

Overview

*1H05
Net profit of
Baht 405 million
increased by 679.5%
when compared to
1H04*

For the first six-month period of this year, the Company reported a net profit of Baht 405 million, considerably increased from a net profit of Baht 52 million at the same period last year, or a satisfactory growth of 679.5%. This is primarily due to the higher growth rate of the revenue and the decrease of total expenses according to an efficiency of management over costs and expenses control. Diluted earnings per share at the end of June 2005 was Baht 0.33.

There was a significant growth in 1H05 compared to the 1H04, in terms of market share for advertising spending, audience share and public popularity rating for the station as follow :

- The Company's advertising spending share increased from 14.9% to 18.5%.
- The audience share increased from 9.8% to 12.7%.
- Television viewer rating increased particularly during Prime Time (18.00-22.30 hrs) from the average rating of 2.06 to 3.13.

Analysis of Operation Results (Consolidated Financial Statements)

Selected financial information :

Unit : Baht Million

	2Q05	% Change QoQ	% Change YoY	1H05	% Change YoY
Total Revenues	632	11.3%	37.7%	1,199	31.9%
Cost of Services	229	5.8%	(10.5%)	445	(9.1%)
Gross Margin	403	14.7%	98.0%	755	79.8%
SG&A Expenses	98	(23.2%)	(11.1%)	225	(3.5%)
Concession Fee	58	0%	0%	115	0%
Net Profit (Loss)	244	50.8%	768.7%	405	679.5%
Diluted EPS (Baht)	0.20	0.07	0.18	0.33	0.29

*The growth of the
Company's
advertising revenue
was higher than
the TV industry*

Total Revenues

The Company's total revenues continued to increase, in this quarter showing a 11.3% and 37.7% rise from 1Q05 and 2Q04 respectively. Total revenues were generated from two major sources, which are :

- Advertising Income

In this quarter, the advertising income amounted to Baht 524 million, a 12.6% up from the previous quarter, and outperformed the advertising spending of TV industry growth of 8.9%. When compared to the same period of last year, the Company's advertising income growth was 44.5%, which was better than the industry growth of 6.4%.

- Airtime Rental

The Company's airtime rental in this quarter totaled Baht 106 million, a 4.6% and 10.9% increase from 1Q05 and 2Q04 respectively.

1H05 total revenues was Baht 1,199 million grew by Baht 290 million or 31.9% from 1H04, and better than the industry growth of 4.9%.

*Total revenues of 1H05,
Baht 1,199 million
increased by 31.9%
from 1H04*

Cost of Services and Selling & Administrative Expenses

In 2Q05, the Company's cost of services and selling & administrative expenses totaled Baht 326 million decreased 4.9% from 1Q05 and 10.7% from 2Q04 due to :

□ Costs of Services

In this quarter, the Company's cost of services was increased by 5.8% from the previous quarter but decreased 10.5% from 2Q04 mainly due to a reduction in programming costs brought by changes in production scheme from "Hired Production Basis" to "Time Sharing Basis", and the cancellation of Thai Drama program during 22.00-22.30 hrs.

□ Selling & Administrative Expenses (SG&A)

The Company's SG&A reduced by Baht 29 million, or 23.2% from the previous quarter due to the extra expense in 1Q05 from 21 employees compensation under the judgment of the Supreme Court.

2Q05 SG&A also declined by Baht 12 million or 11.1% from the expenses of introducing new program scheduling events in 2Q04.

Cost of services and SG&A for 1H05 was Baht 669 million, decreased by 7.3% from the same period last year.

*1H05 Total costs
and SG&A
increased 7.3%
from 1H04*

Interest Expenses

Interest expenses in 2Q05 reduced by 18.7% and 46.9% from 1Q05 and 2Q04 respectively, resulted from a loan repayment which brought down the Company's long-term loan from Baht 440 million in 1Q05 and Baht 773 million in 2Q04 to Baht 407 million in this quarter.

Interest expenses of Baht 10 million in 1H05, dropped by Baht 10 million or 50.5% from 1H04.

Net Profit

The Company posted Baht 244 million in net profit for this quarter, increased by 50.8% and 768.7% from 1Q05 and 2Q04 respectively. The profit was mainly derived from an increase in revenues while the costs and expenses were decreased.

Analysis of Financial Position (Consolidated Financial Statements)

1. Assets

At the end of June 30, 2005, the Company's total assets amounted to Baht 3,252 million, a rise of Baht 277 million, or 9.3% from YE04. Current assets and non-current assets accounted for 31.7% and 68.3% of total assets respectively. Total assets comprised :

	June 30, 2005		December 31, 2004	
	Amount (Btmn)	% of Total Asset	Amount (Btmn)	% of Total Asset
Cash and Cash Equivalents	407	12.5%	152	5.1%
Accounts Receivable	424	13.0%	340	11.4%
Other Current Assets	201	6.2%	183	6.1%
Net Assets under Concession	2,208	67.9%	2,288	76.9%
Other Non-current Assets	11	0.4%	11	0.4%

□ **Current Assets**

At the end of June 30, 2005, the Company's current assets were up by Baht 358 million mainly from an increase in both cash and accounts receivable.

□ **Non - Current Assets**

The Company's non-current assets declined by Baht 80 million, mainly due to a decline in the net amount of concession assets after amortization.

2. Liabilities

Total liabilities were Baht 1,191 million, dropped by Baht 137 million, or 10.3% from YE04. The decline resulted from a reduction of long-term loan outstanding caused by an early payments made possible by excess liquidity from profitable operation. Liabilities comprised :

Long-term loan Baht 407 million, decreased by 36.4% from YE04

	June 30, 2005		December 31, 2004	
	Amount (Btmn)	% of Total Liabilities	Amount (Btmn)	% of Total Liabilities
Current Portion of Long-Term Loan	76	6.4%	72	5.4%
Concession Payable	565	47.4%	450	33.9%
Other Current Liabilities	219	18.4%	238	17.9%
Long-term Loan - Net	330	27.7%	568	42.8%

3. Shareholders' Equity

At the end of June 30, 2005, the Company's total shareholders' equity was Baht 2,061 million, an increase of Baht 414 million from YE04. The increase resulted from a net profit of Baht 405 million and a capital injection from the exercise of warrant under the employee stock options plan. The debt to equity ratio improved from 0.81x at YE04 to 0.58x at the end of June 2005.

The Company's D/E ratio improved from 0.81x at YE04 to 0.58x at the end of June2005

4. Liquidity

For 1H05, the Company's net cash flow increased by Baht 253 million from the same period last year consequently from :

- ❑ A Baht 43 million decline in net cash outflow from financing activities resulted from Baht 234 million loan repayments in 1H05 which was less than Baht 284 million loan repayments in 1H04.
- ❑ A Baht 82 million decline in cash outflow from investment activities caused by the major investing activities of program production was decreased mainly from a replacement of in-house programs by revenue-and-airtime-sharing programs which producers absorbed all production cost.
- ❑ Baht 135 million increase in cash inflow from operation came from a better operating performance.

This document contains certain forward-looking statements. They refer to future events and to the future financial performance of the Companies. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe" or "continue". Although the Companies believe that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.