

MANAGEMENT DISCUSSION AND ANALYSIS

SHIN is a holding company business with a 43.09% stake in its principal investment, ADVANC. However, ADVANC is not accounted by the consolidation method in the consolidated financial statements of the Company (but accounted by equity method). Thus, for the analytical review purpose, the Company analyses operation result and financial position separately in each of the significant investments and the Company only in stead of consolidated financial statements.

In the preparation of financial statements of 1Q03, Lao Communications Company Limited (“LTC”) (a 49.00% indirect investment of SATTEL) changed status from an associate to a joint venture. The Company has accounted for the investment in LTC under an equity method in the consolidated financial statements, because the impact of the proportionate consolidation was insignificant to the consolidated financial position and consolidated result as disclosed in note 5 of the interim financial statements.

OVERVIEW

At the first quarter of the 2003, the value of investment in subsidiaries, joint ventures and associates (as per Equity Method) increased by Baht 1,980 million, from Baht 28,946 million at 31 December 2002 to Baht 30,926 million at 31 March 2003, mainly from the share of net results from subsidiaries, joint ventures and associates particularly from ADVANC, a cellular telephone system operator.

The major investments as at 31 March 2003 and 31 December 2002 and share of net results for the quarters ended 31 March 2003 (1Q03), 31 December 2002 (4Q02), and 31 March 2002 (1Q02) can be summarized as follows.

Investment Portion and Investment Value

Unit : Million Baht

	Investment portion (%)		Investment value			
	31 Mar. 2003	31 Dec. 2002	31 Mar. 2003	%	31 Dec. 2002	%
ADVANC	43.09	43.09	24,717	80	22,736	78
SATTEL	51.53	51.53	3,296	11	3,128	11
ITV	55.53	55.53	2,374	8	2,513	9
Others			539	1	569	2
Total investment value			30,926	100	28,946	100

Share of Net Results

Unit : Million Baht

	1Q03			4Q02			1Q02		
	%	Share of net	%	%	Share of net	%	%	Share of net	%
	Held	profit (loss)		Held	profit (loss)		Held	profit (loss)	
ADVANC	43.09	1,982	100	43.09	1,620	102	43.06	1,379	99
SATTEL	51.53	178	9	51.53	126	8	51.53	210	15
ITV	55.53	(140)	(7)	55.53	(152)	(10)	55.53	(170)	(12)
Others		(31)	(2)		(5)	-		(23)	(2)
Total share of results		1,989	100		1,589	100		1,396	100

The analysis for the operational results by comparing to the previous quarter and the same quarter of the previous year have been provided separately between SHIN (the Company only) and each of the significant investments as follows.

SHIN CORPORATION PUBLIC COMPANY LIMITED (SHIN)

Selected financial information	Unit: Million Baht		
	1Q03	4Q02	1Q02
Other income	17	19	329
Share of net results	1,989	1,589	1,396
Net profit	1,967	1,585	1,703
Earnings per share (Baht)	0.67	0.54	0.58

Analysis of operation results for the first quarter ended 31 March 2003 (1Q03) and the fourth quarter ended 31 December 2002 (4Q02)

1. ANALYSIS OF OPERATION RESULTS

SHIN's net profit increased by Baht 382 million or 24%, from Baht 1,585 million in 4Q02 to Baht 1,967 million in 1Q03, as a result of increased in share of net results as follows:

Share of Net Results

The share of net results from subsidiaries, joint ventures, and associates increased by Baht 400 million, from Baht 1,589 million in 4Q02 to Baht 1,989 million in 1Q03. The main reasons were as follows:

ADVANC: The share of net profit from ADVANC increased by Baht 362 million, from Baht 1,620 million in 4Q02 to Baht 1,982 million in 1Q03, due to the growth in ADVANC' s net profit in correspond to the continuously increase in subscribers, specifically in prepaid cellular service (see more details in MD&A of ADVANC page 5-10)

SATTEL: The share of net profit from SATTEL increased by Baht 52 million, from Baht 126 million in 4Q02 to Baht 178 million in 1Q03. This was because of the decreasing in SATTEL' s selling and administrative expenses due to the decreasing in allowance for bad debt and marketing expenses. (please see more details in MD&A of SATTEL page 11-18)

ITV: The share of net loss from ITV decreased by Baht 12 million, from a loss of Baht 152 million in 4Q02 to a loss of Baht 140 million in 1Q03. This was because of the decreased in impairment of the Thai drama program and production cost of marketing events. (please see more details in MD&A of ITV page 19-21)

Analysis of operation results for the first quarter ended 31 March 2003 (1Q03) and the first quarter ended 31 March 2002 (1Q02)

SHIN's net profit increased by Baht 264 million or 15%, from Baht 1,703 million in 1Q02 to Baht 1,967 million in 1Q03, as a result of:

Other income

Other income of SHIN decreased by Baht 312 million or 95%, from Baht 329 million in 1Q02 to Baht 17 million in 1Q03. In 1Q02, SHIN recorded gain on deemed disposal of interest on dilution of investment and gain from sale of investment Baht 307 million which was resulted from ITV issued and offered ordinary shares to public and SHIN disposed partial investment in ITV.

Share of Net Results

The share of net results from subsidiaries, joint ventures and associates increased Baht 593 million, from Baht 1,396 million in 1Q02 to Baht 1,989 million in 1Q03. The main reasons were as follow:

ADVANC: The share of net profit from ADVANC increased by Baht 603 million from Baht 1,379 million in 1Q02 to Baht 1,982 million in 1Q03, due to the growth in ADVANC' s net profit in corresponding to the continuously increase in subscribers, specifically in prepaid cellular service. (see more details in MD&A of ADVANC page 5-10)

SATTEL: The share of net profit from SATTEL decreased by Baht 32 million, from Baht 210 million in 1Q02 to Baht 178 million in 1Q03. This is because the reduced foreign exchange gain and also the corporate income tax imposed on SATTEL due to the end of its losses carried in 2002. (please see more details in MD&A of SATTEL page 11-18)

ITV: The share of net loss from ITV decreased by Baht 30 million, from loss of Baht 170 million in 1Q02 to loss of Baht 140 million in 1Q03 as a result of decreased in interest of ITV from 77.48% in 1Q02 to 55.53% in 1Q03 even though a net loss of ITV in 1Q03 increased from 1Q02 (SHIN held 77.48% stake in ITV until February 2002. Then, the holding stake decreased to 55.53% in March 2002). This was because of the increasing in selling and administrative expenses related to office relocation and staff cost corresponding to the extensive business and an increasing in concession fee, as stipulated in the agreement. (please see more details in MD&A of ITV page (19-21)

2. ANALYSIS OF FINANCIAL POSITION

SHIN's net assets (net of liabilities) or shareholders' equity increased by Baht 1,957 million, from Baht 26,691 million at 31 December 2002 to Baht 28,648 million at 31 March 2003 mainly from the increasing in value of investments in the amount of Baht 1,980 million, of which increased from share of net results in 1Q03.

Cash Flow

SHIN's net cash outflow from operating activities decreased by Baht 86 million, from cash outflow of Baht 93 million in 1Q02 to cash outflow Baht 7 million in 1Q03. The cash out flow in 1Q02 was due to the purchase of equipment related to Telecom Project.

SHIN had cash inflow from investing activities in the amount of Baht 438 million from major activities as follows:

- Received an amount due from related company of Baht 142 million.
- Proceed from short-term investment due to its maturity of Baht 300 million.

Capital Structure and Liquidity

SHIN's liquidity ratio rose to 1.51 times at 31 March 2003 from 1.44 times at 31 December 2002 which is deemed sufficient for operation.

The debt to equity ratio improved to 0.18 time at 31 March 2003, from 0.19 times at 31 December 2002 as a result of the growth in equity which was generated from operating results.

ADVANCE INFO PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Analysis of operation results for the first quarter ended 31 March 2003 (1Q03) and the fourth quarter ended 31 December 2002 (4Q02)

1. OVERVIEW

As of the first quarter in 2003, the company and its subsidiaries had the total of 11,534,900 mobile phone subscribers, comprising of 2,348,300 GSM Advance and GSM 1800 subscribers and 9,186,600 One-2-Call subscribers. The subscriber base grew 8.2% from the previous quarter or 75.9% higher compared to the year before. The main factors were the decrease in price competition in this industry, and the continuous popularity in prepaid service.

Although this quarter the company and its subsidiaries increased SIM price, subscriber market share of the company and its subsidiaries still increased from 61% as of the end of 2002, to 62% as of the first quarter in 2003.

The company and its subsidiaries generated the total revenues of Baht 22,672 million and the net profit of Baht 4,607 million, an increase from the revenues of Baht 21,908 million (3.5% up) and the net profit of Baht 3,767 million (22.3%) in the previous quarter. Compared to the first quarter 2002, the revenues grew 15.8% while net profit grew 43.6%. The results were driven mainly be larger subscriber base.

The results in this quarter included accounting items that were non-cash and not related to normal operations. Some changes in accounting were introduced in the quarter. Those items are as follows:

- AIS wrote off Baht 170 million worth of its spare-parts with more than one-year aging for conservative accounting (due to potential obsolescent due to technological changes). This item was included in cost of service (maintenance).
- A subsidiary wrote off Baht 294 million worth of network equipment with potential obsolescent due to technological changes, recorded in selling and administrative expenses.

- AIS shortened its estimate on useful life of Intelligence Network (IN), as the Revenue Department allows 3 years useful life for computer equipment, from previously 5 years. As a result, AIS booked an extra of Baht 124 million of network amortization for the year 2002. Moreover, network amortization increased Baht 125 million in the first quarter this year due to the change. The amortization is taxable expense.

2. ANALYSIS OF OPERATION RESULTS

2.1. CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE-MONTH ENDED MARCH 2003, COMPARING TO THE THREE-MONTH ENDED DECEMBER 2002.

Revenue from services and equipment rental

In the first quarter in 2003, the company and its subsidiaries recorded Baht 17,822 million of revenue from services and equipment rental, increased by Baht 752 million or 4.4% when compared to previous quarter. The result was from notably larger customer bases, especially the prepaid service. Moreover, revenue per subscriber had improved over the previous quarter due mainly to lower free airtime given during the last few quarters.

Revenue from sales

Revenue from sales increased from Baht 4,838 million in the previous quarter to Baht 4,850 million in this quarter.

Concession fee and excise tax

During the first quarter in 2003, the Ministry of Finance announced the introduction of an excise tax on telecommunication services. The excise tax is set at 10% (plus municipal tax of 1%, totally 11%) of mobile phone service revenues. The excise tax can be deducted from the concession fee to be paid to TOT. Thus, there is no financial impact to the company its subsidiaries' expenses.

As of the first quarter in 2003, the company and its subsidiaries recorded concession fee and excise tax of Baht 4,272 million, an increased of Baht 141 million or 3.4% because of higher service and equipment rental revenues.

Cost of services and equipment rental

Cost of services and equipment rental was Baht 4,758 million, Baht 591 million or 14.2% higher from the previous quarter due mainly to the following factors.

- (1) The amortization of mobile phone networks increased by Baht 337 million. In the first quarter 2003, the company changed an estimated useful life of Intelligence Network equipment from 5 to 3 years. The result was an increase in the amortization expense of Baht 249 million. Besides, the company invested more in mobile service network to support its subscriber growth.
- (2) The cost of maintenance increased by Baht 321 million, primarily due to the provision of obsolete in network spare parts of Baht 170 million.

Costs of sales

Costs of sales decreased by Baht 780 million or 17.9% from the previous quarter to Baht 3,580 million due to the lower unit cost of handsets.

Selling and administrative expenses

Selling and administrative expenses of the company and its subsidiaries were Baht 3,042 million, a decrease of Baht 202 million or 7% from the previous quarter. In the first quarter, marketing expenses and staff expenses decreased by Baht 346 million and Baht 166 million, respectively. On the other hand, the company and its subsidiaries made a Baht 294 million write-off in mobile phone equipment.

Income tax

As of the first quarter in 2003, the company and its subsidiaries recorded income tax of Baht 1,837 million, decreased by Baht 331 million from previous quarter (15.3%). This was primarily due to utilization of loss carry forward of a subsidiary.

Net profit

From the above mentioned, the company and its subsidiaries reported net profit of Baht 4,607 million, an increase of Baht 840 million, or 22.3% compared to the previous quarter.

2.2. CONSOLIDATED FINANCIAL STATEMENT FOR THE THREE-MONTH ENDED MARCH 2003, COMPARING TO THE THREE-MONTH ENDED MARCH 2002.

Revenue from services and equipment rental

The company and its subsidiaries recorded Baht 17,822 million of revenue from services and equipment rental in the first quarter 2003, increased by Baht 3,637 million or 25.6% when compared with those of the first quarter 2002. The result was notably due to larger customer bases, especially on pre-paid service.

Revenue from sales

When compared with revenue as of the first quarter 2002, revenue from sales decreased by Baht 538 million or 10%. Mobile phone trading was more competitive in 2003 than the first quarter 2002 due mainly to due to unlock of phone ID (IMEI - International Mobile Equipment Identity) in the second quarter 2002.

Concession fee and excise tax

As of the first quarter 2003, the concession fee and excise tax increased by Baht 603 million or 16.4% because of an increase in service and equipment rental revenues.

Cost of services and equipment rental

Cost of services and equipment rental was up Baht 1,752 million, or 58.2%. It increased to Baht 4,758 million from Baht 3,006 million in the same period last year. This was mainly from 2 components;

- (1) The amortization of mobile phone networks was up Baht 985 million when compare to the first quarter of previous year. The company had invested more in mobile phone network to support its subscriber growth. Moreover, during the first quarter this year, the company changed an estimated useful life of Intelligence Network equipment from five to three years as. The result of the change in amortization period was an increase in amortization expense of Baht 249 million (Baht 124m for FY02 and the rest for 1Q03).
- (2) The cost of maintenance increased Baht 225 million was primarily due to the provision of obsolete in network spare parts Baht 170 million.

Costs of sales

Costs of sales decreased by Baht 217 million or 5.7% from Baht 3,796 million to Baht 3,580 million due to lower unit cost of sales.

Selling and administrative expenses

Selling and administrative expenses of the company and its subsidiaries were Baht 3,041 million, which decreased by Baht 125 million or 3.9% from those of the first quarter in previous year because of the following reasons:

- (1) An increase from write-off in mobile phone equipment of Baht 294 million
- (2) A decrease in allowance for doubtful accounts by Baht 377 million.

Income tax

As of the first quarter this year, the company and its subsidiaries recorded Baht 1,837 million in income tax. Compared to the first quarter in previous year, income tax decreased by 21.2% primarily due to utilization of loss carry forward of subsidiary.

Net profit

From the above mentioned, the company and its subsidiaries reported a net profit Baht 4,607 million, an increase of Baht 1,399 million, or 43.6% when compared to the net profit of the first quarter 2002.

3. ANALYSIS OF FINANCIAL POSITION

3.1 ANALYSIS OF ASSETS

Cash on hand and cash equivalents and short-term investments

At the end of this quarter, the company and its subsidiaries' cash on hand and cash equivalents were Baht 7,470 million and current investments were Baht 559 million. By the end of the first quarter 2002, the amount of cash on hand and cash equivalents was Baht 4,069 million and current investments were Baht 62 million. The increase was primarily from the net cash flow received from operating activities more than the net cash outflow from investing and financing activities.

Trade accounts receivable – net

At the end of this quarter, net trade accounts receivable decreased from Baht 7,239 million as of the end of 2002, to Baht 6,325 million. The decrease was primarily due to higher proportion of prepaid revenue results in the decline of average receivable collection period from 33 days to 30 days.

Net inventories

Net inventories increased to Baht 2,254 million at the end of this quarter. The amount increased Baht 293 million from the end of the year 2002 to support higher sales in the future.

Property and equipment – net

Net property and equipment totaled Baht 9,437 million, as of the end of March 2003, decrease from Baht 9,748 million at the year ended 2002. The decrease was mainly due to the change of estimated life of Intelligence network from 5 to 3 years.

Asset under concession agreements– net

Asset under concession agreements had increased from Baht 79,795 million at the end of year 2002 to Baht 80,927 million at the end of March 2003. It was caused by the investment in mobile service network to accommodate a larger customer base.

3.2 ANALYSIS OF LIABILITIES

Trade accounts payable

The company and its subsidiaries' trade accounts payable increased from Baht 7,649 million at the end of year 2002 to Baht 9,106 million at the end of this quarter. The increase in trade accounts payable was due to rise in trading activities.

Long-term debentures and long-term loans

During this quarter, the company and its subsidiaries repaid for debenture principal and long term loan Baht 5,500 million and Baht 903 million respectively, totaling Baht 6,403 million. At the end of this quarter 2003, the company and its subsidiaries had a total of Baht 45,338 million of the long-term debentures and loans. The portion of long-term debentures and loans, maturing within 1 year amounted to Baht 2,972 million and Baht 1,311 million, respectively.

Other current liabilities

Other current liabilities were Baht 9,683 million, as of the end of this quarter, an increase from Baht 7,969 million at the end of 2002. The major items were the increase in income tax payable of Baht 1,534 million and the increase in unearned income from prepaid revenue of Baht 307 million.

3.3 ANALYSIS OF SHAREHOLDERS' EQUITY

As of the end of this quarter, the company and its subsidiaries had Baht 55,861 million equities, increased from Baht 51,241 million at the end of 2002. The retained earning increased by Baht 4,607 million from net profit. During this quarter the company repurchased 0.38 million shares at the average price of Baht 33.08 per share. As of the end of this quarter the company repurchased totaling 2.54 million shares at the average price of Baht 32.73 per share.

3.4 ANALYSIS OF LIQUIDITY

As of the first quarter in 2003, the company and its subsidiaries grew their service and equipment rental revenues continuously. The company's net cash flow from operating activities increased from Baht 9,057 million in the first quarter 2002 to Baht 14,324 million. The company and its subsidiaries had net cash flow from financing activities of Baht 6,415 million and net cash payment from investing activities of Baht 4,509 million. Thus, cash and cash equivalent of the company and its subsidiaries increased by Baht 3,399 million.

SHIN SATELLITE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Analysis of operation results for the first quarter ended 31 March 2003 (1Q03) and the fourth quarter ended 31 December 2002 (4Q02)

1. Overview

Satellite Transponder Leasing and Related Services

Shin Satellite Plc successfully developed the iPSTAR Project, the Company's new, technologically revolutionary broadband system, with financial support from the US Export Import Bank, COFACE and a group of commercial banks. In this quarter, the Company continued to roll out the first generation of its terrestrial equipment. This will help expand the service infrastructure and volume production ready for the launch of the iPSTAR system and prepare the market in advance for a quick launch of full service later. The iPSTAR satellite is expected to commence full service in 2004.

The Company anticipates that this incident will not affect its operations. Moreover, the final results of an asset impairment test showed that this incident did not affect the book value of Thaicom-3 at all. Therefore, the Company does not have to adjust its value. The Company is now in the process of claiming insurance.

Internet Services

In March 2003, C.S. Communications Co. Ltd. (CSC) completely merged with Loxley Information Services Co. Ltd. (LXS) with a 94.19% stake in LXS. The merged company changed its name to CS Loxinfo Co. Ltd. (CSL). After the completion of the merger, Shin Satellite Plc now holds 50.02% in CSL. The Company foresees increased cost efficiency and synergy after the merger.

Telephone Network Services

Although Cambodia Shinawatra Co. Ltd. (CamShin) experienced the effects of the disturbances in Phnom Penh, it has continued to operate as normal since there was no damage to any control center or transmission equipment. It is now claiming damages from Cambodian Government.

In the first quarter the Company reviewed its authority in its joint venture agreement with the Government of Lao PDR thus far. The management is of the opinion that the Company is in joint control as described in the joint venture agreement. Since January 1, 2003 the Company has accounted for investment in Lao Telecommunication Co. Ltd. as investment in a joint venture company instead of an associated company and proportionately consolidates the results of LTC in the Company's consolidated financial statement.

2. Operating Results

2.1 Financial Statement for 3 months ended March 2003 in comparison with 3 months ended December 2002.

Net profit, operating profit and EBITDA for the first quarter 2003 were 353 million baht, 449 million baht and 744 million baht respectively, went up 40%, 92% and 44% respectively from the last quarter of 2002. This was attributable to:

Revenue

Sales and service revenue in the first quarter 2003 was 1,410 million baht, increased by 127 million or 10% from 1,283 million baht in the fourth quarter 2002. This was due to:

Satellite Transponder leasing and related Services

Revenue from transponder services for the first quarter 2003 was 873 million baht, decreased by 92 million baht or 10%, down from 965 million baht in the fourth quarter 2002, due to

- termination of some non-paying customers
- a 1.5% baht appreciation for the first three-month of the year 2003 compared with the three-month period of the fourth quarter last year
- an outage claim corresponding to Thaicom-3 anomaly
- a decrease in revenue from the sale of First generation gateway. Such sales did not occur in the first quarter of 2003.

Internet Services

Revenue from the Internet business in the first quarter 2003 was 200 million baht, increased by 58 million baht or 41%, up from 142 million baht in the last quarter of 2002. This was substantial due to recognition of the revenue from Loxley Information services Co. Ltd., after it was acquired by CS Loxinfo Co. Ltd. in March 2003.

Telephone Network Services

Revenue from the telephone network business in the first quarter 2003 was 337 million baht, increased by 161 million baht or 91%, from 176 million baht in the fourth quarter of 2002. This was due to:

- a proportionate consolidation of revenue from LTC as described above. It now has 133,237 subscribers or 14% up from the end of 2002.

- an increase in Camshin's subscribers especially prepaid mobile subscribers, which increased approximately 3% from the end of 2002. As of the end of March 2003, Camshin has 101,184 subscribers, 2.6% up from the end of 2002.

Costs

In the first quarter 2003, the Company had total costs of 790 million, an increase of 34 million baht or 4% compared with the previous quarter (756 million baht), due to the following:

- a decrease in cost of providing satellite services caused by
 - a decrease in costs of the First Generation of iPSTAR services corresponding to a decrease in revenue from First Generation of iPSTAR services.
 - A decrease in backbone cost due to the reduction in capacity usage and also in selling price.
- an increase in the cost of the Internet business due to recognition of cost of sales and service from Loxley Information Services Co. Ltd., after it was acquired by CS Loxinfo Co. Ltd., in March 2003.
- an increase in the cost of the telephone business caused by
 - a proportionate consolidation of cost of sales and service from LTC.
 - a rise in the amount of revenue shared with the Cambodian Government following an increase in revenue.

Selling and Administrative Expenses

Selling and administrative expenses in the first quarter 2003 were 171 million baht, a decrease of 122 million baht or 42%, even though the Company recognized expenses from LTC, compared with 293 million baht in the fourth quarter 2002. A major contribution came from a decrease of allowance for doubtful accounts, marketing expenses and bank fees related to the financing of iPSTAR project.

Interest Expenses

Interest expenses was 37 million baht, decreased by 5 million baht or 12% from 42 million baht in the last quarter 2002. This was as a result of the full redemption of a high-interest rate debenture and interest expenses for iPSTAR project were capitalized to the cost of the project.

Gain (Loss) from Foreign Exchange

The Company gained 5 million baht from foreign exchange this quarter, while it gained 7 million baht in the previous quarter. The baht over the 3 months of the first quarter was a bit more appreciated compared with an appreciation of the baht during the 3 months of the previous quarter.

Share of Net Profit from Investments

Due to the change in method of recognition of financial results contributed by LTC from equity method to proportionate consolidation in this quarter, no share of net results from investments appears in the company's financial statement.

Income Tax

Income tax in the first quarter 2003 was 75 million baht, an increase of 55 million baht or 275%, up from 20 million in the fourth quarter 2002. This was substantial due to the income tax imposed on Shin Satellite Plc due to the end of its losses carried forward in 2002 and the proportionately recognized income tax of LTC.

2.2 Financial Statement for 3 months ended March 2003 in comparison with 3 months ended March 2002.

Net profit, operating profit and EBITDA for the first quarter 2003 were 353 million baht, 449 million baht and 744 million baht respectively, decreased by 9% and increased by 24% and 20% comparing with the same period last year. This was attributable to:

Revenue

Sales and services in the first quarter 2003 was 1,410 million baht, increased by 216 million or 18% from 1,194 million baht in the first quarter 2002. This was due to:

Satellite Transponder Leasing and Related Services

Revenue from transponder services for the first quarter 2003 was 873 million baht, decreased by 95 million baht or 10%, down from 968 million baht in the same period in the previous year, due to

- termination of some non-paying customers
- a 2.5% baht appreciation over the first three months of the year 2003 compared with the same period in 2002
- an outage claim related to the Thaicom-3 anomaly
- offset by an increase in revenue from the first generation gateway services and sale of user terminals due to the continuous growth of customer base.

Internet Services

Revenue from the Internet business in the first quarter 2003 was 200 million baht, increased by 108 million baht or 117%, up from 92 million baht in the first quarter of 2002. This was substantial due to an increase in leased line subscribers together with broadband satellite internet subscribers i.e. IPTV Turbo and iPSTAR. This quarter, the Company recognized revenue from Loxley Information services Co. Ltd. after it was acquired by CS Loxinfo Co. Ltd. in March 2003.

Telephone Network Services

Revenue from the telephone network business in the first quarter 2003 was 337 million baht, an increase of 203 million baht or 151%, from 134 million baht in the first quarter of 2002. This was due to:

- a proportionate consolidation of revenue from LTC as described above.
- an increase in Camshin's subscribers especially prepaid mobile subscribers, which increased approximately 44% from the end of first quarter last year. Moreover, an increase in the average minute utilization per subscriber was another factor leading to an increase in airtime revenue per subscriber.

Costs

In the first quarter 2003, the Company had total costs of 790 million, an increase of 121 million baht or 18% compared with 669 million baht in the same period previous year, due to the following:

- an increase in the cost of the Internet business due to recognition of cost of sales and services from Loxley Information services Co. Ltd., after it was acquired by CS Loxinfo Co. Ltd. in March 2003.
- an increase in the cost of the telephone business caused by
 - a proportionate consolidation of cost of sale and service from LTC.
 - an increase in inter-connection cost, maintenance cost and amortization of telecommunications equipment from Camshin.
 - a rise in the amount of revenue shared with Cambodian government followed an increase in revenue.

Selling and Administrative Expenses

Selling and administrative expenses in the first quarter 2003 was 171 million baht, an increase of 9 million baht or 6%, compared with 162 million baht in the first quarter 2002. This was attributable to an increase in the expenses from Loxley Information Services Co. Ltd., and Lao Telecommunications offset by a decrease in selling and administrative expenses of Shin Satellite Plc and other subsidiaries.

Interest Expenses

Interest expenses amounted to 37 million baht, down by 37 million baht or 50% from 74 million baht in the first quarter 2002, as a result of the full redemption of a high-interest rate debenture and interest expenses for the iPSTAR project were capitalized to the cost of the project.

Gain (Loss) from Foreign Exchange

The Company gained 5 million baht from foreign exchange this quarter, while it gained 31 million baht in the same period the previous year. The baht over the 3 months of the first quarter appreciated 0.7% compared with an appreciation of 2.1% during the 3 months of the first quarter last year.

Share of Net Profit from Investments

Due to the change in method of recognition of financial results contributed by LTC from the equity method to proportionate consolidation in this quarter, there was no share of net results from investments presented in the company's financial statement.

Income Tax

Income tax in the first quarter 2003 was 75 million baht, an increase of 67 million baht or 838%, up from 8 million in the first quarter 2002. This was substantial due to the income tax imposed on Shin Satellite Plc due to the end of its losses carried forward in 2002 and the proportionately recognized income tax of LTC.

3 Financial Position**3.1 Assets****3.1.1 Asset Components**

At the end of March 2003, the Company had assets of 22,172 million Baht, an increase from the end of 2002 of 9% (20,307 million Baht). The major asset components comprise:

Asset	March 31,2003		December 31,2002	
	Amount (million bt)	% of Total Asset	Amount (million bt)	% of Total Asset
Current Assets	2,685	12.1	2,272	11.2
Property and equipment, net	13,882	62.6	11,649	57.4
Investment in subsidiaries and associates	-	-	778	3.8
Cost of satellite projects under the concession agreement, net	5,343	24.1	5,481	27.0

In this quarter, the company's total assets included the assets of Loxley Information Services Co. Ltd., which was acquired by CS Loxinfo Co. Ltd., in March 2003 and also the assets of Lao Telecommunications Co. Ltd., according to the new accounting method as previously mentioned. Most of Company's assets are fixed. An increase in Property and Equipment in this quarter was accounting for as iPSTAR project expenditure and a proportionate consolidation of LTC's assets.

According to the change in accounting method in this quarter, there was no investment in subsidiaries and associates presented in the Company's consolidated financial statement.

3.1.2 Asset Quality

As of March 31, 2003, the Company had no assets for which it had to make provision for asset impairment. Regarding the power anomaly on Thaicom-3, the final results of an asset impairment test showed that this incident did not affect the book value of Thaicom-3.

3.1.3 Accounts Receivable

In this quarter, the Company had an average accounts receivable collection period of 78 days, an increase from 55 days in the same period previous year. This was due to the delay of payment from some customers while negotiations for outage claims with the Company due to the Thaicom-3 anomaly were ongoing. The Company has a policy to closely follow and evaluate its collection performance. The Company analyses individual customers using the specific method and believes it has sufficient provision as of March 31, 2003, for doubtful accounts.

3.2 Liquidity

3.2.1 Current Ratio and Short-term Liabilities

At the end of first quarter 2003, the Company had a current ratio of 0.69 times, increased from 0.43 at the end of 2002. This was due to signing long-term loan agreements for the iPSTAR Project in November 2002. These loans were used to repay existing short-term loans and accounts payable, consequently reducing current liabilities.

3.2.2 Cash Flow

At the end of March 2003, the Company had cash and cash equivalents of 370 million baht, which comprised:

1. Net cash flows from operations – 287 million baht.
2. Net cash flows used in investing activities, 1,778 million baht, of which most cash payments were invested in iPSTAR;
3. Net cash flows from financing activities amounted to 1,257 million baht. The Company has cash flow from long-term loans, most of which came from a loan for the iPSTAR Project.

3.3 Capital Expenditures

The current major investing expense is for the iPSTAR project, with an estimated project cost of approximately US\$ 390 million. Sources of funds to proceed with the project are derived from the Company's operating cash flows as well as loans from financial institutions and the guaranteed facilities from the Export and Import Bank of United States of America and COFACE of France. The iPSTAR project is the first broadband satellite project in Asia Pacific. The Company is confident that the project will start operating in 2004.

3.4 Sources of Funds

3.4.1 Capital Structure

At the end of March 2003, the Company had a debt to equity ratio of 1.54, which was comprised of 60.6% debt finance, and 39.4% equity. The Company increased its debt finance from 60%, and 40% equity at the end of 2002. Such increase was due to an increase in net borrowings after loan repayments. Such borrowings were for the iPSTAR project.

3.4.2 Shareholder's Equity

At the end of March 2003, the Company's shareholders' equity was 7,790 million baht, an increase of 586 million baht or 8%, up from 7,204 million baht at the end of 2002. This was due to earnings of net income in this quarter and an increase in minority interest according to the acquisition of Loxley Information Services Co. Ltd.

In this quarter, the Company set additional legal reserves of 74 million baht up from 56 million baht at the end of 2002.

3.4.3 Liabilities

At the end of March 2003, the Company had short-term borrowings and long-term loans (net effect after hedging) of 11,980 million baht, an increase of 1,207 million baht from 10,773 million baht at the end of 2002. That resulted from borrowings for the iPSTAR project, which is expected to commence service in 2004. The Company has a policy to manage its foreign exchange exposure by using an appropriate financial instrument. Moreover, almost 90% of the Company's revenue is US dollars, therefore, the Company can also get a benefit from its "natural hedge."

ITV PUBLIC COMPANY LIMITED

Analysis of operation results for the first quarter ended 31 March 2003 (1Q03) and the fourth quarter ended 31 December 2002 (4Q02)

1. ANALYSIS OF OPERATION RESULTS

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.

Analysis of operation results for the first quarter ended 31 March 2003 (1Q03) and the first quarter 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.

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.

2. ANALYSIS OF FINANCIAL POSITION

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 increase 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