
I. Overview

Increase in revenue from sales and services in Q2/2011

IPSTAR revenue grew 35.1% from Q2/2010

Growth in EBIT and net cash flow from operating activities

Thaicom Plc ("the Company")'s total revenue from sale of goods and rendering of services for Q2/2011 was Baht 1,862 million, up by 13.1% compared to Q2/2010, due to revenue increases from satellite services (on a 35.1% increase in IPSTAR sales and service revenue), and from Internet access and media services. In parallel, cost of sale and services decreased year-on-year, due mainly to its efficiency in cost control. With these contributions, operating earnings grew by Baht 170 million, net loss declined by Baht 130 million, and net cash from operating activities grew by Baht 657 million, compared to the same period last year.

The Company reported a net loss of Baht 25 million and a loss on foreign exchange of Baht 9 million for Q2/2011, while the Company reported a net loss of Baht 155 million and a loss on foreign exchange of Baht 22 million for Q2/2010.

In August 2011, CS LoxInfo Plc ("CSL") announced it would pay an interim dividend of Baht 0.27 per share for the performance of the first six months of 2011.

II. Business Summary

Transponder leasing and related business

The Board of Directors of the Company at its meeting held on May 30, 2011 passed a resolution approving the investment in Thaicom 6 Satellite Project, in the total amount of approximately US\$160 million. Thaicom 6 will expand the Company's business in providing satellite services to customers in particular, services for distributing video (broadcasting) such as satellite television. The demand for satellite transponders in the C-band and Ku-band frequencies in Southeast Asia, East and South Asia are forecasted to be strong.

The Thaicom 6 satellite is considered a medium-size satellite of three-axis stabilized type similar to the Thaicom 5 satellite with the total of 26 transponders, with a minimum life of 15 years of service. The company will launch the Thaicom 6 satellite into the orbit at 78.5 degrees East and it will co-located with the Thaicom 5 satellite. The company expects to launch the Thaicom 6 satellite into orbit within the second quarter of the year 2013, the construction of which takes approximately two years.

IPSTAR Australia Pty Ltd ("IPA") has signed a contract with NBN Company Limited ("NBN Co") for Australia's National Broadband Network's Interim Satellite Service which will commence from 1 July 2011 onwards. The contract is valued at AUD 100 million.

An agreement has been signed with a subsidiary of MEASAT Global Berhad ("MEASAT") for the Malaysian payload of the Thaicom 4 (IPSTAR) satellite. According to the agreement, the MEASAT subsidiary will secure a major portion of the IPSTAR capacity over Malaysia allowing the MEASAT subsidiary to become the IPSTAR National Satellite Operator ("NSO") with exclusive rights to provide bandwidth capacity and its related broadband services in Malaysia. The total bandwidth capacity is capable of delivering 3.3 Gigabits-per-second (Gbps) of IP connectivity. This amounts to seven percent of total bandwidth capacity of the Thaicom 4 (IPSTAR) satellite. The IPSTAR Malaysian payload will be marketed as MEASAT-5.

In addition, MEASAT Satellite Systems Sdn. Bhd. will secure the existing IPSTAR gateway equipment. The gateway will be moved to the MEASAT Teleport and Broadcast Centre in Cyberjaya.

Telephone business

As of the end of Q2/2011, Lao Telecommunications Co., Ltd. ("LTC") and Mfone Company Limited ("Mfone") had total phone subscribers of 1,572,934 and 553,582, respectively. Currently, the telecom market competition in Cambodia is high with nine mobile operators.

Internet and media business

In Q2/2011, DTV Service Co., Ltd. ("DTV"), the Company's subsidiary, had a growth of DTV sales volume. Accumulated number of DTV satellite television dish sets sold by DTV was 1,072,282 sets as of the end of Q2/2011, an increase of 350,967 sets from the end of Q2/2010.

CSL reported a 14.9% year-on-year growth in net profit from normal business operations in Q2/2011, primarily due to the growth of Internet access services and mobile content services, together with its efficiency in cost control, and decreased selling and administrative expenses resulting from its efficiency in expense control for publishing of the Thailand YellowPages business.

III. Consolidated Operating Results

Selected financial information on THCOM

Unit: MBt	Amount			Change		Amount		Change
	Q2/11	Q1/11	Q2/10 restated ***	QoQ (%)	YoY (%)	1H/11	1H/10	YoY (%)
Revenue from sale of goods and rendering of services	1,862	1,570	1,646	18.6%	13.1%	3,432	3,430	0.1%
Share of profits of associate	43	44	40	-2.3%	7.5%	87	77	13.0%
Cost of sale of goods and rendering of services	1,416	1,306	1,447	8.4%	-2.1%	2,722	2,973	-8.4%
SG&A expenses	394	367	317	7.4%	24.3%	761	674	12.9%
EBIT*	52	(103)	(118)	n.m.	n.m.	(51)	(217)	76.5%
EBITDA**	700	524	530	33.6%	32.1%	1,224	1,065	14.9%
Net profit	(25)	(167)	(155)	85.0%	83.9%	(192)	(316)	39.2%
EPS (Baht)	(0.02)	(0.15)	(0.14)	86.7%	85.7%	(0.17)	(0.29)	41.4%

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

** EBITDA = EBIT + Depreciation and Amortization

*** From 1 January 2011, consequent to the adoption of new and revised Thai Financial Reporting Standards ("TFRS"), the Company's financial statements for the year ended 31 December 2010, as the prior year comparative statements, were restated to follow the new policy.
n.m. = not meaningful

Sales and service income

Consolidated revenue from sale of goods and rendering of services in Q2/2011 was Baht 1,862 million, a rise of Baht 216 million or 13.1% compared to Baht 1,646 million in Q2/2010 and a rise of Baht 292 million or 18.6% compared to Baht 1,570 million in Q1/2011, due to revenue increases from the satellite business and from the Internet access and media business, offset by a revenue drop from the telephone business.

Consolidated revenue from sale of goods and rendering of services for 1H/2011 was Baht 3,432 million, up by Baht 2 million or 0.1% from Baht 3,430 million in 1H/2010 due to revenue growth from the satellite business, offset by revenue decreases from the telephone business and from the Internet access and media business.

Revenue from sale of goods and rendering of services	Q2/11	Q1/11	Q2/10	%QoQ	%YoY	1H/11	1H/10	%YoY
Satellite and related services	1,461	1,141	1,155	28.0%	26.5%	2,602	2,353	10.6%
Telephone services	274	321	374	-14.6%	-26.7%	595	819	-27.4%
Internet access and media services	127	108	117	17.6%	8.5%	235	258	-8.9%
Total	1,862	1,570	1,646	18.6%	13.1%	3,432	3,430	0.1%

Satellite transponder leasing and related services

Revenue from satellite transponders and related services in Q2/2011 was Baht 1,461 million, an increase of Baht 306 million or 26.5% compared to Baht 1,155 million in Q2/2010, and an increase of Baht 320 million or 28.0% compared to Baht 1,141 million in Q1/2011. The satellite revenue growth was primarily contributed by IPSTAR sales and service, and Thaicom 5 conventional satellite service.

Satellite revenue for the first six months of 2011 grew by Baht 249 million or 10.6% from the same period last year, due largely to a 37.2% growth in IPSTAR service revenue.

Satellite and related services	Q2/11	Q1/11	Q2/10	%QoQ	%YoY	1H/11	1H/10	%YoY
Thaicom 2 and 5	599	562	517	6.6%	15.9%	1,161	1,154	0.6%
IPSTAR	862	579	638	48.9%	35.1%	1,441	1,199	20.2%
Sales	264	92	194	187.0%	36.1%	356	408	-12.7%
Services	598	487	444	22.8%	34.7%	1,085	791	37.2%
Total	1,461	1,141	1,155	28.0%	26.5%	2,602	2,353	10.6%

- Revenue from the Thaicom conventional satellite business for Q2/2011 was Baht 599 million, up by Baht 82 million or 15.9% from Baht 517 million in Q2/2010, and rose by Baht 37 million or 6.6% from Baht 562 million in Q1/2011. These were caused by:
 - Revenue growth from satellite transponder leasing service provided to broadcasting satellite operators and to telecommunications operators.
 - Revenue growth from value-added services e.g. teleport services including tape playout and digital signal compression, and system integration service.

The demand for commercial satellite services from broadcasting satellite operators continues to be strong and growing with an increase in the number of television channels under the conventional satellite platform at 78.5 degrees east from 304 channels at the end of Q2/2010 to 380 channels at the end of Q2/2011.

- IPSTAR revenue was Baht 862 million in Q2/2011, up by Baht 224 million or 35.1% from Baht 638 million in Q2/2010. This was contributed by:
 - Service revenue growth of Baht 154 million or 34.7%. The IPSTAR service growth contributed to an increase of Baht 294 million or 37.2% year-on-year in the 2011 first-half IPSTAR service revenue. The main drivers of service growth are:
 - Higher bandwidth usage mainly in India, Japan, Australia, Malaysia, Myanmar, Cambodia, and New Zealand.
 - Full charge to customer in Japan. The Company has charged bandwidth usage fees in full to the customer in Japan since April 2011 on a monthly basis, while in Q2/2010 the Company charged it with a 50% discount for a 1-year advance payment for the service period of April 2010-March 2011.

- Sales revenue growth of Baht 70 million or 36.1% on underlying User Terminal ("UT") sales volume growth.

Compared to the previous quarter, IPSTAR revenue rose by Baht 283 million or 48.9% on:

- Sales revenue growth of Baht 172 million or 187.0% following a higher UT sales volume.
- Service revenue growth of Baht 111 million or 22.8% attributable to:
 - Higher bandwidth usage mainly in Japan, Australia, New Zealand, Malaysia, and Myanmar.
 - Full fees charged to the customer in Japan for IPSTAR bandwidth usage as stated above.

Telephone services

The Company's revenue from telephone services in Q2/2011 was Baht 274 million, down by Baht 100 million or 26.7% compared to Baht 374 million in Q2/2010, due mainly to lower revenue per minute of usage with the following:

- Mfone
 - Currently, there are 9 mobile operators in Cambodia, leading to a price war and the intense competition in the market, and a decrease in revenue per minute of usage.
- LTC
 - The mobile phone industry in Lao PDR also faces higher competition; however, LTC still has the growth of telephone subscribers of 12.7% year-on-year and ranks No.1 in Lao PDR's mobile phone market share.

Moreover, Mfone and LTC reported financial statements in US dollars and Lao kips respectively, so that an appreciation of the Thai baht against the US dollar and the Lao kip further reduced the Company's telephone revenue presented in Baht. Compared to the prior quarter, telephone revenue declined by Baht 47 million or 14.6%.

Internet access and media services

Revenue from Internet access and media services in Q2/2011 was Baht 127 million, up by Baht 10 million or 8.5% from Baht 117 million in Q2/2010, due mainly to a revenue increase in DTV satellite dish sales following a higher sales volume in Cambodia, offset by a revenue drop in DTV satellite dish sales in Thailand.

Compared to the previous quarter, revenue from Internet access and media services in Q2/2011 rose by Baht 19 million or 17.6%, driven by a revenue increase in DTV satellite dish sales following a higher sales volume largely in Thailand. As at the end of Q2/2011, accumulated DTV sales volume was 1,072,282 sets, up 350,967 sets from the end of Q2/2010.

Cost of sales and service

The Company reported total cost of sales and service for Q2/2011 of Baht 1,416 million, a decrease of Baht 31 million or 2.1% compared to Baht 1,447 million in Q2/2010, on cost decreases from the telephone business, and the Internet access and media business. Compared to Q1/2011, total cost of sales and service for Q2/2011 rose by Baht 110 million or 8.4% on cost increases from the satellite business and the Internet access and media business, offset by a cost decrease from the telephone business.

Total cost for the first six months of 2011 was Baht 2,722 million, down by Baht 250 million or 8.4% from Baht 2,972 million for the same period last year. This was a result of cost decreases from the satellite business, the Internet access and media business, and the telephone business. For the 1H/2011, total cost accounted for 79.3% of total sales and services income, down from 86.6% in 1H/2010.

Cost of sale of goods and rendering of services	Q2/11	Q1/11	Q2/10	%QoQ	%YoY	1H/11	1H/10	%YoY
Satellite and related services	998	890	996	12.1%	0.2%	1,888	2,042	-7.5%
Telephone services	320	334	341	-4.2%	-6.2%	654	697	-6.2%
Internet access and media services	98	82	110	19.5%	-10.9%	180	233	-22.7%
Total	1,416	1,306	1,447	8.4%	-2.1%	2,722	2,972	-8.4%

Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services in Q2/2011 was Baht 998 million, an increase of Baht 2 million or 0.2% from Baht 996 million in Q2/2010 and an increase of Baht 108 million or 12.1% from Baht 890 million in Q1/2011.

Satellite and related services	Q2/11	Q1/11	Q2/10	%QoQ	%YoY	1H/11	1H/10	%YoY
Thaicom 2 and 5	223	237	265	-5.9%	-15.8%	460	597	-22.9%
IPSTAR	775	653	731	18.7%	6.0%	1,428	1,445	-1.2%
Total	998	890	996	12.1%	0.2%	1,888	2,042	-7.5%

- Cost relating to the Thaicom conventional satellites was Baht 223 million, a decrease of Baht 42 million or 15.8% from Baht 265 million in Q2/2010, mainly caused by lower cost of transponder rental for the global digital television service.

Compared to Q1/2011, the cost decreased by Baht 14 million or 5.9% due mainly to a decrease in cost of transponder rental for the global digital television service, offset by an increase in cost of providing the system integration services in accordance with the revenue growth.

- Cost of providing IPSTAR services was Baht 775 million, up by Baht 44 million or 6.0% from Baht 731 million in Q2/2010, primarily due to increases in the following:
 - Cost of UT sales following the UT sales growth.
 - Operating agreement fee in line with the IPSTAR bandwidth revenue growth.
 - Gateway operation cost in India.

Offset by a decrease in:

- Warranty cost for UTs sold in Australia.

Compared to Q1/2011, the IPSTAR cost increased by Baht 122 million or 18.7% as a result of increases in the following:

- Cost of UT sales following the UT sales growth.
- Gateway operation cost in India.

Cost of telephone services

Cost relating to the telephone business for Q2/2011 amounted to Baht 320 million, down by Baht 21 million or 6.2% from Baht 341 million in Q2/2010, with the following:

- Mfone reported cost decreases in:
 - Cost of electricity resulting from its efficiency in cost control.
 - Revenue sharing cost following the revenue drop.
 - Cost of interconnection charge.

- Offset by LTC's cost increases in:
 - Cost of inter-roaming.
 - Depreciation cost for its expanded telephone network.

As stated above that Mfone and LTC reported its financial statements in US dollars and Lao kips respectively, so the appreciation of the Thai baht against the US dollar and the Lao kip further lowered the Company's total cost from the telephone business in Cambodia and Lao PDR when converting to the Thai baht.

Compared to Q1/2011, the telephone cost for Q2/2011 decreased by Baht 14 million or 4.2% on the following:

- Mfone's lower cost of interconnection charge.
- Offset by
- LTC's higher depreciation cost for its expanded telephone network.

Cost of Internet access and media services

Cost relating to the Internet access and media business in Q2/2011 was Baht 98 million, down by Baht 12 million or 10.9% from Baht 110 million in Q2/2010 due mainly to lower cost of DTV sales in Thailand corresponding to the sales revenue drop.

Compared to Q1/2011, the cost rose by Baht 16 million or 19.5% due mainly to higher cost of DTV satellite dish sales in Thailand and Cambodia in line with the sales revenue growth.

Selling and administrative expenses

SG&A expenses, including directors and management benefit expenses, totaled Baht 394 million in Q2/2011, an increase of Baht 77 million, or 24.3%, compared to Baht 317 million in Q2/2010. This was due to increases in staff expenses, administrative expenses, and marketing expenses for the satellite business, offset by a decrease in marketing expenses for the telephone business in Cambodia and Lao PDR.

Compared to Q1/2011, SG&A expenses increased by Baht 27 million or 7.4% behind increases in administrative expenses, and marketing expenses for the satellite business and the telephone business in Cambodia, offset by decreases in doubtful debt provision and staff expenses for the satellite business, in marketing expenses and staff expenses for the telephone business in Lao PDR.

Loss on exchange rate

In Q2/2011, the Company reported a loss on foreign exchange of Baht 9 million. This was impacted by the appreciation of the Singapore dollar against the US dollar, so the revaluation of loans to a subsidiary and accrued income led to a loss on foreign exchange for Shenington Investments Pte Ltd. ("Shenington"). While the Company reported a loss on foreign exchange of Baht 22 million in Q2/2010 largely caused by the impact of the appreciation of the Australian dollar against the US dollar; consequently, the revaluation of trade accounts receivable and accrued income resulted in a loss on foreign exchange for IPSTAR Australia PTY Limited ("IPA"). Most of these losses on exchange rate were unrealized.

Share of profit of associates – equity method

Share of profit of associates in Q2/2011 was Baht 43 million, increased by Baht 3 million or 7.5% from Baht 40 million in Q2/2010, due to a 14.9% increase year-on-year in CSL's net profit from normal business operations. This was due mainly to increases in revenue from the Internet business and the Mobile Content business, together with its efficiency in cost control, and lower SG&A expenses resulting from its efficiency in expense control for publishing of the Thailand YellowPages business.

Finance cost

Finance costs totaled Baht 121 million in Q2/2011, down by Baht 10 million, or 7.6%, compared with Baht 131 million in Q2/2010. This was because there was no interest expense from the payment of operating agreement fee in Q2/2011. Finance costs in Q2/2011 mostly comprised of debenture interests.

Income tax expense

The Company reported income tax expense of Baht 16 million for Q2/2011, while recognizing the future benefit arising from losses carried forward that reduced the future tax base as an income tax receivable of Baht 38 million in Q2/2010.

IV. Financial Position

At the end of Q2/2011, the Company reported total assets of Baht 26,596 million, an increase of Baht 728 million or 2.8% from Baht 25,868 million at the end of 2010. This was mainly because of higher cash and cash equivalents, and additions to PP&E mainly consisting of assets for the telephone network expansion and the satellite business, offset by the year-to-date accumulated depreciation and amortization of PP&E and PP&E under operating agreements.

THCOM's asset components

Assets	June 30, 2011		December 31, 2010	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	3,648	13.7	3,026	11.7
Investment in associates	465	1.7	440	1.7
PP&E, net	5,922	22.3	5,263	20.3
PP&E under the concession agreement, net	13,508	50.8	14,177	54.8

Liquidity

At the end of Q2/2011, the Company had a current ratio of 0.84 times, down from 0.89 at the end of 2010 due mainly to:

- Higher current portion of long-term loans
- Short-term loans from financial institutions for the Thaicom 6 project which will be replaced with long-term loans after the Company obtains long-term loan facilities.
- Accrued 20th operating agreement fee due in September 2011.

Investments

Investment in CSL was presented as "investment in subsidiaries, jointly controlled entities and associate" item. At the end of Q2/2011, the Company's investment in CSL was Baht 465 million, an increase of Baht 25 million or 5.7% from Baht 440 million at the end of 2010, reflecting:

- Proportionate recognition of CSL's net profit for 1H/2011 amounting to Baht 87 million.
- Unrealized gain from the reduction in investment in the associate of Baht 0.2 million

Offset by:

- Dividend paid by CSL of Baht 63 million.

Property, plant and equipment

Property, Plant and Equipment (PP&E) at the end of Q2/2011 was Baht 5,922 million, an increase of Baht 659 million or 12.5% from Baht 5,263 million at the end of 2010. This was due mainly to:

- Additions to PP&E of Baht 1,119 million for the first six months of 2011 largely consisting of assets for the telephone network expansion in Cambodia and Lao PDR, assets under construction for the Thaicom 6 project, and satellite equipment.

Offset by:

- Accumulated depreciation and amortization of PP&E of Baht 554 million in 1H/2011.

PP&E at the end of Q2/2011 also included assets under operating agreements of Mfone of approximately Baht 2,158 million, down by Baht 160 million from Baht 2,318 million at the end of 2010.

PP&E under operating agreements

PP&E under operating agreements at the end of Q2/2011 was Baht 13,508 million, a decrease of Baht 669 million from Baht 14,177 million at the end of 2010 mostly due to depreciation and amortization expenses in 1H/2011.

Borrowings and Shareholders' equity

The Company's *net borrowings* at the end of Q2/2011 totaled Baht 9,044 million, an increase of Baht 646 million from Baht 8,398 million at the end of 2010. This was mainly attributable to:

- Proceeds from loans for the Thaicom 6 project.
- An increase in borrowing from change in status from account payable of property and equipment of telephone network in Cambodia.

Offset by:

- Repayment of long-term borrowings by IPA, DTV, and Mfone.

The Company's *shareholders' equity* at the end of Q2/2011 was Baht 14,480 million, a decrease of Baht 63 million from Baht 14,543 million at the end of 2010, reflecting:

- Net loss for 1H/2011 of Baht 192 million.

Offset by:

- Translation gain relating to financial statements of foreign operations of Baht 124 million.

With higher net borrowings and lower shareholders' equity for the six-month period ended June 30, 2011, the ratio of net borrowings to equity at the end of Q2/2011 was 0.62 times, slightly up from 0.58 times at the end of 2010.

Cash flow

Net cash flow provided by operating activities for 1H/2011 was Baht 1,555 million, rose by baht 169 million or 12.2% from the same period last year, due mainly to:

- Operational improvement for 1H/2011 on a decrease of Baht 166 million in operating loss compared to 1H/2010.
- Payment of accrued 18th operating agreement fee of Baht 415 million in 1H/2011, while there was no this account in 1H/2011.

Offset by:

- 1-year advance receipt from the customer in Japan of approximately Baht 326 million in Q1/2010 for the service period of April 2010-March 2011, while the Company has received service fees on a monthly basis since April 2011.

Management's Discussion and Analysis: THCOM

Net cash flow used by investing activities for 1H/2011 was Baht 919 million. The Company reported payment of property and equipment of Baht 920 million mainly for the expansion of telephone network, the Thaicom 6 project, and satellite equipment.

Net cash flow provided by financing activities for 1H/2011 was Baht 39 million due mainly to:

- Proceeds from short-term loans of Baht 396 million mostly for the Thaicom 6 project.

Offset by:

- Interest payment of Baht 239 million most of which consisted of debenture interests.
- Repayment of long-term borrowings of Baht 121 million by IPA, DTV, and Mfone.

The Company had ending cash of Baht 1,948 million on June 30, 2011.

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.