

BEC World Plc.

Consolidated Financial Statements for the year 2010

Management Discussion and Analysis:

Business Environment:

From the low base during the prior year, 2009, as resultant of the worsen macro-economy which had pulled the demand for TV-advertising-airtimes [adex] down in the first quarter together with an abnormal drop of adex from a large advertiser noted in a large network, during the second and third quarter of that year, which also had elevated competition among advertisers within such product groups since then and had helped pushing the industry to grow at a higher growth rate since the beginning of the second half of the 2009 and created a momentum which has continued up to now, pushing the growth rate of the industry to double digits level throughout the whole year in 2010 as reported by "Nielsen Media Research" [Nielsen]; this is happened despite the chaos in many cities in the middle of the second quarter of 2010; and the growth momentum has continued at accelerated rate after the chaos is over, partly because of the live coverage of "2010 FIFA World Soccer Tournament" as well as the live coverage of "2010 Asian Games" in the later part of 2010; and partly because of improved market sentiment from better macro-economic conditions which helped boost the confidence of both the consumers' and the producers' up. The improvement of market conditions encourages many advertisers, both large and medium size, in various product segments, including traditional "fast-moving-consumer-goods" and many raising stars such as those who are in "automotives" and "financial-services" industries to increase their advertising-spending up at higher rate i.e. higher than 20 percent of prior year base. Nielsen reported that adverting-spending on TV during the whole year 2010 is 15percent higher than that of the prior year and it is at the record-high-level, already higher than that of the year 2007, the previous record-year when the industry still has "ITV" included within the industry throughout the whole year that year. Nielsen also reported that the loading of advertising-minutes has already run at the maximum legal limit in most of the channels throughout the second half of 2010, as well. They are the strong indicators of the growing demands, pricing power as well as diversity, resiliency and great growth potential of the industry.

Structure Changes:

In 2010, the BEC World group did not have any significant changes in the structure of the group except that (1) we had during the first quarter transformed "the BEC-Tero Scenario Joint Venture" to be another subsidiary company known as "BEC-Tero Scenario Co., Ltd." which will still continue operating as the provider of international stage shows and is 50percent owned by "BEC-Tero Entertainment" a

subsidiary of BEC World whereas the other 50percent is owned by the same unrelated joint-venture partner; (2) we had in the second quarter transformed “the BEC-Tero Sasana Foot-Ball Team”, as required by the rules of the Thai Foot-Ball Association, to be a separate legal entity as another subsidiary company of the group, known as “BEC-Tero Sasana Co., Ltd.” which is 99.9percent owned by “BEC-Tero Entertainment” a subsidiary of BEC World; and (3) around the end of the year “BEC-Tero Entertainment” had acquired all additional shares in “Virgin BEC-Tero Radio (Thailand) Ltd.”, an associated company which has a capital deficiency, from its partner, “Virgin Radio International Ltd.”, at one Baht; increases the ownership of “BEC-Tero Entertainment” in the company to 99.9percent of its registered share-capital; transformed it to be another subsidiary company; then “BEC-Tero Entertainment” acts as guarantor for a bank’s lending facilities at the amount of Baht 40 millions in lieu of the seller. “Virgin BEC-Tero Radio (Thailand) Ltd.” will continue its original businesses further, however to help improve its profitability there are amendments in ‘license and services agreements’ between “Virgin BEC-Tero Radio (Thailand) Ltd.” and “Virgin Radio International Ltd.” to lower down the future costs of operation of “Virgin BEC-Tero Radio (Thailand) Ltd.” and we did initiate the process to change its name to “BEC – Tero Radio Co., Ltd.” as well.

#### Operating Results:

Due to the accounting policy for “investments”, the reported profit as shown in the separate statements is difference from that shown in the consolidated statement. This MD&A will discuss those numbers shown in the consolidated statement in order to avoid any confusion.

For the year 2010, the group, BEC World, was able to made Baht3,302 millions as its net profit for the shareholders of BEC World; this is the record-high, 25.3percent higher than that of the previous year, i.e. Baht668 millions more. This is resultant of another round of our expansion. BEC World were able to increase its advertising income up 32.2percent or Baht2,697 millions higher than that of the prior year. This high growth of our profit is achieved even our costs also increased substantially both in absolute amount and the rate of increase as a one-time adjustment from the expansion; anyhow our operate-margin also increased a lot and we also had higher margin from “concerts and events businesses” whereas our administrative expenses were much lower than that of the prior year which had extra expenses from special activities related to our marketing and celebrations activities on the “39<sup>th</sup> anniversary of our Channel 3” and we also had extra “other income” from acquiring and transforming “Virgin BEC-Tero Radio (Thailand) Ltd.”, into another subsidiary company as the seller -an ex-partner- had waived all the outstanding loans and accrued interest owned by the subsidiary.

#### Revenues:

In line with the growth momentum of the industry, BEC World group had initiated another round of expansion since the beginning of 2010 adding more of our own local contents and extended the prime and super-prime slots further pushing our advertising income up higher year-on-year by 32.2percent, an increase of Baht2,697 millions. Our “concerts and events businesses” revenue and margin are also higher year-on-year as well as our “copyrights and other services income” as resultants of the improved macro-economic conditions and the strong market position of our products and services.

#### Costs and Operating Expenses:

Costs of services increased a lot year-on-year as one-time adjustment because of the business expansion started from the beginning of 2010; the increases are mainly our programming costs from the changes in our programming chart adding more of our own local contents and the extension of prime and super-prime slots which bear higher costs which will also enhance our opportunity to generate higher revenue and profit in the longer term. On top of those increases of our on-going programmes' costs, in 2010 we also incurred additional costs from live coverage of “2010 FIFA World Soccer Tournament” and the “2010 Asian Games”. The “selling expenses” increased in line with the revenue but at much lower rate. The “administration expenses” decreased from that level of the prior year which had extra expenses from special activities related to our marketing and celebrations activities on the “39<sup>th</sup> anniversary of our Channel 3”.

#### Financial positions:

Our total assets increased when compared with balances at the end of the previous year in line with the improvement of our profit. The increases of assets are mainly in “Cash and Cash Equivalents”. Accounts receivable is also higher but at a lower growth rate than the growth of our “sales revenues” as our day-sales-outstanding is short. Non-current assets such as “Property, plant and equipment”, “Deferred right to use property” and “Deferred pictures rental picture products, plays and copyright charges” are lower than those at prior yearend as “depreciation and amortization” are higher than acquisitions made during the year even the acquisitions are almost at the same level as previous year. Our liabilities also increased from prior year levels as our corporate income tax payable is higher in line with increased revenues and profit. The higher “Trade account payable” reflects higher acquisitions of our programmes and equipment around the end of the year. “Our shareholders' equity” also increased in line with the higher retains earnings. BEC World's financial positions are strong as usual.