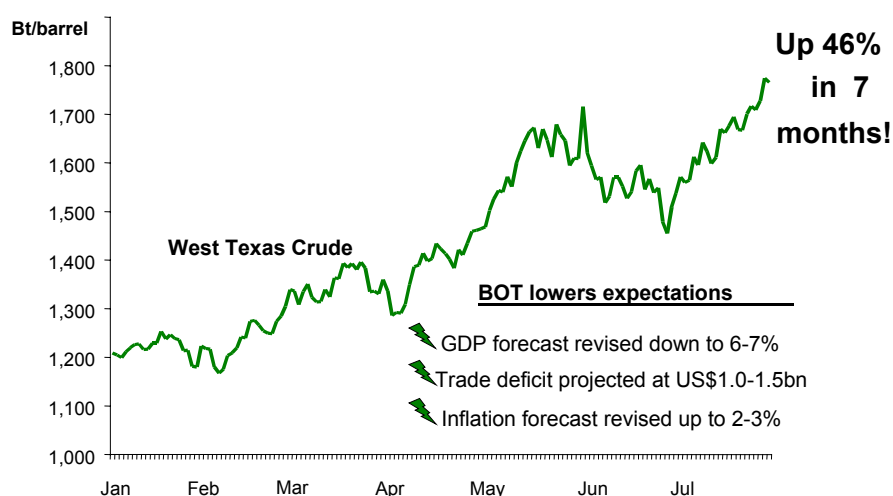


Investment Strategy :

Rising oil prices to overshadow positive earnings

- The key negative factor, at this time, is rising oil prices and the knock-on effect on Thailand's trade balance, inflation, interest rates and ultimately economic growth. Crude prices rose above US\$42 per barrel, a new 21-year high, on July 28. We don't see any sign of crude prices softening in the near-term as long as the market remains primarily concerned about the potential for disruptions to oil supplies. For this reason, we expect the Thai stock market to move within a relatively narrow range between 611 and 650 over the next month.
- We expect to see generally positive second quarter results, particularly for the chemical, shipping and IT/handset distributors/contractors. Given the overall weak market sentiment, however, we could see short-term profit-taking on the positive results. Nevertheless, we believe investors will come back to these same stock and sectors due to indications of continuing strong earnings going into the third quarter.
- At the current 633 level of the SET index, the Thai stock market is trading on average 2004 PER of 10.19x and dividend yield of 3.42%. Due to these attraction valuations and continuing strong earnings growth, we are maintaining our year-end SET index target of 860, offering a potential 36% upside from the current level.
- Given the worries about higher oil prices and weakening baht, we are recommending investors to focus on energy, chemical and telecom stocks which would possibly benefit from (or be less negatively affected by) higher oil prices. Some of our favourite stocks at the moment include PTT, NPC, TPC and SHIN.

Figure 1: Crude oil prices in baht terms



Rising oil prices remain chief concern

The Thai stock market is expected to move within a relatively narrow range between 611 and 650 over the next month. High oil prices and the weak baht are expected to overshadow generally positive second quarter earnings results due out by August 15.

The key negative factor, at this time, is rising oil prices and the knock-on effect on Thailand's trade balance, inflation, interest rates and ultimately economic growth. Crude prices rose above US\$42 per barrel, a new 21-year high, on July 28. We don't see a sign of crude prices softening in the near-term as long as the market remains primarily concerned about the potential for disruptions to oil supplies.

Higher oil prices are being further compounded by the strengthening dollar. Over the last four months, the baht has weakened 5.4% against the dollar to an 11-month low of Bt41.3/US\$.

The Thai government has been trying to lessen the impact by subsidising diesel and gasoline prices by about Bt4/litre and Bt1/litre, respectively. We don't believe this system of trying to smooth out oil prices is either prudent or practical.

Currently, the oil stabilisation fund has cumulative losses of Bt20bn since the system was implemented on January 10. By our calculation, it would take oil prices returning to the US\$32/barrel level for about five months and retail fuel prices remaining at the current level for the oil fund to turn positive. We agree with Bank of Thailand governor M. R. Pridiyathorn when he advised the government to allow petrol prices to float in line with the market to encourage energy conservation and reduce pressure on the country's trade account.

In May, total fuel and lubricant imports increased 81.1% yoy to US\$1,177mn, or to 14.8% of total imports. In other words, the increase in fuel imports added 8.8% to the total import bill. This is misleading on a one-month basis given the timing of oil shipments, although it helps to explain the 33% increase in imports in May and 42% increase in June. Looking at a longer time span, fuel and lubricant imports increased 37.7% yoy in the first five months of this year, or roughly adding 4.4% to total imports.

Due to rising oil prices as well as imports of capital goods supporting new investment, Thailand is expected to incur a trade deficit this year of US\$1.0-1.5bn. However, the current account is expected to remain in surplus of US\$3.5-5.5bn, assuming the inbound tourism sector remains strong.

Due to rising oil prices, the Bank of Thailand has cut its GDP growth range forecast for this year to 6-7% from 6.5-7.5%. We believe that this revised forecast is appropriate given our discussions with the management of the major listed manufacturing and service companies.

The Bank of Thailand has also raised its projection for headline inflation for this year to between 2.0 and 3.0%, based on average crude oil prices of US\$33.60/barrel. The previous forecast range of 1.5-2.5% was based on oil prices averaging US\$29.40. If oil prices remain at the current level of US\$42/barrel for very long, inflation should become a much bigger issue.

The Bank of Thailand's Monetary Policy Committee decided to maintain the 14-day repo rate at 1.25% at its July 21 meeting. The MPC cited both internal and external risks that could affect Thai economic growth in the future, including unrest in Southern Thailand, bird flu and rising oil prices. However, the MPC also mentioned that there may be less of a need for an accommodative monetary policy in the future, which some economists believe was a signal of an impending rate hike at the next meeting on August 25.

Even if the MPC raises the repo rate, we don't believe that commercial banks, still burdened with excess liquidity, will follow suit. We continue to hold the view that Thai interest rates will remain unchanged until the end of this year or early next year.

Expectations of generally positive second quarter earnings

We expect to see generally positive second quarter results, which will be due out by August 15. The companies who have announced their 2Q04 earnings, thus far, have exceeded expectations. Siam Cement (SCC) achieved a 121% yoy increase in earnings, Sahaviriya Steel Industries (SSI) +94%, Ratchaburi Electricity Generating Holding (RATCH) +57% and Thai Plastic and Chemicals (TPC) with earnings up 20 fold.

The banking results, which were announced from July 15-21, were quite positive, as well. For the seven banks on our coverage list, net interest income increased 34.1% yoy and 5.6% qoq primarily due to interest expense savings from the redemption of some banks' expensive hybrid capital as well as the expiration of high-cost time deposits. The only disappointment was Krung Thai Bank (KTB), which announced losses on investments and debt restructuring, as well as an alarming Bt46bn increase in NPLs.

Of the upcoming announcements, we are expecting to see very strong earnings growth from the chemical, shipping and IT/handset distributors/contractors. In particular, we are forecasting National Petrochemical Corp (NPC) to announce an 80% jump in earnings, Thai Olefins (TOC) +211%, Vinythai (VNT) +70%, Precious Shipping (PSL) +232%, Regional Container Lines (RCL) +120%, Thoresen Thai Agencies (TTA) +415%, United Communication (UCOM) +254%, Samart I -Mobile (SIM) +263%, SiS Distribution (SIS) +127%.

However, we caution investors that we could see some profit-taking on the fact, as was seen in the banking sector. Nevertheless, we believe that investors will again turn back to the earnings growth stories. Indications, at the moment, are that the third quarter results for these same companies will still be very good.

Valuations are still attractive

We believe that the market is still quite attractive in terms of valuations. At the current 633 level of the SET index, the Thai stock market is trading on average 2004 and 2005 PERs of 10.19x and 9.49x, respectively. We also believe that the current dividend yield in the market is still very attractive despite a likely increase in interest rates over the next year. For the 140 companies on our coverage list, the average dividend yield is 3.42%.

Despite the negative short-term sentiment with higher oil prices and rising US interest rates, we are maintaining our year-end SET index target of 860 due to the current attractive valuations on the Thai stock market and continuing strong earnings growth. This target SET index represents a potential 36% upside from the current level.

However, we are advising investors to be selective in share purchases. Given the worries about higher oil prices and weakening baht, we are recommending investors to focus on energy, chemical and telecom stocks which would possibly benefit from (or be less negatively affected by) higher oil prices. Some of our favourite stocks at the moment include PTT, NPC, TPC and SHIN.

	Sector Weighted 2003 EPS	Sector Weighted 2004 EPS	Sector Weighted 2005 EPS	Sector Weighted 2003 PER	Sector Weighted 2004 PER	Sector Weighted 2005 PER
Agribusiness	-19.7%	-17.5%	3.5%	8.94	10.99	10.63
Banking	59.8%	26.2%	4.0%	10.68	9.10	8.97
Building & Furnishing Materials	27.6%	7.8%	14.8%	12.24	11.58	9.97
Chemicals & Plastics	743.0%	44.7%	35.8%	17.64	12.22	8.85
Commerce	4.8%	13.1%	11.3%	14.86	13.04	11.71
Communication	69.2%	3.9%	9.7%	13.65	17.31	12.00
Electrical Products & Computer	-40.0%	20.0%	33.3%	13.67	11.39	8.54
Energy	43.5%	13.4%	4.2%	12.08	10.55	10.14
Entertainment & Recreation	9.5%	21.1%	20.7%	22.45	16.27	12.79
Electronic Components	-14.2%	14.4%	27.9%	10.31	9.19	7.16
Finance & Securities	65.0%	10.6%	11.7%	10.33	9.19	8.25
Food & Beverages	38.2%	-13.2%	18.2%	6.34	7.30	6.18
Hotels & travel Service	103.0%	27.5%	13.0%	9.14	7.20	6.41
Health Care Service	195.4%	19.1%	-19.1%	3.28	2.75	3.40
Household Goods	-0.1%	32.0%	7.9%	10.93	8.71	8.07
Mining	0.0%	NA	32.7%	NA	13.16	9.92
Packaging	70.9%	-7.5%	2.8%	5.33	5.76	5.61
Printing & Publishing	0.0%	-25.5%	21.4%	16.06	21.57	17.76
Property Development	33.9%	1.8%	42.4%	16.34	15.53	10.46
Transportation	-35.2%	42.0%	7.7%	7.11	4.83	4.36
Vehicles & Parts	34.7%	57.3%	15.1%	17.63	11.40	9.91
MAI	-51.3%	92.2%	38.7%	18.83	9.36	7.09
SET - Total	62.9%	16.4%	11.7%	12.11	9.80	9.05

	Sector Weighted 2003 P/BV	Sector Weighted 2004 P/BV	Sector Weighted 2005 P/BV	Sector Weighted 2003 Yield	Sector Weighted 2004 Yield	Sector Weighted 2005 Yield
Agribusiness	0.85	1.02	0.97	6.83%	5.62%	5.88%
Banking	1.72	1.51	1.34	1.61%	4.03%	4.10%
Building & Furnishing Materials	2.45	2.21	1.93	2.51%	3.15%	3.70%
Chemicals & Plastics	1.67	1.74	1.55	2.23%	3.94%	4.51%
Commerce	2.35	2.21	1.96	2.95%	2.93%	3.30%
Communication	4.36	3.42	2.99	3.81%	4.03%	4.17%
Electrical Products & Computer	3.73	2.05	1.71	2.93%	3.41%	4.63%
Energy	3.46	2.91	2.57	2.70%	2.71%	2.75%
Entertainment & Recreation	6.36	4.95	3.55	3.76%	3.16%	3.95%
Electronic Components	3.66	5.85	9.44	5.14%	5.01%	6.00%
Finance & Securities	1.67	1.50	1.30	4.89%	4.87%	5.50%
Food & Beverages	2.41	2.19	1.79	4.36%	4.56%	5.39%
Hotels & travel Service	0.75	0.72	0.68	4.09%	5.59%	6.25%
Health Care Service	1.74	0.89	0.71	0.00%	0.00%	0.00%
Household Goods	1.38	1.33	1.27	7.43%	7.46%	7.71%
Mining	1.03	1.00	0.97	0.00%	0.00%	0.00%
Packaging	1.14	0.95	0.81	0.00%	0.00%	0.00%
Printing & Publishing	1.10	1.09	1.05	3.64%	2.32%	2.78%
Property Development	2.31	2.16	1.95	4.37%	3.44%	4.33%
Transportation	1.83	0.76	0.60	1.13%	1.99%	1.99%
Vehicles & Parts	2.84	2.29	1.90	2.87%	4.14%	5.16%
MAI	2.50	2.02	1.67	6.31%	7.71%	12.85%
SET - Total	2.79	2.36	2.12	2.80%	3.45%	3.74%

	Sector Weighted 2003 ROE	Sector Weighted 2004 ROE	Sector Weighted 2005 ROE
Agribusiness	10.22%	10.25%	9.92%
Banking	8.10%	17.48%	16.00%
Building & Furnishing Materials	19.63%	19.30%	19.31%
Chemicals & Plastics	10.34%	15.05%	17.78%
Commerce	15.56%	16.43%	16.22%
Communication	8.99%	22.62%	18.43%
Electrical Products & Computer	27.27%	18.00%	20.00%
Energy	28.84%	27.52%	24.99%
Entertainment & Recreation	10.43%	15.83%	23.09%
Electronic Components	18.88%	18.92%	20.12%
Finance & Securities	17.65%	15.82%	15.25%
Food & Beverages	38.00%	30.00%	28.89%
Hotels & travel Service	7.62%	9.28%	9.77%
Health Care Service	53.01%	32.46%	20.72%
Household Goods	13.50%	18.59%	19.15%
Mining	0.00%	7.60%	9.77%
Packaging	21.42%	16.55%	14.54%
Printing & Publishing	6.86%	5.04%	5.90%
Property Development	20.59%	17.08%	18.80%
Transportation	13.18%	12.82%	8.87%
Vehicles & Parts	15.73%	20.38%	18.96%
MAI	15.57%	21.58%	21.62%
SET - Total	16.52%	20.04%	18.75%

Sector Performance				
	Index Close	Change (%) 1-month	Change (%) 3-months	Change (%) 1-Years
SET	633.42	-0.57	-7.11	30.64
Health Care Service	339.11	17.52	18.74	49.26
Vehicles & Parts	489.48	10.19	-4.99	26.26
Pharmaceutical Products & Cosmetics	256.47	8.28	-14.27	30.28
Pulp & Paper	371.06	7.07	1.73	31.81
Communication	92.54	5.11	-1.57	54.57
Hotels & travel Service	186.88	4.60	-2.98	8.64
Chemicals & Plastics	505.08	4.23	-0.69	88.39
Commerce	2,709.06	2.58	0.89	25.80
Building & Furnishing Materials	6,858.43	2.24	-4.24	41.05
Packaging	2,110.64	1.59	-5.28	1.14
Household Goods	15.50	1.31	-12.68	-16.98
Jewelry & Ornaments	50.90	0.41	-0.90	-9.43
Insurance	3,083.81	-0.10	-4.93	8.57
Transportation	137.18	-0.10	-9.63	51.73
Foods & Beverages	2,557.79	-0.40	-6.57	-8.77
Energy	9,879.07	-0.43	0.08	88.93
Mining	12.80	-0.78	-15.68	-10.43
Printing & Publishing	640.95	-1.19	-0.18	21.47
Electrical Products & Computer	339.18	-1.88	-17.35	-4.74
Machinery & Equipment	8.15	-2.28	0.49	-2.74
Property Development	124.50	-2.38	-20.75	13.71
Textiles , Clothing & Footwear	505.69	-2.46	-4.73	-4.35
Warehouse & Silo	13.09	-3.25	-10.28	20.42
Banking	217.23	-4.18	-11.18	15.94
Professional Services	442.58	-5.31	-11.98	-2.87
Finance & Securities	1,388.07	-5.39	-15.03	12.98
Entertainment & Recreation	43.97	-6.15	-12.18	-22.26
Agribusiness	50.82	-6.17	-4.26	-14.46
Electronic Components	662.28	-14.13	-24.35	-25.48

Stock Performance			Stock Performance		Stock Performance	
Value (Bt mn)			Price change		Price change	
1-month			1-month		1-month	
Most Active			30 top gainers		30 top losers	
1	PTT	20,074.48	VARO	51.92	SRI	-66.14
2	ATC	14,730.36	SVH	48.68	BC	-32.47
3	KTB	11,871.52	SSSC	46.74	ROCK	-24.58
4	TTA	11,709.61	BGH	45.12	TONHUA	-23.81
5	LOXLEY	11,060.48	JCT	32.67	KMC	-23.03
6	ITD	10,954.76	IRC	29.94	STRD	-20.75
7	ASP	9,001.13	SAMTEL	24.46	INET	-20.38
8	SCB	8,986.27	LOXLEY	23.63	TKS	-19.31
9	UCOM	8,981.97	NPC	20.00	SPORT	-19.27
10	BBL	8,865.34	PLE	19.85	MLINK	-18.46
11	BANPU	8,571.17	ASTL	19.09	KCE	-18.26
12	SATTEL	7,551.75	KTP	17.59	DELTA	-18.07
13	TOC	7,075.78	MK	16.22	SMC	-17.93
14	ADVANC	7,047.64	RCL	15.65	D-MARK	-17.21
15	AOT	6,243.04	SATTEL	15.20	KTB	-17.13
16	KBANK	6,048.47	TFD	13.89	SYNTEC	-17.09
17	SCC	5,806.93	SMPC	13.86	BLAND	-17.05
18	PTTEP	5,370.35	GYT	13.64	MEDIAS	-16.78
19	SHIN	4,662.21	PG	13.33	STECON	-16.67
20	NPC	4,459.70	LPN	13.08	KRP	-16.45
21	BCP-DR1	4,016.76	AA	11.92	AITCO	-16.38
22	TRUE	3,828.43	MINOR	11.49	ECL	-16.09
23	TPI	3,554.17	LRH	11.46	NWR	-16.06
24	PICNI	3,541.97	LALIN	11.11	SSEC	-15.79
25	TPIPL	3,487.26	RGR	10.66	SGF	-15.65
26	PSL	3,396.83	UMI	10.55	NNCL	-14.81
27	TT&T	3,332.46	BANPU	10.32	GFPT	-13.91
28	LANNA	3,328.30	TBSP	10.00	AREEYA	-13.79
29	KEST	3,300.56	SSI	9.91	SICCO	-13.38
30	JAS	3,213.13	HT	9.68	DISTAR	-13.04

Forecast 2Q04

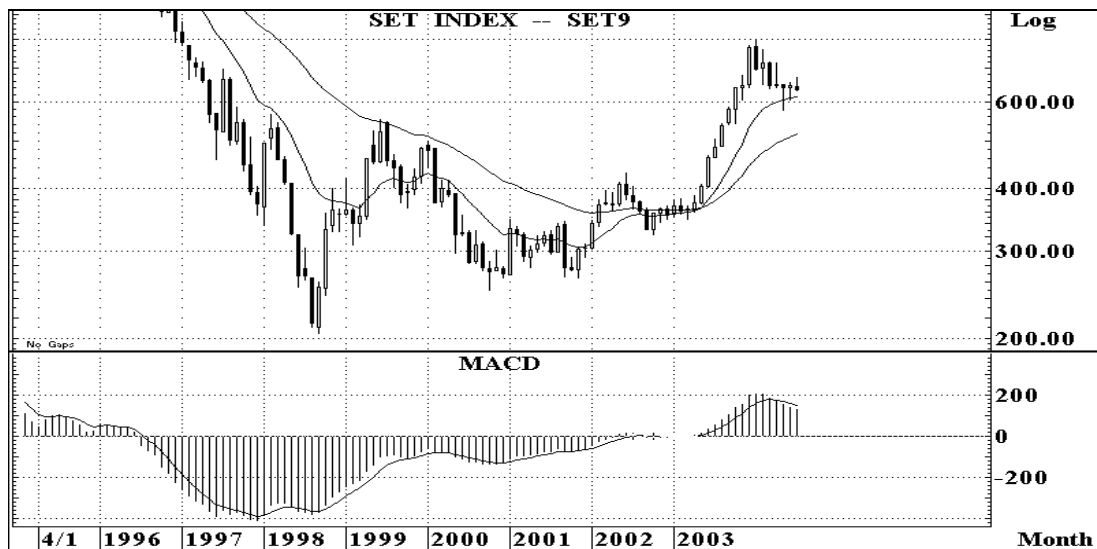
Stock	Forecast (Bt mn)			Actual (Bt mn)			Full-year Net Profit			Recommendation
	1Q47E	qoq	yoy	1Q47	4Q46	1Q46	45	46	47E	
SCIB	1,138	(47%)	1,459%	1,558	2,135	73	882	3,606	5,709	ACCUMULATE
SCB	4,860	(29%)	68%	4,869	6,858	2,895	(12,488)	12,460	16,519	BUY
TMB	1,279	(11%)	110%	1,485	1,430	608	471	(14,054)	5,069	HOLD
KTB	3,647	(29%)	n.a.	1,611	5,142	(621)	8,697	8,697	14,280	HOLD
KBANK	3,283	(25%)	(60%)	3,202	4,372	8,236	6,684	14,814	14,678	LONG-TERM BUY
BBL	4,240	28%	55%	4,295	3,317	2,735	6,271	11,342	14,280	BUY
BAY	1,530	26%	43%	1,133	1,214	1,068	2,119	3,053	5,393	ACCUMULATE
KK	-	(100%)	(100%)	651	568	491	1,406	2,065	2,420	LONG-TERM BUY
TISCO	464	(23%)	5%	390	602	440	1,154	1,890	1,987	ACCUMULATE
NFS	500	(15%)	(34%)	801	589	761	1,723	2,669	2,432	LONG-TERM BUY
TRU	155	(26%)	n.a.	-	210	(17)	403	335	771	LONG-TERM BUY
SPSU	31	(2%)	(41%)	-	32	52	154	155	161	HOLD
SSI*	1,313	(15%)	75%	1,452	1,536	750	3,433	4,702	4,435	SPECULATIVE BUY
DCC*	182	(17%)	67%	172	219	109	364	502	846	LONG-TERM BUY
TPIPL*	1,216	(7%)	149%	701	1,303	488	(1,053)	2,841	4,219	BUY
MS	58	(88%)	n.a.	-	475	(120)	(117)	(42)	995	ACCUMULATE
Q-CON	62	(2%)	2%	-	63	61	548	260	394	LONG-TERM BUY
SCC	6,008	(16%)	71%	7,742	7,184	3,510	14,676	19,954	21,554	BUY
IRC#	59	13%	(8%)	-	52	64	130	204	221	ACCUMULATE
SIS	20	5%	127%	-	19	9	30	44	72	BUY
BAT-3K	41	2%	28%	-	40	32	155	125	131	LONG-TERM BUY
AH	163	3%	236%	-	158	49	132	310	623	LONG-TERM BUY
PTTEP	3,703	10%	4%	-	3,378	3,550	12,054	12,028	14,834	BUY ON WEAKNESS
VNG	354	18%	31%	-	300	271	1,153	1,022	1,566	BUY
RATCH	1,512	(1%)	55%	1,529	1,535	973	4,722	5,436	6,675	ACCUMULATE
BANPU	863	394%	56%	-	175	553	835	2,046	2,746	ACCUMULATE
NPC	905	(5%)	80%	-	954	502	1,375	2,317	3,075	BUY
VNT	273	(5%)	70%	-	288	161	802	871	1,289	BUY
BAFS	90	(16%)	32%	-	107	68	320	313	348	HOLD
SUSCO	18	(14%)	350%	-	21	4	138	92	113	SPECULATIVE BUY
BGP-DR1	499	(23%)	n.a.	648	647	(913)	534	(1,298)	964	SPECULATIVE BUY
TPC	686	(33%)	2,441%	581	1,025	27	1,217	1,306	2,276	BUY
TOC	861	16%	211%	-	739	276	132	1,407	2,797	ACCUMULATE
PDI	16	(81%)	n.a.	-	84	(39)	(19)	0	222	SELL
TUF*	445	77%	(32%)	-	252	656	1,505	2,279	1,889	LONG-TERM BUY
MAJOR*	120	11%	21%	-	108	99	315	423	582	BUY
HMPRO	71	(11%)	51%	-	80	47	109	207	303	BUY
CPF	861	n.a.	(4%)	-	(598)	900	2,609	2,242	2,445	HOLD
MATCH	9	(47%)	(50%)	-	17	18	17	48	86	BUY ON WEAKNESS
CVD	11	(54%)	(52%)	-	24	23	(68)	94	57	ACCUMULATE
RS	(40)	n.a.	(177%)	-	(42)	52	59	108	12	FULLY VALUE
BEC	504	17%	(19%)	-	431	626	1,669	1,970	2,101	ACCUMULATE
ITV	37	54%	n.a.	-	24	(179)	(770)	(660)	(370)	HOLD
CK	48	59%	(26%)	-	30	65	(179)	285	312	BUY ON WEAKNESS
BECL	407	(18%)	137%	-	495	172	878	1,233	1,759	BUY
STECON	84	38%	(43%)	-	61	147	504	604	405	HOLD
EMC	17	(36%)	325%	-	26	4	97	109	197	BUY
ITD	237	(15%)	0%	-	278	237	(2,528)	921	1,452	BUY
LPN	155	812%	216%	-	17	49	163	465	512	BUY
SPALI	131	(7%)	13%	-	141	116	949	1,222	653	BUY ON WEAKNESS
PSL*	829	32%	232%	-	630	250	502	1,537	3,153	BUY
RCL*	491	25%	120%	-	392	223	1,227	791	1,530	BUY
AOT#*	1,374	(21%)	n.a.	-	1,732	-	7,455	3,808	4,501	LONG-TERM BUY
CPI	65	(24%)	(12%)	-	85	74	193	195	224	LONG-TERM BUY
TTA*	1,421	30%	415%	-	1,091	276	410	1,003	4,050	BUY
AMARIN	125	3%	681%	-	121	16	113	316	393	BUY
AMATA	304	33%	17%	-	228	260	875	812	983	LONG-TERM BUY
HEMRAJ	150	(48%)	(80%)	-	291	732	625	1,383	1,097	BUY
S-PAC	20	(44%)	n.a.	-	36	-	70	98	138	BUY
SC	98	53%	n.a.	-	64	-	(35)	133	333	ACCUMULATE
UCOM	450	(27%)	254%	-	613	127	1,186	1,893	2,114	BUY
SHIN	2,171	1%	0%	-	2,150	2,171	5,281	9,723	8,442	BUY
ADVANC*	5,077	1%	(2%)	-	5,031	5,155	11,430	18,529	19,740	LONG-TERM BUY
TRUE	(724)	(361%)	n.a.	-	277	(847)	569	984	(3,303)	ACCUMULATE
INET	20	(1%)	(17%)	-	20	24	80	95	155	BUY
SATTEL*	190	12%	(16%)	-	170	226	1,411	1,080	701	BUY
CSL	75	53%	n.a.	-	49	-	(146)	78	311	ACCUMULATE
SIM	109	5%	263%	-	104	30	(26)	240	438	BUY
SAMART	144	23%	0%	-	117	144	(685)	1,790	541	BUY
TT&T	(524)	(972%)	(314%)	-	60	245	569	984	63	HOLD
HANA	495	(11%)	16%	-	558	426	(866)	1,615	2,010	BUY

*Norm. profit

#3Q04

Technical analysis

The same negative issues of interest rate levels, crude oil prices and a fear of terrorism have still circulated in world markets and there is no exception for the Thailand stock exchange. This is mainly due to the same characteristics of liberalism and capitalism. However, economic expansion, especially in Asia, is the main supportive factor for all the world's markets. Turning to the technical point of view, the correction of the SET index will continue in August though there will be positive earnings results coming into the market. The SET will tend to move within a trading range of 650 – 633 – 611 points. The correction is expected to end by the end of the month. The significant indicator of the wave pattern will be followed up and updated every week. The same strategy as of in July is recommended, which is turning securities into cash every time they move up. A net cash position will be preferred in order to wait for the end of the correction.



Sector recommendations

Agribusiness – Underweight : The Chicken industry has turned back due to poor sentiment once again, following a return of the bird flu outbreak. Chicken prices fell sharply and remained in a low range. However, the current situation is unlikely to be as serious as what occurred earlier this year, since more efficient measures for controlling the spread of the disease are now in place. On the export side, Thai exporters have been able to export cooked chicken to major customers in the EU and Japan. However, uncooked chicken remains on the restricted list. The EU has recently postponed a lifting of the ban on uncooked chicken exports from Thailand.

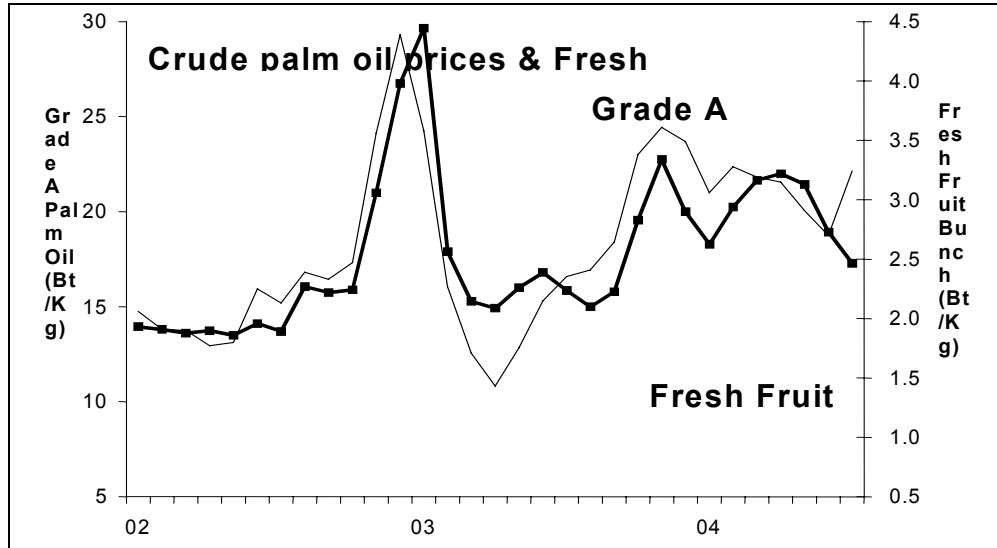
In the shrimp export industry, the US Department of Commerce announced on (July 29) a separate tariff rate for shrimp exports from Thailand of 6.39%, in line with the market expectations. This announcement has ended the uncertainty of the shrimp export industry, which is expected to recover soon. The tax rate for Thailand is lower than other countries (including China, Vietnam, Brazil, Ecuador and India at 49.09%, 16.01%, 36.91%, 7.30% and 14.20%, respectively). This may build a competitive advantage for Thailand over these other countries.

Preliminary dumping rate

Country	Mandatory rates	Separate rates
China	7.67%-112.81%	49.09%
Vietnam	12.11%-93.13%	16.01%
Brazil	0%-67.80%	36.91%
Ecuador	6.08%-9.35%	7.30%
India	3.56%-27.49%	14.20%
Thailand	5.56%-10.25%	6.39%

Source : International Trade Administration (ITA)

Palm sector – In July, average fresh fruit prices were rising to Bt3.24/kg from Bt2.7/kg last month, but average world crude palm oil (CPO) prices were still dropping to around Bt17.3/kg from Bt19/kg last month due to less of an under-supply than expected. In the coming month, we believe the outlook for fresh fruit will improve or at least maintain a high level and the CPO price will increase. We recommend a **LONG-TERM BUY** on **UVAN** and **CPI** with fair values of Bt37.00 and Bt6.80 a share, respectively.



Banking – Overweight : Worries on provisioning subsidy, focus should turn on earnings

We reiterate our **OVERWEIGHT** recommendation for the banking sector as we believe the market will shift attention back to sector earnings prospects. Market worries about rising NPLs under a tougher loan classification system have eased after the BoT governor commented that there should already be adequate loan loss reserves for Thai banks.

We also believe that interest rates will be adjusted gradually, step-by-step, over the course of the next year, as the current excess liquidity in the banking system is slowly absorbed by new loan growth. We believe that the central bank will allow the market mechanism to set interest rates, giving both banks and debtors time to adjust while not endangering a steady economic growth scenario.

Even after adjusting our earnings projections for KTB and BAY downwards, we are still forecasting the seven banks under our coverage list to achieve average earnings growth of 102% and pre-provisioning profit growth of 24% this year. Based on our forecasts, the banking sector is expecting to achieve an average ROE this year of 17.5%. Currently, the seven banks are trading on an average P/PPP of 7.24X, PER of 9.46X, P/BV of 1.44X and dividend yields of 4.16%.

Our top picks in this sector are BBL and SCB due to attractive price, strong performance in 2Q04 and prospects for continuing earnings growth in 2H04.

Banking sector: Valuation and recommendation

	Current price	Target price	Upside gain	Recommendation
BBL	92.00	133.00	44.6%	BUY
KTB	8.95	13.75	53.6%	LONG -TERM BUY
KBANK	46.25	65.00	40.5%	LONG -TERM BUY
SCB	45.00	62.00	37.8%	BUY
BAY	11.70	16.25	38.9%	ACCUMULATE
SCIB	23.80	30.70	29.0%	ACCUMULATE
TMB	3.54	4.60	29.9%	HOLD

Source: KELIVE Research estimates

2Q04 banking sector earnings results

In terms of overall earnings performance in 2Q04, net interest income of the seven banks increased 34.1% yoy and 5.6% qoq. This was primarily due to interest expense savings from the redemption of some banks' expensive hybrid capital as well as the expiration of high-cost time deposits.

Banking sector: 2Q04 earning summary

	2Q04	1Q04	q-o-q	2Q03	y-o-y
BBL	4,295	3,317	29.5%	2,735	57.0%
KTB	1,611	5,141	-68.7%	-621	N/a
KBANK	3,202	4,372	-26.8%	8,236	-61.1%
SCB	4,869	6,858	-29.0%	2,895	68.2%
BAY	1,134	1,214	-6.6%	1,068	6.1%
SCIB	1,558	2,135	-27.0%	73	2,034.2%
TMB	1,485	1,430	3.8%	608	144.2%
Total	18,154	24,467	-25.8%	14,994	21.1%

Source: KELIVE Research estimates

Loans (net of allowance on doubtful accounts) for the seven Thai banks increased 4.3% in the first half of this year. SCB and BBL achieved the strongest loan growth of 12.9% and 7.7%, respectively.

Banking Sector : Loans <not including allowance for doubtful accounts >

	June	May	MOM (%)	Dec-03	YTD (%)
BBL	768,634	754,752	1.8%	713,480	7.7%
KTB	936,238.2	937,372	-0.1%	919,572	1.8%
KBANK	509,031	497,236	2.4%	480,773	5.9%
SCB	490,033	476,934	2.7%	433,941	12.9%
BAY	388,159	386,920.4	0.3%	374,131	3.7%
SCIB	289,332	327,300	-11.6%	310,822	-6.9%
TMB	274,328	274,531	-0.1%	274,358	0.0%
BT	98,925	97,718	1.2%	96,151	2.9%
BOA	103,201	104,479	-1.2%	90,438	14.1%
DTDB	76,069	75,308	1.0%	74,021	2.8%
UOBR	46,483	47,766	-2.7%	45,384	2.4%
NBANK	31,305	30,805	1.6%	31,521	-0.7%
SCNB	44,963	45,799	-1.8%	44,270	1.6%
Total	4,056,703	4,056,919	0.0%	3,888,862	4.3%

Source: KELIVE Research estimates

Non-interest income dropped 31.3% yoy and 37.5% qoq due to a decline in investment gains. KBANK, in particular, realised very large investment gains in 2Q03. Another factor was KTB incurring a loss in 2Q04 on investments and debt restructuring.

In 2Q04, provisioning expenses dropped 28.7% yoy and 11.2% qoq. With the exception of KTB, NPLs in the system have steadily declined while provisioning against these NPLs have already increased to 60-80%.

Banking Sector : Cumulative 2Q04 income statement for seven banks

	2Q04	1Q04	q-o-q	2Q03	y-o-y
Total interest & dividend income	48,608	48,991	-0.8%	49,661	-2.1%
Interest expenses	14,211	16,428	-13.5%	23,766	-40.2%
Net interest income	34,397	32,563	5.6%	25,658	34.1%
Provision for possible loan loss	-4,774	-5,378	-11.2%	-6,696	-28.7%
Net interest income after provisions	29,623	27,185	9.0%	18,962	56.2%
Non-interest income	14,000	22,414	-37.5%	20,372	-31.3%
Non-interest expenses	25,463	25,132	1.3%	24,350	4.6%
Pre-provisioning profit	22,934	29,844	-23.2%	21,680	5.8%
Net profit	18,154	24,467	-25.8%	14,970	21.3%

Source: KELIVE Research estimates

Bt46bn increase in KTB NPLs

KTB produced the most disappointing results with a 68.1% qoq drop in its 2Q04 earnings to Bt1,611mn. Even more worrying was a Bt46bn increase in NPLs in the three-month period to Bt125bn. According to the bank, the increase in NPLs was due to the bank adopting a more stringent risk assessment policy.

KTB management stressed that the increase in NPLs during 2Q04 was the "result in changes to its qualitative review of asset classification as a proactive measure to anticipated regulatory changes." The new system looks at various factors that could impede the borrower's ability to meet future commitments, including the inability to execute the business plan as lodged with the bank. According to KTB, the entire Thai banking industry will have to adopt this more stringent international banking standard and BASEL II.

KTB has clarified that the majority of these NPLs are currently servicing debt in line with stipulated terms and the bank has already established general provisions to fully cover these debtors. Supporting the bank's claim is the fact that accrued interest receivables didn't actually increase in the three-month period, which should have happened with a sudden increase in NPLs. Nevertheless, KTB NPL coverage ratio (LLRs/NPLs) dropped significantly from 78% to 49%.

We believe that the more stringent policy is part of the reason for the increase in KTB NPLs. We also believe that it partly stems from aggressive lending last year. In 2003, KTB total loan portfolio increased 17%, versus 5% for BBL, 10% for KBANK and 7% for SCB. KTB, therefore, has a much higher portion of possible new problem loans.

However, as KTB has a policy to slow down growth in its loan book and focus more on asset quality, we are revising our full-year 2004 earnings estimate for KTB to Bt1.3bn with the assumption that loan growth is steady and KTB will set aside additional provisions for Bt3.0bn in 2H04.

New asset classification scheme

According to Thai banking officials, the entire banking system will eventually adopt the new asset classification scheme. In order to assure the market, banking authorities stressed that the Thai banking system is quite strong and there should not be much of a negative impact from any additional provisioning that may increase from a more stringent debt classification.

Bank regulators came out to say that the new debt classification system would not change banks' financial status as banks can move excess general provisions to specific provisions on a case-by-case basis. Secondly, the central bank believes that Thai commercial banks will more strictly control their lending policy after the BoT implements this classification guideline. Thirdly, the new classification system is a qualitative approach, which should be positive for Thai commercial banks in the long-term by making the lending process and provisioning more transparent.

The BOT has not clarified when or how the new asset classification system will be implemented. We believe that the BOT will give the banks ample time to adjust to the new system.

In terms of the old problem loans, we believe that BBL, KBANK and SCB are already adequately provided with loan loss reserve-to-NPL ratios of 69%, 78% and 83%, respectively. Nevertheless, these banks will continue to prudently set aside part of their quarterly earnings for general provisions.

Banking sector: June 2004 NPLs and provisioning levels

	NPLs	NPLs /total loan	Required provisioning	Loan-loss reserve	Provisioning Above BOT Requirement (X)	NPL coverage ratio (%)
BBL	185,437	20.49%	86,241	128,167	1.49	69.12%
KTB	125,697	12.29%	59,098	62,062	1.05	49.37%
KBANK	58,957	10.60%	34,275	46,143	1.35	78.26%
SCB	85,287	15.00%	48,844	71,418	1.46	83.74%
BAY	53,443	13.00%	18,887	20,702	1.10	38.74%
SCIB	8,690	2.88%	7,536	11,463	1.52	131.90%
TMB	33,446	11.10%	21,859	26,392	1.21	78.91%
BT	7,133	5.63%	5,611	24,450	4.36	342.79%
BOA	20,624	17.68%	10,338	13,241	1.28	64.20%
DTDB	7,848	9.39%	5,499	6,893	1.25	87.83%
UOBR	1,854	3.89%	669.1	717.2	1.07	38.69%
NBANK	1,991	6.08%	528.3	1,340	2.54	67.31%
SCNB	1,407	2.79%	1000	1,165	1.17	82.85%

Source: KELIVE Research estimates

Full –year forecasts

We have revised up the 2004 full year forecasts of BBL SCB and SCIB, while revising down KTB and BAY forecasts. We now believe that KTB's loan growth will drop and BAY's bottom line will decline from a more stringent provisioning policy.

Banking sector 2004F earnings summary

2004F	BBL	KTB	KBANK	SCB	BAY	SCIB	TMB
PPP (Btmn)	17,160	19,944	16,278	20,178	7,573	7,146	5,422
Net profit (Btmn)	16,422	12,658	14,678	17,767	5,393	6,023	3,422
PPP/Share (Bt)	8.99	1.78	6.91	6.38	2.66	3.38	0.35
EPS (Bt)	7.48	1.13	6.24	5.62	1.89	2.85	0.22
BVPS (Bt)	59.58	7.38	24.33	27.64	11.16	17.16	2.60
DPS (Bt)	2.24	0.45	2.49	2.27	0.76	1.16	0.00
P/PPP (x)	10.2	5.0	6.7	7.1	4.4	7.0	10.0
P/E (x)	12.3	7.9	7.4	8.0	6.2	8.3	15.8
P/B (x)	1.54	1.21	1.90	1.63	1.05	1.39	1.36
Dividend yield (%)	2.4%	5.1%	5.4%	5.0%	6.5%	4.9%	0.0%
ROE (%)	15.2%	16.1%	25.6%	21.8%	17.9%	17.5%	8.6%

Source: KELIVE Research estimates

BBL < Bt92 : BUY > Strong profit growth driven by reduced interest costs**Target price: Bt133**

Bangkok Bank (BBL) reported strong results of Bt4.23bn in a stellar rise of 57.0% yoy and 29.5% qoq, right in line with our expectations. Operating results improved markedly following the bank's partial redemption of high-cost CAPS beginning in April 2004. Consistent loan growth, lower interest costs and a widened NIM has enhanced profitability in 2Q04.

Total Interest and dividend income fell slightly, both qoq and yoy, to Bt11.35bn in 2Q04. This decline is not of concern, as interest rates have declined over a past year while dividends recognized each quarter varies. The main impact was after the CAPS redemption, the net interest income rose by 45.4% yoy and 18.6% qoq in 2Q04. NIM was bettered by 36 basis points from 1.98% in 1Q04 to 2.34% in 2Q04. Prospects appear good given the loan portfolio growth of 7.7% in 1H04.

BBL recorded less non-interest income last quarter at Bt4.18bn, falling 4.2% qoq and 25.5% yoy. As BBL tax privileges from carried forward losses continues until 2006, the bank has better flexibility to recognize gains and cash from its investments than most major banks with tax benefits expiring next year. NPLs fell 22.1% of total loans in 1Q04 to 20.4% qoq. The new BOT attempt to raise provisions for un-restructured NPLs, says

management, will see limited impact on the BBL portfolio, as the majority of these cases are now in the court process.

The bank should also be resilient to upward trends in the domestic market in the medium term. Indeed, management views the possibility for a 14-day repo rate to gradually increase, following rises in the Fed fund rates. However, we believe, BBL rates are likely to stay put for at least the next six months, as the bank still has large surplus liquidity and can mobilise funds by selling part of its bond and investment portfolio.

With the strong 2Q04 results, we have raised our full-year forecast by 15% to Bt16.42bn or an EPS of Bt7.48. This upgrade better reflects improvements that have resulted from lower costs and a growing loan book. This should raise the ROE from 14.4% last year to 15.2% in 2004.

Our rating on BBL shares is still a BUY with a fair value of Bt133.0/share, targeting its price-to-book ratio at 2.3x based on profit forecasts for 2004. We expect the bank to set aside a Bt2.24/dividend or a 2.4% yield for this year.

BBL quarterly income statement

	2Q04	1Q04	q-o-q	2Q03	y-o-y
Total interest & dividend income	11,354	11,605	-2.2%	11,706	-3.0%
Interest expenses	3,433	4,929	-30.3%	6,260	-45.2%
Net interest income	7,921	6,676	18.6%	5,446	45.4%
Provision for possible loan loss	-1,044	-1,018	2.5%	-1,150	-9.3%
Net interest income after provisions	6,877	5,658	21.6%	4,296	60.1%
Non-interest income	4,187	4,371	-4.2%	5,622	-25.5%
Non-interest expenses	6,770	6,712	0.9%	7,171	-5.6%
Pre-provisioning profit	5,338	4,336	23.1%	3,898	37.0%
Net profit	4,295	3,317	29.5%	2,735	57.0%
EPS (Bt)	2.25	1.74	29.5%	1.86	20.7%

Source: BBL reports and KELIVE Research estimates

BBL earnings summary

FYE: Dec	2001	2002	2003	2004F	2005F
Net profit (Btmn)	6,484	6,271	11,342	16,422	17,736
PPP/Share (Bt)	7.91	7.20	8.43	8.99	9.14
EPS (Bt)	4.42	4.28	7.69	7.48	7.52
BVPS (Bt)	29.45	37.84	53.56	59.58	66.08
DPS (Bt)	0.00	0.00	0.00	2.24	2.26
P/PPP (x)	11.6	12.8	10.9	10.2	10.1
P/E (x)	20.8	21.5	12.0	12.3	12.2
P/B (x)	3.1	2.4	1.7	1.5	1.4
Dividend yield (%)	0.0%	0.0%	0.0%	2.4%	2.5%
ROE (%)	16.8%	12.7%	14.4%	15.2%	14.8%

Source: BBL reports and KELIVE Research estimates

KTB < Bt8.95 LONG-TERM BUY > Disappointing results and worrisome Bt46bn increase in NPLs

Target price : Bt13.75

Krung Thai Bank (KTB) announced disappointing 2Q04 earnings of Bt1,611mn. This is mainly due to a drop in non-interest income from losses on equity trading and debt restructuring. The bank also announced a very worrisome Bt46bn increase in NPLs in the three-month period to Bt125bn.

In comparison with 1Q04, total loans were flat at Bt946. The bank's net interest margin dropped from 2.79% to 2.55%. The bank's net interest margin dropped from 2.79% to 2.55%.

According to management, the Bt46bn increase in NPLs in the second quarter was due to the bank adopting a more stringent risk assessment policy. We believe that the more stringent policy is part of the reason. We also believe that it partly stems from aggressive lending last year. Last year, KTB's total loan portfolio increased 17%.

KTB management also stressed that most of the loans being reclassified, as NPLs are current within scheduled interest and loan repayments. The new system looks at various factors that could impede the borrower's ability to meet future commitments.

As KTB has a policy to slow down its loan book growth and focus more on asset quality, we are revising our full-year 2004 earnings estimate for KTB to Bt1.3bn with the assumption that loan growth is steady and KTB will set aside additional provisions of Bt3.0bn for the 2H04.

While we are concerned about the increase in NPLs, we still believe that the market is over-reacting with the heavy sell-down of KTB shares. KTB shares could fall further in the near-term, but we believe the stock offers value at the present level. Currently, KTB is trading on a 2004F PER of 9x and P/BV of 1.3x. We estimate KTB fair value at Bt13.75/share based on a 1.9x 2004 P/BV. For this reason, we are recommending KTB as a LONG-TERM BUY.

KTB 2Q04 income statement

	2Q04	1Q04	q-o-q	2Q03	y-o-y
Total interest & dividend income	10,684	11,383	-6.1%	10,051	6.3%
Interest expenses	3,348	3,460	-3.2%	4,487	-25.4%
Net interest income	7,336	7,923	-7.4%	5,564	31.8%
Provision for possible loan loss	-1,518	-2,779	-45.4%	-3,545	-57.2%
Net interest income after provisions	5,818	5,144	13.1%	2,019	188.1%
Non-interest income	363	4,792	-92.4%	1,737	-79.1%
Non-interest expenses	4,570	4,795	-4.7%	4,378	4.4%
Pre-provisioning profit	3,129	7,920	-60.5%	2,924	7.0%
Net profit	1,611	5,141	-68.7%	-621	-359.5%
EPS (Bt)	0.14	0.46	-68.7%	-0.06	-359.5%

Source: KTB and KELIVE Research estimates

KTB earnings summary

FYE: Dec	2001	2002	2003	2004F	2005F
PPP (Btmn)	5,351	10,035	12,239	19,944	19,957
Net profit (Btmn)	(4,416)	8,020	8,697	12,658	13,041
PPP/Share (Bt)	0.48	0.90	1.09	1.78	1.78
EPS (Bt)	(0.39)	0.72	0.78	1.13	1.17
BVPS (Bt)	5.68	5.82	6.70	7.38	8.08
DPS (Bt)	-	0.26	0.47	0.45	0.47
P/PPP (x)	18.71	9.98	8.18	5.02	5.02
P/E (x)	(22.67)	12.48	11.51	7.91	7.68
P/B (x)	1.58	1.54	1.34	1.21	1.11
Dividend yield (%)	-	2.91%	5.21%	5.06%	5.21%
ROE (%)	-6.84%	12.47%	12.42%	16.08%	15.09%

Source: KELIVE Research estimates

KBANK < Bt46.25 LONG-TERM BUY > Core banking business continues to grow

Target price: Bt65.0

Kasikorn Bank (KBANK) announced earnings of Bt3.20bn, only 2.5% lower than our previous estimate. The bank's bottom line decreased 61.1% yoy and 26.8% qoq due to large extra gains recorded in both 2Q03 and 1Q04. The key point, however, is that KBANK continues to record steady improvement in its core banking business with loan growth improving and spreads widening.

KBANK's net interest income increased 34.0% yoy and 7.6% qoq due to lower interest paid since the SLIPS redemption. Consequently, the bank's NIM widened by 23 basis points from 2.78% in 1Q04 to 3.01% in 2Q04. Given a Bt21bn, or 3.8%, growth in new loans in 2Q04, total interest and dividend income rose 3.8% qoq to Bt7.79bn. The bank had previously targeted net loan growth for the full year of 4-6%.

Non-interest income fell to Bt2.1bn, down 55.8% yoy and 9.7% qoq, as the bank recognised huge investment gains during those prior periods. As the investment portfolio has been adjusted back to a more normal level, we do not view this as negative.

According to KBANK, if the 1H04 earnings are added to the bank's capital base, its capital adequacy ratio at mid-year would be 13.99%. Prior to adding 1H04 earnings, the CAR stands at 12.75%. Meanwhile, KBANK's NPLs fell further from 12.06% in 1Q04 to 10.6% in 2Q04.

We maintain KBANK's full-year forecast of Bt14.68bn, slightly lower than the exceptional earnings recorded last year. Based on this forecast, the bank would still record an impressive full-year ROE of 25.6%.

We reiterate a LONG-TERM BUY rating on KBANK with a fair value of Bt65/share based on a 2.7x 2004 price-to-book target. The bank is likely to pay dividends of Bt2.5 per share from this year's earnings, which represent a 4.9% dividend yield at the current share price.

KBANK 2Q04 Quarterly income statement

	2Q04	1Q04	q-o-q	2Q03	y-o-y
Total interest & dividend income	7,794	7,512	3.8%	8,023	-2.8%
Interest expenses	1,729	1,873	-7.7%	3,497	-50.6%
Net interest income	6,066	5,639	7.6%	4,526	34.0%
Provision for possible loan loss	-530	-271	95.2%	-200	164.8%
Net interest income after provisions	5,536	5,368	3.1%	4,326	28.0%
Non-interest income	2,103	3,225	-34.8%	7,817	-73.1%
Non-interest expenses	4,448	4,232	5.1%	3,920	13.5%
Pre-provisioning profit	3,721	4,632	-19.7%	8,423	-55.8%
Net profit	3,202	4,372	-26.8%	8,236	-61.1%
EPS (Bt)	1.36	1.85	-26.8%	3.50	-61.3%

Source: KBANK and KELIVE Research estimates

KBANK earnings summary

FYE: Dec	2001	2002	2003	2004F	2005F
PPP (Bt)	3,837	8,355	16,143	16,278	16,636
Net profit (Btmn)	1,008	6,684	14,814	14,678	15,836
PPP/Share (Bt)	1.63	3.55	6.86	6.91	7.07
EPS (Bt)	0.43	2.84	6.30	6.24	6.73
BVPS (Bt)	11.51	14.91	20.58	24.33	28.36
DPS (Bt)	0.00	0.00	0.00	2.49	2.69
P/PPP (x)-L	28.36	13.02	6.74	6.69	6.54
P/E (x)-L	107.89	16.28	7.34	7.42	6.87
P/B (x)-L	4.02	3.10	2.25	1.90	1.63
Dividend yield (%)	0.0%	0.0%	0.0%	5.4%	5.8%
ROE (%)	3.83%	21.51%	30.57%	25.63%	23.72%

Source: KBANK and KELIVE Research estimates

SCB < Bt45.0 BUY > Huge loan growth with a rise in 2Q04 earnings of 68.2% yoy

Target price: Bt62.0

We are quite positive on Siam Commercial Bank (SCB) after they announced impressive 2Q04 bottom line earnings results of Bt4.9bn, a rise of 68.2% yoy from investment gains and decreasing interest expenses. However, on a quarterly basis, earnings dropped 29% qoq, since SCB realized huge investment gains in 1Q04. Nonetheless, we like SCB because of the huge loan growth for the first 6 months and the increase in net interest margin.

Net interest income rose 6.3% yoy and 3.6% qoq from both interest income on loan growth and a savings on interest expenses. In 1H04, net loan growth increased Bt55bn or 10.9% since Dec 04, more than double the 4.4% industry average in the first 5 months. Net interest margin (NIM) continued to rise from 2.53% in 1Q04 to 2.6% in 2Q04.

The key driver boosting net profit for 1H04 was non-interest income, which is mainly derived from gains on investments of Bt3.6bn in 1Q04 and of Bt2.0bn in 2Q04. Therefore, non-interest income in 2Q04 rose 102.6% yoy. This is in line with the SCB policy to focus more on core businesses by selling investments in

non-core industries and to take advantage of the remaining tax shield, which will expire early next year. In addition, non-interest income from operating activities such as cash management and bancassurance are growing in line with lending activities.

We are revising our 2004 full year bottom line earnings for SCB to Bt17.7bn, reflecting investment gains in 1H04 and interest income, which is likely to grow in line with loan growth. Our assumption is conservatively based on SCB second half profits that will be derived from operating activities only. As a result, the 2004 ROE will improve to 21.8% and close to the SCB target of 22.6% for 2004.

Given these impressive earnings, the huge loan growth, and the strategy to become a universal bank, we reiterate our BUY recommendation with a fair value estimate of Bt62.0/share, based on 2.2x 2004F BVPS. Currently, SCB is trading at 1.7x 2004F BVPS.

SCB Quarterly income statement

	2Q04	1Q04	q-o-q	2Q03	y-o-y
Total interest & dividend income	6,423	6,262	2.6%	7,053	-8.9%
Interest expenses	1,509	1,518	-0.6%	2,428	-37.9%
Net interest income	4,914	4,745	3.6%	4,624	6.3%
Provision for possible loan loss	-600	-600	0.0%	-600	0.0%
Net interest income after provisions	4,314	4,145	4.1%	4,024	7.2%
Non-interest income	4,400	6,518	-32.5%	2,172	102.6%
Non-interest expenses	3,844	3,805	1.0%	3,301	16.4%
Pre-provisioning profit	5,470	7,458	-26.6%	3,495	56.5%
Net profit	4,869	6,858	-29.0%	2,895	68.2%
EPS (Bt)	1.51	2.02	-25.0%	0.92	64.2%

Source: SCB and KELIVE Research estimates

SCB earnings summary

FYE: Dec	2001	2002	2003	2004F	2005F
PPP (Bt)	9,612	12,338	14,860	20,178	17,525
Net profit (Btmn)	405	(12,488)	12,460	17,767	14,678
PPP/Share (Bt)	3.07	3.94	4.70	6.38	5.54
EPS (Bt)	0.13	(3.99)	3.66	5.62	4.64
BVPS (Bt)	19.78	16.64	23.88	27.64	30.66
DPS (Bt)	0.00	0.00	1.40	2.27	1.55
P/PPP (x)-L	14.66	11.42	9.58	7.05	8.12
P/E (x)-L	348.09	(11.29)	12.30	8.01	9.70
P/B (x)-L	2.27	2.70	1.88	1.63	1.47
Dividend yield (%)	0.0%	0.0%	3.1%	5.0%	3.4%
ROE (%)	0.7%	-21.9%	19.5%	21.8%	15.9%

Source: SCB and KELIVE Research estimates

BAY < Bt11.70 ACCUMULATE > Results below expectations, but good growth prospects remain

Target price: Bt16.25

Bank of Ayudhaya (BAY) reported 2Q04 earnings of Bt1.13bn, disappointing compared to our previous estimate of Bt1.53bn. The bank's net profit grew 7.8% yoy, but fell 6.6% qoq. The weaker-than-expected results were due to lower total interest income despite 3.7% growth in its loan portfolio in the first half of the year. However, we are maintaining our positive view on BAY earnings potential due to widening interest margins, improving pre-provision profits and lower NPLs.

BAY total interest and dividend income declined 2.3% qoq as the bank booked sizeable dividend income in the previous quarter. However, the retirement of high-cost SLIPS helped BAY to improve its NIM from 2.26% in 1Q04 to 2.48% in 2Q04. This allowed the bank's net interest income to rise 75.4% yoy and 12.3% qoq.

Meanwhile, non-interest income declined by 36.2% yoy as the bank recognized more gains in the same period last year. Compared with 1Q04, non-interest income grew by 6.4% qoq to Bt1.03bn, in line with better core banking business.

The bank's move to set aside additional provisioning of Bt900mn in 2Q04 was, we believe, positive to the market perception on its asset quality. Also, the bank is in a much better position to set aside more provisions, as its pre-provision profit increased 37.4% yoy and 12.1% qoq. The NPLs continued to decline from 14.7% in 1Q04 to 13.0% in 2Q04. A transfer of NPL portfolios to a separate unit of the AMC allows much more flexibility to manage these assets. BAY targets to trim its NPLs to 11.0%, while raising its problem loan provisioning (LLRs/NPLs) ratio to 38.7% in 2Q04 from 36.7% in 1Q04

The bank's efforts to strengthen its balance sheet have resulted in a slight downward adjustment in this year's earnings. We are, therefore, lowering our 2004 earnings projection to Bt4.8bn. We are positive on BAY's banking business with a widening NIM and more stringent provisioning of another Bt1.5bn in 2H04.

We are maintaining our ACCUMULATE rating on BAY and our fair value estimate at Bt16.25/share. The share is trading comparably cheap to other banks at 1.1x price to 2004 forecast book value. With gradual improvement in banking profitability and asset quality, the stock appears to be a bargain.

BAY quarterly income statement

	2Q04	1Q04	q-o-q	2Q03	y-o-y
Total interest & dividend income	4,908	5,025	-2.3%	4,743	3.5%
Interest expenses	1,538	2,023	-24.0%	2,821	-45.5%
Net interest income	3,371	3,002	12.3%	1,922	75.4%
Provision for possible loan loss	-900	-600	50.0%	-428	110.3%
Net interest income after provisions	2,471	2,402	2.9%	1,494	65.4%
Non-interest income	1,026	965	6.4%	1,610	-36.2%
Non-interest expenses	2,364	2,153	9.8%	2,052	15.2%
Pre-provisioning profit	2,033	1,814	12.1%	1,480	37.4%
Net profit	1,133	1,214	-6.6%	1,051	7.8%
EPS (Bt)	0.40	0.43	-6.7%	0.57	-30.0%

Source: KELIVE Research estimates

BAY earning summary

FYE: Dec	2001	2002	2003	2004F	2005F
PPP (Bt)	(1,317)	3,011	6,005	7,757	8,603
Net profit (Btmn)	(2,667)	2,119	3,053	4,757	6,832
PPP/Share (Bt)	(0.71)	1.63	2.11	2.72	3.02
EPS (Bt)	(1.44)	1.15	1.39	1.67	2.40
BVPS (Bt)	8.27	9.24	10.02	11.03	12.46
DPS (Bt)	0.00	0.00	0.00	0.67	0.96
P/PPP (x)-L	(16.43)	7.19	5.55	4.40	3.88
P/E (x)-L	(8.11)	10.22	8.42	6.18	4.88
P/B (x)-L	1.41	1.27	1.17	1.05	0.93
Dividend yield (%)	0.0%	0.0%	0.0%	6.5%	8.2%
ROE (%)	-17.3%	13.1%	13.4%	15.9%	20.4%

Source: KELIVE Research estimates

SCIB < Bt23.80 ACCUMULATE > Better-than-expected 2Q04 results

Target price: Bt30.70

Siam City Bank (SCIB) announced better-than-expected 2Q04 results with earnings of Bt1.5bn, a dramatic rise from Bt73mn in 2Q03. However, it dropped 27% qoq due to a drop in gains on investments.

Net interest income rose 21.8% yoy and 4.4% qoq. This was mainly due to significant loan growth during the last 6 months. Also, interest expenses slightly dropped due to the maturing of high-cost time deposits and a shift in the deposit base towards lower-cost passbook savings accounts. Therefore, SCIB net interest margin increased slightly from 2.05% in 1Q04 to 2.09% in 2Q04.

Non-interest income increased 72.4% yoy, but dropped 37.1% qoq. This was due to SCIB marking up investment income in 1Q04. In 2Q04, the bank recorded investment gains from bond trading of only Bt400mn.

We are positive on the SCIB strategy to realise profits from bond trading and to shorten the average duration of its investment portfolio. The bank's future performance will be less sensitive to the uptrend in interest rates.

Also, SCIB just received Bt44bn from the redemption of AMC notes. As this will greatly increase the bank's liquidity position, SCIB will need to continue to concentrate on loan growth and will be under no pressure to compete for deposits even when interest rates begin to edge up.

Loans (excluding the AMC note) increased by Bt25bn in the first six months of this year. SCIB appears to be well on its way to meeting its full-year loan growth target of Bt40bn.

Non-performing loans (NPLs) have dropped slightly from Bt8,712mn in 1Q04 to Bt8,690mn in 2Q04, while loan loss reserves have slightly increased to Bt11.4bn or 131% of NPLs, up from 129% in 1Q04.

Given the significant loan growth and better-than-expected 2Q04 results, we are revising our 2004 full-year earnings from Bt5.7bn to Bt6.0bn with the conservative assumption that SCIB will not realise additional investment gains in the second half of 2004. As a result, ROE will increase from 16.6% to 17.5% and NIM will rise from 2.2% to 2.3%.

We expect the bank to pay an interim dividend for the first half of 2004. For the full-year, we are expecting SCIB to pay a dividend of Bt1.16, which works out to a dividend yield of 4.48% at the current share price.

We reiterate our ACCUMULATE recommendation with a fair value estimate of Bt30.70/share based on 1.8x BVPS.

SCIB Quarterly income statement

	2Q04	1Q04	q-o-q	2Q03	y-o-y
Total interest & dividend income	3,981	3,896	2.2%	4,332	-8.1%
Interest expense	1,485	1,505	-1.3%	2,283	-34.9%
Net interest & dividend income	2,496	2,391	4.4%	2,050	21.8%
Provision for possible loan loss	-174	0	n.m.	-752	-76.9%
Net interest income after provisions	2,322	2,391	-2.9%	1,298	78.9%
Non-interest income	961	1,529	-37.1%	558	72.4%
Non-interest expenses	1,723	1,785	-3.5%	1,781	-3.3%
Pre-provisioning profit (PPP)	1,734	2,135	-18.8%	826	110.0%
Net profit	1,558	2,135	-27.0%	73	2036.9%
EPS (Bt)	0.74	1.01	-27.0%	0.03	2037.9%

Source: KELIVE Research estimates

SCIB earning summary

FYE: Dec	2001	2002	2003	2004F	2005F
PPP (Btmn)	40,934	4,924	7,612	7,146	9,764
Net profit (Btmn)	38,075	882	3,606	6,023	6,833
PPP/share	19.86	2.33	3.60	3.38	4.62
EPS (Bt)	14.98	0.54	1.71	2.85	3.23
BVPS (Bt)	9.03	16.53	15.44	17.16	19.10
DPS	-	0.20	0.75	1.16	1.47
P/PPP (x)	1.20	10.21	6.61	7.04	5.15
PER (x)	1.59	44.07	13.94	8.35	7.36
PBV (x)	2.64	1.44	1.54	1.39	1.25
Dividend yield (%)	-	0.84%	3.17%	4.89%	6.18%
ROE (%)	476.4%	3.3%	10.7%	17.5%	17.8%

Source: KELIVE Research estimates

TMB < Bt3.54 HOLD > Big jump in earnings from last year, steady from the previous quarter

Target price: Bt4.60

Thai Military Bank (TMB) has announced 2Q04 results with a net profit of Bt1,485mn for an increase of 147% yoy, but only 3.8% qoq. By comparing the same period last year, the net profit is higher than our forecast, due to a reduction in interest expenses, mainly from the redemption of the Super Caps - hybrid debt-equity instruments and the expiration of expensive time-deposit accounts.

Net interest income surged 50.3% yoy and 4.9% qoq. The huge increase was due to the fact that interest expense declined 41.2% yoy. However, total interest and dividend income fell 7.7% yoy, since interest rates and loans decreased from the year before.

Non-interest income rose moderately at 11.9% yoy from the sales of Non-performing assets (NPA) in 2Q04, and 1Q04.

In the last six months, loans were steady, since the company is focusing on the merger with DTDB and IFCT, while the industry average grew 4.4% in the last five months.

However, non-performing loans (NPLs) increased to Bt33.4bn or 11.10% of all outstanding loans from 10.80% in the first quarter. We believe that this increase was due to re-entry NPLs. Since the bank did not set aside addition provisions, TMB's loan loss reserve/NPL ratio dropped slightly from 81% to 79%.

After the merger with DTDB and IFCT, we believe that TMB will manage to achieve 2004 earnings of only Bt3.4bn since the merger will require TMB to include the net loss incurred during the first half of this year from the other two financial institutions.

However, we are still positive on the long-term outlook for TMB with our net profit forecast for 2005 to reach Bt7bn, depending upon the synergy gained from the merger.

With a steady loan book and the short-term restructuring effect from the merger, we are still maintaining a HOLD recommendation with a fair value of Bt4.60/share or 1.5x BVPS.

TMB 2Q04 Quarterly income statement

	2Q04	1Q04	q-o-q	2Q03	y-o-y
Total interest & dividend income	3,465	3,309	4.7%	3,754	-7.7%
Interest expenses	1,171	1,121	4.4%	1,990	-41.2%
Net interest income	2,294	2,187	4.9%	1,526	50.3%
Provision for possible loan loss	-9	-110	-91.5%	-21	-55.7%
Net interest income after provisions	2,285	2,077	10.0%	1,505	51.8%
Non-interest income	959	1,013	-5.4%	857	11.9%
Non-interest expenses	1,746	1,651	5.8%	1,747	-0.1%
Pre-provisioning profit	1,507	1,550	-2.7%	636	136.9%
Net profit	1,485	1,430	3.8%	601	147.0%
EPS (Bt)	0.14	0.14	3.8%	0.15	-5.0%

Source: TMB reports and KELIVE Research estimates

TMB earnings summary

FYE: Dec	2001	2002	2003	2004F	2005F
PPP (Bt mn)	718	2,815	2,155	5,422	7,353
Net profit (Btmn)	655	471	(14,054)	3,422	6,953
PPP/Share (Bt)	0.18	0.70	0.21	0.35	0.48
EPS (Bt)	0.16	0.12	(3.79)	0.22	0.45
BVPS (Bt)	3.40	3.36	2.64	2.60	3.06
DPS (Bt)	0.00	0.00	0.00	0.00	0.00
P/PPP (x)	19.73	5.03	17.10	10.00	7.38
P/E (x)	21.62	30.07	(0.93)	15.85	7.80
P/B (x)	1.04	1.05	1.34	1.36	1.16
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
ROE (%)	4.9%	3.5%	-68.6%	8.6%	14.8%

Source: TMB reports and KELIVE Research estimates

Building materials – Overweight : The Thai government has planned to increase spending on infrastructure projects over the next 5 years by around 2 trillion baht. Currently the government is continuing study and arranging priorities for the projects. An example of infrastructure projects are (1) Expansion of the rail mass transit system around Bangkok Bt440bn, (2) Upgrade state railways Bt400bn, (3) a New Satellite city (Nakorn Nayok) Bt100bn and (4) a new road to the new satellite city Bt350bn.

Stocks that we recommend that will benefit from government infrastructure spending are; **CCP** "BUY" (target price Bt45), **TPIPL** "BUY" (target price Bt57), **SCC** "BUY" (target price Bt308) and **SCCC** "LONG TERM BUY" (target price Bt282). Steel companies are also expected to benefit from government infrastructure projects. Stocks in the steel sector that we recommend are; **SSI** "SPECULATIVE BUY" (target price Bt35), **MS** "ACCUMULATE" (target price Bt2.52) and **TYCN** "LONG TERM BUY" (target price Bt18).

Building material stocks that we recommend are: **VNG** "BUY" (target price Bt18), **SINGHA** "LONG TERM BUY" (target price Bt31), **Q-CON** "LONG TERM BUY" (target price Bt18) and **DCC** "ACCUMULATE" (target price Bt28)

Construction – Neutral : We are maintaining our **NEUTRAL** rating on the construction sector as most contractors' profitability should remain low level over the next 1-2 quarters, due to higher material costs. Revenue over the next 1-2 quarters will be recognised from the 2003 backlog with bidding prices calculated prior to the sharp rise in raw material prices. We expect profitability for most contractors to improve gradually in 2H04 and recover to a normal level next year from better-margin projects secured this year.

Despite weak earnings, contractors' backlog keep rising impressively. From a residual backlog of Bt39.97bn at the end of last year, ITD has total backlog rising 72% to Bt68.71bn. The CK backlog has also grown substantially, up 298% from Bt5.87bn at the beginning of this year to Bt23.35bn. EMC has increased its backlog to Bt2.68bn from Bt1.82bn last year, while STECON's backlog rose from Bt16.54bn to Bt21.72bn. The growing backlogs should boost most contractors' revenue and earnings next year.

Contractor backlog

	Backlog value (Bt bn) as of July 04	Backlog value (Bt bn) as of Dec 03	% change
ITD	68.71	39.97	72%
CK	23.35	5.87	298%
STECON	21.72	16.54	31%
EMC	2.68	1.82	47%

We are maintaining a **BUY** rating for ITD and EMC with target prices of Bt12.80 and 6.40, respectively. We have recommended a **BUY ON WEAKNESS** for CK with a target price of Bt13.80, while STECON is rated a **HOLD** with a target price of Bt11.10.

Chemicals and plastics – Overweight : With high petrochemical prices in 2Q04, which jumped 45-88%, the resulting widening of the margin spread between product and feedstock prices leads us to expect petrochemical companies (our coverage includes National Petrochemical (NPC), Thai Olefins (TOC), Thai Plastic and Chemicals (TPC) and Vinythai (VNT)) to generate total earnings of Bt2,725mn, up 211% qoq compared to a total net profit of Bt966mn in the same period of last year.

We expect the current high level of petrochemical prices will be secure all through the remainder of the year following high crude oil prices and continued strong demand from China, despite the cool down of its overheated economy. As a result, petrochemical margin spreads should widen to almost double compared with last year. Therefore, we expect the petrochemical sector to achieve earnings growth of 50% this year and another 30% next year.

We expect, petrochemical share prices to move up and be quite active during the second quarter earnings announcement period around mid-August. Thus, we are maintaining our **OVERWEIGHT** rating on the petrochemical sector. For dividend plays and strong fundamentals, we recommend NPC and TPC with

target prices of Bt129 and Bt338, respectively. While, we rate VNT as a BUY with a target of Bt18. TOC is recommended as an **ACCUMULATE** with a target price of Bt75.

Chemical sector

	Price (Bt)	Target (Bt)	Upside (%)	Recommendation	PER		EPS growth (%)		Dividend yield (%)	
					2004F	2005F	2004F	2005F	2004F	2005F
NPC	111	129	16%	BUY	11.2	8.7	33%	29%	6.3%	8.1%
TOC	54.5	75	38%	ACCUMULATE	16.0	10.2	50%	58%	1.8%	1.8%
TPC	186	338	82%	STRONG BUY	7.2	6.7	74%	6%	7.5%	7.5%
VNT	11.3	18	59%	BUY	8.3	6.6	41%	26%	0.0%	0.0%

Source : KELIVE Research estimates

Commerce – Neutral : Economic growth and higher purchasing power, together with continued branch expansion are the key driving factors for retailers. Another main catalyst will come from the Bangkok Governor's election in August and the national elections early next year. **HMPRO** (fair value of 5.75) is our top pick in the sector given its high growth potential. **CP7-11** (fair value of Bt72.00) is also in our BUY list due to its leading position in convenience stores with coverage throughout Thailand. Even with improving earnings, we recommend HOLD for **MAKRO** (fair value of Bt50.00) as the share price is quite close to our target price.

Retail sector

Stock	Recommendation	Price (Bt)	Fair value (Bt)	Upside (%)	EPS04F (Bt)	PER04F (x)	DPS (Bt)	Yield (%)
BIGC	LONG-TERM BUY	18.90	22.20	17%	1.89	10.0	0.76	4%
MAKRO	HOLD	49.75	50.00	1%	4.35	11.4	1.75	4%
HMPRO	BUY	4.06	5.75	42%	0.32	12.5	0.12	3%
CP7-11	BUY	62.00	72.00	16%	3.92	15.8	2.00	3%

Source : KELIVE Research estimates

Communications – Overweight :

Energy – Neutral : PTT and BCP-DR1 share prices were impacted by selling pressure in the past month, due to the uncertainty of a decrease in the Gross Refinery Margin (GRM) following a government policy to reduce the oil fund burden. We expect that if the GRM is reduced by \$1/barrel, BCP net income will drop by approximately Bt1bn/year, while the lower GRM will not impact our earnings forecast on PTT, since we use a GRM assumption of \$3.50/barrel for the whole year and the current GRM is still at \$4-5/barrel (the average GRM was \$6.7/barrel (including a stock gain) in 1Q04). As a result, we are still confident that PTT can achieve our 2004 earnings estimate of Bt42,400mn or an EPS of Bt15.16.

However, we expect both PTT and BCP-DR1 share prices to encounter new selling pressure until the outcome of the GRM issue is concluded. Thus, investors should turn this negative sentiment into a buying opportunity for strong fundamental stocks at cheaper prices. Currently, PTT is trading on a 2004 PER of 10x, while BCP is trading on a PER of 8.6x. As a result, we are maintaining our **BUY** recommendation on PTT and a **SPECULATIVE BUY** for BCP-DR1 with target prices of Bt227 and Bt21, respectively.

Energy sector

	Price (Bt)	Target (Bt)	Upside (%)	Recommendation	PER		EPS growth (%)		Dividend yield (%)	
					2004F	2005F	2004F	2005F	2004F	2005F
BAFS	10.6	11	4%	HOLD	10.4	10.2	3%	2%	5.7%	5.7%
BANPU	139	169	22%	ACCUMULATE	13.8	11.8	30%	16%	1.8%	1.8%
BCP-DR1	14.8	21	42%	SPECULATIVE BUY	8.6	6.1	N.A.	42%	0.0%	0.0%
EGCOMP	69	89	29%	HOLD	7.7	7.3	-22%	7%	4.0%	4.0%
PTT	151	227	50%	BUY	10.0	9.6	8%	4%	2.6%	2.6%
PTTEP	278	284	2%	BUY ON WEAKNESS	12.2	12.1	23%	1%	2.4%	2.4%
RATCH	39	46	18%	ACCUMULATE	8.5	8.6	23%	-2%	4.5%	4.7%
SUSCO	1.16	1.96	69%	SPECULATIVE BUY	12.1	9.2	23%	32%	4.3%	4.3%

Source : : KELIVE Research estimates

Entertainment – Neutral : Prospects for the ad industry remain bright after showing 20% growth in the first half of this year to reach Bt40,713mn. This was due to government spending, the property sector and the vehicle sector. Meanwhile, the big spenders like consumer products and mobile operators continue spending high advertising budgets. The driving factor for the second half should come from ongoing growth of the economy, the governor's election in August and the National elections in early 2005. Adspend is projected to grow 15-20% to Bt82,000-85,000 this year.

The companies to benefit from rising adspend include most listed entertainment companies given their core or major revenues are derived from advertising. Our BUY list includes **GMMM** (fair value estimate of Bt39.28) due to its core media business, which is expected to continue growing. We like **MAJOR** (fair value estimate of Bt22.16) on the back of its strong fundamentals in terms of financial status and high growth potential, supported by its leading position in the theatre industry and its relatively high bargaining power with film distributors and business partners.

Entertainment sector

Stock	Recommendation	Price (Bt)	Fair value (Bt)	Upside (%)	EPS04F (Bt)	PER04F (x)	DPS (Bt)	Yield (%)
BEC	ACCUMULATE	16.80	21.00	25%	1.05	16.0	1.00	6%
GRAMMY	LONG-TERM BUY	15.70	20.20	29%	1.19	13.2	0.70	4%
GMMM	BUY	25.50	39.25	54%	2.31	11.0	2.00	8%
MAJOR *	BUY	14.10	22.16	57%	0.76	18.6	0.00	0%
EGV	SWITCH	5.90	7.20	22%	0.32	18.4	0.13	2%
ITV	HOLD	14.60	18.20	25%	-0.26	N.A.	0.00	0%
UBC	ACCUMULATE	16.80	23.00	37%	0.45	37.3	0.00	0%
RS	FULLY-VALUED	15.60	16.40	5%	0.09	173.3	0.03	0%
CVD	ACCUMULATE	19.00	26.00	37%	1.76	10.8	1.00	5%
MEDIAS	ACCUMULATE	12.40	22.40	81%	1.40	8.9	0.56	5%
MACO	BUY	11.30	19.50	73%	1.09	10.4	0.44	4%
PICO	BUY	3.82	7.43	95%	0.62	6.16	0.25	7%

Note : * Normalised earnings

Source : KELIVE Research estimates

Finance – Neutral : Finance firms reported 2Q04 impressive earning results, up 8.9% yoy and 4.7% qoq. This is mainly due to the net interest income increase in line with loan growth. For firms under our coverage list (NFS, KK and TISCO), the average loan increase of 19.1% yoy and 2.5% mom was aided by domestic automobile sales. For 1H04, domestic automobile sales rose 10.8% or an increase to 300,562 units from 271,328 units when compared with 1H03. However, we believe that the sector will face uncertainty with rising retail oil prices and interest rates, which could possibly lower the number of automobiles sold in 2H04, as well as a drop in income from brokerage fees, investment fees and earnings from subsidiaries. In addition, finance firms are being restructured to become commercial banks under the financial master plan. NFS is our favourite in this sector with a trading price under fair value at 0.9x 2004F BVPS. Also, we believe that NFS will benefit from a clear plan to extend its business by increasing the number of branches from 23 to 180 branches within 3 years.

Finance sector: Quarterly earnings comparison

	2Q04	4Q03	qoq	1Q03	yoy
NFS	801	590	35.8%	761	5.3%
TISCO	390	602	-35.2%	440	-11.4%
KK	651	568	14.6%	491	32.6%
Total	1,842	1,760	4.7%	1,692	8.9%

Source: KELIVE Research estimates

Finance sector: Valuation & recommendation

	Current share price (Bt)	Fair value price (Bt)	Potential upside to fair value	Recommendation
NFS	13.80	21.25	53.99%	BUY
TISCO	25.00	36.75	47.00%	ACCUMULATE
KK	32.50	50.00	53.85%	LONG TERM BUY

Source: KELIVE Research estimates

Finance sector: Finance business loans and receivables

Loans	Jun-04	May-04	MoM	Dec-03	YTD
NFS	91,010	88,699	2.6%	78,089	13.6%
TISCO	42,286	41,593	1.7%	36,457	14.1%
KK	27,166	26,315	3.2%	20,150	30.6%
Total	160,462	156,607	2.5%	134,696	19.1%

Source: KELIVE Research estimates

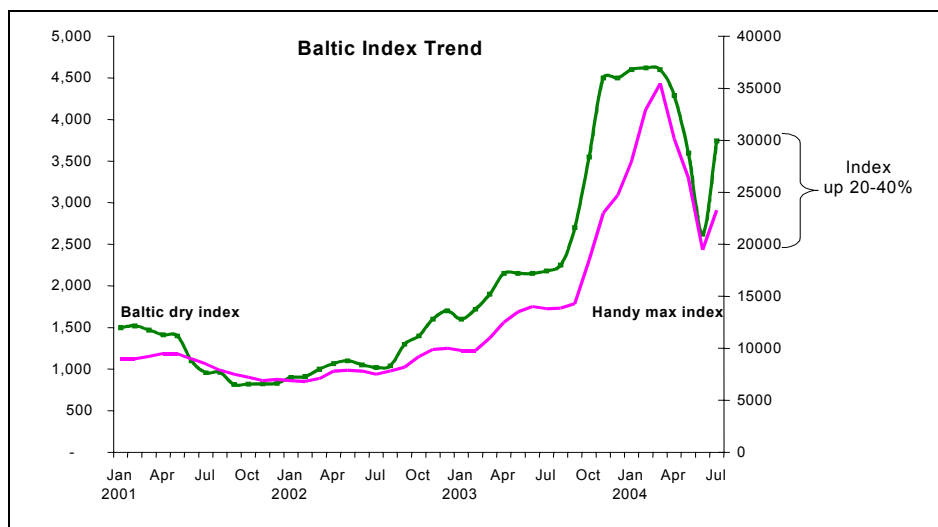
Securities sector – Underweight : Average daily trading volumes were flat at Bt16.0bn mom (between July 2-27) but dropped 16.3% when compared with the 2Q04 average of Bt19.0bn. Also, we expect to see brokers' bottom line earnings decline in 2Q04 due to a drop in investment gains and investment banking fee income, as many IPO deals have been put off to 2H04. Our top pick in this sector is ASP, despite bottom line results that will be negative from a one-time goodwill write-off resulting from the merger. We reiterate our **BUY** recommendation on ASP due to synergies from the merger and 12 IPO deals in the pipeline this year.

Property – Underweight : According to the Agency for Real Estate Affairs (AREA), a local property consultant, there were 235 new projects launched in the 1H04 with a total of 30,478 units, accounting for 58% of the total units launched in 2003 at 52,305. The total value of the new projects launched in 1H04 reached Bt103.0bn or 73.8% of the total value of Bt139.5bn launched in all of 2003. However, supply in 2H04 should slowdown, since most developers are becoming aware of the possibility an oversupply in the market. The total supply in 2004 is projected to reach close to the 2003 supply of around 50,000-60,000 units.

With this increasing supply, new homebuyers appear to take a longer time to make buying decisions. We believe that an interest rate hike over the long-term will also impact on affordability of the medium-income segment. Given higher construction costs with limited rises in selling prices from increasing competition, most developers' margins should decline in 2H04. Although we expect stronger earnings in 2Q04 for most property companies, we are maintaining an **UNDERWEIGHT** rating on the sector following a weaker industry outlook.

Shipping – Neutral : We are maintaining our **Neutral** recommendation for the shipping sector due to the continuing downtrend in spot time charter rates and growing risks to the global economy posed by higher oil prices. However, we still believe that the strong growth prospects of shipping stocks will support the share prices over the longer term.

We have a positive outlook on international trade growth, supported by the following: 1) strong regional trade growth prospects, 2) a weak baht that will boost export volume growth and 3) freight rates and time charters are still at a high level compared with last year.



Source: www.maxmart.com.tw

This year has seen very strong growth in regional trade. In June, Thailand's total exports and imports grew by 28% and 41% yoy, respectively. In the first half of this year Thailand's total exports and imports grew 21.5% and 30.4%, respectively. The Port Authority of Singapore (Hub port) reported total liftings in the period Jan-May 2004 at 8.3mnTEUs, an increase of 16% yoy from 7.2mnTEUs over the same period last year.

We expect shipping companies will report strong earnings for the April-June period. We forecast PSL to announce 2Q04 normalised earnings of Bt829mn (Bt1.59/share), TTA 3Q04 normalised earnings of Bt1,421mn (Bt2.20/share) and RCL 2Q04 normalised earnings of Bt491mn (Bt0.74/share)

We expect RCL's earnings to be driven by international trade expansion and a rebound in container freight rates and are maintaining a BUY rating on the stock with a fair value of Bt32/share.

We believe PSL and TTA will not be affected much from the downtrend in TC rates since they have many long term fixed contract vessels to maintain their average TC rates over the next few years. We expect PSL and TTA to announce dividends of Bt1.6/share and Bt2.5/share, which will put the dividend yield at 4.8% and 8.3%, respectively. We are maintaining our BUY recommendations on TTA (target Bt50) and PSL (target Bt56).

Shipping sector comparison

Company	Price (Bt)	Target (Bt)	Upside (%)	EPS (Bt)	PER (x) 2004F	Dividend (Bt)	Yield (%)
PSL	33.25	56.00	68%	6.06	5.49	1.60	4.8%
TTA	30.25	50.00	65%	6.33	4.78	2.50	8.3%
RCL	16.90	32.00	89%	2.21	7.65	0.85	5.0%

Source : Company reports and KELIVE Research estimates

Vehicles – Neutral : Up to July 2004, many of the major automobile manufacturers announced plans to invest more in Thailand. (1) Nissan Motors, Japan's third largest car manufacturer, will invest Bt10bn in its Thai unit over the next five years in order to increase production capacity to 200,000 cars from the current 130,000 units. (2) Under the IMV project, Toyota will launch a new pickup model named VIGO to replace the Hilux Tiger model that is scheduled for launch in Aug-Sep and is targeted to export to 90 countries around the world at 100,000 units per year. (3) Auto Alliance Thailand (Ford + Mazda) is current running at full capacity of 130,000 units per year and is prepared to invest another Bt21bn to expand capacity from 130,000 units to 250,000 units per year.

In June, domestic car sales remained strong at 50,484 units, up 16.6% and for the first six months of 2004, domestic car sales totaled 298,660 units, up 21% yoy. Normally the second half of year has higher sales than the first half, as many carmakers launch sales promotions. Toyota Motors recently revised its yearly target of 620,000 units, up 16%, compared with the previous target of 600,000 units.

Vehicle stocks are effected by high raw material costs of plastics, synthetic rubber, lead and steel. However current prices have already reflected these risks. The stocks that we recommend for "LONG TERM BUY" are **AH** (target price Bt35), **BAT-3K** (target price Bt78), **HFT** (target price Bt35), **IRC** (target price Bt16.7), **STANLY** (target price Bt388) and **TRU** (target price Bt20).

Stock picks

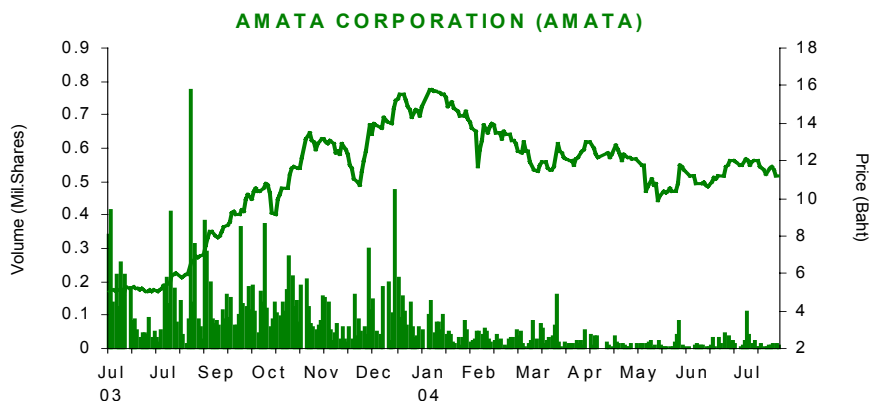
	Close	Fair Value	EPS04F	PER04F	P/BV	EV/EBITDA	CF/Shr	DPS	Yield
AMATA	11.30	13.40	0.92	12.27	3.40	10.64	2.08	0.35	3.10%
BBL	92.00	133.00	7.48	12.30	1.50	-	-	2.24	2.40%
BECL	23.80	33.00	2.29	10.50	1.10	8.50	5.14	1.70	7.10%
CSL	8.90	11.30	0.50	17.87	2.80	7.09	0.61	0.20	2.24%
HMPRO	4.06	5.75	0.32	12.50	1.80	7.10	0.60	0.12	3.00%
MAJOR	14.10	22.16	(0.78)	N.A.	3.80	10.30	1.20	-	-
NPC	111.00	129.00	9.92	11.20	1.60	6.40	14.20	6.94	6.30%
RATCH	39.00	46.00	4.60	8.50	1.90	7.90	3.70	1.75	4.50%
RCL	16.90	32.00	2.31	7.30	1.40	7.00	2.30	0.85	5.10%
SCB	45.00	62.00	5.62	8.01	1.63	-	-	2.27	5.00%
SCC	232.00	308.00	23.38	9.90	2.20	8.90	27.50	9.40	4.00%
SHIN	36.50	48.40	2.87	12.70	3.00	-	-	1.70	4.70%
SIM	12.80	19.50	1.02	12.60	2.60	7.20	1.00	0.62	4.90%
SIS	4.10	5.30	0.36	11.40	2.00	6.60	0.50	0.14	3.50%

Amata Corporation Plc. (AMATA)

PROPERTY

Recommendation **L-T BUY**

Share Price **Bt11.30**
Fair Value **Bt13.40**



Amata Corporation (AMATA) is expected to sell 1,100 rai of land from Amata Nakorn and Amata City Industrial Estates this year, resulting in 21% sales growth to Bt3,234mn. We expect the company to sell another 1,000 rai in 2005. Amata Nakorn, in particular, offers an attractive location for foreign manufacturers, only 30 kilometers and a short expressway ride from the New International Airport, which will open next year.

Based on our estimate of 390 rai sold during the second quarter, AMATA should report 2Q04 land sales of approximately Bt970mn and total revenues of Bt1,094mn. However, gross margins are expected to drop from 43% to 39% due to the rise in crude oil prices, which has lifted the cost of landfill. We are expecting the company to report 2Q04 normalised earnings of Bt304mn (EPS Bt0.28), up 33% qoq and 17% yoy.

Meanwhile, AMATA's financial risks are low. Since AMATA has an existing land bank totaling more than 5,300 rai available for sale, the company does not need to acquire new land. With strong operating cash flow of Bt2,189mn (Bt2.1/share) from land sales this year, net gearing is expected to drop from 0.40x to net cash by year-end.

AMATA is trading on a high 2004 PER of 12.27x. However, strong earnings growth next year should reduce 2005 PER to 8.63x. Based on our discount cash flow model and a discount rate of 9%, AMATA's fair value is estimated at Bt13.40/share. With 18% upside potential to our fair value estimate, we are recommending AMATA as a **LONG TERM BUY**.

Analyst: Suwat
 Limkrailassiri
 Tel : 0-2658-6300
 Ext 1480
 E-mail:
 suwat.l@kimeng.co.th

AMATA's earnings summary

	2002	2003	2004F	2005F	2006F
Sales (Btmn)	2,230	2,952	3,546	4,199	3,917
EBITDA (Btmn)	665	951	1,074	1,484	1,308
Norm Profit (Btmn)	563	812	983	1,398	1,224
Net Profit (Btmn)	875	812	983	1,398	1,224
EPS (Bt)	0.82	0.76	0.92	1.31	1.15
PER (x)	13.79	14.85	12.27	8.63	9.85
EV/EBITDA (x)	18.87	13.89	10.64	6.74	7.65
Free cash flow (Btmn)	396	222	2,214	1,861	602
CF/share (Bt)	0.37	0.21	2.08	1.74	0.56
BVPS (Bt)	2.44	2.71	3.32	4.28	4.93
P/BV (x)	4.64	4.17	3.40	2.64	2.29
DPS (Bt)	0.45	0.30	0.35	0.50	0.45
Dividend yield (%)	3.98%	2.69%	3.10%	4.41%	3.96%
Net Debt/Equity	0.19	0.40	Cash	Cash	Cash

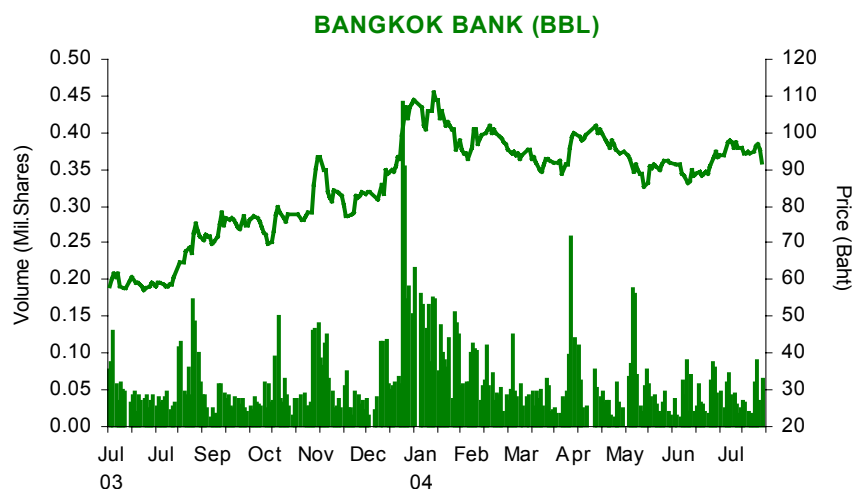
Source : Company reports and KELIVE Research estimates

Bangkok Bank Plc. (BBL)

BANKING

Recommendation BUY

Share Price Bt92.00
Fair Value Bt133.00



Bangkok Bank (BBL) reported strong results of Bt4.23bn in a stellar rise of 57.0% yoy and 29.5% qoq, right inline with our expectations. Operating results improved markedly following the bank's partial redemption of high-cost CAPS beginning in April 2004. Consistent loan growth, lower interest costs and a widened NIM have enhanced profitability in 2Q04.

With the strong 2Q04 results, we have raised our full-year forecast by 15% to Bt16.42bn or an EPS of Bt7.48. This upgrade better reflects improvements that have resulted from lower costs and a growing loan book. This should raise the ROE from 14.4% last year to 15.2% in 2004.

Analyst: Mek Meksarikul
Tel : 0-2658-6300
Ext 1560
E-mail:
mek.m@kimeng.co.th

Our rating on BBL shares is still a BUY with a fair value of Bt133.0/share, targeting its price-to-book ratio at 2.3x based on profit forecasts for 2004. We expect the bank to set aside a Bt2.24/dividend or a 2.4% yield for this year.

BBL's earnings summary

	2001	2002	2003	2004F	2005F
PPP (Btmn)	11,597	10,566	16,087	17,160	17,449
Net profit (Btmn)	6,484	6,271	11,342	16,422	17,736
PPP/Share (Bt)	7.91	7.20	8.43	8.99	9.14
EPS (Bt)	4.42	4.28	7.69	7.48	7.52
BVPS (Bt)	29.45	37.84	53.56	59.58	66.08
DPS (Bt)	0.00	0.00	0.00	2.24	2.26
P/PPP (x)	11.6	12.8	10.9	10.2	10.1
P/E (x)	20.8	21.5	12.0	12.3	12.2
P/B (x)	3.1	2.4	1.7	1.5	1.4
Dividend yield (%)	0.0%	0.0%	0.0%	2.4%	2.5%
ROE (%)	16.8%	12.7%	14.4%	15.2%	14.8%

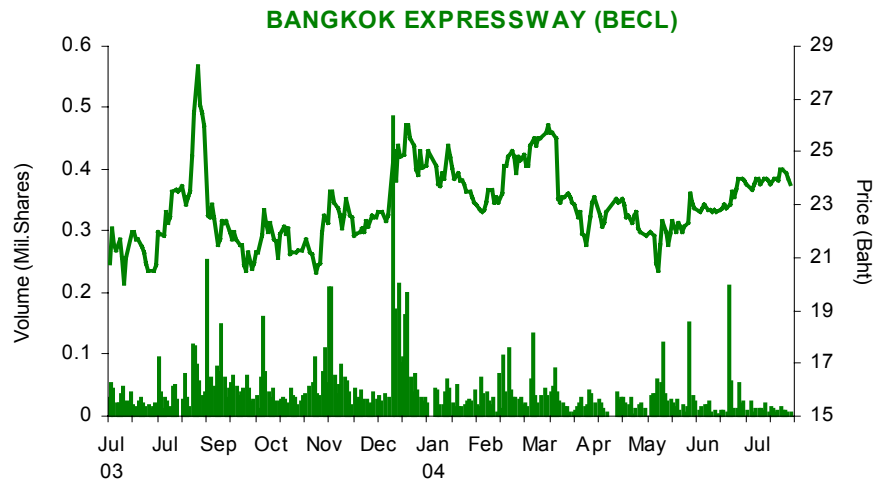
Source : Company reports and KELIVE Research estimates

Bangkok Expressway Plc. (BECL)

TRANS.

Recommendation BUY

Share Price Bt23.80
Fair Value Bt33.00



BECL traffic volume rose by 3.0% yoy and 2.6% mom to an average of 886,000 trips/day in June. Although traffic volume in the central system dropped slightly by 1.3% yoy to 621,000 trips/day, traffic volume in sector C+ and D improved substantially, surging 12.4% and 38.7% yoy to 48,000 and 90,000 trips/day, respectively. As a result, average traffic volume in 2Q04 rose 9.6% yoy and 4.7% qoq to 861,000 trips/day

BECL repaid debt in 1H04 of Bt1,517mn, accounting for 73.5% of the retired debt target for this year to total around Bt2.06bn. Given fixed interest rates charged on BECL debt, earnings are secured from an expected interest rate hike. BECL plans to sell another 20% stake in NECL to the same buyers in 2H04 to benefit from tax savings of around Bt250-280mn.

Given improving traffic volume with interest and tax savings, we expect full-year earnings to grow 42% this year to Bt1.76bn from Bt1.23bn last year. We are maintaining the BECL NPV estimate of Bt33.0 per share, or a 37% upside from the current price. We expect BECL to pay a generous dividend of Bt1.70/share, representing an attractive dividend yield of 7.1% at the current price.

Analyst: Surasak
Anutarasoth
Tel : 0-2658-6300
Ext 1520
E-mail:
surasak.a@kimeng.co.th

BECL's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	5,945	6,352	6,184	6,576	6,652
EBITDA (Btmn)	5,208	5,733	5,413	5,720	5,786
Normalised earnings (Btmn)	874	1,084	1,218	1,759	1,822
Earnings (Btmn)	874	878	1,233	1,759	1,822
EPS (Bt)	1.14	1.14	1.60	2.29	2.37
PER (x)	21.1	21.0	15.0	10.5	10.1
EV/EBITDA (x)	10.7	9.4	9.6	8.5	8.0
Free cash flow (Btmn)	2,543	2,777	3,086	3,992	3,915
CF/share (Bt)	3.67	4.36	5.04	5.14	5.29
BVPS (Bt)	19.1	20.4	21.2	22.0	22.8
P/BV (x)	1.3	1.2	1.1	1.1	1.1
DPS (Bt)	0.2	0.8	1.5	1.7	1.9
Dividend yield (%)	0.8%	3.1%	6.3%	7.1%	7.9%
Net debt/equity (x)	2.7	2.5	2.3	2.0	1.8
ROA (%)	6.9%	5.6%	5.5%	5.9%	6.0%
ROE (%)	6.5%	7.8%	8.4%	11.7%	11.8%

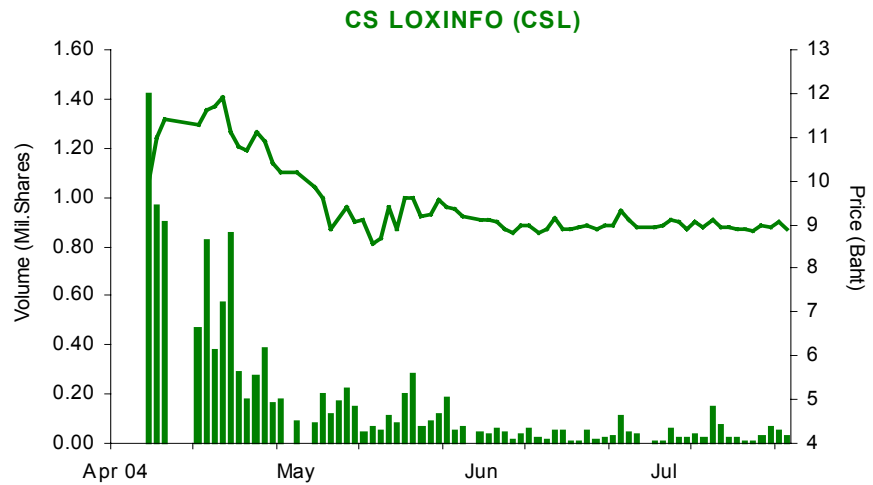
Source : Company reports and KELIVE Research estimates

CS Loxinfo Plc. (CSL)

COMMU

Recommendation **ACCUMULATE**

Share Price **Bt8.90**
Fair Value **Bt11.30**



We expect CS Loxinfo (CSL) to report 54% qoq growth in earnings to Bt75mn in 2Q04. This is due mainly to the continued growth of its internet business, a cost-per-unit decline for internet accounts and the first full-quarter recognition of the yellow-pages business, which is operated under 68.5% - held Teleinfo Media (TMC).

The 2Q04 operating revenue is expected to be Bt529mn, or 31% more than the previous quarter. We estimate CSL internet-service revenue grow 8% qoq to Bt376mn in 2Q04, due to increasing demand for broadband internet and a positive seasonal effect on its dial-up internet services (during the school break).

Furthermore, the gross margin of the Internet business is expected to improve in 2Q04, as the cost of international links through CAT has decreased by approximately 50% since April 04.

In addition, operational performance is likely to improve further in 2H04 due to 1) new promotional activities for internet business, 2) the beginning of the "Gigabit Ring" which will reduce the cost per unit, 3) an increase in TMC monthly revenue from the new yellow pages contract and 4) the end of white-page cost recognition after 2Q04.

Analyst: Solaya
 Sakiyalak
 Tel : 0-2658-6300
 Ext 1550
 E-mail:
 solaya.s@kimeng.co.th

CSL's earnings summary

	2001	2002	2003	2004F	2005F
Services and Sales (Btmn)	568	541	1,190	1,971	2,525
EBITDA (Btmn)	(21)	(10)	224	568	679
Normalised earnings (Btmn)	(156)	(145)	79	311	410
Earnings (Btmn)	(156)	(146)	78	311	410
EPS (Bt)	(0.16)	(0.15)	0.16	0.50	0.66
PER (x)	N.A.	N.A.	56.89	17.87	13.55
EV/EBITDA (x)	(443.85)	(956.74)	19.08	7.09	5.38
Free cash flow (Btmn)	4,703	39	(145)	175	337
CF/share (Bt)	5.21	0.04	0.38	0.61	0.77
BVPS (Bt)	(0.34)	(0.49)	1.10	3.18	3.64
P/BV (x)	N.A.	N.A.	8.05	2.80	2.45
DPS (Bt)	-	-	-	0.20	0.26
Dividend yield (%)	0.00%	0.00%	0.00%	2.24%	2.95%
Gearing (X)	(2.21)	(1.51)	Cash	Cash	Cash
ROA (%)	N.A.	N.A.	7.8%	13.0%	14.6%
ROE (%)	N.A.	N.A.	201.2%	24.5%	19.3%

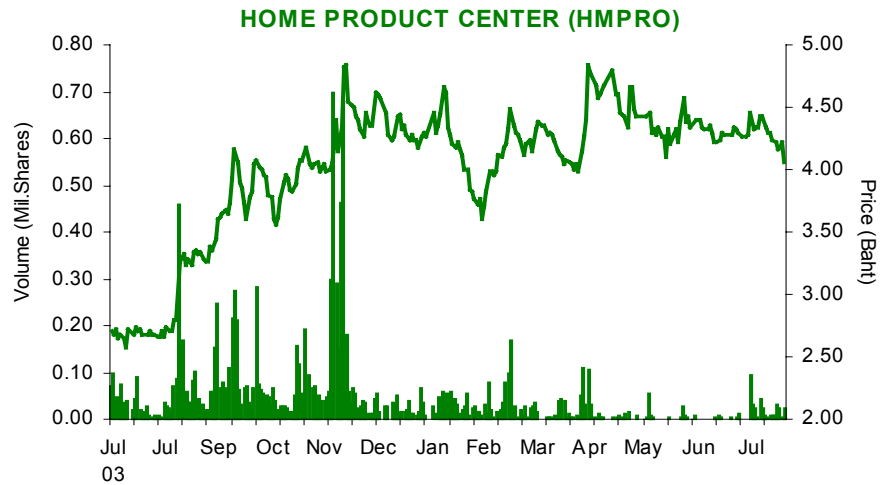
Source : Company reports and KELIVE Research estimates

Home Product Center Plc.(HMPRO)

COMMERCE

Recommendation **BUY**

Share Price **Bt4.06**
Fair Value **Bt5.75**



We have revised our 2004 and 2005 earnings forecast of HMPRO by 16% and 32%, respectively, to reflect the ongoing growth of the company and promising future of the industry.

HMPRO profit is forecast to surge 47% to Bt303mn in 2004 and up 32% to Bt401mn in 2005, on the back of branch expansion and same-store sales growth assumed at 8%. The company financial position should remain healthy with net debt to equity of 0.3x, even with this ongoing expansion.

HMPRO currently operates 16 branches (12 in Bangkok and four upcountry) with sales space of 96,600sqm. All stores have now turned profitable. Two stores are scheduled to open this year while another two may be introduced in 4Q04 or early next year. The company has set a target of 30 stores in total within three years with eight to 10 branches upcountry.

Analyst: Suttatip
Peerasub
Tel : 0-2658-6300
Ext 1430
E-mail:
suttatip.p@kimeng.co.th

HMPRO's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	3,232	4,564	6,753	9,600	11,804
EBITDA (Btmn)	168	241	439	618	762
Normalised earnings (Btmn)	86	109	207	303	401
Earnings (Btmn)	86	109	207	303	401
EPS (Bt)	0.32	0.18	0.27	0.32	0.43
PER (x)	12.6	22.1	14.8	12.5	9.5
EV/EBITDA (x)	7.6	10.6	8.2	7.1	5.5
Free cash flow (Btmn)	38	231	582	584	811
CF/share (Bt)	0.1	0.4	0.8	0.6	0.9
BVPS (Bt)	2.49	1.93	1.75	2.23	2.53
P/BV (x)	1.6	2.1	2.3	1.8	1.6
DPS (Bt)	-	0.06	0.12	0.12	0.17
Dividend yield (%)	0.0%	1.5%	3.0%	3.0%	4.2%
Net debt/equity (x)	0.3	0.1	0.4	0.3	0.2
ROA (%)	4.4%	4.0%	5.5%	5.9%	6.6%
ROE (%)	19.1%	12.1%	16.8%	17.8%	18.0%

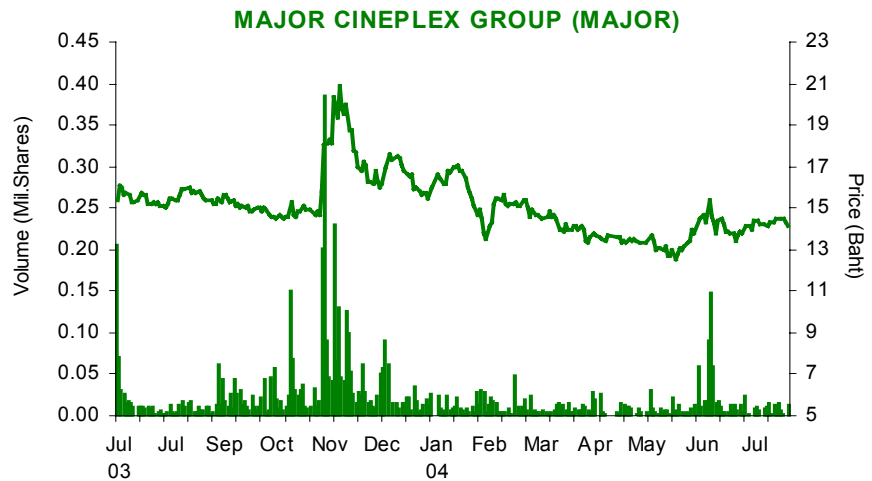
Source : Company reports and KELIVE Research estimates

Major Cineplex Group Plc.(MAJOR)

ENTERTAIN

Recommendation **BUY**

Share Price **Bt14.10**
Fair Value **Bt22.16**



To reflect the business consolidation between Major and EGV expected to be completed in 4Q04, we are upgrading our normalised earnings forecast of MAJOR by 1% and 18% for 2004 and 2005, respectively. However, the bottom line for 2004 is forecast to show a loss of Bt594mn due to a goodwill write-off amounting to Bt1,176mn.

MAJOR will become the outstanding market leader in the theatre business with a total market share of 72%. This acquisition is expected to enhance the company's profitability and efficiency given the economies of scale and higher bargaining power with distributors, suppliers and business partners.

We expect a significant change in MAJOR performance in 2005 with earnings growth of 34% to Bt782mn (Bt0.95/share) due to the full contribution from EGV, as well as ongoing screen expansion. We value MAJOR by using a sum-of-parts method including the estimated value of its affiliated companies and have come up with revised fair value estimate at Bt22.16/share.

Analyst: Suttatip
 Peerasub
 Tel : 0-2658-6300
 Ext 1430
 E-mail:
 suttatip.p@kimeng.co.th

MAJOR's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	1,256	1,740	2,339	3,139	4,499
EBITDA (Btmn)	390	694	895	1,216	1,595
Normalised earnings (Btmn)	83	315	423	582	782
Earnings (Btmn)	83	315	423	(594)	782
EPS (Bt)	0.19	0.57	0.72	(0.78)	0.95
PER (x)	74.5	24.6	19.6	N.A.	14.8
EV/EBITDA (x)	17.5	11.3	9.9	10.3	8.1
Free cash flow (Btmn)	305	699	667	916	1,568
CF/share (Bt)	0.7	1.3	1.1	1.2	1.9
BVPS (Bt)	1.2	3.0	3.5	3.8	4.5
P/BV (x)	11.6	4.7	4.0	3.8	3.2
DPS (Bt)	-	0.40	0.60	-	0.57
Dividend yield (%)	0.0%	2.8%	4.3%	0.0%	4.1%
Net debt/equity (x)	0.9	Cash	0.2	0.6	0.4
ROA (%)	6.5%	13.7%	13.1%	-10.3%	12.1%
ROE (%)	21.4%	26.6%	21.7%	-21.0%	23.4%

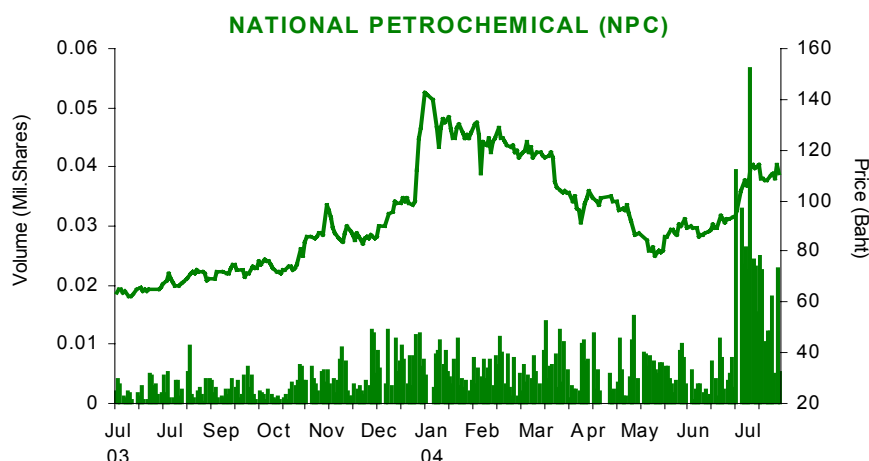
Source : Company reports and KELIVE Research estimates

National Petrochemical Plc. (NPC)

CHEMICAL

Recommendation BUY

Share Price Bt111.00
Fair Value Bt129.00



Current ethylene and propylene prices are still maintaining high levels at \$975/tonne and \$830/tonne, soaring 120% and 55%, respectively, from the same period last year.

We forecast the company to record strong 2Q04 earnings of Bt905mn or an EPS of Bt2.92, surging 80% yoy, supported by rising olefins prices following the surge in crude oil prices last quarter, but slightly lower than the first quarter. This is due to lower NPC sales volume in 2Q04, which was down by around 10,000 tonnes (total 137,000 tonnes), as a result of stock piling some ethylene to supply the new HDPE plant.

Although the company plans to expand olefins capacity in the future, we are confident that the company can use internal cash flow to finance the new project following strong operating cash flows that generate around Bt4bn each year. Furthermore, NPC has a very low debt to equity ratio of 0.38x, which gives plenty of room to cover expansion funded by financial institutions, if necessary.

With a strong cash flow and no major investments due this year, we expect the company to pay a dividend of Bt7 representing an attractive yield of 6.3% at the current share price. At Bt93.50, NPC is trading on a PER of 11.2x and offers an upside of 16% to our fair value estimate of Bt129.

Analyst: Kitichan
Sirisukarcha
Tel : 0-2658-6300
Ext 1570
kitichan.s@kimeng.co.th

NPC's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	13,571	12,718	15,514	18,165	20,281
EBITDA (Btmn)	3,922	3,207	4,310	5,515	6,594
Normalised earnings (Btmn)	1,273	1,307	2,302	3,075	3,976
Earnings (Btmn)	1,323	1,375	2,317	3,075	3,976
EPS (Bt)	4.27	4.43	7.47	9.92	12.83
PER (x)	26.0	25.0	14.9	11.2	8.7
EV/EBITDA (x)	9.0	11.2	8.3	6.4	5.2
Free cash flow (Btmn)	2,351	750	233	3,340	3,929
CF/share (Bt)	9.2	7.3	12.7	14.2	14.8
BVPS (Bt)	59.9	61.5	67.9	70.3	73.1
P/BV (x)	1.9	1.8	1.6	1.6	1.5
DPS (Bt)	3.00	3.00	5.00	6.94	8.98
Dividend yield (%)	2.7%	2.7%	4.5%	6.3%	8.1%
Net debt/equity (x)	0.1	0.1	0.1	0.0	0.0
ROA (%)	5.2%	5.2%	8.3%	11.2%	14.4%
ROE (%)	8.2%	7.3%	11.5%	14.4%	17.9%

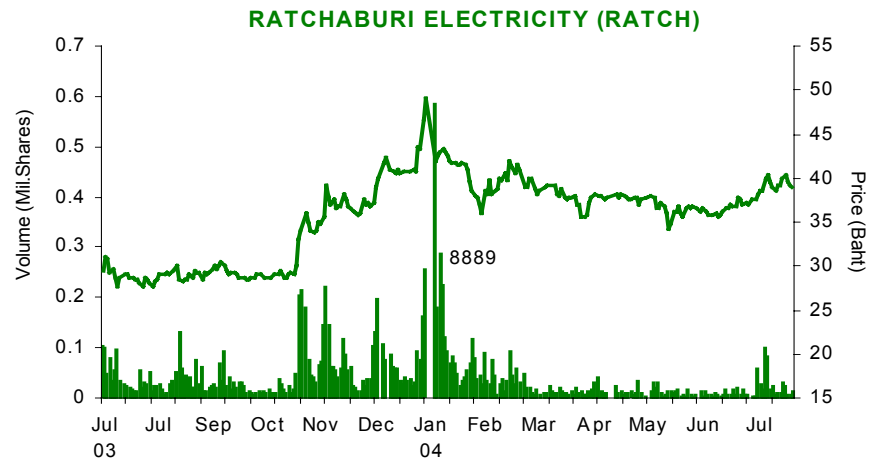
Source : Company reports and KELIVE Research estimates

Ratchaburi Electricity Generating Holding Plc. (RATCH)

ENERGY

Recommendation **ACCUMULATE**

Share Price
Fair Value **Bt39.00**
Bt46.00



RATCH announced 2Q04 earnings of Bt1,529mn or an EPS of Bt1.05, increasing 57% yoy, due to the higher number of dispatch hours and significantly lower interest expenses. In 2Q04, the company shutdown its combined-cycle gas turbine unit 3 for only 15 days for combustion inspection compared with a shutdown of 26 days in the same unit for warranty inspection and 40 days in thermal plant unit 1 for a minor inspection in the same period of last year.

Revenues grew 14% yoy to Bt9,865mn following an increase in availability payments (AP) by 7.64% to Bt2,888mn. Meanwhile, the energy payment (EP) also increased 17% yoy to Bt6,977mn, due to rising gas and bunker oil fuel costs.

Although the company 1H04 net profit of Bt3,064mn accounted for 46% of our full year forecast of Bt6,675mn or an EPS of Bt4.60, we are still maintaining our 2004 earnings projection since we believe the company will record their highest earnings in 3Q04, as a result of no shutdown plans of their power plants.

We expect RATCH to pay an interim dividend of Bt1 and another Bt0.75 for 2H04, representing an annualized yield of 4.5% at the current share price. The stock is currently trading on a PER of 8.5x and offers an upside of 18% to our fair value estimate of Bt46.

Analyst: Kitichan
Sirisukarcha
Tel : 0-2658-6300
Ext 1570
kitichan.s@kimeng.co.th

RATCH's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	17,423	27,486	35,540	36,601	36,799
EBITDA (Btmn)	5,616	8,313	9,601	10,865	10,929
Normalised earnings (Btmn)	2,706	4,268	5,436	6,675	6,599
Earnings (Btmn)	3,060	4,722	5,436	6,675	6,599
EPS (Bt)	2.11	3.26	3.75	4.60	4.55
PER (x)	18.5	12.0	10.4	8.5	8.6
EV/EBITDA (x)	12.1	11.3	9.1	7.9	7.3
Free cash flow (Btmn)	4,344	4,479	11,528	5,399	8,785
CF/share (Bt)	3.0	3.1	8.0	3.7	6.1
BVPS (Bt)	13.3	15.6	17.1	20.2	22.9
P/BV (x)	2.9	2.5	2.3	1.9	1.7
DPS (Bt)	1.00	1.50	1.75	1.75	1.84
Dividend yield (%)	2.6%	3.8%	4.5%	4.5%	4.7%
Net debt/equity (x)	0.6	1.6	1.3	1.0	0.7
ROA (%)	8%	7%	8%	10%	9%
ROE (%)	16%	21%	22%	23%	20%

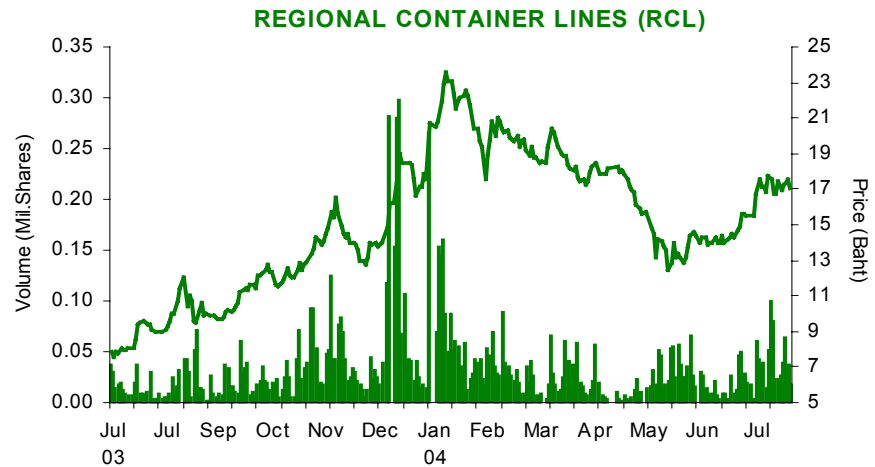
Source : Company reports and KELIVE Research estimates

Regional Container Lines Plc. (RCL)

TRANS.

Recommendation **BUY**

Share Price **Bt16.90**
Fair Value **Bt32.00**



We expect Regional Container Lines (RCL) to report 2Q04 normalised earnings growth of 25% qoq and 120% yoy to Bt491mn. Sales growth is expected at 17% qoq and 26% yoy to Bt4,028mn. We forecast gross margins to widen to 21% from 19% last quarter. This is due to the positive factors supported by, 1) continuing growth in regional and international trade that boosted total liftings and 2) freight rates on an uptrend. Fuel cost increases are passed on to the customer in the form of surcharges.

This year, based on our conservative assumption that 2004 total liftings will rise to 1,960,000 TEUs and that the average freight rate will be US\$191/TEU, we have revised our 2004 freight income estimate up 13% from last year to Bt14,794mn and normalised earnings growth of 31% to Bt1,491mn. We expect the gross margin to widen to 19%, up from 17% over last year, due to higher utilisation.

RCL shares look cheap currently trading on 2004 and 2005 PERs of 7.3x and 5.1x, respectively. Given the company gains from international trade growth and the freight rate uptrend, we are maintaining our fair value of Bt32 per share. At the current price, the stock offers a potential 89% upside to our fair value estimate.

Analyst :Daowadee
 Teera-Apisakul
 02-658-6300 Ext 1470
 daowadee.t@kimeng.co.th

RCL's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	13,416	12,367	13,082	14,794	15,772
EBITDA (Btmn)	2,461	2,069	2,218	2,507	3,705
Normalised earnings (Btmn)	890	867	1,140	1,491	2,184
Earnings (Btmn)	(298)	1,227	791	1,530	2,184
EPS (Bt)	(0.47)	1.85	1.19	2.31	3.29
PER (x)	N.A.	9.1	14.2	7.3	5.1
EV/EBITDA (x)	8.5	9.2	8.0	7.0	5.7
Free cash flow (Btmn)	2,081	2,119	2,805	1,556	3,978
CF/share (Bt)	3.3	3.2	4.2	2.3	6.0
BVPS (Bt)	7.9	9.5	10.3	12.2	14.6
P/BV (x)	2.1	1.8	1.6	1.4	1.2
DPS (Bt)	0.21	0.40	0.45	0.85	1.22
Dividend yield (%)	1.2%	2.4%	2.7%	5.1%	7.2%
Net debt/equity (X)	1.8	1.2	0.6	0.5	0.8
ROA (%)	-2%	7%	4%	8%	11%
ROE (%)	-6%	22%	12%	21%	25%

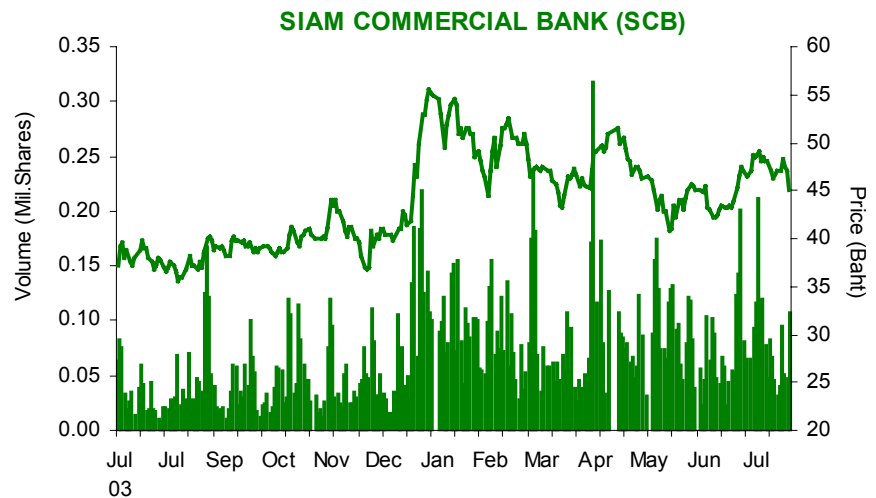
Source : Company reports and KELIVE Research estimates

Siam Commercial Bank Plc. (SCB)

BANKING

Recommendation BUY

Share Price Bt45.00
Fair Value Bt62.00



We are quite positive on Siam Commercial Bank (SCB) after they announced impressive 2Q04 bottom line earnings of Bt4.9bn, a rise of 68.2% yoy, from investment gains and decreasing interest expenses. However, on a quarterly basis, earnings dropped 29% qoq, as SCB realised huge investment gains in 1Q04. Nonetheless, we like SCB, because of the huge loan growth in the first 6 months and the increase in net interest margin.

We are revising our 2004 full year bottom line earnings for SCB to Bt17.7bn, reflecting investment gains in 1H04 and interest income, which is likely to grow in line with loan growth. Our assumption is conservatively based on SCB second half profits will be derived from operating activities only. As a result, the 2004 ROE will improve to 21.8% and close to the SCB target of 22.6% for 2004.

Given these impressive earnings, the huge loan growth, and the strategy to become a universal bank, we reiterate our **BUY** recommendation with a fair value estimate of **Bt62.0/share**, based on 2.2x 2004F BVPS. Currently, SCB is trading at 1.6x 2004F BVPS.

Analyst: Mek Meksarikul
Tel : 0-2658-6300
Ext 1560
E-mail:
mek.m@kimeng.co.th

SCB's earnings summary

	2001	2002	2003	2004F	2005F
PPP (Btmn)	9,612	12,338	14,860	20,178	17,525
Net profit (Btmn)	405	(12,488)	12,460	17,767	14,678
PPP/Share (Bt)	3.07	3.94	4.70	6.38	5.54
EPS (Bt)	0.13	(3.99)	3.66	5.62	4.64
BVPS (Bt)	19.78	16.64	23.88	27.64	30.66
DPS (Bt)	0.00	0.00	1.40	2.27	1.55
P/PPP (x)	14.66	11.42	9.58	7.05	8.12
P/E (x)	348.09	(11.29)	12.30	8.01	9.70
P/B (x)	2.27	2.70	1.88	1.63	1.47
Dividend yield (%)	0.0%	0.0%	3.1%	5.0%	3.4%
ROE (%)	0.7%	-21.9%	19.5%	21.8%	15.9%

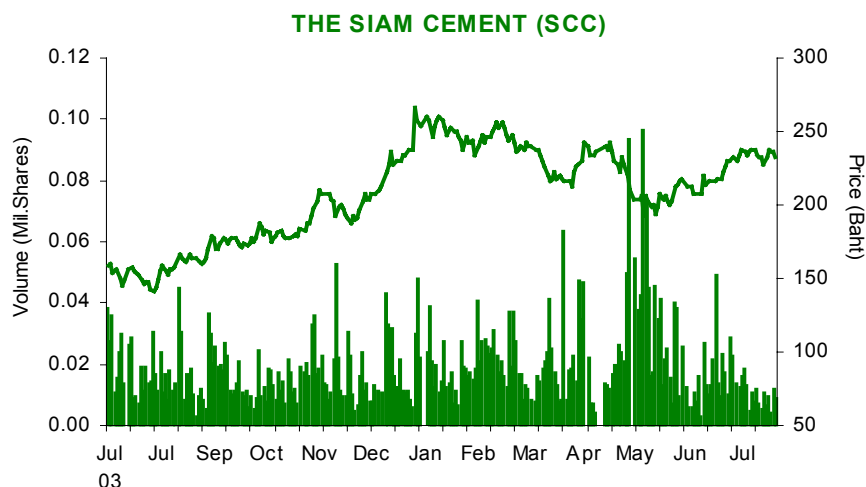
Source : Company reports and KELIVE Research estimates

Siam Cement Plc. (SCC)

BUILDING

Recommendation **BUY**

Share Price **Bt232.00**
Fair Value **Bt308.00**



The very strong 1H04 earnings were driven primarily by petrochemicals with higher prices, better spreads between PE - Naphtha, higher prices for benzene and toluene, along with cement earnings that are still strong when compared with last year, and also lower interest expenses.

SCC prospects remain bright due to (1) the cement business expected to benefit from larger government spending on infrastructure projects and high private investment. Cement demand to grow at 1.5 - 2x GDP growth. (2) Petrochemicals expected to enjoy further rises in prices over the next two years, due to strong world demand, while capacity will increase only by 4%. The third quarter is the usual high demand period for petrochemicals.

With strong first half earnings of Bt15,097mn (EPS Bt12.58), up 66% yoy and a strong free cash flow of Bt20,990mn, SCC has announced an interim dividend of 44% of profit or Bt5.5 per share.

The current SCC price of Bt232 remains attractive with a 2004 PER of 9.9x and an EV/EBITDA 8.9x with a P/BV 2.2x, which remains attractive when considering the growth potential of the firm. We estimate the fair value, using a DCF model, at Bt308. We are maintaining our recommendation of BUY

Analyst: Surachai
 Pramualcharoenkit
 Tel : 0-2658-6300
 Ext 1420
 E-mail:
 Surachai.p@kimeng.co.th

SCC's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	120,353	128,201	148,865	180,871	197,149
EBITDA (Btmn)	26,496	28,659	33,704	43,330	47,708
Normalised earnings (Btmn)	4,467	11,214	17,806	27,803	32,295
Extra items	3,167	3,462	2,148	254	-
Earnings (Btmn)	7,634	14,676	19,954	28,057	32,295
EPS (Bt)	6.36	12.23	16.63	23.38	26.91
PER (x)	36.5	19.0	14.0	9.9	8.6
EV/EBITDA (x)	15.5	13.5	10.9	8.9	7.7
CF/share (Bt)	16.0	18.8	22.7	27.5	30.2
BVPS (Bt)	48.7	63.7	87.5	104.9	122.4
P/BV (x)	4.8	3.6	2.7	2.2	1.9
DPS (Bt)	1.0	3.0	6.0	9.4	10.8
Dividend yield (%)	0.4%	1.3%	2.6%	4.0%	4.6%
Net debt/equity (x)	2.5	1.6	1.1	0.9	0.6
ROA (%)	3.2%	6.2%	8.2%	10.8%	11.8%
ROE (%)	13.3%	21.8%	22.0%	24.3%	23.7%

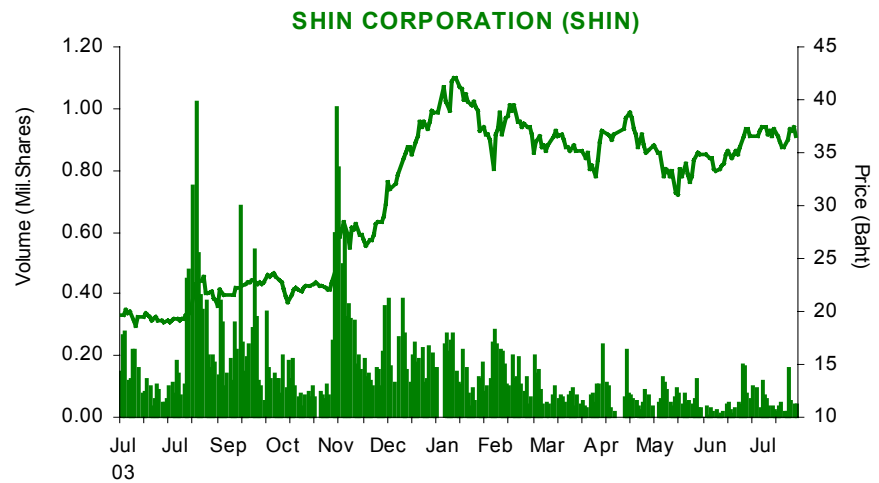
Source : Company reports and KELIVE Research estimates

Shin Corporation Plc. (SHIN)

COMMU

Recommendation BUY

Share Price Bt36.50
Fair Value Bt48.40



We expect Shin Corporation (SHIN) to report 2Q04 earnings of Bt2.17bn slightly better than the previous quarter. Contributions from subsidiaries are projected to increase 2% qoq to Bt2.17bn due mainly to expected slight improvement of 43%-held ADVANC, 51.5%-held SATTEL and 53.2%-held ITV.

ADVANC operational performance is expected to grow from the continuous expansion of the subscriber base. SATTEL's weak conventional satellite business should be more than offset by the impressive growth of its internet and yellow-pages business under CSL. Furthermore, ITV net profit is likely to rise qoq from the seasonal effect and recent reprogramming.

In addition, we expect SHIN to pay an interim dividend of Bt0.90/share with a 61% dividend pay-put ratio. With the expected 2004 DPS of Bt1.7/share, the current share price is offering an attractive dividend yield of 4.6%.

We are maintaining the SHIN break-up NAV at Bt48.4/share, 33% more than the current share price. Due to a sizeable potential upside, an attractive dividend and its strong financial status, SHIN is still our top stock pick in the telecom sector.

Analyst: Solaya
Sakiyalak
Tel : 0-2658-6300
Ext 1550
E-mail:
solaya.s@kimeng.co.th

SHIN's earnings summary

	2001	2002	2003	2004F	2005F
Revenue (Btmn)	604	337	309	309	310
Gain from subsidiaries (Btmn)	1,229	5,081	8,225	8,634	9,014
Normalised earnings (Btmn)	2,820	5,281	8,174	8,442	8,819
Earnings (Btmn)	2,820	5,281	9,723	8,442	8,819
EPS (Bt)	0.96	1.80	3.31	2.87	3.00
PER (x)	38.0	20.3	11.0	12.7	12.2
BVPS (Bt)	7.1	9.1	11.1	12.3	13.6
P/BV (x)	5.2	4.0	3.3	3.0	2.7
DPS (Bt)	-	0.50	1.65	1.70	1.80
Dividend yield (%)	0.0%	1.4%	4.5%	4.7%	4.9%
Gearing (X)	0.1	0.1	0.0	0.0	0.0
ROA (%)	10%	17%	27%	19%	17%
ROE (%)	15%	22%	33%	24%	23%

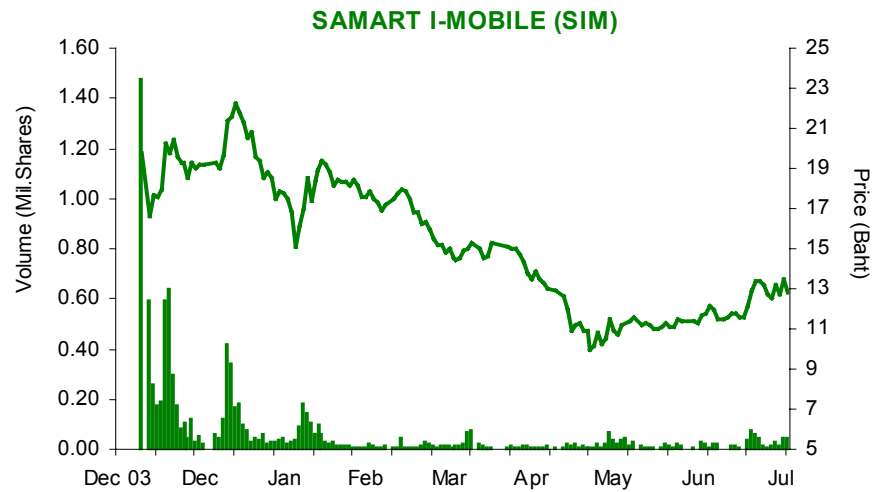
Source : Company reports and KELIVE Research estimates

Samart I-Mobile Plc. (SIM)

COMMU

Recommendation BUY

Share Price Bt12.80
Fair Value Bt19.50



We estimate that Samart I -Mobile (SIM) will announce 2Q04 normalised earnings of Bt59mn, increasing 9.5% qoq and 97% yoy. With an estimated extra gain from selling investments (shares in Bliss-Tel Co, Ltd.), the 2Q04 net earnings are expected to be Bt109mn, increasing 4.8% qoq and 237% yoy. This will take 1H04 earnings to Bt213mn or 102% more than the same period last year.

The jump in earnings this year is due to the expansion of content business since 2H03. The content business, which generates a high profit margin, has enjoyed continued steady growth. The most popular content product is sports news, provided by I-Sport, a joint venture with the Siam Sport Syndicate (SPORT).

Furthermore, we expect impressive growth in 2H04 due to several positive prospects such as 1) the launch of its 5-8 house-brand handsets in 3Q04, 2) the 3-year exclusive rights for Premier-League wireless content in 6 countries and 3) the expected growth of its international and LED businesses which were begun in 1H04.

We estimate that SIM will have 2004 earnings of Bt441mn, growing 84% over the previous year.

Analyst: Solaya
Sakiyalak
Tel : 0-2658-6300
Ext 1550
E-mail:
solaya.s@kimeng.co.th

SIM's earnings summary

	2001	2002	2003	2004F	2005F
Services and Sales (Btmn)	3,619	4,125	7,976	10,207	11,374
EBITDA (Btmn)	53	27	528	797	934
Normalised earnings (Btmn)	25	(26)	240	388	475
Earnings (Btmn)	25	(26)	240	438	475
EPS (Bt)	0.49	(0.17)	0.56	1.02	1.10
PER (x)	26.1	N.A.	23.0	12.6	11.6
EV/EBITDA (x)	17.8	117.5	16.2	7.2	6.1
Free cash flow (Btmn)	(256)	(519)	(992)	85	371
CF/share (Bt)	(0.5)	1.2	(2.1)	1.0	1.5
BVPS (Bt)	3.2	1.5	4.3	4.9	5.4
P/BV (x)	6.1	12.7	4.5	2.6	2.4
DPS (Bt)	-	-	0.35	0.62	0.66
Dividend yield (%)	0.0%	0.0%	2.7%	4.9%	5.2%
Gearing (X)	net cash	0.9	0.1	0.1	0.1
ROA (%)	2.6%	-1.1%	6.6%	11.4%	11.2%
ROE (%)	30.8%	-13.3%	22.8%	22.0%	21.5%

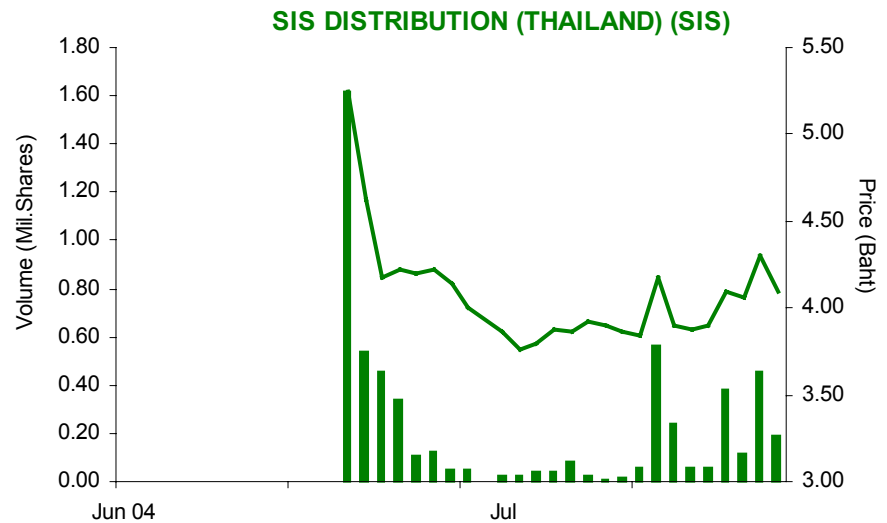
Source : Company reports and KELIVE Research estimates

SIS Distribution (Thailand) Plc. (SIS)

ELECTRIC

Recommendation **BUY**

Share Price **Bt4.10**
Fair Value **Bt5.30**



SiS Distribution (Thailand) is a leader in the distribution of IT products. SiS International Holding Ltd. has a network throughout Asia, including Hong Kong, Singapore, Malaysia, China and Thailand and this network should support SIS business.

Earnings are expected to be strong in the third quarter and the second half, as the peak period for government spending on many projects.

Thailand's ICT industry has strong growth prospects over the next two-three years. This year, the industry is expected to grow by 15%. However, we conservatively assume that SIS current businesses will grow by around 7-8% combined with new business in consumer products from Hewlett-Packard, Sony and Imation, as well as DVD-VCD sales. Thus, we estimate 2004 sales will increase by 15% to Bt6,510mn with a net profit rising 65% to Bt72mn (EPS Bt0.38).

The current share price is rather attractive on a 2004 PER of 11.4x and an EV/EBITDA 6.6x with a P/BV 2.0x. Our DCF model indicates an attractive fair value for SIS of Bt5.3 per share.

Analyst: Surachai
 Pramualcharoenkit
 Tel : 0-2658-6300
 Ext 1420
 E-mail:
 Surachai.p@kimeng.co.th

SIS's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	3,383	3,826	5,661	6,510	7,486
EBITDA (Btmn)	67	85	122	157	169
Earnings (Btmn)	22	30	44	72	96
EPS (Bt)	0.37	0.50	0.30	0.36	0.48
PER (x)	11.0	8.1	13.7	11.4	8.5
EV/EBITDA (x)	5.6	8.3	11.8	6.6	5.8
CF/share (Bt)	0.7	1.0	0.6	0.5	0.6
BVPS (Bt)	1.6	2.1	1.1	2.0	2.4
P/BV (x)	2.6	2.0	3.8	2.0	1.7
DPS (Bt)	-	1.58	0.12	0.14	0.19
Dividend yield (%)	0.0%	38.6%	2.9%	3.5%	4.7%
Net debt/equity (x)	0.7	1.5	2.9	0.5	0.3
Total liabilities/equity (x)	5.8	7.8	8.1	1.6	1.4
ROA (%)	7.0%	3.5%	3.4%	5.8%	8.8%
ROE (%)	47.5%	27.6%	30.8%	25.7%	22.0%

Source : Company reports and KELIVE Research estimates

Sector recommendations

Stock	Recommendation	26/07/04 Price (Bt)	Fair Value	Net Profit (Bt mn)			EPS (Bt)			PER		
				2003	2004F	2005F	2003	2004F	2005F	2003	2004F	2005F
Agribusiness												
CPF	HOLD	3.70	4.00	2,242	2,445	2,548	0.40	0.32	0.33	9.25	11.56	11.21
CPI	LONG-TERM BUY	5.55	6.80	195	224	196	0.74	0.85	0.75	7.50	6.53	7.40
T-LUXE	HOLD	15.10	13.70	48	29	43	1.92	1.14	1.72	7.86	13.25	8.78
UVAN	LONG-TERM BUY	28.25	37.00	400	378	410	4.26	4.02	4.36	6.63	7.03	6.48
Bank												
BAY	ACCUMULATE	11.70	16.25	3,053	4,757	6,832	1.39	1.67	2.40	8.42	7.01	4.88
BBL	BUY	92.00	133.00	11,342	16,422	17,736	7.69	7.48	7.52	11.96	12.30	12.23
BOA	HOLD	5.20	5.80	1,818	2,061	2,127	0.36	0.40	0.42	14.44	13.00	12.38
KTB	LONG-TERM BUY	8.95	13.75	8,697	14,839	16,773	0.78	1.33	1.50	11.47	6.73	5.97
SCB	BUY	45.00	62.00	12,460	17,767	14,678	3.66	5.62	4.64	12.30	8.01	9.70
SCIB	ACCUMULATE	23.80	30.70	3,606	6,023	6,833	1.71	2.85	3.23	13.92	8.35	7.37
KBANK	LONG-TERM BUY	46.25	65.00	14,814	14,678	15,836	6.30	6.24	6.73	7.34	7.41	6.87
TMB	HOLD	3.54	4.60	(14,054)	5,069	6,278	(3.79)	0.49	0.60	NA	7.22	5.90
Building Material												
CCP	BUY	7.15	9.00	151	182	247	3.65	2.94	3.98	1.96	2.43	1.80
DCC	LONG-TERM BUY	19.90	28.00	502	846	1,007	1.24	2.07	2.47	16.05	9.61	8.06
KWH	HOLD	2.60	3.24	51	61	81	0.17	0.20	0.27	15.29	13.00	9.63
MS	ACCUMULATE	1.76	2.52	(42)	995	1,114	(0.01)	0.17	0.19	NA	10.35	9.26
Q-CON	LONG-TERM BUY	15.50	18.20	260	394	622	1.10	0.99	1.56	14.09	15.66	9.94
SCC	BUY	232.00	308.00	19,954	28,057	32,295	16.63	23.38	26.91	13.95	9.92	8.62
SCCC	LONG-TERM BUY	202.00	282.00	3,288	4,199	4,545	13.15	16.80	18.18	15.36	12.02	11.11
SINGHA	LONG-TERM BUY	21.30	31.00	110	146	168	2.45	2.27	2.62	8.69	9.38	8.13
SSI	SPEC. BUY	25.50	35.00	4,702	4,213	4,526	5.47	3.22	3.45	4.66	7.92	7.39
TASCO	HOLD	26.75	32.00	(5)	180	360	(0.05)	1.58	3.15	NA	16.93	8.49
TPIPL	BUY	31.50	57.00	4,783	7,452	5,366	9.77	9.23	6.65	3.22	3.41	4.74
TYCN	LONG-TERM BUY	11.30	18.00	555	994	1,293	1.08	1.58	2.06	10.46	7.15	5.49
VNG	BUY	10.00	18.00	1,022	1,566	1,934	0.88	1.20	1.48	11.36	8.33	6.76
Chemical												
NPC	BUY	111.00	129.00	2,317	3,075	3,976	7.47	9.92	12.83	14.86	11.19	8.65
TCB	LONG-TERM BUY	16.90	26.20	541	479	498	1.80	1.60	1.66	9.39	10.56	10.18
TOC	ACCUMULATE	54.50	75.00	1,407	2,797	4,406	2.27	3.41	5.37	24.01	15.98	10.15
TPC	STRONG BUY	186.00	338.00	1,306	2,276	2,418	14.93	26.01	27.64	12.46	7.15	6.73
VNT	BUY	11.30	18.00	871	1,289	1,620	0.96	1.36	1.71	11.77	8.31	6.61
Commerce												
BIGC	LONG-TERM BUY	18.90	22.20	1,413	1,513	1,635	1.76	1.89	2.04	10.74	10.00	9.26
CP7-11	BUY	62.00	72.00	1,339	1,726	1,908	3.35	3.92	4.34	18.51	15.82	14.29
HMPRO	BUY	4.06	5.75	207	303	401	0.27	0.32	0.43	14.80	12.50	9.50
LOXLEY	BUY	4.50	6.60	543	617	726	0.27	0.31	0.36	16.67	14.52	12.50
MAKRO	HOLD	49.75	50.00	944	1,044	1,124	3.93	4.35	4.68	12.66	11.44	10.63
Commun.												
ADVANC	LONG-TERM BUY	92.50	104.00	18,529	19,740	19,973	6.31	6.72	6.80	14.66	13.76	13.60
AIT	BUY	34.50	56.00	117	150	174	3.30	3.74	4.36	10.45	9.22	7.91
CSL	ACCUMULATE	8.90	11.30	79	311	410	0.16	0.50	0.66	56.89	17.87	13.55
INET	BUY	6.25	11.00	95	155	179	0.38	0.47	0.54	16.45	13.30	11.57
MFEC	LONG-TERM BUY	5.85	10.00	70	125	146	0.61	0.62	0.73	9.59	9.44	8.01
SAMART	BUY	7.60	9.00	1,790	541	642	1.89	0.58	0.68	4.02	13.10	11.18
SATTEL	BUY	14.40	21.50	1,080	701	1,207	2.47	1.29	2.22	5.83	11.16	6.49
SIM	BUY	12.80	19.50	240	438	475	0.56	1.02	1.10	22.86	12.55	11.64
SHIN	BUY	36.50	48.40	9,723	8,442	8,819	3.31	2.87	3.00	11.03	12.72	12.17
TRUE	ACCUMULATE	5.50	9.60	(5,674)	(3,303)	(5,162)	(1.89)	(1.10)	(1.72)	NA	NA	NA
TT&T	HOLD	3.76	4.10	984	63	183	0.35	0.02	0.06	10.74	188.00	62.67
UCOM	BUY	51.50	61.70	1,186	2,114	2,402	2.73	4.86	5.53	18.86	10.60	9.31
Electric												
SIS	BUY	4.10	5.30	44	72	96	0.30	0.36	0.48	13.67	11.39	8.54
Energy												
BAFS	HOLD	10.60	11.00	313	348	354	0.92	1.02	1.04	11.52	10.39	10.19
BANPU	ACCUMULATE	139.00	169.00	2,046	2,746	3,189	7.75	10.10	11.74	17.94	13.76	11.84
BCP-DR1	SPEC. BUY	14.50	21.00 (DR)	(1,298)	964	1,368	(2.49)	1.71	2.43	NA	8.48	5.97
EGCOMP	HOLD	69.00	89.00	5,994	4,691	5,003	11.39	8.91	9.50	6.06	7.74	7.26
PICNI	SPEC. BUY	16.30	18.20	265	566	704	0.44	0.94	1.17	37.05	17.34	13.93
PTT	BUY	151.00	227.00	39,401	42,400	44,020	14.09	15.16	15.74	10.72	9.96	9.59
PTTEP	BUY ON WEAK	278.00	284.00	12,028	14,834	14,921	18.45	22.75	22.89	15.07	12.22	12.15
RATCH	ACCUMULATE	39.00	46.00	5,436	6,675	6,599	3.75	4.60	4.55	10.40	8.48	8.57
RPC	LONG-TERM BUY	28.25	41.00	236	270	326	3.62	3.24	3.92	7.80	8.72	7.21
SUSCO	SPEC. BUY	1.16	1.96	92	113	149	0.10	0.10	0.13	11.60	11.60	8.92

Sector recommendations (continued)

Stock	Recommendation	26/07/04 Price (Bt)	Fair Value	Net Profit (Bt mn)			EPS (Bt)			PER		
				2003	2004F	2005F	2003	2004F	2005F	2003	2004F	2005F
Entertainment												
BEC	ACCUMULATE	16.80	21.00	1,970	2,101	2,255	0.98	1.05	1.13	17.14	16.00	14.87
CVD	ACCUMULATE	19.00	26.00	94	57	65	1.48	1.76	2.00	12.84	10.80	9.50
EGV	SWITCH	5.90	8.30	89	119	125	0.24	0.27	0.28	24.58	21.85	21.07
GMMM	BUY	25.50	39.25	386	453	549	1.97	2.31	2.80	12.94	11.04	9.11
GRAMMY	LONG-TERM BUY	15.70	20.20	525	582	655	1.07	1.19	1.34	14.67	13.19	11.72
ITV	HOLD	14.60	18.20	(660)	(370)	(194)	(0.57)	(0.26)	(0.14)	NA	NA	NA
MAJOR	BUY	14.10	22.16	423	(594)	782	0.72	(0.78)	0.95	19.58	NA	14.84
MATCH	BUY ON WEAK	8.20	8.50	48	86	101	0.36	0.57	0.39	22.78	14.39	21.03
MEDIAS	ACCUMULATE	12.40	22.40	459	458	469	1.76	1.40	1.43	7.05	8.86	8.67
RS	FULLY VALUED	15.60	16.40	108	12	74	0.83	0.09	0.53	18.80	173.33	29.43
TRAF	SELL	2.94	2.40	(5)	33	33	(0.03)	0.16	0.16	NA	18.38	18.38
UBC	ACCUMULATE	16.80	23.00	131	337	508	0.18	0.45	0.68	93.33	37.33	24.71
Electronics												
CCET	BUY	32.75	45.00	1,485	1,611	1,740	4.87	5.28	5.70	6.72	6.20	5.75
DELTA	HOLD	19.50	23.90	1,896	1,960	3,096	1.60	1.66	2.62	12.19	11.75	7.44
HANA	BUY	20.80	30.70	1,615	2,010	2,020	2.05	2.56	2.57	10.15	8.12	8.09
KCE	BUY	9.40	18.00	299	460	555	0.96	1.48	1.78	9.79	6.35	5.28
Finance												
AEONTS	LONG-TERM BUY	31.75	34.20	623	716	841	2.49	2.86	3.36	12.74	11.09	9.44
ASP	BUY	81.00	116.00	786	1,222	1,270	5.99	6.24	6.49	13.52	12.98	12.48
CNS	BUY	69.00	88.00	123	517	559	1.71	7.22	7.80	40.35	9.56	8.84
FNS	ACCUMULATE	36.75	43.00	579	677	703	5.59	6.15	6.39	6.57	5.98	5.75
KGI	SWITCH	3.52	4.50	916	728	909	0.49	0.37	0.47	7.18	9.51	7.49
KK	LONG-TERM BUY	32.50	50.00	2,065	2,420	2,539	5.74	5.16	5.42	5.66	6.30	6.00
KTC	LONG-TERM BUY	26.75	35.00	353	626	778	2.91	2.50	3.11	9.19	10.70	8.60
NFS	LONG-TERM BUY	13.80	19.50	2,669	2,432	2,579	2.00	1.82	1.93	6.90	7.58	7.15
TISCO	ACCUMULATE	25.00	36.75	1,890	1,987	2,380	2.66	2.78	3.33	9.40	8.99	7.51
TK	LONG-TERM BUY	8.05	11.80	391	492	579	1.49	0.98	1.16	5.40	8.21	6.94
TNITY	HOLD	24.20	43.00	191	244	262	1.37	1.75	1.88	17.66	13.83	12.87
US	HOLD	9.85	13.25	216	147	188	1.43	1.19	1.52	6.89	8.28	6.48
ZMICO	HOLD	8.45	9.40	730	834	901	1.04	1.01	1.09	8.12	8.37	7.75
Food												
TIPCO	LONG-TERM BUY	4.82	6.60	298	285	335	0.76	0.66	0.78	6.34	7.30	6.18
TUF	LONG-TERM BUY	20.60	25.60	2,279	1,889	2,100	2.65	2.13	2.37	7.77	9.67	8.69
Hotel												
CENTEL	BUY	15.20	42.00	270	358	432	3.00	3.97	4.80	5.07	3.83	3.16
Household												
SITHAI	HOLD	7.00	8.00	159	171	183	0.56	0.60	0.64	12.50	11.67	10.94
MODERN	LONG-TERM BUY	30.75	44.00	203	233	255	2.54	2.91	3.18	12.11	10.57	9.67
OGC	LONG-TERM BUY	66.50	111.00	180	216	226	8.72	10.44	10.90	7.63	6.37	6.10
Mining												
PDI	SELL	12.90	11.50	0	222	293	0.00	0.98	1.30	0.00	13.16	9.92
Packaging												
CSC	LONG-TERM BUY	18.50	32.00	180	167	172	3.47	3.21	3.30	5.33	5.76	5.61
S-PAC	BUY	14.70	24.50	115	128	155	2.40	2.13	2.58	6.12	6.90	5.70
Printing												
NMG	HOLD	15.10	15.57	151	145	174	0.94	0.70	0.85	16.06	21.57	17.76
Property												
AP	BUY	4.06	7.00	1,192	1,205	1,239	0.60	0.54	0.55	6.77	7.52	7.38
AMARIN	BUY	2.50	2.90	316	393	427	0.22	0.27	0.29	11.36	9.26	8.62
AMATA	LONG-TERM BUY	11.30	13.40	812	983	1,398	0.76	0.92	1.31	14.85	12.27	8.63
BLAND	SPEC. BUY	0.73	2.21	19,030	476	895	1.87	0.05	0.09	0.39	14.60	8.28
CK	BUY ON WEAK	12.10	13.80	285	312	785	0.27	0.30	0.75	44.81	40.33	16.13
CPN	LONG-TERM BUY	9.50	10.60	1,197	1,327	1,486	0.57	0.61	0.68	16.67	15.57	13.97
EMC	BUY	4.40	6.40	109	195	228	1.85	0.53	0.62	2.38	8.30	7.10
GOLD	BUY	8.10	17.00	454	713	865	0.73	1.14	1.38	11.10	7.11	5.87
HEMRAJ	BUY	0.86	1.73	1,383	1,097	996	0.26	0.20	0.18	3.31	4.30	4.78
ITD	BUY	9.30	12.80	921	1,452	3,568	0.25	0.35	0.85	37.20	26.57	10.94
LALIN	BUY	7.00	15.00	784	967	922	0.95	1.17	1.12	7.37	5.98	6.25
LH	BUY	9.15	12.00	6,191	5,808	5,634	0.96	0.82	0.79	9.53	11.16	11.58
LPN	BUY	2.94	3.88	465	512	722	0.50	0.43	0.61	5.88	6.84	4.82
NOBLE	BUY	7.20	14.00	747	623	502	1.64	1.36	1.10	4.39	5.29	6.55
PF	BUY	6.45	14.00	1,157	1,081	987	1.55	1.45	1.32	4.16	4.45	4.89
QH	HOLD	1.24	1.40	1,175	1,019	841	0.20	0.17	0.14	6.20	7.29	8.86
SC	BUY ON WEAK	16.70	18.25	284	216	443	1.29	0.67	1.38	12.95	24.93	12.10
SIRI	BUY	4.40	12.00	580	1,484	1,596	0.44	0.96	1.03	10.00	4.58	4.27

SPALI	BUY ON WEAK	3.32	4.52	1,222	653	619	0.94	0.50	0.48	3.53	6.64	6.92
STECN	HOLD	10.00	11.10	604	412	868	0.60	0.40	0.74	16.67	25.00	13.51
TICON	LONG-TERM BUY	6.75	7.60	208	242	252	0.48	0.53	0.55	14.06	12.74	12.27

Sector recommendations (continued)

Stock	Recommendation	26/07/04 Price (Bt)	Fair Value	Net Profit (Bt mn)			EPS (Bt)			PER		
				2003	2004F	2005F	2003	2004F	2005F	2003	2004F	2005F
Trans												
AOT	LONG-TERM BUY	50.00	60.00	3,808	4,501	5,629	3.81	3.15	3.94	13.12	15.87	12.69
BECL	BUY	23.80	33.00	1,233	1,759	1,822	1.60	2.29	2.37	14.87	10.39	10.04
PSL	BUY	33.25	56.00	1,537	3,150	3,338	2.95	6.06	6.42	11.27	5.49	5.18
RCL	BUY	16.90	32.00	791	1,530	2,184	1.19	2.31	3.29	14.29	7.36	5.17
TTA	BUY	30.75	50.00	1,003	4,050	3,464	1.83	6.28	5.37	16.80	4.90	5.73
Vehicle												
AH	LONG-TERM BUY	30.25	35.00	310	623	651	1.45	2.60	2.71	20.86	11.63	11.16
BAT-3K	LONG-TERM BUY	57.50	78.00	125	131	151	6.24	6.53	7.55	9.21	8.81	7.62
HFT	LONG-TERM BUY	18.20	35.00	66	81	109	2.17	2.10	2.82	8.39	8.67	6.45
IRC	ACCUMULATE	11.50	16.70	204	221	253	1.02	1.11	1.26	11.27	10.36	9.13
SPSU	HOLD	8.90	15.00	155	161	170	0.98	1.02	1.07	9.08	8.73	8.32
STANLY	LONG-TERM BUY	159.00	194.00	764	928	1,172	9.97	12.11	15.30	15.95	13.14	10.39
TRU	LONG-TERM BUY	15.30	20.00	335	771	835	0.67	1.54	1.67	22.84	9.94	9.16
MAI												
IRCP	BUY	10.20	20.00	44	75	87	0.92	1.36	1.58	11.09	7.50	6.46
MACO	BUY	11.30	19.50	65	136	162	0.52	1.09	1.30	21.73	10.37	8.69
PICO	BUY	3.82	7.43	30	40	56	2.01	0.62	0.86	1.90	6.16	4.44
YUASA	HOLD	4.96	7.00	20	52	113	0.18	0.49	1.05	27.25	10.16	4.74

Research Department

Analysts

George Huebsch	george.h@kimeng.co.th	02-658-6300 Ext 1400
Michael Stead	michael.s@kimeng.co.th	02-658-6300 Ext 1401
William Riopel	william.r@kimeng.co.th	02-658-6300 Ext 1490
Surachai Pramualcharoenkit	surachai.p@kimeng.co.th	02-658-6300 Ext 1420
Pongpan Apinyakul	pongpan@kimeng.co.th	02-658-6300 Ext 1450
Suttatip Peerasub	suttatip.p@kimeng.co.th	02-658-6300 Ext 1430
Kitichan Sirisukarcha	kitichan.s@kimeng.co.th	02-658-6300 Ext 1570
Mek Meksarikul	mek.m@kimeng.co.th	02-658-6300 Ext 1560
Solaya Sakiyalak	solaya.s@kimeng.co.th	02-658-6300 Ext 1550
Daowadee Teera-Apisakkul	daowadee@kimeng.co.th	02-658-6300 Ext 1470
Surasak Anutarasoth	surasak.a@kimeng.co.th	02-658-6300 Ext 1520
Suwat Limkraisassiri	suwat.l@kimeng.co.th	02-658-6300 Ext 1480

Business Development Department

Wanchai Tanjasiri	wanchai@kimeng.co.th	02-658-6300 Ext 1300
Kamolchai Pholintawong	kamolchai@kimeng.co.th	02-658-6300 Ext 1310
Premasuk Chonlatanvanich	premsuk@kimeng.co.th	02-658-6300 Ext 1330
Yingporn Jermthanes	yingporn.j@kimeng.co.th	02-658-6300 Ext 1320
Vorapach Piromsopa	vorapach.p@kimeng.co.th	02-658-6300 Ext 1340

Production

Ladda Phanittrakulpun	ladda.p@kimeng.co.th	02-658-6300 Ext 1410
Laddawan Tragulrith	laddawan_t@kimeng.co.th	02-658-6300 Ext 1500
Kanjana Kittiruengpairoj	kanjana.k@kimeng.co.th	02-658-6300 Ext 1460
Sathit Ampunsang	sathit@kimeng.co.th	02-658-6300 Ext 1510

Singapore

Kim Eng Securities
(Private) Limited
(Member of the SES)
9 Temasek Boulevard
#39-00 Suntec Tower 2
Singapore 038989
Telephone: 65 6336 9090
Telex: KESECS RS 25871
& RS 21857
Facsimile: 65 6339 6003

London

Kim Eng Securities
(London) Limited
(Member of the FSA)
6th Floor, 20 St. Dunstan's Hill
London EC3R 8HY, UK
Telephone: 20 7621 9298
Dealers' telephone: 20 7626 2828
Facsimile: 20 7283 6674

New York

Kim Eng Securities USA Inc
(Member of the NASD)
406, East 50th Street
New York, NY 10022
U.S.A.
Telephone: 212 688 8886
Facsimile: 212 688 3500

Hong Kong

Kim Eng Securities
(Hong Kong) Limited
(Exchange Participant)
Room 1901, Bank of America
Tower 12 Harcourt Road
Central, Hong Kong
Telephone: 852 2810 7755
Telex: KIMEN HX 68698
Facsimile: 852 2877 0104

Malaysia

Kim Eng Research Sdn Bhd
(Formerly known as
Mutual Scope Sdn Bhd)
Co. No. 274244V
Suite 16.02, 16th Floor
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Telephone: 603 2141 1555
Facsimile: 603 2141 1045

Indonesia

PT Kim Eng Securities
9th Floor, Deutsche Bank Bldg
Jl. Imam Bonjol 80
Jakarta 10310
Indonesia
Telephone: 62 21 3983 1360
Facsimile: 62 21 3983 1361

Philippines

ATR-Kim Eng Securities, Inc.
(Member of the PSE)
17th Floor Tower One &
Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines
Telephone: 63 2 849 8888
Facsimile: 63 2 848 5738

Thailand

Kim Eng Securities (Thailand)
Limited
(Member of the SET)
10th Floor, Mercury Tower
540 Ploenchit Road
Bangkok 10330
Thailand
Telephone: 66 2 658 6300
Facsimile: 66 2 658 6384

Taiwan

Yuanta Core Pacific Securities
11/F, No 225, Nanking East Rd
Section 3 Taipei
Taiwan
Telephone: 63 2 849 8888
Facsimile: 63 2 848 5738

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