

Management Discussion and Analysis

Financial Results for quarter ended September 2002 (3Q02) in comparison with quarter ended June 2002 (2Q02).

The Company's total revenue for 3Q02 was Baht 329 million, a decrease of Baht 93 million or 22% from Baht 422 million in 2Q02. The Company's gross profit was Baht 104 million, a decrease of Baht 66 million or 39% from Baht 170 million in 2Q02. After operation costs and concession fee, the Company recorded a net loss of Baht 222 million, an increase of Baht 102 million or 84% from last quarter where the net loss was Baht 120 million.

1. Revenue

Total revenue in 3Q02 was Baht 329 million, comprising of advertising revenue of Baht 249 million, airtime rental of Baht 79 million, and other revenue of Baht 1 million.

Advertising income in 3Q02 dropped by Baht 85 million or 26% from Baht 334 million in 2Q02. This is due to two reasons. First, there were special events such as World Cup 2002 and Miss Thailand Contest during 2Q02. Second, third quarter is usually the low season for media industry.

The rental of airtime also reduced by Baht 4 million or 5% from Baht 83 million in the second quarter.

Other revenue was down by approximately Baht 3 million, mainly from a reduction of interest income.

2. Costs and Selling and Administrative Expenses

The cost of services and selling and administrative expenses increased by Baht 11 million or 2%, from Baht 523 million in 2Q02 to Baht 534 million in 3Q02. The concession fee, which is a major operation cost, rose by Baht 25 million due to an increase of concession fee by Baht 100 million for the period of July 2002 – June 2003, as stipulated in the concession agreement.

The cost of services decreased by Baht 23 million, as there was preparation expenses for the Miss Thailand Contest 2002 in 2Q02. However, the selling and administrative expenses increased by Baht 9 million mainly due to the provision for loss of Baht 3 million, from an appraisal of barter assets at the revenue recognition, to reflect more accurately the financial operation and another Baht 3 million loss incurred from selling bartered assets in this quarter.

3. Interest payable

The interest payable dropped by 10% to Baht 17 million from Baht 19 million in 2Q02 as there was interest expense for a Baht 300 million short-term loan in 2Q02.

Financial Results for quarter ended September 2002 (3Q02) in comparison with quarter ended September 2001 (3Q01).

The Company's revenue increased by Baht 103 million or 46%, from Baht 226 million in 3Q01 to Baht 329 million in 3Q02. Due to an increase in revenue, the Company's gross profit was Baht 104 million, up by Baht 95 million or 1140% from Baht 8 million in 3Q01. After operation

costs and concession fee, the Company recorded a net loss of Baht 222 million, a reduction of Baht 37 million or 14% from the same period of last year where the net loss reported was Baht 259 million.

1. Revenue

The advertising income in 3Q02 grew by Baht 94 million or 61% from Baht 155 million in 3Q01, as the improvement of TV programs and the World Cup 2002 live broadcasting attracted more customers. In addition, the slow down in advertising market, in the same period last year, as the result of the tragedy at the World Trade Center in New York on 11 September 2001, further increased the running gap between the two periods.

The airtime rental of Baht 79 million represented an increase of 14% or Baht 10 million from Baht 69 million in 3Q01 due to higher number of broadcasting hours leased in this year.

Other revenue was slightly down by approximately Baht 0.7 million.

2. Costs and Selling and Administrative Expenses

In the third quarter 2002, the cost of services and selling and administrative expenses were Baht 534 million, an increase of Baht 75 million or 16% compared with the same period last year, primarily due to an increase of concession fee payable and selling and administrative expenses.

The concession fee rose by Baht 25 million in 3Q02 due to annual increase of Baht 100 million from 2001, as stipulated in the concession agreement.

The selling and administrative expenses increased by Baht 42 million or 61% from 3Q01 due to the expenses in marketing and public relations campaign to promote the TV programs to the audience base in the amount of Baht 15 million. Moreover, the provision for bad debt increased from 3Q01 by Baht 16 million due to increased revenue in 3Q02. In addition, staff-related expenses were up by Baht 8 million to support for business expansion and revenue growth.

3. Interest payable

The interest payable dropped by 35%, to Baht 17 million from Baht 26 million of the same quarter in 2001 as there was an interest expenses for short-term loan, comprising of promissory note and bill of exchange, in the amount of Baht 560 million.

Financial position analysis

1. Asset analysis

On 30 September 2002, the total assets of the Company were Baht 3,265 million, primarily consisting of assets under the concession agreement, which accounted for Baht 2,438 million or 75% of the total assets, down from 2001 by Baht 110 million or 4% predominantly due to amortization of concession assets. Additional investment in 2002 is relatively small as the Company has nearly implemented nationwide coverage. Account receivable, the next major asset, was Baht 354 million or 11% of total assets, increased by Baht 159 million from 2001 as revenue increased by Baht 400 million from last year. In addition, the Company has increased investment in entertainment programs by Baht 25 million to enhance the quality of the drama programs.

2. Liquidity

For the 9-month period ended 30 September 2002, net cash flow from operating activities

was negative Baht 422 million, an improvement from negative Baht 495 million in the same period in 2001. The negative cash flow was mainly due to concession fee of Baht 700 million.

Cash flow from investing activities was Baht 340 million, mainly from:

- Purchases of programming rights and production costs amounting to Baht 282 million
- Purchases of concession assets amounting to Baht 58 million

Cash flow from financing activities was Baht 968 million, mainly from:

- Net Proceeds from share issuance in 1Q02 amounting to Baht 1,736 million
- Repayment of short-term loan in 2Q02 amounting to Baht 757 million

The Company reported cash and cash equivalents in the amount of Baht 243 million on 30 September 2002.

3. Capital Structure

In March 2002, the Company issued 300 million new ordinary shares and offered these shares to the public at 6 Baht per share, totaling Baht 1,800 million. The funding is to partially repay the short-term loan and to support the new investment and to finance working capital. Consequently, the liquidity ratio improved from 0.26 on 31 December 2001 to 1.98 at the end of the third quarter 2002.

The D/E (debt to equity) ratio improved from 2.41 on 31 December 2001 to 0.58 at the end of the third quarter 2002 as the result of initial public offering as described above.