

MANAGEMENT DISCUSSION AND ANALYSIS

◆ ANALYSIS OF OPERATION RESULTS

1. Consolidated Financial Statements for the three-month ended 31 March 2003 (1Q03) compared with the three-month ended 31 December 2002 (4Q02)

The Company's total revenue for 1Q03 was Baht 373 million, a decrease of Baht 40 million or 10% from Baht 413 million in 4Q02. The Company's gross profit was Baht 114 million, a decrease of Baht 5 million or 4% from Baht 119 million in 4Q02. After operation costs and concession fee, the Company recorded a net loss of Baht 213 million, a decrease of Baht 22 million or 9% better than 4Q02 where the net loss was Baht 235 million.

Revenue Analysis

Total revenue in 1Q03 was Baht 373 million, comprised of advertising revenue of Baht 294 million, airtime rental of Baht 78 million, and other revenue of Baht 1 million.

Advertising revenue in 1Q03 dropped by Baht 37 million or 11% from Baht 331 million in 4Q02. This is due to the highest advertising spending of the overall industry in the 4th quarter of each year (high season). Moreover, in 4Q02 there was a big marketing event, Bangkok Countdown 2003, which generated additional advertising revenue for the company.

The airtime rental revenue was Baht 78 million, a slight decline when compared with 4Q02.

Other revenue was in the same level as 4Q02, the main portion was interest revenue.

Cost of Services and Selling & Administrative Expenses Analysis

The cost of services and selling and administrative expenses was Baht 573 million, decreased by Baht 60 million or 10%, from Baht 632 million in 4Q02, this was primarily due to :

The cost of services in 1Q03 was Baht 259 million, decreased by Baht 35 million from Baht 294 million in 4Q02, as there was a program impairment expense of Thai drama program and a production cost for marketing events in 4Q02. That brought the higher cost of services in 4Q02 when compared with 1Q03.

Selling and administrative expenses was Baht 113 million, dropped by Baht 24 million mainly from the marketing expenses such as commission and sales promotional expenses, which were decreased in corresponding to the declining in sales revenue and marketing events in 1Q03.

Interest payable dropped by 14% to Baht 14 million from Baht 16 million in 4Q02 from the interest rate reduction by 1% p.a.

2. Consolidated Financial Statements for the three-month ended 31 March 2003 (1Q03) compared with the three-month ended 31 March 2002 (1Q02)

The Company's total revenue in 1Q03 was Baht 373 million, increased by Baht 71 million or 24% from Baht 302 million in 1Q02. Due to an increase in revenue, the Company's gross profit was Baht 114 million, up by Baht 31 million or 37% from Baht 83 million in 1Q02. After operation costs and concession fee, the Company recorded a net loss of Baht 213 million, an increase of Baht 20 million or 10% from 1Q02 where the net loss was Baht 193 million.

1. Revenue Analysis

The advertising revenue in 1Q03 grew by Baht 62 million or 27% from Baht 232 million in 1Q02. The increase in advertising revenue deriving mainly from the higher advertising sales, which resulted from the program quality improvement and more marketing effort. Moreover, there was the Iraq War related programs plus the revenue from Miss Thailand Contest 2003 that boosted up the advertising volume.

The airtime rental of Baht 78 million represented an increase of 2% or Baht 8 million from Baht 70 million in 1Q02 due to higher broadcasting hours rented in this year.

Other revenue was in the same level as 1Q02.

Cost of Services and Selling & Administrative Expenses

In the first quarter 2003, the cost of services and selling and administrative expenses were Baht 573 million, an increase of Baht 105 million or 22% compared with 1Q02, primarily due to :

The cost of services increased from Baht 219 million in 1Q02 to Baht 259 million in 1Q03, mainly from the higher cost of programming right acquisition and production cost, especially Thai drama program which extended the broadcasting time from 4 days per week to 6 days per week. Moreover, there was an additional cost from news screen renovation and the entertainment program quality development.

Selling and administrative expenses grew by Baht 39 million from 1Q02, primarily from the expenses resulted from the office relocation during 1Q03. The major expenses are floor space restoration before hand over to the building owner, asset impairment expenses and the increases in marketing expenses according to revenue increased. 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.

The concession fee raised by Baht 25 million in 1Q03 due to annual increase of Baht 100 million from 2002, as stipulated in the concession agreement.

Interest payable dropped by 50% from Baht 27 million in 1Q02 to Baht 14 million in this quarter, resulting from repayment of the company's short-term debt, and the interest rate reduction by 1% p.a. during 1Q03.

◆ FINANCIAL POSITION ANALYSIS

Asset analysis

On 31 March 2003, the total assets of the Company were Baht 3,320 million, which was slightly increased by Baht 11 million from the end of 2002. The company's assets primarily consisting of assets under the concession agreement, which accounted for Baht 2,416 million or 73% of the total assets, went up by Baht 6 million from an investment in 3 additional transmission stations. Accounts receivable, the next major asset, was Baht 358 million or 11% of total assets, decreased by Baht 26 million from the end of 2002. In addition, there was an entertainment programs investment of Baht 92 million, a slight increase from the year 2002.

The D/E (debt to equity) ratio was 1.06 on 31 March 2003 went up from 0.81 on 31 December 2002 resulted from the increased in concession fee payable at the time that total equity decreased from the loss operation.

◆ ANALYSIS OF LIQUIDITY

For the three-month period ended 31 March 2003, net cash flow from operating activities was Baht 203 million

Cash flow from investing activities was Baht 288 million, mainly from:

- Purchases of programming rights and production costs amounting to Baht 95 million
- Purchases of concession assets amounting to Baht 64 million
- Purchases of fixed asset amounting to Baht 129 million

The Company reported cash and cash equivalents in the amount of Baht 221 million on 31 March 2003