

Overview

According to the survey undertaken during the second quarter of 2006 by the AGB Nielsen Media Company Limited., the overall growth rate of the local media advertising industry showed a 9.7 % increase from the previous quarter, and a 6.6% increase from the second quarter of 2005. The share of television advertisement expenditures expanded to 61.2% among total advertisement spending for all media. This expenditure share only accounted for 59.1% in the previous quarter. The rate of growth for the television media in the second quarter of 2006 increased 13.6% from the previous quarter, and 9.7% from the second quarter of 2005. A major driving factor for such remarkable expansion was the broadcasting of 2006 football world cup matches. Other factors related to seasonal spending patterns, in which advertisement spending for the second quarter of each year is normally higher than its first quarter.

The Company reported total revenues of Baht 579 million in the second quarter 2006, a quarter-on-quarter increase of 16.6%. The increase is higher than the industrial cumulative growth rate of 13.6%. The Company still retained its third position of the television ad-spending market share, at 17% or an approximate 1% gain from the previous quarter. As for its TV rating, its rank remained at the third position, with average rating of 2.70 for the prime time period (6.00 – 10.30 p.m.). Nevertheless, the Company's total revenues dropped 8.3%, compared to the same period of last year. This was due not only to increased market competitions among industry participants, but also from other adverse factors such as political uncertainty, increased oil prices, rising interest rates – all of which posed negative impacts to the overall economy and forced customers to be more cautious on the spending budget for advertisement.

Net profit Baht 172 million, a huge increase by 66.9% from last quarter.

For this quarter, the Company showed a net profit of Baht 172 million, a Baht 69 million increase or a 66.9% jump from the previous quarter. Net profit margin was at 29.8%, compared to 20.8% of the previous quarter. Net profit per share was Baht 0.14.

Analysis of Operation Results (Consolidated Financial Statements)

Key financial information:

Baht Million	2Q06	1Q06	%Chg QoQ	2Q05	%Chg YoY
Total Revenues	579	497	16.6%	632	(8.3%)
Cost of Services	234	229	2.1%	229	2.4%
Selling and Admin Exp.	109	101	8.0%	97	11.6%
Concession fee	58	58	0.0%	58	0.0%
EBIT	178	109	63.9%	248	(28.0%)
Interest Exp.	6	6	8.6%	4	41.0%
Net Income	172	103	66.9%	244	(29.3%)

Total Revenues

Total revenue growth at 16.6% from last quarter due to 2006 World Cup-related ad-spending.

The Company's total revenues for the second quarter of 2006 was Baht 579 million, showing a 16.6% rise from the previous quarter, but a year-on-year drop of 8.3%. Total revenues, generated from two major activities, which can be broken down to :

□ **Advertising Income**

The advertising income for the quarter amounted to Baht 460 million , or a 19.7% increase from the previous quarter. The increase mainly resulted from revenue flows from activities linked to 2006 football world cup matches. Nevertheless, the advertising income showed a year-on-year drop of 12.3% resulting from the uncertainty in political environments that have carried on since early 2006 and from severe industrial competitions

□ **Airtime Rental**

The Company's airtime rental totaled Baht 107 million, or a 3.4% increase from the previous quarter. The amount showed no significant change from the same quarter of last year.

A slightly increase in Total Cost and SG&A at 3.4% from previous quarter.

Total Costs

The Company's total costs was Baht 407 million, an increase of Baht 13 million or 3.4 % from the previous quarter and an increase of Baht 19 million or 4.8 % from the same quarter of last year. The increase was due to:

□ **Costs of Services**

In the second quarter of 2006, the Company's cost of services increased Baht 5 million to Baht 234 million, or an increase of 2.1 % from the previous quarter. It also increased by 2.4 % on a year-on-year basis. The increase in quarter-on-quarter basis was due to additional news coverage costs for events relating to the general elections and also the reelections held in April. In addition, the electricity costs for the network stations and maintenance cost of production equipments also increased. However, the increase in year-on-year basis came from the mentioned additional news coverage costs and also from the increase in the station's network cost.

□ **Selling & Administrative Expenses**

Selling and administrative expenses for the quarter were Baht 109 million, an increase of Baht 8 million, or 8%, from the previous quarter. It also increased by Baht 11 million, or 11.6 %, on a year-on-year basis. The increase was due to the costs of promotional campaigns for the new primetime drama "Norasingh", that will be on air at 7.30 p.m. this July. In addition there were attorney fees incurred from legal disputes with the Office of The Permanent Secretary, the Prime Minister's Office (the PMO). There was also a reversal adjustment for doubtful debt provision made during the first quarter of 2006 and the second quarter of 2005 as a result of payments received from some trade debtors.

□ **Concession Expenses**

Concession expenses for the quarter was Baht 58 million, showing no change from the previous quarter

□ **Interest Expenses**

Interest expenses for the quarter was Baht 6 million, showing no change from the previous quarter and a slight increase of Baht 2 million from the same period of 2005, due mostly to upward adjustments in lending rates.

Net Profit

In this quarter the Company generated Baht 172 million in net profit, a 66.9% increase from the previous quarter, but a decline 29.3% from the same period of 2005. Net profit margin was 29.8%, a significant improvement from the 20.8% of the previous quarter.

Analysis of Financial Position (Consolidated Financial Statements)

1. Assets

As at 30 June 2006, the Company's total assets amounted to Baht 3,796 million, an increase from year-end 2005 of Baht 344 million, or 10%. Assets comprised:

Total Assets increased by 10% from last year, resulting from an increase in cash from operation.

Baht Million	2Q06	% of Total Assets	4Q05	% of Total Assets
Cash and Cash Equivalent	1,233	32.5%	826	23.9%
Trade Receivables - Net	342	9.0%	354	10.3%
Other Current Assets	174	4.6%	149	4.3%
Concession Assets - Net	2,036	53.6%	2,112	61.2%
Other Non-Current Assets	11	0.3%	11	0.3%
Total Assets	3,796	100.0%	3,452	100.0%

□ **Current Assets**

As at 30 June 2006, the Company's current assets increased by Baht 419 million mainly because of a Baht 407 million increase in the cash and cash equivalent. Withholding tax receivable increased by Baht 24 million while net account receivables declined by Baht 12 million.

□ **Non-current Assets**

The Company's non-current assets declined by Baht 75 million, mostly resulting from depreciation of Baht 124 million. Concession assets and equipment showed an increase of Baht 49 million.

2. Liabilities

Total liabilities stood at Baht 1,183 million, showing an increase of Baht 66 million, or 6.0%. The increase resulted from a Baht 115 million rise in accrued concession fees. The Company is due to pay Baht 230 million as a concession fee on 3 July 2006. This fee is fixed in accordance with the minimum annual concession requirements. Other current liabilities were Baht 282 million, showing a Baht 14 million decline due to lower amount of accrued expenses.

Baht Million	2Q06	% of Total Liab.	4Q05	% of Total Liab.
Current portion of Long-term Loan	86	7.2%	81	7.2%
Concession Payable	565	47.7%	450	40.3%
Other Current Liabilities	282	23.9%	296	26.5%
Long-term Liabilities	250	21.1%	290	26.0%
Total Liabilities	1,183	100.0%	1,117	100.0%

3. Shareholders' Equity

As at 30 June 2006, the Company's total shareholders' equity was Baht 2,613 million, an increase of Baht 277 million from the year end 2005. The increase resulted mainly from net profit generated during the first and the second quarter of 2006 that helped to reduce the deficit.

D/E Ratio of 0.45x, improved from 0.48x at the end of 2005.

4. Liquidity and Capital Structure

During the quarter, the Company's liquidity position improved with the current ratio of 1.87x as compared to 1.61x in the previous quarter. The improvement was due to an increase in cash and cash equivalent of Baht 407 million.

The Company's debt to equity ratio improved from 0.48x as of the year end 2005 to 0.45x at the end of this quarter caused by the impact of a Baht 276 million first half – year profit.

Cash Flow

As at the end of the second quarter of 2006, the Company's cash position was Baht 1,233 million, a Baht 407 million increase from the year end 2005. The increase came from:

- ❑ Net cash inflow from operating activities of Baht 526 million.
- ❑ Net cash outflow from investment activities of Baht 83 million, due to :
 - Baht 49 million spent for purchases of program copy rights and production costs
 - Baht 34 million investment in equipments
- ❑ Net cash outflow from financing activities of Baht 36 million resulting from repayments of long-term loan and scheduled amortization payments which fall due every second and fourth quarter of each year.

In addition, the Company did not set provision for any liabilities in these interim financial statements as of June 30, 2006. Since the dispute between the Company and the PMO is under consideration by the Supreme Administrative Court. Therefore, management cannot determine the ultimate outcome of the matter.

In addition, the legal advisor viewed that the change of the television program of the Company was the result of the fact that the Company has faithfully followed the conditions of the arbitral award. Moreover, the said arbitral award shall still be binding on the parties under Clause 15 of the Concession Agreement and the award has not been revoked by the final judgment, the Company has no legal commitment to pay any penalty fee to the PMO. However, if the penalty fee are charged, the calculation of the penalty fee of the PMO was not in compliance with the objective of the Concession Agreement. The penalty fee should be calculated at Baht 274,000 per day as maximum amount not Baht 100 million per day as stated by the PMO. Therefore, the penalty fee from 1 April 2004 to 9 May 2006 should be Baht 208 million, not Baht 75,960 million as claimed by the PMO.

If the Company had recorded accrued concession according to the original concession agreement plus the penalty fee for breach of the television scheduling conditions calculated at Baht 274,000 per day as clarified earlier, its liabilities as at 30 June 2006 would have increased by Baht 2,413 million. Net income for the three-month and six-month periods then ended would have decreased by Baht 2,413 million comprising of:

1. The unpaid concession fee amounting to Baht 1,875 million.
2. The liability to pay interest at 15% per annum from 3 July 2004 to 30 June 2006 totaling Baht 316 million due to the delay in the payment of the concession fee.
3. The penalty fee for breach of the television scheduling conditions (if any) from 1 April 2004 to 30 June 2006 amounting to Baht 222 million.

As a result, the Company's basic earnings per share and diluted earnings per share for the three-month and six-month periods would have decreased from the reported net profit of Baht 0.14 per share to a net loss of Baht 1.86 per share and from a net profit of Baht 0.23 per share to a net loss of Baht 1.77 per share respectively.

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.