



รายงานประจำปี 2551 ANNUAL REPORT 2008



MATCHING STUDIO

MATCHING STUDIO PLC.

บริษัท แม็ทซิ่ง สตูดิโอ จำกัด (มหาชน)



Matching' Studio



Matching' Broad Cast



Cheeze Magazine

Matching' Entertainment



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2008 Financial Highlights

(Unit : Thousand)

Details	2006	2007	2008
Performance :-			
Service Revenue	959,327	613,455	655,127
Sales Revenue	22,538	26,105	34,784
Total revenue	990,473	649,905	695,132
Cost of Sales and Service	846,836	474,215	473,467
Selling and Administrative Expenses	240,117	190,048	177,538
Bad and doubtful debts (reversal)	6,410	5,644	990
Loss from value reduction on work in film production	14,266	7,801	-
Loss from value reduction of copy right fee from film production	-	2,283	-
Loss from impairment assets	61,062	-	-
Total expenses	1,168,691	679,990	651,996
Interest Expenses	15,594	12,328	6,929
Income tax	13,683	2,743	3,836
Net Profit(Loss)	(207,496)	(45,157)	32,372
Financial Status :			
Total Assets	736,058	595,646	548,054
Total Liabilities	315,821	222,568	142,152
Shareholders' Equity	420,237	373,078	405,902

Financial Ratios

Details		2006	2007	2008
Liquidity Ratio	(time)	1.26	1.21	1.94
Gross Profit Margin	(%)	13.75	25.85	31.37
Operating Profit Margin	(%)	(10.70)	(3.86)	5.64
Net Profit Margin	(%)	(20.95)	(6.95)	4.66
Return on Equity	(%)	(39.50)	(11.38)	8.31
Debt to Equity Ratio	(time)	0.75	0.60	0.35
EPS	(Baht)	(1.02)	(0.20)	0.24

Message from the Board of Directors

In 2008, the Thai economy posted a limited growth of only 2.6% as a result of the global economic slowdown caused by the subprime mortgage crisis in the US that had spread worldwide. The impact of the global economic crisis on Thai economy, especially on the export and financial sectors, coupled with the political instability, the fluctuations in oil and agricultural prices had dampened the confidence of both consumers and investors. These unfavorable factors had, thus, led investors or business operators to halt their plans of spending advertising budgets as well new investment projects.

As for the operational performance for the year 2008, the Company reported total revenues of Baht 695.13 million, increasing by 7 % compared to the same period of last year. The Company posted a net profit of Baht 30.19 million. For 2008, the Company enjoyed the net profit for the first time in four years. The Company's earnings soared by 167.6 % on a year-on-year basis. This substantial improvement in the earnings performance was mainly attributable to a year-on-year increase of 56.56 % in revenues from equipment rental and service business which was made possible by an increase in the number of foreign customers. In addition, the Company saw the revenues from its printing business increase by Baht 8.6 million or a gain of 33.25 % as its magazine became more successful. Meanwhile, the revenues from TV Commercial production business also increased by 6.36 %, on a year-on-year basis, due to a better cost control. By contrast, the revenues from featured film production business dropped by 98 % to Baht 17.88 million given that the Company halted this business as it viewed that the risk form this business would be high. For the below the line activity business, the Company shifted its role as event promoter to be a service provider given the service providing activities normally come with fewer risks. As a result, the revenues from this below the line activity business dropped by Baht 18.94 million.

The Company and its subsidiaries have continuously improved its work procedures so that each business division can generate profits in the long run. Furthermore, the Company regularly reviewed its past operational performance and made further improvements in every aspect of its working process in order to reduce redundant costs. The Company also assessed some potential risks that may arise from its investment and closely monitored any situations that may have an impact on Matching Group's businesses so as to adjust its strategies to cope with the actual circumstances.

Thai economy in 2009 is anticipated to fall further and begin to stabilize at around mid-year until the year end. In response to this uncertain economic outlook, the management has planed to control costs more carefully. The Company has also intended to cut some costs associated with other businesses so that it can support the customers who may also seek to cut their costs and advertising budget. Moreover, the Company is prepared to cope with any potential changes. Meanwhile, the Company is committed to creating quality works and continuously building trust amongst its customers.

Finally, on behalf of the Board of Directors, we would like to take this opportunity to thank shareholders, trustworthy customers, sponsors and employees at all levels, who have tirelessly devoted themselves to work and support Matching Group to become a creative organization which creates a variety of works to the society and is committed to delivering prosperity for the benefits of shareholders, stakeholders as well as the society as a whole.

Yours sincerely,



(Prof. Suphachai Phisitvanich)
Chairman of the Board of Directors



(Mr. Somchai Cheewasutthanon)
Chairman of the Executive Directors

Audit Committee's Report

Dear Shareholders of Matching Studio Public Company Limited

The Audit Committee, which was appointed in accordance with the Board of Directors' resolution on October 30, 2002, consists of 3 independent directors namely Prof. Suphachai Phisitvanich as Chairman of the Audit Committee and Pol. Lt. Gen. Thummanit Pitaneelaboot and Mrs. Angoon Kamolyabutr as the members of the Audit Committee. Miss Suwaree Downtong who is a Vice President of Internal Audit is a secretary to the Audit Committee.

During the year 2008, the Audit Committee convened a total of 5 meetings with the following key issues:

1. Quarterly and annual financial statements were reviewed before being submitted to the Board of Directors so that the Audit Committee could be sure that they were in compliance with generally accepted accounting standards. In addition, the Audit Committee also made sure that the information about connected transactions and transactions that may cause potential conflicts of interests was correctly disclosed. After having arranged particular meetings with the authorized auditor, the Audit Committee was, thus, certain of independence and the audit results of the authorized auditor. The Audit Committee also viewed that the Company's financial statements were accurately and adequately disclosed and were up to the generally - accepted accounting standards.

2. The Audit Committee reviewed the Company's internal control system and followed the improvements of the system. Seeing that the Company's management had improved its internal control system in terms of the audit section, the Audit Committee, hence, attested to the sufficiency of the Company's internal control system. In addition, the Committee also ensured that the Company's internal audit system was run in accordance with a plan which focused on limiting the risk to the organization. The Committee also followed up the audit results as well as improving the audit system of the Company.

3. The Audit Committee opined that the information was adequately and transparently disclosed in accordance with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission. The Audit Committee had reviewed good corporate governance policies, including environmental and social responsibilities, while promoting good corporate governance practices in order to boost investors' confidence. However, the Audit Committee and the management still continue to emphasize on the development of risk management and good corporate governance systems.

4. The Audit Committee reviewed the Company's practices in order to make sure that the Company followed the regulations for listed companies set forth by the Stock Exchange of Thailand as well as other related regulations.

5. The Audit Committee reviewed the connected transactions and transactions that may cause potential conflicts of interests transactions and expressed their opinions about those transactions as well as making sure that the information concerning those transactions was accurately disclosed.

6. The Audit Committee assessed the independence of the authorized auditor. The Committee also proposes an appropriate person for the position of the auditor of the Company' and its subsidiaries as well as suggesting an appropriate remuneration for the auditor. For the year 2009, the Audit Committee proposed that the Board of Directors appoint Miss Chantira Wongsri-Udomporn, Certified Public Accountant License No. 4996 and/or Mr. Pichai Dachanapirom, Certified Public Accountant License No. 2421 and/or Mr. Pojana

Asavasontichai, Certified Public Accountant License No. 4891 from Dharmniti Auditing Co., Ltd., or other auditor(s) certified by the Office of Securities and Exchange Commission who is entrusted by Dharmniti Auditing Co., Ltd. as the Company and its subsidiaries' auditor(s).

7. The Audit Committee suggested revising the scope of duties and responsibilities of the Audit Committee to be in line with the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand B.E 2551 which became effective from July 1, 2008

8. The Audit Committee ensured that the Company operated business which is based on the good corporate governance practices and in accordance with the Securities and Stock Market Act (No. 4) B.E 2551 and the announcement of the Stock Exchange of Thailand that allowed the charters of the audit procedure which consist of the charter of the Audit Committee and the charter of the internal audit section. These charters clearly state the scope of roles, duties and responsibilities of the internal audit which is useful for the audit management.

The Audit Committee was able to obtain unlimited information and had the right to consult with any particular sections, i.e. management, internal audit and system development, the authorized auditor and some outside consultants. The Audit Committee viewed that the Company possessed sufficient and appropriate internal control system and also continuously developed its good corporate governance practices.










(Prof. Suphachai Phisitvanich)
Chairman of the Audit Committee





History and General Information of the Company

Matching Studio Public Company Limited was found on October 27, 1992 with the initial registered capital of Baht 1 million by Mr. Somchai Cheewasutthanon and Mr. Thanisaphong Sasinmanop. The Company was set to operate a production house business and provide consultancy regarding advertisement with 16 employees at the beginning. Over the past 16 years, with the quality of work that measured up customer's demand, the Company has continuously expanded its business by increasing its capital and number of employees especially the directors who are highly respected by those who are in the media industry and those outside the industry. As of December 31, 2008, the Company's paid up capital stood at Baht 208.27 million with a total of 143 employees and 14 directors. The office is located at 305/10 Soi Sukothai 6, Sukothai Road, Dusit, Bangkok.

History of capital increase and important development of the Company

1992		Matching Studio Public Company Limited was established with Baht 1 million registered capital i.e. 10,000 shares at par value of Baht 100 per share, to operate TV commercial production business.
2000		The Company increased its registered capital from Baht 1 million to Baht 7 million to support its business expansion.
2002		In September, the Company restructured its group of companies. Gearhead Co., Ltd., Matching Entertainment Co., Ltd., and Fatman & Little Boy Co., Ltd., which had the same groups of the Company's major shareholders, became its subsidiaries in order to promote transparency in conducting business.
		The Company raised its registered capital from Baht 7 million to Baht 20 million and to Baht 90 million within the same year. The par value was split from Baht 100 into Baht 5 divided into 18 million shares. The Company formed 2 more subsidiaries, Matching Broadcast Co., Ltd. and Matching Motion Pictures Co., Ltd., to provide fully integrated TV commercial advertising services from equipment and production services, including business expansion of the Group into a more entertainment and recreation services such as TV programs production, event shows and featured films.
2003		In August, the Company had a par split from Baht 5 to Baht 1.
		During the same year, the Company set up 3 more subsidiaries, namely Matching Movie Town Co., Ltd., Book Maker Co., Ltd. and Goody Film BKK Co., Ltd., to offer a wider range of entertainment and recreation services of the Group. Additionally, it invested in an affiliate called Take A Look Co., Ltd., which was a joint venture business with Samart I-Mobile Plc. to operate LED billboard outdoor media.
		In December, the BOD approved to raise the Company's registered capital to Baht 249,500,000 to reserve for the Right Offering of warrants amounted 108,000,000 units at a ratio of 5 existing shares to 4 units of warrant and for ESOP-W in the amount of 6,500,000 warrants.

2004	➤	In February, the Company had a Right Offering of MATCH-W1 amounted 108,000,000 units at Baht 0 with the exercise ratio of 1:1.
	➤	The paid-up capital of the Company was increased to Baht 207,742,457 for a Private Placement of BBTV Productions Co., Ltd., in order to support the business expansion, to increase the efficiency in business operation of Matching Group, and to increase its potential to gain more market share. Consequently, the Company has moved from trading in Market for Alternative Investment (MAI) to the Stock Exchange of Thailand (SET).
	➤	In July, Matching Group, led by Matching Broadcast Co., Ltd. (100% owned by Matching Studio Plc.), has expanded the production and management of TV program by establishing Matching Television Co., Ltd.
2005	➤	In March, the Company sold the entire stake in Take A Look Co., Ltd., which is an affiliated company, back to the other two strategic investors, Samart Info Media Co., Ltd., a subsidiary of Samart I-Mobile Plc., and Master Ad Plc. to prevent conflict of interest since Matching Movie Town Co., Ltd. The amount of sales totaling 1,249,996 shares or equivalent to 24.99% of total paid-up capital of Baht 50 million at par value of Baht 10 per share. This was to prevent a conflict of interest between the affiliate and a subsidiary i.e. Matching Movie Town Co., Ltd. since it started a similar business operations of LED Billboard electronic media.
	➤	The Company invested in a joint venture with Bangkok Broadcasting & TV Co., Ltd. and BBTV Productions Co., Ltd. to organize Miss Universe 2005 contest in Thailand. Its total investment value, one third of total investment, invested three times in 2005 was Baht 71.53 million in total.
2006	➤	In July, Matching Movie Town Co., Ltd. (100% owned by Matching Studio Plc.) had launched below-the-line media to operate the moveable LED screen at Siam Paragon. Three 4x3 meters movable LED screens on platform 40 meters length by 9 meters height and wireless speed control system were being set up. This was an on-going project from last year covering Siam Center, Siam Discovery and Siam Paragon to display assorted advertisement medium to support the clients' activities directly as well as publicizing the Company's marketing campaigns.
	➤	In August, Matching Broadcast Co.Ltd (100% own by Matching) increased its investment in Matching Television Co. Ltd from 65% to 100% in order to boost its management flexibility.
2007	➤	In June, Matching Motion Pictures increased its capital from Baht 20 million to Baht 130 million on order to appropriately restructure its capital structure.
	➤	In November, the Company was received approval from the Securities and Exchange Commission to issue warrant for its directors and employees of the Company and its subsidiaries for 10,000,000 units with 3 years maturity from the date of issuance. The first exercise date will be May 15, 2008 and the last exercise will be in November 2010. The exercise ratio is 1 warrant: 1 share with exercise price of Baht 1 per share.

2008		In May, there were warrant exercises of 315,000 units of ESOP II with the proceeds amounting to Baht 315, 000.
		In July, Gear Head Co. Ltd increased capital from Baht 80 million to Baht 130 million in order to support its debt restructuring plans.
		In July, Matching Entertainment Co. Ltd increased capital from Baht 10 million to Baht 40 million to support its debt restructuring plans.
		In November, there were warrant exercises of 140,000 units of ESOP II that generated the proceeds of Baht 140,000.

Currently Matching Studio Public Company Limited is located at
Head Office at : 305/10 Soi Sukhothai 6, Sukhothai Road, Dusit District, Bangkok 10300
Registration No. : 0107545000365
Telephone No. : 0-2669-4200-9, 0-2243-6543
Fax No. : 0-2243-1494, 0-2243-1424
Homepage : <http://www.matchinggroup.com>
<http://www.matchingstudio.com>

OUR PRODUCTION HOUSE SERVICE



Matching
Studio



GEAR HEAD



OUR EQUIPMENT RENTAL SERVICE



Cheeze Magazine : Teenager Street Style Magazine



Matching Entertainment : Event Organizer Service



GEAR HEAD



OUR EQUIPMENT RENTAL SERVICE

Matching Broadcast : Television Program



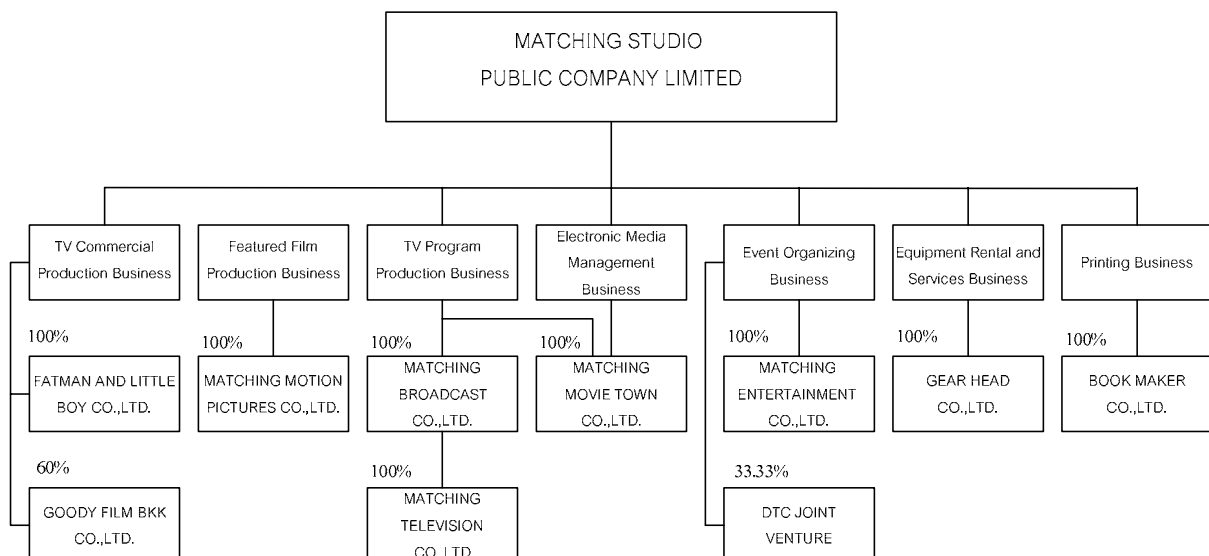
Type of Business

Business operation of the Company and the companies within Matching Group

Matching Studio Public Company Limited is a production house of TV commercial films broadcasted both locally and internationally e.g Japan, China, Vietnam and etc. The Company emphasizes quality of works and customers' needs to ensure customers' satisfaction. The Company's customers can be categorized into 2 groups i.e. advertising agencies and brand owners (or non-agencies). Past broadcasted TV commercials e.g. "Non" Unif Green Tea, DTAC, Isuzu D-Max Society presented by Dome, Peter, Moss, Bear Band Gold Milk, Dentiste presented by Noi and Ken, Anti-Violence campaign by Thai Health Promotion Foundation and etc, are recognized as quality outputs and widely accepted by the industry. Such achievements have enabled the Company to receive awards from well-known organizations related to TV commercial production business both locally and internationally such as the London International Advertising Awards, the New York Festivals, the Bangkok Art Directors' Awards (BAD Awards) and the Top Advertising Contest of Thailand Awards (TACT Awards). Moreover, with more than 16 years of acknowledged experience, the Company was ranked by the Gunn Report, which had been published in the Creative Review for 3 consecutive years. Firstly it was published in January 2002 as 2001's fifth most award winning TV commercial production company in the world. Secondly, it was published in January 2003 as 2002's tenth most award winning TV commercial production company in the world. At the time, it was the only TV commercial production company in Asia to be ranked in the world's top ten ranking. Lastly, it was published in January 2005 as 2004's fourth most award winning TV commercial production company in the world. Additionally, Mr. Somchai Cheewasutthanon, Managing Director and Chairman of the Executive Committee of the Company received Top Fifty Yong Executive Award 2005 from the Stock Exchange of Thailand.

In order to be able to fully response to the customers' needs in terms of TV commercial production, equipment rental service, TV series and TV programs program, organizing entertainment activities and movie production, the Company had invested in 9 subsidiaries and 1 joint venture with the following shareholding structure as of December 31, 2008:

Matching Studio Group Structure



1. Gearhead Co., Ltd. was established on June 7, 1994 with current paid up capital of Baht 130.00 million. It operates equipment rental and services business for featured film production, TV programs and TV commercials. The Company also provides skilled technicians along with the equipment to service the customers.

2. Matching Entertainment Co., Ltd. was established on June 15, 1999 with current paid up capital of Baht 40 million. It operates event organizer and production business by sourcing the location, stage equipment, light and sound equipment as well as production and management services.

3. Fatman and Littleboy Co., Ltd. was established on March 16, 2001 with current paid up capital of Baht 7 million. It operates TV commercial production for a group of customers whose advertising budget is limited.

4. Matching Motion Pictures Co., Ltd. was established on October 11, 2002 with current paid up capital of Baht 130 million. It operates a quality featured film production business and production service business for foreign production teams.

5. Matching Broadcast Co., Ltd. was established on October 11, 2002 with current paid up capital of Baht 10 million. It manages and produces TV programs and manages the time for such TV program.

6. Book Maker Co., Ltd. was established on June 6, 2003 with current paid up capital of Baht 2 million. It operates printing business e.g. Cheeze Magazine which features teenagers' fashion and lifestyle. In 2005, Matching Studio Plc. owned 100% stake of the paid up capital.

7. Matching Movie Town Co., Ltd. was established on June 12, 2003 with current paid up capital of Baht 50 million. At the start, the purpose of establishing this company was to develop the movie town project. Unfortunately, the Company had to cease this investment given economic uncertainty and readiness of the Company. Currently the Company provides photo studio service on the first floor of Siam Center. The Company has sold its media selling businesses since late 1Q08 and shifted to manage and produce TV programs and manages the air time of such TV programs.

8. Goody Film BKK Co., Ltd. was established on October 1, 2003 with current paid up capital of Baht 1 million. It operates the production of TV commercials for international market. Matching Studio Plc. owns 60% stake of the paid up capital. The remaining shares are held by the executives of Goody Film BKK Co., Ltd., who have no relationship with the existing management of Matching or conflict of interest with the Company as it only facilitates foreign investors e.g. Japan.

9. Matching Television Co., Ltd. was established on July 19, 2004 with current paid up capital of Baht 5 million. It produces TV programs and manages the timing of such TV programs. Matching Broadcast Co., Ltd holds 64.99% of the paid up capital. In 2006, Matching Broadcast Co., Ltd. increased its investment to 100% stake of the paid up capital.

10. DTC Joint Venture was established on January 4, 2005 with current paid up capital of Baht 214.6 million. It is a joint venture, each with 33.33% stake, between the Company, Broadcasting & TV Co., Ltd. and BBTV Productions Co., Ltd. to facilitate Miss Universe L.P. LLLP. in organizing Miss Universe 2005 contest in Thailand. Currently, this joint venture is under the liquidation process.

The revenue structure of Matching Group

The revenue structure of Matching Group during January 1, 06-December 31,08 can be categorized as follows:

Type of Business	Operate By	% of Shareholding by the Company	2006		2007		2008	
			Million Baht	%	Million Baht	%	Million Baht	%
TV commercial production	MS,FT,GF	100 , 60	516.39	51.12	324.48	49.93	345.12	49.65
TV program production	MB, MT	100	86.70	8.75	88.72	13.65	83.69	12.04
Event organizing	ME	100	211.15	21.31	46.77	7.20	27.28	4.00
Equipment rental and services	GH, MS	100	120.87	12.20	122.93	18.91	192.46	27.69
Featured film production	MM	100	13.87	1.40	18.23	2.80	0.35	0.05
Sales revenues	MS, BM	-	22.54	2.27	26.11	4.02	34.79	5.00
Revenues from studio and outdoor media	MT	100	10.35	1.04	12.33	1.90	5.68	0.82
Other revenues	MS, ME, FT, GH, MB, MM, MT, BM, GF, MV	-	8.94	0.91	10.34	1.59	5.22	0.75
Total			990.81	100.00	649.91	100.00	695.13	100.00

Remarks:

MS means the Matching Studio Plc.

BM means the Book Maker Co., Ltd.

GH means the Gear Head Co., Ltd.

MT means the Matching Movie Town Co., Ltd.

ME means the Matching Entertainment Co., Ltd.

GF means the Goody Film BKK Co., Ltd.

FT means the Fatman and Littleboy Co., Ltd.

MV means the Matching Television Co., Ltd.

MM means the Matching Motion Pictures Co., Ltd.

MB means the Matching Broadcast Co., Ltd.

The business objective

The Company aims to become the leader in TV commercial production business in the region. Nevertheless, the Company will maintain its leadership position in TV commercial production business in Thailand. The Company has the objective of creating high quality work while generating more revenue. By maintaining quality and variety of works to ensure the continuous growth of this business, the Company also aims to capture the market share in TV commercial production business in Thailand. The Company had fine-tuned the internal management structure of its subsidiaries so that they have clearer management structure. The Company has a policy to enable all of its subsidiaries to run their businesses independently while at the same time supporting the businesses within Matching Group to strengthen its funding capability and other key aspects

Furthermore, given its stability, coupled with the business co-operation within Matching Group, the Company thus strives to become the leader in producing the highest quality of fully integrated media such as radio TV Billboard and electronics media.

Industry Overview and Competition

1 TV commercial Production Business

● Industry Overview

In 2008, Thai economy encountered various negative factors, including political situations, the global economic slowdown that has become more serious and negatively impacted the export sector and, thus, the company's TV commercial production for foreign customers because it is also considered a kind of export business. The global economic slowdown has started to impact Thailand. For, example, some handset producers have encountered the oversupply situation made possible by the decline in an operating rate due to the slowdown in consumer's spending. As a consequence, many product and service owners have tried to manage their costs as efficiency as possible. This included the decrease in advertising budget, especially for the main media that has high cost. However, product and service owners still have to launch some marketing campaigns in order to stimulate consumer's consumption. They still choose TV as a means to reach their customer targets. Given the economic slowdown, the advertising spending via TV channels in 2008 dropped to Baht 2,355 million for a drop of 4.4% (source: Nielsen Media Research Center). In addition, there is a negative view that the cinema and magazine businesses may also enter the downtrend given that the economic slowdown would cause people to go to the cinema and listen to music less and cut the purchases of some unnecessary goods including magazines. Nevertheless, recently online media becomes a new form of media that has attracted product owners and agencies to choose it as a main media to reach their targets. For example, commercial clips are put in some websites and when the products become more popular amongst some groups then the clips will be forwarded to other. This causes the products to be easily and quickly know by the product owners' target groups. In addition, the cost for advertising in this new kind of media is also considerably lower than other types of media. For the year 2008, the total advertising expenditure in the advertising industry fell by 2.77% to Baht 89,488 million as shown in the table comparing advertising spending through different types of media.

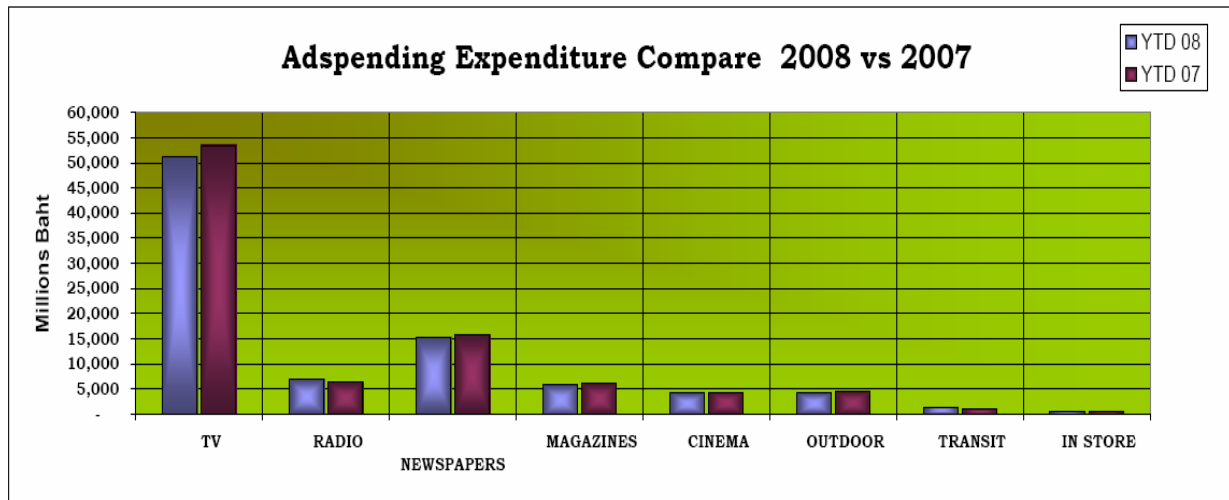
Table Comparing Advertising Expenditures by Types of Media in 2007- 2008

Media	2007		2008		Difference	
	Million Baht	%	Million Baht	%	Million Baht	%
Television	53,491	58.12	51,136	57.14	(2,355)	(4.40)
Radio	6,318	6.86	6,933	7.75	615	9.73
Newspapers	15,809	17.18	15,288	17.08	(521)	(3.3)
Magazines	6,067	6.59	5,823	6.51	(244)	(4.02)
Cinema	4,314	4.72	4,173	4.66	(168)	(3.87)
Outdoor	4,481	4.87	4,216	4.71	(265)	(5.91)
Transit	956	1.04	1,360	1.52	404	42.26
In-Store	570	0.62	560	0.63	(10)	(1.75)
Total	92,035	100.00	89,488	100	(2,547)	(2.77)

Source: Nielsen Media Research, figures adjusted in 2007

Advertising Expenditures by Media in 2007 -2008

(Unit: Million Baht)



Source: Nielsen Media Research

The above table showing the data about advertising spending through different types of media in 2007-2008 was a survey result conducted by Nielsen Media Research. It can be seen that TV media still captured the highest market share in 2008 with total ad spending of Baht 51,136 million for a drop of 4.40% compared to the previous year. Meanwhile, the ad spending via mobile media totaled Baht 1,360 million for a gain of 42.26% and the ad spending via radio grew by 9.37% to Baht 6,933 million.

- **Competition Environment and Marketing Strategies**

Given economic condition in 2008 that caused delays in spending and budget cut for the production of TV commercials to gauge both economic and political situations as well as new government's policies, some customers reused their old advertisements which were produced for quite some time to reduce the production cost and instead emphasized event promotion and other marketing activities that directly have a positive impact on sale volume. Nevertheless, TV commercial production business is still expected to promote the newly-launched products. It is expected that the TV commercial production should be creative and can attract consumers to buy the products. Therefore, despite additional factors influencing the work of production houses, the main objective remains unchanged because if the production houses are influenced greatly by the economic slowdown then their work quality might fall that would in turn cause the customers to opt to other production houses.

Such conditions also caused the Company to adjust its business structure by putting all the efforts to reduce costs that are unnecessary and not worthwhile in the long term. In stead, the Company adjusted its strategies by building the teams with high potential in planning and working as well as ensuring the customers' satisfaction under the additional conditions in order to enhance its competitiveness. The Company also continued to support its production team. For example, the marketing team was encouraged to take field trips in order to survey the needs of customers, both agencies and product owners. Based on the survey result from the field trips, the marketing team then came up with the best way to attract the customers and create opportunities to provide services to customers, i.e. introducing product owners who wanted TV commercial production to

advertising agencies. This practice would create trust and long-term relation amongst each party. In addition, the Company also offered new kinds of advertising media, such as viral ad, to the advertising agencies. The Company also emphasized the concept of integrated marketing amongst companies under the group in terms of seeking customers and providing fully integrated brand building services from TV commercial production to organizing event marketing activities and continuously using other types of media contained within Matching Group

● Analysis of Competitors

Overall market competition for TV commercial production business in the past year can be divided into

1. Large-size companies or companies that have network or subsidiaries with more than 3 directors e.g. Phenomena, Siam Studio and Film Factoring
2. Medium-size companies, most of them were newly established, with no more than 3 directors e.g. Muggy-mug ,Triton and Sunshin
3. Small-size companies with only 1 director e.g. Chang Sib Moo, Tai Sa Doug and By Us

Direct competitors of Matching Group

1. Phenomena Co., Ltd. was founded in 1992 by country's top ranking directors and later expanded its business by opening Promophobia Co., Ltd. and Tongta Co., Ltd. to cope with market that uses pricing strategy and Phenomena Motion Picture Co., Ltd., a joint venture with GMM Picture Co., Ltd., in producing Thai movies

Strength: Production guidelines of key directors are apparent and distinguish. Their works are recognized internationally.

2. Subsidiaries of Siam Studio, even though Siam Studio Co., Ltd. was formed many years ago and may now not be as famous as it was in the past, it expanded by opening subsidiaries to accommodate new markets, e.g. Mazon Bandit and Macho Mango , including post production business e.g. Cutting Age, Jingle Bel, Sena sound and etc.

Strength: Having a number of subsidiaries to capture different markets

3. Film Factoring Co., Ltd. operates by 2 key directors. Last year, it opened Good Boy Co., Ltd. to expand the market with new face directors

Strength: Key directors have consistent works, unique styles and are well recognized within the industry for a long time

● Competitive Strategies for 2009

In 2009, the Company has a plan to split the "Director Plaza" project into 5 units to accommodate varying needs of customers i.e. 1) creative agency, 2) customer service agency, 3) network agency and customer who does not contact via advertising agency 4) company in general and 5) government entities.

It is expected that such plan will enable the Company to precisely response to customers' needs and simultaneously reduce excessive fixed costs by ways of managing and selecting both in-house and freelance directors in producing commercials. The Company had also commenced the "Young Blood" program to select and train new directors for the Company.

Going forward, the Company will continue to strengthen the capability of both human resources and creative works along with the adjustment of its production base to increase efficiency. The Company will keep

its promise in creating quality works while at the same time maximizing profit generated to shareholders steadily and consistently.

2. Equipment Rental and Service Business

Marketing and Competition Environment

- Marketing strategies

1. Have all types of equipments, which are in ready-to-use condition at all times, to serve customers' needs
2. Provide knowledgeable and skillful personnel along with the equipments to service its customers
3. Set attractive rental fee packages that generate suitable return
4. Promote the company's business and create the Company's website to support its businesses
5. Regularly provide some gifts to customers in special occasion's e.g. New Year

- Industry overview

- TV commercials

The budget for TV commercial production is quite limited and the price competition within this industry is also intense which in turn impacted other related businesses including equipment rental and service business. One way to reduce the production cost is to negotiate with supplier for a discount on equipment rental fee. In addition, the competition amongst equipment rental providers is also high. Thus, the customers have more options to choose a service provider that offers the best deals.

Furthermore, the competition is also high at an international level. Each country has tried to attract producers to film in their countries. Thus, the number of foreign TV commercials filmed in Thailand declined.

- Foreign films shot in Thailand

Since quarter one, many small films had been shot in Thailand. Each film took approximately 1 month. Many were Indian films whose budget was limited.

Moreover, some American films had also been shot in Thailand but most of them were small films. There was only one big film called "Shanghai". Thus the companies that provided equipment rental service had aggressively competed in order to be an equipment service provider for this "Shanghai" film.

Meanwhile, the number of films from other countries e.g. Europe, Korea, Japan and etc, declined.

- Data from Thailand's Film Office

Thailand's Film Office, Tourism Development Office, revealed that Japan came to film TV commercials in Thailand the most, followed by India and Europe. Meanwhile, for long movies, India came to film its movies the most, followed by US and Europe.

- **Competition Environment**

In 2008, Thai economy grew at a rate of 2.6 % with 5.5 % inflation rate. The global economic slowdown also had an impact on Thai economy as evidenced by closures of many factories and cautious spending by existing factories. In addition, product owners had limited their advertising budget. Thus, the number of TV commercial in domestic market declined and the budget for TV commercial production also dropped significantly.

The political instability was another factor that impacted domestic economy and thus dampening investors' confidence. This had negative impacts on film production business as the number of foreign featured films and TV commercials declined in the fourth quarter, particularly in December 2008 when many companies canceled their plans to come to film in Thailand and opted to other countries instead.

● Analysis of Competitors

The analysis of the competitors in equipment rental business

1) Light House + Big Eye

- Managing Director of the company is a well-known photographer and has a good connection with customers. Thus, price and equipment including photographer fee can be easily negotiated.
- The company is new and provides new equipment. The company also continues order new model of equipment that is in high demand.
- Target both domestic and international market.

2) Siam Lite + Camera Corner

- Offering prices with package.
- Continuously investing in new equipment.
- Jointly Providing service to companies producing blockbuster Hollywood films with a big foreign film - coordinator Company.

3) V.S. Service

- Improving the company's standard to meet ISO 9002 standard to attract foreign production companies to use its services.
- Expanding it branches to Chiang Mai and Phuket in order to attract customers who have plans to film in those countries
- Providing new equipment for Hollywood films

4) Cinerent

- Having close relationship with TV commercial coordinators from Japan, India and Bangladesh.
- Being a branch company from Hong Kong that can transfer back and forth of equipments, thus easily providing new equipment to customers

5) Digital camera service provider group

- North Star (Panasonic digital camera for rent)
- My Divas (Panasonic digital camera for rent)
- Onpa Rental (Sony digital camera for rent)
- Sopihs (Sony digital camera for rent)
- Other (HDV and DV digital camera renter)

Service renter in this group started to have an important role in the production of Thai movie, TV commercials and music video as customers tended to cut down their production budgets

3. TV Program Production Business

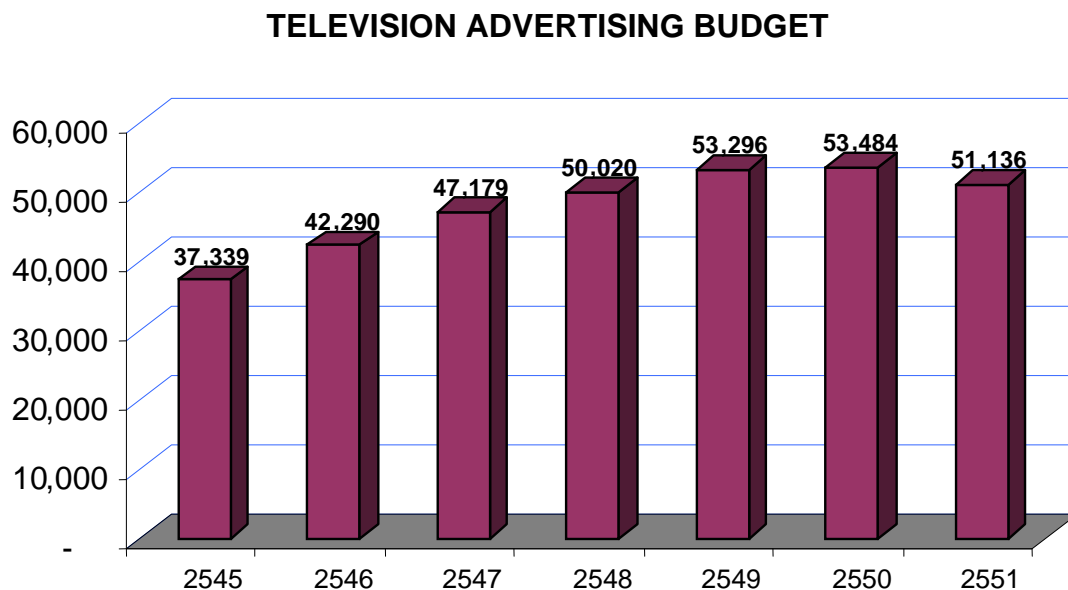
Marketing and Competition

- Industry Overview

For the year 2008, as mentioned previously that the Nielsen Media Research reported that TV remained the most effective media that can quickly reach vast numbers of consumers. With the largest numbers of viewers, TV is capable of conveying detailed messages to viewers compared to other types of media.

In 2008, based on the comparison of growth in advertising expenditures during 2007-2008, a result from Nielsen Media Research's surveys as shown earlier showed that TV media in 2008 grew at a slower pace. This was mainly due to economic slowdown that brought about decreases in costs and advertising budget. Business operators and agencies put a greater weight on event marketing activities at the sale spots as well as new media channels e.g. internet and mobile phone. Nonetheless, TV always captures highest market shares as considered to be the most effective media that can reach large viewers with ability to simultaneously present picture and sound. Ad spending via TV media in 2008 is worth Baht 51,136 million, for a drop of 4.40% compared to that of 2007.

Figure 1: The Growth Comparison of TV Advertising Expenditures in 2002-2007



Souce: Nielsen Media Research

Currently, there are operators in the free TV business, including Channel 3, Channel 5, Channel 7, Channel 9, and NBT. In 2008, Channel 7 grew by 4.66% while Channel 3 by 8.29%, Modern 9 TV 15.14% and Channel 5 increased 7.18%. So far each station has not been at rest but instead keeps adapting its plan in order to enhance its competitiveness. During the past year, Channel 5 has continuously improved its programming i.e. much easier for viewers to know which and when each program is aired. Meanwhile, Channel 7 had increased news programs, Modern 9 TV had also adjusted its programming contents and TPBS has started to adjust itself subsequently after turning into a free TV operator with no advertisement in which the producers could hardly survive. As for Matching, the Company has Channel 7 as a strong strategic partner.

For the year 2008, the global economic slowdown, the fluctuation in oil price and the political instability had a direct impact on TV program and advertising commercial production. An example of such impact included the adjustment of programming contents. Nevertheless, the production of TV programs with quality and popularity, including the process of acquiring the air-time, relies on creativity to present a distinguish program to gain popularity from television viewers. Moreover, experience and professional production capability will gain trust from TV stations, media buyers as well as product and service owners.

● **Competition Environment**

As mentioned above, the competition has become even more intense. Currently, there are both popular TV programs and some with less and less popularity. The popularity of each program depends upon consumers' popularity rating trend, which is constantly changing. Revenue from TV program production is thus likely to vary by popularity ranking of each program. Since the decision making on whether to advertise or promote products or services with any TV program rests on the advertising agency, not to mention that there are a large number of competitors, the producers thereby have to frequently adjust and improve their programs in order to make them more attractive in order to diversify themselves from new competitors, maintain and expand their existing target viewer groups. Apart from the ability, expertise and creativity in production, each TV program must find its own position or stance that will in turn make it stand out and diverse from the competitors to attract as many target audience groups as possible e.g. creation of program format, program host, invited celebrity guests, co-activities as well as co-promotion and marketing such as organizing an activity for viewers to participate, giving away prizes or gifts and advertisement. In addition, producers must also realize the importance of program timeslot, both airtime and date, because a presentation style of one program on a different date and time may result in a different target audience groups as well.

As for "Plod Nee" on Channel 7, which has been on-aired to its 9th year, it encourages viewers' participation to promote the program. As a result, this program continued to gain its popularity from target viewers and is well accepted by advertising agencies and sponsors. In 2003, "Plod Nee" received the Golden Television Award for the Best Game Show and in 2007 was nominated and received the Star Entertainment Awards 2006 for the Best Career Support from Entertainment Reporters Association selecting from various on-aired programs in 2006. For 2008, the program was an award for producing a program for recreation from Ministry of Tourism and Sport.

● **Analysis of Competitors**

Plod Nee: Competitors for this program should be programs that are broadcast before and after Plod Nee. However, when compared ratings and ad rates, buying air time for advertizing during Plod Nee program remains worthwhile.

Plod Nee on Public Holidays: Competitors include special programs shown on public holidays. Channel 7 has continued to present good programs on public holidays and the ad rates for those programs are very reasonable.

Kob Dek Sarng Ban: Competitors for this program include programs for kids broadcast on Channel 9 where ad rates are lower and ratings are better and programs for kids that are also broadcast on Channel 7. Nevertheless, the program Plod Nee on Public Holidays presents different program styles in which kids are allowed to share their stories.

- **Marketing Strategy**

In 2008, the Company has created a marketing strategy to remain competitive by consistently developing the content and style of the programs while entertaining the viewers at the same time. For “Plod Nee”, the presentation style was adjusted e.g. promoting further participation from programming host in the studio, increasing outdoor production to reach more viewers, inviting well-known celebrities to entertain and at the same time boosting program rating. In addition, not only was the Company able to increase its audience share when the program was on-air but it was also able to attract target viewers on the location set as well. Moreover, in 2006, the Company improved the efficiency of sales, distribution channel and promotion by organizing event marketing on the shooting site to promote various products and services that are to be introduced to target consumers in various areas. Such event activities were well accepted and have become very successful and will continue to show good results over the next years.

As for the year 2008, the Company had formulated a strategy for gradual expansion and also enhanced its competitive advantage. It maintained “Plod Nee” program. In addition, the Company had planned to add more new and creative TV programs that would match the target viewers. The Company had expected that such new programs will receive a good response from both viewers and sponsors.

4. Below-the-line Activity Business

Market overview

Below-the-line activities

Below-the-line activity business is a business that has a high growth potential, considering an estimated market value of approximately Baht 9,000 – 10,000 million (approximated figures which are calculated from 10% of total advertising value of Baht 90,000 million as there is no official measure of below-the-line market value from any organization and there are countless numbers of events being organized by various parties; thus unable to forecast the market value). It is also a business that has relatively high risk. The years 2007 – 2008 were the years of uncertainty in every aspect. There were various factors affecting event marketing activities including political factors, economic factors and etc.

- **Competition environment**

Given the growth in below-the-line business, in terms of operators, it can be divided into 4 large groups as follows:

1. Creative Agency

A group that has a core business of providing advertising related services but when the needs for below-the-line activity services grow, creative agency turned fully integrated to also provide below-the-line activity services e.g. J Walter Thompson has JWT Promo, Ogilvy has Ogilvy Activation, Leo Burnett has Arc Worldwide and etc.

2. Event Organizer

A group that focuses particularly on providing below-the-line activity services, including event activities, road shows, product launching, trade shows and etc. Key players in this group are CM Organizer, AV Project, Mae Nam Roi Sai , Pico, We Are Presentation and etc.

3. Media

A group that expands from media planning to below-the-line activity services e.g. GMM Grammy who co-invested with Index Event Agency to provide more fully integrated services

4. Event Promoter

A group that provides services in a form of the event shows e.g. BEC Tero Entertainment Co., Ltd. and Adamus Co., Ltd., importers of foreign concerts or special shows.

● **Competition Outlook**

The focus of business for 2009 will be direct sales, creative sales. Customers will cut their budget and focus more on creative products that can become “Talk of the town” as the economic downtrend will prompt them to lower their budget especially budget for above the line or mass media. The customers will instead focus more on below-the-line activities. Thus, the volume of below-the-line activities will increase but the ad budget might remain flat from the previous year. Thus, any operators who can present value added activities to customers will have more advantages as follow:

1. A business that has advantage of media advertising will be able to create higher customer satisfaction by adding value to the project to e.g. event organizing and media advertising plan to advertise and promote such event and etc.

2. A business that can combine strength with other business alliances can create an interesting work as it can pull strength from business alliance to support the project making it more interesting

3. A business that presents creative and new ideas that can create words of mouth or talk of the town

● **Marketing Strategy**

1. Develop the professionalism

- Improve event organizing, creativity in conducting activities as well as quality and standard of production
- Develop human resources to have capability in developing and planning work

2. Develop the creativity by creating an incident in the event activities

- Organize activities with new ideas and creativity given that today there are a number of events viewers for viewers to choose from. It is necessary to use creativity in determining the event's theme to be more interested

3. Join force with strategic partner

- Join force with various strategic partners, including artists, location of the event, music content or media planner in order to create value added to the customers

4. Combine business opportunities with subsidiaries

- With subsidiaries that provide marketing support services e.g. Cheeze Media providing advertising media services, Matching Studio Plc. providing TV commercial production services and Matching Broadcast Co., Ltd. providing TV program production services, each business part once combined synergy can create a complete marketing plan to present to interested customers.

5. Featured Film Production Business

Marketing and Competition

- Industry Overview

Thai movie industry in 2008 saw a decline in revenues of 26.82% when compared to that of 2007. The decline was attributable to a fewer numbers of blockbusters given that the risk in featured film production was quite high and it was even higher during the economic slowdown. In addition, Thai featured film industry also faced intense competition from major competitors like movie producers from Sahamongkol Film Group, GMM Tai Hub Co., Ltd. which is a subsidiary of GMM Grammy Plc. and a movie production company under R.S. Promotion Plc. All of which have upgraded the quality of Thai movies.

However, the trend of viewers' behavior that varies significantly may have an impact on Thai movie production business e.g. popularity of foreign movies and lack of support from government entities including various organizations on Thai movies. Supporting Thai people to watch Thai movies is also important to this industry.

- Marketing Strategy

In 2007 and 2008, the Company thus had a policy to delay its investment in movie production until there is a co-investor who is competent and reliable proposing a project that looks profitable has opportunity to actually generate profit. Until such time, the Company will consider operating that project

For the year 2008, the Company plans to launch 1 action movie "The Fifth Commandment" from co-investing with US production team. The Company expects to earn revenue from selling movie right, which will be sold in the international market to make profit from this movie and the movie to be well accepted.

6. Printing Business

Marketing and competition Environment

Industry Overview

The advertising spending via magazines in year 2008 reduced by 4.02 %, considered the largest drop after the advertising spending via outdoor media.

Even though each magazine publisher was trying to improve every aspect of their images and sale volumes as these factors would impact advertising agency confidence on buying advertising spaces from each magazine. Thus, the magazine industry was always lively and thus there were more choices for readers.

Small and medium sized companies put their interests in magazine advertisement especially clothing fashion and accessory store as evidenced by the increasing number of this group of customers in the past year. While the monthly ad spending from these customers was not so high, most of them had high loyalty to the Cheeze magazine as they received great feedback from customers. As a result, the Company always welcomes and takes good care of these customers.

- Competition Environment

Currently the competition is still high from both existing and new competitors. Thus, the magazine needs to improve its strategy as follow:

- Product strategy

The Company always improves the quality of its magazine and presents “Cheeze” with its unique content of “On street style” to always catch up with teenage trends. The concept of magazine also focuses on being fashion trend setter to maintain its Trendy Magazine Image.

- Sales and promotion strategy

The sales volume of the Cheeze magazine remained solid. The Company was planning on boost its sales volume by coordinating with distributors to cover as much customers as possible. The distribution portion was 70% in Bangkok and 30% for the rest of the country.

- Pricing strategy

Provided that Cheeze Group has 2 additional media i.e. Media and Cheeze Studio, Cheeze could expand its market and was able to sell its products in packages in order to add values to its customers.

7. Photo shooting and Activity Organizing Business

Market and Competition

Industry Overview

- **Area rental and Activity Organizing Business**

In 2008 more customers were interested in using below-the-line marketing as it provided clear pictures as well as clear target groups and direct and immediate feedback. Such activities could be combined with other media channels including TV, magazines and other mass media with limited budget. Such combination could provide considerable amount of publicity. Thus, the competition within the industry was intensified.

- **Photo Shooting**

In 2008 taking photos remained an interest of teenagers. It remained a part of people’s lives. It is said photograph never dies because there are no other ways to show as concrete expressions as photos. It can be seen that almost every houses have digital camera phones which seem to become the 5th necessity.

- **Marketing Strategy**

Area rental and Event Provider Service

- Clustering Method

This method enables the company to gain advantages from business clustering which enhances bargaining power and creates an integrated service which combines packages advertising with marketing activities. The method can be done by hiring Matching Entertainment Co.,Ltd, which is a company in the Group who specializes in event organizing, or utilizing other services offered by other companies in the Group. Therefore, the company could offer unique marketing activities with high quality that gain satisfaction from the customers continue to use the company’s services.

- Integrated Marketing Communication

Due to a variety of services that the Company offers in order to meet the demand of the market, the company becomes an integrated marketing service provider as the company organizes marketing activities by using the company’s promotional channels, including props and tools designed to be used in the events, advertising themes, and location rental for organizing events.

Customers Characteristic and Target group

Our Customer's Characteristic

- Target Group: Product and business owners who want to organize promotional activities in order to boost their sales volume or promoting their product images.
- Event Agencies: Agencies who manage promotional events to promote customers' products, as well as proposing choices of marketing strategies to their customers.
- Characteristic of participants: teenagers, students, young working adults with high purchasing power, who makes decision in purchasing and participating in event promotion activities the most often.

● Photo Shooting

The Company continuously improves quality and uniqueness of its service to always catch customer's attentions. "Cheeze studio" is the standout in terms of graphical techniques and stylish photo designs. The studio continuously promotes new graphical designs to the customers.

Another prominent point that differentiates the Company's photo studio from competitors is that the Company provides its customers with a chance to be "Cheeze Magazine" model, or a chance to be play in Matching Studio's TV Commercials as well as a chance to work with the Company's alliance entertainment media e.g., Chic Channel and Kantana etc. Given all these opportunities provided, the Company's photo studio is the most outstanding in the industry.

- Distribution Strategy

The Company expands distribution channels by focusing on businesses that are interested in photography services e.g., tour companies, modeling agencies in order to expand its customer base.

- Marketing Strategy

The Company regularly offers new promotional packages in various festivals and also cooperates with other products and service providers in order to offer some co-promotional packages to increase product values for the customers.

Risk Factors

1. Risk of uncertainty of the economic situation, which affects the price and volume of TV commercial production business

In principle, the TV commercial production business is directly related to TV advertising business, which depends on various factors e.g. economic situation of each business, consumer behaviors, changes in law and government's regulations, technology as well as other factors both within and outside Thailand. Such factors influence decision making procedures of product owners or service providers in applying various marketing strategies including advertising and public relation mediums. Therefore, during the year 2008, given economic slowdown and political changes that had a direct impact on foreign investors' confidence, many businesses sought to control costs in order to enhance their competitiveness so that they could maintain their positions in the business. A number of business sectors cut their marketing budgets and some companies decided to bring back their old TV commercials for reruns, which in turn directly affected production houses. Moreover, confidence in political stability had an effect on location choices in the commercial productions as evidenced by foreign customers' hesitations in choosing Thailand as a place to shoot and hiring Thai production houses. It is also expected that the impacts of global economic slowdown will continue on until mid- 2009

In 2008, revenues from TV commercial production generated by Matching Group amounted to Baht 345.12 million which was 49.65% of its total revenues, increasing by Baht 20.64 million for a gain of 6.36% compared to the same period of last year. Nonetheless, the Company had adjusted several strategies e.g. minimizing fixed costs, expanding customer base to cover various business types, deciding not to limit business types of customers, lifting some complicated conditions and producing creative works with quality so that the company could satisfy and maintain the existing customer base. These efforts could minimize the Company's risk arising from uncertainty of the economic and political situation, which affected customers' decisions.

2. Risk of dependence on human resource

2.1 Dependence on the management team

The Company operates under 2 key executives, who are also the founders, namely Mr. Somchai Cheewasuthanon, Managing Director, and Mr. Thanisaphong Sasinmanop, Director and Senior Executive Vice President of Production. These 2 key persons are valuable human resources for business operation of both the Company and its subsidiaries. If the Company ever lacked one of these people, the management and performance of the Matching Group may be affected. Nonetheless, the authority of the Company is decentralized to other executives to become involved in the management and decision making procedures. If so required, consultation for advices or opinions from outside experts and the Company's Board of Directors can be obtained. The Audit Committee joins the meeting every month to assess, on a regular basis, the sufficiency of the internal control system of the Company and its subsidiaries in terms of organization and control environment, risk management, management control, information and communication and monitoring system. The Company also established the systematic organization structure to ensure that the Company is in compliance with the corporate governance policy and business ethics and to reduce risk of dependence on the management team.

2.2 Dependence on the directors and production team

Given that TV commercial production business contributes the most proportion of revenues for the Company and this specialized business relies heavily on skillful and experienced personnel together with supportive production teams, having specialized personnel is a key to success of the business. The output of production is measured by creativity and quality of work that meet the needs of clients. The success of the directors and the teams contribute constant revenue to the Company. As of December 31, 2008, the Company had 14 full time directors and 107 members of staff in the production teams. Turn over rate of the directors was at 26.67% with average length of services of about 1.8 years.

The Company has fully realized the importance of such human resources. Hence, it has set a policy to offer attractive remuneration package to the employees. In addition, the Company allows them to participate in the management while preparing production equipment and tools to fully support the production of quality outputs. Furthermore, the Company allows its employees to have the stake ownership by offering ESOP warrants. Not only does the Company provide provided training programs to develop skilled staff but it also continues seeking potential competent staff so that the Company has sufficient skillful directors as well as strong production teams. This is a way to mitigate the risk in relying on the limited human resources. In the past, the Company had distributed its risk to TV program production business, equipment rental and service business and etc. The Company's revenue from TV commercials production business accounted for 49.93% of its total revenue in 2007 and the figure stood at 49.65% in 2008.

3. Risk of uncertainty of the operating result of the feature film production business

For 2007, Matching Group had 1 movie left called "The 5th Commandment", an action movie that was a joint venture in production with the production team from the USA. Given the uncertainty in movie production business, the Company co-invested with foreign production company who has capability and expertise in producing feature film. The production process was already completed and now it is in the process of preparing for distributions.

Based on the past experiences as well as the domestic economic outlook and Thailand's movie industry situation, the Company had set aside a provision for revaluation of the investment in movie "The 5th Commandment" for the full amount of Baht 17.83million during the years 2006 – 2007 in order to truly reflect the real financial status of Matching Group while at the same time reducing some risks that may arise.

4. Risk of discontinuation of the subleasing of airtime from television station

To operate and manage TV programs, there is a subleasing of airtime from television stations to broadcast the TV programs on a quarterly basis, which is a normal business practice. As a result, the Company encounters the risk of renewing such contracts. In 2007, there was 1 TV programs called "Plod Nee" which was broadcast every Saturday at 2.45-3.15 pm. In 2008, the Company presented 3 TV programs including "Plod Nee", "Pold Nee Public Holidays" and Kob Dek Sarng Ban" which was broadcast every Wednesday and Thursday, 4.00 – 4.30 pm and started on September 10, 2008.

Nonetheless, the Company aims to increase both viewers (TV program viewing rating) and sponsors (key factors in determining whether to extend the airtime contract) by putting emphasis on creating quality programs with more varieties and entertainment contents to suit every viewer group. The Company emphasized on improving its program styles to suit the consumers and the airtime. In 2008, revenue from producing and managing TV programs was Baht 83.69 million or equivalent to 12.04% of the company's total

revenue, decreasing Baht 5.03 million or 5.67% compared to the same period of last year. The decline was due to the fact that the station had to broadcast special programs.

5. Risk of uncertainty of performance of event organizing business

There is high risk in the event organizing business given that this business relies mainly on cooperation from various parties including performers, locations, sponsors and viewers. In case an artist is unable to perform on schedule due to any possible reasons the Company has to be responsible for all expenses. There are also some risks concerning sponsors and viewers because the sponsors can cancel anytime. In 2007, revenue from event organizing business was Baht 46.77 million or equivalent to 7.20% of total revenues. As for 2008, the revenue from this business amounted to 27.28 million, or equivalent to 4% of its total revenue, decreasing Baht 18.94 million or a drop of 40.5% when compared to the same period of last year.

Being aware of the marketing environment that caused product owners to focus on building brands in form of one on one communication rather than mass communication, the Company, thus, plans to expand its services offered to the customers based on below the line activities including;

- 1) Acting as an event promoter
- 2) Acting as an event organizer and service provider
- 3) Acting as a marketing communication planner.

Not only can all above activities increase the revenue but they can also reduce the risks.

6. Risk of equipment rental business

In the equipment rental business, customers are particularly interested in the quality of film equipment to facilitate movie production process. Some certain equipment of Matching Group has been utilized for a period of time but they are every well maintained at all times. However, given that some customers need to use more-modern equipment, the Company has to keep adding new modern equipment. At present, production houses have a sub-unit to service and rent out movie production equipment. In addition, the competition has become more and more intensified, especially in terms of price war. In 2007, revenue from equipment rental business amounted to Baht 122.92 million or 18.91% of total revenues. In 2008, revenue from this business stood at Baht 192.46 million or equivalent to 27.69% of the company's total revenue, rising by Baht 69.53 million or 56.56% when compared to the same period of last year.

In order to maintain its competitiveness in this business, Matching Group has a policy to maintain good relations with its customers while creating good relations with potential customers in order to broaden the opportunity to increase revenue. In addition, the Company also consistently invests in high technology filming equipment to meet customers' demand. Matching Group also provides value-added services to the equipment rental business by providing highly skilled technicians to accompany the services. The Company's technicians also have abilities to produce or assemble some parts of equipment which are unable to be purchased or too expensive.

7. Risk of higher cost of tools and equipment

The Company continuously purchases new production and filming equipment to support customers' demand and maintains its competitiveness in equipment rental business. In 2007, the Company purchased production and filming equipment amounting to Baht 7.69 million, 90% of which was ordered from abroad. In this regard, the Company did not enter into any forward contracts to hedge against some foreign exchange rate

risks but, in stead, required credit terms from the suppliers and managed its own risk of currency fluctuation in repaying debts to the creditors. However, the Company might encounter exchange rate fluctuation on the loan repayment date which will in turn increase the cost of debt and thus cost of equipment. In 2008, Matching Group had ordered equipment for the total amount of Baht 23.65 million, 81% of which was ordered from foreign manufacturers.

In a bid to reduce cost associated with import tax, the Company has sought tax privileges from the Board of Investment since July 5, 2005 and such privileges have been extended to January 5, 2010. In addition, the Company was trying hard to negotiate with its suppliers on price and not solely relying on any single manufacturer. Given increasing numbers of qualified manufacturers, the Company nowadays has more alternatives and higher bargaining power. The Company has reduced the costs and minimized the risk of the incapability to acquire some equipment by making the financial lease and hire purchase contracts for such equipment. In such case, if it is necessary to increase service and rental fees, the Company is confident that its high-quality equipment coupled with its skilled personnel and good after-sale services will differentiate its equipment rental business services and retain its existing customers.

Shareholders and Management Structure

As of December 31, 2008, the Company had registered capital of Baht 411,000,000 and paid up capital of Baht 208,270,057, divided into 208,207,057 ordinary shares at a par value of Baht 1.00 per share.

The Shareholders

As of October 8, 2008, the Company's top ten shareholders were as follows:

Name of Shareholders	No. of Shares	% of Paid-up Share Capital
1. The BBTV Productions Co., Ltd.	57,745,000	27.73
2. The Cheewasutthanon Group*	48,041,571	23.07
3. The Sasinmanop Group**	42,161,993	20.24
4. Mr.Chatchavan Piyapraphanphong	8,209,100	3.94
5. Thai NVDR Co., Ltd.	7,643,870	3.67
6. Mrs.Pornapat Ongwasit	4,458,800	2.14
7. Mrs.Amnuay Pinthaongkum	2,840,350	1.36
8. Mr.Virote Boonsirirungreung	2,742,500	1.32
9. Raffles Nominees (Pte) Limited	2,084,700	1.00
10. Mr. Thaveechat Chulangkul	1,700,00	0.82
Total	177,627,884	85.29

Shareholders of BBTV Productions (Channel 7 is the major shareholder)

1. Bangkok Broadcasting and TV Co., Ltd	30%
2. BBTV Asset Management Co., Ltd	25%
3. BBTV Sat Television Co., Ltd	25%
4. BBTV Stronghold Asset Co., Ltd	20%

* The Cheewasutthanon Group composes of

1. Mr.Somchai	Cheewasutthanon	holds	40,283,433	shares or	19.34%
2. Mr.Somboon	Cheewasutthanon	holds	7,527,283	shares or	3.64%
3. Ms.Supaphun	Cheewasutthanon	holds	155,855	shares or	0.07 %
4. Mr. Somphon	Cheewasutthanon	holds	30,000	shares or	0.01%

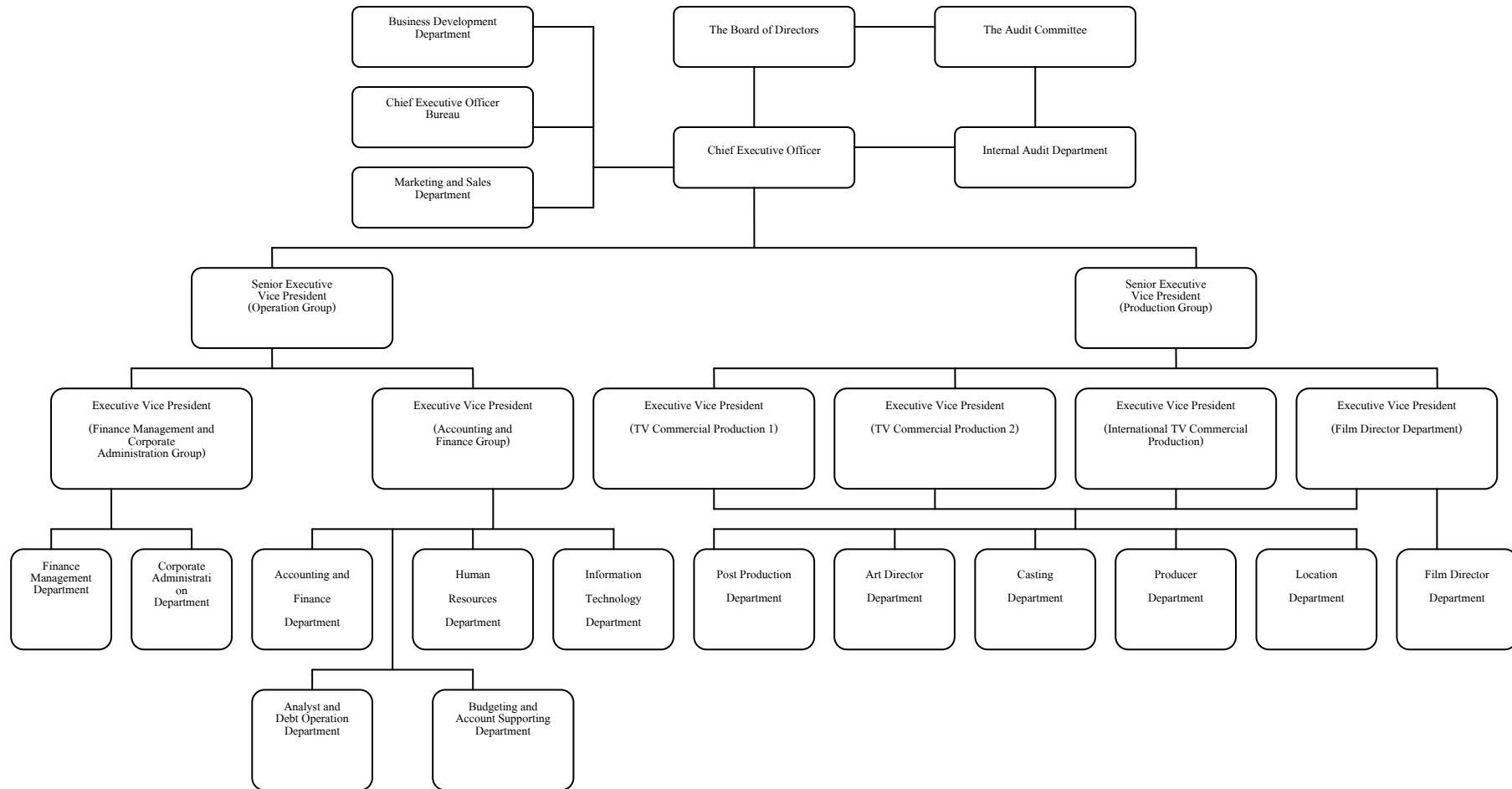
** The Sasinmanop Group composes of

1. Mr.Thanisaphong	Sasinmanop	holds	41,765,123	shares or	20.05%
2. Mrs.Siripen	Sasinmanop	holds	396,870	shares or	0.19%

Dividend Policy

The Company's policy is to pay dividend every year at approximately 40% of net profit in the case that there is no other necessary reason to use this amount of money. The amount of dividend paid must not significantly affect the Company's normal business operation. As for its subsidiaries, the dividend policy depends on the performance and the needs for capital of each subsidiary.

The Management





The Management Structure

The Management structure composes of 3 boards which are the Board of Directors, the Executive Committee and the Audit Committee. The details of which are as follows:

1. The Board of Directors

As of December 31, 2008, the Board of Directors comprised of the following 11 members:

1. Prof. Suphachai	Phisitvanich	Chairman of the Board and Chairman of the Audit Committee
2. Mr. Somchai	Cheewasutthanon	Chief Executive Officer
3. Pol.Lt.Gen. Thummanit	Pitaneelaboot	Director and Audit Committee
4. Mrs. Angoon	Kamolyabutr	Director and Audit Committee
5. Mr. Thanisaphong	Sasinmanop	Director
6. Mrs. Siripen	Sasinmanop	Director
7. Mr. Pattanapong *	Nupan	Director
8. Mrs. Watchanee *	Watanathawanwong	Director
9. Mr. Wichean *	Yongrattanakij	Director
10. Mr. Somboon	Cheewasutthanon	Director
11. Mr. Wiroj	Bunsirirungruang	Director

* Director who represents BBTV Production Co., Ltd. (in which TV Channel 7 is the major shareholder)
Mr. Anuphan Kitnitchiva resigned on January 26, 2008

* Mr. Pattanapong Nupan replaced Mr. Anuphan Kitnitchiva on February 12, 2008

Scope of duties and authority of the Board of Directors

1. To monitor that the Company's business operation conforms to the laws, objectives, and the articles of association including the resolution of the shareholders' meeting with honesty and trustworthiness and to provide utmost benefit to the Company.
2. To set objectives, strategies, policies, business plans, and budgets of the Company. The Board of Directors also controls and supervises the executives committee to ascertain that it follows the assigned policy except for the following matters: The Board of Directors must receive the resolution of the shareholders' meeting regarding the following matters: increases or decreases in shares of registered capital, issuances of debenture, disposition or acquisition all or part of the Company's business to other parties, purchases or transfers of other company's business, and amendments of the letters of memorandum or articles of association, etc.
3. To appoint a number of directors, as deemed appropriate, to be the Executive Committee to be responsible for the duties assigned by the Board of Directors

- In the Board of Directors' meeting No. 8/2002 on October 30, 2002, the Board of Director had a resolution to appoint the Chairman of the Board, Chief Executive Officer, the Executive Committee, Independent Directors and the Audit Committee as well as specifying their roles and responsibilities.
 - In the Board of Directors' meeting No. 9/2002 on December 11, 2002, the Board of Directors had a resolution to prompt authority to the Executive Committee with scope of authorities, and duties of the Executive Committee clearly stated.
 - In the Board of Directors' meeting No. 2/2003 on January 23, 2003, the Board of Directors had a resolution to amend the authorities assigned to the Executive Committee and the Chief Executive Officer.
 - In the Board of Directors' meeting No. 12/2004 on November 12, 2004, the Board of Directors had a resolution to appoint new Executive Committee and the Board of Directors resolved to amend the authority assigned to the Executive Committee with clear scope, authorities and responsibilities of the Executive Committee.
 - In the latest Board of Directors' meeting No. 13/2008 on November 13, the Board of Directors had a resolution to amend the scope of responsibilities of Audit Committee and appoint a secretary to the Audit Committee.
4. Other persons may be assigned to operate the business of the Company under the Board of Directors' supervision or they may be given some authorities to perform some work within a certain time period. The Board of Directors may cancel, dismiss, or amend these authorities.
 5. The Board of Directors shall apply their knowledge, skills, and experiences to their duties to bring about the utmost benefits to the business operation of the Company. The Board of Directors must be honest and responsible be to the shareholders. They shall also operate the business with business ethics and also disclose investing information to the investors accurately, sufficiently and transparently.
 6. The Board of Directors shall make sure that the Management efficiently performs the duties in accordance with the Company's policy. The Board of Directors shall also ask the Management to present some significant matters concerning the Company's operation and some inter-company transactions for review so that it can be certain that those matters and transactions are conducted in compliance with the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
 7. The Board of Directors shall appoint an internal auditor to monitor the internal business operation and cooperate with the Audit Committee.



2. The Executive Committee

As of December 31, 2008 the Executive Committee comprised of the following 5 members:

1. Mr. Somchai	Cheewasutthanon	Chief Executive Officer
2. Mrs. Watchanee	Watanathawanwong	Executive Committee
3. Mr. Thanisaphong	Sasinmanop	Executive Committee
4. Mrs. Siripen	Sasinmanop	Executive Committee
5. Mr. Somboon	Cheewasutthanon	Executive Committee

The details of the Board of Directors' meetings concerning the Executive Committee as follows:

- In the Board of Directors' meeting No. 8/2002 on October 30, 2002, the Board of Directors had a resolution to appoint the members of Executive Committee.
- In the Board of Directors' meeting No. 9/2002 on December 11, 2002, the Board of Directors had a resolution to prompt the authorities to the Executive Committee with clear scope, authorities and responsibilities.
- In the Board of Directors' meeting No. 2/2003 on January 23, 2003, the Board of Directors had a resolution to amend the assigned authorities of the Executive Committee.
- In the latest meeting of the Board of Directors No. 12/2004 on November 12, 2004, the Board of Directors had a resolution to appoint new Executive Committee and the Board of Directors resolved to amend the authorities assigned to the Executive Committee with clear scope, authorities and responsibilities of the Executive Committee

Scope of duties and authorities of the Executive Committee

1. To approve the loan or credit applications to finance the Company's normal business operation and also to act as a guarantor when taking out some loans. The Executive Committee is also responsible for making any payments so that the Company's normal business operation can be run smoothly. The credit approval per transaction is Baht 20 million or equivalent. Such a credit approval limit is to conform to what has been approved by the Board of Directors. However, this credit approval limit is subject to change upon appropriateness under the Board of Directors' consideration.
2. To set the organization structure and the management covering the details in recruiting, training, employing and dismissing the Company's employees.
3. To propose to the Board of Directors the following matters for approval:
 - Objectives
 - Business policies
 - Business plans
 - Business strategies
 - Management authorities



- Annual expense budget
 - Scope of duties and responsibilities of the Chief Executive Officer
 - Other matters which materially affects the business operation of the Company
 - Other matters as seen appropriate by the Executive Committee to be proposed to the Board of Directors for approval.
4. To make sure that the Company's operations is conducted in accordance with the set business policy, business plans, and business strategies approved by the Board of Directors.
 5. To oversee the business policies, business plans, business strategies and performance of the subsidiary companies.
 6. To consider investing in some projects, securities, and joint ventures as approved by the Board of Directors.
 7. To perform other duties as assigned by the Board of Directors.

However, the abovementioned duties assigned to the Executive Committee must be in compliance with the rules, regulations, and articles of association of the Company. In any assignments which may result in conflict of interest or personal benefits of any members of the Executive Committee (according to the Notification of the SEC), the Executive Committee should propose the matters to the Board of Directors for further approval. A particular member of the Executive Committee with possible conflict of interests does not have a voting right in the Board of Director's meeting regarding that matter.

3. The Audit Committee

As of December 31, 2008, the Audit Committee comprised of the following 3 members who were independent directors as the following details:

1. Prof. Suphachai	Phisitvanich	Chairman of The Audit Committee
2. Pol.Lt.Gen.Thummanit	Pitaneelaboot	Audit Committee
3. Mrs.Angoon	Kamolyabutr	Audit Committee

The Audit Committee arranged 5 regular meetings in 2008 and the meeting results were directly reported to the Board of Directors. The scope of duties and authorities of the Audit Committee are reviewed annually as the following details:

Scope of duties and authorities of the Audit Committee

The Audit Committee has duties and responsibilities according to the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand B.E 2551 which became effective from July 1, 2008 onwards:

1. To review the financial statements and make sure they are correct and adequate
2. To review the Company's internal control system and internal audit system and make sure that they are sufficient and effective, to ensure the independence of the Audit Committee, to give opinions concerning appointments, transfers, and employment cancellation of the heads of internal audit department or of any other departments that relate to the internal audit procedures
3. To review the Company's operations and make sure that they conform to the rules and regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand, and any other laws related to the business operation of the Company.
4. To consider proposing an independent person as the Company's Auditor as well as proposing the remuneration of the Company's Auditor and also to join the meetings with the Auditor, without the presence of the management, at least once a year.
5. To review the accuracy and sufficiency of disclosure of information relating to inter-company transactions or conflict of interest transactions.
6. To prepare the corporate governance's report of the Audit Committee and disclose this report in the Company's annual report. This report is to be signed by the Chairman of the Audit Committee. The report must contain the following details:
 - a) Opinions concerning accuracy, adequacy and reliability of the Company's financial statements
 - b) Opinions concerning the sufficiency of the Company's Internal Control
 - c) Opinions whether the Company follows the laws concerning securities and stock market, regulations of stock market and the laws that relate to the business of the Company
 - d) Opinions concerning the suitability of the Company's Auditor
 - e) Opinions concerning some transactions that may cause conflicts of interest
 - f) Numbers of the Audit Committee meetings and the attendance of each member
 - g) Opinions or overall notes concerning that the Audit Committee receive from the Charter
 - h) Other items that should be disclosed to the shareholders and investors under the scope of responsibilities set by Board of Directors
7. To perform other duties as assigned by the Board of Directors and approved by the Audit Committee

Corporate Governance Committee

The Company does not have any specific committee for this corporate governance because at present the Board of Director can consider and decide corporate matters in an efficient manner through the meeting of



the Board of Directors and the Executive Committee. However, in the future when the Company's business is larger with a bigger organization structure which could become more complex, then the Company may consider appointing the specific committee as deemed appropriate.

4. The Management

As of December 31, 2008, the Management comprised of the following 7 members:

1. Mr.Somchai	Cheewasutthanon	Chief Executive Officer
2. Mr.Thanisaphong	Sasinmanop	Senior Executive Vice President – Production Executive Vice President-International TV Commercial Production (Acting) Executive Vice President - TV Commercial Production (Acting)
3. Mr.Somboon	Cheewasutthanon	Senior Executive Vice President – Operation Executive Vice President - Finance and Central Department (Acting)
4. Mr.Wiroj	Bunsirirungruang	Executive Vice President-Accounting and Finance
5. Mrs.Ngampit	Kruewan	Executive Vice President - TV Commercial Production 1*
6. Mrs.Ladawan	Khumsap	Vice President-Accounting - Financial and Budget Group Company
7. Mr. Artachai	Kittiwattananukor	Vice President-Accounting - Financial and Budget

* Mrs. Ngampit Kruewan resigned on January 1, 2009. Mrs Brali Tantilipikorn resigned on August 1, 2008.

Scope of duties and authorities of the Chief Executive Officer

1. To manage the normal business operation of the Company.
2. To manage the Company according to the business policies, business plans, and business strategies assigned by the Board of Directors.
3. To authorize or assign any other persons under an approval of the Chief Executive Officer to perform duties on behalf of the Chief Executive Officer in some necessary and appropriate matters under the Chief Executive Officers supervision, all of which must be under the principle of laws and the article of association of the Company.
4. To perform some other duties as assigned by the Board of Directors and / or the Executive Committee on a case by case basis.
5. To perform and approve employment or acceptances of projects or binding agreements in the Company's normal business operation within a limit of Baht 10 million per transaction or equivalent. This credit limit

must conform to the approval by the Company through the Board of Directors. The credit limit is subject to change by the Board of Directors.

The abovementioned authorities assigned to the Chief Executive Officer must be under the laws, rules, and regulations related to the Company's business. In the case where the Chief Executive Officer may enter into counter-parties benefits or may involve conflict of interests (according to the Notification of the SEC), the Chief Executive Officer has no authorities to approve such case. The Chief Executive Officer must propose this matter to the Board of Directors for further approval.

In addition, inter-company transactions or transactions relating to acquisitions or dispositions of the Company's or the subsidiaries' assets, whichever the case, according to the Notification of the Stock Exchange of Thailand, must be approved by the shareholders' meeting and/or any other actions as stated in that Notification in order to follow the rules of the Stock Exchange of Thailand in that case.

Detail of the Board of director, the Executives and the Authorized Persons as of December 31 ,2008 (Percentage of Shareholding as of October 8, 2008)

Name-Last Name / Age (years) / Position	Relationship with the Executive	Education	Percentage of Shareholding	Working Experience (5 years)		
				Period	Position	Company
Prof. Suphachai Phisitvanich Age 68 years old Chairman of the Board And Chairmand of the Audit Committee	None	-Doctor of Philosophy (Honorary) In Accountancy, Thammasat University -National Defense College, Class 1989 -Master's Degree of MBA (Finance) Ohio State University, USA. -Bachelor's Degree of Accountancy Thammasat University -Bachelor's Degree of Business Administration, Thammasat University -Director Certification Program (DCP) Thai Institute of directors Association (IOD) -Director Accreditation Program (DAP) Thai Institute of directors Association (IOD)	0.05%	2007-Present	-Chairman of the Board of Directors	-Aira Securities PCL.
				2006-Present	-Chairman of the Board of Directors -Chairman of the Board of Directors	-Merit Land Co. Ltd. -Saena Saithong Co., Ltd.
				2005-2007	-Chairman of Audit Committee Chairman of the Audit Committee	-CPPC Plc. -Business Development Bank (Shanghai-China)
				2004-Sep2006	-Member of The Police Commission Royal Thai Police	-Royal Thai Police
				2004-Present	-Chairman of the Board of Directors	-Samart I-Mobile Plc
				2004-2008	-Committee Member of Attellarte Committee	-Securities and Exchange commission of Thailand
				2003-Present	-Chairman of the Board of Directors and Chairman of the Audit committee -Director of Nomination Committee and Remuneration Committee	-Matching Studio Plc. -Bangkok Expressway Plc. (BECL)
				1999-Present	-The Board of Director and Chairman of Audit Committee	-Bangkok Expressway Plc. (BECL)
				2001-Mar2003	-Chairman of the Board of Directors	-Krungthai Bank PCL.
				2001-2002	-Chairman of the Board of Directors -Advisor to Finance Minister	-TOT Corporation PCL -Ministry of Finance
				1998-2001	-The Permanent Secretary of the Ministry of Finance	-Ministry of Finance
				1997	-Deputy Permanent Secretary of the Ministry of Finance	-Ministry of Finance
				1993-1996	-Director General the Custom Department	-The customs Department

Detail of the Board of director, the Executives and the Authorized Persons as of December 31 ,2008 (Percentage of Shareholding as of October 8, 2008) (con)

Name-Last Name / Age (years) / Position	Relationship with the Executive	Education	Percentage of Shareholding	Working Experience (5 years)		
				Period	Position	Company
Mr. Somchai Cheewasutthanon Director and Chief Executive Officer Age 44 years old	Elder brother of Mr. Somboon Cheewasutthanon	-Honorary degree of Business Administration, Marketing, Rajamangala University of Technology Phra Nakhon -Director Accreditation Program (DAP) Thai Institute of directors Association (IOD)	19.34%	2007-Present	-The Qualified Director	- Rajamangala University of Technology Phra Nakhon
				2004-Present	-Director	-Matching Television Co., Ltd.
				2003-Present	-Director -Director -Director	-Matching Movie Town Co., Ltd. -Book Maker Co., Ltd. -Goody Film BKK Co., Ltd.
				2002-Present	-Director and Chief Executive Officer -Director -Director	-Matching Studio Plc. -Matching Motion Pictures Co., Ltd. -Matching Broadcast Co., Ltd.
				2001-Present	-Director	-Fatman and Little Boy Co., Ltd.
				1999-Present	-Director	-Matching Entertainment Co., Ltd.
				1994-Present	-Director	-Gear head Co., Ltd.
				1992-2001	-Director and Chief Executive Officer	-Matching Studio Co., Ltd.
				1987-1989	-Film Producer	-Far - East Advertising Co., Ltd.
				1982-1986	-Editing Manager	-A.V. Craft Co., Ltd.
Pol.Lt.Gen. Thummanit Pitaneelaboot Age 72 years old Director and Director of Audit Committee	None	-Director Certification Program (DCP) Thai Institute of directors Association (IOD) -Bachelor Public Administration, Police Cadet Academy	0.00%	Present	-The Members of Constitution Drafting Assembly	-Structure of the Secretariat of the House representative
				Present	- Director and Director of Audit Committee	-Matching Studio Plc.
				2004-Present	-Vice Chairman, Sub-Committee	-Sub-Committee Police(Grievances) of the police Commission (Disciplinary Appeals and Grievances Division, Royal Thai Police)
				1996-1999	-Director	-C.P. Plaza Co., Ltd.
				1994-1996	-Police Commissioner of Region 4, Khon Kaen Province	
				1987-1992	-Police Commissioner 2, Chonburi Province	
				1980-1983	-Police Commander, Petchburi Province	

Detail of the Board of director, the Executives and the Authorized Persons as of December 31 ,2008 (Percentage of Shareholding as of October 8, 2008) (con)

Name-Last Name / Age (years) / Position	Relationship with the Executive	Education	Percentage of Shareholding	Working Experience (5 years)		
				Period	Position	Company
Mrs. Angoon Kamolyabutr Age 67 years old Director and Director of Audit Committee	None	-Director Certification Program (DCP) Thai Institute of directors Association (IOD) -Advance Management Program Harvard Business School, USA -Diploma Senior Executive Program The Sasin Graduate Institute of Business Administration of Chulalongkorn University -Diploma The Financial Management Program, German Government -Bachelor degree of Accountancy Chulalongkorn University	0.00	2003-Present	-Director and Director of Audit Committee	-Matching Studio Plc.
				2000-2003	-Director -Director -Director -Director -Director -Director	- The Electricity Generating Plc. -Rayong Electricity Generating Co., Ltd. -Khanom Electricity Generating Co., Ltd. -EGCO Engineering & Service Co., Ltd. -EGCO Joint Venture & Development -Gulf Electric Plc.
				2000-2002	-Deputy Governor Accounting and Finance	-Electricity Generating Authority of Thailand
				1996-2000	-Assistant Governor Account and Finance	-Electricity Generating Authority of Thailand
Mr. Pattanapong Nuphan Age 42 years old Director	None	- Director Accreditation Program (DAP) Thai Institute of Directors Association (IOD) -Diploma in Banking & Finance, Young Banker Executive Development Program The Thai Bankers' Association -MA in Sociology, Thammasat University -BBA Finance Bangkok University -BA in Political Ramkhamhaeng university	-	Feb2007-Present	-Director	-Matching Studio Plc.
				Sept 2008-Present	-Senior Manager and Manager to office of the Chairman(Acting)	-Bangkok Broadcasting & TV Co., Ltd.
				Nov 2007-Present	-Manager office of the chairman	
				Aug-Nov2007	-Manager to office of the Chairman(Acting)	
				June-Aug 2007	-Manager Business development Division Office of the Chairman	
				July 2006- June 2007	-Manager Business development Division (Acting), Office of the Chairman	
				2005-July 2006	-Assistant to Development Department Manager	
				2000-Jan 2005	-Assistant Manager	



Detail of the Board of director, the Executives and the Authorized Persons as of December 31 ,2008 (Percentage of Shareholding as of October 8, 2008) (con)

Name-Last Name / Age (years) / Position	Relationship with the Executive	Education	Percentage of Shareholding	Working Experience (5 years)		
				Period	Position	Company
Mr. Vichean Yongrattanakij Age 48 years old Director	None	-Director Certification Program (DCP) Thai Institute of Directors Association (IOD) -MBA Thammasat University -Certified Public Accountant -Higher Diploma in Auditing Thammasat University -BA. Accounting Thammasat University	-	Aug2006- Mar 2009	-Director	-Matching Studio Plc.
				2005-2008	-Manager Internal Audit department	- Bangkok Broadcasting & TV Co., Ltd
				2001-2005	-Deputy Manager Internal Audit Department	
Mrs. Watchanee Watanathawanwong Age 55 years old Director and Executive Committee	None	- Director Certification Program (DCP) Thai Institute of Directors Association (IOD) - Master of Business Administration Chulalongkorn University - Certified Public Accountant - Bachelor Degree of Accountancy Chulalongkorn University	0.00	2006-Present	- Director and Executive Committee	- Matching Studio Plc.
				2005-Present	- Director	- V.I.P. Passport Co., Ltd.
				2000-March 2006	- Deputy Managing Director Accounting Financial and Investment	- Media of Medias Plc.
				1999-Present	- Director/ Member of Audit Committee	- O.C.C. Plc.



Detail of the Board of director, the Executives and the Authorized Persons as of December 31 ,2008 (Percentage of Shareholding as of October 8, 2008) (con)

Name-Last Name / Age (years) / Position	Relationship with the Executive	Education	Percentage of Shareholding	Working Experience (5 years)		
				Period	Position	Company
Mr. Thanisaphong Sasinmanop Age 51 years old Senior Executive Vice President (Production Group) and Executive Committee	Husband of Mrs. Siripen Sasinmanop	-Honorary Degree of Technology Major Photography and Cinematography Technology, Faculty of Mass Communication Technology, Rajamangala University of Technology Thanyaburi	20.05%	2003-Present	-Director	-Matching Movie Town Co., Ltd.
				2002-Present	-Director and Senior Executive Vice President (Production) -Director -Director	- Matching Studio Plc. -Matching Motion Pictures Co., Ltd. -Matching Broadcast Co., Ltd.
				2001-Present	-Director	- Fatman and Little boy Co., Ltd.
				1999-Present	-Director	-Matching Entertainment Co., Ltd.
				1994-Present	-Director	-Gear Head Co., Ltd.
				1992-2002	-Director	-Matching Studio Co., Ltd.
				1979-1990	-Director of Photography	-Siam Studio Co., Ltd.
				1970	-Independent Photography	-TV. Station Channel 4
Mrs. Siripen Sasinmanop Age 53 years old Executive Committee	Wife of Mr. Thanisaphong Sasinmanop	- Management Development Program Thammasat University - Director Accreditation Program (DAP) Thai Institute of Directors Association (IOD)	0.19%	2004-Present	-Director	-Matching Television Co., Ltd.
				2003-Present	-Director -Director	- Matching Movie Town Co., Ltd. -Goody Film BKK Co., Ltd.
				2002-present	-Director -Director -Director	-Matching Studio PCL. -Matching Motion Pictures Co.,Ltd. -Matching Broadcast Co.,Ltd.
				2001-Present	-Director	-Fatman and Little boy Co., Ltd.
				1999-Present	-Director	-Matching Entertainment Co., Ltd.
				1994-Present	-Director	-Gear Head Co., Ltd.
				1992-2002	-Director	- Matching Studio Co.,Ltd.
				1982-1996	-Director	- Siam Studio Co., Ltd.

Name-Last Name / Age (years) / Position	Relationship with the Executive	Education	Percentage of Shareholding	Working Experience (5 years)		
				Period	Position	Company
Mr. Somboon Cheewasutthanon Age 42 years old Senior Executive Vice President (Operation Group) and Executive Committee	Younger Brother of Mr. Somchai Cheewasutthanon	-Director Accreditation Program (DAP) Thai Institute of Directors Association (IOD) -Bachelor of Accountancy - Finance University of the Thai Chamber of Commerce	3.64%	2004-Sep2008	-Director	--Merit Land Co., Ltd.
				2004-Present	-Director	-Matching Television Co., Ltd.
				2003-Present	-Director	-Matching Movie Town Co., Ltd.
					-Director	-Goody Film BKK Co., Ltd.
					-Director	-Book Maker Co., Ltd.
				2002-Present	- Executive Committee and Senior Executive Vice President (Operation Group)	-Matching Studio Plc.
					-Director	-Matching Motion Pictures Co., Ltd.
					-Director	-Matching Broadcast Co., Ltd.
Mr. Wiroj Bunsirungruang Age 41 years old Director and Executive Vice President Accounting and Financial Department- Operation	None	-Director Accreditation Program (DAP) Thai Institute of Directors Association (IOD) -Master of Accounting Thammasat University -Bachelor of Accounting Dhurakij Pundit University	1.32%	2004-Sep2008	-Director	--Merit Land Co., Ltd.
				2004-Present	-Director	-Matching Television Co., Ltd.
				2003-Present	-Director	-Matching Movie Town Co., Ltd.
					-Director	- Book Maker Co., Ltd.
					-Director	-Goody Film BKK Co., Ltd.
					-Director	-Matching Motion Pictures Co., Ltd.
					-Director	-Matching Broadcast Co., Ltd.
					-Director	-Fatman and Little boy Co., Ltd.
					-Director	-Matching Entertainment Co., Ltd
					-Director	-Gear Head Co., Ltd.
			1993-2001	-Executive Committee and Manager Accounting and Finance	-Matching Studio Co.,Ltd.	
			2002-Present	-Director and Executive Vice President Accounting and Financial Department- Operation	-Matching Studio Plc.	
				-Director	-Quality House Plc.	
				-Vice President Accounting and Financial Department	-Quality House Plc.	
				-Vice President Internal Control Department	-Quality House Plc.	
				-Assistant Vice President Accounting Department	-Quality House Plc.	
				-Assistant Vice President Internal Control Department	-Quality House Plc.	
				-Assistant Vice President Internal Control Department	-Quality House Plc.	



Detail of the Board of director, the Executives and the Authorized Persons as of December 31 ,2008 (Percentage of Shareholding as of October 8, 2008) (con)

Name-Last Name Age (years) Position	Relationship with the Executive	Education	Percentage of Shareholding	Working Experience (5 years)		
				Period	Position	Company
Mrs. Ngampit Kruewan Age 48 years old Executive Vice President	None	-Bachelor of Mass Communication Thammasat University	0.02%	1998-Jan2009	-Executive Vice President	-Matching Studio Plc.
				1994-1998	-Film Producer	-Two K Film and Video Production Co., Ltd.
				1990-1993	-Film Producer	-Film Factory Co., Ltd.
Mrs. Ladawan Khumsub Age 41 years old Vice President of Accounting, Financial and Budgeting Group Company	None	-Bachelor of Accounting Ramkhamhaeng University	-	2005-Present	-Vice President of Accounting, Financial and Budgeting Group Company	-Matching Studio Plc.
				2003-2004	-Accountant	-Matching Studio Plc.
				2001-2002	-Assistant Vice President of Accounting and Financial Dep.	-Quality House Plc.
				1991-2000	-Senior Accountant	-Quality House Plc.
Mr. Adtachai Kittiwattananukroj Age 35 years old Vice President of Accounting and Finance Department	None	-Master of Accounting Ramkhamhaeng University -Bachelor of Accounting Ramkhamhaeng University	0.01	2008-Present	-Vice President of Accounting and Finance Dep.	-Matching Studio Plc.
				2004-2007	-Manager of Accounting and Finance Dep.	-Matching Entertainment Co., Ltd
				2000-2004	-Vice President of Accounting and Financial Dep.	-Quality House Plc.



Appointment of Directors

Even though the Company does not have any Nominating Committee to select and nominate appropriate persons to be elected as new directors, the Company has a policy and criteria to appoint the directors based on the capability, experience, vision and trustworthiness of the potential persons. Moreover, in every Annual General Meeting, one-third of directors shall be resigned from their positions and such resigned directors may be re-elected upon the shareholders' resolution in accordance with the principles and procedures as follows:

1. Each shareholder shall have one vote per share held by them.
2. Each shareholder shall cast all of his/her votes in (1) for one or more candidates but shall not divide his/her voting rights amongst the candidates.
3. The candidates elected to fill up the vacant positions of the board of directors are selected in order of the number of votes received. In a case where there is a tie amongst candidates, the chairman of the meeting shall cast the deciding vote.

In case of a vacancy in the Board of Directors for other reasons apart from the expiration of the director's term of office, the Board of Directors shall elect a person who has the qualifications and who possesses no prohibited characteristics under Public Company Act as the substitute director at the next meeting of the board of directors, unless the remaining term of office of the said director is less than two months. The substitute director shall remain in the position only for the remaining term of office of the director whom he or she replaces and may be re-elected. The said resolution of the Board of Directors shall be by a vote of not less than three-quarters of the number of remaining directors.

Remuneration for Directors and Management

Without the Remuneration Committee at the present time, the remunerations given to the directors are carefully determined by the Company's Board of Directors in consideration of business expansion and growth of the Company. The Ordinary Shareholder' Meeting No.1/2008 on April 29, 2008 approved the annual remuneration for directors. The details are as follows.

Position	Remuneration per Month
- Chairman of the Board	Baht 60,000
- Audit Committee	Baht 40,000
- Director	Baht 15,000

Remark: Since Chairman of the Board of Directors also holds a position as Chairman of the Audit Committee, he would receive Baht 40,000 per month as the Audit Committee Director and additional remuneration as



Chairman of the Board of Directors and Chairman of the Audit Committee for the amount of Baht 10,000 each i.e. Baht 60,000 in total.

These levels of remuneration shall be valid until a shareholders' meeting passes the resolution to Change.

1. Financial Remuneration

A .Remuneration for the Board of Directors

Name		Position	Amount in 2006	Amount in 2007	Amount in 2008
1. Prof. Suphachai	Phisitvanich	Chairman of the Board and Chairman of the Audit Committee	720,000	720,000	720,000
2. Mr. Somchai	Cheewasutthanon	Chief Executive Officer	240,000	180,000	180,000
3. Pol.Lt.Gen. Thummanit	Pitaneelaboot	Director and Audit Committee	480,000	480,000	480,000
4. Mrs. Angoon	Kamolyabutr	Director and Audit Committee	480,000	480,000	480,000
5. Mrs. Siripen	Sasinmanop	Director	240,000	180,000	180,000
6. Mr. Anupan	Kitnitchiwa	Director	240,000	180,000	15,000
7. Mr. Pattanapong	Nupan	Director	-	-	165,000
8. Mr. Dhana	Buphavanich	Director	180,000	-	-
9 .Mr. Wichean	Yongrattanakij	Director	60,000	180,000	180,000
10.Mrs. Watchanee	Watanathawanwong	Director	120,000	180,000	180,000
11 .Mr. Somboon	Cheewasutthanon	Director	240,000	180,000	180,000
12 .Mr. Wiroj	Bunsirirungruang	Director	240,000	180,000	180,000
			3,240,000	2,940,000	2,940,000

** Mr. Anupan Kitnitchiwa resigned from directorship on January 26, 2008 and Mr. Pattapong was appointed to replace Mr. Anuphan on February 12, 2008

**Remuneration of Executive Committee and Management of the Company**

In 2007, the Company paid for the salary and bonus for the management in the amount of Baht 17.22 million and in 2008 Baht 18.24 million was paid for the salary and bonus for the management.

2 Non-financial remuneration

On February 19, 2004, the Company offered free warrants to purchase the Company's ordinary shares to 10 directors and Management for the total of 1,120,000 units according to the Employee Stock Ownership Program (ESOP-W). The ESOP-W had expired on February 19, 2007

On November 6, 2007, the Company offered free warrants to purchase the Company's ordinary shares to 15 directors and Management for the total of 1,530,000 units according to the Employee Stock Ownership Program (ESOP-WII).

Corporate Governance

The Company aims to be a leader in entertainment industry and ad commercial production business both in Thailand and foreign countries. The Company is also committed to creating creditability amongst investors and stakeholders, adding values of the organization, and promoting transparency in doing business. With an effective management and operation systems to support its stable growth, the Company operates business which is based on the good corporate government that is useful to Thai society. The Board of Directors of Matching Studio Plc. strongly believes that the good corporate governance principle is a main factor to add values and create the highest returns to shareholders and all related parties in the long term. The Board of Directors then approved the Company's good corporate governance policies that were amended on April 18, 2007. Those policies were designed to be implemented within the company and the policies have been continuously developed. The Company's using good corporate governance principles which are in compliance with the regulation of the Stock Exchange of Thailand.

1. Board of Directors, management, employees will follow the good corporate governance with understanding.
2. Board of directors, management, employees will fairly treat stakeholders and work with transparency for the benefits of the Company.

To achieve sustainable growth and be able to properly increase value to stakeholders while taking account of the environmental aspects and providing benefit to the society as a whole, the Company aims to

- Enhance its competitiveness as a leader in TV commercial production and services.
- Become an excellent organization with workforce that is determined to create new things. All employees trust one another, with the aim of building operational standard for the management and employees at all levels. Details of which are as follows:
 - To emphasize on creating maximum benefit to the Company in the long-run in order to create maximum values to shareholders
 - To concentrate on equitable treatment for both shareholders and stakeholders
 - To prevent the conflict of interest
 - To operate with care and full responsibility
 - To ensure the transparent operation that and can be monitored
 - To set the internal control and internal audit systems that are up to standard, reliable and efficient
 - To lay down the Code of Business Ethic as the guidelines for directors and staff

Right and Equality of Shareholders and Responsibilities to Stakeholders

Right and Equality of Shareholders

The Company has a policy to hold shareholders' meetings in accordance with the law. The meeting agenda should be decided by the corporate governance agency. In 2008, the Company held 2 shareholders' meetings. One meeting was the annual general meeting for 2008 and another meeting was extraordinary meeting 1/2008. Both meetings were held at the office of Matching Studio Public Company Limited, 305/10 Soi Sukhothai 6, Sukhothai Road, Dusit Sub-District, Dusit District, Bangkok. The meeting agenda was disclosed for the shareholders' review on the company's website within the day that the Board of Directors approved the meeting agenda so that all shareholders had a chance to review the details about the meeting as well as the

meeting agenda. The Company revealed all details about the meeting 21 days prior to the meeting date. The attendants included Chairman of the Board, Chairman of the Corporate Governance Committee, directors and corporate governance committee members.

In every shareholder's meeting all shareholders have the rights and equality of receiving information, expressing opinions and asking questions in the meetings, in accordance with the meeting agenda and the issues to be discussed in the meetings. The Board of Directors shall allocate appropriate time to the shareholders to ask questions as well as encouraging them to express their opinions. Normally the shareholders can obtain the details of the meeting from the Company's website prior to meeting date. To promote the rights of the shareholders, the Company invites the shareholders to nominate a person who will assume the director position and suggest the additional meeting agenda for the annual shareholders meeting.

The Company holds annual shareholders' meetings are normally held once a year. Each year the annual shareholders' meeting is normally held within 4 months after the end of the Company's fiscal year. In 2008, the Company held the Annual General shareholders' meeting No. 1/2008 on April 29, 2008. The Board of Directors accommodates in the shareholders' meeting by treating all shareholders equitably in terms of their right documentation. The Company appointed Thailand Securities Depository Co., Ltd. to serve as the Company's registrar.

In arranging every shareholders' meeting, the Company submits invitation letters together with the meeting agenda, details of each agenda which clearly state whether it is for acknowledgement, approval or consideration, including the Board of Directors' opinions on such agenda and relevant information. These information should be sent to the shareholders no less than 7 days prior to the meetings so that the shareholders have enough time to review the meeting details before exercising their voting rights for each agenda. Moreover, such invitation and details about the meeting shall be published in the newspapers for 3 consecutive days at least 3 days prior to the meeting date.

The power of attorney documents shall be attached to the invitation letters for the shareholders who are unable to attend the meeting and who would like to attend the meeting and vote by proxy. Such shareholders may ask any person including Chairman of the Board of Directors or one of the Independent Directors to act as their proxies. Such shareholders have the full right to ask their proxies to have full vote or partial vote.

The matters to be carried out at the Annual General Meeting are as follows:

- 1) Consider the Board of Directors' report regarding the Company's performance for the previous year that is presented in the meeting
- 2) Consider approving balance sheet and profit and loss statements
- 3) Consider approving profit distribution and dividend payment
- 4) Consider appointing new directors replacing those who leave after their terms end and determine directors' remuneration
- 5) Consider appointing the auditor and audit fee
- 6) Discuss other matters as deemed appropriate by the Chairman of the meeting

Shareholders' resolution shall comprise of the following votes:

- 1) In a normal case, the majority of votes shall be deemed resolution. In case of an equality of votes, the Chairman of the meeting shall have a casting vote.

- 2) In the following cases, a total number of votes not less than three-fourths of the total number of votes cast by the shareholders present and entitled to vote shall be deemed resolution.
- Sale or transfer of the Company's business, in whole or in part, to other entities
 - Purchase or acquisition of the business of other companies or private companies by the Company
 - Creation, amendment or termination of any contracts with respect to the granting of a lease of the Company's business, in whole or in part, the assignment to any other person(s) to manage the Company or the merging of the Company with any other entity to share profit and loss
 - Additional amendment of the memorandum of association or article of association
 - Capital increase or decrease
 - Debenture issuance
 - Company amalgamation
 - Company dissolution

In case of some urgent matters or extraordinary agenda which may have an effect on shareholders' benefit or have to conform to any rules or regulations that require shareholders' resolution, the Company may reserve the right to ask for any Extraordinary General Meeting, as the case may be.

In every shareholder's meeting, the Company's policy requires the Chairman of the Board of Directors, Directors and Chief Executive Officer to attend the meeting. Chairman of the meeting shall allow shareholders to have the opportunity to make enquiries, express their opinions and suggestions to the Directors in order to create the same understand and subsequent improvement. The minutes of meeting shall be recorded and approved by the Directors and sent to shareholders for approval in the next meeting.

Rights and Equality of Stakeholders

The Company places the great importance on the rights of all stakeholders. The Company appropriately treats the stakeholders including shareholders, employees, management, customers, business partners, contractual parties, creditors, commodity and society in order to create good cooperation amongst the stakeholders in each group. This would in turn cause the Company's operations to go well and stably and ensure that all stakeholders are treated fairly. The directors will disclose some non-financial information to show proof that the Company is well considerate towards all stakeholders when making any decisions associated with the Company's operational guidelines. In addition, the Company also clearly indicates the groups of shareholders and specifies the degrees of importance for each stakeholder group in order to avoid mistakes.

Stakeholders

Responsibilities to Shareholders

The Company is committed to effectively run the business and ensure the shareholders' greatest satisfaction by taking into consideration its long-term growth and sustainable returns. The Company is also determined to operate business in a transparent manner and discloses the financial position as well as the Company's earnings performance or general announcements of the Company. To comply with such principle, the Company had set the following guidelines:

- Performing duty with honesty and fairness to every shareholder.
- Managing the Company's business by applying full knowledge and managerial skills and determine any action with care and cautious.
- Accurately disclosing the Company's operating results as well as reporting its financial status to shareholders in accordance with the international standard which is accepted by international financial markets as specified by the Stock Exchange of Thailand.
- Not proceeding with any actions in a way that may cause conflict of interest with the Company
- Not seeking the benefit for itself or related parties by using any information of the Company which are not yet disclosed to the public
- Not disclosing confidential information to outsiders

Relationship with business partners, contractual parties, competitors and creditors

Relationship with business partners and contractual parties

The Company intended to procure goods and services which comply with standard and ethics per the following procedures:

- 1) Having appropriate and fair competition, including selection process
- 2) Having criteria in assessing and selecting business partners and contractual parties
- 3) Preparing proper contractual forms
- 4) Setting management and monitoring the system to ensure that terms and conditions under the agreement are carried out completely to protect fraud and corruption in every procurement process
 - The Company intends to provide services in accordance with occupational standard practices plus quality, honesty and fairness.
 - The Company has a policy to safeguard confidential information of trade partners and contractual parties and will not pursue any unethical practices e.g. bribery in hope to benefit its business.
 - The Company shall run its business on a fair and transparent basis in terms of decision-making principle that compares condition, price, quality and services. In any circumstance, it is not permitted to request business partners and contractual parties to provide or accept any form of benefits in doing business.
 - The Company aims to develop and sustain long-term relationship with business partners and contractual parties. The Company has a clear objective to offer high quality technical products and worthwhile services as well as creating respects amongst one another.
 - The Company has a clear policy to pay punctually to business partners and contractual parties according to terms and conditions set forth.
 - The Company shall operate its business with business partners and contractual parties in compliance with consumer protection related laws.

Relationship with Competitors

- The Company shall fairly compete with its competitors and it should not obtain the confidential information of the competitors illegally.

- The Company shall not destroy the reputations of competitors through false accusations without factual information.

Relationship with Creditors

- The Company shall strictly perform in accordance with the conditions agreed with creditors
- The Company shall honestly report its financial status to the creditors.
- The Company shall inform creditors in advance in case it cannot follow the obligations of the agreement in order to jointly seek the solution and prevent possible damages.

Responsibilities to Directors, Management and Employees

- The Company has a policy to continuously educate and fairly provide remuneration to Directors, management and employees at a moderate and reasonable level.
- The Company places a great emphasis on welfare, stability and career advancement of employees.
- The Company has a policy to have all directors, management and employees protected by law. In addition, the Company creates decent working environment with safety and sanitation in order to protect lives and assets of Directors, management and employees.
- The Company has a policy in terms of safety and sanitation for employees as follows:
 - 1) The Company shall try to protect its employees from accidents, injuries and pains caused by the occupation. In the mean time, the Company shall also try to limit and manage the risks which may arise from normal business operation.
 - 2) The Company shall design tools and equipments, create work instructions, train and supervise its operators in order to ensure safety to lives and assets of its employees, including community.
 - 3) The Company shall promptly, efficiently and cautiously cooperate with the government and other organizations to cease emergencies or accidents from operations.
 - 4) The Company shall strictly comply with applicable laws and regulations and lay down reliable safety procedures in case such laws and regulations do not exist.
- The Company has a policy to encourage everyone in the Company to share the same value and to create unity within the organization as well as urging all employees to take parts in setting the company's directions as well as solving problems.

Responsibilities to Community, Society and Environment

Profit-taking is not an only goal of the Company. As a part of society, the Company is also responsible for the society. The Company is determined not to not take advantage from the society but it rather tries to help society by supporting those who have fewer opportunities for better lives. The Company creates and supports useful activities for communities and society. In the mean time it does not do or support any activities which are illegal or may cause damages to the reputation of the country, national resources and environment as well as any activities that threaten the national security.

The Company realizes and cares about safety of the society, environment and quality of life of people. The Company is committed to preserve the natural resources that are limited for the benefit of next generation as well as supporting the efficient uses of energy for sustainable development. The Company thus set the following guidelines.

- 1) Conduct businesses under the framework of rules and regulations of the organization
- 2) Consider some options of using natural resources with the least impacts on society, environment and quality of people's lives
- 3) Encourage ongoing thinking on social and environmental responsibilities among employees at all levels
- 4) Be a leader in supporting the concept of energy preservation in efficient ways for the benefit of people in the next generation
- 5) Strictly conform and cooperate or control the operations in accordance with laws and regulations set by supervising entities

Responsibilities to Government Entities and Relevant Organizations

The Company will strictly act in accordance with various relevant laws concerning environment, safety, labor, tax management and accounting including announcements made by government entity that relates to the Company's business operations per the below guidelines as follows:

- Encourage superiors to provide information about related laws so that the employees can use as a reference and this information should be regularly updated and easily accessed.
- Encourage the employees at all levels to realize the importance of social responsibilities and also urge them to act in accordance with laws and the Company's regulations
- Build a good relationship with other organizations by fully supporting the government entities and relevant organizations and providing them with the information that benefits the country.

Leadership and Vision

The Board of Directors under the leadership of Chairman as the representatives of the shareholders shall lead and be involved in the determination of the Company's targets, directions, policies, work plans and budget. The Board of Directors should honestly make sure that the Company's business is operated in accordance with the laws and regulation as well as the resolutions of the shareholders' meetings in order to maintain the benefits of the shareholders. In addition the Board of Directors also has to monitor the management's performance to ensure that the established policy was achieved efficiently and effectively. This would not only increase the maximum economic value to the Company but also increase the maximum stability to shareholders. The Board of Directors had set up the internal control system and closely follows the implementation of such on a regular basis. The Executive Directors are authorized to approve the investment worth no more than Baht 20 million while the Chief Executive Officers are authorized to approve the investment worth no more than Baht 10 million. This excludes any conflicting or connected transactions or other transactions that require shareholders' approval according to the rules and regulations of the SEC and the SET.

Moreover, the Company fully realizes the importance of good corporate governance 7 of the Company's directors completed the Director Accreditation Program (DAP) and all 3 members of the Audit Committee completed the Director Certification Program (DCP), which are organized by the Thai Institution of Directors Associations (IOD).

Protection of Conflict of Interest

Realizing the potential conflict of interest which may arise, the Board of Directors had issued guidelines as a part of the Code of Ethical Business so that all management and employees avoid any personal conflict of interest with the Company and shareholders when dealing with trade partners and other parties.

Moreover, the potential conflict of interest transactions or the connected transactions shall be considered properly by the Board of Directors. The Board of Directors clearly determined guideline policy as well as approval procedures in accordance with the SET regulations. For example, a person who has conflict of interest or is a connected party shall inform the Company of his/her relationship or connection with such transactions and shall not attend the meeting for such agenda and vote (i.e. no approval authority). In addition, terms and conditions of the connected transactions shall be conducted in the same manner as the normal business practice with third parties. If the expertise in some certain areas is necessary, the Company shall seek independent opinion from external specialists such as auditor or other advisors. The opinion of the Audit Committee and/or other consultants will be incorporated in decision making process of the Board of Directors and/or shareholders depending upon the related rules and regulations. Such transactions are required to be disclosed in the Company's annual report, Form 56-1 and financial statements.

The Code of Ethical Business

The Company has put in place the Code of Ethical Business for all directors and staff to comply with in order to enhance value of its business. A primary goal of the Code of Ethical Business is to ensure that the management and employees treat the Company, stakeholders and society in professional, honest, transparent, equal and responsible manners. Moreover, the Company also assigned responsible persons to assess the performance and improve such Code of Ethical Business. In addition, the Company also has a policy to communicate to all staff and management constantly to ensure their understandings both directly and indirectly via the published messages.

Balance of the Power by Non-Executive Directors

As of December 31, 2008, the directors' structure of the Company comprised of 3 committees i.e. the Board of Directors, Executive Committee and Audit Committee. In order to avoid the potential conflict of interest that may arise, the Company has a policy to balance the directors' power by setting 6 directors, out of 11 directors, as independent and non-executive directors.

Aggregation or Segregation of Position

The Chairman of the Board of Directors must not be the same person as the Chief Executive Officer in order to establish segregation of duty in setting policy on corporate governance and routine management. This can encourage management transparency as well as minimizing the potential conflict of interests and lessening the power of the Chief Executive Officer. Moreover, the Chairman of the Board of Directors shall make decisions independently in order to maximize the value of the Company and shareholders.

Remuneration for Directors and Management

At present when there is no Remuneration Committee the remunerations given to the directors are carefully considered by the Company's Board of Directors in consideration of business expansion and growth

of the Company. The Annual General Shareholders' Meeting No.1/2008 on April 29, 2008 approved the annual remuneration for directors. The details are as follows.

Position	Remuneration per Month
- Chairman of the Board	Baht 60,000
- Audit Committee	Baht 40,000
- Director	Baht 15,000

Remark: Since Chairman of the Board of Directors also holds a position as Chairman of the Audit Committee, he then receives Baht 40,000 per month as the Audit Committee Director and additional remuneration as Chairman of the Board of Directors and Chairman of the Audit Committee for the amount of Baht 10,000 each i.e. Baht 60,000 in total.

These levels of remuneration shall be valid until a shareholders' meeting passes the resolution to Change.

Board of Directors' Meeting

The Board of Directors meet regularly once a month and some special meetings may be called for if needed. The invitation letters that clearly indicate the meeting date and agenda are sent to the members of Board of Directors at least 7 days prior to the meeting to ensure that they have adequate time to consider the information. Normally, each meeting takes not less than 2 hours. In each meeting, Chairman of the meeting allows each director to freely express his/her opinions. During the year 2008, there were 14 Board of Directors' meetings and the details of each director's attendance are shown in the following table.

Name	Position	No. of Attendance/ No. of Meeting (Times)
1. Prof. Suphachai Phisitvanich	Chairman of the Board	14/14
2. Mr. Somchai Cheewasutthanon	Chief Executive Officer	14/14
3. Pol.Lt.Gen. Thummanit Pitaneelaboot	Director	14/14
4. Mrs. Angoon Kamolyabutr	Director	14/14
5. Mr. Thanisaphong Sasinmanop	Director	0/14
6. Mrs. Siripen Sasinmanop	Director	14/14
7. Mr. Anuphan** Kitnitchiva	Director	1/ 1
8. Mr. Pattanapong Nupan	Director	10/12
9. Mrs. Watchanee Watanathawanwong	Director	13/14
10. Mr. Wichean Yongrattanakij	Director	13/14
11. Mr. Somboon Cheewasutthanon	Director	14/14
12. Mr. Wiroj Bunsirirungruang	Director	14/14

** Mr. Anuphan Kitnitchiva resigned from the directorship on January 26, 2008 and Mr. Pattapong was appointed to replace Mr. Anuphan on February 12, 2008

The minutes of the meetings endorsed by the Board of Directors are properly recorded and filed. They are available at all times for the Board of Directors and relevant parties to audit.

Sub-committees

The Board of Directors assigns various sub-committees for more effective and transparent operations of the Company. The details are as follows:

The Audit Committee

There are 3 members of the Audit Committee, all of whom are independent directors. The details are as follows:

1. Prof. Suphachai	Phisitvanich	Chairman of The Audit Committee
2. Pol.Lt.Gen.Thummanit	Pitaneelaboot	Audit Committee
3. Mrs.Angoon	Kamolyabutr	Audit Committee

The Board of Directors appoints 3 independent directors to be the members of the Audit Committee. One of the 3 independent directors must have the knowledge and experience in accounting and finance. The members of audit committee must be independent as stated in the rules and regulations concerning qualifications and scope of duties and authorities of the Audit Committee by the Stock Exchange of Thailand. The members of the Audit Committee shall be in the position for 3 year for one period and can be the members for not more than two consecutive periods. However, the Board of Directors may grant some exemptions. In 2008 the Audit Committee organized 5 meetings and reported the meeting results to the Board of Directors. The scope of duties and authorities of the Audit Committee are reviewed annually as the following details:

Scope of duties and authorities of the Audit Committee

The Audit Committee has duties and responsibilities according to the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand B.E 2551 which became effective from July 1, 2008 onwards:

1. To review the financial statements and make sure they are correct and adequate
2. To review the Company's internal control system and internal audit system and make sure that they are sufficient and effective; to ensure the independence of the Audit Committee; to give opinions concerning appointments, transfers, and employment cancellation of the heads of internal audit department or of any other departments that relate to the internal audit procedures
3. To review the Company's operations and make sure that they conform to the rules and regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand, and any other laws related to the business operation of the Company.

4. To consider proposing an independent person as the Company's Auditor as well as proposing the remuneration of the Company's Auditor and also to join the meetings with the Auditor, without the presence of the management, at least once a year.
5. To review the accuracy and sufficiency of disclosure of information about some connected transactions and some transactions that may cause conflicts.
6. To prepare the corporate governance's report of the Audit Committee and disclose this report in the Company's annual report. This report is to be signed by the Chairman of the Audit Committee. The report must contain the following details:
 - a) Opinions concerning accuracy, adequacy and reliability of the Company's financial statements
 - b) Opinions concerning the sufficiency of the Company's Internal Control
 - c) Opinions whether the Company follows the laws concerning securities and stock market, regulations of stock market and the laws that relate to the business of the Company
 - d) Opinions concerning the suitability of the Company's Auditor
 - e) Opinions concerning some transactions that may cause conflict of interest
 - f) Numbers of the Audit Committee meetings and the attendance of each member
 - g) Opinions or overall notes concerning that the Audit Committee receive from the Charter
 - h) Other items that should be disclosed to the shareholders and investors under the scope of responsibilities set by Board of Directors
7. To perform other duties as assigned by the Board of Directors and approved by the Audit Committee

Nominating and Remuneration Committee

Even though the Company has no Nominating Committee to select and nominate the appropriate person to be appointed as director, the Company has set criteria and guidelines for the appointment of the director. The Board of Directors will mainly consider directors based on capability, experience, vision and trustworthiness. Moreover, in every Annual General Meeting, one-third of directors shall resign from their positions and such resigned Director may be re-elected upon the shareholders' resolution in accordance with the principles and procedures stated in the Articles of Association.

Corporate Governance Committee

The Company has not appointed specific sub-committee as it viewed that the Board of Directors and Executive Committee can deliberate and make decision on various matters efficiently. However, if the Company has larger business size and more complicated organization structure, the Company may consider appointing particular sub-committee for some specific matters as deemed appropriate.

Internal Control and Internal Audit Systems

Realizing the importance of the internal control system, the Company thus focuses greatly on sufficiency and appropriateness of its internal control system that covers the Company's finance, management and operation. The Company also ensures that its internal control system is complied with the laws and related regulation and also improve such system to meet the standard set by the Stock Exchange of Thailand and as well as the international standard called Internal Control Framework set by the Committee of Sponsoring organizations of the Treadway Commission or COSO. The Company clearly specifies the duties, responsibilities, authorities of the employees in the operation level and also the management in a written form. There are controls of the uses of the Company's assets. In addition the duties of employees in the operation, inspection and evaluation sectors are clearly separated in order to create an appropriate balance of work. Moreover, the Company also creates the financial report system for the responsible departments. Note that the members of Board of Directors express their opinions concerning the sufficiency of the internal control system in the Company's financial reports under the section "Internal Control"

To ensure the efficiency in production of important documents and the internal control and to ensure that the internal control was improved regularly, in 2008 the Company set up the internal audit section. This section was assigned to review the internal operation as well as assessing the effectiveness and the sufficiency of the internal audit system of the Company and its affiliates. The internal audit section's main objective was to ensure that the core operation and the financial activities of the Company and its affiliates were effectively run as meet the management's objectives. In addition, the internal audit section also inspected whether all operations of the Company were in accordance with the law and other regulations set by the Company. Hence, in order to enable the members of internal audit section to independently perform their duties, the Board of Directors stated that the internal audit section reported directly to the Internal Audit Committee. The internal audit section was also assigned to carry out the inspection duties, in accordance with the Company's annual work plan, that was approved by the Internal Audit Committee. The internal audit section was required to regularly report the inspection results and send some suggestions to the Internal Audit Committee and the Chairman of the Board in a timely manner.

The Audit Committee meets with the Company's auditor every quarter. In every meeting, they will make queries to assess the adequacy and appropriateness of the Company's internal control system. According to the Board of Directors' meeting No. 3/2008 held on February 26, 2008 with 3 members of the Audit Committee attending, the Audit Committee jointly assessed the Company's internal control system based on the Internal Control Evaluation Form from the Board of Directors' perspectives with regards to the adequacy. In this regard, the Board of Directors can ask additional questions/information from the management about the sufficiency of the Company's internal control system in 5 key areas i.e. organization control and environment measure, risk management, control of management's activities, information and communication system as well as monitoring system. The Board of Directors and Audit Committee were of the opinion that the Company has appropriate and sufficient internal control system to prevent misuses or unauthorized uses of assets by the management. There were records of the accounting in order to make sure that the financial statements were accurate and reliable. There was also an effective filing system so that the directors, the auditor and the authorities can review the information within an appropriate time. In addition, the Company's risk management was improved regularly and continuously.

Board of Directors' Report

The Board of Directors holds responsibility for the accuracy and reliability of the financial report of the Company and its subsidiaries, including financial information disclosed in the Company's annual report. The financial statement is regularly prepared with care to conform to the general accepted accounting standard. In preparing such financial report, the appropriated accounting policies are selected and consistently applied while judgment and forecast are carefully used. Moreover, the significant information shall be adequately disclosed in the notes to financial statement due to the guideline suggested by the Stock Exchange of Thailand.

Moreover, the Board of Directors appointed the Internal Audit Committee which consisted of independent directors to oversee the quality of Company's financial reports and the internal audit system. Opinions of the Audit Committee were reported in the 56-1 form for 2008. All members of the Audit Committee and the management attended the meeting in order to review the efficiency of the Company's internal audit system in various areas that were set by the Company's management. The minutes of every Board of Directors' meetings shall be recorded and contained proper details, e.g. questions and opinions of each director for each agenda and opposite opinion along with the rationales, so that that shareholders can examine the appropriateness of the directors in performing their duties. Nevertheless, the Board of Directors continuously and firmly focused on applying the good corporate governance policies to the Company's management and operations to create a good image and reliability of the Company amongst the investors and people.

Investor Relations

The Company realizes that it is important that the disclosed information shall be accurate, complete, widespread and transparent. Realizing that financial reports along with general information may have impacts on decision making of investors and stakeholders, thus, the Company publishes information for investors, shareholders and public via the following channels:

1. The website of the Stock Exchange of Thailand (<http://www.set.or.th>) which includes
 - The company's news
 - Annual report form (56-1)
 - Financial statement (quarterly and annually)
 - Documents about resolutions of Board of Director's meetings
2. The website of Securities and Exchange Commission (<http://www.sec.or.th>)
3. The website of Ministry of Commerce (<http://www.dbd.go.th>)
4. Newspapers
5. Company's website <http://www.matchinggroup.com> , www.matchingstudio.com. The Company publishes the Annual Report (Form 56-2), Form 56-1 and reports to the Stock Exchange of Thailand under the issue "Investor Relation" and other information including invitation letters to the meetings , documents requesting the shareholders to propose some meeting agenda for the Annual General Meetings and etc. at the "News Room" under "Announcement" and "Investor Relation"
6. Opportunity Day
7. Company Visit/ One-On-One meeting
8. Analyst meeting
9. Press meeting
10. Letters mailed to shareholders

Moreover, to disclose information that is accurate, adequate, and transparent, the Company set up the Investor Relations Department to provide the information, news and activities of the Company to the investors, analysts, shareholders and other third parties. This includes providing efficient services to shareholders. This also enhances the Company's credibility and image.

Shareholders and investors are welcomed to contact the Company's investor relation officer via telephone at 0-2669-4200-9 or via e-mail at tip_t@matchingstudio.com.

Monitoring the Use of Inside Information

The Company has introduced a policy to restrict the disclosure of inside information to third parties by its employees for a person's own interests. The Company has a policy or measures to monitor its executives as follows.

1. Educate the directors and the management about their duties to report the holding of the Company's securities by themselves, their spouses and their underage children as well as the penalties if failure to do so in according to the Securities and Exchange Act B.E. 2535 and the regulations imposed by the Stock Exchange of Thailand.
2. Require the management to prepare and report any changes in holding of the Company's securities to the Securities and Exchange Commission and submit a copy of such report to the Company within that same day.
3. Circulate letters to inform the management who have received significant inside information which may have an impact on the changes in share price, prohibit the trading of the Company's securities 1 month prior to the date on which the financial statements or such inside information are disclosed to the public and prohibit the disclosure of such significant information to third parties.

Human Resources

As at December 31, 2008, the Company had a total of 143 employees, which can be divided into the following work units:

Department	Number of Employees
Bureau of President	5
Director and Assistant Director Department	24
Producer and Assistant Producer	14
Post Production Department	14
Art Department	22
Casting Department	14
Location Department	5
Photographer Department	1
Internal Control System	3
Accounting and Financial Department	38
Marketing and Business Development	3
Total	143

In 2007, the Company had total expenses on employees for the total amount of Baht 74.62 million consisting of

- Salary and bonus for the total amount of Baht 68.60 million
- Other remunerations e.g. medical care, seminar fee, life insurance premium, social welfare and provident fund for the total amount of Baht 8.02 million

In 2008, the Company had total on expenses employees for the total amount of Baht 66.22 million consisting of

- Salary and bonus for the total amount of Baht 62.66 million
- Other remunerations e.g. medical care, seminar, life insurance premium, social welfare and provident fund for the total amount of Baht 3.56 million

In addition, in 2004, the Company had allocated 5,380,000 units of warrants to its employees under the ESOP program for directors and employees of the Company and/or subsidiaries, which already expired on February 19, 2007.

In November 2007, the Company had allocated 10,000,000 units of warrant to its employees under the ESOP program for directors and employees of the Company and/or subsidiaries with exercise ratio of 1 unit warrant to 1 ordinary share at the exercise price of Baht 1 per share.

For employees in the subsidiaries as at December 31, 2008,

Subsidiary	Number of Employees
Matching Entertainment Co., Ltd.	10
Matching Broadcast Co., Ltd. and Matching Television Co., Ltd.	31
Matching Movie Town Co., Ltd.	3
Gear Head Co., Ltd	299
Fatman and Littleboy Co., Ltd	0
Bookmaker Co., Ltd	16
Matching Motion Pictures Co., Ltd.	0
Goody Film BKK Co., Ltd.	5
Total	364

The Company had expenses in relation to human resources in subsidiaries for the total amount of Baht 134.30 million in 2007 and Baht 141.73 million in 2008.

Policy on Human Resources Management

● Policy to retain employees with the Company

The Company will maintain its business to ensure stability, skillful and experienced teamwork and completeness of tools and equipments. It will have supporting unit operates to facilitate employees' works and has a policy to properly compensate employees at all levels while encouraging skillful workforce to show off their works.

- **Policy on salary and benefit to employees**

The Company has a policy to pay proper salaries based on employees' knowledge and capability. Annual salary increases depend largely on operating performance of the Company by taking into consideration performance of each person. In terms of benefit, the Company provides provident fund, insurance and life insurance, out-patient medical expense and lunch per diem.

- **Policy to develop employees, including training and work rotation**

The Company has a policy to develop employees by sending employees to training program in every manner such as maintenance and proper use of tools and equipments from both in-house and external trainings, computer knowledge and general trainings e.g. tax knowledge. For work rotation, it depends on appropriateness.

- **Policy to hire workforce and on the use of daily and full-time employees**

The Company's hiring is categorized into 2 main groups i.e. full-time and daily employees. The hiring will depend on the Company's target to expand in short-term and long-term.

- **Policy to manage workforce going forward that links to new production technology**

The Company planned to expand its business in medium-term and long-term. It is thus necessary to manage workforce that links to new production technology and be prepared prepare particularly for hiring workforce to support more works.

Internal Control System

Realizing the importance of the internal control system, the Company thus emphasizes greatly on adequacy and appropriateness of its internal control system in terms of organization control and environment measure, risk management, control of management's activities, information communication system as well as monitoring system.

According to the Board of Directors' meeting No. 2/2008 held on February 27, 2008 in the presence of all 3 members of the Audit Committee attending, the Audit Committee jointly assessed the Company's internal control system based on the Internal Control Evaluation Form which was designed by the Board of Directors and the management to assess the adequacy of the Company's internal control system. In this regard, the Board of Directors was allowed to make further inquiries from the Management in regard to the adequacy of the Company's internal control system in 5 key areas i.e. organization control and environment measure, risk management, control of management's activities, information and communication system as well as monitoring system. The Board of Directors and Audit Committee were of the opinion that the Company has appropriate and sufficient internal control system in preventing the misuses or unauthorized uses of assets by the management. There were records of the accounting in order to make sure that the financial statements were accurate and reliable. There was also an effective filing system so that the directors, the auditor and the authorities can review the information within an appropriate time. In addition, the Company's risk management was improved regularly and continuously.

The Internal control and audit systems of the Company are defined as follows:

1. Organizational Control and Environment Measure

As the Company recognizes the importance of proper organizational structure and environment, which are the key foundation of the efficient internal control system, it has a policy to create the environment or other factors that support and encourage every person to realize the necessity of the internal control in order to ensure that such system is in line with the Company's expectation. The details are as follows:

- The Company emphasizes honesty and ethics in running the business and also creates proper organizational structure, defines clear roles and responsibilities and endorses written policies and guidelines.
- The Board of Directors has ensured that there are a clearly defined and measurable business targets with short-term business targets. Revenues and expenses are planned quarterly so that each unit can follow the same budget plan. Meanwhile, the Company also reviews its business targets quarterly. Organizational structure has been arranged to explicitly divide roles of each function. The organization is divided mainly into two key divisions i.e. Operation Division, and Production Division. These shall assist the Management in managing the Company's operations more effectively.
- The Company has announced the Code of Conduct with restriction for the Management and staff to act in a way that could lead to conflicts of interest with the Company as well as the Financial Transaction Practices for the Executive Committee and Department's Vice President. Purchasing and General Management Policies and Procedures are also in place and strictly enforced. Non-compliance will subject to penalty to prevent fraud.

Such policies and plans lie on fairly basis with trade partners for long-term benefits of the Company.

2. Risk Management

The Company has carefully considered or deliberated the characteristics of risks, both internal and external, that it is confronting with and that it might encounter in the future. It also put in place measures that evaluate the events that will be associated with such risks on regular basis. Risk monitoring system and measures to reduce those risks are already established. Top Management shall meet every month to acknowledge the risks and identify appropriate risk management measures as well as implementing and monitoring whether each function has followed the set measures in a proper manner.

3. Control of Management's Activities

To ensure that the guidelines laid down by the Management are fully responded and practiced by everyone in the Company, the Board of Directors declares the following policies in controlling management's activities:

- 1) Authorities and approval limit of the management in each level are clearly defined in writing;
- 2) Duties and responsibilities have been explicitly segregated into three areas for purpose of check and balance i.e. (1) Approval role (2) Accounting transaction and information memorandum recording role and (3) Asset custody role
- 3) In case the Company engages in a transaction with major shareholders, directors, Management or related parties to such persons, there are well-defined measures in determining authorities and responsibilities of the Executive Committee. The Audit Committee will also give opinion on these types of transactions. Approval of such transaction will be done in absence of those who have conflicts of interest based on the best interest of the Company. Such types of transactions shall be treated the same as those with external parties. In general, the Audit Committee will provide the opinion on necessity and suitability of those particular transactions. In case the Audit Committee does not have expertise in considering those connected transactions, the Company will seek for the opinion from an independent expert or the Company's auditor in the decision making process of the Board of Directors or the shareholders, whichever the case may be.

In conclusion, the Company has sufficient, appropriate and effective management control activities. The Policies and regulation concerning management control activities have been stated in a written form which clearly specifies the operations that contain significant risks. The Company also has clear procedure for work control in order to prevent and reduce mistakes. The earnings result was reviewed by the Management. The Company also uses the Key Performance Indicator to evaluate all employees. There is sufficient and appropriate internal control over mover various areas including Management, internal control accounting, procurement, human resources management and various transactions.

4. Information and Communication System

The Company provides the information and communication system for working procedure, reports of the Company's financial statements and operating performance. In addition, the information and communication system is also designed to make sure that the company's policies and regulations concerning the control over activities within the organization are followed. The information and communication system is also used as a channel for convey all outside information to Management and users within the organizations.

The information and communication system is so effective that those who receive the information can follow the given instructions effectively. This proves that the communication both inside and outside the organization is so effective that the Company's objectives are reached.

In order to provide accurate information for shareholders, investors and relevant parties, so that they can use it as a reference when making their decisions, while enhancing effectiveness of the internal control system, the Board of Directors has a policy to handle the financial information or other information of the Company as follows.

In proposing the agenda to the Board of Directors to consider, the Company always provides sufficient information to assist them in making decision e.g. details of the meeting agenda, a rationale, impacts on the Company and possible options. The members of Board of Directors shall receive the invitation letters, including relevant information necessary and sufficient to consider, at least 7 days prior to the meeting. Moreover, the minutes of each Board of Directors' meeting shall be recorded with proper details, e.g. queries, opinion or observation of each director for each agenda as well as opposite opinions and reasons, such that the shareholders can review the appropriateness of the Board of Directors in performing their duties.

In addition, the Company shall maintain a complete set of the accounting data and related documents by category and regularly monitor if the accounting policies are in compliance with the general accepted accounting standard and suitable for business operations of the Company. The accounting policies selected by the Company must not give deviated operating results from the actual.

5. Monitoring System

The Company regularly monitors the result of its internal control system and operating performance. It has set the working procedure as a means to monitor its internal control system and be a part of normal working procedure of Management, supervisors and related persons.

Moreover, to ensure the efficiency and effectiveness of business operations, in 2008 the Company established internal audit department whose performance and working system had been regularly evaluated. The internal system shall be reviewed annually. The Company's Audit Committee regularly reviewed the earnings results, risk management and etc. In case there are some areas that need to be improved as suggested by internal audit department, the Company then establishes working guideline to ensure that the comments of internal audit department are addressed. Moreover, the internal control system has always been in effect, improved and revised to be in line with changing situations to assure that all mistakes are resolved immediately.

The Board of Directors has monitored the management's performance to ensure that the business targets are carried out. In case that the significant errors are inspected, the management shall directly report to the Board of Directors/the Audit Committee in order to seek for the resolution to rectify in timely manner. The progress of such rectification shall be informed to the Board of Directors/the Audit Committee. Furthermore, the Company's performance shall be closely monitored and adjusted regularly in accordance with current situation.

The Audit Committee has reviewed the Company's internal control system which was already reviewed by the Management and the audit department and found no significant errors. The comment of the Audit Committee is in line with that of the Company's auditor who viewed that the Company's internal control system is adequate and effective.

Connected Transactions

In 2008, the connected transactions between the Company and its subsidiaries, related companies and persons that may have conflict of interests are as follows

Connected Person/Entity	Relationship	Type of Transaction	Transaction Value (Baht Million)	Necessity/Remark	Audit Committee's Opinion
Matching Entertainment Co., Ltd.	Subsidiary (The Company holds 100%)	(A) Debtor	45.25	To support liquidity within Matching Group as it is more convenient and faster than outside borrowing. The interest rate is at 6%.	A transaction that supports business of Matching Group and is reasonable
		(B) Accrued interest receivables	1.64		
		(C) Interest income	2.88		
		(D) Service revenue	0.06	To provide TV commercial production service, which is under normal business practice based on price as if charges the third parties. The revenue from renting the office building out to facilitate the administration. The rental rate is appropriately reasonable.	A reasonable transaction
		(E) Other revenues	0.24		
Matching Motion Pictures Co., Ltd.	Subsidiary (The Company holds 100%)	(A) Account receivables	17.30	To provide setting services by highly skillful and experienced art team for featured film production. The revenue from renting the office building out to facilitate the administration. The rental rate is appropriately reasonable.	A transaction that supports business of Matching Group and fully utilizes human resources' quality
		B) Other revenues	0.06		
		(C) Account payable	1.10	To support liquidity within Matching Group as it is more convenient and faster than outside borrowing. The interest rate is at 6%.	
		(D) Interest expenses	0.04		

In 2008, the connected transactions between the Company and its subsidiaries, related companies and persons that may have conflict of interests are as follows (con)

Connected Person/Entity	Relationship	Type of Transaction	Transaction Value (Baht Million)	Necessity/Remark	Audit Committee's Opinion
Gear Head Co., Ltd.	Subsidiary (The Company holds 100%)	(A) Debtor	54.00	To support liquidity within Matching Group as it is more convenient and faster than outside borrowing. The interest rate is at 6%.	A transaction that supports business of Matching Group and is reasonable
		(B) Accrued interest receivables	15.83		
		(C) Interest income	5.82		
		(D) Service revenue	1.00	To provide equipment rental service for featured film production based on discount price as if charges the third parties.	A normal business transaction which also supports business of Matching Group
		(E) Cost of service	41.01		
		(F) Operating expenses	0.02		
		(G) Account payables	5.87		
Matching Movie Town Co., Ltd.	Subsidiary (The Company holds 100%)	(A) Debtor	56.00	To support liquidity within Matching Group as it is more convenient and faster than outside borrowing. The interest rate is at 6%.	A transaction that supports business of Matching Group and is reasonable
		(B) Accrued interest receivables	6.42		
		(C) Interest income	3.95		
		(D) Other revenues	0.05	Revenue and expenses from provides services which facilitate the administration in the organization. The rate is reasonable and in line with normal business transactions	A transaction which is a connected transaction and supports business of Matching Group and is normal business transaction
		(E) Operating expenses	0.02		
Matching Broadcast Co., Ltd.	Subsidiary (The Company holds 100%)	(A) Interest expense	0.19	To support liquidity within Matching Group as it is more convenient and faster than outside borrowing. The interest rate is at 6%. Gain from investment in affiliates based on their earnings performance	A transaction that supports business of Matching Group and is reasonable
		(B) Dividend revenue	16.00		

In 2008, the connected transactions between the Company and its subsidiaries, related companies and persons that may have conflict of interests are as follows(con)

Connected Person/Entity	Relationship	Type of Transaction	Transaction Value (Baht Million)	Necessity/Remark	Audit Committee's Opinion
Book Maker Co., Ltd.	Subsidiary (The Company holds 100%)	(A) Debtor	7.70	To support liquidity within Matching Group as it is more convenient and faster than outside borrowing. The interest rate is at 6%.	A transaction that supports business of Matching Group and is reasonable
		(B) Accrued interest receivables	2.07		
		(C) Interest income	0.60		
		(D) Other revenues	0.20	Revenue from providing office service which facilitates the administration. The service rate is reasonable.	A normal business transaction which also supports business of Matching Group
		(D) Operating expenses	0.08	To purchase products, which is under normal business practice based on price as if charges the third parties.	
Goody Film BKK Co., Ltd.	Subsidiary (The Company holds 60%)	(A) Account receivables	0.14	Given high potential and professionalism in producing international TV commercials, it receives work orders from Goody Film BKK Co., Ltd., using to expand the customer base and enter into the international market.	A transaction that supports business of Matching Group and is reasonable
		(B) Service revenue	9.77		
		(C) Other revenues	2.74		
		(D) Account payables	7.00	To support liquidity within Matching Group as it is more convenient and faster than outside borrowing. The interest rate is at 6%.	
		(E) Interest expenses	0.24		

In 2008, the connected transactions between the Company and its subsidiaries, related companies and persons that may have conflict of interests are as follows (con)

Connected Person/Entity	Relationship	Type of Transaction	Transaction Value (Baht Million)	Necessity/Remark	Audit Committee's Opinion
Fatman and Little Boy Co.,Ltd.	Subsidiary (The Company holds 100%)	(A) Account payables	7.00	To support liquidity within Matching Group as it is more convenient and faster than outside borrowing. The interest rate is at 6%.	A transaction that supports business of Matching Group and is reasonable
		(B) Interest Expenses	0.26		
		(C) Other revenues	0.06	Revenue from providing office service which facilitates the administration. The service rate is reasonable	A transaction that s reasonable.
		(D)Dividend revenues	11.90	Gain from investment in affiliates based on their earnings performance	
Mr.Somchai Cheewasutthanon	Chief Executive Officer	(A) Office building rental fee	1.80	To rent out a building located at 305/5 Soi Sukhothai 6, Sukhothai Road, Dusit District as the Company's office with rental fee Baht 150,000 per month.	A transaction that supports the Company's business operations with proper rental agreement and fee
Mr.Soomboon Cheewasutthanon	Senior Executive Vice President for Operating Group	(A) Office building rental fee	0.024	To rent out a building located at 209/4 Soi Sukhothai 6, Sukhothai Road, Dusit District as the Company's office with rental fee Baht 4,000 per month.	A transaction that supports the Company's business operations with proper rental agreement and fee
Mrs.Siripen Sasinmanop	Director	(A) Office building rental fee	0.60	To rent out a building located at 173/13-14 Soi Phaholyothin 44 as Gear Head Co., Ltd.'s office with rental fee of Baht 50,000 per month.	A reasonable transaction with proper rental fee compared to rental price in the nearby areas
		(B) Land rental fee	0.38	To rent out a land title deed no. 39485 and 39488 as Gear Head Co., Ltd.'s office with rental fee of Baht 31,578.95 per month.	

Necessity and Reasonableness of the Connected Transactions

The Audit Committee expressed their opinions that the rental transactions between directors and related persons and the Company and its subsidiaries are beneficial and reasonable to the Company and its subsidiaries. As for the inter-company loans within Matching Group, these transactions were done to support liquidity of the business. The trade transactions between the Company and its subsidiaries were considered normal business transactions and beneficial to the Company. Therefore, the Board of Directors opined that the connected transactions were reasonable and favorably supported companies within Matching Group.

Measure or Procedures to Approve the Connected Transactions

The connected transactions should be done based on the reasons and necessities where the benefit of the company is taken into account. The values of transactions arising from the transactions should be fair and in compliance with a general trading agreement and the regulations of the Stock Exchange of Thailand or the Securities and Exchange Commission of Thailand. In case there is a connected transaction between the Company or its subsidiaries and persons who have or may have a potential conflict of interest, the Audit Committee shall be responsible for providing the opinions on necessity and appropriateness of such transactions. If the Audit Committee has no expertise in considering the potential connected transaction that may arise, the Company will seek for opinion from independent expertise or the Company's auditor. Such independent opinion will be used as part of the decision making process of the Board of Directors and/or shareholders, whichever the case may be.

After the Company completed connected transactions, it shall disclose the details of those transactions as the regulation stated by the Stock Exchange of Thailand. The Audit Committee shall review such information before the disclosure.

Future Policy or Trend of Connected Transactions

The policy on the connected transactions between the Company and its subsidiaries will be carried out as normal business transactions. A number of transactions including office space rentals and borrowings among companies within Matching Group are expected to be continued going forward on an arm-length basis as long as they provide benefits to the Company i.e. support the business as well as the liquidity. However, there is no policy on borrowings to connected person. The Audit Committee or the Company's auditor or independent expert will examine and provide their opinion on the appropriateness of pricing, interest rate and the reasonableness of the transactions. For any potential connected transactions, the Board of Directors have to comply with the rules and regulations imposed the Securities and Exchange Act and the Stock Exchange of Thailand, including guidelines on information disclosure regarding the connected transactions and the acquisition or disposition of substantial assets of the Company or its subsidiaries and the accounting standards of Accountants Association and Thailand's Certified Accountants Association.

Summary of Financial Status and Operating Performance

Summary of the Balance Sheet of Matching Studio Plc, Subsidiaries and Joint Venture

(Unit: Baht in Thousand)

<u>Item</u>	<u>The Company Only</u>			<u>Consolidated</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
	<u>Newly Adjusted</u>			<u>Newly Adjusted</u>		
Cash and cash equivalents	16,624	13,997	11,171	53,352	33,411	30,521
Trade accounts and notes receivables – net	97,139	62,260	82,859	159,552	129,022	158,274
Trade accounts receivable-subsiidiaries-net	14,698	8,322	7,569	-	-	-
Inventories and work in production-net	696	-	-	20,389	6,791	6,612
Short-term loans and accrued interests income to subsidiaries –net	133,363	166,590	91,586	-	-	-
Other current assets	37,934	11,275	10,145	49,705	32,337	30,878
Total current assets	300,454	271,844	203,330	304,058	222,722	233,118
Asset for leases-net	-	-	-	199,202	159,957	154,214
Plant and equipment –net	108,501	114,966	102,412	169,919	161,147	122,215
Intangible assets- net	1,385	1,507	1,725	2,463	2,827	2,897
Leasehold right-net	1,557	1,089	748	1,557	1,089	748
Total other non-current assets	233,044	188,779	262,537	432,000	372,924	314,936
Total assets	533,498	460,623	465,867	736,058	595,646	548,054
Overdraft and short-term loans due to financial institution	27,253	63,744	31,671	57,835	86,089	35,148
Trade accounts and notes payable	27,639	13,950	19,323	66,471	25,947	35,857
Current portion of long-term liabilities	2,562	20,345	985	78,410	39,166	16,341
Accrued expenses	3,447	1,841	3,548	8,321	12,124	11,520
Other current liabilities	9,348	5,979	6,778	30,538	20,546	21,496
Total current liabilities	156,202	127,044	83,272	241,575	183,872	120,362
Liabilities under financial lease contracts-n	-	-	-	63,152	35,170	20,231
Total non-current liabilities	5,123	2,317	1,332	74,246	38,696	21,790
Total liabilities	161,325	129,361	84,604	315,821	222,568	142,152
Issued and paid-up share capital	207,815	207,815	208,270	207,815	207,815	208,270
Premium on share capital	513,961	513,961	79,561	513,961	513,961	79,561
Warrants	43,886	43,886	43,886	43,886	43,886	43,886
Retained profit(loss) appropriated – legal reserves	4,156	4,156	-	4,156	4,156	-
Retained profit(loss) inappropriate	(397,645)	(438,556)	49,546	(355,021)	(399,673)	69,078
Total shareholders' equity of the parent	372,173	331,262	381,263	414,797	370,145	400,795
Minority interest in subsidiary	-	-	-	5,440	2,933	5,107
Total shareholders' equity	372,173	331,262	381,263	420,237	373,078	405,902
Total liabilities and shareholders' equity	533,498	460,623	465,867	736,058	595,646	548,054

Statement of income of Matching Studio Plc, subsidiaries and joints venture

(Unit : Baht)

<u>Items</u>	<u>The Company Only</u>			<u>Consolidated</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
	<u>Newly</u>			<u>Newly</u>		
	<u>Adjusted</u>			<u>Adjusted</u>		
Service revenues	492,320	300,864	301,322	959,327	613,455	655,127
Sales revenues	-	-	-	22,538	26,105	34,784
Dividend income	3,896	2,997	27,898	-	-	-
Other income	22,833	19,374	16,987	8,608	10,345	5,221
Total revenue	519,049	323,235	346,207	990,473	649,905	695,132
Costs of services and sales	409,358	244,085	248,200	846,836	474,215	473,467
Selling and administrative expenses	85,920	82,654	77,640	236,877	187,108	174,598
Directors' remuneration	3,240	2,940	2,940	3,240	2,940	2,940
Doubtful debt in case of loans and accrued interest						
income due from subsidiaries (reversal))	141,627	(14,338)	(25,360)	-	-	-
Doubtful debts (reversal)		3,470	(111)	6,410	5,644	990
Loss from value reduction on work in film						
production	-	-	-	14,266	7,801	-
Loss from value reduction of copyright fee from						
film production	-	-	-	-	2,283	-
Loss from assist impairment	-	-	-	61,062	-	-
Loss from transferring collateral for subsidiaries	46,840			-		
(Gain) loss on impairment of investment in						
subsidiaries (reversal)	38,255	40,215	(10,164)	-	-	-
Total expenses	725,240	359,026	293,145	1,168,691	679,991	651,995
Profit (loss) before interest expenses and corporate						
income tax	(206,191)	(35,791)	53,062	(178,218)	(30,086)	43,137
Interest expenses	(1,611)	(5,120)	(3,516)	(15,594)	(12,328)	(6,929)
Corporate income tax	(3,973)	-	-	(13,683)	(2,743)	(3,836)
Net profit (loss)	(211,775)	(40,911)	49,546	(207,496)	(45,157)	32,372

Key financial ratios of Matching Studio Plc, Subsidiaries and Joint Venture

Items	Unit	The Company Only			Consolidated		
		<u>2006</u> <u>Newly</u> <u>Adjusted</u>	<u>2007</u>	<u>2008</u>	<u>2006</u> <u>Newly</u> <u>Adjusted</u>	<u>2007</u>	<u>2008</u>
Liquidity ratio :-							
Current ratio	Times	1.92	2.14	2.44	1.26	1.21	1.94
Quick ratio	Times	0.82	0.74	1.22	0.89	0.94	1.59
Cash flow liquidity ratio	Times	0.27	(0.01)	(0.14)	0.50	0.34	0.59
Account receivable turnover	Times	4.01	3.15	3.48	4.60	3.90	4.28
Receivables days	Days	90	114	104	78	92	84
Account payable turnover	Times	7.54	6.54	11.26	12.48	10.26	15.32
Payable days	Days	48	55	32	29	35	24
Cash Cycle	Days	42	59	72	49	57	61
Profitability ratio :-							
Gross profit margin ratio	%	16.85	18.87	17.63	13.75	25.85	31.37
Operating profit margin ratio	%	(1.26)	(9.58)	(9.11)	(10.70)	(3.86)	5.64
Cash and earning capability ratio	%	(556.40)	5.31	(53.99)	(123.14)	(292.56)	229.59
Net profit margin ratio	%	(40.80)	(12.66)	14.31	(20.95)	(6.95)	4.66
Return on equity ratio	%	(42.43)	(11.63)	13.91	(39.50)	(11.38)	8.31
Efficiency Ratios :-							
Return on assets ratio	%	(33.62)	(8.23)	10.70	(23.81)	(6.78)	5.66
Return on fixed asset ratio	%	(223.49)	(21.45)	58.70	(28.88)	10.10	28.41
Assets turnover ratio	เท่า	0.82	0.65	0.75	1.14	0.98	1.22
Financial Policy Ratio :-							
Debt to equity ratio	เท่า	0.43	0.39	0.22	0.75	0.60	0.35
Interest coverage ratio	เท่า	46.68	2.34	(0.98)	11.48	8.74	17.07
Debt service coverage (Cash Basis)	เท่า	0.56	(0.02)	(0.31)	0.69	0.53	1.31
Dividend payment ratio	%	0	0	0	0	0	0.01

Management Discussion and Analysis

Analysis of Financial Status and Operating Results

The analysis of financial status and operating results of Matching Group can be divided into 2 parts. The first part is for the Company's performance which is reflected in the financial statements of the Company only and the latter part is for the performance of the Matching Group which is reflected in the consolidated financial statements. The details are as follows:

1. Operating Results of the Company (Financial Statements of the Company Only)

The survey research of advertising spending via various media advertising channels that was conducted by Neilson Media Research showed that in 2008 advertising spending via televisions channels represented the highest market shares but it grew at a slower pace when compared with the previous years.

In 2008 Thai economy faced various negative factors including political uncertainty and global economic slowdown that had become more serious and impacted the export sector (i.e. advertising commercial production for foreign customers is also included in the export sector) and other sectors. As a result, companies in all business sectors had to control cost as effectively as possible. They also had to cut advertising budget in the core media channels where cost was high but most companies still regarded television channels as a means to reach their target customers.

Over the past 3 years, the Company's ad commercial productions stood at Baht 472.92 million, Baht 298.51 million and Baht 300.00 million for 2006, 2007 and 2008, respectively. For the year 2008, such revenue rose from the previous year by Baht 1.49 million or 0.50% to Baht 300 million. Details of the breakdown of revenue from ad commercials production are as follows:

Revenue from ad commercial production	2006	2007	2008
From local customers (Baht million)	342.39	226.20	229.80
Growth rate	-2.7 %	-33.93 %	1.59 %
From foreign customers (Baht million)	130.53	72.31	70.20
Growth rate	1.4 %	-44.60 %	-2.92 %
Total Revenue (Baht million)	472.92	298.51	330.00
Growth rate	7.44 %	- 36.88 %	10.55 %

Cost of service

Cost of service in 2007 amounted to Baht 244.08 million, which accounted for 81.13% of revenues from TV commercials production and rental services. The amount fell by Baht 165.28 million or 40.37 from the same period of 2006 when the Company recorded production cost for one featured film.

For 2008, the Company's cost of services slightly rose from the previous year to Baht 248.20 million which accounted for 82.37% of its revenues from TV commercials production and rental services. Although the Company's revenues were negatively impacted by some external factors, the Company had tried to reduce

some fixed costs. In 2008, the Company could also control the variable cost to be in line with the Company's budget spending guideline.

Selling and Administrative Expenses

Selling and administrative expenses in 2008 fell by Baht 5.01 million or 5.85% to Baht 80.58 million as a result of the Company's effective cost control policy.

In 2007 the Company changed the accounting method for recording investments in subsidiaries and joint ventures from the equity method to the cost method in compliance with the accounting standard and also made a retroactive adjustment to 2006 for comparability. Hence, there was a loss from devaluation of assets that were related to subsidiaries and joint ventures in 2006 and 2007 for the amount of Baht 226.72 million and Baht 29.33 million, respectively (2007 newly-adjusted financial statement)

In 2008 the Company considered the performances of its subsidiaries. As most of subsidiaries reported net profit, the Company then reversed the impairment cost and transferred back the doubtful debts and loans and accrued interest due from subsidiaries for the total amount of Baht 35.63 million

Net profit

Based on the abovementioned results, the Company's net profit for 2008 stood at Baht 49.55 million or equivalent to 14.31% of total revenues vs. a net loss of Baht 40.91 million it reported for 2007. The net profit margin for 2008 stood at 14.31% vs. 12.66% the Company reported for 2007.

Financial Status

Assets

As of December 31, 2008, the Company's assets totaled Baht 465.87 million for a gain of Baht 5.25 million or 1.14% when compared to the same period of last year. The details are as follows.

- **Trade account receivable**

As of 31 December, 2008 the Company had net trade account receivable amounting to Baht 82.86 million for a gain of Baht 20.60 million or 33.09% from that of the end of 2007. The Company had account receivable turnover of 3.48 times and average account receivable period of 104 days vs. 114 days for 2007. Most of the Company's customers were advertising agencies.

- **Investments in subsidiaries and joint ventures**

As of ending 2008 the Company's investments in subsidiaries and joint venture rose to Baht 151.52 million due to the facts that:

1. The Company increased its investment in Matching Entertainment Co. Ltd, according to the resolution of the extraordinary shareholder meeting No. 1/2008 on July 21, 2008. The meeting agreed to increase capital in Matching Entertainment Co.,Ltd. from Baht 10.00 million to Baht 40.00 million by insurances of 300,000 common shares for Baht 100 per share.

2. The Company increased its investment in Gear Head Co. Ltd according to the resolution of the extraordinary shareholder meeting No. 1/ 2008 on July 12, 2008. The meeting agreed to increase registered capital from Baht 80.00 million to Baht 130.00 million by issuances of common shares of 500,000 shares for Baht 100 per share.

Liquidity

In 2008, the Company's net cash flow fell by Baht 2.83 million and beginning cash amounted to Baht 14.00 million and ending cash stood at Baht 11.17 million. Note that as the Company's net cash flow came from investments concerning debt payment received from affiliates and dividends and the net cash flow was used for seeking money associated with the payment of long-term debenture and promissory notes.

In 2007 and 2008 the Company's current ratios stood at 2.14 and 2.44 times, respectively and quick ratio stood at 0.74 times and 1.22 times respectively too.

Sources of funds

As of the end of 2008 the Company had current liabilities amounting to Baht 83.27 million, falling by 34.45% year-on-year given the repayment to a financial institute both for short-term and some long-term debts. As a result, the Company's debt to equity ratio in 2008 fell to 0.22 times from 0.39 times seen in 2007.

Shareholders' equity as of ending 2007 and 2008 stood at Baht 331.26 and 381.26 million, respectively. In 2008 the paid up capital rose by Baht 0.46 million. This was due to the fact that employees and directors exercised their rights to buy common shares which were equivalent to paid up capital of Baht 208.27 million. According to the resolution from the Extraordinary Meeting No. 1/2008 on October 29, 2008, shareholders agreed to transfer legal reserves of Baht 4.16 million and premium on share capital of Baht 434.40 million to offset the Company's accrued loss of Baht 438.56 million (as of December 31, 2007). After transferring the abovementioned legal reserves and premium on share capital, the Company no longer saw retained loss and the Company still had premium on share capital of Baht 79.56 million and warrants to buy common shares of Baht 43.89 million. In addition, as for 2008 performance, the Company posted a net profit of Baht 49.54 million.

2. Operating Results of Matching Group (Consolidated Financial Statement)

In 2008, the Company operated 7 business sectors: 1) TV commercial production business, 2) equipment rental and service business, 3) activity and event business, 4) TV program production business, 5) Featured film production business, 6) Printing business and 7) Photo shooting business. The Company posted total revenue of Baht 695.13 million as the following details:

Type of businesses	2007		2008		difference	
	million	%	Million	%	million	%
TV commercial business	324.48	49.93	345.12	49.65	20.64	6.36
TV program production business	88.72	13.65	83.69	12.04	(5.03)	(5.67)
Activity and event organizing business	46.77	7.20	27.82	4.00	(18.95)	(40.52)
Equipment rental and service	122.93	18.91	192.46	27.69	69.53	56.56
Featured film production	18.23	2.80	0.35	0.05	(17.88)	(98.08)
Revenues from sale of printing matters	26.11	4.02	34.79	5.00	8.68	33.24
Revenue from shooting photos and producing outdoor media	12.33	1.90	5.68	0.82	(6.65)	(53.93)
Other revenue	10.34	1.59	5.22	0.75	(5.12)	(49.52)
Total	649.91	100.00	695.13	100.00	45.22	6.96

TV Commercial Business Production

Matching Group had revenues from TV commercial business production in 2008 for a total of Baht 345.21 million, for a gain of Baht 20.64 million or 6.36% year-on-year. Most revenues came from TV commercial productions both domestically and internationally.

TV program production business

Matching Group gained total revenue in 2008 of Baht 83.69 million for a drop of Baht 5.03 million or 5.67% year-on-year. At late 3Q08 there was one additional TV program called “Kob Dek Sang Ban” but given the economic slowdown the advertising via TV in 2008 grew at a slower pace. Thus, revenue from TV program production declined.

Activity and event organizing business

Matching Group reported revenue from event organizing business for a total of Baht 27.82 million or declining Baht 18.95 million or 40.52% when compared with the same period last year given that the Company shifted from an event promoter to be an event organizer & service provider.

Equipment rental and service business

Matching Group provided rental equipment used for producing TV commercials, TV dramas, TV programs, featured films as well as organizing activities. For the year 2008, the Group posted revenues from this business for a total amount of Baht 192.46 million, increasing by Baht 69.53 million or 56.56% when compared to the same period of last year. The increase was attributable to higher volumes of renting out equipment for film production to foreign production teams when compared to 2007.

Featured film production business

In 2008 Matching Group slowed its investment in new featured films.

Printing business

The Group publishes street – fashion styled magazines. In 2008, revenue from printing business increased by Baht 8.68 million or 33.24% year-on-year to Baht 34.78 million. Note that the Company’s teenager magazine “CHEEZE” has become more popular.

Photo shooting and outdoor media production business

The Company’s 2008 revenue declined by Baht 6.65 million or equivalent to 53.93% year-on-year to Baht 5.68 million given that the company gave up its outside media production business on mid-first quarter of 2008.

Cost of sales and service

Cost of sales and service in 2008 amounted to Baht 473.47 million for a decline of Baht 0.74 million or equivalent to 0.16% year –on-year or 68.11% of total revenue vs. 72.97% in 2007. The decline in cost of sales and services was due to a better cost control.

Selling and Administrative Expenses

Selling and administrative in 2008 dropped by 13.2% year-on-year or Baht 27.25 million to Baht 178.53 million given a more effective selling and administrative expense management as well as a better cost control. Meanwhile, the Company's interest expense amounted to Baht 6.93 million for a decline of Baht 5.40 million or 43.8% year-on-year as a result of debt repayment.

Net profit

In 2008 Matching Group posted a net profit of Baht 32.37 million vs. a net loss of Baht 45.16 million with a net profit margin of Baht 4.66% vs. 6.95% it reported for 2007. In 2008 the Company's return on equity (ROE) stood at 8.31% vs. 11.38% reported for 2007.

Financial Status

Assets

As of December 31, 2008, Matching Group had total assets of Baht 548.05, decreasing by Baht 47.59 million or 8% year-on-year. Major changes in total assets are as follows:

- Cash and cash equivalent

As of the end of 2008 cash and cash equivalent stood at Baht 30.52 million, decreasing by Baht 2.89 million from the amount reported for the same period of last year. This was attributable to internal cash used within the Matching Group.

- Trade accounts and notes receivable - net

As of the end of 2008, Matching Group had trade accounts and notes receivable-net of Baht 158.27 million, increasing by Baht 29.25 million from the amount reported for the same period of last year. The increase in number of trade accounts and notes receivables in 2008 followed the increase in revenue and was due to more concise and effective working procedure. In 2008, the Company's receivable days fell to 84 days from 92 days seen in 2007. The Company also carefully examined the quality of each debtor. In 2008, the Company raised reserves for doubtful debts by Baht 0.99 million from the amount set aside for 2007 and the Company also set aside reserves for returned goods of Baht 0.07 million.

- Inventories and work in productions- net

As of the end of 2008, the Company's inventory and work in production – net totaled Baht 6.61 million for a drop of Baht 0.18 million from the amount reported for the previous year. Most inventories and work in production-net were associated with costs for TV programs production and costs for providing service and equipment rental for film production for foreign producers.

Liquidity

In 2008, the Company's net cash fell by Baht 2.89 million and beginning cash flow of Baht 33.41 million, leaving the ending cash flow of Baht 30.52 million. Meanwhile, the operating cash flow amounted to Baht 89.33 million and net cash flow associated with investments stood at Baht 4.28 million from selling assets. The net cash flow used for fund raising activities totaled Baht 96.50 million due to the repayment of long-term and promissory notes for the amount of Baht 82.47 million.

In 2007 and 2008 the Company's liquidity ratios stood at 1.21 and 1.94 times, respectively. The quick ratio stood at 0.94 and 1.59 times, respectively and cash flow liquidity ratios for both years were 0.34 and 0.59 times, respectively.

Source of Funds

As of the end of 2007 and 2008 the Company's debt to equity ratios stood at 0.60 and 0.35 times, respectively. In 2008, the Company's liabilities totaled Baht 142.15 million, fall from Baht 80.42 millions the Company reported for the same period of last year due to the repayment of loans taken from financial institutes.

As the end of 2007 and 2008, the Company's total liabilities stood at Baht 222.57 million and Baht 142.15 million, respectively. The liabilities for 2008 included trade accounts and note payables of Baht 35.86 million, long term liabilities due within 1 year of Baht 16.34 million, accrued expenses of Baht 11.52 million, other current liabilities of Baht 21.50 million and long-term loans of Baht 20.23 million.

As of the end of 2007 and 2008 the Company's shareholders' equity amounted to Baht 373.08 million and Baht 405.90 million, respectively. The shareholders' equity of Baht 405.90 million included paid up capital of Baht 208.27 million, premium on share capital of Baht 79.56 million (after the transfer to offset the retained loss), warrants of Baht 43.89 million. Un-appropriated retained earnings amounted to Baht 69.08 million (including annual net profit of Baht 30.19 million) and minority interest in subsidiaries stood at of Baht 5.10 million.

Auditor's remuneration**Audit Fee**

The Company, subsidiaries and joint venture paid total remuneration to its auditor as the details followed:

- Remuneration paid to the Company's auditor for a total of Baht -
- Remuneration paid to the Audit company or an office associated with auditors for the amount of Baht 1.35 million.

Non - Audit Fee

The Company, subsidiaries and joint venture did not pay any non-audit fee during the last accounting year and will not have to pay in the future for ongoing services, which are not yet completed during the last accounting year.

AUDITOR'S REPORT

To The Shareholders and Board of Directors of
MATCHING STUDIO PUBLIC COMPANY LIMITED

I have audited the consolidated balance sheet of MATCHING STUDIO PUBLIC COMPANY LIMITED, its subsidiaries and its joint venture as at December 31, 2008 and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the year then ended, and the balance sheet of MATCHING STUDIO PUBLIC COMPANY LIMITED as at December 31, 2008 and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of such company for the year ended December 31, 2007, presented herewith for comparative purposes only, were audited by another auditor, whose report dated February 26, 2008 expressed an unqualified opinion on those statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statement referred to above present fairly, in all material respects, the consolidated financial position of MATCHING STUDIO PUBLIC COMPANY LIMITED, its subsidiaries and its joint venture as at December 31, 2008, and the consolidated results of their operations, the consolidated changes in their shareholders' equity and their consolidated cash flows for the year then ended and the financial position of MATCHING STUDIO PUBLIC COMPANY LIMITED as at December 31, 2008, and the results of its operations, its changes in shareholders' equity and its cash flows for the year then ended, in accordance with generally accepted accounting principles.

(Miss Chantira Wongsri-Udomporn)
Certified Public Accountant
Registration No. 4996

Dharmniti Auditing Company Limited
Bangkok, Thailand
February 27, 2009
2009/072/8749

MATCHING STUDIO PUBLIC COMPANY LIMITED,
ITS SUBSIDIARIES AND ITS JOINT VENTURE
BALANCE SHEETS
AS AT DECEMBER 31, 2008 AND 2007

ASSETS

(Unit : Baht)

		Consolidated Balance Sheets		Separate Balance Sheets	
	Note	2008	2007	2008	2007
Current assets					
Cash and cash equivalents	7	30,520,764.90	33,410,511.61	11,171,384.96	13,997,111.10
Current investment	4.5.1	2,006,191.52	943,499.47	-	-
Pledged current investment	26.3	-	9,400,000.00	-	9,400,000.00
Trade accounts and notes receivable-net	8	158,274,113.96	129,022,170.69	82,858,655.25	62,260,234.50
Trade accounts receivable-subsiidiaries-net	6.1	-	-	7,568,644.70	8,321,597.30
Inventories and work in productions-net	9	6,611,916.26	6,790,884.38	-	-
Short-term loans and accrued interest income to subsidiaries-net	6.1, 10	-	-	91,586,401.47	166,589,950.95
Revenue department receivable		4,826,676.36	10,817,650.51	-	-
Other current assets-net	11	30,878,398.08	32,337,067.41	10,144,828.49	11,275,221.05
Total current assets		233,118,061.08	222,721,784.07	203,329,914.87	271,844,114.90
Non-current assets					
Fixed deposit using for guarantee		862,887.40	382,281.25	391,017.40	382,281.25
Loan to other company-net	12	-	-	-	-
Loans to employees-net	13	807,866.53	1,553,592.61	586,215.01	1,144,300.00
Investments in subsidiaries and joint venture-net	14	-	-	151,521,371.46	61,357,317.83
Assets for leases-net	15	154,213,498.25	159,956,877.43	-	-
Plant and equipment-net	16	122,215,345.22	161,146,871.76	102,411,609.62	114,965,710.92
Intangible assets-net	17	2,897,276.18	2,827,141.74	1,725,142.82	1,507,425.00
Leasehold right-net	18	748,191.61	1,089,077.64	748,191.61	1,089,077.64
Land not used in operation-net	19	10,249,563.50	12,209,563.50	-	-
Copyright fee from film production-net	20	-	-	-	-
Withholding tax deducted at source-net		19,169,004.26	29,164,248.22	4,450,086.60	7,910,508.69
Other non-current assets		3,772,003.06	4,594,292.89	703,451.20	422,518.70
Total non-current assets		314,935,636.01	372,923,947.04	262,537,085.72	188,779,140.03
Total assets		548,053,697.09	595,645,731.11	465,867,000.59	460,623,254.93

Notes to financial statements form an intergral part of these statements.

**MATCHING STUDIO PUBLIC COMPANY LIMITED,
ITS SUBSIDIARIES AND ITS JOINT VENTURE
BALANCE SHEETS (CONT.)
AS AT DECEMBER 31, 2008 AND 2007**

LIABILITIES AND SHAREHOLDERS' EQUITY

(Unit : Baht)

		Consolidated Balance Sheets		Separate Balance Sheets	
	Note	2008	2007	2008	2007
Current liabilities					
Overdrafts and short-term loans from financial institutions	21	35,147,864.31	86,089,116.32	31,671,003.66	63,743,636.40
Trade accounts and notes payable		35,856,759.63	25,947,117.95	19,322,709.04	13,949,993.80
Trade accounts payable-subsiidiaries	6.1	-	-	5,867,021.89	4,942,589.65
Current portion of long-term liabilities	22	16,341,118.45	39,165,673.37	984,698.60	20,345,529.85
Short-term loans and accrued interest expenses					
from subsidiaries	6.1, 23	-	-	15,100,000.00	16,241,972.61
Accrued expenses		11,519,723.87	12,123,991.72	3,548,071.95	1,841,581.06
Other current liabilities		21,496,266.82	20,546,470.72	6,778,404.10	5,978,674.09
Total current liabilities		120,361,733.08	183,872,370.08	83,271,909.24	127,043,977.46
Non-current liabilities					
Liabilities under financial lease contracts-net	24	1,332,418.83	2,303,213.04	1,332,418.83	2,303,213.04
Liabilities under hire-purchase contracts-net	25	-	343,162.86	-	13,904.39
Long-term loans from financial institutions-net	26	20,230,976.02	35,169,475.70	-	-
Other non-current liabilities		226,542.47	879,731.81	-	-
Total non-current liabilities		21,789,937.32	38,695,583.41	1,332,418.83	2,317,117.43
Total liabilities		142,151,670.40	222,567,953.49	84,604,328.07	129,361,094.89

Notes to financial statements form an intergral part of these statements.

**MATCHING STUDIO PUBLIC COMPANY LIMITED,
ITS SUBSIDIARIES AND ITS JOINT VENTURE
BALANCE SHEETS (CONT.)
AS AT DECEMBER 31, 2008 AND 2007**

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

		(Unit : Baht)			
		Consolidated Balance Sheets		Separate Balance Sheets	
	Note	2008	2007	2008	2007
Shareholders' equity					
Share capital	27				
Authorized share capital					
411,000,000 ordinary shares of Baht 1.00 each		411,000,000.00	411,000,000.00	411,000,000.00	411,000,000.00
Issued and paid-up share capital					
208,270,057 ordinary shares of Baht 1.00 each		208,270,057.00		208,270,057.00	
207,815,057 ordinary shares of Baht 1.00 each			207,815,057.00		207,815,057.00
Premium on share capital	29	79,560,903.04	513,961,068.19	79,560,903.04	513,961,068.19
Warrants	27.2	43,886,200.00	43,886,200.00	43,886,200.00	43,886,200.00
Retained earnings (deficit)					
Appropriated					
Legal reserve	28, 29	-	4,156,268.94	-	4,156,268.94
Unappropriated	29	69,078,040.34	(399,673,213.44)	49,545,512.48	(438,556,434.09)
Total shareholders' equity of the parent		400,795,200.38	370,145,380.69	381,262,672.52	331,262,160.04
Minority interest in subsidiary		5,106,826.31	2,932,396.93	-	-
Total shareholders' equity		405,902,026.69	373,077,777.62	381,262,672.52	331,262,160.04
Total liabilities and shareholders' equity		548,053,697.09	595,645,731.11	465,867,000.59	460,623,254.93

Notes to financial statements form an integral part of these statements.

**MATCHING STUDIO PUBLIC COMPANY LIMITED,
ITS SUBSIDIARIES AND ITS JOINT VENTURE
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

(Unit : Baht)

	Note	Consolidated		Separate	
		Statements of income		Statements of income	
		2008	2007	2008	2007
Revenues from operation	6.2				
Revenues from advertising film production		345,119,491.08	324,477,839.35	300,004,755.42	298,508,432.35
Revenues from film production		352,170.00	18,229,600.00	-	600,000.00
Revenues from television programs		83,694,024.00	88,724,483.23	-	-
Revenues from show/event organizing		27,824,147.13	46,766,413.74	-	-
Revenues from service and rental		192,457,282.67	122,927,165.07	1,317,389.91	1,755,908.93
Revenues from sales and publishing		34,783,732.56	26,105,071.45	-	-
Revenues from photograph and outdoor media production		5,680,721.50	12,328,900.39	-	-
Dividend income	14, 30	-	-	27,897,620.00	2,997,000.00
Other income		5,220,855.00	10,345,170.50	16,987,391.66	19,374,242.66
Total revenues		<u>695,132,423.94</u>	<u>649,904,643.73</u>	<u>346,207,156.99</u>	<u>323,235,583.94</u>
Expenses from operation	6.2				
Cost of services		448,110,460.68	453,980,440.12	248,199,765.39	244,085,097.70
Cost of sales		25,356,778.43	20,234,929.94	-	-
Selling and administrative expenses		174,598,385.62	187,107,920.38	77,640,533.49	82,654,335.90
Directors' remuneration	6.2	2,940,000.00	2,940,000.00	2,940,000.00	2,940,000.00
Doubtful debt in case of loans and accrued interest income due from subsidiaries (reversal)		-	-	(25,360,168.14)	(14,338,046.59)
Doubtful debts (reversal)		990,102.43	5,643,609.78	(111,157.41)	3,469,905.06
Loss from value reduction on work in film production		-	7,800,818.85	-	-
Loss from value reduction of copyright fee from film production		-	2,282,490.46	-	-
(Gain) loss on impairment of investment in subsidiaries (reversal)	14	-	-	(10,164,053.63)	40,214,915.02
Total expenses		<u>651,995,727.16</u>	<u>679,990,209.53</u>	<u>293,144,919.70</u>	<u>359,026,207.09</u>
Profit (loss) before interest expenses and corporate income tax		43,136,696.78	(30,085,565.80)	53,062,237.29	(35,790,623.15)
Interest expenses	6.2	(6,928,794.09)	(12,328,402.52)	(3,516,724.81)	(5,120,730.95)
Corporate income tax	31	(3,836,273.62)	(2,742,777.55)	-	-
Net profit (loss)		<u>32,371,629.07</u>	<u>(45,156,745.87)</u>	<u>49,545,512.48</u>	<u>(40,911,354.10)</u>
Net profit (loss) attributable to :					
Share holders of parent		30,194,819.69	(44,651,983.97)	<u>49,545,512.48</u>	<u>(40,911,354.10)</u>
Minority interest in subsidiaries		<u>2,176,809.38</u>	<u>(504,761.90)</u>		
		<u>32,371,629.07</u>	<u>(45,156,745.87)</u>		
Basic earnings (loss) per share (unit : baht)	32				
Net profit (loss) attributable to share holders of parent		0.15	(0.21)	0.24	(0.20)
Weighted average number of ordinary shares (unit : shares)		208,027,161	207,815,057	208,027,161	207,815,057
Diluted earnings (loss) per share (unit : baht)					
Net profit attributable to share holders of parent		0.14	-	0.24	-
Weighted average number of ordinary shares (unit : shares)		209,658,477	-	209,658,477	-

Notes to financial statements form an intergral part of these statements.

**MATCHING STUDIO PUBLIC COMPANY LIMITED,
ITS SUBSIDIARIES AND ITS JOINT VENTURE
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

(Unit : Baht)

		Consolidated Statements of Changes in Shareholder's Equity								
		Shareholders of parent					Minority			
		Share capital	Premiums on	Warrants	Retained earnings (deficit)		Total	interest in	Total	
		issued and	share capital		Appropriated-	Unappropriated		subsidiary		
Note		paid-up			Legal reserve					
		Balance as at January 1, 2007	207,815,057.00	513,961,068.19	43,886,200.00	4,156,268.94	(355,021,229.47)	414,797,364.66	5,440,158.83	420,237,523.49
		Net loss for the year 2007	-	-	-	-	(44,651,983.97)	(44,651,983.97)	(504,761.90)	(45,156,745.87)
	30	Dividend payment	-	-	-	-	-	-	(2,003,000.00)	(2,003,000.00)
		Balance as at December 31, 2007	207,815,057.00	513,961,068.19	43,886,200.00	4,156,268.94	(399,673,213.44)	370,145,380.69	2,932,396.93	373,077,777.62
	27.3	Paid up in share capital	455,000.00	-	-	-	-	455,000.00	-	455,000.00
	29	Premiums on share capital	-	(434,400,165.15)	-	-	434,400,165.15	-	-	-
	28, 29	Legal reserve	-	-	-	(4,156,268.94)	4,156,268.94	-	-	-
		Net profit for the year 2008	-	-	-	-	30,194,819.69	30,194,819.69	2,176,809.38	32,371,629.07
	30	Dividend payment	-	-	-	-	-	-	(2,380.00)	(2,380.00)
		Balance as at December 31, 2008	208,270,057.00	79,560,903.04	43,886,200.00	-	69,078,040.34	400,795,200.38	5,106,826.31	405,902,026.69

Notes to financial statements form an intergral part of these statements.

**MATCHING STUDIO PUBLIC COMPANY LIMITED,
ITS SUBSIDIARIES AND ITS JOINT VENTURE
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

(Unit : Baht)

Separate Statements of Changes in Shareholder's Equity						
Note	Share capital	Premiums on	Warrants	Retained earnings (deficit)		Total
	issued and	share capital		Appropriated-	Unappropriated	
	paid-up			Legal reserve		
Balance as at January 1, 2007	207,815,057.00	513,961,068.19	43,886,200.00	4,156,268.94	(397,645,079.99)	372,173,514.14
Net loss for the year 2007	-	-	-	-	(40,911,354.10)	(40,911,354.10)
Balance as at December 31, 2007	207,815,057.00	513,961,068.19	43,886,200.00	4,156,268.94	(438,556,434.09)	331,262,160.04
Paid up in share capital	27.3	455,000.00	-	-	-	455,000.00
Premiums on share capital	29	-	(434,400,165.15)	-	434,400,165.15	-
Legal reserve	28, 29	-	-	(4,156,268.94)	4,156,268.94	-
Net profit for the year 2008	-	-	-	-	49,545,512.48	49,545,512.48
Balance as at December 31, 2008	208,270,057.00	79,560,903.04	43,886,200.00	-	49,545,512.48	381,262,672.52

Notes to financial statements form an intergral part of these statements.

**MATCHING STUDIO PUBLIC COMPANY LIMITED,
ITS SUBSIDIARIES AND ITS JOINT VENTURE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	(Unit : Baht)			
	Consolidated		Separate	
	Statements of cash flows		Statements of cash flows	
	2008	2007	2008	2007
<u>Cash flow from operating activities</u>				
Net profit (loss)	32,371,629.07	(45,156,745.87)	49,545,512.48	#####
Reconciliation of net profit (loss) with cash receipts (payment) from operating				
Amortized goodwill	(67,519.07)	(1,673,255.39)	-	-
Doubtful debt in case of loans and accrued interest due from subsidiaries (reversal)	-	-	(25,360,168.14)	#####
Doubtful debt in case of trade accounts receivable to subsidiaries (reversal)	-	-	(111,157.41)	(1,626,313.90)
Doubtful debts (reversal)	990,102.43	5,565,535.92	-	5,096,218.96
Estimate for returned goods (reversal)	74,752.00	(29,486.00)	-	-
Loss from written-off investment value in film production	-	394,405.47	-	-
Loss from value reduction on work in film production	-	7,800,818.85	-	-
Loss from written-off withholding tax	5,633,129.89	7,653,976.61	4,329,538.15	3,412,779.10
Reserve from withholding tax	3,981,185.02	-	3,640,979.94	-
Loss from impairment in investment in subsidiaries (reversal)	-	-	(10,164,053.63)	40,214,915.02
Estimate for accrued payables (reversal)	-	(3,546,352.44)	-	-
Unrealized (gain) loss from exchange rate	(188,922.64)	69,531.89	(233,051.25)	41,900.64
Depreciation and amortization	53,330,326.31	80,295,424.05	15,200,506.03	16,638,035.14
(Gain) loss on sale of fixed assets	(4,743,793.16)	(42,633.03)	(170,993.55)	(146,537.08)
Loss from disposal of fixed assets	715,448.17	441,122.21	115,188.00	-
Loss from impairment of fixed assets	3,359,997.74	-	-	-
Loss from value reduction of copyright fee from film production	-	2,282,490.46	-	-
Amortized other expenses	340,886.03	467,845.37	340,886.03	467,845.37
Estimation from indemnity on legal cases	-	190,000.00	-	-
Interest income	(453,283.94)	(629,361.21)	(12,971,326.25)	#####
Interest expenses	6,928,794.09	12,328,402.52	3,516,724.81	5,120,730.95
Corporate income tax	3,836,273.62	2,742,777.55	-	-
Dividend income subsidiaries	-	-	(27,897,620.00)	(2,997,000.00)
Profit (loss) from operation before changes in operating assets and liabilities	106,109,005.56	69,154,496.96	(219,034.79)	(5,077,235.62)
Operating assets (increase) decrease				
Trade accounts and notes receivable	(30,116,902.70)	17,900,640.15	(20,365,369.50)	29,740,479.31
Trade accounts receivable - subsidiaries	-	-	864,110.01	8,003,176.50
Inventories and work in productions	178,968.12	5,402,900.67	-	696,025.59
Other current assets	6,768,085.49	17,525,524.95	424,145.07	9,036,762.89
Other non-current assets	889,808.90	(689,841.26)	(280,932.50)	(286.23)
Operating liabilities increase (decrease)				
Trade accounts and notes payable	9,909,641.68	(27,607,281.63)	5,372,715.24	#####
Trade accounts payable-subsidaries	-	-	924,432.24	#####
Accrued expenses	(924,267.85)	3,803,014.64	1,386,490.89	(1,605,238.73)

Notes to financial statements form an integral part of these statements.

**MATCHING STUDIO PUBLIC COMPANY LIMITED,
ITS SUBSIDIARIES AND ITS JOINT VENTURE
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

(Unit : Baht)

	Consolidated		Separate	
	Statements of cash flows		Statements of cash flows	
	2008	2007	2008	2007
Other current liabilities	1,624,682.12	(5,909,631.00)	799,730.01	(3,368,940.42)
Other non-current liabilities	(661,739.34)	(126,102.71)	-	-
Cash flows received (paid) from operating activities	93,777,281.98	79,453,720.77	(11,093,713.33)	564,568.93
Interest income received	220,913.80	222,561.45	78,783.12	98,557.46
Refunded withholding tax	17,520,118.90	16,126,759.42	3,580,970.54	5,898,582.62
Corporate income tax paid	(22,192,376.81)	(23,529,065.47)	(7,390,227.27)	(8,091,066.54)
Net cash flows provided by (used in) operating activities	89,325,937.87	72,273,976.17	(14,824,186.94)	(1,529,357.53)
<u>Cash flows from investing activities</u>				
(Increase) decrease in current investment	(1,062,692.05)	(27,533.15)	-	-
(Increase) decrease in pledged current investment	9,400,000.00	-	9,400,000.00	-
(Increase) decrease in fixed deposit using for guarantee	(480,606.15)	(10,721.36)	(8,736.15)	(10,721.36)
Cash received interest income from current investment	261,333.92	451,068.86	185,247.63	412,273.70
Cash received from loans subsidiaries	-	-	58,389,999.10	36,250,000.00
Cash received interest income from subsidiaries	-	-	17,186,422.24	9,905,198.63
Cash paid for loans to subsidiaries	-	-	(42,500,000.00)	#####
(Increase) decrease in loans to employees	745,726.08	722,363.79	558,084.99	(305,531.93)
Purchase of property, plant and equipment	(28,421,788.83)	(33,142,338.12)	(2,679,332.89)	#####
Sales of property, plant and equipment	23,846,596.76	582,335.52	191,015.89	317,481.31
Cash paid for additional investment from subsidiaries	-	-	-	(566,161.62)
Dividend income-subsidiaries	-	-	27,897,620.00	2,997,000.00
Net cash flows provided by (used in) investing activities	4,288,569.73	(31,424,824.46)	68,620,320.81	(5,847,368.36)
<u>Cash flows from financing activities</u>				
Increase (decrease) in overdrafts and short-term loans from financial institutions	(50,941,252.01)	28,253,798.59	(32,072,632.74)	36,490,695.60
Cash received from short-term loans from subsidiaries	-	-	24,100,000.00	5,000,000.00
Cash paid for short term loans from subsidiaries	-	-	(25,000,000.00)	-
Cash paid for liabilities under financial lease contracts payable	(5,688,703.09)	(8,374,149.38)	(2,644,665.92)	(2,411,529.74)
Cash paid for liabilities under hire-purchase contracts payable	(1,858,517.56)	(4,890,060.10)	(160,864.83)	(150,316.65)
Cash paid for long-term loans	(31,529,791.02)	(61,404,415.05)	(17,539,999.10)	#####
Cash received from issued ordinary shares	455,000.00	-	455,000.00	-
Interest expenses paid	(6,938,610.63)	(12,372,915.51)	(3,758,697.42)	(4,878,758.34)
Cash paid for dividend	(2,380.00)	(2,003,000.00)	-	-
Net cash flows provided by (used in) financing activities	(96,504,254.31)	(60,790,741.45)	(56,621,860.01)	4,750,090.87
Cash and cash equivalents increase (decrease) - net	(2,889,746.71)	(19,941,589.74)	(2,825,726.14)	(2,626,635.02)
Cash and cash equivalents at the beginning of the year	33,410,511.61	53,352,101.35	13,997,111.10	16,623,746.12
Cash and cash equivalents at the ending of the year	30,520,764.90	33,410,511.61	11,171,384.96	13,997,111.10

Notes to financial statements form an intergral part of these statements.

**MATCHING STUDIO PUBLIC COMPANY LIMITED,
ITS SUBSIDIARIES AND ITS JOINT VENTURE
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

Supplemental disclosures of cash flows information:

Non-monetary transactions

For the year ended December 31, 2008

1. A subsidiary set off the withholding tax over 3 years with Department of Revenue payable of Baht 1.46 million.
2. The Company additionally invested in the two subsidiaries at Baht 80.00 million, which invested by repayment of loan to subsidiaries in the fully amount.

For the year ended December 31, 2007

1. A subsidiary reversed a trade accounts receivable with allowance for doubtful debt of Baht 1.00 million.
2. A subsidiary set off the trade account payable at Baht 9.37 million and advance payment at Baht 1.95 million with the trade account receivable at Baht 6.95 million and receivable at Baht 4.37 million.
3. The Company additionally invested in a subsidiary at Baht 109.43 million, which invested by repayment of loan and accrued interest on behalf of the said subsidiary.
4. The Company received transfer of long-term loan from a subsidiary for the amount of Baht 46.84 million with recording of decrease in estimated liability on guarantee for subsidiary and recording of increase allowance for doubtful debts for subsidiary by the same amount.

Notes to financial statements form an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

MATCHING STUDIO PUBLIC COMPANY LIMITED was registered on October 27, 1992 with registration number 13911/2535. The Company was converted to a public company limited on November 19, 2002 with registration number 0107545000365. Its registered office is at 305/10 Soi Sukhothai 6, Sukhothai Road, Dusit, Bangkok. The Company's main business is contract to produce advertisements.

Supplemental disclosure of revenue and expenses information for the years ended December 31, 2008 and 2007 are as follows:-

	(Unit : Baht)			
	Consolidated		Separate	
	Statements of income		Statements of income	
	2008	2007	2008	2007
Depreciation of assets for leases	28,874,472.80	47,088,265.92	-	-
Depreciation of equipment and amortization	24,455,853.51	33,207,158.13	15,200,506.03	16,638,035.14
Amortization of building and leasehold right	340,886.03	467,845.37	340,886.03	467,845.37
Employee benefit costs	226,380,141.28	222,073,613.26	84,287,961.51	90,524,420.86

The employee benefit costs were consisted of salary, wages, per diem, bonus, social securities and traveling allowance.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION

2.1 The consolidated and the separate financial statements were prepared in accordance with the generally accepted accounting principle under the Accounting Act B.E. 2543 which implied the accounting standard determined by the Accounting Professions Act B.E. 2547, announced to be effective, and in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

The financial statement has been prepared on a historical cost basis except where otherwise disclosure in the accounting policies.

2.2 Adoption of new accounting standards during the year

2.2.1 The Federation of Accounting Professions (FAP) has issued Notification No. 9/2550, No. 38/2550 and No.62/2550 regarding Thai Accounting Standards (TAS), which were announced in the Royal Gazette. These Notifications mandate the use of the following Thai Accounting Standards (amended 2007) in place of the previous versions, which are cancelled. These Thai Accounting Standards (revised version) are effective for the fiscal years beginning on or after January 1, 2008.

- TAS 25 Cash Flow Statements
- TAS 29 Leases
- TAS 31 Inventories
- TAS 33 Borrowing Costs
- TAS 35 Presentation of Financial Statements
- TAS 39 Accounting Policies, Changes in Accounting Estimates and Errors
- TAS 41 Interim Financial Reporting
- TAS 43 Business Combinations

TAS 49 Construction Contracts

TAS 51 Intangible Assets (newly issued)

The management of the Company has assessed the effect of these revised and newly issued accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

2.2.2 The Federation of Accounting Professions (FAP) has issued Notification No. 86/2551 regarding Thai Accounting Standards (TAS), which were announced in the Royal Gazette. These Notifications mandate the use of the following Thai Accounting Standards (amended 2007) in place of the previous versions, which are cancelled. These Thai Accounting Standards (revised version) are effective for the fiscal years beginning on or after January 1, 2009.

TAS 36 Impairment of Assets

TAS 54 Non-current Assets Held for Sales and Discontinued Operations

The management of the Company has assessed the effect of these revised and newly issued accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

3. INVESTMENT PROMOTION PRIVILEGES

A subsidiary is granted certain rights and privileges as a promoted industry under the Promotion of Investment Act B.E. 2520 including exemption from customs duties and tax on imported machinery as approved by the Board of Investment of Thailand, which must be imported on January 5, 2008. Including the exemption obtained for paying corporate income tax of the net profit earned from the promoted activity, which the total must not exceed 100% of the investment excluding the land cost and working capital, for a period of five years from the first day the subsidiary earned revenues from the business activities as follows:

<u>Certificate No.</u>	<u>Date</u>	<u>Privileges under section</u>	<u>Activity types</u>	<u>Commenced date of revenues generated</u>
1604(2)/2548	July 5, 2005	25, 26, 28, 31, 34	Provide rental services for motion picture production equipments type 7.17, Thai motion picture production or providing services to motion picture production business or providing MULTIMEDIA services	October 25, 2005

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Company, its subsidiaries and its joint venture are as follows: -

4.1 Recognition of revenues and expenses

4.1.1 Revenues from advertising film production

Revenues from advertising film production are recognized on the percentage of completion which is based on the proportion of actual production costs with the total costs to be incurred for the whole production estimated by the management.

4.1.2 Revenues from television programs

Revenues from television programs are revenue originated from advertisement service and recognized when the advertisement has been broadcasted and revenue from producing television program is recognized when the program has been broadcasted.

4.1.3 Revenues from show/events organizing

Revenues from show/events organizing are recognized when the shows is completed. Revenues from sponsoring event recognized according to the sponsor agreements. Revenues from ticket selling for event are recognized at the end of the event.

4.1.4 Revenues from equipment rental and rental related services

Revenues from equipment rental and rental related services are recognized when such service is already done and issued invoice.

4.1.5 Revenues from film production are recognized as follows: -

Revenues share with movie theaters are revenues from admission fees shared between the owners of the movie theaters and the subsidiary, which recognized as revenues on the screening days.

Revenues from selling the motion pictures' films showed at the value as stated on the invoices of the motion pictures' films delivered.

Revenues from selling the copyrights of the motion pictures recognized as revenues on the dates that the agreements allowed the use of such rights of the motion pictures.

Revenues from contract to produce motion pictures is recognized when the production has been completed and delivered.

4.1.6 Revenue from book sales and advertisement service

Revenue from book sales and advertisement service are recognized when goods are delivered to customers and service is already done.

4.1.7 Revenue from photographing and producing outdoor media

Revenue from photographing and producing outdoor media are recognized when the service is rendered and recognized on the accrual basis as stated in the outdoor media production agreements.

4.1.8 Revenues from leases of immovable properties and services

Recognized on the accrual basis as stated in the lease and service agreements.

4.1.9 Interest income is recognized as interest accrues based on the effective rate method.

4.1.10 Dividends are recognized when the right to receive the dividends is established

4.1.11 Other income and expenses are recognized on accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits in type of savings, current and not exceeding three-month fixed deposit and short-term investment with the maturity period less than 3 months and not subject to restrictions.

4.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realizable value. Allowance for doubtful accounts is made by assessing the uncollectability of each account receivable.

4.4 Inventories

Inventories and work in productions consisted of :

4.4.1 Products of television programs, movies and show programs

There are valued at cost whether in the process of production or completed production ready for television broadcasting or sale or show. The costs of such programs consist of expenses directly associated with program production which will be recognized as cost in the income statement whenever television programs are broadcasted, movies are sold or already recognized as income and show programs are fully completed.

4.4.2 Magazines and pocket books

There are valued at cost by using the lower of the specific method or net realizable value.

4.4.3 Other inventories and supplies

There are valued at cost by using the lower of average method or net realizable value.

Allowance for diminution in inventory value is set up for old, obsolete, slow-moving or deteriorate

4.5 Investments

4.5.1 Current investments

Current investments are stated at cost.

4.5.2 Investments in subsidiaries and joint venture

Investments in subsidiaries and joint venture are recorded under the cost method and shown the transaction net by the accumulated allowance for impairment, which recorded the recognition of the change in the investment value in the income statement when the investment is disposed or the investment is impaired.

4.6 Assets for lease

Assets for lease are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation is calculated by the straight-line method over the following useful lives as follows:

Production equipment	5, 10	year
Vehicles	5, 10	year
Equipment and supply for film production	3	year

Since January 1, 2008, depreciation of assets for lease (vehicles) is changed the calculation by the straight-line method over the useful lives of 5 years to be of 10 years.

4.7 Property, plant and equipment

Property is stated at cost less allowance for loss on impairment (if any).

Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line method over the following estimated useful lives as follows:

Land improvement	20	year
Studio building and improvement	20	year
Building improvement on leasehold	9-15	year
Production equipment	5	year
Computer and equipment	3-5	year
Furniture and fixture	5	year
Vehicles	5	year

Depreciation is included in determining income.

No depreciation is provided for land, construction in progress and equipment under installation.

4.8 Intangible assets

Intangible assets are stated at cost less accumulated amortization and allowance for loss on impairment of assets (if any). Amortization is calculated by reference to cost on method as follows:

Computer software are amortized on a straight-line method over the lease period.

Copyright fees for film production which have the terms mutually agreed upon 5 - 12 years are recognized as cost whenever films have been already produced or terminated.

4.9 Leasehold right

Leasehold right is amortized as expense for the current period by straight line method over their leasehold life of 9 - 15 years.

4.10 Impairment of assets

The Company, its subsidiaries and its joint venture assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company, its subsidiaries and its joint venture make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the income statement. (An asset's recoverable amount is the higher of fair value less costs to sell and value in use.)

4.11 Operating lease

For operating lease, leasing of assets of which risks and ownership are still vested in the lessor is categorized as operating lease and fee paid under such lease is recorded as expense within the term of the lease.

4.12 Financial lease

The Company and its subsidiaries recorded financial lease agreement as both an asset and a liability in the balance sheet at the same amount equivalent to fair value of leased asset as at the commencing date of the agreement or the present value of the minimum amount payable under the agreement whichever is the lower. The discount rate to be used in calculating such present value is the interest rate specified in the lease agreement. The directly related initial cost is included in the cost of the asset and the paid lease fee will be appropriated partly as financial expense and other to reduce the principle. The said financial expense will be apportioned to various periods throughout the term of agreement so that the interest rate compared the remaining amount of debt at each period is constant.

Depreciation policy for lease assets conform to depreciable assets owned by the Company and its subsidiaries.

4.13 Provisions

The Company and its subsidiaries set up the provision when there is a certain possibility of a legally incurred liability from the present or infer from a continuing result from the past incident. The said liability is expected to result in losing the economical beneficial resources to pay for the liability. The amount to be paid is reliable. If it is certain that the paid amount on the provision would be repaid back in full or partial amount, the Company and its subsidiaries would recognize the repayment of the expense as separate asset but not more than the related provision and shown the expense related to the provision in the income statement net from the recognized expense expected to be repaid.

4.14 Foreign currencies

Items denominated in foreign currencies are recorded in Baht at prevailing rates of exchange when the transactions occur, and balances of assets and liabilities at the year end are converted to Baht at the prevailing rates of exchange on that date and profit or loss arising from such conversion is shown as income or expense in the related income statement.

4.15 The related parties

The related parties and related companies with the Company meant the parties or the companies that have the controlling power to the Company, controlled by the Company, either directly or indirectly, or under the same control with the Company, including the holdings companies for the subsidiary and group companies. Furthermore, the related parties and related companies also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Company, important management, directors or the employees of the Company who have the power to plan and control the Company's operation.

4.16 Corporate income tax

Corporate income tax are recognized as expenses when the Company, its subsidiaries and its joint venture have liability to pay.

4.17 Earnings or loss per share

Earnings or loss per share is computed by dividing net profit or loss with the weighted average number of issued and paid-up shares during the year.

4.18 Employee benefits

The group companies have set up the provident fund for the type that the contribution plan has already been determined. The provident fund's asset has been separated from the assets of the group companies and manages by an outside fund manager. The said provident fund receives contributions from the employees and the group companies. The contribution from the group companies is recorded as the expense in the income statements for the accounting period the transaction incurred. However, the group companies did not set up the liability for the employee benefits according to the Thai Labor Law.

4.19 Sectoral Business Operations

The business sector is the business sector that source products or provide services which have different risks and return from the risks and return of the products or services provide by other business sectors.

The sectoral business operation is disclosed under the separate business sectors of the group companies.

4.20 Financial instruments

Financial instruments consist of financial assets shown on the balance sheets include cash and bank deposits, trade accounts and notes receivable, loans receivable and investment and financial liabilities shown on the balance sheets include bank overdraft, loans payable and trade accounts and notes payable, of which accounting policy is separately disclosed for each item.

4.21 Use of accounting estimates

Preparation of the financial statements to confirm with generally accepted accounting principles, the management has to use various estimates and assumptions which would affect amounts relating to incomes, expenses, assets, liabilities and disclosure of data relating to contingent assets and liabilities. The actual result may differ from amounts already estimated.

5. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS PREPARATION

5.1 The consolidated financial statements included the accounts of the Company and its subsidiaries after at the percentage as follows:

Company's Name	Percentage of Shareholding		Incorporated in	Type of Business
	2008	2007		
Matching Entertainment Co., Ltd.	100.00	100.00	Thailand	Produce and contract to produce shows /events organize
Gear Head Co., Ltd.	100.00	100.00	Thailand	Provide services and renting of advertising equipments
Fatman and Little Boy Co., Ltd.	100.00	100.00	Thailand	Produce and contract to produce T.V. advertisement
Matching Motion Pictures Co., Ltd.	100.00	100.00	Thailand	Produce and contract to produce movies
Matching Broadcast Co., Ltd.	100.00	100.00	Thailand	Produce and contract to produce T.V. programs
Matching Movie Town Co., Ltd.	100.00	100.00	Thailand	Photographic studio service, sell media, contract to produce T.V. program and organize all entertainment events
Book Maker Co., Ltd.	100.00	100.00	Thailand	Produce and sale books
Goody Film BKK Co., Ltd.	60.00	60.00	Thailand	Contract to produce film advertisement both locally and in foreign countries
Matching Television Co., Ltd. (Subsidiary of Matching Broadcast Co., Ltd.)	100.00	100.00	Thailand	Produce and contract to produce T.V. programs

- 5.2 The consolidated financial statements included the accounts of the joint venture that the Company has entered into a joint venture agreement as follows:

Name of Joint venture	Percentage of shareholding		Objective	Type of joint venture	Incorporate in
	2008	2007			
DTC	33.33	33.33	To facilitate the pageant organizer in hosting the Miss Universe 2005 pageant	Operation with joint control	Thailand

The financial statements for the year ended December 31, 2008 of DTC Joint - Venture which were incorporated I consolidated financial statements have not been reviewed by an independent certified accountant, but the said joint-venture possessed insignificant balances of assets, liabilities and net loss.

- 5.3 In preparing the consolidated financial statements, the Company has already eliminated the remaining balance and inter-transactions with subsidiaries and joint venture.
- 5.4 The subsidiaries and joint venture have the accounting periods which ended on the same date as Matching Studio Public Company Limited's accounting period.

6. RELATED PARTIES TRANSACTIONS

The Company had transaction items with related companies and parties which have the same group of shareholders' or common directors. Significant inter-transactions and remaining balances between the Company and the said related companies and parties could be summarized as follows:

6.1 Inter-assets and liabilities

		(Unit : Baht)			
		Consolidated Balance Sheets		Separate Balance Sheets	
Relationship		2008	2007	2008	2007
- Trade accounts receivable					
Goody Film BKK Co., Ltd.	Subsidiary	-	-	135,890.00	1,000,000.00
Matching Motion Pictures Co., Ltd.	Subsidiary	-	-	17,300,000.00	17,300,000.00
Total		-	-	17,435,890.00	18,300,000.00
<u>Less</u> Allowance for doubtful debt-					
Matching Motion Pictures Co., Ltd.		-	-	(9,867,245.30)	(9,978,402.70)
Trade accounts receivable-net		-	-	7,568,644.70	8,321,597.30
- Short-term loans to					
Matching Entertainment Co., Ltd.	Subsidiary	-	-	45,250,000.00	57,500,000.00
Gear Head Co., Ltd.	Subsidiary	-	-	54,000,000.00	97,000,000.00
Book Maker Co., Ltd.	Subsidiary	-	-	7,700,000.00	12,500,000.00
Matching Movie Town Co., Ltd.	Subsidiary	-	-	56,000,000.00	91,839,999.10
Total		-	-	162,950,000.00	258,839,999.10
<u>Less</u> Allowance for doubtful debts		-	-	(97,332,528.49)	(122,692,696.63)
Short-term loans - net		-	-	65,617,471.51	136,147,302.47

		(Unit : Baht)			
	Relationship	Consolidated Balance Sheets		Separate Balance Sheets	
		2008	2007	2008	2007
- Accrued interest income					
Matching Entertainment Co., Ltd.	Subsidiary	-	-	1,639,989.40	3,418,477.86
Gear Head Co., Ltd.	Subsidiary	-	-	15,833,271.46	17,625,381.04
Book Maker Co., Ltd.	Subsidiary	-	-	2,072,001.05	2,839,881.36
Matching Movie Town Co., Ltd.	Subsidiary	-	-	6,423,668.05	6,558,908.22
Total		-	-	25,968,929.96	30,442,648.48
Short-term loans and accrued interest income - net		-	-	91,586,401.47	166,589,950.95
- Trade accounts payable					
Gear Head Co., Ltd.	Subsidiary	-	-	5,867,021.89	4,633,359.65
Fatman and Little Boy Co., Ltd.	Subsidiary	-	-	-	309,230.00
Total		-	-	5,867,021.89	4,942,589.65
- Short-term loan from					
Fatman and Little Boy Co., Ltd.	Subsidiary	-	-	7,000,000.00	-
Matching Broadcast Co., Ltd.	Subsidiary	-	-	-	16,000,000.00
Matching Motion Pictures Co., Ltd.	Subsidiary	-	-	1,100,000.00	-
Goody Film BKK Co., Ltd.	Subsidiary	-	-	7,000,000.00	-
Total		-	-	15,100,000.00	16,000,000.00
- Accrued interest expenses					
Matching Broadcast Co., Ltd.	Subsidiary	-	-	-	241,972.61
Short-term loan and accrued interest expenses		-	-	15,100,000.00	16,241,972.61

Loans and accrued interest due from subsidiaries are mentioned in the notes to the financial statements No.10.

6.2 Inter-revenues and expenses

- Revenues for the years ended December 31, 2008 and 2007 are as follows :-

		(Unit : Baht)			
		Consolidated Statements of income		Separate Statements of income	
	Relationship	2008	2007	2008	2007
- Revenues from advertising film production					
Goody Film BKK Co., Ltd.	Subsidiary	-	-	9,770,490.00	4,536,700.00
Gear Head Co., Ltd.	Subsidiary	-	-	1,000,000.00	-
Matching Broadcast Co., Ltd.	Subsidiary	-	-	-	850.00
Matching Entertainment Co., Ltd.	Subsidiary	-	-	62,334.00	245,000.00
Total		-	-	10,832,824.00	4,782,550.00
- Other income					
Interest income					
Gear Head Co., Ltd.	Subsidiary	-	-	5,280,246.56	5,856,404.10
Matching Entertainment Co., Ltd.	Subsidiary	-	-	2,876,663.02	3,468,982.91
Matching Movie Town Co., Ltd.	Subsidiary	-	-	3,954,913.97	5,372,247.09
Book Maker Co., Ltd.	Subsidiary	-	-	600,880.17	916,500.03
Total		-	-	12,712,703.72	15,614,134.13
Other					
Matching Entertainment Co., Ltd.	Subsidiary	-	-	240,000.00	240,000.00
Fatman and Little Boy Co., Ltd.	Subsidiary	-	-	60,000.00	240,000.00
Goody Film BKK Co., Ltd.	Subsidiary	-	-	2,744,600.00	1,480,000.00
Matching Motion Pictures Co., Ltd.	Subsidiary	-	-	60,000.00	60,000.00
Matching Movie Town Co., Ltd.	Subsidiary	-	-	50,000.00	-
Book Maker Co., Ltd.	Subsidiary	-	-	200,000.00	-
Total		-	-	3,354,600.00	2,020,000.00

- Expenses for the years ended December 31, 2008 and 2007 are as follow :-

		(Unit : Baht)			
		Consolidated Statements of income		Separate Statements of income	
	Relationship	2008	2007	2008	2007
- Cost of services					
Gear Head Co., Ltd.	Subsidiary	-	-	41,013,105.77	36,114,507.86
Fatman and Little Boy Co., Ltd.	Subsidiary	-	-	-	2,448,502.50
Total		-	-	41,013,105.77	38,563,010.36
- Building rental fee	Director of the Company	2,802,947.40	2,050,000.00	1,824,000.00	2,050,000.00
- Operation expenses					
Matching Entertainment Co., Ltd.	Subsidiary	-	-	-	587,928.00
Gear Head Co., Ltd.	Subsidiary	-	-	19,130.84	52,500.00
Matching Movie Town Co., Ltd.	Subsidiary	-	-	20,000.00	16,107.48
Book Maker Co., Ltd.	Subsidiary	-	-	85,200.00	28,900.00
Total		-	-	124,330.84	685,435.48

		(Unit : Baht)			
		Consolidated Statements of income		Separate Statements of income	
	Relationship	2008	2007	2008	2007
- Directors' remuneration	Director of the Company	2,940,000.00	2,940,000.00	2,940,000.00	2,940,000.00
- Interest expenses					
Fatman and Little Boy Co., Ltd.	Subsidiary	-	-	258,410.96	-
Matching Broadcast Co., Ltd.	Subsidiary	-	-	184,684.94	975,458.92
Matching Television Co., Ltd.	Subsidiary	-	-	739.73	-
Matching Motion Pictures Co., Ltd.	Subsidiary	-	-	44,482.20	-
Goody Film BKK Co., Ltd.	Subsidiary	-	-	244,931.50	-
Total		-	-	733,249.33	975,458.92

Inter-revenues and expenses are charged at higher than cost, revenues from selling equipments is at the mutually agreed price and other service revenues, building rental fee and operation expenses are in compliance with the mutually agreed agreements.

This directors' remuneration was paid as benefits to the directors of the Company under section 90 of public Company Act which excluded salaries and related benefits paid to executive directors.

7. CASH AND CASH EQUIVALENTS

Consisted of :

		(Unit : Baht)			
		Consolidated Balance Sheets		Separate Balance Sheets	
		2008	2007	2008	2007
Cash on hand		2,182,469.75	1,840,380.28	1,676,149.75	1,281,913.43
Cheques on hand		-	1,648,500.00	-	-
Cash at banks - current account		328,709.19	(1,309,358.01)	557,519.74	105,069.74
Cash at banks - savings account		28,009,585.96	31,230,989.34	8,937,715.47	12,610,127.93
Total		30,520,764.90	33,410,511.61	11,171,384.96	13,997,111.10

8. TRADE ACCOUNTS AND NOTES RECEIVABLE

Consisted of:

	(Unit : Baht)			
	Consolidated Balance Sheets		Separate Balance Sheets	
	2008	2007	2008	2007
Aging of trade accounts receivables : -				
Undue	59,985,021.57	43,442,152.22	14,667,786.17	11,061,392.50
Less than 3 months	68,691,474.86	62,880,931.99	42,097,528.59	40,969,828.76
Over 3 months but not over 6 months	12,820,947.15	16,041,484.04	11,796,626.27	8,487,068.41
Over 6 months but not over 12 months	8,722,006.45	2,276,198.00	5,559,049.78	1,317,444.83
Over 12 months	12,303,593.16	22,281,093.66	5,499,700.00	8,030,218.96
Total	162,523,043.19	146,921,859.91	79,620,690.81	69,865,953.46
Trade accounts receivable-unbilled	13,371,531.04	6,056,955.29	12,024,367.28	630,000.00
Notes receivable	5,880.00	43,680.00	-	-
Total trade accounts and notes receivable	175,900,454.23	153,022,495.20	91,645,058.09	70,495,953.46
<u>Less</u> Allowance for doubtful debts	(13,425,421.43)	(21,376,360.51)	(5,499,700.00)	(6,746,218.96)
Allowance for returned goods	(489,216.00)	(414,464.00)	-	-
Contractual Deposit	(3,711,702.84)	(2,209,500.00)	(3,286,702.84)	(1,489,500.00)
Net	158,274,113.96	129,022,170.69	82,858,655.25	62,260,234.50

During 2008, the Company and two subsidiaries are written-off long outstanding of accounts receivable, 23 accounts in the total of Baht 8.99 million, which are fully provided provision against bad debts. However, all bad debts are not taken to court because compensation losses would not worth of legal expenditures; therefore, the management had made a decision to write-off the debts. Since, bad debts expenses are recorded and allowance for doubtful are reversed in the same amount mentioned above.

And a subsidiary made a contract of compromise on principle amount of Baht 2.00 million with an account receivable, by the repayment under the contract amount of Baht 0.60 million, starting from June 2008 to March 2009 repay monthly of Baht 25,000.00 and April 2009 to January 2010 repay monthly of Baht 35,000.00. Such the account receivable complied the contract by repayment debt total amount of Baht 175,000.00. The Company has reversed allowance for doubtful that receive amounts.

9. INVENTORIES AND WORK IN PRODUCTIONS

Consisted of:

	(Unit : Baht)			
	Consolidated Balance Sheets		Separate Balance Sheets	
	2008	2007	2008	2007
Advertising film in production	31,202.14	540,609.53	-	-
T.V. programs in production	2,642,254.39	1,670,224.88	-	-
Movie in production	22,066,411.31	22,066,411.31	-	-
Show programs in production	20,530.00	1,322,183.46	-	-
Remaining magazines	35,154.00	-	-	-
Supplies	3,756,432.20	3,257,866.51	-	-
Others	126,343.53	-	-	-
Total	28,678,327.57	28,857,295.69	-	-
<u>Less</u> Allowance for value reduction of				
work in production	(22,066,411.31)	(22,066,411.31)	-	-
Net	6,611,916.26	6,790,884.38	-	-

Board of director of a subsidiary resolved to authorize for reduction of investment value in motion picture for the amount of Baht 22.07 million based on the past experience and the current economic situation.

10. SHORT-TERM LOANS AND ACCRUED INTEREST INCOME TO SUBSIDIARIES

For the year ended December 31, 2008, there were movements in the separate financial statements as follows:

	(Unit : Baht)				
	Matching entertainment Co., Ltd.	Gear Head Co., Ltd.	Book Maker Co., Ltd.	Matching Movie Town Co., Ltd.	Total
Short-term loans to subsidiaries					
Beginning Balance	57,500,000.00	97,000,000.00	12,500,000.00	91,839,999.10	258,839,999.10
Increase in the year	22,500,000.00	20,000,000.00	-	-	42,500,000.00
Repayment in the year	(34,750,000.00)	(63,000,000.00)	(4,800,000.00)	(35,839,999.10)	(138,389,999.10)
Ending Balance	45,250,000.00	54,000,000.00	7,700,000.00	56,000,000.00	162,950,000.00
<u>Less</u> Allowance for doubtful debts	<u>(41,508,680.73)</u>	<u>-</u>	<u>(4,260,923.07)</u>	<u>(51,562,924.69)</u>	<u>(97,332,528.49)</u>
Loans to subsidiaries-net	<u>3,741,319.27</u>	<u>54,000,000.00</u>	<u>3,439,076.93</u>	<u>4,437,075.31</u>	<u>65,617,471.51</u>
Accrued interest income					
Beginning Balance	3,418,477.86	17,625,381.04	2,839,881.36	6,558,908.22	30,442,648.48
Increase in the year	2,876,663.02	5,280,246.56	600,880.17	3,954,913.97	12,712,703.72
Repayment in the year	(4,655,151.48)	(7,072,356.14)	(1,368,760.48)	(4,090,154.14)	(17,186,422.24)
Ending Balance	<u>1,639,989.40</u>	<u>15,833,271.46</u>	<u>2,072,001.05</u>	<u>6,423,668.05</u>	<u>25,968,929.96</u>
Total short-term loans and accrued interest					
income to subsidiaries-net	<u>5,381,308.67</u>	<u>69,833,271.46</u>	<u>5,511,077.98</u>	<u>10,860,743.36</u>	<u>91,586,401.47</u>

As at December 31, 2008, short-term loan to subsidiaries is a form of loan in promissory note, due at call, with interest rate at 6% per annum and free of collateral. Allowance for doubtful debts on this loan to the subsidiaries is recorded based on consideration of each subsidiary's results of operations.

11. OTHER CURRENT ASSETS

Consisted of :

	(Unit : Baht)			
	Consolidated Balance Sheets		Separate Balance Sheets	
	2008	2007	2008	2007
Advance payment	3,526,438.85	7,990,817.59	1,552,875.75	529,850.25
<u>Less</u> Allowance for doubtful debts	<u>-</u>	<u>(4,643,257.58)</u>	<u>-</u>	<u>-</u>
Advance payment-net	<u>3,526,438.85</u>	<u>3,347,560.01</u>	<u>1,552,875.75</u>	<u>529,850.25</u>
Other accounts receivable	5,386,802.71	5,496,987.23	-	-
<u>Less</u> Allowance for doubtful debts	<u>(5,285,044.03)</u>	<u>(5,285,044.03)</u>	<u>-</u>	<u>-</u>
Other accounts receivable-net	<u>101,758.68</u>	<u>211,943.20</u>	<u>-</u>	<u>-</u>
Input tax-tax invoices to be issued	3,097,036.08	2,535,403.64	649,830.38	839,367.44
Prepaid insurance fee	2,671,309.80	2,760,535.83	250,772.03	269,704.57
Deposit	1,989,548.98	1,266,532.50	-	1,266,532.50
Withholding tax within 1 year	17,943,220.01	18,595,814.22	7,390,227.27	8,091,066.54
Other	1,549,085.68	3,619,278.01	301,123.06	278,699.75
Total	<u>30,878,398.08</u>	<u>32,337,067.41</u>	<u>10,144,828.49</u>	<u>11,275,221.05</u>

During 2008, two subsidiaries are written-off long outstanding of advance payments, 8 accounts in the total of Baht 4.64 million which are fully provided provision against bad debts. The subsidiaries were continuing to monitor but receivables have no potential to afford the debts. However, this matter is not taken to court because compensation losses would not worth of legal expenditures; therefore, the management had made a decision to write-off the debts. The Company recorded bad debts and reversed allowance for doubtful debts in the same amount mentioned above.

12. LOANS TO OTHER COMPANY

Consisted of :

	(Unit : Baht)	
	Consolidated Balance Sheets	
	2008	2007
Loans - Kin-im non-aun Co., Ltd.	1,500,000.00	1,500,000.00
<u>Less</u> Allowance for doubtful debts	<u>(1,500,000.00)</u>	<u>(1,500,000.00)</u>
Net	<u>-</u>	<u>-</u>

A subsidiary taken a loan borrower, mentioned above to be charged as a criminal offence. The court case is terminated which their order to pay of Baht 1.60 million and interest at the rate 7.5% per annum of principle of Baht 1.5 million. As at December 31, 2008, the case is processing of court order.

13. LOANS TO EMPLOYEES

Consisted of :

	(Unit : Baht)			
	Consolidated Balance Sheets		Separate Balance Sheets	
	2008	2007	2008	2007
Beginning Balance	1,632,696.61	6,767,639.13	1,144,300.00	3,291,346.80
Increase in the year	539,453.01	1,440,793.00	226,847.01	1,105,690.00
Transfer from advance payment	-	314,269.00	-	314,269.00
Repayment in the year	(1,184,679.09)	(4,123,156.79)	(684,432.00)	(800,158.07)
Written-off in the year	(79,104.00)	(2,766,847.73)	-	(2,766,847.73)
Transfer out in the year	<u>(100,500.00)</u>	<u>-</u>	<u>(100,500.00)</u>	<u>-</u>
Ending Balance	807,866.53	1,632,696.61	586,215.01	1,144,300.00
<u>Less</u> Allowance for doubtful debts	<u>-</u>	<u>(79,104.00)</u>	<u>-</u>	<u>-</u>
Loans to employees - net	<u>807,866.53</u>	<u>1,553,592.61</u>	<u>586,215.01</u>	<u>1,144,300.00</u>

Loans to employees had charged inter interest at the rate MLR-1% per annum, starting from January 1, 2008 onward.



14. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE

Consisted of :

(Unit : Baht)											
				Separate Balance Sheets							
				As at December 31, 2008				As at December 31, 2007			
	Paid-up share capital		Percentage of shareholding	Cost Method	Allowance Impairment	Net	Dividend	Cost Method	Allowance Impairment	Net	Dividend
	(Unit : Thousand Baht)										
	2551	2550									
<u>Subsidiaries</u>											
Matching Entertainment Co., Ltd.	40,000	10,000	100.00	40,000,000.00	(40,000,000.00)	-	-	10,000,000.00	(10,000,000.00)	-	-
Gear Head Co., Ltd.	130,000	80,000	100.00	130,000,000.00	-	130,000,000.00	-	80,000,000.00	(40,207,774.11)	39,792,225.89	-
Fatman and Little Boy Co., Ltd.	7,000	7,000	100.00	7,000,000.00	-	7,000,000.00	11,898,740.00	7,000,000.00	-	7,000,000.00	-
Matching Motion Pictures Co., Ltd.	130,000	130,000	100.00	130,000,000.00	(130,000,000.00)	-	-	130,000,000.00	(130,000,000.00)	-	-
Matching Broadcast Co., Ltd.	10,000	10,000	100.00	10,000,000.00	-	10,000,000.00	15,998,880.00	10,000,000.00	-	10,000,000.00	-
Matching Movie Town Co., Ltd.	50,000	50,000	100.00	50,000,000.00	(50,000,000.00)	-	-	50,000,000.00	(50,000,000.00)	-	-
Book Maker Co., Ltd.	2,000	2,000	100.00	2,000,000.00	(2,000,000.00)	-	-	2,000,000.00	(2,000,000.00)	-	-
Goody Film BKK Co., Ltd.	1,000	1,000	60.00	600,000.00	-	600,000.00	-	600,000.00	-	600,000.00	2,997,000.00
Total subsidiaries				369,600,000.00	(222,000,000.00)	147,600,000.00	27,897,620.00	289,600,000.00	(232,207,774.11)	57,392,225.89	2,997,000.00
<u>Joint venture</u>											
DTC Joint venture	214,600	214,600	33.33	71,533,333.33	(67,611,961.87)	3,921,371.46	-	71,533,333.33	(67,568,241.39)	3,965,091.94	-
Total investments				441,133,333.33	(289,611,961.87)	151,521,371.46	27,897,620.00	361,133,333.33	(299,776,015.50)	61,357,317.83	2,997,000.00

The Company recorded allowance for impairment of investments in subsidiaries and joint venture by considering each subsidiary and joint venture's operating result.

During 2008, according to the extra-ordinary shareholders' meeting of Matching Entertainment Co., Ltd. No.1/2008 held on July 21, 2008, the shareholders unanimously approved to increase the Company's authorized capital from Baht 10.00 million to Baht 40.00 million by issued share capital of 300,000 ordinary share of Baht 100.00 each total amount Baht 30.00 million on July 25, 2008, and fully paid up. The capital increase has been registered with the ministry of commerce on July 28, 2008. Later, the subsidiary has used the money from increased share capital of Baht 30.00 million to repay the loan to the parent company at the same date.

At according to the extra-ordinary shareholders' meeting of Gear Head Co., Ltd. No.1/2008 held on July 21, 2008, the shareholders unanimously approved to increase the company authorized capital from Baht 80.00 million to Baht 130.00 million by issued share capital of 500,000 ordinary share of Baht 100.00 each total amount Baht 50.00 million on July 25, 2008, and fully paid up. The capital increase has been registered with the ministry of commerce on July 28, 2008. Later, the subsidiary has used the money from increased share capital of Baht 50.00 million to repay the loan to the parent company at the same date.

During 2007, the Company had provided an allowance for impairment of investment in Gear Head Co., Ltd., a subsidiary, at Baht 40.21 million as a result of having operating deficit over its shares capital in the same amount. Later, during the year 2008, the results of operations and cash flows of the subsidiary above were taken out for review again. Because of having net profit from operations and continual in positive cash flow from operating activities, since 2007 through 2008 as the indications the management ensures that valuation of investment in such subsidiary will not further impair. The Company has reversed the allowance for impairment of investment referred to above for the year ended December 31, 2008 in the amount of Baht 40.21 million to recover its value and recognized gain on recoverable amount of impaired investment in the same amount.

15. ASSETS FOR LEASES

Consisted of :

(Unit : Baht)

	Consolidated Balance Sheets					Balance per book Dec 31, 2008
	Balance per book Dec. 31, 2007	Additions	Transferred in	Deductions	Transferred out	
<u>At cost</u>						
Production equipment	361,295,590.78	17,838,446.71	-	(5,263,991.97)	(1,540,911.59)	372,329,133.93
Equipment and supply for film						
production	-	4,161,026.51	-	-	-	4,161,026.51
Vehicles	95,868,583.67	1,650,125.05	-	-	-	97,518,708.72
Total	457,164,174.45	23,649,598.27	-	(5,263,991.97)	(1,540,911.59)	474,008,869.16
<u>Less Accumulated depreciation</u>						
Production equipment	227,856,149.68	23,701,822.25	-	(5,263,967.97)	(1,022,430.94)	245,271,573.02
Equipment and supply for film						
production	-	1,321,725.14	-	-	-	1,321,725.14
Vehicles	69,351,147.34	3,850,925.41	-	-	-	73,202,072.75
Total	297,207,297.02	28,874,472.80	-	(5,263,967.97)	(1,022,430.94)	319,795,370.91
Assets for leases - net	159,956,877.43					154,213,498.25

A subsidiary has assets for lease which the lease is free of contractual obligations bounded by a long-term lease agreement. The lease is only for a single lease time for the service on that asset.

During 2008, such subsidiary has changed estimated the useful lives of the film production truck from 5 years to 10 years to conform with the useful lives based on the Company's past experience.

As at December 31, 2008 and 2007, a subsidiary's assets for leases that are fully depreciated but still in use are presented at cost amounted to Baht 176.13 million and Baht 165.12 million, respectively.

16. PLANT AND EQUIPMENT

Consisted of :

(Unit : Baht)

	Consolidated Balance Sheets				
	Balance per book	Additions	Transferred in	Deductions	Transferred out
	Dec. 31, 2007				
<u>At cost</u>					
Land and improvements	3,049,562.25	408,500.00	-	-	-
Studio building and improvement	116,493,266.42	904,295.33	-	-	-
Buildings improvement on leasehold	14,462,060.86	242,480.00	-	-	-
Production equipment	32,292,580.22	278,942.09	-	(3,009,727.74)	-
Computer and equipment	121,327,075.89	663,366.16	-	(95,202,673.19)	-
Furniture and fixture	58,093,433.95	1,748,480.16	1,540,911.59	(3,060,196.34)	-
Vehicles	20,734,615.83	837,383.18	-	(919,545.45)	-
Construction in progress	104,500.00	290,059.36	-	-	-
Total	366,557,095.42	5,373,506.28	1,540,911.59	(102,192,142.72)	-
<u>Less Accumulated depreciation</u>					
Land and improvements	2,207,739.51	619,068.80	-	-	-
Studio building and improvement	16,380,810.49	6,188,696.40	-	-	-
Buildings improvement on leasehold	5,966,563.87	868,327.84	-	-	-
Production equipment	22,622,760.87	3,858,543.54	-	(3,009,681.73)	-
Computer and equipment	38,871,930.02	3,959,074.74	-	(19,616,068.11)	-
Furniture and fixture	43,437,589.90	5,942,695.52	1,022,430.94	(2,507,499.98)	-
Vehicles	14,975,047.31	2,235,135.20	-	(919,542.45)	-
Total	144,462,441.97	23,671,542.04	1,022,430.94	(26,052,792.27)	-
<u>Less Allowance for asset impairment</u>					
Studio building and improvement	3,876,529.56	1,389,116.94	-	-	-
Production equipment	615,207.01	-	-	-	-
Computer and equipment	56,454,922.50	10,880.80	-	(56,387,376.76)	-
Furniture and fixture	1,122.62	-	-	-	-
Total	60,947,781.69	1,399,997.74	-	(56,387,376.76)	-
Plant and equipment-net	161,146,871.76				122,215,345.22

(Unit : Baht)				
	Separated Balance Sheets			
	Balance per book	Additions	Deductions	Balance per book
	Dec. 31, 2007			Dec. 31, 2008
<u>At cost</u>				
Studio building and improvement	93,440,075.66	784,295.32	-	94,224,370.98
Buildings improvement on leasehold	14,402,782.51	242,480.00	-	14,645,262.51
Production equipment	27,932,981.70	211,664.76	(3,009,727.74)	25,134,918.72
Computer and equipment	15,462,972.76	378,338.78	(226,970.23)	15,614,341.31
Furniture and fixture	34,919,378.20	784,354.03	(523,440.32)	35,180,291.91
Vehicles	11,052,822.12	-	(634,545.45)	10,418,276.67
Construction in progress	38,500.00	-	(38,500.00)	-
Total	197,249,512.95	2,401,132.89	(4,433,183.74)	195,217,462.10
<u>Less Accumulated depreciation</u>				
Studio building and improvement	10,677,654.26	4,694,716.79	-	15,372,371.05
Buildings improvement on leasehold	5,939,203.63	856,439.69	-	6,795,643.32
Production equipment	20,688,011.03	3,221,943.58	(3,009,681.73)	20,900,272.88
Computer and equipment	12,016,057.61	1,504,678.99	(206,948.90)	13,313,787.70
Furniture and fixture	27,086,262.23	2,856,192.08	(408,299.32)	29,534,154.99
Vehicles	5,876,613.27	1,647,552.72	(634,543.45)	6,889,622.54
Total	82,283,802.03	14,781,523.85	(4,259,473.40)	92,805,852.48
Plant and equipment-net	114,965,710.92			102,411,609.62

On February 29, 2008, the management had approved to sell to other local company in price of Baht 21.46 million, computers and open-air media electronic equipment that are the assets of cheese media project. The assets' net book value at the selling date is of Baht 75.44 million. Since 2003, the assets' valuation had been provisioned for impairment losses in the amount of Baht 56.39 million. Therefore, the Company reversed impaired provision of assets and disposed sold assets from fixed asset accounts in the same amount of selling price. Gain from selling assets of Baht 2.41 million is recorded in the statement of income 2008.

And on December 11, 2008, according to broad of director of a subsidiary meeting resolution, approved to set aside provision of Baht 1.40 million against impairment losses for identified assets; production studio and its related electronic system because of having to furnish fixture, fittings and other decorative accessories to landlord in respect to condition determined when terminating of studio rental agreement.

As at December 31, 2008 and 2007, construction in progress, improvement office building and studio building are all built on long term leased land and leasehold right are present at the book value in the amounts of Baht 91.41 million and Baht 98.14 million, respectively in the consolidated balance sheets and Baht 86.70 million and Baht 91.26 million, respectively in the separate balance sheets as mentioned in the notes to financial statements No.18 and 35.2.

As at December 31, 2008 and 2007, vehicles and production equipments as appeared in the consolidated balance sheets at the book value in amount of Baht 7.75 million and Baht 24.78 million respectively, and in the separate balance sheets at the book value in amount of Baht 6.25 million and Baht 8.92 million respectively, are under financial lease contracts and hire-purchase contracts as mentioned in the notes to financial statements No. 24 and 25.

As at December 31, 2008 and 2007, plant and equipment that are fully depreciated but still in use are presented in the consolidated balance sheets at the cost of Baht 36.06 million and Baht 48.87 million, respectively and in the separate balance sheets at the cost of Baht 56.84 million and Baht 36.06 million, respectively.

17. INTANGIBLE ASSETS

Consisted of :

	(Unit : Baht)			
	Consolidated Balance Sheets			
	Balance per book Dec. 31, 2007	Additions	Deductions	Balance per book Dec. 31, 2008
<u>At cost</u>				
Software	3,342,054.53	216,700.00	-	3,558,754.53
Software in progress	1,130,000.00	638,000.00	-	1,768,000.00
Total	4,472,054.53	854,700.00	-	5,326,754.53
<u>Less</u> Accumulated amortization	1,644,912.79	784,565.56	-	2,429,478.35
Intangible assets - net	<u>2,827,141.74</u>			<u>2,897,276.18</u>

	(Unit : Baht)			
	Separate Balance Sheets			
	Balance per book Dec. 31, 2007	Additions	Deductions	Balance per book Dec. 31, 2008
<u>At cost</u>				
Software	1,971,958.46	216,700.00	-	2,188,658.46
Software in progress	480,000.00	420,000.00	-	900,000.00
Total	2,451,958.46	636,700.00	-	3,088,658.46
<u>Less</u> Accumulated amortization	944,533.46	418,982.18	-	1,363,515.64
Intangible assets - net	<u>1,507,425.00</u>			<u>1,725,142.82</u>

18. LEASEHOLD RIGHT

Consisted of:

	(Unit : Baht)	
	Consolidated Balance Sheets/ Separate Balance Sheets	
	2008	2007
Leasehold right	5,000,000.00	5,260,000.00
<u>Less</u> Accumulated amortization	<u>(4,251,808.39)</u>	<u>(4,170,922.36)</u>
Leasehold right - net	<u>748,191.61</u>	<u>1,089,077.64</u>

As at December 31, 2008 and 2007, the Company obtained one leasehold right agreements of land and buildings with the periods of 15-30 years, with a director of the Company.

19. LAND NOT USED IN OPERATION

Consisted of :

	(Unit : Baht)	
	Consolidated Balance Sheets	
	2008	2007
Land (Prachuapkhirikhan Province)	10,249,563.50	10,249,563.50
Land with construction (Kancharnaburi Province)	1,960,000.00	1,960,000.00
	12,209,563.50	12,209,563.50
<u>Less</u> Allowance impairment of land	<u>(1,960,000.00)</u>	<u>-</u>
Net	<u>10,249,563.50</u>	<u>12,209,563.50</u>

As at December 31, 2008 and 2007, a subsidiary has the two lands not used in operation amounted to Baht 12.21 million consisted of, land pledged against the long-term loan from a financial institution amounted to Baht 10.25 million as mentioned in the notes to financial statements No.26.2 and the land under the land ownership document type Por. Bor. Tor. 5 amounted to Baht 1.96 million, which a subsidiary received as the repayment from the loan from employee.

During 2008, a subsidiary had hired an appraisal company namely, Porn Siam Appraisal Co., Ltd., to evaluate two non-operating lands; located at Kantjanabury Province and Prachuapkhirikhan Province to ensure that the value of lands stated in the balance sheet are not impaired. However, the appraiser has concluded that land in Kancharnaburi is impaired because of no valuation according to cost approach calculation and land in Prachuapkhirikhan has market value of Baht 18.40 million over its cost value according to market approach calculation. As a result, the Company has recognized impairment loss for land in Kancharnaburi amount of Baht 1.96 million to the income statement 2008.

20. COPYRIGHT FEE FROM FILM PRODUCTION

Consisted of :

	(Unit : Baht)	
	Consolidated Balance Sheets	
	2008	2007
Copyright fee from film production	2,282,490.46	2,282,490.46
<u>Less</u> Allowance for value reduction of copyright fee from film production	<u>(2,282,490.46)</u>	<u>(2,282,490.46)</u>
Copyright fee from film production - net	<u>-</u>	<u>-</u>

In 2007, the directors of a subsidiary authorized a reduction copyright fee from film production by an amount of Baht 2.28 million, which estimated by considering from past experiences and the current economic situation.

21. OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Consisted of :

	(Unit : Baht)			
	Consolidated Balance Sheets		Separate Balance Sheets	
	2008	2007	2008	2007
Bank overdrafts	4,147,864.31	10,089,116.32	671,003.66	4,743,636.40
Short-term loans from financial institutions				
- Promissory notes	31,000,000.00	76,000,000.00	31,000,000.00	59,000,000.00
Total	<u>35,147,864.31</u>	<u>86,089,116.32</u>	<u>31,671,003.66</u>	<u>63,743,636.40</u>

As at December 31, 2008 and 2007, the consolidated balance sheets had eight credit lines overdrafts with two commercial banks at the credit limit of Baht 51.00 million, with the interest rate at MOR% to MLR+2% per annum which the credit limit of Baht 13.00 million is unsecured. The remaining credit limit of Baht 38.00 million is guaranteed by the Company, the land and construction of the directors and by the directors. The separate balance sheets had three credit limit of Baht 13.00 million, with the interest rate at MOR% per annum which the credit is unsecured.

As at December 31, 2008 and 2007, the consolidated and separate balance sheets had the short-term loans in totally two promissory notes have been obtained from two financial institutions which has the information for both years such the credit limit totally Baht 80.00 million (the total participate credit limit of Baht 30.00 million) and carried interest rates at MLR-1.00% to MLR-1.50% per annum, which the credit is unsecured.

22. CURRENT PORTION OF LONG-TERM LIABILITIES

Consisted of :

	(Unit : Baht)			
	Consolidated Balance Sheets		Separate Balance Sheets	
	2008	2007	2008	2007
Liabilities under financial lease contracts	970,794.21	5,688,703.09	970,794.21	2,644,665.92
Liabilities under hire-purchase contracts	343,162.86	1,858,517.56	13,904.39	160,864.83
Long-term loans from financial institutions	15,027,161.38	31,618,452.72	-	17,539,999.10
Total	16,341,118.45	39,165,673.37	984,698.60	20,345,529.85

23. SHORT-TERM LOANS AND ACCRUED INTEREST EXPENSES FROM SUBSIDIARIES

For the year ended December 31, 2008, there were movements in the separate financial statements as follows:

	(Unit : Baht)					
	Fatman and Little Boy Co., Ltd.	Matching Broadcast Co., Ltd.	Matching Television Co., Ltd.	Matching Motion Pictures Co., Ltd.	Goody Film BKK Co., Ltd.	Total
Short-term loans from subsidiaries						
Beginning Balance	-	16,000,000.00	-	-	-	16,000,000.00
Increase in the year	7,000,000.00	5,500,000.00	500,000.00	1,100,000.00	10,000,000.00	24,100,000.00
Repayment in the year	-	(21,500,000.00)	(500,000.00)	-	(3,000,000.00)	(25,000,000.00)
Ending Balance	7,000,000.00	-	-	1,100,000.00	7,000,000.00	15,100,000.00
Accrued interest expenses						
Beginning Balance	-	241,972.61	-	-	-	241,972.61
Increase in the year	258,410.96	184,684.94	739.73	44,482.20	244,931.50	733,249.33
Repayment in the year	(258,410.96)	(426,657.55)	(739.73)	(44,482.20)	(244,931.50)	(975,221.94)
Ending Balance	-	-	-	-	-	-
Total short-term loans and accrued interest expense						
from subsidiaries-net	7,000,000.00	-	-	1,100,000.00	7,000,000.00	15,100,000.00

As at December 31, 2008, the Company has loans from subsidiaries in the form in promissory notes, at call on-demand with interest rate of 6.00% and without any collateral.

24. LIABILITIES UNDER FINANCIAL LEASE CONTRACTS

Consisted of :

	(Unit : Baht)			
	Consolidated Balance Sheets		Separate Balance Sheets	
	2008	2007	2008	2007
Liabilities under financial lease contracts	2,532,410.00	8,622,350.00	2,532,410.00	5,498,930.00
<u>Less</u> Deferred interest	(229,196.96)	(630,433.87)	(229,196.96)	(551,051.04)
Total	2,303,213.04	7,991,916.13	2,303,213.04	4,947,878.96
<u>Less</u> Current portion due within one year	(970,794.21)	(5,688,703.09)	(970,794.21)	(2,644,665.92)
Net	1,332,418.83	2,303,213.04	1,332,418.83	2,303,213.04

As at December 31, 2008, the Company entered into long-term financial lease contracts on equipments for film production and vehicles with leasing companies in Thailand. In the consolidated and the separate balance sheets, these long-term financial lease consist of 3 contracts and must be repaid at Baht 0.26 million per month (Included VAT) with the terms of 3-4 years.

Under the term of lease contracts referred to above, the Company shall have the right to purchase the assets at the quoted price at the expiry date of the leases contracts and the Company and a subsidiary shall have to comply with certain conditions and restriction as specified in the lease contracts.

25. LIABILITIES UNDER HIRE-PURCHASE CONTRACTS

Consisted of :

	(Unit : Baht)			
	Consolidated Balance Sheets		Separate Balance Sheets	
	2008	2007	2008	2007
Liabilities under hire - purchase contracts	348,300.95	2,263,872.83	13,983.17	181,781.33
<u>Less</u> Deferred interest	(5,138.09)	(62,192.41)	(78.78)	(7,012.11)
Total	343,162.86	2,201,680.42	13,904.39	174,769.22
<u>Less</u> Current portion due within one year	(343,162.86)	(1,858,517.56)	(13,904.39)	(160,864.83)
Net	-	343,162.86	-	13,904.39

As at December 31, 2008, the consolidated and separate balance sheets entered into hire-purchase contracts to purchase vehicles, consist of 2 contracts and 1 contract, respectively and must be repaid at monthly of Baht 0.07 million and Baht 0.01 million (Included VAT), respectively with the terms of 3-4 years. The Company's directors guaranteed against the indebtedness of the hire-purchase contracts of a subsidiary at the limit of Baht 0.49 million.

Under the term of hire-purchase contracts referred to above, the Company and subsidiary has to comply with certain conditions and restrictions as specified in the contracts.

The right of assets under hire-purchase contracts will be transferred to the Company and subsidiary when final payment is made.

26. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

Consisted of :

	(Unit : Baht)			
	Consolidated Balance Sheets		Separate Balance Sheets	
	2008	2007	2008	2007
26.1) Long-term loan the credit of Baht 135.00 million	32,101,656.95	44,746,642.76	-	-
26.2) Long-term loan the credit of Baht 9.00 million	3,156,480.45	4,501,286.56	-	-
26.3) Long-term loan the credit of Baht 52.70 million	-	17,539,999.10	-	17,539,999.10
Total	35,258,137.40	66,787,928.42	-	17,539,999.10
<u>Less</u> Current portion due within one year	(15,027,161.38)	(31,618,452.72)	-	(17,539,999.10)
Net	<u>20,230,976.02</u>	<u>35,169,475.70</u>	<u>-</u>	<u>-</u>

As at December 31, 2008 and 2007, the Company and subsidiaries have long-term loans from financial institutions as follow:

- 26.1 Loan from bank under the credit line Baht 135.00 million was a subsidiary, carries interest at MRR-1.00% per annum for the first 2 years and after that at MRR% per annum. The principal and interest shall be repaid within 72 months of the first amount received. The repayment terms have been changed to pay the principal and interest monthly at Baht 1.30 million. The loan must be fully repaid by May 12, 2011 and guaranteed by the Company in the full amount.
- 26.2 Loan from bank under the credit line Baht 9.00 million was a subsidiary, carries interest at MRR-1.00% per annum for the first 2 years and after that at MLR% per annum. The loan shall be repaid within 84 months of the first amount received. The principal and interest shall be repaid monthly at Baht 0.135 million. This loan is guaranteed by the mortgaging of the subsidiary's land and construction.
- 26.3 Loan from bank under the credit line Baht 52.70 million was a joint credit facility between the Company and the subsidiary, with Marching Studio Public Company Limited as the drawer of the loan. The principal repayment terms were 16 installments, and payable on a monthly basis at Baht 2.93 million per installment for installments 1-15, commencing the first installment on the last business day of March 2007. For the 16th installment, the remaining principal and interest shall be paid in full by September 30, 2008. Interest payment is made monthly at the rate MLR-1% per annum. The above loan is guaranteed by promissory note of Baht 9.40 million. In the year 2008, the Company has paid off this loan in the full amount, and the loan collateral was already removed on July 3, 2008.

On December 15, 2008, a subsidiary has entered into long-term loans agreement with a bank in line of Bath 25.00 million, with the interest rate at MLR% per annum. Term of repayment shall be settled within 60 months since the date of first withdrawal of loan. The repayment shall be repaid by installment in a monthly of Baht 0.417 million. The Company guaranteed to pay in full amount of loan agreement. As at December 31, 2008, the subsidiary unwithdraws the loan that mentioned above.

27. SHARE CAPITAL/WARRANTS

- 27.1 In accordance with the minutes of the extra-ordinary shareholders' meeting No. 2/2003 held on December 1, 2003:-
- Resolved that the Company issue and offer for sale the warrants to purchase the Company's ordinary shares to the existing shareholders in the number of 108,000,000 units with term of 5 years from the issuing date for exercising rights commencing on March 30, 2004 and the last one in March 2009. On May 11, 2004, the Company announced the adjustment of the right to exercise rate ratio as the Company had paid cash dividend to the existing ordinary shares from formerly 1 share to 1 warrant to 1.1 shares to 1 warrant and adjustment of the right to exercise from formerly Baht 8.00 per share to Baht 7.27 per share. The entire warrants still exist at present.
- 27.2 In accordance with the minutes of the extra-ordinary shareholders' meeting No.1/2004 held on August 24, 2004 :-
- Resolved that the Company issued and offered for sale of warrant to purchase the Company's ordinary shares of the new joint-investor of the Company which is BBTV Production Co., Ltd. in the number of 46,196,000 units at the price of Baht 0.95 per unit, totaling Baht 43.89 million with the period of approximately 4 years 6 months from the date of issue. The first date to exercise the right is September 30, 2004 and the last date is February 2009. The determined ratio of exercise is 1.1 shares to 1 warrant and at the price of Baht 7.27 per share. The entire warrants still exist at present.
- 27.3 In accordance to minutes of the Company's annual general meeting of shareholders No. 1/2007 held on April 30, 2007, the following significant resolutions were made:-
- 27.3.1 Amendment to appropriation of remaining ordinary shares for capital increase (according to resolutions of extraordinary general meetings of shareholders No. 2/2003 held on December 1, 2003 and No. 1/2004 held on August 24, 2004) authorizing the Company to appropriate the remaining 203,184,943 ordinary shares at par value of Baht 1 each for capital increase as follows: -
- 133,184,943 ordinary shares to be appropriated to meet the exercise of warrants' rights to buy the Company's ordinary shares issued to original shareholders.
 - 60,000,000 ordinary shares to be appropriated to meet the exercise of warrants' rights to buy the Company's ordinary shares issued to BBTV Production Co., Ltd.
 - 10,000,000 ordinary shares to be appropriated to meet the exercise of warrants' rights to buy the Company's ordinary shares issued to directors and employees of the Company's and/or the subsidiaries.
- 27.3.2 Resolved for the Company to issue and offer for sale of warrants to purchase the Company's ordinary shares to directors and employees of the Company and/or subsidiaries for the number of 10,000,000 units with term of 3 years commencing for the date of issue with the first exercise date on May 15, 2008 and the last exercise date on November 2010 at offer price of Baht 0.00, and the conversion ratio of 1 warrant to 1 ordinary share at the price of Baht 1.00 per share which their rights to buy shares can be exercised every three months. Proportions of rights to be exercised are specified as follows:-

- During the periods from May 15, 2008 to November 14, 2008 and November 15, 2008 to May 14, 2009, rights of each period could be exercised at no more than 12.50% of all appropriated warrants.
- During the periods from May 15, 2009 to November 14, 2009, rights could be exercised at no more than 25% of all appropriated warrants.
- Since November 15, 2009 onwards, rights could be exercised fully for the remaining appropriated warrants.
- In case during any period, exercise of rights is not fully met, the unutilized portion can be add to that of the next period and so on until exercise right is expire.

On May 15, 2008, the warrant holders have exercised 315,000 units of their warrant 4-ESOP into 315,000 ordinary shares, at Baht 1 each, in the amount of Baht 315,000.00. The Company has registered the share capital increase with the Stock Exchange of Thailand and could commence trading in the Stock Exchange from June 2, 2008 onwards.

And on November 24, 2008, the warrant holders have exercised 140,000 units of their warrant 4 - ESOP into 140,000 ordinary shares, at Baht 1 each, in the amount of Baht 140,000.00. The Company has registered the share capital increase with the Stock Exchange of Thailand and could commence trading in the Stock Exchange from November 28, 2008 onwards.

As at December 31, 2008, the Warrant 4-ESOP balances remained at 9,545,000 units.

28. LEGAL RESERVE

Under the Public Company Act B.E. 2535, the Company should appropriate a part of its retained earnings as a legal reserve fund of not less than 5% of net profit less any retained loss carried forward until the reserve fund holds not less than 10% of registered capital. The Company will appropriated legal reserve when approve by the shares' holder meeting. The legal reserve could not be used to pay dividend.

Under the provision of the Civil and Commercial Code, the Company is required to set aside as legal reserve at least 5% of its net income at each dividend declaration until the reserve reaches 10% of authorized capital. The reserve is not available for dividend distribution.

29. REDUCTION OF DEFICIT

According to the extra-ordinary shareholders' meeting No. 1/2008 held on October 29, 2008, the shareholders' unanimously approved to transfer of the amount of the legal reserve in the amount of Baht 4.16 million, and the premium on par value reserve in the amount of Baht 434.40 million to compensate the Company's deficit of Baht 438.56 million (balance as at December 31, 2007). In this regard, the Company's deficit will be eliminated after such amounts are transferred from the legally required reserve fund and the Company has balance of the premium on par value reserve of Baht 79.56 million.

30. APPROPRIATION OF RETAINED EARNINGS

In 2008

According to the ordinary shareholders' meeting of Matching Broadcast Co., Ltd. No. 1/2008 held on February 27, 2008, the shareholders unanimously approved to pay dividend in the amount of Baht 16.00

million, appropriated for 100,000 shares of Baht 160 each and to set the legal reserve in the amount of Baht 1.00 million.

And according to the ordinary shareholders' meeting of Fatman and Little Boy Co., Ltd. No. 1/2008 held on February 27, 2008, the shareholders unanimously approved to pay dividend in the amount of Baht 11.90 million, appropriated for 70,000 shares of Baht 170 each and to set the legal reserve in the amount of Baht 0.70 million.

In 2007

According to the extra-ordinary shareholders' meeting of Goody Film BKK Co., Ltd. No. 1/2007 held on December 1, 2007, the shareholders unanimously approved to pay dividend in the amount of Baht 5.00 million, appropriated for 10,000 shares of Baht 500 each. The Company paid dividend on December 2007.

31. CORPORATE INCOME TAX

The Company, its subsidiaries and its joint venture calculate the corporate income tax at 15 - 30% of the net accounting profit net by the loss carried forward not more than 5 accounting periods and adjusted items in accordance with the Thai Revenue Code.

A subsidiary was granted promotional privileges by the Board of Investment. The tax privileges include exemption from corporate income tax on profits from the promoted activities.

32. EARNINGS (LOSS) PER SHARE

Basic earnings per share and dilute earning per share are calculated by dividing the net profit (loss) for the years by the weighted average number of ordinary shares which are issued and paid-up during the years and effect of assumed conversion as follows:

	Consolidated statements of income		Separate statements of income	
	2008	2007	2008	2007
Net profit (loss) for the period (Baht)				
Net profit (loss) attributable to equity holders of the parent	<u>30,194,819.69</u>	<u>(44,651,983.97)</u>	<u>49,545,512.48</u>	<u>(40,911,354.10)</u>
Weighted average number of ordinary shares (Shares)	208,027,161	<u>207,815,057</u>	208,027,161	<u>207,815,057</u>
Number of share under warrant (ESOP-W4) (shares)	9,787,896		9,787,896	
Number of share that would have been issue at fair value of ESOP-W4 (shares)	<u>(8,156,580)</u>		<u>(8,156,580)</u>	
Ordinary shares plus assumed conversions (shares)	<u>209,658,477</u>		<u>209,658,477</u>	
Basic earnings (loss) per share (Baht per share)				
Net profit (loss) attributable to share holders of the parent	<u>0.15</u>	<u>(0.21)</u>	<u>0.24</u>	<u>(0.20)</u>
Diluted earnings per share (Baht per share)				
Net profit attributable to share holders of the parent	<u>0.14</u>		<u>0.24</u>	

There was no calculation of diluted earnings per share for the year ended December 31, 2008 is required for warrants to be allocated to the original shareholders of the Company and BBTV Production Co., Ltd. since the exercise price of the warrants is in excess of fair value of the Company's ordinary shares.

33. DISCLOSURE OF SECTORAL BUSINESS OPERATIONS

(Unit : Million Baht)

	Consolidated financial statements																	
	For the years ended December 31, 2008 and 2007																	
	Business of		Movies production		T.V. Program		Shows Production		Services and Rental		Publishing		Photograph and		Transaction		Total	
	Advertising		Business		Production		Business		Equipments				Outdoor media		/Account			
	Film Production				Business				and Studios				Production		to be Eliminated			
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue from outsiders	345.12	324.48	0.35	18.23	83.69	88.72	27.96	46.77	192.46	122.93	34.78	26.10	5.54	12.33	-	-	689.90	639.56
Revenue from related entities	10.83	7.28	-	-	52.00	49.01	0.61	0.64	39.04	35.94	7.59	5.89	0.14	0.01	(110.21)	(98.77)	-	-
Total revenue	355.95	331.76	0.35	18.23	135.69	137.73	28.57	47.41	231.50	158.87	42.37	31.99	5.68	12.34	(110.21)	(98.77)	689.90	639.56
Cost from outsiders	226.81	221.71	-	0.59	35.40	31.29	20.77	34.22	155.73	146.29	25.35	20.24	9.40	19.88	-	-	473.46	474.22
Cost from related entities	57.93	48.93	-	-	53.39	49.66	0.15	0.39	1.00	-	-	-	-	0.22	(112.47)	(99.20)	-	-
Total cost	284.74	270.64	-	0.59	88.79	80.95	20.92	34.61	156.73	146.29	25.35	20.24	9.40	20.10	(112.47)	(99.20)	473.46	474.22
Gross profit (loss)	71.21	61.12	0.35	17.64	46.90	56.78	7.65	12.80	74.77	12.58	17.02	11.75	(3.72)	(7.76)	2.26	0.43	216.44	165.34
Other income																	5.22	10.35
Selling and administrative expenses																	(178.53)	(205.77)
Interest expenses																	(6.93)	(12.33)
Corporate income tax																	(3.83)	(2.74)
Net profit (loss)																	32.37	(45.15)
<u>Other data</u>																		
Capital expenditures	2.40	23.19	-	-	1.12	0.14	-	0.32	25.47	8.71	0.09	0.07	0.01	0.34	-	-	29.09	32.77
Depreciation	14.93	16.92	0.18	0.42	0.98	1.53	1.06	1.86	32.40	50.35	0.38	0.43	2.65	8.54	(0.04)	(0.11)	52.49	79.94
Non-cash expenses	407.24	33.27	-	10.83	3.02	0.03	6.03	1.88	7.42	4.42	0.26	0.12	0.53	0.60	(0.51)	(24.85)	423.99	26.30
<u>As at December 31, 2008 and 2007</u>																		
Sectoral assets	508.13	531.42	8.57	8.56	39.45	49.82	11.73	19.18	246.16	245.57	10.10	8.38	41.14	70.54	(317.23)	(337.82)	548.05	595.65
Sectoral liabilities	87.09	134.24	18.44	18.54	7.62	6.69	49.32	83.40	126.00	205.74	14.36	17.60	92.70	126.51	(253.38)	(370.15)	142.15	222.57

34. OTHER AGREEMENT

34.1 Joint Venture Agreement

On January 4, 2005 and amended agreement on February 1, 2005, the Company has entered into a joint venture agreement under the name "DTC Joint Venture" between Bangkok Broadcasting & TV Co., Ltd. and BBTV Productions Co., Ltd. with the responsibility and equity as mutually agreed to facilitate MISS UNIVERSE L.P. LLLP in hosting the Miss Universe pageant in Thailand in 2005. The agreement has condition for the joint venture that it could be dissolved after finished the process of appropriating the profit/loss.

34.2 Agreement to establish agents for sale of film royalties

A subsidiary entered into agreements to establish film agents with two companies for sale of film royalties both domestic and foreign for the one film with the terms of 5 years and the compensations as specified in the agreements or as percentage of revenue.

34.3 Agreement for film scripts copyright

A subsidiary entered into agreement allowing the use of copyright to the creators of nine films, of which five films are for the period of 5-12 years and the remaining one film the copyright granted with no time frame.

34.4 Joint-venture to produce and selling films

On August 31, 2004, a subsidiary made a joint-venture agreement to produce a film entitled "Recycle" with Universe Entertainment Limited (UEL) of Hong Kong in an investment ratio of 1 to 3 with the subsidiary has the right to distribute this film in Thailand only and UEL holds the right to distribute overseas by appointing Universe Film Distribution Co., Ltd. of Hong Kong as its sole distributor for 27 years period commencing from March 20, 2004 to March 19, 2031 with commission rate at 15% of gross income before deduction of such commission. Income after deduction of commission will be divided in accordance to the investment ratio of Joint-venture. Each party of joint-venture has agreed not to transfer the right and various benefits in the film within 25 years after the first screen-show to the public and after that UEL may purpose to buy copyright from the subsidiary with the conditions as specified in an agreed-upon sell and purchase contract.

On June 27, 2007, the subsidiary contractually sold the copyright of "Recycle" to UEL for HKD 3,000,000 with the effect that the subsidiary no longer held the copyright in such titled film except agreements the subsidiary had made with any companies for film distribution before the sale of copyright and they would be in effect until expiration of the said agreements.

On April 5, 2005, a subsidiary entered into a joint-venture agreement to produce a film entitled "the 5th Commandment" with Cineasia Co., Ltd. of BVI in United States of America in an investment ratio of 10% with right to receive distribution income in the same ratio. Currently, the said film has not yet been screened.

35. COMMITMENT AND CONTINGENT LIABILITIES

Apart from liabilities reflected in the balance sheet as at December 31, 2008, the Company and its subsidiaries hold other commitments as follows:

35.1 Bank commitment as follows :

	(Unit : Million Baht)	
	Consolidated financial statements	Separate financial statements
Letters of Guarantee	2.64	0.52
Letters of Guarantee (Unutilized)	29.76	29.76
Letters of Credit (Unutilized)	20.00	-
Overdraft (Unutilized)	51.00	13.00
Long-term loan (Unutilized)	25.00	-

- Part of letters of guarantees issued for the Company was collateralized by bank deposit of a subsidiary. The remaining amount of Baht 30.00 million was unsecured and was jointly used by the Company and its subsidiary.

- Letter of credit and forward contract which are made for a subsidiary for the total limit of Baht 20.00 million and not yet utilized are guaranteed by the Company.

- Overdraft (Unutilized) of Baht 13.00 million is unsecured and Baht 38.00 million guaranteed by the Company, the land and construction of the directors and by the directors.

- Long-term loan of a subsidiary (Unutilized) of Baht 25.00 million guaranteed by the Company fully amount.

35.2 Commitment in the long-term rental contracts

The Company and its subsidiaries conducted several long-term rental contracts of land, land and buildings with the periods ranged from 1-30 years, which have commitments to pay rental fee in the future as follow:

	(Unit : Million Baht)	
	Consolidated financial statements	Separate financial statements
Payable within :		
1 year	14.98	9.39
Over 1 year	31.83	26.61

35.3 Commitment of capital expenditures

The Company and its subsidiaries entered into construction of office building improvement and installment of computer system agreements with several companies at the total contractual value of Baht 2.33 million and has a remaining which has not been accounted for balance of Baht 0.78 million.

35.4 Guarantees

35.4.1 The Company and a subsidiary have letter of guarantee issued by a local bank for subsidiary's television time contract amounted of Baht 0.94 million which guaranteed by subsidiary's fixed deposit at bank amounted of Baht 0.47 million and the Company's fixed deposit at bank.

35.4.2 The Company has letter of guarantee issued by a local bank for subsidiary's television time contract amounted of Baht 0.68 million which guaranteed by the Company

35.4.3 The Company and a subsidiary have two letters of guarantee issued by a local bank for electricity total amount of Baht 0.31 million which guaranteed by the Company and the Company's fixed deposit at bank

35.4.4 A subsidiary has letter of guarantee issued by a local bank for gasoline amounted of Baht 0.30 million, no limited.

35.4.5 A subsidiary has letter of guarantee issued by a local bank with government to design and produce advertisement for saving energy amounted of Baht 0.08 million and guaranteed by the Company.

36. CHANGE IN ACCOUNTING ESTIMATE

Since January 1, 2008, Gear Head Co., Ltd., a subsidiary, has changed the estimated useful lives of the asset available for lease of vehicles from 5 years to 10 years because of the new review undertaken by the Company's management with reliance on judgment based on the latest information, taking into consideration of the appropriated pattern on consumption of its economic benefit to be derived from depreciated trucks for conveying film production equipment. The change in the estimate above has resulted in depreciation for the year ended December 31, 2008 to decrease by Baht 10.25 million.

37. FINANCIAL INSTRUMENTS

Policy to manage financial risk

The Company, its subsidiaries and its joint venture possess risk regarding to the change of market interest rate and in currency exchange rate and from nonperformance of contractual obligations by counter parties. The Company, its subsidiaries and its joint venture will consider to using appropriate financial instruments when it considers necessary to manage such risks. However, the Company, its subsidiaries and its joint venture do not have any policy to hold or issue any financial instruments for speculation or for trading.

Risk on interest rates

The interest rate risk is the risk that may occur from the fluctuation of market interest rates in the future which will affect the operating result and cash flows of the Company, its subsidiaries and its joint venture. The Company, its subsidiaries and its joint venture have exposure to interest rate risk because they hold bank deposits and loans because most of such financial assets and liabilities carry interest rates which fluctuate in line with market rates, which the Company, its subsidiaries and its joint venture have not made any contract to hedge against this kind of risk.

Risk on exchange rates

Regarding risks on exchange rates, the Company, its subsidiaries and its joint venture mainly involved with providing and receiving services in foreign currencies. As at December 31, 2008 and 2007, the Company and its subsidiaries have assets and liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted as follows: -

	As at December 31, 2008		As at December 31, 2007	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
	Assets	Assets	Assets	Assets
USD	263,464.00	250,964.00	133,539.60	121,039.60
EURO	-	-	15,207.00	15,207.00

Risk on credit provision

The Company, its subsidiaries and its joint venture take risk on credit provision concerning trade accounts receivable. However, the Company, its subsidiaries and joint venture have conservative policy on credit provision to new clients and most existing clients are well capable to repay debts and the management of the Company, its subsidiaries and joint venture believe that the appropriated allowance for doubtful accounts will be readily.

Fair value

Since most of the financial assets and liabilities are short-term and loans bearing interest rates closed to market rates, the Company, its subsidiaries and its joint venture's management believes such financial assets and liabilities are presented in value not materially different from relevant fair value.

38. PRESENTATION AND RECLASSIFICATION

- 38.1 Year 2008 the Company has applied the Thai Accounting Standard no. 25 (amended in 2007) "Cash flows statements" to the financial statements. Therefore, the formats of the presentations have been adjusted to conform to the accounting standards referred above.
- 38.2 Certain reclassifications have been made to the presentation of the 2007 financial statements to conform with the classifications of the 2008 financial statements, with no effect on previously reported net income or shareholders' equity.

39. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Company's board of directors on February 27, 2009.

Other References

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