

ITV PUBLIC COMPANY LIMITED

**CONSOLIDATED AND COMPANY
FINANCIAL STATEMENTS**

31 December 2003 and 2002

ITV Public Company Limited
Balance Sheets
As at 31 December 2003 and 2002

	Note	Consolidated		Company	
		2003 Baht	2002 Baht	2003 Baht	2002 Baht
ASSETS					
Current assets					
Cash and cash equivalents	4	159,071,829	313,184,687	158,318,246	312,202,584
Trade accounts receivable, net	5	384,104,859	383,495,401	384,013,746	383,495,401
Advance and loan to related parties	6 d)	-	1,398,704	36,000,000	2,399,800
Programming rights and production costs, net	7	107,099,072	87,364,451	107,099,072	87,364,451
Other current assets	8	77,285,412	76,919,868	78,802,143	75,878,797
Total current assets		<u>727,561,172</u>	<u>862,363,111</u>	<u>764,233,207</u>	<u>861,341,033</u>
Non-current assets					
Investment in a subsidiary	9	-	-	9,580,470	983,893
Equipment, net	10	140,192,366	10,119,479	97,524,593	10,119,479
Concession assets, net	11	2,307,256,274	2,410,310,363	2,307,256,274	2,410,310,363
Other assets	12	14,345,125	26,181,486	14,345,125	26,181,486
Total non-current assets		<u>2,461,793,765</u>	<u>2,446,611,328</u>	<u>2,428,706,462</u>	<u>2,447,595,221</u>
Total assets		<u><u>3,189,354,937</u></u>	<u><u>3,308,974,439</u></u>	<u><u>3,192,939,669</u></u>	<u><u>3,308,936,254</u></u>

Director _____ Director _____

Date _____

The notes on pages 9 to 28 are an integral part of these financial statements.

ITV Public Company Limited
Balance Sheets (Continued)
As at 31 December 2003 and 2002

	Note	Consolidated		Company	
		2003 Baht	2002 Baht	2003 Baht	2002 Baht
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Bank overdrafts and short-term loan					
from banks	13	300,000,000	6,992,819	300,000,000	6,992,819
Trade accounts payable	14	36,598,855	79,137,917	37,175,399	79,069,809
Current portion of long - term loan	13	67,777,490	33,843,289	67,777,490	33,843,289
Concession payable	22	450,000,000	400,000,000	450,000,000	400,000,000
Accounts payable - purchase of equipment					
due within one year		-	18,453,352	-	18,453,352
Accrued expenses	6 g)	135,300,982	128,523,716	135,379,077	128,514,716
Other current liabilities	15	44,083,515	29,210,338	47,013,608	29,249,261
Total current liabilities		<u>1,033,760,842</u>	<u>696,161,431</u>	<u>1,037,345,574</u>	<u>696,123,246</u>
Non-current liabilities					
Long - term loan, net	13	<u>738,277,390</u>	<u>785,055,588</u>	<u>738,277,390</u>	<u>785,055,588</u>
Total non - current liabilities		<u>738,277,390</u>	<u>785,055,588</u>	<u>738,277,390</u>	<u>785,055,588</u>
Total Liabilities		<u>1,772,038,232</u>	<u>1,481,217,019</u>	<u>1,775,622,964</u>	<u>1,481,178,834</u>
Shareholders' Equity					
Share capital					
Authorised share capital - ordinary shares	16	<u>6,300,000,000</u>	<u>6,000,000,000</u>	<u>6,300,000,000</u>	<u>6,000,000,000</u>
Issued and paid - up share capital					
- ordinary shares	16	6,000,000,000	5,750,000,000	6,000,000,000	5,750,000,000
Deficiency in share capital	16	(176,841,971)	(176,841,971)	(176,841,971)	(176,841,971)
Accumulated deficit		(4,405,841,324)	(3,745,400,609)	(4,405,841,324)	(3,745,400,609)
Total Shareholders' Equity		<u>1,417,316,705</u>	<u>1,827,757,420</u>	<u>1,417,316,705</u>	<u>1,827,757,420</u>
Total Liabilities and Shareholders' Equity		<u>3,189,354,937</u>	<u>3,308,974,439</u>	<u>3,192,939,669</u>	<u>3,308,936,254</u>

The notes on pages 9 to 28 are an integral part of these financial statements.

ITV Public Company Limited
Statements of Income
For the years ended 31 December 2003 and 2002

	Notes	Consolidated		Company	
		2003 Baht	2002 Baht	2003 Baht	2002 Baht
Revenues	6 a)				
Service income	17	1,690,481,467	1,459,341,286	1,689,006,367	1,459,341,286
Other income		10,131,533	7,800,518	12,688,862	7,801,614
Total revenues		<u>1,700,613,000</u>	<u>1,467,141,804</u>	<u>1,701,695,229</u>	<u>1,467,142,900</u>
Expenses	6 b)				
Cost of services		1,084,932,741	1,025,581,041	1,075,553,805	1,025,581,041
Concession expenses		850,000,000	750,000,000	850,000,000	750,000,000
Selling and administrative expenses		366,736,001	382,037,984	366,793,743	382,022,973
Directors' remuneration		1,230,000	1,160,000	1,230,000	1,160,000
Share of net results of investment - equity method	9	-	-	10,403,423	16,107
Total expenses		<u>2,302,898,742</u>	<u>2,158,779,025</u>	<u>2,303,980,971</u>	<u>2,158,780,121</u>
Loss before interest		(602,285,742)	(691,637,221)	(602,285,742)	(691,637,221)
Interest expenses		(58,154,973)	(78,508,582)	(58,154,973)	(78,508,582)
Net loss for the year	18	<u>(660,440,715)</u>	<u>(770,145,803)</u>	<u>(660,440,715)</u>	<u>(770,145,803)</u>
Basic and diluted loss per share	19				
Net loss for the year		(0.57)	(0.70)	(0.57)	(0.70)

The notes on pages 9 to 28 are an integral part of these financial statements.

ITV Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 December 2003 and 2002

Consolidated				
		Premium (Deficiency) in	Accumulated	
	Share capital	share capital	deficit	Total
Note	Baht	Baht	Baht	Baht
Opening balance at 1 January 2002	4,250,000,000	(412,496,161)	(2,975,254,806)	862,249,033
Issue of ordinary shares	16 1,500,000,000	235,654,190	-	1,735,654,190
Net loss for the year	-	-	(770,145,803)	(770,145,803)
Closing balance at 31 December 2002	<u>5,750,000,000</u>	<u>(176,841,971)</u>	<u>(3,745,400,609)</u>	<u>1,827,757,420</u>
Opening balance at 1 January 2003	5,750,000,000	(176,841,971)	(3,745,400,609)	1,827,757,420
Issue of ordinary shares	16 250,000,000	-	-	250,000,000
Net loss for the year	-	-	(660,440,715)	(660,440,715)
Closing balance at 31 December 2003	<u>6,000,000,000</u>	<u>(176,841,971)</u>	<u>(4,405,841,324)</u>	<u>1,417,316,705</u>

Company				
		Premium (Deficiency) in	Accumulated	
	Share capital	share capital	deficit	Total
Note	Baht	Baht	Baht	Baht
Opening balance at 1 January 2002	4,250,000,000	(412,496,161)	(2,975,254,806)	862,249,033
Issue of ordinary shares	16 1,500,000,000	235,654,190	-	1,735,654,190
Net loss for the year	-	-	(770,145,803)	(770,145,803)
Closing balance at 31 December 2002	<u>5,750,000,000</u>	<u>(176,841,971)</u>	<u>(3,745,400,609)</u>	<u>1,827,757,420</u>
Opening balance at 1 January 2003	5,750,000,000	(176,841,971)	(3,745,400,609)	1,827,757,420
Issue of ordinary shares	16 250,000,000	-	-	250,000,000
Net loss for the year	-	-	(660,440,715)	(660,440,715)
Closing balance at 31 December 2003	<u>6,000,000,000</u>	<u>(176,841,971)</u>	<u>(4,405,841,324)</u>	<u>1,417,316,705</u>

The notes on pages 9 to 28 are an integral part of these financial statements.

ITV Public Company Limited
Statements of Cash flows
For the years ended 31 December 2003 and 2002

	Notes	Consolidated		Company	
		2003 Baht	2002 Baht	2003 Baht	2002 Baht
Cash flows from operating activities					
Net loss for the year		(660,440,715)	(770,145,803)	(660,440,715)	(770,145,803)
Adjustments for :					
Amortisation of concession assets	11	225,381,981	222,967,638	225,381,981	222,967,638
(Gain)/loss on foreign exchange rate		354,781	(582,165)	354,781	(582,165)
Depreciation	10	22,751,786	12,147,737	13,588,299	12,147,737
Amortisation and allowance for impairment of programming rights and production costs	7	390,081,166	386,091,524	390,081,166	386,091,524
Allowance for doubtful debts		(3,029,181)	20,047,810	(3,029,181)	20,047,810
Loss on devaluation of barter assets		(2,711,697)	(172,998)	(2,711,697)	(172,998)
Amortisation of front end fee	13	1,455,000	1,455,000	1,455,000	1,455,000
Loss on sale/adjust of equipment and concession assets		-	793,484	-	793,484
Share of net results from investment in a subsidiary	9	-	-	10,403,423	16,107
Changes in operating assets and liabilities					
Trade accounts receivable		2,419,724	(205,223,152)	2,510,836	(205,223,152)
Advance to related parties		1,398,704	(1,898,704)	1,399,800	(1,899,800)
Other current assets		2,346,153	(30,700,969)	(211,648)	(29,659,899)
Other assets		11,836,361	(12,146,041)	11,836,361	(12,146,041)
Trade accounts payable		(41,757,448)	39,121,938	(41,112,796)	39,053,831
Concession payable		50,000,000	50,000,000	50,000,000	50,000,000
Accrued expenses		(7,933,808)	57,297,152	(7,846,713)	57,288,152
Other current liabilities		14,873,177	17,739,718	17,764,347	17,778,641
Cash generated from/ (used in) operations		7,025,984	(213,207,831)	9,423,244	(212,189,934)
Cash flows from investing activities					
Purchases of programming rights and production costs	7	(395,104,713)	(390,886,011)	(395,104,713)	(390,886,011)
Purchases of concession assets	11	(122,918,174)	(86,119,993)	(122,918,174)	(86,119,993)
Purchases of equipment	10	(152,234,391)	(369,480)	(100,403,131)	(369,480)
Investment in a subsidiary	9	-	-	(19,000,000)	(1,000,000)
Loan to a subsidiary	6 d)	-	-	(35,000,000)	(1,000,000)
Net cash used in investing activities		(670,257,278)	(477,375,484)	(672,426,018)	(479,375,484)

The notes on pages 9 to 28 are an integral part of these financial statements.

ITV Public Company Limited
Statements of Cash flows (continued)
For the Years ended 31 December 2003 and 2002

	Notes	Consolidated		Company	
		2003 Baht	2002 Baht	2003 Baht	2002 Baht
Cash flows from financing activities					
Proceeds from bank overdrafts and short-term loan from banks	13	1,399,969,266	110,098,824	1,399,969,266	110,098,824
Repayment of bank overdrafts and short-term loan from banks	13	(1,106,962,085)	(878,576,642)	(1,106,962,085)	(878,576,642)
Repayment long-term loan from banks	13	(33,888,745)	-	(33,888,745)	-
Proceeds from increase in share capital	16	-	1,800,000,000	-	1,800,000,000
Share issue costs	16	-	(64,345,810)	-	(64,345,810)
Proceeds from increase in share capital from exercising warrants	16	250,000,000	-	250,000,000	-
Net cash receipts from financing activities		509,118,436	967,176,372	509,118,436	967,176,372
Net increase/(decrease) in cash and cash equivalents		(154,112,858)	276,593,057	(153,884,338)	275,610,954
Opening balance		313,184,687	36,591,630	312,202,584	36,591,630
Closing balance		159,071,829	313,184,687	158,318,246	312,202,584
Cash and cash equivalents as at 31 December comprise :					
Cash in hand		635,000	635,000	635,000	635,000
Cash at banks		158,436,829	82,549,687	157,683,246	81,567,584
Short-term investment		-	230,000,000	-	230,000,000
Total cash and cash equivalents	4	159,071,829	313,184,687	158,318,246	312,202,584
Supplementary information for cash flows :					
Interest paid		58,642,260	83,771,442	58,642,260	83,771,442
Tax paid		-	-	-	-
Non-cash transactions					
Convert accounts payable - purchase of equipment to long - term loan		19,589,748	117,711,648	19,589,748	117,711,648
Increasing in programming rights and production costs by liabilities		19,284,036	4,572,961	19,284,036	4,572,961

The notes on pages 9 to 28 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 2003 and 2002

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:

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, and 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 programmer 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 a 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 under the Securities and Exchange Act B.E. 2535

The consolidated and company financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

2 Accounting policies (continued)

2.2 Investment in subsidiary

Subsidiary undertakings, which are those companies in which the Company has power to govern the financial and operating policies, are 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 ceases to have the power to exercise control over the operations. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group. Separate disclosure is made for minority interests. 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 subsidiaries on an equity basis.

Under the equity method the company's share of the post-acquisition profits or losses of subsidiary is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Unrealised gains on transactions between the Company and its subsidiary are eliminated to the extent of the Company's interest in the subsidiary; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Company's investment in subsidiary includes goodwill (net of accumulated amortisation) on acquisition. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company does not to recognise further losses, unless the Company has incurred obligations or made payments on behalf of the subsidiary.

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

Transactions denominated in foreign currencies are translated into Baht at the rate of exchange prevailing on the transaction dates. Realised gains and losses on exchange are recognised as income or expense as incurred. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Baht at the rate of exchange prevailing at the balance sheet date. Unrealised gains and losses on exchange are recognised as income or expense as incurred. Losses on exchange rates are included in the income statements as note 18.

2 Accounting policies (continued)

2.5 Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, trade accounts receivables, advances and loan to related parties, deposits, 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 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 21.

2.6 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on 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 comprises 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 more than one time, 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 broadcasted.

2 Accounting policies (continued)

2.9 Equipment

Equipment is 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:

Land and building improvement	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.

2.10 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 of equipment and intangible assets to the 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 fees	20 years or the remaining period of the agreement

Borrowing costs to finance construction assets are capitalised 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 2003 and 2002.

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 the 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 Accounting policies (continued)

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

2.16 Income tax

The Company calculates income tax according to the Revenue Code and records it on the 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 the amortisation of concession assets.

2.17 Loss per share

Basic consolidated loss per share is calculated by dividing the consolidated net loss 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 loss 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 to the reclassification of certain items in the financial statements for the year ended 31 December 2003.

3 Segment information

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

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements (continued)
For the years ended 31 December 2003 and 2002

4 Cash and cash equivalents

	Consolidated		Company	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Cash on hand	635,000	635,000	635,000	635,000
Savings deposits	158,436,829	82,549,687	157,683,246	81,567,584
Promissory notes	-	230,000,000	-	230,000,000
Total cash and cash equivalents	159,071,829	313,184,687	158,318,246	312,202,584

The weighted average effective interest rate of savings deposits and promissory notes was 0.25% (2002: 0.25% and 1.91%, respectively). The promissory notes have original maturity of between 1 – 3 months.

5 Trade accounts receivable, net

	Consolidated		Company	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Trade accounts receivable				
- Third parties	375,346,922	343,388,319	374,626,922	343,388,319
- Related parties (Note 6 c)	44,019,491	77,897,818	44,648,378	77,897,818
Accrued income - Related parties (Note 6 c)	-	500,000	-	500,000
Total trade accounts receivable	419,366,413	421,786,137	419,275,300	421,786,137
<u>Less</u> allowance for doubtful accounts	<u>(35,261,554)</u>	<u>(38,290,736)</u>	<u>(35,261,554)</u>	<u>(38,290,736)</u>
Trade accounts receivable, net	384,104,859	383,495,401	384,013,746	383,495,401

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

	Consolidated		Company	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Current - 3 months	320,703,513	294,773,276	319,983,513	294,773,276
3 - 6 months	22,717,328	13,822,933	22,717,328	13,822,933
6 - 12 months	6,166,692	15,122,316	6,166,692	15,122,316
Over 12 months	25,759,389	19,669,794	25,759,389	19,669,794
Total	375,346,922	343,388,319	374,626,922	343,388,319
<u>Less</u> allowance for doubtful accounts	<u>(35,261,554)</u>	<u>(38,290,736)</u>	<u>(35,261,554)</u>	<u>(38,290,736)</u>
Trade accounts receivable, net	340,085,368	305,097,583	339,365,368	305,097,583

6 Related party transactions

The company is controlled by Shin Corporation Public Co., Ltd. (“Shin”), which was incorporated in Thailand and owns 53.22% (2002 : 55.53%) of the Company’s shares. The remaining 46.78% (2002 : 45.57%) of the shares are widely held.

Transactions related to companies within the Shin Group, such as subsidiaries, associates, management and related parties including transactions related to companies of which Shinawatra family members are the principal shareholders or directors are recognised as related party transactions to the Company.

During the year, the Company entered into a number of transactions with its parent company and 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 a percentage of assets, but not less than the agreed amount. Treasury fees, which are included in consulting and management service fees, are charged as a percentage of the transaction amount.

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

a) Sales of goods and services

	Consolidated		Company	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Advertising income				
Parent company - Shin	1,000,000	2,856,759	1,000,000	2,856,759
Subsidiary	-	-	3,441,900	1,096
Other related parties - Shin Group	178,833,051	203,682,306	178,833,051	203,682,306
	<u>179,833,051</u>	<u>206,539,065</u>	<u>183,274,951</u>	<u>206,540,161</u>
Other income				
Parent company - Shin	6,474,150	-	6,474,150	-
Subsidiary - Interest income	-	-	2,062,329	-
	<u>6,474,150</u>	<u>-</u>	<u>8,536,479</u>	<u>-</u>
Total sales of goods and services	<u>186,307,201</u>	<u>206,539,065</u>	<u>191,811,430</u>	<u>206,540,161</u>

ITV Public Company Limited
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For the years ended 31 December 2003 and 2002

6 Related party transactions (continued)

b) Purchases of goods and service

	Consolidated		Company	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Service expenses				
Parent company - Shin				
Consulting and management fee	15,929,708	18,500,252	15,929,708	18,500,252
Other expenses	1,140,675	476,374	1,140,675	476,374
	<u>17,070,383</u>	<u>18,976,626</u>	<u>17,070,383</u>	<u>18,976,626</u>
Other related parties - Shin Group				
Expenses				
Commission expenses	4,612,663	-	4,612,663	-
Advertising expenses	14,186,365	-	14,186,365	-
Telephone expenses	14,527,205	-	14,527,204	-
Building rental and service charge	60,820,032	-	59,881,742	-
Transponder rental	39,132,000	39,132,000	39,132,000	39,132,000
Selling expenses	-	19,648,525	-	19,648,525
Program production cost	20,113,000	14,014,000	20,113,000	14,014,000
Other expense	6,797,115	6,183,064	6,793,176	6,183,064
Purchase of assets	5,043,575	235,187	5,043,575	235,187
Shareholders' equity				
Share issue costs	-	5,060,810	-	5,060,810
	<u>165,231,955</u>	<u>84,273,586</u>	<u>164,289,725</u>	<u>84,273,586</u>
Subsidiary				
Selling expense	-	-	172,095	-
	-	-	<u>172,095</u>	-
Total purchases of goods and services	<u>182,302,338</u>	<u>103,250,212</u>	<u>181,532,203</u>	<u>103,250,212</u>

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

	Consolidated		Company	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Receivables from related parties:				
Parent company - Shin	-	416,070	-	416,070
Subsidiary	-	-	636,650	-
Other related parties - Shin Group	44,019,491	77,481,748	44,011,728	77,481,748
Total receivables from related parties	<u>44,019,491</u>	<u>77,897,818</u>	<u>44,648,378</u>	<u>77,897,818</u>
Accrued income from related parties:				
Other related parties - Shin Group	-	500,000	-	500,000
Total accrued income from related parties	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Payables to related parties:				
Parent company - Shin	20,376	-	20,376	-
Subsidiary	-	-	720,000	-
Other related parties - Shin Group	8,714,190	11,458,047	8,673,944	11,458,047
Total payables to related parties	<u>8,734,566</u>	<u>11,458,047</u>	<u>9,414,320</u>	<u>11,458,047</u>

6 Related party transactions (continued)

d) Advance and loan to related parties as at 31 December

	Consolidated		Company	
	2003 Baht	2002 Baht	2003 Baht	2002 Baht
Advance to related parties:				
Subsidiary	-	-	-	1,096
Other related parties - Shin Group	-	1,398,704	-	1,398,704
Total advance to related parties	-	1,398,704	-	1,399,800
Loan to a related party:				
Subsidiary	-	-	36,000,000	1,000,000
Total loan to a related party	-	-	36,000,000	1,000,000
Total advance and loan to related parties	-	1,398,704	36,000,000	2,399,800

Loan to a subsidiary bears interest at MLR+1% per annum (2002: MLR + 1% per annum). The term of repayment is at call.

e) Other current assets as at 31 December

	Consolidated		Company	
	2003 Baht	2002 Baht	2003 Baht	2002 Baht
P r e p a i d E x p e n s e				
Other related parties - Shin Group	2,245,334	-	2,182,499	-
I n t e r e s t R e c e i v a b l e				
S u b s i d i a r y	-	-	1,620,000	-
T o t a l o t h e r c u r r e n t a s s e t s	2,245,334	-	3,802,499	-

f) Other assets as at 31 December

	Consolidated		Company	
	2003 Baht	2002 Baht	2003 Baht	2002 Baht
Deposit				
Other related parties - Shin Group	9,416,872	7,387,734	9,416,872	7,387,734
Leasehold right				
Other related parties - Shin Group	2,608,696	5,000,000	2,608,696	5,000,000
Total other assets	12,025,568	12,387,734	12,025,568	12,387,734

g) Accrued expenses to related parties as at 31 December

	Consolidated		Company	
	2003 Baht	2002 Baht	2003 Baht	2002 Baht
Accrued expenses to related parties:				
Parent company - Shin	1,940,167	1,201,480	1,940,167	1,201,480
Subsidiary	-	-	172,095	-
Other related companies - Shin Group	5,437,246	5,832,016	5,437,246	5,832,016
Total accrued expenses to related parties:	7,377,413	7,033,496	7,549,508	7,033,496

6 Related party transactions (continued)

h) Warrants issued and offered to directors

Shin, a major shareholder, granted its warrants to directors of the Company according to the Employee Stock Option Plan (ESOP) Grant 1 on 27 March 2002 and Grant 2 on 30 May 2003 amounting to 19,462,100 and 11,528,200 units, respectively at Baht nil per unit. Shin did not charge the Company for these ESOP programs. The warrants are in registered form and are non-transferable. The term of the warrants does not exceed 5 years and there is no offering price. The exercise price of ESOP Grant 1 is set at Baht 17.80 per unit, which was Shin's closing share price as at 26 March 2002. The exercise price of ESOP Grant 2 is set at Baht 13.67 per unit, which is the weighted average closing price of Shin's shares traded on the Stock Exchange of Thailand during the period of 30 days prior to the Shareholders' Meeting.

During the year, the Company's directors exercised 5,320,100 warrants under the Employee Stock Option Plan (ESOP). As at 31 December 2003, the outstanding rights of warrants of directors of the Company under the Employee Stock Option Plan (ESOP) are 25,670,200 units.

i) Special reward program

Shin has granted rights to receive a special reward ("Special Reward Program") to eligible directors and employees of the company. The rights will be granted once a year for 5 consecutive years (commencing from 2002). The rights may be exercised after the first year of the grant date but not in excess of 3 years. The calculation of the Special Reward Program benefit is based on the improvement of the operational performance of Shin between the date the rights were granted and the date the rights are exercised. However, the reward may not exceed each person's specified allocation. The first grant of the Special Reward Program to directors of the Company is 3,315,428 units.

In the second quarter of 2003, the Company's directors exercised their rights to 1,105,142 units. Additionally, Shin granted a second Special Reward Program of 534,107 units. As at 31 December 2003, the outstanding rights of the Company's directors are 2,744,393 units.

7 Programming rights and production costs, net

	Consolidated		Company	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Opening net book amount	87,364,451	77,997,003	87,364,451	77,997,003
Additions	409,815,787	395,458,972	409,815,787	395,458,972
Less Amortisation	(395,927,054)	(360,189,872)	(395,927,054)	(360,189,872)
Allowance for impairment/ Reverse allowance for impairment	5,845,888	(25,901,652)	5,845,888	(25,901,652)
Closing net book amount	<u>107,099,072</u>	<u>87,364,451</u>	<u>107,099,072</u>	<u>87,364,451</u>
Cost, net	129,231,823	115,343,090	129,231,823	115,343,090
Less Allowance for impairment	(22,132,751)	(27,978,639)	(22,132,751)	(27,978,639)
Closing net book amount	<u>107,099,072</u>	<u>87,364,451</u>	<u>107,099,072</u>	<u>87,364,451</u>

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8 Other current assets

	Consolidated		Company	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Withholding tax deducted at source	43,887,368	33,577,360	43,789,028	33,577,360
Other receivables	10,902,379	19,000,299	10,897,450	17,959,228
Prepaid expenses	18,260,484	11,325,264	18,260,484	11,325,264
Account receivable - Revenue Department	2,384,686	3,394,009	2,384,686	3,394,009
Assets for sales	1,370,929	8,843,805	1,370,929	8,843,805
Others	479,566	779,131	2,099,566	779,131
Total	77,285,412	76,919,868	78,802,143	75,878,797

9 Investment in a subsidiary

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

	Company	
	2003	2002
	Baht	Baht
Opening net book value	983,893	-
Addition	19,000,000	1,000,000
Share of net results from investment in a subsidiary	(10,403,423)	(16,107)
Closing net book value	9,580,470	983,893

b) Carrying value of investment in a subsidiary

	Company – 31 December 2003 (Baht)					
	Paid-up capital	Investment portion	Cost	Share of net results of investment	Equity	Dividend
Artware Media Company Limited	20,000,000	99.99	20,000,000	(10,419,530)	9,580,470	-

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

Artware Media Company Limited is incorporated under Thai law. Its principal business is to lease equipment for TV and movie programs, produce TV programs and arrange related marketing events.

In February 2003, the Company invested in additional registered share capital in Artware Media Company Limited in the full amount of Baht 19 million.

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10 Equipment, net

	Consolidated				
	Land improvement Baht	Building improvement Baht	Vehicles Baht	Office equipment Baht	Total Baht
At 31 December 2002					
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>
Transactions during the year ended 31 December 2003					
Opening net book amount	231,316	9,373,272	56,840	458,051	10,119,479
Additions	-	98,294,306	2,054,713	51,885,372	152,234,391
Transferred, net (Note 11)	-	-	590,282	-	590,282
Depreciation charge	(231,316)	(12,317,320)	(614,923)	(9,588,227)	(22,751,786)
Closing net book amount	<u>-</u>	<u>95,350,258</u>	<u>2,086,912</u>	<u>42,755,196</u>	<u>140,192,366</u>
At 31 December 2003					
Cost	255,000	135,238,064	2,879,993	52,407,019	190,780,076
<u>Less</u> Accumulated depreciation	(255,000)	(39,887,806)	(793,081)	(9,651,823)	(50,587,710)
Net book amount	<u>-</u>	<u>95,350,258</u>	<u>2,086,912</u>	<u>42,755,196</u>	<u>140,192,366</u>
	Company				
	Land improvement Baht	Building improvement Baht	Vehicles Baht	Office equipment Baht	Total Baht
At 31 December 2002					
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>
Transactions during the year ended 31 December 2003					
Opening net book amount	231,316	9,373,272	56,840	458,051	10,119,479
Additions	-	98,294,306	2,054,713	55,112	100,403,131
Transferred, net (Note 11)	-	-	590,282	-	590,282
Depreciation charge	(231,316)	(12,317,320)	(614,923)	(424,740)	(13,588,299)
Closing net book amount	<u>-</u>	<u>95,350,258</u>	<u>2,086,912</u>	<u>87,423</u>	<u>97,524,593</u>
At 31 December 2003					
Cost	255,000	135,238,064	2,879,993	575,759	138,948,816
<u>Less</u> Accumulated depreciation	(255,000)	(39,887,806)	(793,081)	(488,336)	(41,424,223)
Net book amount	<u>-</u>	<u>95,350,258</u>	<u>2,086,912</u>	<u>87,423</u>	<u>97,524,593</u>

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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:

	Consolidated and Company						Total Baht
	Land Baht	Network station Baht	Transmission equipment Baht	Furniture, fixtures and office equipment Baht	Construction in progress Baht	Technician and consulting fee Baht	
At 31 December 2002							
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>
Transactions during the year ended 31 December 2003							
Opening net book amount	43,725,656	135,331,081	2,051,552,623	51,993,894	9,061,201	118,645,908	2,410,310,363
Additions	-	894,045	56,467,611	25,731,980	39,824,538	-	122,918,174
Transferred, net (Note 10)	811,393	-	34,376,653	7,605,234	(43,383,562)	-	(590,282)
Amortisation charge	(1,935,347)	(8,754,785)	(185,458,176)	(20,901,351)	-	(8,332,322)	(225,381,981)
Closing net book amount	<u>42,601,702</u>	<u>127,470,341</u>	<u>1,956,938,711</u>	<u>64,429,757</u>	<u>5,502,177</u>	<u>110,313,586</u>	<u>2,307,256,274</u>
At 31 December 2003							
Cost	48,719,349	171,944,394	2,948,751,256	171,980,481	5,502,177	166,646,439	3,513,544,096
<u>Less</u> Accumulated amortisation	(6,117,647)	(44,474,053)	(991,812,545)	(107,550,724)	-	(56,332,853)	(1,206,287,822)
Net book amount	<u>42,601,702</u>	<u>127,470,341</u>	<u>1,956,938,711</u>	<u>64,429,757</u>	<u>5,502,177</u>	<u>110,313,586</u>	<u>2,307,256,274</u>

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12 Other assets

	Consolidated		Company	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Deposits				
- Third parties	652,890	11,927,085	652,890	11,927,085
- Related parties (Note 6 f)	9,416,872	7,387,734	9,416,872	7,387,734
Leasehold right				
- Third parties	1,666,667	1,866,667	1,666,667	1,866,667
- Related parties (Note 6 f)	2,608,696	5,000,000	2,608,696	5,000,000
Total	14,345,125	26,181,486	14,345,125	26,181,486

13 Borrowings

	Consolidated		Company	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Short-term borrowings				
Bank overdrafts	-	6,992,819	-	6,992,819
Short-term loan from banks	300,000,000	-	300,000,000	-
Current portion of long-term loan from bank	67,777,490	33,843,289	67,777,490	33,843,289
Total	367,777,490	40,836,108	367,777,490	40,836,108
Long-term borrowings				
Long-term loan from bank	745,552,390	793,785,588	745,552,390	793,785,588
Less Deferred front end fee	(7,275,000)	(8,730,000)	(7,275,000)	(8,730,000)
Total	738,277,390	785,055,588	738,277,390	785,055,588
Total borrowings	1,106,054,880	825,891,696	1,106,054,880	825,891,696

The movements in the borrowings can be analysed as follows:

	Consolidated and Company Baht
For the year ended 31 December 2003	
Opening balance	825,891,696
Additions , net	1,399,969,266
Repayments - bank overdrafts and short-term loan from banks	(1,106,962,085)
- long-term loan from banks	(33,888,745)
Convert accounts payable –purchase of equipment to long-term loan	19,589,748
Amortisation of deferred front end fee	1,455,000
Closing balance	<u>1,106,054,880</u>

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

	Consolidated		Company	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Total borrowings:				
- at fixed rates	300,000,000	-	300,000,000	-
- at floating rates	813,329,880	834,621,696	813,329,880	834,621,696

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

13 Borrowings (continued)

Borrowings carry interest at rates as follows:

	Consolidated		Company	
	2003	2002	2003	2002
- Bank overdrafts	6.00%	8.25%	6.00%	8.25%
- Short-term loan from banks	2.53%	-	2.53%	-
- Long-term loan	5.75%	6.75%	5.75%	6.75%

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 according to the agreement. Under the debt restructuring agreement, the Company has a grace period for the first 3 years, then the Company has to repay debt installments every 6 months, totaling 16 repayments from the first repayment period on 14 December 2003.

The Company has the right to repay an amount more than, or before the due date, of the debt installment. The amount of debt repayment can be no less than Baht 50 million and the repayment of an amount exceeding Baht 50 million is allowed in increments of Baht 10 million. The bank will not ask the Company for a fee for principal repayment before the due date if the Company has funding from operations or an increase in share capital. The Company has to pay interest every 3 months according to the agreed rate. The Company has to maintain a 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 at 3:1 from 1 November 2001 to 31 December 2003. Thereafter, 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 the Minimum Loan Rate plus 1.00% to be Minimum Loan Rate.

Maturity of non-current borrowings is as follows:

	Consolidated and Company Baht
2004	67,777,490
2005	72,013,583
2006	80,485,769
2007 and after	593,053,038
	<u>813,329,880</u>

14 Trade accounts payable

	Consolidated		Company	
	2003 Baht	2002 Baht	2003 Baht	2002 Baht
Trade accounts payable				
- Third parties	27,864,289	67,679,870	27,761,079	67,611,762
- Related parties (Note 6 c)	8,734,566	11,458,047	9,414,320	11,458,047
	<u>36,598,855</u>	<u>79,137,917</u>	<u>37,175,399</u>	<u>79,069,809</u>

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15 Other current liabilities

	Consolidated		Company	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Payable to Revenue Department	12,393,825	13,071,805	16,058,558	13,110,728
Advances received from customers	25,287,701	16,108,879	24,567,701	16,108,879
Other payables	6,401,989	29,654	6,387,349	29,654
	<u>44,083,515</u>	<u>29,210,338</u>	<u>47,013,608</u>	<u>29,249,261</u>

16 Share capital and premium/(deficiency) on share capital

	Number of registered share capital shares	Issued and paid up shares	Ordinary shares Baht	Premium/(deficiency) on share capital Baht	Total Baht
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	-	-	-
Paid up share capital	-	300,000,000	1,500,000,000	235,654,190	1,735,654,190
As at 31 December 2002	<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>
Paid up share capital (note 16 a)	-	50,000,000	250,000,000	-	250,000,000
Issue of share capital (note 16 b)	60,000,000	-	-	-	-
As at 31 December 2003	<u>1,260,000,000</u>	<u>1,200,000,000</u>	<u>6,000,000,000</u>	<u>(176,841,971)</u>	<u>5,823,158,029</u>

As at 31 December 2003, the total authorised number of ordinary shares was 1,260 million shares (2002: 1,200 million shares) with a par value of Baht 5 per share (2002: Baht 5 per share). Outstanding warrants issued as at 31 December 2003 were 16.77 million units (2002: 25.00 million units).

On 28 April 2003, an Ordinary General Meeting of Shareholders approved an increase of authorised share capital of 60 million ordinary shares with a par value of Baht 5 per share, which are to be reserved for the exercise of rights pursuant to warrants under an Employee Shares Option Program ("ESOP"). The Company registered the increase of share capital with the Ministry of Commerce on 28 May 2003.

W a r r a n t s

Movement of warrants is as follows:

	For the year ended 31 December 2003 ('000 units)				Total
	ITV-W1	ESOP		Total	
		Directors	Employees		
Opening balance	25,000	-	-	-	25,000
Granted	-	6,856	9,913	16,769	16,769
Exercised	(25,000)	-	-	-	(25,000)
Closing balance	-	6,856	9,913	16,769	16,769

16 Share capital and premium/(deficiency) on share capital (continued)

a) Warrants issued and offered to the public (ITV-W1)

25 million units of warrants were offered free of charge to shareholders who held ordinary shares on 31 December 1999. One warrant entitles the holder to subscribe to 2 ordinary shares at 80 % of the price of ordinary share issued to third parties. The warrants enable the shareholder to purchase ordinary shares at not less than par value (Baht 5 per share) within 5 years from the date the Company sold its shares to the public. On 31 July 2003, the condition for exercise of the warrants was met. All 25 million units warrants were exercised which resulted in the increase of 50 million issued and paid-up shares at a total amount of Baht 250 million. The company registered the increase of issued and paid-up share capital with the Minister of Commerce on 2 September 2003.

b) Warrants issued and offered to directors and employees (“ESOP”)

On 26 February 2003, the Board of Directors Meeting approved the issuance and offer of warrants to directors, employees and advisors of the Company under an Employee Shares Option Program (“ESOP”). The total number of warrants to be issued and offered during a 5-year period is 57.5 million units. The Company issued 60 million ordinary shares (at par value of Baht 5 each), or approximately 5% of total paid-up capital (before dilution), are to be reserved for the exercise of rights pursuant to the warrants. Each annual issuance and offer is subject to approval by the Shareholders Meeting.

On 28 April 2003, an Ordinary General Meeting of Shareholders approved the issuance and offer of 16.769 million warrants equivalent to 1.46% of the Company’s total paid-up share capital (before dilution) to directors, employees and advisors who are eligible for such allocation. The warrants are in registered form and non-transferable. The term of the warrant is not exceeding 5 years and there is no offering price. The exercise ratio is 1 unit of warrant to 1 ordinary share. The first exercise date is 30 May 2004 and the last exercise date is 29 May 2008.

Warrants were granted to directors and employees on 30 May 2003 at Baht nil per unit. The exercise price was set at Baht 5.38 per unit, which was the weighted average closing price of the Company’s shares traded on the Stock Exchange of Thailand during the period of 30 days prior to the Shareholders’ Meeting.

17 Service income

	Consolidated		Company	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Analysis of service income				
Advertising income	1,326,837,047	1,145,936,096	1,325,361,947	1,145,936,096
Air-time rental	358,465,609	311,207,088	358,465,609	311,207,088
Production income	5,178,811	2,198,102	5,178,811	2,198,102
Total	<u>1,690,481,467</u>	<u>1,459,341,286</u>	<u>1,689,006,367</u>	<u>1,459,341,286</u>

18 Operating loss

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements (continued)
For the years ended 31 December 2003 and 2002

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

	Consolidated		Company	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Cost of services				
Amortisation and impairment of programming rights (Note 7)	390,081,166	386,091,524	390,081,166	386,091,524
Production costs	98,462,602	85,946,215	97,860,002	85,946,215
Amortisation of concession Assets (Note 11)	209,003,114	198,490,971	199,839,627	198,490,971
Network cost	112,410,986	107,860,101	112,798,137	107,860,101
Staff cost	211,672,475	196,571,731	211,672,475	196,571,731
Other cost	63,302,398	50,620,499	63,302,398	50,620,499
	<u>1,084,932,741</u>	<u>1,025,581,041</u>	<u>1,075,553,805</u>	<u>1,025,581,041</u>
Selling and administrative expenses				
Depreciation of equipment (Note 10)	22,751,786	12,147,737	22,751,786	12,147,737
Amortisation of concession assets (Note 11)	16,378,867	24,476,667	16,378,867	24,476,667
Staff costs	113,492,921	92,057,652	113,492,921	92,057,652
Administrative expenses	108,639,874	130,637,363	108,525,520	130,622,352
Marketing expenses	105,117,773	122,718,565	105,289,869	122,733,566
Loss on exchange rates	354,780	-	354,780	-
	<u>366,736,001</u>	<u>382,037,984</u>	<u>366,793,743</u>	<u>382,037,974</u>

As at 31 December 2003, the Company has 873 employees (2002: 859 employees).

19 Loss per share

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

	Consolidated		Company	
	2003	2002	2003	2002
Net loss attributable to shareholders (Baht)	(660,440,715)	(770,145,803)	(660,440,715)	(770,145,803)
Weighted average number of ordinary shares issued during the year (Shares)	<u>1,166,575,342</u>	<u>1,096,575,342</u>	<u>1,166,575,342</u>	<u>1,096,575,342</u>
Basic and diluted loss per share (Baht)	<u>(0.57)</u>	<u>(0.70)</u>	<u>(0.57)</u>	<u>(0.70)</u>

Diluted loss per share for the years ended 31 December 2003 do not include the effect of 16.769 million warrants – ordinary share (2002: exclude the effect of 16.769 million warrants – ordinary share and 50 million warrants - ordinary share), on an as-if-converted method as the effect of its inclusion is anti-dilutive.

As at 31 December 2003 and 2002, there were no other dilutive potential common shares in the issue.

20 Provident fund

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

Under the plan, employees must contribute 3-4 % of their basic salary and the Company's contribution rates are also 3-4 % of their basic salaries based on service years of the employee.

21 Financial Instruments

As at 31 December 2003, the Company has the following risks relating to significant financial instruments:

Credit risk

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

Exchange rate risk

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

There were no outstanding forward foreign currency contracts at 31 December 2003 and 2002.

Fair values

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

22 Commitments and contingencies

Contingent liabilities

	Consolidated		Company	
	2003	2002	2003	2002
	Million	Million	Million	Million
	Baht	Baht	Baht	Baht
Bank guarantees for operating performance under the concession agreements	25	25	25	25
Bank guarantees in respect of the normal course of business	76	38	76	38
	<u>101</u>	<u>63</u>	<u>101</u>	<u>63</u>

The Company is a 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.

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:

22 Commitments and contingencies (continued)

Commitment (continued)

Concession agreements (continued)

Year	Period	In the percentage of	Minimum benefit Million Baht
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 is based on a percentage of revenues, calculated by total revenues that the Company could earn before related expense and taxes.

The Company expects that it has to pay the annual benefit for 2003 and 2002 based on the minimum benefit, therefore, the Company has accrued concession payable in its accounts in accordance with the minimum benefit rate.

Capital commitments

Capital expenditure represents contracts at the balance sheet date which were not recognised in the financial statements. The Company has an obligation to transfer all assets used for its operation to the Office of the Permanent Secretary, The Prime Minister's Office. As at 31 December 2003, the Company has an outstanding obligation of equipment which cost of Baht 10,389 million (2002: Baht 10,626 million) to be procured under the concession agreement prior to 2025 (Note 1).

Operating lease commitments - where a company is the lessee

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

	Consolidated		Company	
	2003 Baht	2002 Baht	2003 Baht	2002 Baht
Not later than 1 year	85,580,095	78,638,864	85,580,095	78,638,864
Later than 1 year and not later than 5 years	116,488,227	177,090,296	116,488,227	177,090,296
Later than 5 years	52,450,000	55,810,000	52,450,000	55,810,000
	<u>254,518,322</u>	<u>311,539,160</u>	<u>254,518,322</u>	<u>311,539,160</u>

23 Subsequent event

New strategic partners

On 19 January 2004, the Extraordinary General Meeting of Shareholders approved to reduce the unissued shares of ITV's registered share capital of 43.23 million shares and also approved to increase ITV's registered share capital by 343.23 million shares at par value of Baht 5 each or from Baht 6,083.85 million, after the reduction, to Baht 7,800 million and to allocate the newly issued shares capital as a reservation for ESOP programme and a private placement to strategic partners as follows:

- To allocate 43.23 million shares to be reserved for an exercise of warrants offered to the Company directors and employees under an ESOP programme
- To allocate 150 million shares or 10% of the Company's paid up capital to Kantana Group Public Company Limited (Kantana); and
- To allocate 150 million shares or 10% of the Company's paid up capital to Mr. Tripop Limpapath

The offering price for the strategic partner was Baht 10 per share. Nevertheless, the subscription of newly issued shares by the private placement is subjected to the result of the due diligence.

Report on the award of the arbitration panel relating to the Agreement for the Operation of Television Station of the Company

The Company submitted the dispute to the Arbitration Institute on 17 September 2002 demanding that the Office of the Permanent Secretary, Prime Minister's Office paid compensation of the Company under the Agreement.

The arbitration panel issued its award dated 30 January 2004 and the Company was notified of the award, the important contents of which could be summarised as follows:

- The Prime Minister's Office shall pay compensation to the Company in the amount of Baht 20 million;
- The concession fee to be paid as mention in note 22 shall be reduced and adjusted, regarding the minimum guarantee, it shall be reduced to Baht 230 million per year and the annual increase in the minimum guarantee shall be cancelled, and the concession fee shall be reduced to 6.5% of gross revenue. The Company shall pay concession fee at the rate of 6.5% of gross revenue or the minimum guarantee in the amount of Baht 230 million whichever is higher as from 3 July 2002;
- The Prime Minister's Office shall return paid of the minimum guarantee paid by the Company subject to condition during this arbitration proceeding on 3 July 2003 to the Company in the amount of Baht 800 million. The amount to be returned to the Company is Baht 570 million;
- The Company may broadcast its television programs during the prime time (7.00 p.m. – 9.30 p.m.) without having to restrict its programs to news, documentaries and social benefit items. The Company must, however, broadcast news, documentaries and social benefits program not less than 50 % of the total airtime, subject to the rules and regulations issued by governments agencies applicable ingeneral to all television stations.

The Company is in the process of consulting with legal advisors and has therefore not adjusted for the impact of this dispute in the financial statements.