



FIRST ANNUAL REPORT

CONTENTS

1. The Royal Kasha	- 2
2. Mission Statement	- 3
3. Message from the Chairman	- 4
4. Chief Executive's Report	- 5
5. Company Profile	- 6
6. Editorial Policy & Code of Conduct	- 7
7. Radio Service	- 8
8. Television Service	- 9
9. Highlights since inception in 1973	- 10
10. Board of Directors	- 11
11. Organizational Chart	- 12
12. The Management	- 13
13. Revenue Generation	- 14
14. Balance Sheet & Profit & Loss Account for year ended 31 st Dec 2005	- 15
15. BBSC in the New Era	- 17

Appendix

- i. BBSC Satellite Footprint & FM Network
- ii. Audience Survey 2006 - Why our audience listens / watches BBSC
- iii. Cash Flow Statement for the year ended 31st December 2005
- iv. Significant Accounting Policies
- v. Infra-structures at a glance
- vi. BBSC - Country's Largest Content Production House

THE ROYAL KASHO

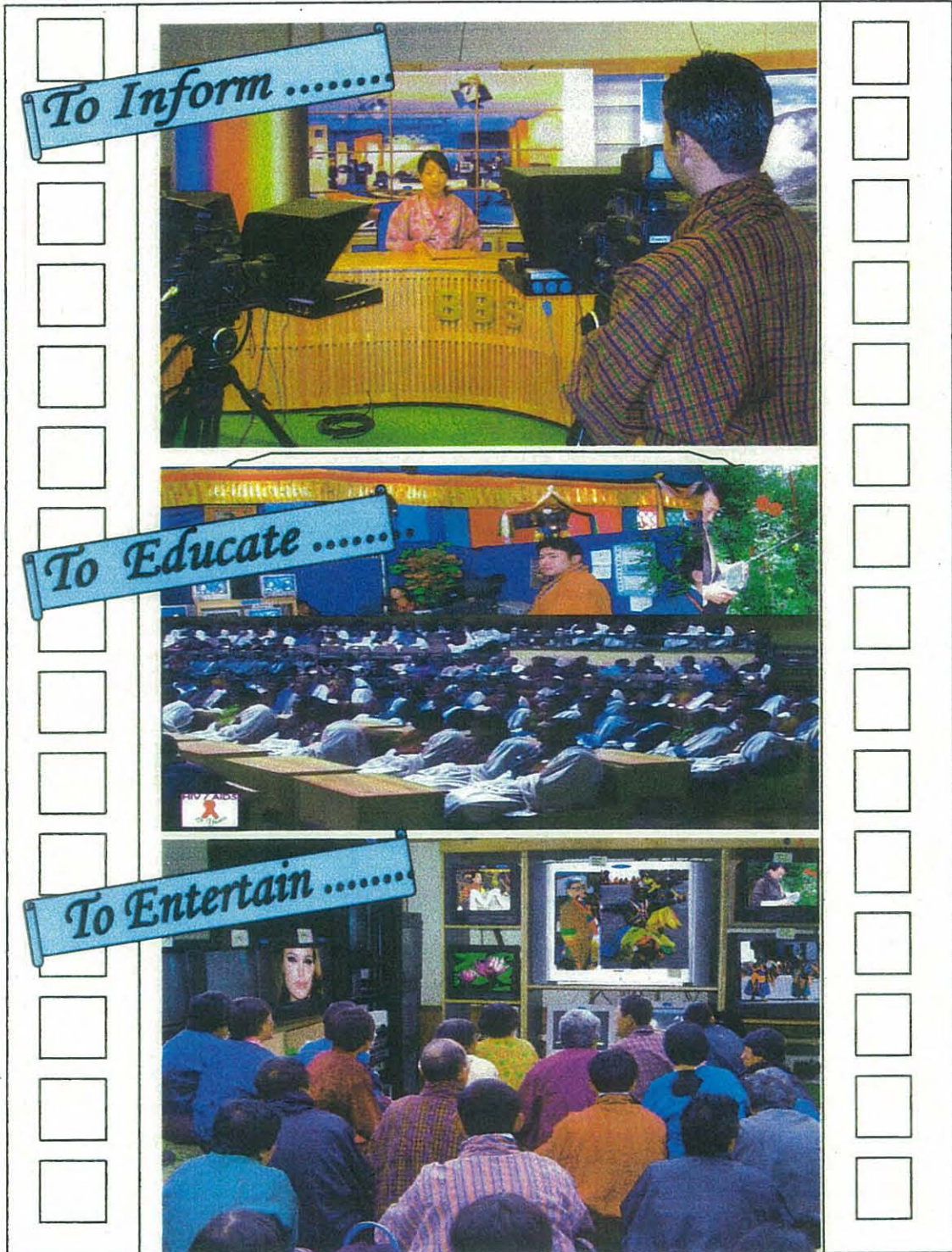


TASHICHHODZONG
THIMPHU, BHUTAN

འབྲུག་འབྲེལ་རྒྱུན་པོ་སློབ་ཡངས་ལ། རྟོན་འབྲུག་དེ་ནི་ རྒྱུན་རྒྱུང་གི་རྒྱུལ་ལབ་འདེ་ནང་
 ལས་ཁག་སོ་སོའི་ནང་ལུ་ མེ་ལྷེའི་དཔལ་འབྱེད་དང་ ལྷིང་གྱི་ཡར་རྒྱལ་གང་མཚུགས་གོང་འཕེལ་འགྲོ་བའི་དུས་
 ཚོད་འདི་ལས་ གནས་ཚུལ་བཟུ་ལེན་དང་ལྷོ་བེལ་འབད་ནི་ཚུ་ རྩར་ལས་ལྷོག་སྡེ་ཁག་ཚེ་རྟོག་རྟེ་ལུ་རྒྱུར་ཡོད་པ་མ་
 ཚད་ འབྲུག་པའི་མེ་མེར་ཚུ་ལས་ འབྲེ་ཚོམ་དང་ཡི་གེའི་རིག་པ་ལུ་རྒྱུར་ས་བཅོན་ཡོད་མེ་ ཡར་ཐོན་ལོང་ཡོད་པའི་
 ལས་ གཞུག་སོ་སོའི་ནང་ལུ་ ལྷན་རིག་ཐོབ་མེ་ཡང་གང་མང་ལུ་ཡོད་པ་ལས་བརྟེན་ འབྲུག་འབྲེལ་དང་ རྒྱུད་
 ལམ་ཚུ་ཡང་ ཡར་རྒྱལ་ཚུལ་མཐུན་གཏང་དགོས་པ་གཤམ་ཚེ་མ་ལས་ གཞུང་དབང་མེ་མེར་ལུ་རྒྱེལ་ནིའི་ལྷིང་རྒྱལ་དང་
 བཟུན་ རྒྱལ་ལས་རིམ་གྱིས་རང་སློང་ཉི་ལཱ་ འཐབ་ཚུགས་པ་བཅོ་ཐབས་ལུ་བསྐྱེགས་ཏེ་ འབྲུག་གི་རྒྱལ་ཡོངས་
 གནས་ཚུལ་གསར་སྟོན་ལུ་གསལ་དང་ འབྲུག་གི་རྒྱུང་བཟུགས་ (ལེ་ལེ་ལེས་) གཉེན་ ལྷི་ལྷི་ 1-10-1/2022 ལས་
 འབྲུག་འབྲེལ་རྒྱུན་ལག་འོག་ལས་བརྟེན་ཏེ་ རང་སློང་ལས་ཁུངས་ལག་གཉེན་འབད་ སོ་སོ་བཅོ་དགོས་པའི་བཀའ་
 ཐམས་ལྷན་ ཞེས་གནམ་ལོ་ཚུ་སྤྱི་ལྷན་ 2 པའི་ཚེས་ 29 ལུ་གནང་བ་དགོ།

(Handwritten signature)
 འབྲུག་མང་འབད་ག་རྒྱལ་པོ།

MISSION STATEMENT



.....the Bhutanese audience.



MESSAGE FROM THE CHAIRMAN



Lyounpo Leki Dorji
Minister for Information & Communications

I am pleased to present the First Annual Report and the Audited Financial Statement of the BBSC for the year ending 31st December 2005.

Just in a little over three years, BBSC has not only become fully operational as a corporate body but also brought about significant changes in terms of its human resource development, airtime expansion and nationwide coverage in both radio and television services. It has expanded its services through satellite transmission, increased airtime, completed a national audience survey, strengthened manpower, and steadily improved the quality of programmes.

BBSC is a public service broadcaster with a public service mandate. The Royal Government, recognizing the importance of public service broadcasting for the overall development of the country, continues to provide the corporation with an annual revenue grants to augment its small revenues generations through advertisements and commercials. The financial statement, therefore, reflects very little of its vast achievements, and more so since any attempt to make a head-on commercial pursuits would mean compromising its public service role. For a public service broadcaster like the BBSC to survive, it is important that the central government continues to allocate adequate funds to meet its annual operational and capital costs.

I would like to congratulate the management and the entire staff of the BBSC for its remarkable achievements and in successfully bringing this first edition of the annual report.

Tashi Delek

CHIEF EXECUTIVE'S REPORT



Mingbo Dukpa

Chief Executive Officer

It is indeed a privilege for me to bring out the First Annual Report of the BBSC. As a public service broadcaster with very limited commercial activities and having gained real autonomy only since 2002, the Report mainly represents some of the initiatives undertaken by the management to institutionalize and streamline the organization both as a corporate body and a broadcast media.

I am happy to report that following the first ever major restructuring exercises in 2003, the corporation has been appropriately structured into prominent professional departments and network of regional bureaus with full production capacities established. Today, Reporters from fourteen Dzongkhags send in their feeds to Thimphu for daily news.

In just over past four years alone, BBSC radio airtime expanded from 63 hrs to 105 hrs and television from 14 hrs to 76 hrs per week. FM radio and television services also went nationwide. The current airtime expansion truly stands as a testimony to the magnitude of speed with which the BBSC has been growing.

With the HRD master plan, Business master plan and MSO master plan now in place and with the completion of the on-going national TV Centre construction and up-gradation of 100KW SW transmitter nearing advanced stage of completion, BBSC not only stands to become professional but also a truly regional broadcaster with fully equipped state-of-the-art technologies. Currently, BBSC is a very active member of the regional media organizations such as the AIBD, ABU, Asia-Vision, AMIC and the SAVE.

Owing to the very complex nature of services that is tied up with the nation-building, BBS generates very minimal amount of annual revenues. Although the airtime for both the radio and the television has more than doubled in the last few years, the size of the government funding has more or less remained same. The commercial division of the corporation has been strengthened and other avenues of revenue generation through establishment of professional multi-service operation system and sale of musical videos and programmes continuously being explored. The corporation adopts a aggressive "cost-cutting measures and optimal utilization of the available funds" approach.

On this note, I would like to thank the BBSC Board of Directors for their continued support and direction, and my colleagues for their unwavering cooperation.

Tashi Delek

COMPANY PROFILE

Bhutan has made rapid progress in all the fields of development over the past decades. The Royal Government recognizes 'information' as the right of every citizen and has always placed great importance to the development of media as a vital link between the government and its people and its relevance in the overall socio-economic development of the country. BBS was launched on November 11, 1973 coinciding with His Majesty the 4th Druk Gyalpo's Birth Anniversary. It was started by a group of young volunteers who called themselves the National Youth Association of Bhutan (NYAB). Following the absorption of NYAB in 1979 by the then Information Department, it was officially renamed 'BBS'.



HM Ashe Ishering Pem Wangchuck
Launching the First BBS Terrestrial TV on 2nd June 1999

However, it was only in 1991 that the BBS acquired its first professional setup with the commissioning of 50kw SW transmitter at Sangaygang in Thimphu. By the end of 2005, the FM Radio service was launched in all 20 Dzongkhags.

While the first TV service with one hour programming was launched in Thimphu on 2nd June 1999 coinciding with the Silver Jubilee Celebration of His Majesty the 4th Druk Gyalpo's Coronation, the BBS went nationwide through satellite service on 20th February 2006.

Today, BBS broadcasts 105 hrs of radio service and 76 hrs of TV service per week. The current airtime expansion in the past five years below indicates the magnitude of speed at which the BBSC has been growing. The Royal Government's support to facilitate the nationwide TV expansion through satellite in 2006 without waiting for the terrestrial network to be put in place is not only a true testimony and priority accorded by the Royal Government for the development and the need for the broadcast media, but also symbolizes the true recognition accorded to the BBS as a public service broadcaster. Today, as a public service broadcaster, the BBS continues to remain the easiest, cheapest and the most effective way of achieving our aim of creating an informed society.

Today, BBS broadcasts 105 hrs of radio service and 76 hrs of TV service per week. The current airtime expansion



Lyonpo Leki Dorji
Launching the First BBS Satellite TV on 20th February 2006

HRD Master Plan 2005 - 2010

DEPT	PROJECTED MANPOWER NEEDS							PROJECTED TRAINING NEEDS						
	'05	'06	'07	'08	'09	'10	Total	'05	'06	'07	'08	'09	'10	Total
HRAD	03	01	-	-	-	-	04	02	02	04	-	-	-	8
FCD	02	01	-	-	-	-	03	05	08	03	04	-	-	20
PPD	09	06	05	02	01	1	23	26	20	21	10	08	-	87
NCAD	07	07	07	02	-	-	23	11	10	10	04	01	-	36
TECH	13	13	04	01	-	-	31	19	15	12	03	03	-	52
POOL	15	08	07	05	02	01	38	-	-	-	-	-	-	-



BBS Satellite Earth Station at Chubachu, Thimphu

EDITORIAL POLICY & CODE OF CONDUCT

Principles

BBS functions as a public service broadcaster and work to fulfill the following principles.

- (i) It shall broadcast to all parts of Bhutan.
- (ii) It shall ensure that it contributes to the cultural, social, economic and political development goals.
- (iii) It shall serve as a medium for communication, information and for sharing of views and opinions. All sections of the society shall have fair and equal access to the medium.

Editorial Policy

Given the above principles, the BBS editorial policy shall as follows:

- (i) It shall aim to provide high quality programmes that will serve to educate, inform and entertain the Bhutanese public. Programmes shall refrain from exploiting religious sentiments, offending good taste, decency or public feeling, and from inciting crime, disorder, violence or social disharmony.
- (ii) Its news and programme content shall be fair, impartial and balanced; and shall not be influenced by any individual, group or organization.
- (iii) Its programming shall be wide ranging and contents shall be of relevance and interest to all sections of the Bhutanese society
- (iv) It shall have the right to determine what news and programmes meet the conditions in (a) to (c) and accordingly decide what news items should be covered and aired, and what programmes should be produced or acquired and broadcast within the financial and human resource capacity of the organization.



Code of Conduct

BBS journalists and producers shall at all time observe the following Code of Conduct in the discharged of their duties relating to gathering, transmitting, disseminating and commenting on news and information and production of programmes:

- (i) They shall respect truth and uphold the right of the public to truth. They shall gather and publish news and information in the honest manner and uphold the right to fair comment and criticism;
- (ii) They shall report only on the basis of facts of which the origin is known. They shall not suppress essential information or falsify documents. They shall observe professional secrecy regarding source of information obtained in confidence;
- (iii) They shall only use fair methods to obtain news, pictures and documents. They shall also do their utmost to rectify any information that is found to be harmfully inaccurate;
- (iv) They shall refrain from committing plagiarism, malicious misinterpretations, libel, slander or defamation, unfounded accusations, acceptance of bribes in any form in consideration of either publication or suppression; and
- (v) They shall appear in national dress and observe relevant aspects of driglam-namzha.



RADIO SERVICE

According to the National Audience Survey for Radio and Television conducted in 2006, Radio remains the most popular media in Bhutan - almost nine out of ten Bhutanese say they like to listen to the radio. The BBS Radio, broadcast in four languages, has the widest reach. Its transmission in FM and SW covers the whole of Bhutan.



Owing to radio's simple operational mechanism and affordability most people own radio sets. About 407000 people, which make 76% of the total population, have access to radio.

The urban Bhutanese, especially business people, are less enthusiastic about listening to radio. This could be because they have alternative forms of media like television, newspapers, and internet. On the other hand radio listening is almost religious among the rural populations. About 283000 listen to BBS radio almost daily. These daily listeners are mostly elder citizens with less or no education.

Till 2005 the programmes were mainly on education, culture and religion, and socio-economic development mainly targeted at rural audiences.

**BBS First SW Transmitter
Radio Broadcast in Bhutan
started as Radio NYAB on this
SW transmitter belonging to the
Civil Wireless Department.
The historic broadcast took
place on 11 November**

However, surveys have found out these programmes were unable to attract urban audiences. As such, in mid 2006, a major redirection of programming was carried out and came up with programmes that were suitable to both rural and urban audiences.

Of the many new programmes, call-in-shows proved to be very successful. Our radio has almost become a 'public telephone switcher' transferring calls from urban areas to rural areas and thereby relaying

some important and urgent messages. The BBS Radio can be received in Asia, the Pacific region, and the southern belt of Europe. Daily radio airtime expansion since 2002 is produced below.



Year	Language			
	<i>Dzongkha</i>	<i>English</i>	<i>Sharchopkha</i>	<i>Lhotshamkha</i>
2002	3 hrs	2 hrs	2 hrs	2 hrs
2003	6 hrs	2 hrs	2 hrs	2 hrs
2004	9 hrs	2 hrs	2 hrs	2 hrs
2005	9 hrs	2 hrs	2 hrs	2 hrs
2006	8 hrs	3 hrs	2 hrs	2 hrs

TELEVISION SERVICE

Television, though very popular, has remained an urban phenomenon only. Cabling is an unprofitable business in rural areas where houses are widely scattered from hilltops to valleys. Dish and receiver are unaffordable to poor farmers. Thus, the BBS TV transmitted through satellite does not reach the majority of the rural population.



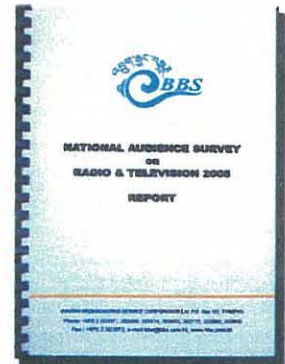
About 97% of the urban Bhutanese like to watch television. However, only about 146000 urban residents, which make about 88% of the urban population, have access to television.

The BBS TV does not enjoy monopoly in its audience share like the BBS Radio does. In fact, the BBS TV is competing hard for audience with about 30 foreign channels, most of which are high standard commercial channels.

Indian soap channels having already taken strong roots in the Bhutanese society are too strong for the BBS TV, which functions as a public service broadcaster.

Nevertheless, the BBS TV topped the most watched channels list in the recent nationwide survey conducted by the BBS though majority of the audience watched only news. However, the program ratings are expected to improve in the future as the BBS TV has redirected its programming strategy in line with the audience demands.

Since then new programmes like music request call in shows and family soaps have been introduced. Daily television airtime expansion since 2002 is produced below.



Language	Year				
	2002	2003	2004	2005	2006
Dzongkha	1 hr	2 hrs	3 hrs	5 hrs	7 hrs
English	1 hr	1 hr	1 hr	2 hrs	3 hrs



HIGHLIGHTS SINCE INCEPTION IN 1973

The 9th Plan period saw unprecedented changes and developments in the BBSC. The move towards professionalism received highest attention and acceleration. The weekly airtime increased for the Radio from 45 to 105 hours and for the Television from 14 to 76 hours. Three fully operational production centers in Jakar, Kanglung, and Phuentsholing were established, nationwide FM service launched, and the first national audience survey conducted. HRD Master Plan, Business Master Plan and MSD Master Plan were also developed thus instituting a proper systematic planned implementation strategies.

TIMELINE

- 1973 - Humble beginning - group of volunteers begins Radio NYAB in Thimphu on 11th November
- 1979 - NYAB absorbed by the Information Department and renamed BBS
- 1992 - De-linked from the Ministry of Communications through the Royal Decree
- 1999 - TV launched in Thimphu with 1 hour programming
- 2002 - Corporate Financial System introduced
- 2003 - Major re-structuring exercise of the corporation started
 - Daily Radio airtime increased from 9 hours to 12 hours
 - Daily TV airtime increased from 2 hours to 3 hours
- 2004 - Regional bureaus expanded from 5 to 10 and programme productions decentralized
 - Appointed MSD by the Royal Government
 - Daily Radio airtime increased from 12 hours to 15 hours
 - Daily TV airtime increased from 3 hours to 4 hours
- 2005 - Daily TV airtime increased to 5 hours and 5 hours of re-broadcast
 - Nationwide FM radio service launched
 - Live telecast expanded to Phuntsholing and Paro
 - HRD Master Plan 2005-2010 finalized
- 2006 - Nationwide satellite TV launched on 20th February
 - Acquired its first professional OB Van
 - Daily TV airtime increased from 5 to 10 hrs (and 13 hrs during weekend)
 - National Audience Survey conducted
 - MSD introduced cable service
 - Business / MSD Master Plans finalized
 - New TV Studio & Master Control Room constructed
 - Construction of National TV Center and purchase of equipments underway
 - Installation of new 100kw SW Transmitter at Sangaygang TX in progress