a decrease of Baht 1,680 million or 5.6% from Baht 30,101 million at the end of 2007. This was mainly due to the depreciation and amortization of PP&E under concession agreements, lower cash and cash equivalents resulting from the payment of income tax payable from the sale of 49% shares in Sherington to AMH and from loan repayments for Thaicom 4 (IPSTAR) and Thaicom 5 projects and loan repayments made by DTV and Mfone, offset by an increase in PP&E.

THCOM's asset components

Assets	December 31, 2008		December 31, 2007	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	3,063	10.8	4,313	14.3
Investment in associates	381	1.3	676	2.2
PP&E, net	5,515	19.4	4,505	15.0
PP&E under the concession agreement, net	17,069	60.1	18,777	62.4
Intangible assets	1,281	4.5	1,302	4.3

Liquidity

At the end of 2008, the Company had a current ratio of 0.86 times, down from 0.93 at the end of 2007.

Investments

Investment in CSL was presented as an "investment in an associate" item. At the end of 2008 the Company's investment in an associate was Baht 381 million, a decrease of Baht 295 million or 43.6% from Baht 676 million at the end of 2007, reflecting a proportionate recognition of CSL's net profit for 2008 amounted to Baht 67 million, offset by a dividend paid of Baht 175 million and capital deduction of Baht 188 million.

Property, plant and equipment

Property, Plant and Equipment (PP&E) at the end of 2008 was Baht 5,515 million, an increase of Baht 1,010 million or 22.4% from Baht 4,505 million at the end of 2007. This was mainly due to purchase of assets of Baht 1,589 million most of which were assets for the expansion of telephone network in Cambodia and Lao PDR, offset by a depreciation and amortization of PP&E of Baht 701 million. PP&E at the end of 2008 also included the assets under concession agreements of Mfone of approximately Baht 1,409 million, dropped by Baht 202 million from Baht 1,611 million at the end of 2007.

PP&E under concession agreements

PP&E under concession agreements at the end of 2008 was Baht 17,069 million, a decrease of Baht 1,708 million from Baht 18,777 million at the end of 2007 totally due to an amortization.

Intangible assets

Intangible assets at the end of 2008 were Baht 1,281 million, a decrease of Baht 21 million or 1.6%, compared to Baht 1,302 million at the end of 2007 due to its depreciation and amortization, offset by increased intangible assets arising from the development of UT and foreign currency translation adjustments.

Borrowings and Shareholders' equity

The Company's net borrowings at the end of 2008 were Baht 9,310 million, a decrease of Baht 535 million from Baht 9,845 million at the end of 2007. This was mainly due to loan repayments for the Thaicom 4 and Thaicom 5 projects, and for the expansion of telephone network in Cambodia, and a loan repayment made by DTV.

The Company's shareholders' equity at the end of 2008 was Baht 16,103 million, a decrease of Baht 581 million from 16,684 million at the end of 2007, reflecting the net loss for 2008 of Baht 713 million, offset by a translation gain relating to financial statements of foreign operations of Baht 107 million, and the issue of share capital of Baht 23 million.

With lower net borrowings for the year ended December 31, 2008, net borrowings to equity at the end of 2008 were 0.58 times, down from 0.59 times at the end of 2007.

Cash flow

The Company's cash inflows from operating activities for 2008 were Baht 1,757 million. Net cash outflows from investing activities were Baht 1,841 million, mainly due to a payment of income tax payable of Baht 1,290 million from the sale of 49% shares in Shenington to AMH, and payments for satellite equipment and the expansion of telephone network. The Company had net cash outflows from financing activities of Baht 1,165 million mainly due to total long-term loan repayments of Baht 1,431 million including loan repayments for the Thaicom 4 and Thaicom 5 projects and the expansion of telephone network in Cambodia, and a loan repayment made by DTV.

The Company had ending cash of Baht 1,173 million on December 31, 2008.

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.