

MANAGEMENT DISCUSSION AND ANALYSIS

◆ ANALYSIS OF OPERATION RESULTS

1. **Consolidated Financial Statements for the three-month ended 30 June 2003 (2Q03) compared with the three-month ended 31 March 2003 (1Q03)**

In the second quarter in 2003, the company and its subsidiaries generated the total revenue of Baht 449 million, increased by Baht 76 million or 20% from Baht 373 million in the previous quarter. The Company's gross profit was Baht 150 million, an increase of Baht 36 million or 32% from Baht 114 million in 1Q03. After operating costs and concession fee, the Company recorded a net loss of Baht 179 million, a decrease of Baht 34 million or 16% better than 1Q03 where the net loss was Baht 213 million.

Revenue Analysis

2Q03 total revenue was Baht 449 million, comprised of advertising revenue of Baht 370 million, airtime rental of Baht 79 million, and other revenue was around Baht 0.65 million.

Advertising revenue in this quarter increased by Baht 76 million or 26% from Baht 294 million in the previous quarter, primarily due to raise in marketing events such as Miss Thailand Contest, Legend of Rock Star Concert and Beach Soccer University, which generated additional advertising revenue for the company. The airtime rental revenue was Baht 79 million, which is the same level as the previous quarter.

Other revenue was in the same level as 1Q03, mainly from interest revenue.

Cost of Services and Selling & Administrative Expenses Analysis

The cost of services and selling and administrative expenses was Baht 415 million, increased by Baht 42 million or 11% from Baht 373 million in 1Q03, this was primarily due to :

The cost of services in 2Q03 was Baht 299 million, increased by Baht 40 million or 15% from Baht 259 million in 1Q03, due mainly to a production cost for three major marketing events in 2Q03 in comparison to 1Q03 there was only one marketing event.

Selling and administrative expenses was Baht 116 million, increased by Baht 3 million mainly from the marketing expenses which increased corresponding to the increase in revenue.

The company's earning before concession in this quarter was Baht 35 million, increased by Baht 0.80 million. Concession fee of Baht 200 million and Interest payable was Baht 13 million, which was the same level as the previous quarter.

2. **Consolidated Financial Statements for the three-month ended 30 June 2003 (2Q03) compared with the three-month ended 30 June 2002 (2Q02)**

The Company's total revenue in 2Q03 was Baht 449 million, increased by Baht 27 million or 7% from Baht 422 million in 2Q02. Meanwhile, the cost of service increased by Baht 52 million or 21% which is higher than the increase of revenue, has brought the company's gross profit in 2Q03 down to Baht 150 million from Baht 174 million or decreased by Baht 24 million or 14% in 2Q02. After operating costs and concession fee, the Company's net loss was higher than the previous quarter, by Baht 59 million or 49%, where the net loss was Baht 120 million. This was primarily due to :

Revenue Analysis

The advertising revenue in 2Q03 was Baht 370 million, grew by Baht 36 million or 11% from Baht 334 million in 2Q02, even though in 2Q02 there was supported revenue from FIFA World Cup. The increase in advertising revenue deriving mainly from the higher advertising sales, which resulted from the program schedule adjusting. Besides, there were program quality improvement and more marketing effort in 2Q03, which boosted up the advertising volume.

The airtime rental of Baht 79 million represented a decrease of 5% or Baht 4 million from Baht 83 million in 2Q02 due to a decrease of broadcasting hours rented this year.

Other revenue was Baht 0.65 million, dropped by Baht 4 million primarily from a decrease of interest revenue.

Cost of Services and Selling & Administrative Expenses

In the second quarter of 2003, the cost of services and selling and administrative expenses increase by Baht 66 million compared with 2Q02, primarily due to :

The cost of services were up by Baht 52 million from Baht 247 million in 2Q02 to Baht 299 million in 2Q03. This was mainly from an increase in program cost from the increased number of marketing events in this quarter. In comparison to 2Q02, the programming cost of FIFA World Cup broadcasting is very low. Additionally, there were more Thai drama and International series broadcasting day.

Selling and administrative expenses were Baht 116 million, grew by Baht 15 million from 2Q02, primarily from an increased in depreciation expenses caused by additional assets from office relocation. Furthermore, there was an increase in staff-related expenses due to the increase in number of staff in order to support the business expansion and revenue growth, and the increases in marketing promotional expenses according to the major program schedule adjustment.

The concession fee increased by Baht 25 million in 2Q03 due to annual increase of Baht 100 million from 2002, as stipulated in the concession agreement.

Interest payable dropped by 28% from Baht 19 million in 2Q02 to Baht 13 million in this quarter, resulting from the interest rate reduction.

◆ FINANCIAL POSITION ANALYSIS

On 30 June 2003, the Company's total assets were Baht 3,302 million, which slightly dropped by Baht 7 million at the end of 2002. The company's assets primarily consisting of assets under the concession agreement, which accounted for Baht 2,513 million or 76% of the total assets, went up by Baht 92 million from an investment in 3 additional transmission stations and additional asset from office relocation. Accounts receivable, another key asset, was Baht 409 million or 12% of total assets, increased by Baht 26 million from the end of 2002. In addition, there was an entertainment programs investment of Baht 92 million, a slight increased from the year 2002.

Debt to equity ratio (D/E) was 1.3x on 30 June 2003, went up from 0.81x on 31 December 2002 mainly resulted from the increased in concession fee payable.