
I. Overview

Thaicom Plc ("the Company")'s consolidated sales and service income for 1H/2008 was Baht 3,509 million, up 2.8% compared with 1H/2007 due to increases in revenue from the satellite business and the Internet access and media business, offset by a decrease in revenue from the telephone business resulting from a reduction in recognition of revenue from Lao Telecommunications Company Ltd ("LTC") and Cambodia Shinawatra Company Ltd ("CamShin") following the sale of 49% shares in Shenington Investments Pte Ltd ("Shenington") to Asia Mobile Holdings Pte Ltd ("AMH"). The smaller proportions of ownership in Shenington also resulted in a 7.9% decrease in consolidated sales and service income for Q2/2008, whereas an increase in sales of DTV satellite television dish sets led to a 281.4% revenue increase from the Internet and media services.

1H/08 IPSTAR
revenue rose
by 52.3%

Operating income for 1H/2008 was Baht 54 million, compared to an operating loss of Baht 136 million for 1H/2007, largely resulting from a 52.3% increase in IPSTAR revenues. Loss on exchange of Baht 437 million for Q2/2008 led to a net loss of Baht 282 million, whereas a gain on exchange of Baht 213 million in Q2/2007 when the Company's net loss was Baht 83 million.

In June 2008, CS Loxinfo Plc ("CSL") announced it would pay an interim dividend of Baht 0.23 per share for the performance of the first five months ended May 31, 2008; thus, the Company received a dividend of Baht 57.5 million, in line with its ownership of 250 million shares. In July 2008, LTC announced it would pay an interim dividend of USD 10 million.

II. Business Summary

Transponder leasing and related business

In April 2008, the Company completed delivery of 11,500 IPSTAR User Terminals ("UT") to TOT worth total of Baht 269 million. In June 2008, the Company signed a UT procurement contract with TOT for 4,000 UTs worth total of Baht 99.2 million.

On 30 May 2008, IPSTAR Australia Pty Ltd ("IPA"), a Company's subsidiary, sent the Notice of Termination of the Definitive Agreement dated 30 October 2007 to ETT Limited ("ETT"), the National Service Operator (NSO) of the iPSTAR service in Australia, effective on 7 June 2008. ETT argued that the notice of termination was invalid and filed an application for interlocutory relief to the Supreme Court of New South Wales. The Court granted interlocutory relief to ETT for the notice of termination and issued an order that the dispute between IPA and ETT will be referred to arbitration. However on 11 August 2008, IPA and ETT reached an agreement to settle their dispute relating to the Definitive Agreement under which obligations was terminated. In addition ETT agreed to return to IPA User Terminals currently in its warehouse. In return, IPA agreed to pay the repurchase fee to ETT. IPA still continues to provide services to its customers in Australia as previously.

In this quarter, UT sales volume totaled 21,786 UTs. Currently, the total number of UTs provided by the Company at the end of Q2/2008 was 146,810.

Telephone business

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 Q2/2008, LTC and CamShin's total subscribers were 855,371 and 573,735, increased by 19.8% and 69.8% respectively from 713,772 and 337,954 at the end of Q2/2007.

Due to the sale of 49% shares in Shenington to AMH, Shenington has recognized revenue and expense in the decreasing proportions from 100% to 51% from CamShin, and from 49% to 24.99% from LTC since July 26, 2007. This resulted in decreases in revenue and expense from the telephone network business compared to Q2/2007.

Internet and media business

In this quarter, DTV Service Co., Ltd. ("DTV") (formerly Shin Broadband Internet (Thailand) Co., Ltd.), the Company's subsidiary, had a continued growth of DTV sales volume from Q2/2007. The total number of DTV satellite television dish sets provided by DTV as of the end of Q2/2008 was 224,763.

CSL's reported revenue from internet services rose by 5% from Q2/2007 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 continuously grow in the industry. Meanwhile, revenue from dial-up and broadband internet services decreased as a result of an intensive competitive environment.

Loxley Information Services Co., Ltd. ("Loxserve"), a subsidiary of CSL, purposed to liquidate its business. On May 29, 2008, Loxserve had a registration of its liquidation with the Ministry of Commerce. Currently, Loxserve is in the liquidation process.

III. Consolidated Operating Results

Selected financial information on THCOM

	Amount (MBt)			Change		Amount (MBt)		Change
	Q2/08	Q1/08	Q2/07	QoQ (%)	YoY (%)	1H/08	1H/07	YoY (%)
Sales and service income	1,652	1,857	1,794	-11.0%	-7.9%	3,509	3,412	2.8%
Share of net results from associate	20	27	24	-25.9%	-16.7%	47	47	0.0%
Cost of sales and services	1,243	1,553	1,457	-20.0%	-14.7%	2,796	2,834	-1.3%
SG&A expenses	300	359	376	-16.4%	-20.2%	659	714	-7.7%
EBIT*	109	(55)	(39)	n.m.	n.m.	54	(136)	n.m.
EBITDA**	759	587	672	29.3%	12.9%	1,346	1,259	6.9%
Net profit	(282)	281	(83)	n.m.	-239.8%	(1)	52	n.m.
EPS (Baht)	(0.26)	0.26	(0.08)	n.m.	-225.0%	0.00	0.05	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 Q2/2008 was Baht 1,652 million, a decrease of Baht 142 million or 7.9% compared to Baht 1,794 million in Q2/2007 due to a decrease in revenue from the telephone business and revenue from the satellite business offset by an increase in revenue from the Internet access and media business. Compared with Baht 1,857 million for Q1/2008, consolidated sales and service income in this quarter declined by Baht 205 million or 11.0%. This was mainly because of a drop in revenue from the satellite business.

Consolidated sales and service income for 1H/2008 was Baht 3,509 million, a rise of Baht 97 million or 2.8% rise from Baht 3,412 million in 1H/2007 due to increases in revenue from the satellite business and the Internet access and media business, offset by a decrease in revenue from the telephone business.

Sales and service income	Q2/08	Q1/08	Q2/07	%QoQ	%YoY	1H/08	1H/07	%YoY
Satellite and related services	1,033	1,359	1,057	-24.0%	-2.3%	2,392	1,992	20.1%
Telephone services	455	423	694	7.6%	-34.4%	878	1,339	-34.4%
Internet and media services	164	75	43	118.7%	281.4%	239	81	195.1%
Total	1,652	1,857	1,794	-11.0%	-7.9%	3,509	3,412	2.8%

Satellite transponder leasing and related services

Revenue from satellite transponders and related services in Q2/2008 was Baht 1,033 million, a decrease of Baht 24 million or 2.3% compared to Baht 1,057 million in the same period last year and a decrease of Baht 326 million or 24.0% over Baht 1,359 million in Q1/2008. However, revenue from satellite business for 1H/2008 rose by 20.1% from the same period last year.

Satellite and related services	Q2/08	Q1/08	Q2/07	%QoQ	%YoY	1H/08	1H/07	%YoY
Thaicom 1A, 2, 5 and related services	572	556	571	2.9%	0.2%	1,128	1,162	-2.9%
IPSTAR services	461	803	486	-42.6%	-5.1%	1,264	830	52.3%
Total	1,033	1,359	1,057	-24.0%	-2.3%	2,392	1,992	20.1%

- Revenue from the Thaicom conventional satellite business for Q2/2008 was Baht 572 million, an increase of Baht 1 million or 0.2% from Baht 571 million in Q2/2007 and an increase of Baht 16 million or 2.9% from Baht 556 million in Q1/2008 mainly due to a growth of transponder lease.
- IPSTAR service revenue was Baht 461 million in Q2/2008, down by Baht 25 million or 5.1% from Baht 486 million in Q2/2007 because of a reduction in recognition of IPSTAR UT sales revenue offset by an increase in revenue from transponder lease on the Thaicom 4 (IPSTAR) satellite.

For 1H/2008, IPSTAR service revenue was Baht 1,264 million, rose by Baht 434 million or 52.3% from 1H/2007. This was caused by increases in revenues from transponder lease on the Thaicom 4 (IPSTAR) satellite and from higher UT sales volume. The Company sold 42,743 UTs in 1H/2008, an increase of 22,496 UTs or 111.1% from 20,247 UTs in 1H/2007.

1H/08 UT sales volume rose by 111.1%.

Telephone services

The Company's revenue from the telephone service business in Q2/2008 was Baht 455 million, a decrease of Baht 239 million, or 34.4% compared to Baht 694 million in Q2/2007 due to a reduction in recognition of revenue from LTC and CamShin following the sale of 49% shares in Shenington to AMH. However, the growth of telephone subscribers in both Cambodia and Lao PDR, especially a significant growth rate of prepaid mobile phone subscribers, led to an increase in LTC and CamShin's revenues. As at the end of Q2/2008, LTC and CamShin had 855,371 and 573,735 subscribers respectively, increases of 19.8% and 69.8% from 713,772 and 337,954 subscribers at the end of Q2/2007.

Compared to the previous quarter, the revenue rose by Baht 32 million or 7.6% due to a revenue growth from mobile prepaid services. LTC and CamShin had increases of 2.6% and 14.2% from 833,575 and 502,411 subscribers at the end of Q1/2008 respectively.

Internet and media services

Q2/08 revenue from Internet and media services rose by 281.4%

Revenue from the Internet access and media business in Q2/2008 was Baht 164 million, an increase of Baht 121 million or 281.4% from Baht 43 million in Q2/2007 and an increase of Baht 89 million or 118.7% from Baht 75 million in Q1/2008. This was caused by an increase in revenue from DTV sales including Cambodia and Lao PDR sales first incurred in Q1/2008. As at the end of Q2/2008, DTV sales volume was 224,763 sets, up 79,001 sets from the end of Q1/2008.

Cost of sales and service

The Company reported total costs for Q2/2008 of Baht 1,243 million, a decrease of Baht 214 million or 14.7% compared to Baht 1,457 million in Q2/2007 and a decrease of Baht 310 million or 19.9% compared to Baht 1,553 million in Q1/2008. This was due to a decline 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. The cost accounted for 75.2% of sales and service income, going down from 81.2% in Q2/2007.

Total cost for 1H/2008 was Baht 2,796 million, a decrease of Baht 38 million or 1.3% from Baht 2,834 million in the same period last year because of a decrease in cost of the telephone business offset by increases in cost of sales and services from the satellite business and the Internet and media business.

Cost of sales and services	Q2/08	Q1/08	Q2/07	%QoQ	%YoY	1H/08	1H/07	%YoY
Satellite and related services	899	1,288	1,074	-30.2%	-16.3%	2,187	2,101	4.1%
Telephone services	207	204	328	1.5%	-36.9%	411	661	-37.8%
Internet and media services	137	61	55	124.6%	149.1%	198	72	175.0%
Total	1,243	1,553	1,457	-19.9%	-14.7%	2,796	2,834	1.3%

Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services in Q2/2008 was Baht 899 million, a decrease of Baht 175 million or 16.3% from Baht 1,074 million in the same period last year and a decrease of Baht 389 million or 30.2% from Baht 1,288 million in Q1/2008. Cost associated with transponder leasing and related services in 1H/2008 increased by 4.1% from the same period of last year.

Satellite and related services	Q2/08	Q1/08	Q2/07	%QoQ	%YoY	1H/08	1H/07	%YoY
Thaicom 1A, 2, 5 and related services	358	336	350	6.5%	2.3%	694	700	-0.9%
IPSTAR services	541	952	724	-43.2%	-25.3%	1,493	1,401	6.6%
Total	899	1,288	1,074	-30.2%	-16.3%	2,187	2,101	4.1%

- Cost relating to the Thaicom conventional satellite and related business was Baht 358 million, an increase of Baht 8 million or 6.9% from Baht 350 million in Q2/2007 and an increase of Baht 38 million or 11.3% from Q1/2008 mainly due to higher concession fee following the revenue growth from conventional satellite business.
- Cost of providing IPSTAR services was Baht 541 million, a decrease of Baht 183 million or 25.3% from Baht 724 million in Q2/2007 and a decrease of Baht 411 million or 43.2% from Baht 952 million in Q1/2008. For 1H/2008, cost of providing IPSTAR services was Baht 1,493 million, up Baht 92 million or 6.6% from 1H/2007 resulting from an increase in cost of UT sales corresponding to the sales growth.

Cost of telephone services

Cost relating to the telephone business for Q2/2008 amounted to Baht 207 million, a decrease of Baht 121 million or 36.9% from Baht 328 million in Q2/2007. This was because the Company recognized cost incurred by CamShin and LTC corresponding to the new investment proportion, following the sale of 49% shares in Shenington to AMH in Q3/2007. However, both LTC and CamShin's cost of sales and services increased from Q2/2007 and Q1/2008. There was a rise in LTC's amortization of expanded telephone network in Lao PDR. Meanwhile, CamShin had increases in interconnection charge from a promotion for calling to all networks that led to a rise in outgoing calls across networks, and in cost of electricity from expanded base stations. Consequently, cost relating to the telephone business rose by Baht 3 million or 1.5% from Baht 204 million

Cost of Internet access and media services

Cost relating to the Internet access and media business in Q2/2008 was Baht 137 million, an increase of Baht 82 million or 149.1% from Baht 55 million in Q2/2007, because of a cost rise in from DTV sales corresponding to the sales growth, offset by a decrease in cost of Internet service from LTC and CamShin which was recorded according to the new investment proportion. Compared with Baht 61 million in Q1/2008, the cost rose by Baht 76 million or 124.6% following the DTV sales growth in Thailand, Cambodia and Lao PDR.

Selling and administrative expenses

SG&A expenses, including directors' remuneration, were Baht 300 million in Q2/2008, a decrease of Baht 76 million, or 20.2%, compared to Baht 376 million in Q2/2007. This was due to decreases in consultancy fees for restructuring loan repayments of the IPSTAR and Thaicom 5 projects, and in SG&A expenses from LTC and CamShin which was recorded according to the new investment proportion, offset by an increase in marketing expense for the satellite business. Compared the previous quarter, the SG&A expenses decreased by Baht 59 million or 16.4% from Baht 359 million mainly due to an increase in consultancy fees for restructuring loan repayments of the IPSTAR and Thaicom 5 projects.

Interest expense

Interest expense decreased by 55.5% from Q2/07.

Interest expense was Baht 105 million, a decrease of Baht 131 million, or 55.5%, compared with Baht 236 million in Q2/2007 due to the loan repayment for the Thaicom 4 and Thaicom 5 projects in Q3/2007.

Gain on exchange rate

As the Thai Baht had continuously depreciated, the Company reported a loss of Baht 437 million from foreign exchange for Q2/2008, compared with a gain on exchange of Baht 213 million in Q2/2007.

Share of net results from investment – equity method

The share of net results from investment in Q2/2008 was Baht 20 million, decreased by Baht 4 million or 16.7% from Baht 24 million in Q2/2007 and dropped Baht 7 million or 25.9% over Baht 27 million in Q1/2008. This was due to 16.7% and 24.2% decreases in CSL's net profit from Q2/2007 and Q1/2008 respectively resulting from an increase in its capacity for international and local links to efficiently serve customer needs, and more marketing and advertising expenses of internet services and print classified business.

Compared to the previous quarter, CSL's operating income was better. However, CSL had to write-off the remaining goodwill of Loxserve in amount of Baht 16 Million. This resulted from the registration of its liquidation with the Ministry of Commerce on 29 May 2008 leading to a decrease in CSL's net profit over the previous quarter.

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 115 million in this quarter, compared with income tax expense of Baht 51 million for Q2/2007.

IV. Financial Position

At the end of Q2/2008, the Company reported total assets of Baht 29,267 million, a decrease of Baht 834 million or 2.8% from Baht 30,101 million at the end of 2007. This was mainly because of the depreciation and amortization of PP&E under concession agreements, lower cash and cash equivalents resulting from payment of income tax payable from the sale of 49% shares in Sherington to AMH and from loan repayment for the Thaicom 4 and Thaicom 5 projects, offset by an increase in PP&E.

THCOM's asset components

Assets	June 30, 2008		December 31, 2007	
	Amount	% of	Amount	% of
	(Bt mn)	Total assets	(Bt mn)	Total assets
Current assets	3,913	13.4	4,313	14.3
Investment in associates	428	1.5	676	2.2
PP&E, net	5,009	17.1	4,505	15.0
PP&E under the concession agreement, net	17,930	61.3	18,777	62.4
Intangible assets	1,274	4.4	1,302	4.3

Liquidity

At the end of Q2/2008, the Company had a current ratio of 1.04 times, up from 0.93 at the end of 2007. This was mainly because of payment of income tax payable from the sale of 49% shares in Sherington to AMH resulting in a decrease of Baht 1,219 million in income tax payable.

Investments

Investment in CSL was presented as an "investment in an associate" item. At the end of Q2/2008 the Company's "investment in an associate" was Baht 428 million, a decrease of Baht 248 million or 36.7% from Baht 676 million at the end of 2007, reflecting a proportionate recognition of CSL's net profit for 1H/2008 amounted to Baht 47 million, offset by a dividend paid of Baht 107 million and capital deduction of Baht 188 million.

Property, plant and equipment

Property, Plant and Equipment (PP&E) at the end of Q2/2008 was Baht 5,009 million, an increase of Baht 504 million or 11.2% from Baht 4,505 million at the end of last year. This was mainly due to purchase of assets of Baht 766 million in this quarter most of which were assets for the expansion of telephone network in Cambodia and Lao PDR, a depreciation and amortization of PP&E of Baht 333 million. PP&E at the end of Q2/2008 also included the assets under concession agreements of CamShin of approximately Baht 1,476 million, dropped by Baht 135 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 Q2/2008 was Baht 17,930 million, a decrease of Baht 847 million from Baht 18,777 million at the end of 2007 totally due to an amortization in 1H/2008.

Intangible assets

Intangible assets at the end of Q2/2008 were Baht 1,274 million, a decrease of Baht 28 million compared to Baht 1,302 million at the end of 2007 due to its depreciation and amortization and foreign currency translation adjustments offset by increased intangible assets arising from the development of UT.

Borrowings and Shareholders' equity

The Company's net borrowings at the end of Q2/2008 were Baht 9,333 million, a decrease of Baht 512 million from Baht 9,845 million at the end of 2007. This was mainly due to a loan repayment for the Thaicom 4 and Thaicom 5 projects, and loan repayments made by CamShin and DTV.

The Company's shareholders' equity at the end of Q2/2008 was Baht 16,817 million, an increase of Baht 133 million from 16,684 million at the end of 2007, reflecting a translation gain relating to financial statements of foreign operations of Baht 110 million, the net loss for the six-month period ended June 30, 2008 of Baht 1 million, and the issue of share capital of Baht 23 million.

With lower net borrowings and higher shareholders' equity for the six-month period ended June 30, 2008, net borrowings to equity at the end of Q2/2008 were 0.55 times, down from 0.59 times at the end of 2007.

Cash flow

The Company's cash outflows from operating activities for 1H/2008 were Baht 9 million. Net cash outflows from investing activities were Baht 205 million, mainly due to payments for satellite equipment and the expansion of telephone network. The Company had net cash outflows from financing activities of Baht 470 million mainly due to long-term loan repayments total of Baht 635 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 1,730 million on June 30, 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.