

ITV PUBLIC COMPANY LIMITED

**INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

**For the three-month periods ended
31 March 2004 and 2003**

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the Shareholders of ITV Public Company Limited

I have reviewed the accompanying consolidated and company balance sheets as at 31 March 2004 and the related consolidated and company statements of income for the three-month periods ended 31 March 2004 and 2003, and the related consolidated and company statements of changes in shareholders' equity and cash flows for the three-month periods ended 31 March 2004 and 2003 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 issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with the standard on auditing applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit, and, accordingly, I do not express an audit opinion.

Based on my reviews, nothing has come to my attention that causes me to believe that the interim consolidated and company financial statements referred to above are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have audited the consolidated and company financial statements for the year ended 31 December 2003 of ITV Public Company Limited and its subsidiaries and of ITV Public Company Limited in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in my report dated 11 February 2004. The consolidated and company balance sheets as at 31 December 2003, presented for comparative purposes, are part of the financial statements which I have audited and issued a report thereon as stated above, and I have not performed any other auditing procedures subsequent to the date of that report.

Without qualifying my opinion in this respect, I draw attention to note 12 to the financial statements which discusses the change in the basis of the calculation of the concession fee as a result of a decision of the Arbitration Panel on 30 January 2004, and the subsequent appeal of this decision by the Prime Minister's Office in April 2004.

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

Bangkok
4 May 2004

ITV Public Company Limited

Balance Sheets

As at 31 March 2004 and 31 December 2003

	Notes	Consolidated		Company	
		31 March 2004 Unaudited Baht'000	31 December 2003 Audited Baht'000	31 March 2004 Unaudited Baht'000	31 December 2003 Audited Baht'000
ASSETS					
Current assets					
Cash and cash equivalents		212,210	159,072	209,015	158,318
Trade accounts receivable, net	4	355,409	384,105	357,255	384,014
Advance and loan to related parties	11 d)	-	-	36,000	36,000
Programming rights and production costs, net	5	107,116	107,099	107,116	107,099
Other current assets		93,120	77,285	91,722	78,802
Total current assets		<u>767,855</u>	<u>727,561</u>	<u>801,108</u>	<u>764,233</u>
Non-current assets					
Investment in a subsidiary	6	-	-	6,706	9,580
Equipment, net	7	135,057	140,192	94,967	97,525
Concession assets, net	7	2,274,806	2,307,256	2,274,806	2,307,256
Other assets		13,637	14,346	13,636	14,345
Total non-current assets		<u>2,423,500</u>	<u>2,461,794</u>	<u>2,390,115</u>	<u>2,428,706</u>
Total assets		<u><u>3,191,355</u></u>	<u><u>3,189,355</u></u>	<u><u>3,191,223</u></u>	<u><u>3,192,939</u></u>

Director _____

Director _____

Date _____

Date _____

The notes on pages 8 to 18 are an integral part of these interim financial statements.

ITV Public Company Limited

Balance Sheets (Continued)

As at 31 March 2004 and 31 December 2003

	Notes	Consolidated		Company	
		31 March 2004 Unaudited Baht'000	31 December 2003 Audited Baht'000	31 March 2004 Unaudited Baht'000	31 December 2003 Audited Baht'000
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term loan from bank	8	200,000	300,000	200,000	300,000
Trade accounts payable	9	46,067	36,599	46,312	37,175
Current portion of long - term loan	8	67,777	67,777	67,777	67,777
Concession payable	12	507,500	450,000	507,500	450,000
Accrued expenses		141,135	135,301	141,298	135,379
Other current liabilities		48,972	44,084	48,432	47,014
Total current liabilities		<u>1,011,451</u>	<u>1,033,761</u>	<u>1,011,319</u>	<u>1,037,345</u>
Non-current liabilities					
Long - term loan, net	8	<u>738,641</u>	<u>738,277</u>	<u>738,641</u>	<u>738,277</u>
Total non - current liabilities		<u>738,641</u>	<u>738,277</u>	<u>738,641</u>	<u>738,277</u>
Total Liabilities		<u>1,750,092</u>	<u>1,772,038</u>	<u>1,749,960</u>	<u>1,775,622</u>
Shareholders' Equity					
Share capital					
Authorised share capital - ordinary shares	10	<u>7,800,000</u>	<u>6,300,000</u>	<u>7,800,000</u>	<u>6,300,000</u>
Issued and paid - up share capital					
- ordinary shares	10	6,000,000	6,000,000	6,000,000	6,000,000
Deficiency in share capital	10	(176,842)	(176,842)	(176,842)	(176,842)
Accumulated deficit		<u>(4,381,895)</u>	<u>(4,405,841)</u>	<u>(4,381,895)</u>	<u>(4,405,841)</u>
Total Shareholders' Equity		<u>1,441,263</u>	<u>1,417,317</u>	<u>1,441,263</u>	<u>1,417,317</u>
Total Liabilities and Shareholders' Equity		<u>3,191,355</u>	<u>3,189,355</u>	<u>3,191,223</u>	<u>3,192,939</u>

The notes on pages 8 to 18 are an integral part of these interim financial statements.

ITV Public Company Limited

Statements of Income (unaudited)

For the three-month periods ended 31 March 2004 and 2003

	Notes	Consolidated		Company	
		31 March 2004	31 March 2003	31 March 2004	31 March 2003
		Baht'000	Baht'000	Baht'000	Baht'000
Revenues	11 a)				
Service income		449,352	372,040	448,847	372,040
Other income		828	943	1,797	1,134
Total revenues		<u>450,180</u>	<u>372,983</u>	<u>450,644</u>	<u>373,174</u>
Expenses	11 b)				
Cost of services		234,109	275,866	231,559	274,293
Concession expenses		57,500	200,000	57,500	200,000
Selling and administrative expenses		122,722	96,391	122,862	96,296
Directors' remuneration		380	280	380	280
Share of net results of investment - equity method	6	-	-	2,874	1,859
Total expenses		<u>414,711</u>	<u>572,537</u>	<u>415,175</u>	<u>572,728</u>
Profit (loss) before interest		35,469	(199,554)	35,469	(199,554)
Interest expenses		<u>(11,523)</u>	<u>(13,643)</u>	<u>(11,523)</u>	<u>(13,643)</u>
Net profit (loss) for the period		<u>23,946</u>	<u>(213,197)</u>	<u>23,946</u>	<u>(213,197)</u>
Basic earnings (loss) per share	3				
Net profit (loss) for the period		0.02	(0.19)	0.02	(0.19)
Diluted earnings (loss) per share	3				
Net profit (loss) for the period		0.02	(0.19)	0.02	(0.19)

The notes on pages 8 to 18 are an integral part of these interim financial statements.

ITV Public Company Limited
Statements of Changes in Shareholders' Equity (unaudited)
For the three-month periods ended 31 March 2004 and 2003

	Consolidated			Total
	Share capital	Deficiency in	Accumulated	
	Baht'000	share capital	deficit	
		Baht'000	Baht'000	Baht'000
Opening balance as at 1 January 2003	5,750,000	(176,842)	(3,745,401)	1,827,757
Net loss for the period	-	-	(213,197)	(213,197)
Closing balance as at 31 March 2003	<u>5,750,000</u>	<u>(176,842)</u>	<u>(3,958,598)</u>	<u>1,614,560</u>
Opening balance as at 1 January 2004	6,000,000	(176,842)	(4,405,841)	1,417,317
Net profit for the period	-	-	23,946	23,946
Closing balance as at 31 March 2004	<u>6,000,000</u>	<u>(176,842)</u>	<u>(4,381,895)</u>	<u>1,441,263</u>

	Company			Total
	Share capital	Deficiency in	Accumulated	
	Baht'000	share capital	deficit	
		Baht'000	Baht'000	Baht'000
Opening balance as at 1 January 2003	5,750,000	(176,842)	(3,745,401)	1,827,757
Net loss for the period	-	-	(213,197)	(213,197)
Closing balance as at 31 March 2003	<u>5,750,000</u>	<u>(176,842)</u>	<u>(3,958,598)</u>	<u>1,614,560</u>
Opening balance as at 1 January 2004	6,000,000	(176,842)	(4,405,842)	1,417,317
Net profit for the period	-	-	23,946	23,946
Closing balance as at 31 March 2004	<u>6,000,000</u>	<u>(176,842)</u>	<u>(4,381,896)</u>	<u>1,441,263</u>

The notes on pages 8 to 18 are an integral part of these interim financial statements.

ITV Public Company Limited

Statements of Cash flows (unaudited)

For the three-month periods ended 31 March 2004 and 2003

	Notes	Consolidated		Company	
		31 March 2004 Baht'000	31 March 2003 Baht'000	31 March 2004 Baht'000	31 March 2003 Baht'000
Cash flows from operating activities					
Profit (loss) for the period		23,946	(213,197)	23,946	(213,197)
Adjustments for :					
Amortisation of concession assets	7	55,287	57,641	55,287	57,641
(Gain) loss on foreign exchange rate		(235)	382	(235)	382
Depreciation	7	5,611	5,652	3,034	4,125
Amortisation and allowance for impairment of programming rights and production costs	5	57,535	95,195	57,535	95,195
Allowance for doubtful debt accounts		(12,557)	5,879	(12,557)	5,879
Allowance for devaluation of barter assets		(962)	-	(962)	-
Amortisation of front end fee	8	364	364	364	364
Share of net result from investment in a subsidiary	6	-	-	2,874	1,859
Changes in operating assets and liabilities					
Trade accounts receivable		41,253	20,210	39,316	20,210
Advance to related parties		-	1,399	-	1,400
Other current assets		(14,872)	(3,114)	(11,958)	(3,277)
Other assets		709	6,870	709	6,870
Trade accounts payable		9,703	38,701	9,372	26,061
Concession payable		57,500	200,000	57,500	200,000
Accrued expenses		14,832	(12,794)	14,918	(12,794)
Other current liabilities		4,888	(369)	1,418	2,716
Cash generated from operations		243,002	202,819	240,561	193,434
Cash flows from investing activities					
Purchases of programming rights and production costs	5	(66,551)	(95,420)	(66,551)	(95,420)
Purchases of concession assets	7	(22,837)	(63,818)	(22,837)	(63,818)
Purchases of equipment	7	(476)	(128,610)	(476)	(83,089)
Investment in a subsidiary	6	-	-	-	(19,000)
Loan to a subsidiary	11	-	-	-	(20,000)
Net cash used in investing activities		(89,864)	(287,848)	(89,864)	(281,327)

The notes on pages 8 to 18 are an integral part of these interim financial statements.

ITV Public Company Limited

Statements of Cash flows (unaudited) (Continued)

For the three-month periods ended 31 March 2003 and 2002

	Notes	Consolidated		Company	
		31 March 2004 Unaudited Baht'000	31 December 2003 audited Baht'000	31 March 2004 Unaudited Baht'000	31 December 2002 audited Baht'000
Cash flows from financing activities					
Proceeds from short-term loan from bank	8	200,000	-	200,000	-
Repayment of bank overdrafts and short-term loan from banks	8	(300,000)	(6,993)	(300,000)	(6,993)
Net cash receipts from financing activities		(100,000)	(6,993)	(100,000)	(6,993)
Net increase (decrease) in cash and cash equivalents					
Opening balance		159,072	313,185	158,318	312,203
Closing balance		<u>212,210</u>	<u>221,163</u>	<u>209,015</u>	<u>217,317</u>
Cash and cash equivalents as at 31 December comprise :					
Cash in hand		635	635	635	635
Cash at banks		211,575	120,528	208,380	116,682
Short-term investment		-	100,000	-	100,000
Total cash and cash equivalents		<u>212,210</u>	<u>221,163</u>	<u>209,015</u>	<u>217,317</u>
Supplementary information for cash flows :					
Interest paid		11,523	14,255	11,523	14,255
Tax paid		-	-	-	-
Non-cash transactions					
Increasing in programming rights and production costs by liabilities		10,286	4,904	10,286	4,904

The notes on pages 8 to 18 are an integral part of these interim financial statements.

1 Accounting policies

The interim 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 Practice 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 primary financial statements (i.e. balance sheets, statements of income, changes in shareholders' equity and cash flows) are prepared in a full format as required by the Securities and Exchange Commission. The notes to the financial statements are prepared in a condensed format according to Thai Accounting Standard 41, 'Interim Financial Reporting' and additional notes are presented as required by the Securities and Exchange Commission.

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2002.

Costs that incur unevenly during the financial year are recognised as an expense or deferred in the interim report only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

These interim financial statements should be read in conjunction with the 2002 annual financial statements.

2 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.

3 Earning per share

Basic earnings per share is calculated by dividing the net profit (loss) attributable to shareholders by the weighted average number of common shares in issue during the period.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume the conversion of all potential dilutive ordinary shares, which are the weighted average number of ordinary shares which would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The assumed proceeds from the exercise of ESOP would be considered to have been received from the issue of shares at fair value. These represent share options where the exercise price is less than the average market price of the Company's shares during the three-month and nine-month periods ended 30 September 2003.

The basic earnings per share and the diluted earnings per share are as follows:

	For the three-month period ended 31 March 2004 (Consolidated and Company)					
	Net profit (Baht'000)		Weighted number of shares (Shares'000)		Earnings per share (Baht)	
	2004	2003	2004	2003	2004	2003
Basic earnings per share	23,946	(213,197)	1,200,000	1,150,000	0.02	(0.19)
The effect of dilutive potential shares	-	-	12,723	-	-	-
Diluted earnings per share	23,946	(213,197)	1,212,723	1,150,000	0.02	(0.19)

3 Earning per share (continued)

Diluted loss per share for the years ended 31 December 2003 include the effect of 16.769 million warrants – ordinary share (2002: exclude the effect of 16.769 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.

4 Trade accounts receivable, net

	Consolidated		Company	
	31 March 2004 Baht'000	31 December 2003 Baht'000	31 March 2004 Baht'000	31 December 2003 Baht'000
Trade accounts receivable				
- Third parties	336,990	375,347	337,073	374,628
- Related parties (Note 11c)	41,124	44,020	42,887	44,648
Total trade accounts receivable	378,114	419,367	379,960	419,276
<u>Less</u> allowance for doubtful accounts	(22,705)	(35,262)	(22,705)	(35,262)
Trade accounts receivable, net	<u>355,409</u>	<u>384,105</u>	<u>357,255</u>	<u>384,014</u>

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

	Consolidated		Company	
	31 March 2004 Baht'000	31 December 2003 Baht'000	31 March 2004 Baht'000	31 December 2003 Baht'000
Current - 3 months	297,763	320,704	297,846	319,985
3 - 6 months	4,432	22,717	4,432	22,717
6 - 12 months	6,460	6,167	6,460	6,167
Over 12 months	28,335	25,759	28,335	25,759
Total	336,990	375,347	337,073	374,628
<u>Less</u> allowance for doubtful accounts	(22,705)	(35,262)	(22,705)	(35,262)
Trade accounts receivable, net	<u>314,285</u>	<u>340,085</u>	<u>314,368</u>	<u>339,366</u>

5 Programming rights and production costs, net

	Consolidated and Company Baht'000
For the three-month period ended 31 March 2004	
Opening net book amount	107,099
Additions	57,552
<u>Less</u> Amortisation	(54,015)
Allowance for impairment	(3,520)
Closing net book amount	<u>107,116</u>
Cost, net	132,769
<u>Less</u> Allowance for impairment	(25,653)
Closing net book amount	<u>107,116</u>

6 Investment in a subsidiary

a) Movements in investment in a subsidiary for the three-month period ended 31 March 2004 comprise:

	Company Baht'000
Opening net book value	9,580
Purchase investment	-
Share of the result from investment in a subsidiary	(2,874)
Closing net book value	<u>6,706</u>

b) Carrying value of investment in a subsidiary

	Company – 31 March 2004 (Baht'000)					
	Paid-up capital	Investment portion	Cost	Share of net results of investment	Equity	Dividend
Artware Media Company Limited	20,000	99.99	20,000	(13,294)	6,706	-

	Company – 31 December 2003 (Baht'000)					
	Paid-up capital	Investment portion	Cost	Share of net results of investment	Equity	Dividend
Artware Media Company Limited	20,000	99.99	20,000	(10,420)	9,580	-

7 Capital expenditure

	Consolidated		Company	
	Equipment Baht'000	Concession assets Baht'000	Equipment Baht'000	Concession assets Baht'000
For the three-month period ended 31 March 2004				
Opening net book amount	140,192	2,307,256	97,525	2,307,256
Additions	476	22,837	476	22,837
Depreciation/Amortisation charge	(5,611)	(55,287)	(3,034)	(55,287)
Closing net book amount	<u>135,057</u>	<u>2,274,806</u>	<u>94,967</u>	<u>2,274,806</u>
As at 31 March 2004				
Cost	191,108	3,536,381	139,277	3,536,381
<u>Less</u> Accumulated depreciation/Amortization	<u>(56,051)</u>	<u>(1,261,575)</u>	<u>(44,310)</u>	<u>(1,261,575)</u>
Net book amount	<u>135,057</u>	<u>2,274,806</u>	<u>94,967</u>	<u>2,274,806</u>

8 Borrowing

	Consolidated		Company	
	31 March 2004 Baht'000	31 December 2003 Baht'000	31 March 2004 Baht'000	31 December 2003 Baht'000
Short – term borrowings				
Short-term loan from bank	200,000	300,000	200,000	300,000
Current portion of long – term loan from bank	67,777	67,777	67,777	67,777
Total	267,777	367,777	267,777	367,777
Long – term borrowings				
Long – term loan from bank	745,552	745,552	745,552	745,552
Less Deferred front end fee	(6,911)	(7,275)	(6,911)	(7,275)
Total	738,641	738,277	738,641	738,277
Total borrowings	1,006,418	1,106,054	1,006,418	1,106,054

The movements in the borrowings can be analysed as follows:

	Consolidated and Company B'000
For the three-month period ended 31 March 2004	
Opening net book amount	1,106,054
Addition , net	200,000
Repayments	(300,000)
Amortisation of front end fee	364
Closing net book amount	<u>1,006,418</u>

9 Trade accounts payable

	Consolidated		Company	
	31 March 2004 Baht'000	31 December 2003 Baht'000	31 March 2004 Baht'000	31 December 2003 Baht'000
Trade accounts payable				
- Third parties	42,427	27,864	42,479	27,761
- Related parties (Note 11c)	3,640	8,735	3,833	9,414
Total trade accounts payable	46,067	36,599	46,312	37,175

10 Share capital and deficiency in share capital

	Number of registered share capital Shares'000	Issue and paid-up shares Shares'000	Ordinary shares Baht'000	Deficiency in share capital Baht'000	Total Baht'000
For the three – month period ended 31 March 2004					
Opening balance	1,260,000	1,200,000	6,000,000	(176,842)	5,823,158
Decrease shares	(43,231)	-	-	-	-
Issue of shares	343,231	-	-	-	-
Closing balance	<u>1,560,000</u>	<u>1,200,000</u>	<u>6,000,000</u>	<u>(176,842)</u>	<u>5,823,158</u>

On 19 January 2004, the Extraordinary General Meeting of Shareholders approved to reduce the unissued shares of the Company's registered share capital of 43.23 million shares at par value of Baht 5. The Company registered the decreased share capital with the Ministry of Commerce on 29 January 2004 and also approved to increase the Company'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. The Company registered the increased share capital with the Ministry of Commerce on 30 January 2004.

As at 31 March 2004, the total authorised number of ordinary shares was 1,560 million shares (31 March 2003 : 1,260 million shares) with a par value of Baht 5 per share (31 March 2003 : Baht 5 per share).

W a r r a n t s

Movement of warrants for the three-month period ended 31 March 2004 comprise:

	('000 units)			Total
	ESOP		Total	
	Directors	Employees		
Opening balance	6,856	9,913	16,769	16,769
Granted	-	-	-	-
Exercised	-	-	-	-
Closing balance	<u>6,856</u>	<u>9,913</u>	<u>16,769</u>	<u>16,769</u>

New strategic partners

On 19 January 2004, the Extraordinary General Meeting of Shareholders approved 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.

11 Related party transactions

The company is controlled by Shin Corporation Public Co., Ltd. (“Shin”) incorporated in Thailand which owns 53.22 % of the Company’s shares (31 December 2003: 53.22 %). The remaining 44.78 % of the shares (31 December 2003: 46.78 %) 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 recognized as related party transactions to the Company.

During the period, the Company has 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 on a percentage of the transaction amount.

The following transactions were carried out with related parties:

a) Sales of goods and services

	Consolidated		Company	
	31 March 2004 Baht’000	31 March 2003 Baht’000	31 March 2004 Baht’000	31 March 2003 Baht’000
Advertising income				
For the three-month period ended 31 March				
Other related parties – Shin Group	43,607	39,277	43,607	39,277
Subsidiary	-	-	758	-
Total Services	43,607	39,277	44,365	39,277
Other income				
Subsidiary – Interest income	-	-	673	190
Subsidiary – Other income	-	-	298	-
	-	-	971	190
Total sales of goods and services	43,607	39,277	45,336	39,467

11 Related party transactions (continued)**b) Purchases of goods and services**

	Consolidated		Company	
	31 March 2004 Baht'000	31 March 2003 Baht'000	31 March 2004 Baht'000	31 March 2003 Baht'000
For the three-month period ended 31 March				
Parent company – Shin				
Consulting and management fee	3,765	3,372	3,765	3,372
Other expenses	-	90	-	90
	<u>3,765</u>	<u>3,462</u>	<u>3,765</u>	<u>3,462</u>
Other related party– Shin group				
Expenses				
Building rental and service charge	16,203	10,224	15,922	10,179
Transponder rental	9,783	9,783	9,783	9,783
Commission expenses	6,971	1,131	6,971	1,131
Advertising expenses	1,507	1,717	1,507	1,717
Program production cost	410	3,874	410	3,874
Telephone expenses	3,998	2,472	3,998	2,472
Other expenses	663	1,486	663	1,486
Purchases of assets	-	4,435	-	4,435
	<u>39,535</u>	<u>35,122</u>	<u>39,254</u>	<u>35,077</u>
Subsidiary				
Expenses				
Advertising expenses	-	-	360	-
Equipment rental	-	-	108	-
Commission expenses	-	-	38	-
	<u>-</u>	<u>-</u>	<u>506</u>	<u>-</u>
Total purchases of goods and services	<u>43,300</u>	<u>38,584</u>	<u>43,525</u>	<u>38,539</u>

c) Outstanding balances arising from sales/purchases of goods/services

	Consolidated		Company	
	31 March 2004 Baht'000	31 December 2003 Baht'000	31 March 2004 Baht'000	31 December 2003 Baht'000
Receivables from related parties :				
Subsidiary	-	-	1,763	636
Other related parties – Shin group	41,124	44,020	41,124	44,012
Total receivables from related parties	<u>41,124</u>	<u>44,020</u>	<u>42,887</u>	<u>44,648</u>
Payables to related parties :				
Parent company – Shin	-	20	243	20
Subsidiary	-	-	-	720
Other related parties – Shin group	3,640	8,715	3,640	8,674
Total payable to related parties	<u>3,640</u>	<u>8,735</u>	<u>3,883</u>	<u>9,414</u>

11 Related party transactions (continued)

d) Loan to a related party

	Consolidated		Company	
	31 March 2004 Baht'000	31 December 2003 Baht'000	31 March 2004 Baht'000	31 December 2003 Baht'000
Loan to a related party:				
Subsidiary	-	-	36,000	36,000
Total loan to a related party	-	-	36,000	36,000

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

	Consolidated		Company	
	31 March 2004 Baht'000	31 December 2003 Baht'000	31 March 2004 Baht'000	31 December 2003 Baht'000
P r e p a i d E x p e n s e				
Other related parties - Shin Group	1,672	2,245	1,672	2,182
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	-	-	1,849	1,620
Total other current assets	1,672	2,245	3,521	3,802

f) Other assets

	Consolidated		Company	
	31 March 2004 Baht'000	31 December 2003 Baht'000	31 March 2004 Baht'000	31 December 2003 Baht'000
Deposit				
Other related parties - Shin Group	9,420	9,417	9,420	9,417
Leasehold right				
Other related parties - Shin Group	2,174	2,609	2,174	2,609
Total other assets	11,594	12,026	11,594	12,026

g) Accrued expenses to related parties

	Consolidated		Company	
	31 March 2004 Baht'000	31 December 2003 Baht'000	31 March 2004 Baht'000	31 December 2003 Baht'000
Accrued expenses to related parties:				
Parent company - Shin	1,838	1,940	1,838	1,940
Subsidiary	-	-	210	172
Other related companies - Shin Group	6,489	5,437	6,489	5,437
Total accrued expenses to related parties:	8,327	7,377	8,537	7,549

11 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 2003, the Company's directors exercised 5,320,100 warrants under the Employee Stock Option Plan (ESOP). In the first quarter of 2004, the Company's directors exercised 1,320,000 warrants. As at 31 March 2004, the outstanding rights of warrants of directors of the Company under the Employee Stock Option Plan (ESOP) are 24,350,200 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.

During the year 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.

12 Commitments and contingencies

The bank guarantees given by the Company to third parties are as follows:

	Consolidated		Company	
	31 March 2004	31 December 2003	31 March 2004	31 December 2003
	Million Baht	Million Baht	Million Baht	Million Baht
Bank guarantees for operating performance under the concession agreements	25	25	25	25
Bank guarantees in respect of the normal course of business	49	76	49	76
Total	74	101	74	101

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 is not expected to give rise to any significant loss and no provisions or accruals in respect of such legal actions has been raised in these financial statements.

12 Commitments and contingencies (continued)

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 recorded the accrued concession fee for the three-month period ended 31 March 2004 and the Company has changed its television program schedules since 1 April 2004 according to the arbitration panels' ruling as mentioned above. The Company did not adjust the impact of the above ruling retrospectively in its 2003 financial statements.

The Prime Minister's Office has commenced the appeals process at the trial court and supreme court level since April 2004. If the trial court and supreme court judge that the awards ruled by the arbitration panel is unfair and does not comply with the law, the trial court and the supreme court are not able to amend the awards judged by the arbitration panels by themselves. Courts have to submit this dispute to the formal arbitration panel to settle the causes of dispute. The Company's lawyer has expressed the opinion that the arbitration panel had judged the dispute within its scope and the agreement of the matter specified in the dispute. Also, the matter specified in the dispute filing to the arbitration panel were determined and agreed by both the Company and the Prime Minister's Office and expected that the outcome of the above will not have a material adverse impact to the Company. Therefore, the Company's management desired not to record the accrued concession fee as the original condition in concession agreement.

If the company had recorded accrued concession according to the original concession agreement, the Company's liabilities and net profit for the three-month period ended 31 March 2004 would have increased and decreased by Baht 167.5 million respectively. As a result, the Company's basic earning per share and diluted earning per share would have decreased from the reported net profit of 0.02 Baht per share to net loss of Baht 0.12 per share.

13 Subsequent event

On 21 April 2004, an Ordinary General Meeting of Shareholders approved the issuance and offer of 9.17 million warrants equivalent to 0.76 % 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 rights may be exercised after the first year but within 3 years of the date on which the rights were granted. However, the reward may not exceed each person's budget.