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## I. Overview

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*Q1/07 net profit  
surged 332.8%*

Shin Satellite Plc's total revenues for Q1/2007 were Baht 2,110 million, an increase of 7.1% over Q1/2006. Total expenses increased through SG&A and interest expenses. The Company recorded a gain on exchange of Baht 461 million for Q1/2007 that resulted from a continuation of the Baht appreciation. Net profit was Baht 135 million, increased by 332.8% from net loss of Baht 58 million in Q1/2006.

In the three-month period ended March 31, 2007, the Company changed its accounting policy regarding investment in a subsidiary so that the separate financial statement, which formerly reported investment using the equity method, now reports using the cost method. This is to comply with TAS44; thus, the Company restated its financial statement by using the historical cost as the cost of the investment in a subsidiary of the separate financial statement. This adjustment caused the net income on the separate financial statement to differ from that reported in the consolidated financial statement. The Company had net income of Baht 135 million for the three-month period ended March 31, 2007, according to the consolidated financial statement. However, the separate financial statement over the same period showed a net loss of Baht 41 million. In addition, there were effects of restating other items on the separate financial statement for the quarter ended March 31, 2007, such as investment in subsidiary, retained earnings, and shareholders' equity on the balance sheets. As a result of the adoption of this accounting policy, the Company has to restate some financial figures on the balance sheets as at December 31, 2006 and on the income statement for the first quarter of 2006, on the separate financial statement in order to be comparable to Q1/2007 figures.

Nonetheless, the change of accounting policy affects only the separate financial statement. It did not have any effect on the consolidated financial statements or business fundamentals.

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## II. Business Summary

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

The Company inaugurated its new IPSTAR Representative Office in Hanoi, Vietnam on January 15, 2007 in order to facilitate IPSTAR service deployment and support for its partners and customers in the Vietnam market.

*An expansion  
of broadband  
IPSTAR  
market in IPA  
and IPNZ.*

In February 2007, the Company's subsidiary, IPSTAR Australia Pty. Ltd. ("IPA"), has launched the region's first video-on-demand service as another choice for the customers to view movies and TV entertainment via the IPSTAR broadband satellite network. IPA is expecting a stronger growth in 2007, following an expansion of satellite broadband subsidy coverage under the Federal Government's Australian Broadband Guarantee.

In March 2007, the Company's subsidiary, IPSTAR New Zealand Ltd. ("IPNZ"), has signed an exclusive contract with BayCity Communications Limited as the exclusive National Service Operator (NSO) for IPSTAR services throughout New Zealand. This partnership will be beneficial to the continued growth of the broadband satellite market using IPSTAR in New Zealand.

Currently, the total number of UTs provided by the Company at the end of Q1/2007 was 75,187. UT sales volume totaled 9,131 UTs in this quarter.

In this quarter, the Company's subsidiary, Shin Broadband Internet (Thailand) Co., Ltd. ("SBI"), had sales revenue from Digital Television (DTV) services by selling low-price round DTV dishes and set top boxes. The DTV equipment, sold through distributors and electrical equipment shops, is small, convenient to install, less space consuming, and receives KU-Band signals directly from satellite so that the customers can better view TV entertainment.

### ***Telephone Business***

Because of a steady growth of telephone subscribers in both Cambodia and Lao PDR, there was an increase in the subscriber base of every operator especially mobile prepaid subscribers. As of the end of Q1/2007, LTC and CamShin have 689,939 and 316,200 subscribers respectively, an increase of 30.6% and 25.4% from 528,366 and 252,180 subscribers in Q1/2006.

**Internet Business**

CS Loxinfo Plc ("CSL")'s performance in Q1/2007 was better than the previous quarter due to its effective cost management and the decrease of marketing expenses. Although, there was an intensive competitive environment on Internet Access services, revenue from leased line services increased as CSL had continuously put more effort on sales and expanded customer base in this segment by concentrating on the quality of service and value added services, to meet customer needs.

**III. Consolidated Operating Results**

**Accounting policy**

*Change of accounting methods for the investments in subsidiaries and associates in separate financial statement.*

Following the Notification of the Federation of Accounting Professions (FAP) no.26/2006 TAS 44 (revised-2007), Consolidated Financial Statements and Separate Financial Statements, the Company is required to change the accounting methods for the investments in subsidiaries and associates from the equity method to the cost method as reported in the separate financial statement in the three-month period ended March 31, 2007. The Company restated its financial statement by using the historical cost as the cost of the investment in a subsidiary of the separate financial statement. Such an adjustment resulted in net income on the separate financial statement to differ from that reported in the consolidated financial statement. The Company had net income of Baht 135 million for the three-month period ended March 31, 2007, according to the consolidated financial statement. However, the separate financial statement over the same period showed a net loss of Baht 41 million.

As a result of the adoption of this accounting policy, the Company restated some financial figures on the balance sheets as at December 31, 2006 and on the income statement for the first quarter of 2006, of the separate financial statements as follows;

Company F/S Unit: million Baht	Adjustments	Before Adjust	Adjust- increase (decrease)	After Adjust
Balance sheet	Investments	2,800	(1,786)	1,014
	Deferred tax assets	470	14	484
	<i>Adjustment on assets</i>		<i>(1,772)</i>	
	Net liabilities in subsidiaries	97	(97)	-
	<i>Adjustment on liabilities</i>		<i>(97)</i>	
	Unrealized cumulative gains on dilution of investment in a subsidiary	376	(376)	-
	Cumulative foreign currency translation adjustment	(311)	311	-
	Retained earnings - Unappropriated	3,492	(1,610)	1,882
	<i>Adjustment on equity</i>		<i>(1,675)</i>	
Income statement	Share of net results from investments -equity method	144	(144)	-
	Net profit	(58)	(144)	(202)
	<i>Adjustment on Income statement</i>		<i>(144)</i>	

The Company would like to provide additional information to better clarify the issue as follows:

1. After restating, net income for the three-month period ended March 31, 2007 and the comparable period in 2006 decreased by Baht 176 million and Baht 144 million respectively. (that is, decreased by Baht 0.16/share and Baht 0.14/share respectively.) This is because the separate financial statement did not include proportionately the performance of subsidiaries and associates, whereas it solely included the performance of the parent company. TAS44 allows the Company to realize gains from investments in subsidiaries and associates only when it receives dividends from such subsidiaries and associates.
2. The effect from restating other items on the separate financial statement is as follows;
  - Investment in subsidiaries and associates, recorded at the historical cost, is shown in a separate financial statement to have a book value of Baht 1,014 million.
  - Deferred tax assets increased by Baht 14 million to Baht 484 million.
  - The separate financial statement did not include net liabilities in subsidiaries, unrealized cumulative gains on dilution of investment in a subsidiary, cumulative foreign currency translation adjustment.
  - Retained earnings on the balance sheets decreased by Baht 1,610 million to Baht 1,882 million.

**Selected financial information on SATTEL**

	Amount (MBt)			Change	
	Q1/07	Q4/06	Q1/06	QoQ (%)	YoY (%)
Sales and service income	1,618	1,993	1,755	-18.8%	-7.8%
Share of net results from associate	23	16	25	43.8%	-8.0%
Cost of sales and services	1,377	1,610	1,564	-14.5%	-12.0%
SG&A expenses	338	420	281	-19.5%	20.3%
EBIT*	(97)	(37)	(90)	n.a.	n.a.
EBITDA**	587	666	689	-11.9%	-14.8%
Net profit	135	793	(58)	-83.0%	332.8%
EPS (Baht)	0.12	0.73	(0.05)	-83.6%	340.0%

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

\*\* EBITDA = EBIT + Depreciation and Amortization

***Sales and service income***

Consolidated sales and service income in Q1/2007 was Baht 1,618 million, a decrease of Baht 137 million or 7.8%, compared to Baht 1,755 million in Q1/2006, and a decrease of Baht 375 million or 18.8% from Baht 1,993 million in the previous quarter. This resulted from a decrease in revenue from satellite and related services.

Sales and service income	Q1/07	Q4/06	Q1/06	%QoQ	%YoY
Satellite and related services	949	1,343	1,153	-29.3%	-17.7%
Telephone services	645	628	582	2.7%	10.8%
Internet services	24	22	20	9.1%	20.0%
<b>Total</b>	<b>1,618</b>	<b>1,993</b>	<b>1,755</b>	<b>-18.8%</b>	<b>-7.8%</b>

Satellite transponder leasing and related services

Revenue from satellite transponders and related services in Q1/2007 was Baht 949 million, a decrease of Baht 204 million or 17.7%, compared to Baht 1,153 million in the same period last year, and decreased by Baht 394 million or 29.3% from Baht 1,343 million in the previous quarter.

Satellite and related services	Q1/07	Q4/06	Q1/06	%QoQ	%YoY
Thaicom 1A, 2, 3, 5 and related services	605	629	645	-3.8%	-6.2%
IPSTAR services	344	714	508	-51.8%	-32.3%
<b>Total</b>	<b>949</b>	<b>1,343</b>	<b>1,153</b>	<b>-29.3%</b>	<b>-17.7%</b>

- Revenue from the Thaicom conventional satellite business for Q1/2007 was Baht 605 million, a decrease of Baht 40 million or 6.2%, from Baht 645 million in Q1/2006, and decreased by Baht 24 million or 3.8% from Baht 629 million in the previous quarter. A slight increase in Conventional Thaicom transponder utilization, an increase in revenue from Digital Television (DTV) services first incurred in this quarter, offset by a loss from the continued appreciation of the Thai Baht, led to a drop in such revenue as compared to that in Q1/2006 and Q4/2006.
- IPSTAR service revenue was Baht 344 million in Q1/2007, a decrease of Baht 164 million or 32.3%, compared to Baht 508 million in the same period last year, and Baht 370 million or 51.8% from Baht 714 million in the previous quarter. This was because the Company sold 9,131 UTs in Q1/2007, a decrease of 2,003 UTs or 18% from 11,134 UTs in Q1/2006 and a decrease of 7,070 UTs or 43.6% from 16,201 UTs in Q4/2006; however, revenue from transponder leasing on Thaicom 4 (IPSTAR) was higher than that in Q1/2006 and Q4/2006.

Telephone services

*Q1/07 revenue from telephone services increased 10.8% from Q1/06.*

The Company's revenue from the telephone service business in Q1/2007 was Baht 645 million, an increase of Baht 63 million, or 10.8%, compared to Baht 582 million in Q1/2006, and Baht 17 million or 2.7% from Baht 628 million in the previous quarter. This was due to the growth of telephone subscribers in both Cambodia and Lao PDR, especially a significant growth rate of prepaid mobile phone subscribers. As at the end of Q1/2007, LTC and CamShin had 689,939 and 316,200 subscribers respectively, increases of 30.6% and 25.4% from 528,366 and 252,180 subscribers in Q1/2006, and 9.0% and 14.2% from 632,829 and 276,925 subscribers in Q4/2006.

Internet services

*Q1/07 revenue from internet services rose 20% from Q1/06.*

Revenue from the Internet service business in Q1/2007 was Baht 24 million, an increase of Baht 4 million or 20% from Baht 20 million in Q1/2006, and Baht 2 million or 9.1% from Baht 22 million in Q4/2006 due to a small increase in the internet subscribers of CamShin and LTC.

**Cost of sales and service**

The Company reported total cost for Q1/2007 of Baht 1,377 million, a decrease of Baht 187 million or 12.0%, compared to Baht 1,564 million in Q1/2006, and Baht 233 million or 14.5% from Baht 1,610 million in Q4/2006. This was due to a drop in cost relating to transponder leasing and related services and the Internet access services. The cost accounted for 85.1% of sales and service income, going down from 89.1% in Q1/2006.

Cost of sales and services	Q1/07	Q4/06	Q1/06	%QoQ	%YoY
Satellite and related services	1,039	1,314	1,273	-20.9%	-18.4%
Telephone services	332	277	273	19.9%	21.6%
Internet services	6	19	18	-68.4%	-66.7%
<b>Total</b>	<b>1,377</b>	<b>1,610</b>	<b>1,564</b>	<b>-14.5%</b>	<b>-12.0%</b>

Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services in Q1/2007 was Baht 1,039 million, a decrease of Baht 234 million or 18.4% from Baht 1,273 million in the same period last year, and decreased by Baht 275 million or 20.9% from 1,314 million in Q4/2006.

Satellite and related services	Q1/07	Q4/06	Q1/06	%QoQ	%YoY
Thaicom 1A, 2, 3, 5 and related services	361	357	463	1.1%	-22.0%
IPSTAR services	678	957	810	-29.2%	-16.3%
<b>Total</b>	<b>1,039</b>	<b>1,314</b>	<b>1,273</b>	<b>-20.9%</b>	<b>-18.4%</b>

- A Baht 102 million or 22.0% decrease in the cost relating to the Thaicom conventional satellite and related business from Q1/2006 was due to no amortization of the Thaicom 3 satellite, which has not been utilized since July 13, 2006, offset by a rise in the amortization and the cost of in-orbit insurance of the Thaicom 5 satellite.
- A Baht 132 million or 16.3% decrease in the cost of providing IPSTAR services from Q1/2006, was caused by a drop in cost of UT sales corresponding to a decrease in the sales volume, offset by a rise in cost relating to the Thaicom 4 satellite; for instance, an increase of Baht 188 million in amortization of the Thaicom 4 satellite and its ground equipment, and a rise of Baht 20 million in concession fee to MICT.

Cost of telephone services

Cost relating to the telephone business for Q1/2007 amounted to Baht 332 million, an increase of Baht 59 million or 21.6% from Baht 273 million in Q1/2006, and Baht 55 million or 19.9% from Baht 277 million in Q4/2006. This was due to an increase in revenue sharing to the Ministry of Post and Telecommunications in Cambodia which increased from 7% to 10% of revenue before expenses in 2007, increased electricity cost, and cost relating to VOIP that is a new service provided in Q4/2006 in Cambodia. Moreover, there was an increase in amortization of the telephone network in Lao PDR.

Cost of internet services

Cost relating to the Internet business in Q1/2007 was Baht 6 million, a decrease of Baht 12 million or 66.7% from Baht 18 million for Q1/2006, and Baht 13 million or 68.4% from Baht 19 million in the previous quarter.

**Selling and administrative expenses**

SG&A expenses, including directors' remuneration, were Baht 338 million in Q1/2007, an increase of Baht 57 million, or 20.3% compared to Baht 281 million in Q1/2006. This was due to increases of Baht 37 million in marketing expenses arising from promotions in telephone business, equipment from bandwidth service contract, and IPSTAR UT, Baht 29 million in staff cost, and Baht 22 million in allowance for doubtful account. However, there was a decrease of Baht 82 million or 19.5% from Baht 420 million in Q4/2006 due to a less allowance for doubtful account.

**Interest expense**

Interest expense was Baht 242 million, an increase of Baht 21 million, or 9.5%, compared to Baht 221 million in Q1/2006 due to the recognition of interest associated with the Thaicom 5 project as an expense once the service started in July 2006.

**Gain on exchange rate**

Because of the strengthening of the Thai Baht from January-March 2007, the Company reported a gain of Baht 461 million from foreign exchange in Q1/2007, while it recorded a gain of Baht 186 million in Q1/2006.

**Share of net results from investment – equity method**

The share of net results from investment was Baht 23 million, decreased by Baht 2 million or 8% from Baht 25 million in Q1/2006, due to a drop in CSL's revenue and an increase in CSL's SG&A from the publication of the Thailand Yellow Pages, and Voice Info services.

The share of net results from investment in CSL in this quarter increased by Baht 7 million from last quarter as CSL's net profit rose from Internet access services, the publication of the Thailand Yellow Pages, Voice Info services, mobile content services.

**Income tax expense**

The Company's income tax expense in Q1/2007 was Baht 18 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 38 million in Q1/2006.

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**IV. Financial Position**

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At the end of Q1/2007, the Company reported total assets of Baht 32,595 million, a decrease of Baht 239 million or 0.72% from Baht 32,834 million at the end of 2006. This was caused by the depreciation and amortization of PP&E under concession agreements while there was no purchase of assets in this quarter for this account; thus, PP&E under concession agreements has a decreased book value. Also, trade accounts receivable dropped from the end of 2006. CSL's net assets were presented as an investment in an associate.

SATTEL's asset components

Assets	March 31, 2007		December 31, 2006	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	2,605	8.0	2,479	7.6
Investment in associates	709	2.2	686	2.1
PP&E, net	6,748	20.7	6,822	20.8
PP&E under the concession agreement, net	20,067	61.6	20,489	62.4

**Liquidity**

At the end of Q1/2007, the Company had a current ratio of 0.37 times, down from 0.39 at the end of 2006. This was because of an increase of Baht 709 million in the current portion of long-term loans.

**Investments**

Investment in CSL was presented as an "investment in associate" item. At the end of Q1/2007 the Company's "investment in associate" was Baht 709 million, an increase of Baht 23 million or 3.4% from Baht 686 million at the end of 2006 due to CSL's improved performance.

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

Property, Plant and Equipment (PP&E) at the end of Q1/2007 was Baht 6,748 million, a decrease of Baht 74 million from Baht 6,822 million at the end of last year. This was due to a depreciation and amortization of PP&E of Baht 207 million, foreign currency translation adjustment of Baht 108 million, offset by purchase of assets of Baht 246 million in this quarter most of which were assets for the expansion of telephone network and satellite equipment. PP&E at the end of Q1/2007 also included the assets under concession agreement of CamShin of approximately Baht 2,670 million, a decrease of Baht 58 million from Baht 2,728 million at the end of 2006.

### **PP&E under concession agreements**

PP&E under concession agreements at the end of Q1/2007 was Baht 20,067 million, a decrease of Baht 422 million from Baht 20,489 million at the end of 2006. This was mainly due to an amortization of Baht 423 million.

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

The Company's net borrowings at the end of Q1/2007 were Baht 15,861 million, a decrease of Baht 428 million from Baht 16,289 million at the end of 2006. This was due to an unrealized gain on exchange rate of Baht 441 million.

The Company's shareholders' equity at the end of Q1/2007 was Baht 13,656 million, an increase of Baht 78 million from 13,578 million at the end of 2006, reflecting net profit of Baht 135 million and an increase of Baht 55 million in loss from foreign currency translation adjustment.

Net borrowings to equity at the end of Q1/2007 were 1.16 times, considered manageable for a company that is investing in huge projects like Thaicom 4 (IPSTAR) and Thaicom 5, and receiving support from financial institutions.

### **Cash flow**

The Company's cash flows from operating activities for Q1/2007 were Baht 750 million. Net cash outflows used for investing activities were Baht 388 million, mainly for the expansion of telephone network and satellite business. In this quarter, the Company withdrew Baht 86 million short-term loans from financial institutions, and had Baht 5 million more of long-term borrowings after financial expenses, while long-term loans of Baht 59 million for the CamShin telephone network project were repaid. Thus, the Company had net cash inflow from financing activities in Q1/2007 of Baht 32 million.

The Company had ending cash of Baht 759 million on March 31, 2007.

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.