

**ITV PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND COMPANY  
FINANCIAL STATEMENTS**

**31 December 2002 and 2001**

## **AUDITOR'S REPORT**

### **To the Shareholders of ITV Public Company Limited**

I have audited the accompanying consolidated and company balance sheets as of 31 December 2002 and 31 December 2001, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the years then ended of ITV Public Company Limited and its subsidiaries, and of ITV Public Company Limited, respectively. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2002 and 31 December 2001, and the consolidated and company results of operations, and cash flows for the years then ended of ITV Public Company Limited and its subsidiaries, and of ITV Public Company Limited, respectively, in accordance with generally accepted accounting principles.

PRASIT YUENGSRIKUL  
Certified Public Accountant  
(Thailand) No. 4174  
PricewaterhouseCoopers ABAS Limited

Bangkok  
21 February 2003

**ITV Public Company Limited**  
**Balance Sheets**  
**As at 31 December 20002 and 2001**

	<u>Notes</u>	<u>Consolidated</u>	<u>Company</u>	
		<u>2002</u>	<u>2002</u>	<u>2001</u>
		<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	4	313,184,687	312,202,584	36,591,630
Trade accounts receivable, net	5	383,495,401	383,495,401	194,695,013
Advances and loan to related parties	6 d)	1,398,704	2,399,800	-
Programming rights and production costs, net	7	87,364,451	87,364,451	77,997,003
Other current assets	8	76,919,868	75,878,797	49,170,946
Total current assets		<u>862,363,111</u>	<u>861,341,033</u>	<u>358,454,592</u>
<b>Non-current assets</b>				
Investment in a subsidiary	9	-	983,893	-
Equipment, net	10	10,119,479	10,119,479	21,947,223
Concession assets, net	11	2,410,310,363	2,410,310,363	2,547,902,005
Other assets	12	26,181,486	26,181,486	14,035,445
Total non-current assets		<u>2,446,611,328</u>	<u>2,447,595,221</u>	<u>2,583,884,673</u>
<b>Total assets</b>		<u><u>3,308,974,439</u></u>	<u><u>3,308,936,254</u></u>	<u><u>2,942,339,265</u></u>

Director ..... Director .....

The notes on pages 8 to 25 are an integral part of these financial statements.

**ITV Public Company Limited**  
**Balance Sheets (continued)**  
**As at 31 December 20002 and 2001**

	<u>Notes</u>	<u>Consolidated</u>	<u>Company</u>	
		<u>2002</u>	<u>2002</u>	<u>2001</u>
		<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
<b>Liabilities and shareholders' equity</b>				
<b>Current Liabilities</b>				
Bank overdrafts and short-term loans from banks	13	6,992,819	6,992,819	775,034,635
Trade accounts payable	14	79,137,917	79,069,809	42,316,601
Current portion of long - term loan	13	33,843,289	33,843,289	-
Concession payable	23	400,000,000	400,000,000	350,000,000
Accounts payable - purchase of equipment due within one year	15	18,453,352	18,453,352	116,840,003
Accrued expenses	6 f)	128,523,716	128,514,716	66,653,603
Other current liabilities	16	29,210,338	29,249,261	11,470,620
<b>Total current liabilities</b>		<u>696,161,431</u>	<u>696,123,246</u>	<u>1,362,315,462</u>
<b>Non-current liabilities</b>				
Accounts payable - purchase of equipment	15	-	-	18,042,541
Long-term loans	13	785,055,588	785,055,588	699,732,229
<b>Total non-current liabilities</b>		<u>785,055,588</u>	<u>785,055,588</u>	<u>717,774,770</u>
<b>Total Liabilities</b>		<u>1,481,217,019</u>	<u>1,481,178,834</u>	<u>2,080,090,232</u>
<b>Shareholders' Equity</b>				
Share capital				
Authorised share capital	17	<u>6,000,000,000</u>	<u>6,000,000,000</u>	<u>6,000,000,000</u>
Issued and paid up share capital	17	5,750,000,000	5,750,000,000	4,250,000,000
Deficiency in share capital	17	(176,841,971)	(176,841,971)	(412,496,161)
Deficit		<u>(3,745,400,609)</u>	<u>(3,745,400,609)</u>	<u>(2,975,254,806)</u>
<b>Total Shareholders' Equity</b>		<u>1,827,757,420</u>	<u>1,827,757,420</u>	<u>862,249,033</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>3,308,974,439</u>	<u>3,308,936,254</u>	<u>2,942,339,265</u>

The notes on pages 8 to 25 are an integral part of these financial statements.

**ITV Public Company Limited**  
**Statements of Income**  
**For the years ended 31 December 2002 and 2001**

	<b>Notes</b>	<b>Consolidated</b>	<b>Company</b>	
		<b>2002</b>	<b>2002</b>	<b>2001</b>
		<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Revenues</b>				
Service income	18	1,459,341,286	1,459,341,286	925,171,237
Other income		7,800,518	7,801,614	6,730,953
<b>Total revenues</b>		<b>1,467,141,804</b>	<b>1,467,142,900</b>	<b>931,902,190</b>
<b>Expenses</b>				
Cost of services		984,796,993	984,796,993	885,137,874
Concession expenses		750,000,000	750,000,000	650,000,000
Selling and administrative expenses		422,822,032	422,807,021	295,883,679
Directors' remuneration		1,160,000	1,160,000	900,000
Share of net result of investment - equity method		-	16,107	-
<b>Total expenses</b>		<b>2,158,779,025</b>	<b>2,158,780,121</b>	<b>1,831,921,553</b>
<b>Net loss before interest</b>		<b>(691,637,221)</b>	<b>(691,637,221)</b>	<b>(900,019,363)</b>
Interest expenses		78,508,582	78,508,582	79,165,528
<b>Net loss for the year</b>	19	<b>(770,145,803)</b>	<b>(770,145,803)</b>	<b>(979,184,891)</b>
<b>Basic and diluted loss per share</b>				
Net loss for the year	20	(0.70)	(0.70)	(1.15)

The notes on pages 8 to 25 are an integral part of these financial statements.

**ITV Public Company Limited**  
**Statements of Changes in Shareholders' Equity**  
**For the years ended 31 December 2002 and 2001**

<b>Consolidated</b>				
		<b>Premium</b>	<b>Accumulated</b>	
	<b>Share capital</b>	<b>(Deficiency) in</b>	<b>deficit</b>	<b>Total</b>
<b>Note</b>	<b>Baht</b>	<b>share capital</b>	<b>Baht</b>	<b>Baht</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Beginning balance 2002</b>	4,250,000,000	(412,496,161)	(2,975,254,806)	862,249,033
Issue of common shares	17 1,500,000,000	235,654,190	-	1,735,654,190
Net loss	-	-	(770,145,803)	(770,145,803)
<b>Ending balance at 31 December 2002</b>	<u>5,750,000,000</u>	<u>(176,841,971)</u>	<u>(3,745,400,609)</u>	<u>1,827,757,420</u>

<b>Company</b>				
		<b>Premium</b>	<b>Accumulated</b>	
	<b>Share capital</b>	<b>(Deficiency) in</b>	<b>deficit</b>	<b>Total</b>
<b>Note</b>	<b>Baht</b>	<b>share capital</b>	<b>Baht</b>	<b>Baht</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Beginning balance 2001</b>	4,250,000,000	(412,496,161)	(1,996,069,915)	1,841,433,924
Net loss	-	-	(979,184,891)	(979,184,891)
<b>Ending balance at 31 December 2001</b>	<u>4,250,000,000</u>	<u>(412,496,161)</u>	<u>(2,975,254,806)</u>	<u>862,249,033</u>
<b>Beginning balance 2002</b>	4,250,000,000	(412,496,161)	(2,975,254,806)	862,249,033
Issue of common shares	17 1,500,000,000	235,654,190	-	1,735,654,190
Net loss	-	-	(770,145,803)	(770,145,803)
<b>Ending balance at 31 December 2002</b>	<u>5,750,000,000</u>	<u>(176,841,971)</u>	<u>(3,745,400,609)</u>	<u>1,827,757,420</u>

The notes on pages 8 to 25 are an integral part of these financial statements.

**ITV Public Company Limited**  
**Statements of Cash Flows**  
**For the years ended 31 December 2002 and 2001**

	Notes	Consolidated	Company	
		2002 Baht	2002 Baht	2001 Baht
<b>Cash flows from operating activities</b>				
Net loss		(770,145,803)	(770,145,803)	(979,184,891)
Adjustments for:				
Amortisation of concession assets	11	222,967,638	222,967,638	216,655,932
Realised/unrealised loss(gain) on foreign exchange rate		(582,165)	(582,165)	2,789,250
Depreciation	10	12,147,737	12,147,737	4,455,615
Amortisation and allowance for impairment of programming rights and production costs	7	386,091,524	386,091,524	330,378,512
Allowance for doubtful debt accounts		20,047,810	20,047,810	(1,338,332)
Allowance for impairment of barter assets		(172,998)	(172,998)	(399,285)
Amortisation of front end fee	13	1,455,000	1,455,000	-
Loss on sale/write off of equipment and concession assets	11	793,484	793,484	2,925,340
Share of net result from investment in a subsidiary	9	-	16,107	-
Changes in operating assets and liabilities				
- Trade receivable		(205,223,152)	(205,223,152)	59,003,137
- Advance to related parties		(1,898,704)	(1,899,800)	-
- Other current assets		(30,700,969)	(29,659,899)	59,355,733
- Other assets		(12,146,041)	(12,146,041)	3,979,604
- Trade payable		39,121,938	39,053,831	(47,906,105)
- Concession payable		50,000,000	50,000,000	50,000,000
- Accrued expenses		57,297,152	57,288,152	19,057,176
- Other current liabilities		17,739,718	17,778,641	(57,249,216)
Cash used in operating activities		<u>(213,207,831)</u>	<u>(212,189,934)</u>	<u>(337,477,530)</u>

The notes on pages 8 to 25 are an integral part of these financial statements.

**ITV Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2002 and 2001**

---

**1 General Information**

ITV Public Company Limited (the ‘Company’) is a public limited company and is incorporated and domiciled in Thailand. The address of its registered office is as follows:

19 SCB Park Plaza Tower 3 East, Ratchadapisek Road, Ladyao, Chatuchak Bangkok 10900.

In February 2003, the Company has changed its registered office to 1010 Shinawatra Tower 3, Viphavadi Rangsit Road, Ladyao, Chatuchak, Bangkok 10900.

The Company has been listed on the Stock of Exchange of Thailand since 13 March 2002.

The Company operates a television broadcast station under a UHF radio-television broadcast agreement (the concession agreement) provided by the Prime Minister’s Office on 3 July 1995, as amended on 25 April 2000. The agreement term is 30 years, and expires on 3 July 2025. ITV has to comply with the conditions of the concession agreement. The Company has to broadcast news together with features and knowledge programmes amounting to 70 percent, or more, of total broadcasting time. In addition, the Company has to pay minimum fees to The Prime Minister’s Office based on percentages of service income, or at the rates as specified in the agreement, whichever is higher.

The concession is a Build Transfer Operate concession, under which the Company, according to the concession, has to transfer ownership of certain property and equipment procured by the Company upon completion of equipment installation to the Permanent Secretary, The Prime Minister’s Office, within the periods specified below:

<u>Year</u>	<u>For the period</u>	<u>Million Baht</u>
1	1996	1,799
2	1997	1,210
3	1998	131
4	1999	121
5	2000	127
6 - 10	2001 - 2005	1,169
11 - 15	2006 - 2010	1,677
16 - 20	2011 - 2015	2,165
21 - 25	2016 – 2020	2,877
26 - 30	2021 - 2025	2,953

**2 Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

**2.1 Basis for preparation**

The consolidated and company financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act, B.E. 2543, being those Thai Accounting Standards issued by the Institute of Certified Accountants and Auditors of Thailand and approved under law by the Board of Supervision of Auditing Practices appointed by the Minister of Commerce under the Auditor Act, B.E. 2505, and the financial reporting requirements of the Securities and Exchange Commission.

The consolidated and company financial statements have been prepared under the historical cost convention.

**2 Accounting policies (continued)**

**2.2 Investment in subsidiary**

Subsidiary undertakings, which are those companies in which the Company, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Company and are no longer consolidated from the date which the Company, directly or indirectly, has an interest of less than one half of the voting rights or otherwise ceases to have power to exercise control over the operations. All inter-company transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Company. Separate disclosure is made for minority interest. The interest of third parties in subsidiaries is accounted for on the basis of their share in the underlying equity of these undertakings. Details on the investment in subsidiary are presented in note 9.

In the Company's separate financial statements, the Company accounts for its interest in the subsidiary on an equity basis.

**2.3 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel who are directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**2.4 Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of income.

**2.5 Financial instruments**

Financial instruments carried on the balance sheet include cash and cash equivalent, trade accounts receivables, advances and loan to related parties, trade creditors and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Company is also party to financial instruments that reduce exposure to fluctuations in foreign currency exchange rates. These instruments, which mainly comprise foreign currency forward contracts, are recorded in the financial statements on inception.

**Foreign currency forward contracts**

Foreign currency forward contracts establish a predetermined exchange rate ("forward rate") at which the Group will receive or pay foreign currency amounts on a predetermined future date. Obligations under forward foreign exchange contracts are recognised in the balance sheet on inception. At the balance sheet date the foreign currency amounts receivable or payable under these contracts are translated at the balance sheet exchange rate. Unrealised gains or losses that result from the translation are recognised in the income statement. Any premium or discount equal to the difference between the exchange rate and the forward rate at the inception of the contract is amortised over the life of the contract.

Disclosures about financial instruments to which the Company is a party are provided in Note 22.

**2 Accounting policies (continued)**

**2.6 Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at banks as defined in the Thai Accounting Standard with respect to the preparation of the statement of cash flows which is in line with the definition prescribed in the regulation relating to the financial statements issued under the Ministerial Regulation No. 7 (B.E. 2539) under the Public Companies Limited Act B.E. 2535.

Cash and cash equivalents represent cash and short-term highly liquid investments with original maturities of three months or less.

**2.7 Trade receivables**

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

**2.8 Programming rights and production costs**

**Programming rights**

The company buys programming rights for broadcasting. Programming rights are stated at cost. The cost comprise both the purchase price and other cost directly attributable to the acquisition of the programming rights, such as duties, less all attributable discounts, allowance or rebates. Provision is made, where necessary, for impairment based on the estimated recoverable value.

The cost of the programming rights is amortised according to the numbers of transmission specified in the broadcasting agreement. If the program is broadcast over one times, the cost of program rights is amortised at a rate of 80% on the first transmission and 20% on second transmission.

**Production costs**

Production costs comprise direct costs related to production. News production costs are expensed as incurred. Costs relating to other in-house productions are capitalised based on estimated recoverable revenues and are amortised when the production is broadcast.

**2.9 Equipment**

Equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight line method to write off the cost of each asset over its estimated useful life as follows:

Leasehold improvements	Lease period or the estimated useful life, whichever is shorter.
Vehicles	5 years
Office equipment	5 years

Expenditure incurred for addition, renewal or betterment, which results in a substantial increase in an asset's current replacement value, is capitalised. Repair and maintenance costs are recognised as an expense when incurred.

The Company's policy is to review asset values annually, and to adjust depreciation to match estimated useful lives.

Gains and losses on disposal of equipment are determined by comparing with the carrying amount and are included in operating profit.

**2 Accounting policies (continued)**

**2.10 Concession assets**

Concession assets comprise equipment and intangible assets, technician and consulting fees as set out in the concession agreement. Under the concession agreement, the Company has to transfer the ownership in equipment and intangible assets to Office of the Permanent Secretary, The Prime Minister's Office within the negotiated period. Concession assets are amortised on the straight-line basis over their estimated useful life or the period of the concession, whichever is shorter as follows:

Land	The remaining period of the concession agreement
Network station	20 years or the remaining period of the agreement
Transmission equipment	5 - 20 years or the remaining period of the agreement
Furniture, fixture and office equipment	5 years or the remaining period of the agreement
Technician and consulting fee	20 years or the remaining period of the agreement

Borrowing costs to finance construction assets are capitalized as part of the cost of the assets during the period of time that is required to complete and prepare the assets for their intended use. No borrowing costs were capitalised in 2002 and 2001.

**2.11 Accounting for leases - where the company is the lessee**

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required by the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**2.12 Long-lived assets**

The Company assesses annually, or when circumstances warrant such a review, whether there is any indication that any of its long-lived assets, including other intangible assets, may be impaired. The carrying value of a long-lived asset is considered impaired when the anticipated recoverable value of the asset is less than its carrying value. Recoverable value is determined as the higher of net selling price and value in use, using anticipated cash flows discounted at a rate commensurate with the risk involved. Impairment losses are charged to the statement of income.

**2.13 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

**2.14 Employee benefits**

The Company operates a provident fund, being a defined contribution plan, the assets of which are held in a separate trustee-administered fund. The provident fund is funded by payments from employees and by the Company. Current contributions to the provident funds operated for employees are charged to the statement of income as incurred.

**2.15 Revenue recognition**

The revenues are recognised as follows:

Advertising revenues	- upon broadcast, net of sales tax and discounts
Airtime rental	- when the program is broadcast, net of sales tax and discounts
Interest income	- as it accrues unless collectibility is in doubt

**ITV Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements (Continued)**  
**For the years ended 31 December 2002 and 2001**

---

**2 Accounting policies (continued)**

**2.16 Income tax**

The Company calculates income tax according to the Revenue Code and records them on accrual basis. The Company does not recognise income tax payable or receivable in future periods in respect of temporary differences. The principal temporary differences arise from tax losses carried forward and amortisation of concession assets.

**2.17 Loss per share**

Basic consolidated loss per share is calculated by dividing the consolidated net earnings after considering minority interest in subsidiaries, attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

Basic company loss per share is calculated by dividing the Company's earnings by the weighted average number of ordinary shares in issue during the year.

**2.18 Presentation of comparative information**

The comparative figures have been amended to conform with reclassification of some certain items in the financial statements for the year ended 31 December 2002.

**3 Segment information**

Based on the risks and rewards associated with the Company's business, its organizational structure has determined that the Company operates in one business and geographical reportable segment.

**4 Cash and cash equivalents**

	<u>Consolidated</u>	<u>Company</u>	
	<u>2002</u>	<u>2002</u>	<u>2001</u>
	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
Cash on hand	635,000	635,000	720,000
Saving deposits	82,549,687	81,567,584	35,871,630
Promissory notes	230,000,000	230,000,000	-
Total	<u>313,184,687</u>	<u>312,202,584</u>	<u>36,591,630</u>

The weighted average effective interest rate of saving deposits and promissory notes was 0.25% (2001: 0.25%) and 1.91% respectively. The promissory notes have original maturity between 1 – 3 months.

**5 Trade accounts receivable, net**

	<u>Consolidated</u>	<u>Company</u>	
	<u>2002</u>	<u>2002</u>	<u>2001</u>
	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
Trade accounts receivable			
- Third parties	343,388,319	343,388,319	179,012,582
- Related parties (Note 6 c)	77,897,818	77,897,818	39,358,402
Accrued income - Related parties (Note 6 c)	500,000	500,000	-
Total trade accounts receivable	<u>421,786,137</u>	<u>421,786,137</u>	<u>218,370,984</u>
<u>Less</u> provision for doubtful accounts	<u>(38,290,736)</u>	<u>(38,290,736)</u>	<u>(23,675,971)</u>
Trade accounts receivable, net	<u>383,495,401</u>	<u>383,495,401</u>	<u>194,695,013</u>

**ITV Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements (Continued)**  
**For the years ended 31 December 2002 and 2001**

**5 Trade accounts receivable, net (continued)**

Outstanding trade accounts receivable – third parties as at 31 December can be analysed as follows:

	<u>Consolidated</u>	<u>Company</u>	
	<u>2002</u> <u>Baht</u>	<u>2002</u> <u>Baht</u>	<u>2001</u> <u>Baht</u>
Up to 3 months	294,773,276	294,773,276	143,158,686
3 - 6 months	13,822,933	13,822,933	17,067,221
6 - 12 months	15,122,316	15,122,316	1,821,183
Over 12 months	19,669,794	19,669,794	16,965,492
Total	<u>343,388,319</u>	<u>343,388,319</u>	<u>179,012,582</u>
<u>Less</u> provision for doubtful accounts	<u>(38,290,736)</u>	<u>(38,290,736)</u>	<u>(23,675,971)</u>
Trade accounts receivable, net	<u>305,097,583</u>	<u>305,097,583</u>	<u>155,336,611</u>

**6 Related party transactions**

During November 2001 Shin Corporation Public Company Limited (“Shin”) acquired additional 163.55 million common shares of the Company from The Siam Commercial Bank Public Company Limited (“SCB”) and other shareholders. Shin’s interest in iTV therefore increased from 39% to 77.48% and became the parent company in place of SCB whose interest in the Company decreased from 55% to 17.48% of paid up share capital. From November 2001, SCB had no representative in the Board of Director of the Company; thus, SCB is not considered to be a related company from that date.

In March 2002, Shin’s interest decreased from 77.48% to 55.53% on the initial public offering of the Company.

Transactions with Shin’s subsidiaries and associates and directors and related parties (the “Shin Group”) considered related party transactions. Transactions related to companies within SCB Group are recognised as related party to the Company until November 2001.

During the year, the Company has entered into a number of transactions with its parent company and other related companies, the terms of which are negotiated on an arm’s length basis in the ordinary course of business and according to normal trade conditions.

Consulting and management service fees are charged by its parent company on a mutually agreed basis as to a percentage of assets, but not less than the agreed amount. Treasury fees which are included in consulting and management service fees are charged on a percentage of transaction amount.

The following transactions were carried out with related parties for the years ended 31 December:

**a) Sales of goods and services**

	<u>Consolidated</u>	<u>Company</u>	
	<u>2002</u> <u>Baht</u>	<u>2002</u> <u>Baht</u>	<u>2001</u> <u>Baht</u>
<b>Advertising revenues</b>			
Parent company			
Shin Corporation Public Company Limited	2,856,759	2,856,759	-
The Siam Commercial Bank Public Company Limited	-	-	7,946,750
Subsidiary	-	1,096	
Other related parties			
Shin Group	<u>203,682,306</u>	<u>203,682,306</u>	<u>106,420,283</u>
	<u>206,539,065</u>	<u>206,540,161</u>	<u>114,367,033</u>

**ITV Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements (Continued)**  
**For the years ended 31 December 2002 and 2001**

**6 Related party transactions (continued)**

**b) Purchases of goods and services**

	<b>Consolidated</b>	<b>Company</b>	
	<b>2002</b>	<b>2002</b>	<b>2001</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Service expenses</b>			
Parent company			
Shin			
Consulting and management fee	18,500,252	18,500,252	1,354,330
Other expenses	476,374	476,374	14,969
SCB			
Interest expense	-	-	54,479,905
	<u>18,976,626</u>	<u>18,976,626</u>	<u>55,849,204</u>
Other related parties			
Shin Group			
Expenses			
Transponder rental	39,132,000	39,132,000	39,132,000
Selling expenses	19,648,525	19,648,525	-
Consultant fee	-	-	12,326,000
Program production cost	14,014,000	14,014,000	16,198,211
Other expense	6,183,064	6,183,064	9,617,871
Purchase of assets	235,187	235,187	-
Shareholders' equity			
Share issued cost	5,060,810	5,060,810	-
SCB Group			
Building rental and service charge	-	-	40,957,531
Other expense	-	-	2,965,832
	<u>84,273,586</u>	<u>84,273,586</u>	<u>121,197,445</u>
	<u>103,250,212</u>	<u>103,250,212</u>	<u>177,046,649</u>

**c) Outstanding balances arising from sales/purchases of goods/services at 31 December**

	<b>Consolidated</b>	<b>Company</b>	
	<b>2002</b>	<b>2002</b>	<b>2001</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Receivables from related parties:</b>			
Parent company - Shin	416,070	416,070	9,660
Other related parties - Shin Group	77,481,748	77,481,748	39,348,742
<b>Total receivables from related parties</b>	<u>77,897,818</u>	<u>77,897,818</u>	<u>39,358,402</u>
<b>Accrued income from related parties:</b>			
Other related parties - Shin Group	500,000	500,000	-
<b>Total accrued income from related parties</b>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
<b>Payables to related parties:</b>			
Parent company - Shin	-	-	2,245,327
Other related parties - Shin Group	11,458,047	11,458,047	642,244
<b>Total payables to related parties:</b>	<u>11,458,047</u>	<u>11,458,047</u>	<u>2,887,571</u>

6 Related party transactions (continued)

d) Advance and loan to related parties at 31 December

	Consolidated	Company	
	2002 Baht	2002 Baht	2001 Baht
<b>Advance to related parties:</b>			
Subsidiary	-	1,096	-
Other related parties - Shin Group	1,398,704	1,398,704	-
<b>Total advance to related parties</b>	1,398,704	1,399,800	-
<b>Loan to related parties:</b>			
Subsidiary	-	1,000,000	-
<b>Total loan to related parties</b>	-	1,000,000	-
<b>Total advance and loan to related parties</b>	1,398,704	2,399,800	-

e) Other assets at 31 December

	Consolidated	Company	
	2002 Baht	2002 Baht	2001 Baht
<b>Deposit:</b>			
Other related parties - Shin Group	7,387,734	7,387,734	-
<b>Leasehold right</b>			
Other related parties - Shin Group	5,000,000	5,000,000	-
<b>Total other assets</b>	12,387,734	12,387,734	-

f) Accrued expenses to related parties at 31 December

	Consolidated	Company	
	2002 Baht	2002 Baht	2001 Baht
<b>Accrued expenses to related parties:</b>			
Parent company - Shin	1,201,480	1,201,480	2,333,162
Other related companies - Shin Group	5,832,016	5,832,016	3,968,761
<b>Total accrued expenses to related parties:</b>	7,033,496	7,033,496	6,301,923

7 Programming rights and production costs, net

	Consolidated	Company	
	2002 Baht	2002 Baht	2001 Baht
Beginning balance	77,997,003	77,997,003	69,145,720
Additions	395,458,972	395,458,972	339,229,795
Less Amortisation	(360,189,872)	(360,189,872)	(327,611,736)
Allowance for impairment	(25,901,652)	(25,901,652)	(2,766,776)
Ending balance	87,364,451	87,364,451	77,997,003

**ITV Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements (Continued)**  
**For the years ended 31 December 2002 and 2001**

**8 Other current assets**

	<b>Consolidated</b>	<b>Company</b>	
	<b>2002</b>	<b>2002</b>	<b>2001</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Withholding tax deducted at source	33,577,360	33,577,360	26,716,074
Other receivables	19,000,299	17,959,228	4,060,633
Prepaid expenses	11,325,264	11,325,264	10,825,460
Account receivable - Revenue Department	3,394,009	3,394,009	4,123,374
Assets for sales	8,843,805	8,843,805	985,462
Others	779,131	779,131	2,459,943
<b>Total</b>	<b>76,919,868</b>	<b>75,878,797</b>	<b>49,170,946</b>

**9 Investment in a subsidiary**

a) Movements in investment in a subsidiary for the year ended 31 December comprise:

	<b>Company</b>	
	<b>2002</b>	<b>2001</b>
	<b>Baht</b>	<b>Baht</b>
Opening net book value	-	-
Purchase investment	1,000,000	-
Share of result from investment in a subsidiary	(16,107)	-
<b>Closing net book value</b>	<b>983,893</b>	<b>-</b>

b) Carrying value of investment in a subsidiary

	<b>Company – 31 December 2002 ( Baht )</b>					
	<b>Paid-up capital</b>	<b>Investment portion</b>	<b>Share of net results of investment</b>			
			<b>Cost</b>		<b>Equity</b>	<b>Dividend</b>
Artware Media Company Limited	1,000,000	99.93	1,000,000	(16,107)	983,893	-

On 11 November 2002, the Company has acquired all share capital of Artware Media Company Limited, which was incorporated under Thai laws, on that date. Its principal business is to lease equipment for TV and movies programs, produce TV programs and arrange related marketing events. At 31 December 2002, Artware Media has not started its operations. Artware Media is considered a subsidiary from the date the Company has acquired its shares.

At the Board of Director's meeting on 16 January 2003, it was unanimously resolved to subscribe for an increase in share capital in Artware Media Company Limited at full. The extraordinary shareholders' meeting of Artware Media Company Limited approved to increase its registered share capital from 10,000 shares to 200,000 shares at a par value of Baht 100 each in January 2003.

**ITV Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements (Continued)**  
**For the years ended 31 December 2002 and 2001**

**10 Equipment, net**

	<b>Company</b>				<b>Total Baht</b>
	<b>Land improvement Baht</b>	<b>Building improvement Baht</b>	<b>Vehicle Baht</b>	<b>Office equipment Baht</b>	
<b>At 31 December 2001</b>					
Cost	255,000	36,880,299	234,998	215,626	37,585,923
<u>Less</u> Accumulated depreciation	-	(15,473,104)	(156,695)	(8,901)	(15,638,700)
Beginning net book amount	<u>255,000</u>	<u>21,407,195</u>	<u>78,303</u>	<u>206,725</u>	<u>21,947,223</u>
<b>Transactions during the year ended 31 December 2002</b>					
Opening net book amount	255,000	21,407,195	78,303	206,725	21,947,223
Additions	-	63,459	-	306,021	369,480
Transferred, net (Note 11)	(10,934)	(34,501)	(101)	(3,951)	(49,487)
Depreciation charge	(12,750)	(12,062,881)	(21,362)	(50,744)	(12,147,737)
Closing net book amount	<u>231,316</u>	<u>9,373,272</u>	<u>56,840</u>	<u>458,051</u>	<u>10,119,479</u>
<b>At 31 December 2002</b>					
Cost	255,000	36,943,758	234,998	521,647	37,955,403
<u>Less</u> Accumulated depreciation	(23,684)	(27,570,486)	(178,158)	(63,596)	(27,835,924)
Net book amount	<u>231,316</u>	<u>9,373,272</u>	<u>56,840</u>	<u>458,051</u>	<u>10,119,479</u>

The 2002 consolidated numbers are as same as the Company numbers as the subsidiary has no equipment.

**ITV Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements (Continued)**  
**For the years ended 31 December 2002 and 2001**

**11 Concession assets, net**

The Company has an obligation to provide certain assets for its operations under its concession agreement. The Office of the Permanent Secretary, the Prime Minister's Office, also provides certain rights to ITV to use the assets. The details of the concession assets for which legal title has been or will be transferred to the Prime Minister's Office under these agreements are as follows:

	<b>Company</b>						
	<b>Land</b>	<b>Network</b>	<b>Transmission</b>	<b>Furniture,</b>	<b>Construction</b>	<b>Technician</b>	<b>Total</b>
	<b>Baht</b>	<b>station</b>	<b>equipment</b>	<b>fixtures and</b>	<b>in progress</b>	<b>and consulting</b>	<b>Baht</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>office</b>	<b>Baht</b>	<b>fee</b>	<b>Baht</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>equipment</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>At 31 December 2001</b>							
Cost	47,923,706	165,940,535	2,753,605,056	114,431,109	51,445,093	166,672,320	3,300,017,819
<u>Less</u> Accumulated amortisation	(1,947,588)	(27,136,470)	(615,643,304)	(67,880,143)	-	(39,508,309)	(752,115,814)
Beginning net book amount	<u>45,976,118</u>	<u>138,804,065</u>	<u>2,137,961,752</u>	<u>46,550,966</u>	<u>51,445,093</u>	<u>127,164,011</u>	<u>2,547,902,005</u>
<b>Transactions during the year ended 31 December 2002</b>							
Opening net book amount	45,976,118	138,804,065	2,137,961,752	46,550,966	51,445,093	127,164,011	2,547,902,005
Additions	-	339,701	39,602,210	22,986,312	23,191,770	-	86,119,993
Asset transferred	-	4,852,877	58,683,510	2,039,275	(65,575,662)	-	-
Transferred, net (Note 10)	(318,394)	(246,518)	(263,960)	1,038,259	-	(159,900)	49,487
Disposal/adjustment	(15,750)	(82,764)	144,340	(813,429)	-	(25,881)	(793,484)
Amortisation charge	(1,916,318)	(8,336,280)	(184,575,229)	(19,807,489)	-	(8,332,322)	(222,967,638)
Closing net book amount	<u>43,725,656</u>	<u>135,331,081</u>	<u>2,051,552,623</u>	<u>51,993,894</u>	<u>9,061,201</u>	<u>118,645,908</u>	<u>2,410,310,363</u>
<b>As at 31 December 2002</b>							
Cost	47,907,956	171,050,349	2,857,316,710	138,643,267	9,061,201	166,646,439	3,390,625,922
<u>Less</u> Accumulated amortisation	(4,182,300)	(35,719,268)	(805,764,087)	(86,649,373)	-	(48,000,531)	(980,315,559)
Net book amount	<u>43,725,656</u>	<u>135,331,081</u>	<u>2,051,552,623</u>	<u>51,993,894</u>	<u>9,061,201</u>	<u>118,645,908</u>	<u>2,410,310,363</u>

The 2002 consolidated numbers are as same as the Company numbers as the subsidiary has no concession assets.

**ITV Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements (Continued)**  
**For the years ended 31 December 2002 and 2001**

**12 Other assets**

	<u>Consolidated</u>	<u>Company</u>	
	<u>2002</u>	<u>2002</u>	<u>2001</u>
	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
<b>Deposits</b>			
- Third parties	11,927,085	11,927,085	14,035,445
- Related parties (Note 6 e)	7,387,734	7,387,734	-
<b>Leasehold right</b>			
- Third parties	1,866,667	1,866,667	-
- Related parties (Note 6 e)	5,000,000	5,000,000	-
<b>Total</b>	<u>26,181,486</u>	<u>26,181,486</u>	<u>14,035,445</u>

**13 Borrowings**

	<u>Consolidated</u>	<u>Company</u>	
	<u>2002</u>	<u>2002</u>	<u>2001</u>
	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
<b>Short-term borrowings</b>			
Bank overdrafts	6,992,819	6,992,819	33,200,545
Trust receipt	-	-	37,212,299
Short-term loan from banks	-	-	704,621,791
Current portion of long-term loan from bank	33,843,289	33,843,289	-
<b>Total</b>	<u>40,836,108</u>	<u>40,836,108</u>	<u>775,034,635</u>
<b>Long-term borrowings</b>			
Long-term loan from bank	793,785,588	793,785,588	709,917,229
<u>Less</u> Deferred front end fee	8,730,000	8,730,000	10,185,000
<b>Total</b>	<u>785,055,588</u>	<u>785,055,588</u>	<u>699,732,229</u>
<b>Total borrowings</b>	<u>825,891,696</u>	<u>825,891,696</u>	<u>1,474,766,864</u>

The interest rate exposure on the borrowings of the group and the company is as follows:

	<u>Consolidated</u>	<u>Company</u>	
	<u>2002</u>	<u>2002</u>	<u>2001</u>
	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
<b>Total borrowings :</b>			
- at fixed rates	-	-	704,621,791
- at floating rates	834,621,696	834,621,696	780,330,073

The carrying amounts of short-term loans and long-term loans approximate to their fair values.

Borrowings carry interest at rates as follows:

	<u>Consolidated</u>	<u>Company</u>	
	<u>2002</u>	<u>2002</u>	<u>2001</u>
- Bank overdrafts	8.25%	8.25%	7.75 %
- Short-term loan from bank	-	-	4.69% - 8.00%
- Long-term loan	6.75%	6.75%	8.25 %

**13 Borrowings (continued)**

**Debt restructuring in year 2000**

On 1 June 2000, the Company entered into an agreement for debt restructuring. The main condition of the agreement was the further extension of the payment period. The Company has to settle its debt following the agreement. Under the debt restructuring agreement, the Company has a grace period in the first 3 years. Then, the Company has to repay the debt installment every 6 months, totalling 16 repayments by the first repayment period at 14 December 2003.

The Company has the right to repay more, or before the due date, of the debt installment. The amount of debt repayment is no less than Baht 50 million and a repayment of an amount exceeding Baht 50 million is allowed in steps of Baht 10 million. The bank also does not ask the Company for the fee of the principal repayment before the due date. The Company has to pay the interest every 3 months according to the agreed rate. The Company has to maintain the Debt to Equity Ratio of not over 1:1. However, the bank has given grace to the Company to maintain the Debt to Equity Ratio of 3:1 from 1 November 2001 to 31 December 2003. In addition, the Debt to Equity Ratio has to be 2.5:1 from 1 January 2004.

On 12 December 2002, the Company and the bank amended the debt restructuring agreement by revising the interest rate from Minimum Loan Rate plus 1.00% to be Minimum Loan Rate.

Maturity of non-current borrowings as at 31 December 2002 is as follows:

	<b>Consolidated and Company Baht</b>
2004	67,686,578
2005	71,916,989
2006	80,377,812
2007 and after	573,804,209
	<u>793,785,588</u>

**14 Trade accounts payable**

	<b>Consolidated</b>	<b>Company</b>	
	<b>2002</b>	<b>2002</b>	<b>2001</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Trade accounts payable</b>			
- Third parties	67,679,870	67,611,762	39,429,030
- Related parties (Note 6 c)	11,458,047	11,458,047	2,887,571
	<u>79,137,917</u>	<u>79,069,809</u>	<u>42,316,601</u>

**15 Accounts payable-purchase of equipment**

Accounts payable-purchase of equipment is part of the debt restructuring incurred in the year 2000 which will be converted into long-term loan from bank when it is due.

**ITV Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements (Continued)**  
**For the years ended 31 December 2002 and 2001**

**16 Other current liabilities**

	<u>Consolidated</u>	<u>Company</u>	
	<b>2002</b> <b>Baht</b>	<b>2002</b> <b>Baht</b>	<b>2001</b> <b>Baht</b>
Payable to Revenue Department	13,071,805	13,110,728	6,815,028
Advances received from customers	16,108,879	16,108,879	2,175,383
Other payables	29,654	29,654	257,855
Forward contracts payable, net	-	-	2,222,354
	<u>29,210,338</u>	<u>29,249,261</u>	<u>11,470,620</u>
Forward contracts payable	-	-	149,500,988
Forward contracts receivable	-	-	(147,278,634)
Forward contracts payable, net	-	-	<u>2,222,354</u>

**17 Share capital and premium/(deficiency) on share capital**

	<u>Number of</u> <u>registered</u> <u>share capital</u> <u>shares</u>	<u>Issued</u> <u>and</u> <u>paid up</u> <u>shares</u>	<u>Ordinary</u> <u>shares</u> <u>Baht</u>	<u>Premium/</u> <u>(deficiency) on</u> <u>share capital</u> <u>Baht</u>	<u>Total</u> <u>Baht</u>
As at 31 December 2000	450,000,000	425,000,000	4,250,000,000	(412,496,161)	3,837,503,839
Registered new share capital	150,000,000	-	-	-	-
As at 31 December 2001	600,000,000	425,000,000	4,250,000,000	(412,496,161)	3,837,503,839
Par split	600,000,000	425,000,000	-	-	-
Issue share capital	-	300,000,000	1,500,000,000	235,654,190	1,735,654,190
<b>At 31 December 2002</b>	<u>1,200,000,000</u>	<u>1,150,000,000</u>	<u>5,750,000,000</u>	<u>(176,841,971)</u>	<u>5,573,158,029</u>

As at 31 December 2002, the total authorised number of ordinary shares was 1,200 million shares (31 December 2001: 600 million shares) with a par value of Baht 5 per share (31 December 2001: Baht 10 per share). The Company also has outstanding warrants issued as of 30 September 2002 of 50 million units at Baht nil per unit. These warrants are exercisable at Baht 5 per share with 5 years of March 2002. Proceeds received on exercise will be credited to share capital.

On 26 March 2001, the shareholders at the annual general meeting approved an increase of authorised share capital from 450 million ordinary shares with a par value of Baht 10 per share to 600 million ordinary shares with a par value of Baht 10 per share. The Company registered the increase of share capital with the Ministry of Commerce on 12 April 2001.

On 17 December 2001, an extraordinary shareholders' meeting passed a resolution to change the par value of ordinary shares from Baht 10 per share to Baht 5 per share. Therefore, total authorised shares increased from 600 million ordinary shares to 1,200 million ordinary shares and issued and paid up shares increased from 425 million ordinary shares to 850 million ordinary shares; and warrants increased from 25 million shares to 50 million shares. The Company registered the change of par value of share capital with the Ministry of Commerce on 7 January 2002.

The company issued 300 million shares through an initial public offering during the period 27 February 2002 to 1 March 2002 at Baht 6 per share with a par value of Baht 5 per share. Total share proceeds were Baht 1,800 million resulting in a share premium of Baht 300 million. Share issue costs of Baht 64 million were offset against the share premium. The remaining amount contributed to a reduction in the deficiency on share capital of Baht 236 million. The Company registered the change of issued and paid-up share capital with the Ministry of Commerce on 7 March 2002.

**ITV Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements (Continued)**  
**For the years ended 31 December 2002 and 2001**

**18 Service income**

	<u>Consolidated</u>	<u>Company</u>	
	<u>2002</u>	<u>2002</u>	<u>2001</u>
	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
<b>Analysis of service income</b>			
Advertising income	1,145,936,096	1,145,936,096	658,339,798
Air-time rental	311,207,088	311,207,088	265,857,009
Production income	2,198,102	2,198,102	974,430
Total	<u>1,459,341,286</u>	<u>1,459,341,286</u>	<u>925,171,237</u>

**19 Operating loss**

The following expenditures, classified by nature, have been charged in arriving at operating loss:

	<u>Consolidated</u>	<u>Company</u>	
	<u>2002</u>	<u>2002</u>	<u>2001</u>
	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
Cost of services			
Amortisation and impairment of programming rights and production cost	472,037,739	472,037,739	383,272,120
Amortisation of concession assets	198,490,971	198,490,971	201,601,581
Network cost	107,860,101	107,860,101	107,145,338
Staff costs	178,755,215	178,755,215	155,269,908
Other costs	27,652,967	27,652,967	37,871,852
	<u>984,796,993</u>	<u>984,796,993</u>	<u>885,137,874</u>
Selling and administrative expenses			
Depreciation of equipment and amortisation of concession assets	36,624,404	36,624,404	19,509,966
Staff costs	109,874,167	109,874,167	83,732,612
Administrative expenses	135,263,938	135,248,927	120,594,133
Marketing expenses	141,059,523	141,059,523	72,046,968
	<u>422,822,032</u>	<u>422,807,021</u>	<u>295,883,679</u>

As at 31 December 2002, the Company has 859 employees (2001 : 781 employees).

**20 Loss per share**

Basic and diluted loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	<u>Consolidated</u>	<u>Company</u>	
	<u>2002</u>	<u>2002</u>	<u>2001</u>
	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
Net loss attributable to shareholders (Baht)	(770,145,803)	(770,145,803)	(979,184,891)
Weighted average number of ordinary shares issued during the year (shares)	1,096,575,342	1,096,575,342	850,000,000
Basic and diluted loss per share (Baht)	<u>0.70</u>	<u>0.70</u>	<u>1.15</u>

The Company has recalculated loss per share for the years ended 31 December 2002 and 2001 by considering the weighted average number of ordinary shares in accordance with the amendment to par value and number of shares in January 2002 (Note 17).

**20 Loss per share (continued)**

The effect of 50 million warrants - ordinary share on an as-if-converted method is antidilutive. For the year ended 31 December 2002 and 2001, there were no potentially dilutive common shares.

Warrants were offered free of charge to shareholder who held ordinary shares on 31 December 1999. One warrant entitles the holder to subscribe to one ordinary share in 80% of the price of the ordinary share issued to third parties. The warrant, however, can purchase the ordinary share not less than par value (Baht 5 per share) within 5 years after the Company sold its shares to the public, and they are exercisable on the last working day of March and September, commencing 30 September 2002. As of 31 December 2002, no warrant has been exercised.

**21 Provident fund**

The Company's provident fund is part of the provident fund of Shin Corporation Public Company Limited which the fund has been established in accordance with the Provident Fund Act B.E. 2530.

Under the plan, the employees must contribute 3-4 percent of their basic salaries and the Company's contribution rates are 3-4 percent.

**22 Financial Instruments**

The principal financial risks faced by the Company are interest rate, exchange rate and credit risk. The Company borrows at both fixed and floating rates of interest to finance its operations. Credit risk arises when derivative instruments are used or sales are made on deferred credit terms.

The objectives in using financial instruments are to reduce the uncertainty over future cash flows arising from movements in interest and exchange rates, and to manage the liquidity of the cash resources. The following strategies are employed to achieve these objectives. Foreign exchange forward contracts are taken out to manage the currency risks in future sales.

Trading for speculative purposes is prohibited.

**Objectives and significant terms and conditions**

In order to manage the risks arising from fluctuations in currency exchange rates, the Company makes use of the following derivative financial instruments:

**Forward foreign exchange contracts**

Forward foreign exchange contracts are entered into to manage exposure to fluctuations in foreign currency exchange rates on specific transactions.

At 31 December 2002 and 2001 the settlement dates on open forward contracts ranged between 3 months and 1 year. The local currency amounts to be received and contractual exchange rates of the outstanding contracts were:

	<b>Consolidated</b>		<b>Company</b>			
	<b>2002</b>		<b>2002</b>		<b>2001</b>	
	<b>Foreign currency</b>		<b>Foreign currency</b>		<b>Foreign currency</b>	
	<b>Unit</b>	<b>Baht</b>	<b>Unit</b>	<b>Baht</b>	<b>Unit</b>	<b>Baht</b>
US Dollars	-	-	-	-	3,245,467	145,377,484
Australian Dollars	-	-	-	-	189,023	4,123,504
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,434,490</b>	<b>149,500,988</b>

**22 Financial Instruments (continued)**

**Net fair values**

The net fair values of the derivative financial instruments at the balance sheet date were:

	<u>Consolidated</u>	<u>Company</u>	
	<b>2002</b>	<b>2002</b>	<b>2001</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Favorable forward foreign exchange contracts	-	-	129,556
Unfavorable forward foreign exchange contracts	-	-	1,296,151

The fair values of forward foreign exchange contracts have been calculated based on quoted market rates to terminate the contracts at the balance sheet date.

**Credit risk**

The Company has no significant concentrations of credit risk. Derivative instruments are entered into with, and cash is placed with substantial financial institutions.

**Fair values**

The carrying amounts of the following financial assets and financial liabilities approximate to their fair values: cash, trade receivables and payables, related party balances, other receivables and payables, short term borrowings, and floating rate long-term borrowings.

**23 Commitments and contingencies**

**Contingent liabilities**

	<u>Consolidated</u>	<u>Company</u>	
	<b>2002</b>	<b>2002</b>	<b>2001</b>
	<b>Million</b>	<b>Million</b>	<b>Million</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Bank guarantees for operating performance under the concession agreements	25	25	125
Bank guarantees in respect of the normal course of business	38	38	77
	<u>63</u>	<u>63</u>	<u>202</u>

The Company redeemed bank guarantees for operating performance under the concession agreements guaranteed by the minority shareholders amounting to Baht 100 million on 11 July 2002.

The Company is defendant in various legal actions. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss.

**23 Commitments and contingencies**

**Commitment**

**Concession agreements**

Under the concession agreements, the Company has an obligation to transfer all assets used for operation to the Prime Minister's Office. The concession agreements are build-transfer-operate concession. The Company has to comply with the concession agreements and pay the annual benefit to the Prime Minister's Office based on the percentage of revenues or the minimum benefit, whichever is higher, as follows:

<b>Year</b>	<b>Period</b>	<b>In the percentage of</b>	<b>Minimum benefit Million Baht</b>
3	3 July 1997 - 2 July 1998	22.5	300
4	3 July 1998 - 2 July 1999	35	400
5	3 July 1999 - 2 July 2000	35	500
6	3 July 2000 - 2 July 2001	35	600
7	3 July 2001 - 2 July 2002	44	700
8	3 July 2002 - 2 July 2003	44	800
9	3 July 2003 - 2 July 2004	44	900
10	3 July 2004 - 2 July 2005	44	1,000
11 - 30	3 July 2005 - 3 July 2025	44	20,000

Benefit based on the percentage of revenues, calculated by total revenues that the Company could earn before related expense and taxes.

The Company expected that it has to pay the annual benefit for the year 2002 based on the minimum benefit, therefore, the Company accrued a concession payable in its accounts in accordance with the minimum benefit rate.

**Capital commitments**

Capital expenditure represents contracts at the balance sheet date but not recognised in the financial statements. The Company has an obligation to transfer all assets used for its operation to Office of the Permanent Secretary, The Prime Minister's Office. As at 31 December 2002, the Company has the outstanding obligation of Baht 10,626 million to be procured under the concession agreement prior to 2025 (Note 1) and, the Company has outstanding purchase and renovation agreements for building and equipment and concession assets with third parties of Baht 168 million.

**Operating lease commitments - where a company is the lessee**

The future minimum lease payments under non-cancellable operating lease agreements are as follows:

	<b>Consolidated</b>	<b>The Company only</b>	
	<b>2002 Baht</b>	<b>2002 Baht</b>	<b>2001 Baht</b>
Not later than 1 year	78,638,864	78,638,864	63,208,732
Later than 1 year and not later than 5 years	177,090,296	177,090,296	169,503,170
Later than 5 years	55,810,000	55,810,000	71,815,800
	<u>311,539,160</u>	<u>311,539,160</u>	<u>304,527,702</u>

**ITV Public Company Limited**  
**Statements of Cash Flows (Continued)**  
**For the years ended 31 December 2002 and 2001**

	Notes	Consolidated	Company	
		2002 Baht	2002 Baht	2001 Baht
<b>Cash flows from investing activities</b>				
Proceeds from short-term investments		-	-	3,000,000
Purchases of programming rights and production costs	7	(390,886,011)	(390,886,011)	(339,229,795)
Purchases of concession assets	11	(86,119,993)	(86,119,993)	(92,200,020)
Purchases of equipment	10	(369,480)	(369,480)	(886,804)
Proceeds from sale/write off of equipment and concession assets		-	-	8,050,701
Investment in a subsidiary	9	-	(1,000,000)	-
Loan to a subsidiary	6 d)	-	(1,000,000)	-
Net cash used in investing activities		<u>(477,375,484)</u>	<u>(479,375,484)</u>	<u>(421,265,918)</u>
<b>Cash flows from financing activities</b>				
Proceeds from (repayment of) bank overdrafts and short-term loan from banks		(768,477,818)	(768,477,818)	729,474,267
Proceeds from increase in share capital	17	1,800,000,000	1,800,000,000	-
Share issued costs	17	(64,345,810)	(64,345,810)	-
Net cash receipts from financing activities		<u>967,176,372</u>	<u>967,176,372</u>	<u>729,474,267</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		276,593,057	275,610,954	(29,269,181)
Beginning balance		36,591,630	36,591,630	65,860,811
Ending balance		<u>313,184,687</u>	<u>312,202,584</u>	<u>36,591,630</u>
<b>Cash and cash equivalents at 31 December 2002 comprise:</b>				
Cash in hand		635,000	635,000	720,000
Cash at banks		82,549,687	81,567,584	35,871,630
Short-term investments		230,000,000	230,000,000	-
Total cash and cash equivalents	4	<u>313,184,687</u>	<u>312,202,584</u>	<u>36,591,630</u>
<b>Supplementary information for cash flows:</b>				
Interest paid		83,771,442	83,771,442	73,290,450
Tax paid		-	-	-
<b>Non-cash transactions</b>				
Convert accounts payable - purchase of equipment to long - term loans		117,711,648	117,711,648	200,374,266
Programming rights and production costs acquired but not yet paid		4,572,961	4,572,961	2,729,240

The notes on pages 8 to 25 are an integral part of these financial statements.