

ITV PUBLIC COMPANY LIMITED

**INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

**For the six-month periods ended
30 June 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 30 June 2004 and the related consolidated and company statements of income for the three-month and six-month periods ended 30 June 2004 and 2003, and the related consolidated and company statements of changes in shareholders' equity and cash flows for the six-month periods ended 30 June 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

13 August 2004

ITV Public Company Limited

Balance Sheets

As at 30 June 2004 and 31 December 2003

	Notes	Consolidated		Company	
		30 June 2004 Unaudited Baht'000	31 December 2003 Audited Baht'000	30 June 2004 Unaudited Baht'000	31 December 2003 Audited Baht'000
ASSETS					
Current assets					
Cash and cash equivalents		154,729	159,072	148,183	158,318
Trade accounts receivable, net	4	347,757	384,105	349,882	384,014
Advance and loan to related parties	11 d)	-	-	36,000	36,000
Programming rights and production costs, net	5	105,519	107,099	105,519	107,099
Other current assets	11 e)	98,516	77,285	97,888	78,802
Total current assets		<u>706,521</u>	<u>727,561</u>	<u>737,472</u>	<u>764,233</u>
Non-current assets					
Investment in a subsidiary	6	-	-	7,282	9,580
Equipment, net	7	132,608	140,192	95,095	97,525
Concession assets, net	7	2,238,854	2,307,256	2,238,854	2,307,256
Other assets	11 f)	12,925	14,346	12,925	14,345
Total non-current assets		<u>2,384,387</u>	<u>2,461,794</u>	<u>2,354,156</u>	<u>2,428,706</u>
Total assets		<u><u>3,090,908</u></u>	<u><u>3,189,355</u></u>	<u><u>3,091,628</u></u>	<u><u>3,192,939</u></u>

Director _____
Date _____

Director _____
Date _____

The notes to the interim consolidated and company financial statements on pages 9 to 21 are an integral part of these interim financial statements.

ITV Public Company Limited

Balance Sheets (Continued)

As at 30 June 2004 and 31 December 2003

	Notes	Consolidated		Company	
		30 June 2004 Unaudited Baht'000	31 December 2003 Audited Baht'000	30 June 2004 Unaudited Baht'000	31 December 2003 Audited Baht'000
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term loan from financial institutions	8	50,000	300,000	50,000	300,000
Trade accounts payable	9	45,214	36,599	46,003	37,175
Current portion of long - term loan	8	67,777	67,777	67,777	67,777
Concession payable	12	565,000	450,000	565,000	450,000
Accrued expenses	11 g)	122,317	135,301	122,612	135,379
Other current liabilities		50,106	44,084	49,742	47,014
Total current liabilities		900,414	1,033,761	901,134	1,037,345
Non-current liabilities					
Long - term loan, net	8	705,116	738,277	705,116	738,277
Total non - current liabilities		705,116	738,277	705,116	738,277
Total Liabilities		1,605,530	1,772,038	1,606,250	1,775,622
Shareholders' Equity					
Share capital					
Authorised share capital - ordinary shares	10	7,800,000	6,300,000	7,800,000	6,300,000
Issued and paid - up share capital					
- ordinary shares	10	6,014,930	6,000,000	6,014,930	6,000,000
Deficiency in share capital	10	(175,707)	(176,842)	(175,707)	(176,842)
Accumulated deficit		(4,353,845)	(4,405,841)	(4,353,845)	(4,405,841)
Total Shareholders' Equity		1,485,378	1,417,317	1,485,378	1,417,317
Total Liabilities and Shareholders' Equity		3,090,908	3,189,355	3,091,628	3,192,939

The notes to the interim consolidated and company financial statements on pages 9 to 21 are an integral part of these interim financial statements.

ITV Public Company Limited

Statements of Income (unaudited)

For the three-month periods ended 30 June 2004 and 2003

	Notes	Consolidated		Company	
		30 June 2004 Baht'000	30 June 2003 Baht'000	30 June 2004 Baht'000	30 June 2003 Baht'000
Revenues	11 a)				
Service income		458,246	448,684	457,242	447,419
Share of net results of investment					
- equity method		-	-	576	-
Other income		665	655	1,644	957
Total revenues		<u>458,911</u>	<u>449,339</u>	<u>459,462</u>	<u>448,376</u>
Expenses	11 b)				
Cost of services		255,284	319,606	252,748	316,900
Concession expenses		57,500	200,000	57,500	200,000
Selling and administrative expenses		109,600	94,950	112,687	95,063
Directors' remuneration		230	120	230	120
Share of net results of investment					
- equity method		-	-	-	1,630
Total expenses		<u>422,614</u>	<u>614,676</u>	<u>423,165</u>	<u>613,713</u>
Profit (loss) before interest		36,297	(165,337)	36,297	(165,337)
Interest expenses		8,247	13,467	8,247	13,467
Net profit (loss) for the period		<u>28,050</u>	<u>(178,804)</u>	<u>28,050</u>	<u>(178,804)</u>
Basic earnings (loss) per share (Baht)	3				
Net profit (loss) for the period		0.02	(0.16)	0.02	(0.16)
Diluted earnings (loss) per share (Baht)	3				
Net profit (loss) for the period		0.02	(0.16)	0.02	(0.16)

The notes to the interim consolidated and company financial statements on pages 9 to 21 are an integral part of these interim financial statements.

ITV Public Company Limited

Statements of Income (unaudited)

For the six-month periods ended 30 June 2004 and 2003

	Notes	Consolidated		Company	
		30 June	30 June	30 June	30 June
		2004	2003	2004	2003
		Baht'000	Baht'000	Baht'000	Baht'000
Revenues	11 a)				
Service income		907,598	820,724	906,089	819,459
Other income		1,493	1,598	3,442	2,091
Total revenues		<u>909,091</u>	<u>822,322</u>	<u>909,531</u>	<u>821,550</u>
Expenses	11 b)				
Cost of services		489,392	595,473	484,307	591,194
Concession expenses		115,000	400,000	115,000	400,000
Selling and administrative expenses		232,322	191,340	235,549	191,358
Directors' remuneration		610	400	610	400
Share of net results of investment					
- equity method	6	-	-	2,298	3,489
Total expenses		<u>837,324</u>	<u>1,187,213</u>	<u>837,764</u>	<u>1,186,441</u>
Profit (loss) before interest		71,767	(364,891)	71,767	(364,891)
Interest expenses		19,771	27,110	19,771	27,110
Net profit (loss) for the period		<u>51,996</u>	<u>(392,001)</u>	<u>51,996</u>	<u>(392,001)</u>
Basic earnings (loss) per share (Baht)	3				
Net profit (loss) for the period		0.04	(0.34)	0.04	(0.34)
Diluted earnings (loss) per share (Baht)	3				
Net profit (loss) for the period		0.04	(0.34)	0.04	(0.34)

The notes to the interim consolidated and company financial statements on pages 9 to 21 are an integral part of these interim financial statements.

ITV Public Company Limited

Statements of Changes in Shareholders' Equity (unaudited)

For the six-month periods ended 30 June 2004 and 2003

Consolidated				
	Share capital	Deficiency in	Accumulated	Total
Note	Baht'000	share capital	deficit	Baht'000
	Baht'000	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	-	-	(392,001)	(392,001)
Closing balance as at 30 June 2003	<u>5,750,000</u>	<u>(176,842)</u>	<u>(4,137,402)</u>	<u>1,435,756</u>
Opening balance as at 1 January 2004	6,000,000	(176,842)	(4,405,841)	1,417,317
Issue of ordinary shares	10 14,930	1,135	-	16,065
Net profit for the period	-	-	51,996	51,996
Closing balance as at 30 June 2004	<u>6,014,930</u>	<u>(175,707)</u>	<u>(4,353,845)</u>	<u>1,485,378</u>
Company				
	Share capital	Deficiency in	Accumulated	Total
Note	Baht'000	share capital	deficit	Baht'000
	Baht'000	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	-	-	(392,001)	(392,001)
Closing balance as at 30 June 2003	<u>5,750,000</u>	<u>(176,842)</u>	<u>(4,137,402)</u>	<u>1,435,756</u>
Opening balance as at 1 January 2004	6,000,000	(176,842)	(4,405,841)	1,417,317
Issue of ordinary shares	10 14,930	1,135	-	16,065
Net profit for the period	-	-	51,996	51,996
Closing balance as at 30 June 2004	<u>6,014,930</u>	<u>(175,707)</u>	<u>(4,353,845)</u>	<u>1,485,378</u>

The notes to the interim consolidated and company financial statements on pages 9 to 21 are an integral part of these interim financial statements.

ITV Public Company Limited

Statements of Cash flows (unaudited)

For the six-month periods ended 30 June 2004 and 2003

	Notes	Consolidated		Company	
		30 June	30 June	30 June	30 June
		2004	2003	2004	2003
		Baht'000	Baht'000	Baht'000	Baht'000
Cash flows from operating activities					
Net profit (loss) for the period		51,996	(392,001)	51,996	(392,001)
Adjustments for :					
Amortisation of concession assets	7	110,343	113,867	110,343	113,867
(Gain) loss on foreign exchange rate		(123)	175	(123)	175
Depreciation	7	11,074	11,517	5,920	7,550
Amortisation and allowance for impairment of programming rights and production costs	5	143,214	236,465	143,214	236,465
Allowance for doubtful debt accounts		(9,716)	7,921	(9,716)	7,921
Loss (gain) from sales of barter assets		(112)	6,600	(112)	6,600
Amortisation of front end fee	8	727	727	727	727
Share of net result from investment in a subsidiary	6	-	-	2,298	3,489
Changes in operating assets and liabilities					
Trade accounts receivable		46,064	(39,400)	43,847	(40,684)
Advance to related parties		-	1,399	-	1,400
Other current assets		(21,119)	(10,155)	(18,973)	(10,175)
Other assets		1,421	7,518	1,421	7,518
Trade accounts payable		8,738	(15,669)	8,950	(16,358)
Concession payable		115,000	400,000	115,000	400,000
Accrued expenses		1,117	4,752	1,334	4,761
Other current liabilities		6,022	(3,932)	2,728	(678)
Cash generated from operations		464,646	329,784	458,854	330,577
Cash flows from investing activities					
Purchases of programming rights and production costs	5	(155,735)	(235,190)	(155,735)	(235,190)
Purchases of concession assets	7	(41,941)	(72,541)	(41,941)	(72,541)
Purchases of equipment	7	(3,490)	(145,280)	(3,490)	(94,608)
Investment in a subsidiary		-	-	-	(19,000)
Loan to a subsidiary		-	-	-	(35,000)
Net cash used in investing activities		(201,166)	(453,011)	(201,166)	(456,339)

The notes to the interim consolidated and company financial statements on pages 9 to 21 are an integral part of these interim financial statements.

ITV Public Company Limited

Statements of Cash flows (unaudited) (Continued)

For the six-month periods ended 30 June 2004 and 2003

	Notes	Consolidated		Company	
		30 June	30 June	30 June	30 June
		2004	2003	2004	2003
		Baht'000	Baht'000	Baht'000	Baht'000
Cash flows from financing activities					
Proceeds from bank overdrafts					
and short-term loan from banks	8	200,000	-	200,000	-
Repayment of bank overdrafts					
and short-term loan from banks	8	(450,000)	(6,993)	(450,000)	(6,993)
Repayment of long-term loan from bank	8	(33,888)	-	(33,888)	-
Proceeds from increase in share capital					
from exercising warrants	10	16,065	-	16,065	-
Net cash receipts from financing activities		(267,823)	(6,993)	(267,823)	(6,993)
Net decrease in cash and cash equivalents		(4,343)	(130,220)	(10,135)	(132,755)
Opening balance		159,072	313,185	158,318	312,203
Closing balance		154,729	182,965	148,183	179,448
Cash and cash equivalents as at 30 June comprise :					
Cash on hand		655	635	655	635
Cash at banks		154,074	182,330	147,528	178,813
Total cash and cash equivalents		154,729	182,965	148,183	179,448
Supplementary information for cash flows :					
Interest paid		20,014	27,722	20,014	27,722
Tax paid		-	-	-	-
Non-cash transactions					
Convert accounts payable - purchase of equipment					
to long-term loan		-	14,109	-	14,109
Increasing in programming rights and production costs					
by liabilities		5,183	6,179	5,183	6,179

The notes to the interim consolidated and company financial statements on pages 9 to 21 are an integral part of these interim financial statements.

1 Basis of preparation

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 2003.

Costs that incur unevenly during the financial year are recognized 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 2003 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 Earnings (loss) per share

Basic earnings (loss) 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 (loss) 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 six-month period ended 30 June 2004.

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

For the three-month periods ended 30 June (Consolidated and Company)

ITV Public Company Limited**Unaudited condensed notes to the interim consolidated and company financial statements (continued)****For the six-month periods ended 30 June 2004 and 2003**

	Net profit (loss)		Weighted number of shares		Earnings (loss) per share	
	(Baht'000)		(Shares'000)		(Baht)	
	2004	2003	2004	2003	2004	2003
Basic earnings (loss) per share	28,050	(178,804)	1,200,886	1,150,000	0.02	(0.16)
The effect of dilutive potential shares	-	-	8,966	-	-	-
Diluted earnings (loss) per share	28,050	(178,804)	1,209,852	1,150,000	0.02	(0.16)

3 Earnings (loss) per share (continued)

	For the six-month periods ended 30 June (Consolidated and Company)					
	Net profit (loss) (Baht'000)		Weighted number of shares (Shares'000)		Earnings (loss) per share (Baht)	
	2004	2003	2004	2003	2004	2003
Basic earnings (loss) per share	51,996	(392,001)	1,200,443	1,150,000	0.04	(0.34)
The effect of dilutive potential shares	-	-	9,872	-	-	-
Diluted earnings (loss) per share	51,996	(392,001)	1,210,315	1,150,000	0.04	(0.34)

Diluted earnings (loss) per share for the three-month and six-month periods ended 30 June 2004 include the effect of 16.769 million warrants – ordinary share (2003 : 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 30 June 2004 and 2003, there were no other dilutive potential common shares in the issue.

4 Trade accounts receivable, net

	Consolidated		Company	
	30 June 2004 Baht'000	31 December 2003 Baht'000	30 June 2004 Baht'000	31 December 2003 Baht'000
	Trade accounts receivable			
- Third parties	331,803	375,347	330,822	374,628
- Related parties (Note 11c)	41,500	44,020	44,606	44,648
Total trade accounts receivable	373,303	419,367	375,428	419,276
<u>Less</u> Allowance for doubtful accounts	(25,546)	(35,262)	(25,546)	(35,262)
Trade accounts receivable, net	347,757	384,105	349,882	384,014

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

	Consolidated		Company	
	30 June 2004 Baht'000	31 December 2003 Baht'000	30 June 2004 Baht'000	31 December 2003 Baht'000
	Current - 3 months	290,956	320,704	289,975
3 - 6 months	8,654	22,717	8,654	22,717
6 - 12 months	6,723	6,167	6,723	6,167

ITV Public Company Limited**Unaudited condensed notes to the interim consolidated and company financial statements (continued)****For the six-month periods ended 30 June 2004 and 2003**

Over 12 months	25,470	25,759	25,470	25,759
Total	331,803	375,347	330,822	374,628
Less Allowance for doubtful accounts	(25,546)	(35,262)	(25,546)	(35,262)
Trade accounts receivable, net	306,257	340,085	305,276	339,366

ITV Public Company Limited

Unaudited condensed notes to the interim consolidated and company financial statements (continued)

For the six-month periods ended 30 June 2004 and 2003

5 Programming rights and production costs, net

	Consolidated and Company Baht'000
For the six-month period ended 30 June 2004	
Opening net book amount	107,099
Additions	141,634
<u>Less</u> Amortisation	(135,794)
Allowance for impairment	(7,420)
Closing net book amount	105,519
Cost	135,072
<u>Less</u> Amortisation and allowance for impairment	(29,553)
Closing net book amount	105,519

6 Investment in a subsidiary

a) Movements in investment in a subsidiary for the six-month period ended 30 June 2004 comprise:

	Company Baht'000
Opening net book value	9,580
Share of the result from investment in a subsidiary	(2,298)
Closing net book value	7,282

b) Carrying value of investment in a subsidiary

	Company – 30 June 2004 (Baht'000)					
	Paid-up capital	Investment Portion(%)	Share of net results of			
			Cost	investment	Equity	Dividend
Artware Media Company Limited	20,000	99.99	20,000	(12,718)	7,282	-

Company – 31 December 2003 (Baht'000)

ITV Public Company Limited**Unaudited condensed notes to the interim consolidated and company financial statements (continued)****For the six-month periods ended 30 June 2004 and 2003**

	Paid-up	Investment		Share of net		
	capital	Portion(%)	Cost	results of	Equity	Dividend
				investment		
Artware Media Company						
Limited	20,000	99.99	20,000	(10,420)	9,580	-

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

7 Capital expenditure

	Consolidated		Company	
	Equipment	Concession assets	Equipment	Concession assets
	Baht'000	Baht'000	Baht'000	Baht'000
For the six-month period ended				
30 June 2004				
Opening net book amount	140,192	2,307,256	97,525	2,307,256
Additions	3,490	41,941	3,490	41,941
Depreciation/Amortisation charge	(11,074)	(110,343)	(5,920)	(110,343)
Closing net book amount	132,608	2,238,854	95,095	2,238,854
As at 30 June 2004				
Cost	167,055	3,534,904	115,224	3,534,904
<u>Less</u> Accumulated depreciation/ Amortisation	(34,447)	(1,296,050)	(20,129)	(1,296,050)
Net book amount	132,608	2,238,854	95,095	2,238,854

8 Borrowings

	Consolidated		Company	
	30 June	31 December	30 June	31 December
	2004	2003	2004	2003
	Baht'000	Baht'000	Baht'000	Baht'000
Short-term borrowings				
Short-term loan from bank	50,000	300,000	50,000	300,000
Current portion of long-term loan from bank	67,777	67,777	67,777	67,777
Total	117,777	367,777	117,777	367,777
Long-term borrowings				
Long-term loan from bank	711,664	745,552	711,664	745,552
<u>Less</u> Deferred front-end fee	(6,548)	(7,275)	(6,548)	(7,275)
Total	705,116	738,277	705,116	738,277
Total borrowings	822,893	1,106,054	822,893	1,106,054

The movements in the borrowings can be analyzed as follows:

ITV Public Company Limited

Unaudited condensed notes to the interim consolidated and company financial statements (continued)

For the six-month periods ended 30 June 2004 and 2003

	Consolidated and Company Baht'000
	<hr/>
For the six-month period ended 30 June 2004	
Opening net book amount	1,106,054
Additions	200,000
Repayments	(483,888)
Amortisation of front-end fee	727
Closing net book amount	<hr/> <hr/> 822,893

9 Trade accounts payable

	Consolidated		Company	
	30 June 2004 Baht'000	31 December 2003 Baht'000	30 June 2004 Baht'000	31 December 2003 Baht'000
Trade accounts payable				
- Third parties	38,401	27,864	38,554	27,761
- Related parties (Note 11c)	6,813	8,735	7,449	9,414
Total trade accounts payable	45,214	36,599	46,003	37,175

10 Share capital and deficiency in share capital

	Number of registered share capital Shares'000	Issued and paid-up shares Shares'000	Ordinary shares Baht'000	Deficiency in share capital Baht'000	Total Baht'000
For the six-month period ended 30 June 2004					
Opening balance	1,260,000	1,200,000	6,000,000	(176,842)	5,823,158
Decrease of shares	(43,231)	-	-	-	-
Issue of shares	343,231	2,986	14,930	1,135	16,065
Closing balance	1,560,000	1,202,986	6,014,930	(175,707)	5,839,223

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 per each. 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 per 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 30 June 2004, the total authorised number of ordinary shares was 1,560 million shares (31 December 2003 : 1,260 million shares) with a par value of Baht 5 per share (31 December 2003 : Baht 5 per share).

W a r r a n t s

Movement of warrants comprise:

For the six-month period ended 30 June 2004 ('000 units)

ITV Public Company Limited**Unaudited condensed notes to the interim consolidated and company financial statements (continued)****For the six-month periods ended 30 June 2004 and 2003**

	ESOP – Grant 1			ESOP – Grant 2			Total
	Directors	Employees	Total	Directors	Employees	Total	
Opening balance	6,856	9,913	16,769	-	-	-	16,769
Granted	-	-	-	1,983	7,191	9,174	9,174
Exercised	-	(2,986)	(2,986)	-	-	-	(2,986)
Closing balance	6,856	6,927	13,783	1,983	7,191	9,174	22,957

10 Share capital and deficiency in share capital (continued)

ESOP – Grant 1

On 30 May 2003, the Company issued and offered 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. The exercise price was set at Baht 5.38 per unit.

In the second quarter of 2004, the Company's employees exercised 2.986 million warrants. As at 30 June 2004, the outstanding rights of warrants to directors, employees and advisors of the Company are 13.783 million units.

ESOP – Grant 2

On 31 May 2004, the Company issued and offered 9.174 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. The exercise price was set at Baht 17.81 per unit.

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 partners 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 53.08% of the Company's shares (31 December 2003 : 53.22%). The remaining 46.92% of the shares (31 December 2003 : 46.78%) are widely held.

ITV Public Company Limited

Unaudited condensed notes to the interim consolidated and company financial statements (continued)

For the six-month periods ended 30 June 2004 and 2003

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 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.

11 Related party transactions (continued)

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

For the three-month periods ended	Consolidated		Company	
	30 June	30 June	30 June	30 June
	2004	2003	2004	2003
	Baht'000	Baht'000	Baht'000	Baht'000
Advertising income				
Parent company	-	1,000	-	1,000
Subsidiary	-	-	1,838	2,952
Other related parties – Shin Group	45,091	45,106	45,091	45,106
	45,091	46,106	46,929	49,058
Other income				
Subsidiary – Interest income	-	-	673	403
Subsidiary – Other income	-	-	307	-
	-	-	980	403
Total sales	45,091	46,106	47,909	49,461
Sales of barter assets				
Parent company	-	6,474	-	6,474

For the six-month periods ended	Consolidated		Company	
	30 June	30 June	30 June	30 June
	2004	2003	2004	2003
	Baht'000	Baht'000	Baht'000	Baht'000
Advertising income				
Parent company	-	1,000	-	1,000
Subsidiary	-	-	2,596	2,952
Other related parties – Shin Group	88,698	84,383	88,698	84,383
	88,698	85,383	91,294	88,335
Other income				

ITV Public Company Limited

Unaudited condensed notes to the interim consolidated and company financial statements (continued)

For the six-month periods ended 30 June 2004 and 2003

Subsidiary – Interest income	-	-	1,346	593
Subsidiary – Other income	-	-	605	-
	-	-	1,951	593
Total sales	88,698	85,383	93,245	88,928
Sales of barter assets				
Parent company	-	6,474	-	6,474

11 Related party transactions (continued)

b) Purchases of goods and services

For the three-month periods ended	Consolidated		Company	
	30 June	30 June	30 June	30 June
	2004	2003	2004	2003
	Baht'000	Baht'000	Baht'000	Baht'000
Parent company				
Consulting and management fee	3,091	3,307	3,091	3,307
Other expenses	-	1,014	-	1,014
	<u>3,091</u>	<u>4,321</u>	<u>3,091</u>	<u>4,321</u>
Other related parties– Shin group				
Expenses				
Building rental and service charge	18,053	17,440	17,774	17,094
Transponder rental	9,783	9,783	9,783	9,783
Commission expenses	2,538	1,252	2,538	1,252
Advertising expenses	4,740	9,171	4,740	9,171
Program production cost	-	3,732	-	3,732
Telephone expenses	4,293	3,984	4,293	3,984
Other expenses	672	706	605	702
	<u>40,079</u>	<u>46,068</u>	<u>39,733</u>	<u>45,718</u>
Subsidiary				
Expenses				
Advertising expenses	-	-	360	-
Equipment rental	-	-	3,036	-
Commission expenses	-	-	92	148
	<u>-</u>	<u>-</u>	<u>3,488</u>	<u>148</u>
Total purchases of goods and services	<u><u>43,170</u></u>	<u><u>50,389</u></u>	<u><u>46,312</u></u>	<u><u>50,187</u></u>

ITV Public Company Limited

Unaudited condensed notes to the interim consolidated and company financial statements (continued)

For the six-month periods ended 30 June 2004 and 2003

11 Related party transactions (continued)

b) Purchases of goods and services (continued)

For the six-month periods ended	Consolidated		Company	
	30 June	30 June	30 June	30 June
	2004	2003	2004	2003
	Baht'000	Baht'000	Baht'000	Baht'000
Parent company				
Consulting and management fee	6,856	6,679	6,856	6,679
Other expenses	-	1,104	-	1,104
	6,856	7,783	6,856	7,783
Other related parties– Shin group				
Expenses				
Building rental and service charge	34,257	27,664	33,696	27,273
Transponder rental	19,566	19,566	19,566	19,566
Commission expenses	9,509	2,383	9,509	2,383
Advertising expenses	6,246	10,888	6,246	10,888
Program production cost	410	7,606	410	7,606
Telephone expenses	8,291	6,456	8,291	6,456
Other expenses	1,335	2,192	1,268	2,188
Purchases of assets	-	4,435	-	4,435
	79,614	81,190	78,986	80,795
Subsidiary				
Expenses				
Advertising expenses	-	-	720	-
Equipment rental	-	-	3,144	-
Commission expenses	-	-	130	148
	-	-	3,994	148
Total purchases of goods and services	86,470	88,973	89,836	88,726

11 Related party transactions (continued)

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

	Consolidated		Company	
	30 June	31 December	30 June	31 December
	2004	2003	2004	2003
	Baht'000	Baht'000	Baht'000	Baht'000
Receivables from related parties :				
Subsidiary	-	-	3,106	636
Other related parties – Shin group	41,500	44,020	41,500	44,012
Total receivables from related parties	41,500	44,020	44,606	44,648
Payables to related parties :				
Parent company	-	20	-	20
Subsidiary	-	-	676	720
Other related parties – Shin group	6,813	8,715	6,773	8,674
Total payable to related parties	6,813	8,735	7,449	9,414

d) Loan to a related party

	Consolidated		Company	
	30 June	31 December	30 June	31 December
	2004	2003	2004	2003
	Baht'000	Baht'000	Baht'000	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 (31 December 2003 : MLR + 1% per annum). The term of repayment is at call.

e) Other current assets

ITV Public Company Limited**Unaudited condensed notes to the interim consolidated and company financial statements (continued)**

For the six-month periods ended 30 June 2004 and 2003

	Consolidated		Company	
	30 June	31 December	30 June	31 December
	2004	2003	2004	2003
	Baht'000	Baht'000	Baht'000	Baht'000
P r e p a i d E x p e n s e				
Other related parties - Shin Group	1,171	2,245	1,171	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	-	-	2,966	1,620
T o t a l o t h e r c u r r e n t a s s e t s	1,171	2,245	4,137	3,802

11 Related party transactions (continued)

f) Other assets

	Consolidated		Company	
	30 June 2004 Baht'000	31 December 2003 Baht'000	30 June 2004 Baht'000	31 December 2003 Baht'000
Deposit				
Other related parties - Shin Group	9,431	9,417	9,431	9,417
Leasehold right				
Other related parties - Shin Group	1,304	2,609	1,304	2,609
Total other assets	10,735	12,026	10,735	12,026

g) Accrued expenses to related parties

	Consolidated		Company	
	30 June 2004 Baht'000	31 December 2003 Baht'000	30 June 2004 Baht'000	31 December 2003 Baht'000
Accrued expenses to related parties:				
Parent company	1,806	1,940	1,806	1,940
Subsidiary	-	-	302	172
Other related companies - Shin Group	5,989	5,437	5,989	5,437
Total accrued expenses to related parties	7,795	7,377	8,097	7,549

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, Grant 2 on 30 May 2003 and Grant 3 on 31 May 2004 amounting to 24,647,700 units, 14,649,500 units and 10,563,300 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 and Grant 3 are set at Baht 13.67 per unit and Baht 36.41 per unit, respectively, which are 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 6,801,600 warrants under the Employee Stock Option Plan (ESOP). For the six-month period ended 30 June 2004, the Company's directors exercised 3,117,000 warrants. As at 30 June 2004, the outstanding rights of warrants of directors of the Company under the Employee Stock Option Plan (ESOP) are 39,941,900 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 total grant of the Special Reward Program to directors of the Company is 7,053 units.

Since the year 2003 until the second quarter of 2004, the Company's directors exercised their rights to 3,416 units. As at 30 June 2004, the outstanding rights of the Company's directors are 3,637 units.

12 Commitments and contingencies

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

	Consolidated		Company	
	30 June 2004 Million Baht	31 December 2003 Million Baht	30 June 2004 Million Baht	31 December 2003 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	59	76	59	76
Total	84	101	84	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.

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 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

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Unaudited condensed notes to the interim consolidated and company financial statements (continued)

For the six-month periods ended 30 June 2004 and 2003

social benefits program not less than 50 % of the total airtime, subject to the rules and regulations issued by governmental agencies applicable in general to all television stations.

The Company recorded the accrued concession fee for the six-month period ended 30 June 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.

12 Commitments and contingencies (continued)

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 as at 30 June 2004 and net profit for the three-month and six-month periods then ended would have increased and decreased by Baht 167.5 million and Baht 335 million respectively. As a result, the Company's basic earnings per share and diluted earnings 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 for three-month period ended and net profit of 0.04 Baht per share to net loss of Baht 0.23 per share for six-month period ended.