
Company Highlight

*New office and Studios.
Program restructuring
to attract more viewers*

In February 2003, the company moved the office to Shinawatra Tower 3 which provides more working space and studios to serve an expansion of the business. In April and July 2003, the company has restructured programs during primetime in order to create variety and serve the target group in each period as well as to expand the audience base nationwide. To do so, the company cancelled the unprofitable programs and rented out airtime in those periods to outside program producers, this has resulted in higher rental revenue in 2003. The cooperation between the company and major program producers help reduce the cost ratio to total revenue from 69.9% of the previous year to 63.8% in this year, program producers have borne all production costs. Revenue from advertising are shared between the program producers and the company based on time-sharing basis.

Overview

*Net loss decreased by
14.2% from Y2002*

In Y2003, ITV's net loss was Baht 660 million, decreased from last year by 14.2%. Gross profit in this year was Baht 616 million, increased by 39.4% from last year.

Operating Results (Consolidated Financial Statement)

ITV's selected financial information

Unit: Baht million

	Y2003	Y2002	% Change
Total Revenue	1,701	1,467	15.9%
Cost of Services	1,085	1,026	5.8%
SG&A Expenses	368	383	(3.9%)
Concession Expense	850	750	13.3%
Interest Expense	58	79	(25.9%)
Net profit (Loss)	(660)	(770)	14.2%
EPS (Baht)	(0.57)	(0.70)	0.13

Revenues

Total revenue in Y2003 increased by 15.9% from Y2002, which was higher than 13.2% of advertising industry. The company also gains higher market share from 12% in Y2002 to 14% in this year.

Total revenue comprises of:

1. Advertising revenue: In the Y2003 advertising revenue was Baht 1,332 million, increased by 16% from Y2002.
2. Rental revenue: Rental revenue was Baht 358 million for 2003, increased by 15.2% from Y2002.

Cost of Services

*5.8% increase in costs
from Y2002, mainly from
program development
and more marketing
events*

In this year, the company's cost of service increased 5.8% from last year. This was mainly due to;

- Daily news report by Helicopter: the company started to use Helicopter in daily news report in order to improve the efficiency of news. Moreover, there was an additional cost from news screen renovation.
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- Higher cost of Thai Drama program: the company has added more broadcasting time for Thai Drama and developed content quality in order to serve demand of audiences.
- Marketing events cost increased corresponding to an increase in number of events in Y2003, these included big events such as Miss Thailand Contest, TOT Anti Drug Concert and Bangkok Countdown.

Selling and Administrative Expenses

SG&A decreased

Selling and administrative expenses in Y2003 decreased by 4% from last year, according to the efficiency of cost control.

Interest Expense

Interest expenses decreased

Although net borrowings from short-term loans increased Baht 300 million from last year, interest expenses in Y 2003 decreased by 25.9%. This was mainly due to the lower average interest rate.

Concession Expense

The concession fee increased by Baht 100 million in Y2003, according to the concession agreement.

Net Loss

Net loss was Baht 660 million for Y2003, decreased from Baht 770 million in the previous year.

Financial Position (Consolidated Financial Statement)

1. Assets Components

At the end of 2003, the company had total assets of Baht 3,189 million, decreased by 3.6% from the same previous year. The major asset components comprise of:

Asset	December 31, 2003		December 31, 2002	
	Amount (Btmn)	% of total asset	Amount (Btmn)	% of total asset
Net Assets under concession	2,447	76.7%	2,420	73.1%
Accounts Receivable	384	12.0%	383	11.6%

Entertainment programs investment of Baht 107 million increased by 22.6 % from the end of 2002.

2. Liquidity

2.1 Current ratio and Short-term Liabilities

*Short-term loans for
concession fee*

At the end of 2003, current ratio was 0.70x, decreased from 1.24x at the end of 2002. This was due to an additional short-term loans for the payment of concession.

2.2 Cash Flow

The company received cash of Baht 250 million from the exercised warrant of the warrants holders, as well as Baht 300 million of short-term loans, which needed for concession payment. Additionally, the company repaid the first installment of Baht 34 million to the creditor.

3. Sources of funds

3.1 Capital Structure

At the end of 2003, the company's debt to equity ratio of 1.25x, went up from 0.81x at the end of 2002, such increase was due to an increase in net borrowings for concession payment, while total equity decreased from the loss from operation.

3.2 Shareholders' Equity

*Increase in paid-up
capital from exercised
warrants*

At the end of 2003, the company's shareholders' equity was Baht 1,417 million, a decrease of 22.5% from the end of 2002. This was due to the net amount from a loss from operation of Baht 660 million and an increase in paid-up capital from Baht 5,750 million at the end of 2002 to Baht 6,000 million at the end of 2003, consequently from the exercised warrants of the warrant holders.

3.3 Liabilities

At the end of 2003, short-term borrowings was at Baht 300 million. The company repaid the first installment of Baht 34 million in December 2003, resulting in net long-term debt of Baht 860 million.
