

Management's Discussion and Analysis (MD&A)

The Overview of the Company's and its Subsidiary's Operating Results

Unit: Million Baht
(Audited)

	2007	2006	% Changes
Total Revenues	3,956	4,345	-9
TV Revenue	2,269	2,710	-16
Radio Revenue	841	798	5
JV & Other Revenues	846	837	1
Expenses	2,438	2,268	7
Net Profit	1,111	1,505	-26
EPS (Baht)	1.62	2.19	-26

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Unit: Million Baht
(Audited)

	H2-2007	H1-2007	% Changes
Total Revenues	2,188	1,768	24
TV Revenue	1,297	972	33
Radio Revenue	465	376	24
JV & Other Revenues	426	420	1
Expenses	1,319	1,118	18
Net Profit	638	473	35
EPS (Baht)	0.93	0.69	35

Note: The Company's operating results presented in its financial statements were different from those presented in the consolidated financial statements due to a change in accounting method in recording investments in subsidiaries and joint ventures in the Company's financial statements.

The Company's total revenues in 2007 were down 9% compared to those of the year 2006 due to the fact that the slump in the private and government spending for advertisement had affected to the first half of 2007 the Company's main revenues as TV & Radio revenues. In addition, customers withheld the advertising spending on Modernine TV during the changing period of the Company's management and policies in the first half of 2007.

In spite of the fact above, the total revenues in second half of 2007 were up 24% compared to those of the first half of 2007. Specifically, such revenues were increased by the results of the new president's concrete policies, such as the TV programme reshuffle under the concept of Edutainment in second half of 2007, stronger team for news staffs and TV & Radio marketing staffs, new promotion campaign for "Sales Package" to match the customers' need during the slowdown in economic growth.

The details of the Company's operating results are as follows:

1. The 16% reduction in TV revenues for the year 2007 compared to those of the year 2006 was caused by the few reasons, such as the drop in the TV revenues caused by the drop in popularity for the TV programme after the programme reshuffle in January 2007, TV revenues reduction due to the lack of "Seasonal Programme" as "The Star" and no "Special Programme" as "World cup soccer", "Election campaign" in the first half of 2007 as shown in the second quarter of 2006 TV programmes. Moreover, the impact from the decline in total advertising spending on television in the first half of 2007, which fell 3% from that of last year, resulted in a decrease in Modernine TV's market share. Nevertheless, the TV revenues in the second half of 2007 increased up to 33% from those of the first half of 2007 according to the result of the TV programme reshuffle in July 2007 with the 70% proportion of the combination of the Self-Produced with Time Sharing Programmes. Lastly, the result of the 8-20% price increasing in news and Sit-Com programme since October 2007 made the positive impact on the TV revenues at the end of 2007.

2. While radio revenues in 2007 rose 5% compared to those of 2006 and rose 24% in second half of 2007 from those of the first half of 2007 due to the stronger marketing team and the successfully-organized activities for promoting the 6 radio stations in Bangkok. As a result, the number one popularity for radio stations in Bangkok in 2007 was "SEED" FM 97.5 and FM 95 "Lookthung Mahanakorn".

In 2007, the Company was successful in controlling costs efficiently relating to the marketing activities for TV & Radio promoting campaign. Total expenses rose 7 % compared to those of 2006 while the TV and radio production costs, which account for 60% of the total costs, were up only 3% from those of 2006.

The Company's net profit in 2007 was down 26% compared to those of 2006, equally to Baht 1,111 million, or Baht 1.62 per share. However, the net profit in the second half of 2007 increased up to 35% compared to those of the first half of 2007.

With the total assets of Baht 8,691 million, total shareholder's equity of Baht 6,983 million and total liabilities of Baht 1,708 million, MCOT Plc.'s financial position remains strong.

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