

## Overview

The Company had a consolidated net profit for Q3/2008 of Baht 76 million, an increase of Baht 26 million or 52% from Q2/2008. This was due to:

- 1) Operating profit increased Baht 13 million or 14% (Q3/2008 = 107 MB, Q2/2008 = 94 MB), from Internet Access Services and Print Classified Business.
- 2) Write-off of the remaining goodwill of its subsidiary (LXS) to the amount of Baht 16 million as an expense due to its liquidation in Q2/2008.

Since Q1/2008, onward, The Company has adopted The Thai Accounting Standard TAS 43 (amendment 2007). This amendment permitted the Company to have no goodwill amortization, but to have to test its impairment instead.

## Operating Results

### **The consolidated financial statement for the three-month period ended 30 September 2008 compared to the consolidated financial statement for three-month period ending 30 June 2008.**

The Company reported a consolidated net profit for the Q3/2008 of Baht 76 million and had an operating profit of Baht 107 million, an increase of Baht 13 million or 14% from Internet Access Services Business.

#### **CSL's selected financial information (Unit: Million Baht)**

<b>Description</b>	<b>Q3/2008</b>	<b>Q2/2008</b>	<b>(%)</b>
Total revenues	687	656	5
Costs of sales and services	363	357	2
SG&A expenses	217	205	6
Operating profit	107	94	14
Interest expenses and income tax	31	29	7
Write-off Goodwill (LoxServe)	-	16	(100)
Net profit	76	50	52
EPS (Baht)	0.13	0.09	44

### **Total Revenue from sales and services**

In Q3/2008, the Company earned Baht 658 million in total revenues from sales and services, an increase of Baht 12 million, or 2%, over Q2/2008, which amounted to Baht 646 million. The main revenue streams were firstly, Internet Access Services, secondly, Publishing of the Thailand YellowPages and its Voice Info Service, thirdly, Mobile Content Service and lastly, Print Classified Business.

1) Revenue from Internet Access Services

In Q3/2008, the revenue from Internet Access Services was Baht 373 million, an increase of Baht 3 million or 1% from Q2/2008, which amounted to Baht 370 million. The details are as follows:

- Revenue from leased lines services increased by Baht 5 million due to the Company still putting more effort on sales and an expanding customer base in the business and corporate segments, which continuously have potential growth.
- Revenue from dial up decreased Baht 5 million, while revenue from broadband internet services was roughly equivalent to that in the previous quarter.
- Revenue from other services increased Baht 3 million from selling leased line equipments.

2) Revenue from the publishing of the Thailand YellowPages and Voice Info Service

The Company recognized revenue from the publishing of the Thailand YellowPages and Voice Info Service for Q3/2008 of Baht 208 million, an increase of Baht 3 million or 1% over Q2/2008, which amounted to Baht 205 million. This was due to the fact the Company issued two books of Provincial and City YellowPages (Nonthaburi) and one specific book (Visitor's Guide to Thailand) in this quarter.

3) Revenue from Mobile Content Service

The Company recognized revenue from Mobile Content Services for Q3/2008 of Baht 23 million, roughly equivalent to that in Q2/2008.

4) Revenue from Print Classified Business

The Company recognized revenue from the Print Classified Business for Q3/2008 of Baht 55 million, an increase of Baht 5 million or 10% from Q2/2008, amounting to Baht 50 million. This mainly resulted from an increase of the sale of advertising space in print classified newspapers, covering Jobs, Real Estate and Cars.

**Cost of sales and services**

In Q3/2008, the Company had total costs of sales and services to the amount of Baht 363 million, an increase of Baht 6 million or 2% from Q2/2008, amounting to Baht 357 million. This was mainly due to the following:

1) Cost of Internet Access Services

In Q3/2008, costs associated with Internet Access Services was Baht 251 million, increasing by Baht 8 million, or 2% over Q2/2008, amounting to Baht 243 million. This resulted from an increase of media leased line costs due to its revenue increased.

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2) Cost of publishing the Thailand YellowPages and Voice Info Service

The Company recognized costs of publishing the Thailand YellowPages for Q3/2008 to the amount of Baht 69 million, roughly equivalent to that in Q2/2008.

3) Cost of Mobile Content Service

The Company recognized costs of its mobile content service for Q3/2008 to the amount of Baht 10 million, roughly equivalent to that in Q2/2008.

4) Cost from Print Classified Business

The Company recognized costs from the print classified business for Q3/2008 to the amount of Baht 33 million, roughly equivalent to that in Q2/2008.

**Selling and Administrative Expenses**

In Q3/2008, the Company had total selling and administrative expenses of Baht 217 million, an increase of Baht 12 million or 6% over Q2/2008, which amounted to Baht 205 million. This was due to the following:

1) Selling and administrative expenses of Internet Access Services

In Q3/2008, the selling and administrative expenses of Internet Access Services were Baht 77 million, roughly equivalent to that in Q2/2008.

2) Selling and administrative expenses of the publishing of the Thailand YellowPages and Voice Info Services

The Company recognized selling and administrative expenses of the publishing of the Thailand YellowPages for Q3/2008 of Baht 95 million, an increase of Baht 10 million or 12%, over Q2/2008, amounting to Baht 85 million. This was due to increased marketing and selling and administrative expenses.

3) Selling and administrative expenses of Mobile Content Services

The Company recognized selling and administrative expenses of mobile content service for Q3/2008 of Baht 18 million, an increase of Baht 4 million or 29%, over Q2/2008, amounting to Baht 14 million. This resulted from the termination costs for reorganizing business structure by integrating Shinee operations and staff with TMC 1900 AudioText business in order to share common facilities and to reduce ongoing operating costs

4) Selling and administrative expenses of Print Classified Business

The Company recognized selling and administrative expenses from print classified business in Q3/2008 Baht 27 million, roughly equivalent to that in Q2/2008.

### Write-off Goodwill

In Q2/2008, the Company had to write-off the remaining goodwill of LoxServe to the amount of Baht 16 Million to the Statement of Income which ended 30 June 2008. This resulted from a resolution of the extraordinary shareholders' meeting in May 2008 of LoxServe to approve the registration of its liquidation with the Ministry of Commerce on 29 May 2008 and it is in the process of ceasing its existence.

### The consolidated financial statement for the three-month period ending 30 September 2008 compared to the consolidated financial statement for three-month period ending 30 September 2007.

The Company reported a consolidated net profit in Q3/2008 of Baht 76 million, a decrease of Baht 25 million, or 25% and had an operating profit of Baht 107 million, a decrease of Baht 20 million, or 16%, compared to Q3/2007.

#### CSL's selected financial information (Unit: Million Baht)

Description	Q3/2008	Q3/2007	(%)
Total revenues	687	658	4
Costs of sales and services	363	342	6
SG&A expenses	217	189	15
Operating profit	107	127	(16)
Interest expense and income tax	31	40	(23)
Extraordinary gain	-	35	(100)
Goodwill amortization	-	21	100
Net profit	76	101	(25)
EPS (Baht)	0.13	0.16	(19)

### Total Revenue from sales and services

In Q3/2008, the Company earned Baht 658 million in sale and service revenues, an increase of Baht 14 million or 2%, over Q3/2007, amounting to Baht 644 million. The main stream of revenue of the Company was from firstly, Internet Access Services secondly, Publishing of the Thailand YellowPages and its Voice Info Service thirdly, Mobile Content Service and lastly, Print Classified Business.

#### 1) Revenue from Internet Access Services

In Q3/2008, the revenue from Internet Access Services was Baht 373 million, an increase of Baht 27 million or 8%, over Q3/2007 Baht 346 million. The details are as follows:

- Revenue from leased lines services increased by Baht 41 million due to the Company still emphasizing on sales and expanding its customer base in business and corporate segments, which continuously have potential growth.
- Revenue from dial up and broadband internet services decreased by Baht 10 million and Baht 7 million or 32% and 10%, respectively. This was due to some customers having migrated to broadband services and an intensive competitive environment in consumer market.
- Revenue from other services increased Baht 3 million due to revenue from selling leased line equipments.

#### 2) Revenue from publishing the Thailand YellowPages and Voice Info Service

The Company recognized revenue from the publishing of the Thailand YellowPages and Voice Info Service for Q3/2008 of Baht 208 million, a decrease of Baht 10 million or 5%, over Q3/2007 Baht 218 million. This resulted from a decrease in revenue from advertising sales in 2008 YP book. This resulted from a declining of advertising industry trend.

#### 3) Revenue from Mobile Content Service

The Company recognized revenue from Mobile Content Service for Q3/2008 of Baht 23 million, a decrease of Baht 12 million or 34% from Q3/2007, amounting to Baht 35 million. This was due to 1) an intensive competitive environment in its Ringtone Download Market and 2) a change in service behavior of customers who are capable of creating their own content as currently mobile phone users can send-receive pictures or songs from a computer directly to mobile phone.

#### 4) Revenue from Print Classified Business

The Company recognized revenue from the print classified business in Q3/2008 Baht 55 million, an increase of Baht 6 million or 12% over Q3/2007, amounting to Baht 49 million. This mainly resulted from an increase of the sale of advertising space in print classified newspapers, covering Jobs, Real Estate and Cars.

### **Cost of sales and services**

In Q3/2008, the Company had total cost of sales and services in amount of Baht 363 million, an increase of Baht 21 million or 6% from Q3/2007, amounting to Baht 342 million. This was mainly due to the following:

#### 1) Cost of Internet Access Services

In Q3/2008, cost associated with Internet Access Services was Baht 251 million, an increase of Baht 32 million or 15% over the Q3/2007, amounting to Baht 219 million. This was due to cost of internet network and media leased line increased.

2) Cost of publishing the Thailand YellowPages and Voice Info Service

The Company recognized costs from publishing the Thailand YellowPages and Voice Info Service for Q3/2008 of Baht 69 million, roughly equivalent to that in Q3/2007.

3) Cost of Mobile Content Service

The Company recognized costs from Mobile Content Service in Q3/2008 of Baht 10 million, a decrease of Baht 11 million or 52% over Q3/2007, amounting to Baht 21 million. This resulted from a decrease of its revenue.

4) Cost of Print Classified Business

The Company recognized costs from print classified business in Q3/2008 of Baht 33 million, roughly equivalent to that on Q3/2007.

**Selling and Administrative Expenses**

In Q3/2008, the Company had total selling and administrative expenses of Baht 217 million, an increase of Baht 28 million or 15% from Q3/2007, amounting to Baht 189 million. This was due to the following:

1) Selling and administrative expenses of Internet Access Services

In Q3/2008, the selling and administrative expenses of Internet Access Services were Baht 77 million, an increase of Baht 3 million or 4% over Q3/2007, amounting to Baht 74 million. This was due to marketing and selling and administrative expenses increased.

2) Selling and administrative expenses of the publishing of the Thailand YellowPages and Voice Info Services

The Company recognized selling and administrative expenses of the publishing of the Thailand YellowPages for Q3/2008 of Baht 95 million, an increase of Baht 14 million or 17% over Q3/2007, amounting to Baht 81 million. This was due to marketing, and selling and administrative expenses increased.

3) Selling and administrative expenses of Mobile Content Service

The Company recognized selling and administrative expenses of mobile content service for Q3/2008 of Baht 18 million, roughly equivalent to that in Q3/2007.

4) Selling and administrative expenses of Print Classified Business

The Company recognized selling and administrative expenses from print classified business in Q3/2008 of Baht 27 million, an increase of Baht 8 million or 42% over Q3/2007, amounting to Baht 19 million. This was due to staff and marketing expenses increased.

### Extraordinary gain

In Q3/2007, the Company had an adjustment on provision from acquisition of investment which gained Baht 35 million. This provision derived from the purchase of shares from Teleinfo Media Public Company Limited ("TMC") from TOT. (Please see more detail in Clarification No.1: "The impact of the adjustment on Provision from acquisition of investment")

### Goodwill Amortization

In Q3/2008, the Company had no recognized goodwill amortization from the investment in subsidiaries while the Company had recognized goodwill amortization from the investment in subsidiaries of Baht 21 million in Q3/2007. This was due to the Company adopting The Thai Accounting Standard TAS 43 (amendment 2007). This amendment permitted the Company to have no goodwill amortization, but to have to test its impairment instead. This standard has been in effect since Q1/2008, onwards.

### Financial Position

As at 30 September 2008, the Company had total assets of Baht 2,095 million, an increase of 12% from the end of last year when total assets stood at Baht 2,368 million. Details are given below.

The major asset components comprise the following:

	30 September 2008		31 December 2007	
	Amount (MB)	% of Assets	Amount (MB)	% of assets
Cash and cash equivalents	412	20	713	30
Trade accounts receivable and accrued	388	19	340	14
Inventories	137	7	98	4
<b>Current assets</b>	<b>1,010</b>	<b>48</b>	<b>1,209</b>	<b>51</b>
PPE, net	294	14	325	14
Goodwill, net	625	30	639	27
Withholding tax	10	0.5	58	2
<b>Total assets</b>	<b>2,095</b>	<b>100</b>	<b>2,368</b>	<b>100</b>
Short-term loans from financial Institution	160	8	-	-
Trade accounts payable	258	12	335	14
Unearned income and advances received	367	18	202	9
<b>Current liabilities</b>	<b>788</b>	<b>38</b>	<b>729</b>	<b>31</b>
<b>Non current liabilities</b>	<b>21</b>	<b>1</b>	<b>14</b>	<b>1</b>
<b>Total liabilities</b>	<b>969</b>	<b>46</b>	<b>743</b>	<b>31</b>
<b>Total shareholder' s equity</b>	<b>1,126</b>	<b>54</b>	<b>1,625</b>	<b>69</b>

As at 30 September 2008, the company had current assets to the amount of Baht 1,010 million, a decrease of Baht 199 million or 16%. This was due to the following:

- Cash and cash equivalent Baht 412 million, a decrease of Baht 301 million from the payment of the 2008 interim dividend and capital reduction.
- Trade accounts receivable and accrued income of Baht 388 million, an increase of Baht 48 million or 14%, because of account receivable of Thailand YellowPages advertising which was billed in the first quarter of 2008
- Inventories of Baht 137 million, an increase of Baht 39 million or 40% because of the completion of the Thailand YellowPages – Providences Book and City YellowPages – Nonthaburi printing.

### Liabilities and Shareholder's Equity

As at 30 September 2008, the Company had total liabilities of Baht 969 million, an increase of Baht 226 million or 30% from the end of year 2007. This resulted from promissory note for CSL in amount of Baht 160 million and unearned income and advances received from customers of 2008 Thailand YellowPages advertising sale. TMC recognized unearned income and advances received from customers by using the straight-line method, in the year of the useful life of the telephone directory when the published directory is completed.

### Shareholders' Equity

As at 30 September 2008, the Company had shareholders' equity of Baht 1,126 million, a decrease of Baht 499 million or 31%. This was due to the following:

- Capital reduction by a reduction in the par value from Baht 1 per share to Baht 0.25 per share in order to increase return to shareholders other than by dividend payment totaling Baht 433 million
- Dividend payment for the year 2007 (0.20 Baht/share) and 2008 interim dividend (0.23 Baht/share) totaling Baht 247 million
- Minority interests – net decreased by Baht 19 million. This resulted from AD Venture Company Limited (“ADV”) acquiring additional shares of Shineedotcom Company Limited (“Shinee”)
- Net profit for the nine-month period increased to Baht 192 million
- An increase in share capital which resulted from the exercising of the rights in pursuance with the ESOP Program of Baht 8 million

### **Clarification**

#### **1. The impact of the adjustment on Provision from acquisition of investment**

As at 30 September 2007 the Company had an adjustment on provision from acquisition of investment stated at the accompanying financial statements to the total amount of Baht 124.8 million. This provision derived from the purchase of shares from Teleinfo Media Public Company Limited (“TMC”) from TOT. Under the condition of purchasing, the Company has a commitment to pay an additional amount for the shares of Baht 127.5 million to TOT in 2008.

TMC's operating results for 1 January 2006 to 30 September 2007 showed revenue of Baht 1,596 million. If the operating performance continues to be maintained at

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the current momentum, TMC may not be able to generate aggregate total revenue of Baht 2,000 million or more within 31 December 2007. As a result, the Company may not be required to pay the additional share price and has therefore reversed the provision from acquisition of investment in the current quarter. The impact of this transaction on the accompanying consolidated financial statements as at 30 September 2007 is as follows:

- Balance sheet as of 30 September 2007: The decrease in goodwill Baht 89.6 million and the decrease in provision from acquisition of investment - net Baht 124.8 million
- Statement of income for the three month period ended 30 September 2007: The increase in net profit Baht 35.2 million. This resulted from the decrease in interest expense, also administrative and selling expenses of Baht 4.1 million and Baht 7.7 million respectively, with other income increased by Baht 23.4 million.

## **2. Revenue and Cost Recognition Policy of TMC**

### **2.1. Revenue Recognition of TMC**

TMC had its main revenue from the sale of advertising space in the Thailand Yellow Pages. According to the General Accepted Accounting Principle (GAAP), TMC recognized revenue of Yellow Pages by the straight-line method, in the year of the useful life of the telephone directory when the published directory is completed.

### **2.2 Cost Recognition of TMC**

	Period (month)	Started	Ended
2006	12	January, 16 2006	January, 15 2007
2007	12	January, 16 2007	January, 15 2008
2008	12	January, 16 2008	January, 15 2009

The Costs of TMC are mainly derived from direct variable costs, such as cost of the 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.

## **3. Investment in TMC**

Date	Proportion (%)	amount (million Baht)
March, 4 2004	63.25	507
July, 29 2005	36.75	510
Total	100.00	1,017

#### 4. Investment in ADV

Date	Proportion (%)	amount (million Baht)
April, 4 2006	51.00	17.95
July, 29 2006	9.09	3.20
September, 27 2006	39.91	14.05
Total	100.00	35.20

ADV also held a 99.99% stake in Shinee Dot Com ("Shinee"), a mobile content operator

#### 5. Investment in Watta

Date	Proportion (%)	amount (million Baht)
April, 27, 2007	60.00	88

"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."