

Company Highlight

Program restructures to attract more viewers and reduce cost of production

In 3Q03, the Company has restructured programs during primetime in order to create variety and serve the target group in each period. The Company's target groups are not only people in the cities but also the whole country.

Programs restructuring also reduced the Company's cost of production. The cooperation between the Company and outside program producers help reduce the costs, as they have been responsible for production costs. Revenue from advertising are shared between the program producers and the Company base on time-sharing basis

Additionally, the Company cancelled the unprofitable programs and rent out that airtime to outside program producers, so number of rental hours in 3Q03 increased from the previous period. As a result, rental revenue was up by 27.8% from the previous quarter. Detail of programs restructuring are as follow;

1. Knowledge Variety programs have been moved from 22.30 Hrs. to 20.30-21.10 Hrs.
2. Adding more Entertainment programs such as Quiz Show, Talk Varsity, and Game Show, during 22.30-23.30 Hrs.
3. Adding Sports Variety programs during 23.30-24.00 Hrs.

Overview

Net loss decreased by 19.6% from 3Q02, and was in the same level as 2Q03

In 3Q03, ITV's net loss was Baht 178 million, was in the same level as last quarter and decreased by 19.6% from 3Q02. Gross profit in this quarter was Baht 160 million, increased by 6.5% from 2Q03, and increased by 52.2% from 3Q02.

For the nine-month period ended September 30, 2003, the Company had net loss of Baht 570 million, an increase of 6.6% from the same period last year.

Operating Results

ITV's selected financial information

Unit: Baht million

	3Q03	% Change QoQ	% Change YoY	9M03	% Change YoY
Total Revenue	391	-13.1%	18.6%	1,213	15.2%
Cost of Services	231	-22.8%	2.9%	789	14.3%
SG&A Expenses	96	-16.8%	-12.3%	325	14.2%
Concession Expense	225	12.5%	12.5%	625	13.6%
Net profit (Loss)	(178)	0%	19.6%	(570)	-6.6%
EPS (Baht)	(0.15)	0.01	0.04	(0.49)	-

Revenues

Total revenue in 3Q03 decreased by 13.1% from 2Q03 due to the low advertising spending of the overall industry in the third quarter of each year (low season) but it grew from 3Q02 by 18.6% because the advertising industry expanded corresponding to the economic growth. Moreover, the company earns the higher market share.

Total revenue comprising of :

1. Advertising revenue : in 3Q03 the company had advertising revenue of Baht 289 million, decreased by 21.8% from 2Q03 but increased by 16% from 3Q02.

2. Rental revenue : the company had rental revenue of Baht 101 million in this quarter, which increased by 27.8% from the previous quarter and increased by 28.3% from 3Q02.

For 9M03, total revenue increased by 15.2% from 9M02.

Cost of Services

A 23% decrease of costs from 2Q03 mainly from program rescheduling

In 3Q03, the Company's cost of service decreased 22.8% from the 2Q03. This is mainly due to;

- Eliminate programs which were not generating profit and co-operate with the strategic partners who are the outstanding program producer in the industry with time sharing concept. Consequently, decreasing cost of programming.
- Marketing events cost decreased because there was a big event in 2Q03 (Miss Thailand Contest)

Cost of service slightly increased by 2.9% from 3Q02 because staff cost and utilities expenses were up, corresponding to the business expansion.

For 9M03, cost of service increased by 14.3%, compared with 9M02.

Selling and Administrative Expenses

Selling and administrative expenses in 3Q03 decreased by 16.8% from 2Q03, and decreased by 12.3% from 3Q02. This was primarily due to:

- Expenses which corresponding to the revenue consists of rebate expense, advertising & promotion expenses in programming.

For 9M03, selling and administrative expenses increased by 14.2% from 9M02, according to the business expansion.

Interest Expense

Interest expenses increased

Interest expense in 3Q03 increased by 24.4% from the previous quarter, as a result of the net borrowings of Baht 400 million of short-term loan, for Baht 800 million concession payment in July 2003.

Concession Expense

The concession fee increased by Baht 25 million in 3Q03, as stipulated in the concession agreement.

Net Loss

Net loss was Baht 178 million for 3Q03 was in the same level as the previous quarter, and decreased from 3Q02 by 19.6%. For the 9M03, net loss was Baht 570 million, and increased 6.6% from 9M02.

Financial Position

1. Assets Components

At the end of September 2003, the Company had total assets of Baht 3,175 million, a decrease from the end of 2002 of 4.0%. The major asset components comprise:

Asset	Sept. 30, 2003		December 31, 2002	
	Amount (Btmn)	% of total asset	Amount (Btmn)	% of total asset
Net Assets under concession	2,485	78.3%	2,420	73.1%
Accounts Receivable	325	10.2%	383	11.6%

In addition, there was an entertainment programs investment of Baht 110 million, increase by 26.4 % from the end of 2002.

2. Liquidity

2.1 Current ratio and Short-term Liabilities

Short-term loan for concession fee

At the end of third quarter of 2003, the Company had a current ratio of 0.75x, decreased from 1.24x at the end of 2002. This was due to the short-term loan for the payment of concession.

2.2 Cash Flow

At the end of September 2003, the Company had cash flow Baht 250 million from the exercise of warrants of the warrant holders, and Baht 400 million short-term loan, which used for concession payment.

3. Sources of funds

3.1 Capital Structure

At the end of September 2003, the Company had debt to equity ratio of 1.11x, went up from 0.81x at the end of 2002, such increase was due to an increase in net borrowings for concession payment, at the time that total equity decreased from the loss operation.

3.2 Shareholders' Equity

Increase in paid-up capital from exercised warrants

At the end of September 2003, the Company's shareholders' equity was Baht 1,508 million, a decrease of 17.5% from the end of 2002. This was due to the loss from operation of Baht 570 million and an increase in paid-up capital from Baht 5,750 million at the end of 2002 to Baht 6,000 million at the end of September 2003, consequently from the exercise of warrants of the warrant holders.

3.3 Liabilities

At the end September 2003, the Company had short-term borrowings of Baht 400 million. That resulted from borrowings for the concession payment, which was paid in July 2003.