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## I. Overview

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Q3/08 sales  
and service  
income rose by  
27.6%

Thaicom Plc ("the Company")'s consolidated sales and service income for Q3/2008 was Baht 1,782 million, up 27.6% compared with Q3/2007 due to increases in revenue from the satellite business, the telephone business and the Internet access and media business. This resulted in a decrease of Baht 163 million or 79.5% in operating loss compared with Q3/2007.

Operating income for the nine-month period ended September 30, 2008 was Baht 12 million, compared to an operating loss of Baht 342 million for the same period last year, largely resulting from a 55.1% increase in IPSTAR revenue.

Loss on exchange of Baht 146 million for Q3/2008 led to a net loss of Baht 115 million, whereas a gain on exchange of Baht 287 million and a gain on the sale of investment of Baht 5,127 million in Q3/2007 brought about a net profit of Baht 3,143 million.

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## II. Business Summary

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

The Company has inked eleven new contracts in the third quarter of 2008. These include transponder leasing contracts and video broadcasting service contracts that comprise of 11 new regional television channels. Since the beginning of 2008 the Company has been awarded 25 transponder leasing contracts with a total contract value of USD 47 million (approximately Baht 1,600 million).

The new retail broadband package called "Rocket Broadband" has been launched through IPSTAR's partner, BayCity Communications Inc, in order to increase consumer uptake through productization of the generic IPSTAR satellite broadband service and the creation of a strong retail brand that could be promoted and recognized across our target market segments.

Five IPSTAR service providers in Australia have been granted the Australian Broadband Guarantee Program (ABG) from the Australian government. The service providers are: Broadband Wireless Pty Ltd (BBW Telecom), Skymesh, Westnet Pty Ltd, Westvic Broadband Pty Ltd., and Australian Private Networks (APN). With this subsidy grant, the number of IPSTAR end-users thus far has increased aggressively.

On November 6, 2008, the Company has inaugurated its eleventh IPSTAR Gateway in the Philippines. We are IT Phils. Inc. ("WIT"), IPSTAR's partner in the Philippines, will operate the gateway as well as being one of the service providers. In addition, the Company launched the new retail hi-speed Internet package called "IPSTAR BigSky" for the Philippines market starting at only US\$49 per month.

### ***Telephone business***

Lao Telecommunications Co., Ltd. ("LTC") announced the official launch of the first 3G Mobile System on October 17, 2008. During the first phase, Lao Telecom will provide 3G mobile service covering Vientiane and will expand its 3G service to provincial areas in 2009. Presently, Lao Telecom 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 Q3/2008, LTC and CamShin's total subscribers were 894,259 and 719,573, increased by 22.1% and 61.7% respectively from 732,137 and 444,899 at the end of Q3/2007.

Due to the sale of 49% shares in Shenington to AMH in 2007, 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. Consequently, revenue from the telephone network business in Q3/2008 increased only by 3.2% as compared to Q3/2007.

### Internet and media business

In this quarter, DTV Service Co., Ltd. ("DTV"), the Company's subsidiary, had a continued growth of DTV sales volume from Q3/2007. The total number of DTV satellite television dish sets provided thus far by DTV as of the end of Q3/2008 was 295,842.

CSL's reported revenue from internet services rose by 7.8% from Q3/2007 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 internet service decreased as a result of an intensive competitive environment.

## III. Consolidated Operating Results

### Selected financial information on THCOM

	Amount (MBt)			Change	
	Q3/08	Q2/08	Q3/07	QoQ (%)	YoY (%)
Sales and service income	1,782	1,652	1,397	7.9%	27.6%
Gain on sales of investment	-	-	5,127	-	-100.0%
Share of net results from associate	33	20	41	65.0%	-19.5%
Cost of sales and services	1,485	1,243	1,292	19.5%	14.9%
SG&A expenses	339	300	310	13.0%	9.4%
EBIT*	(42)	109	(205)	n.m.	79.5%
EBITDA**	630	759	489	-17.0%	28.9%
Net profit	(115)	(282)	3,143	59.2%	n.m.
EPS (Baht)	(0.10)	(0.26)	2.88	61.5%	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 Q3/2008 was Baht 1,782 million, an increase of Baht 385 million or 27.6% compared to Baht 1,397 million in Q3/2007 due to an increase in revenues from the satellite business, the telephone business and the Internet access and media business. Compared with Baht 1,652 million for Q2/2008, consolidated sales and service income in this quarter rose by Baht 130 million or 7.9%. This was mainly because of revenue growth from the satellite business, the telephone business, offset by a drop in revenues from the Internet access and media business.

Sales and service income	Q3/08	Q2/08	Q3/07	%QoQ	%YoY
Satellite and related services	1,147	1,033	865	11.0%	32.6%
Telephone services	485	455	470	6.6%	3.2%
Internet and media services	150	164	62	-8.5%	141.9%
<b>Total</b>	<b>1,782</b>	<b>1,652</b>	<b>1,397</b>	<b>7.9%</b>	<b>27.6%</b>

Satellite transponder leasing and related services

Revenue from satellite transponders and related services in Q3/2008 was Baht 1,147 million, an increase of Baht 282 million or 32.6% compared to Baht 865 million in the same period last year and a rise of Baht 114 million or 11.0% over Baht 1,033 million in Q2/2008.

Satellite and related services	Q3/08	Q2/08	Q3/07	%QoQ	%YoY
Thaicom 1A, 2, 5 and related services	585	572	518	2.3%	12.9%
IPSTAR services	562	461	347	21.9%	62.0%
Sales	306	234	163	30.8%	87.7%
Services	256	227	184	12.8%	39.1%
<b>Total</b>	<b>1,147</b>	<b>1,033</b>	<b>865</b>	<b>11.0%</b>	<b>32.6%</b>

- Revenue from the Thaicom conventional satellite business for Q3/2008 was Baht 585 million, an increase of Baht 67 million or 12.9% from Baht 518 million in Q3/2007, and an increase of Baht 13 million or 2.3% from Baht 572 million in Q2/2008 mainly due to a growth of transponder lease.
- IPSTAR service revenue was Baht 562 million in Q3/2008, up by Baht 215 million or 62.0% from Baht 347 million in Q3/2007, and up by Baht 101 million or 21.9% from Baht 461 million in Q2/2008. This was mainly caused by increases in revenues from transponder lease on the Thaicom 4 (IPSTAR) satellite and from higher UT sales volume. The Company's UT sales volume in this quarter rose by 99.6% from Q3/2007.

*Q3/08 IPSTAR revenue rose by 62.0% from Q3/07.*

Telephone services

The Company's revenue from the telephone service business in Q3/2008 was Baht 485 million, an increase of Baht 15 million, or 3.2% compared to Baht 470 million in Q3/2007 due to 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 CamShin's revenues. As at the end of Q3/2008, LTC and CamShin had 894,259 and 719,573 subscribers, increases of 22.1% and 61.7% from 732,137 and 444,899 subscribers at the end of Q3/2007 respectively. However, the Company has recognized a revenue reduction from LTC and CamShin following the sale of 49% shares in Shenington to AMH since July 26, 2007. Consequently, revenue from the telephone network business increased only by 3.2% as compared to Q3/2007.

Compared to the previous quarter, the revenue rose by Baht 30 million or 6.6% due to a revenue growth from mobile prepaid services. LTC and CamShin had increases of 4.6% and 25.4% from 855,371 and 573,735 subscribers at the end of Q2/2008 respectively.

Internet and media services

*Q3/08 revenue from Internet and media services rose by 141.9% from Q3/07*

Revenue from the Internet access and media business in Q3/2008 was Baht 150 million, an increase of Baht 88 million or 141.9% from Baht 62 million in Q3/2007, 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 Q3/2008, accumulated DTV sales volume was 295,842 sets, up 71,079 sets from the end of Q2/2008.

Compared to the previous quarter, the revenue in this quarter was dropped by Baht 14 million or 8.5% from Baht 164 million, largely due to a smaller DTV sales volume.

**Cost of sales and service**

The Company reported total costs for Q3/2008 of Baht 1,485 million, an increase of Baht 193 million or 14.9% compared to Baht 1,292 million in Q3/2007 due to increases in cost of sales and services from the satellite business, the telephone business, and the Internet and media

business. The cost accounted for 83.3% of sales and service income, going down from 92.5% in Q3/2007.

Compared to the previous quarter, the total costs for Q3/2008 rose by Baht 242 million or 19.5% from Baht 1,243 million because of increases in cost of sales and services from the satellite business and the telephone business, offset by a decrease in cost of sales and services from the Internet and media business.

<b>Cost of sales and services</b>	<b>Q3/08</b>	<b>Q2/08</b>	<b>Q3/07</b>	<b>%QoQ</b>	<b>%YoY</b>
Satellite and related services	1088	899	1,006	21.0%	8.2%
Telephone services	280	207	235	35.3%	19.1%
Internet and media services	117	137	51	-14.6%	129.4%
<b>Total</b>	<b>1,485</b>	<b>1,243</b>	<b>1,292</b>	<b>19.5%</b>	<b>14.9%</b>

#### Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services in Q3/2008 was Baht 1,088 million, an increase of Baht 82 million or 8.2% from Baht 1,006 million in the same period last year and an increase of Baht 189 million or 21.0% from Baht 899 million in Q2/2008.

<b>Satellite and related services</b>	<b>Q3/08</b>	<b>Q2/08</b>	<b>Q3/07</b>	<b>%QoQ</b>	<b>%YoY</b>
Thaicom 1A, 2, 5 and related services	321	312	328	2.9%	-2.1%
IPSTAR services	767	587	678	30.7%	13.1%
<b>Total</b>	<b>1,088</b>	<b>899</b>	<b>1,006</b>	<b>21.0%</b>	<b>8.2%</b>

- Cost relating to the Thaicom conventional satellite and related business was Baht 321 million, a decrease of Baht 7 million or 2.1% from Baht 328 million in Q3/2007 mainly due to a reduction in cost of in-orbit insurance. Compared to the previous quarter, the cost rose by Baht 9 million or 2.9% mainly because of higher concession fee following the revenue growth from conventional satellite business.
- Cost of providing IPSTAR services was Baht 767 million, an increase of Baht 89 million or 13.1% from Baht 678 million in Q3/2007 and an increase of Baht 180 million or 30.7% from Baht 587 million in Q2/2008, resulting from higher cost of UT sales corresponding to the sales growth and concession fee following the revenue growth from IPSTAR business.

#### Cost of telephone services

Cost relating to the telephone business for Q3/2008 amounted to Baht 280 million, an increase of Baht 45 million or 19.1% from Baht 235 million in Q3/2007 and an increase of Baht 73 million or 35.3% from Q2/2008. There was a rise in LTC's amortization of expanded telephone network in Lao PDR. Meanwhile, CamShin had an increase in cost of electricity from expanded base stations.

However, the Company recognized cost incurred by CamShin and LTC corresponding to the new investment proportion (51%), following the sale of 49% shares in Shenington to AMH on July 26, 2007; whereas it recognized cost from the telephone business during July 1-25, 2007 corresponding to the former investment proportion (100%).

#### Cost of Internet access and media services

Cost relating to the Internet access and media business in Q3/2008 was Baht 117 million, an increase of Baht 66 million or 129.4% from Baht 51 million in Q3/2007, because of a cost rise from DTV sales corresponding to the sales growth in Thai, Cambodia and Lao PDR. Compared

with Baht 137 million in Q2/2008, the cost was dropped by Baht 20 million or 14.6% following a reduction in DTV sales volume in Thailand, Cambodia and Lao PDR.

#### **Selling and administrative expenses**

SG&A expenses, including directors' remuneration, were Baht 339 million in Q3/2008, an increase of Baht 29 million, or 9.4%, compared to Baht 310 million in Q3/2007. This was due to increases in marketing consulting fees for IPSTAR project, marketing expenses for the Internet access and media business, marketing expenses for the telephone business from Television advertising and promotion, offset by a decrease in SG&A expenses from LTC and CamShin which was recorded according to the new investment proportion.

Compared the previous quarter, the SG&A expenses increased by Baht 39 million or 13.0% from Baht 300 million mainly due to increases in doubtful debt and legal consulting fees, the National Service Operator of the IPSTAR service in Australia, and in marketing expenses for the telephone business in Lao PDR and for the DTV business.

#### **Interest expense**

*Interest expense  
decreased by  
41.8% from  
Q3/07.*

Interest expense was Baht 103 million, a decrease of Baht 74 million, or 41.8%, compared with Baht 177 million in Q3/2007 due to the loan repayments for the Thaicom 4 and Thaicom 5 projects in Q2/2008 and for DTV in this quarter.

#### **Gain on exchange rate**

As the Thai Baht had continuously depreciated, the Company reported a loss of Baht 146 million from foreign exchange for Q3/2008, compared with a gain on exchange of Baht 287 million in Q3/2007.

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

The share of net results from investment in Q3/2008 was Baht 33 million, decreased by Baht 8 million or 19.5% from Baht 41 million in Q3/2007. This was mainly due to a 24.8% decrease in CSL's net profit from Q3/2007 resulting from increases in SG&A expenses from the publishing of the Thailand YellowPages and Voice Info service.

Compared to the previous quarter, CSL's net profit was up by 52.0% largely due to an operating income growth from the Internet access and the print classified businesses and a write-off of the remaining goodwill of Loxley Information Services Co., Ltd. ("Loxserve", a subsidiary of CSL) in Q2/2008 resulting from the registration of its liquidation. This led to an increase of Baht 13 million or 65.0% in the share of net results from investment compared to Baht 20 million in Q2/2008.

#### **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 131 million in this quarter, compared with income tax expense of Baht 1,955 million for Q3/2007 mostly comprising a tax on the gain on the sale of investment.

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### **IV. Financial Position**

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At the end of Q3/2008, the Company reported total assets of Baht 28,531 million, a decrease of Baht 1,570 million or 5.2% 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 repayments, offset by an increase in PP&E.

THCOM's asset components

Assets	September 30, 2008		December 31, 2007	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	3,474	12.2	4,313	14.3
Investment in associates	461	1.6	676	2.2
PP&E, net	4,984	17.5	4,505	15.0
PP&E under the concession agreement, net	17,500	61.3	18,777	62.4
Intangible assets	1,251	4.4	1,302	4.3

**Liquidity**

At the end of Q3/2008, the Company had a current ratio of 1.20 times, up 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 Q3/2008 the Company's "investment in an associate" was Baht 461 million, a decrease of Baht 215 million or 31.8% from Baht 676 million at the end of 2007, reflecting a proportionate recognition of CSL's net profit for the nine-month period ended September 30, 2008 amounted to Baht 80 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 Q3/2008 was Baht 4,984 million, an increase of Baht 479 million or 10.6% from Baht 4,505 million at the end of last year. This was mainly due to purchase of assets of Baht 908 million in the nine-month period ended September 30, 2008 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 508 million. PP&E at the end of Q3/2008 also included the assets under concession agreements of CamShin of approximately Baht 1,455 million, dropped by Baht 156 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 Q3/2008 was Baht 17,500 million, a decrease of Baht 1,277 million from Baht 18,777 million at the end of 2007 totally due to an amortization in the nine-month period ended September 30, 2008.

**Intangible assets**

Intangible assets at the end of Q3/2008 were Baht 1,251 million, a decrease of Baht 51 million compared to Baht 1,302 million at the end of 2007 due to its depreciation and amortization, offset by foreign currency translation adjustments and increased intangible assets arising from the development of UT.

**Borrowings and Shareholders' equity**

The Company's net borrowings at the end of Q3/2008 were Baht 9,166 million, a decrease of Baht 679 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 Q3/2008 was Baht 16,672 million, a decrease of Baht 12 million from 16,684 million at the end of 2007, reflecting the net loss for the nine-month period ended September 30, 2008 of Baht 116 million, offset by a translation gain relating to financial statements of foreign operations of Baht 81 million, and the issue of share capital of Baht 23 million.

With lower net borrowings for the nine-month period ended September 30, 2008, net borrowings to equity at the end of Q3/2008 were 0.55 times, down from 0.59 times at the end of 2007.

### **Cash flow**

The Company's cash inflows from operating activities for the nine-month period ended September 30, 2008 were Baht 171 million. Net cash outflows from investing activities were Baht 133 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 822 million mainly due to long-term loan repayments total of Baht 1,087 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 1,642 million on September 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.