

ITV PUBLIC COMPANY LIMITED

**INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

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

ITV Public Company Limited

Balance Sheets

As at 30 September 2004 and 31 December 2003

	Notes	Consolidated		Company	
		30 September 2004 Unaudited Baht'000	31 December 2003 Audited Baht'000	30 September 2004 Unaudited Baht'000	31 December 2003 Audited Baht'000
ASSETS					
Current assets					
Cash and cash equivalents		270,766	159,072	264,346	158,318
Trade accounts receivable, net	4	340,852	384,105	340,934	384,014
Advance and loan to related parties	11 d)	-	-	36,000	36,000
Programming rights and production costs, net	5	112,497	107,099	112,497	107,099
Other current assets	11 e)	77,162	77,285	77,174	78,802
Total current assets		<u>801,277</u>	<u>727,561</u>	<u>830,951</u>	<u>764,233</u>
Non-current assets					
Investment in a subsidiary	6	-	-	6,021	9,580
Equipment, net	7	127,049	140,192	92,142	97,525
Concession assets, net	7	2,195,569	2,307,256	2,195,569	2,307,256
Other assets	11 f)	12,171	14,346	12,170	14,345
Total non-current assets		<u>2,334,789</u>	<u>2,461,794</u>	<u>2,305,902</u>	<u>2,428,706</u>
Total assets		<u><u>3,136,066</u></u>	<u><u>3,189,355</u></u>	<u><u>3,136,853</u></u>	<u><u>3,192,939</u></u>

Director _____

Director _____

Date _____

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 September 2004 and 31 December 2003

	Notes	Consolidated		Company	
		30 September 2004 Unaudited Baht'000	31 December 2003 Audited Baht'000	30 September 2004 Unaudited Baht'000	31 December 2003 Audited Baht'000
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term loan from financial institutions	8	200,000	300,000	200,000	300,000
Trade accounts payable	9	40,931	36,599	41,569	37,175
Current portion of long-term loan	8	67,777	67,777	67,777	67,777
Concession payable	12	392,500	450,000	392,500	450,000
Accrued expenses	11 g)	155,661	135,301	156,011	135,379
Other current liabilities		28,886	44,084	28,685	47,014
Total current liabilities		885,755	1,033,761	886,542	1,037,345
Non-current liabilities					
Long-term loan, net	8	705,480	738,277	705,480	738,277
Total non-current liabilities		705,480	738,277	705,480	738,277
Total Liabilities		1,591,235	1,772,038	1,592,022	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	6,023,714	6,000,000	6,023,714	6,000,000
Deficiency in share capital	10	(175,040)	(176,842)	(175,040)	(176,842)
Accumulated deficit		(4,303,843)	(4,405,841)	(4,303,843)	(4,405,841)
Total Shareholders' Equity		1,544,831	1,417,317	1,544,831	1,417,317
Total Liabilities and Shareholders' Equity		3,136,066	3,189,355	3,136,853	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 September 2004 and 2003

	Notes	Consolidated		Company	
		30 September 2004 Baht'000	30 September 2003 Baht'000	30 September 2004 Baht'000	30 September 2003 Baht'000
Revenues	11 a)				
Service income		449,228	390,161	448,567	389,951
Other income		496	442	1,477	1,230
Total revenues		<u>449,724</u>	<u>390,603</u>	<u>450,044</u>	<u>391,181</u>
Expenses	11 b)				
Cost of services		240,402	238,466	237,833	235,615
Concession expenses		57,500	225,000	57,500	225,000
Selling and administrative expenses		92,420	88,505	94,048	88,506
Directors' remuneration		235	120	235	120
Share of net results of investment - equity method		-	-	1,261	3,428
Total expenses		<u>390,557</u>	<u>552,091</u>	<u>390,877</u>	<u>552,669</u>
Profit (loss) before interest		59,167	(161,488)	59,167	(161,488)
Interest expenses		9,165	16,758	9,165	16,758
Net profit (loss) for the period		<u>50,002</u>	<u>(178,246)</u>	<u>50,002</u>	<u>(178,246)</u>
Basic earnings (loss) per share (Baht)	3				
Net profit (loss) for the period		0.04	(0.15)	0.04	(0.15)
Diluted earnings (loss) per share (Baht)	3				
Net profit (loss) for the period		0.04	(0.15)	0.04	(0.15)

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 nine-month periods ended 30 September 2004 and 2003

	Notes	Consolidated		Company	
		30 September 2004 Baht'000	30 September 2003 Baht'000	30 September 2004 Baht'000	30 September 2003 Baht'000
Revenues	11 a)				
Service income		1,356,826	1,210,885	1,354,656	1,209,410
Other income		1,989	2,040	4,919	3,322
Total revenues		<u>1,358,815</u>	<u>1,212,925</u>	<u>1,359,575</u>	<u>1,212,732</u>
Expenses	11 b)				
Cost of services		729,794	833,938	722,140	826,809
Concession expenses		172,500	625,000	172,500	625,000
Selling and administrative expenses		324,742	279,846	329,597	279,865
Directors' remuneration		845	520	845	520
Share of net results of investment-equity method	6	-	-	3,559	6,917
Total expenses		<u>1,227,881</u>	<u>1,739,304</u>	<u>1,228,641</u>	<u>1,739,111</u>
Profit (loss) before interest		130,934	(526,379)	130,934	(526,379)
Interest expenses		28,936	43,867	28,936	43,867
Net profit (loss) for the period		<u>101,998</u>	<u>(570,246)</u>	<u>101,998</u>	<u>(570,246)</u>
Basic earnings (loss) per share (Baht)	3				
Net profit (loss) for the period		0.08	(0.49)	0.08	(0.49)
Diluted earnings (loss) per share (Baht)	3				
Net profit (loss) for the period		0.08	(0.49)	0.08	(0.49)

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 nine-month periods ended 30 September 2004 and 2003

Consolidated				
		Premium/ (Deficiency) in	Accumulated	
	Share capital	share capital	deficit	Total
Note	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
Issue of ordinary shares	250,000	-	-	250,000
Net loss for the period	-	-	(570,246)	(570,246)
Closing balance as at 30 September 2003	<u>6,000,000</u>	<u>(176,842)</u>	<u>(4,315,647)</u>	<u>1,507,511</u>
Opening balance as at 1 January 2004	6,000,000	(176,842)	(4,405,841)	1,417,317
Issue of ordinary shares	23,714	1,802	-	25,516
Net profit for the period	-	-	101,998	101,998
Closing balance as at 30 September 2004	<u>6,023,714</u>	<u>(175,040)</u>	<u>(4,303,843)</u>	<u>1,544,831</u>

Company				
		Premium/ (Deficiency) in	Accumulated	
	Share capital	share capital	deficit	Total
Note	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
Issue of ordinary shares	250,000	-	-	250,000
Net loss for the period	-	-	(570,246)	(570,246)
Closing balance as at 30 September 2003	<u>6,000,000</u>	<u>(176,842)</u>	<u>(4,315,647)</u>	<u>1,507,511</u>
Opening balance as at 1 January 2004	6,000,000	(176,842)	(4,405,841)	1,417,317
Issue of ordinary shares	23,714	1,802	-	25,516
Net profit for the period	-	-	101,998	101,998
Closing balance as at 30 September 2004	<u>6,023,714</u>	<u>(175,040)</u>	<u>(4,303,843)</u>	<u>1,544,831</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 nine-month periods ended 30 September 2004 and 2003

	Notes	Consolidated		Company	
		30 September 2004 Baht'000	30 September 2003 Baht'000	30 September 2004 Baht'000	30 September 2003 Baht'000
Cash flows from operating activities					
Net profit (loss) for the period		101,998	(570,246)	101,998	(570,246)
Adjustments for :					
Amortisation of concession assets	7	166,077	169,495	166,077	169,495
Gain on foreign exchange rate		(105)	(185)	(105)	(185)
Depreciation	7	16,633	17,221	8,873	10,666
Amortisation and allowance for impairment of programming rights and production costs	5	197,705	307,133	197,705	307,133
Allowance for doubtful debt accounts		(4,955)	9,943	(4,955)	9,943
Loss (gain) from sales of barter assets		(530)	6,600	(530)	6,600
Amortisation of front end fee	8	1,091	1,091	1,091	1,091
Share of net result from investment in a subsidiary	6	-	-	3,559	6,917
Changes in operating assets and liabilities					
Trade accounts receivable		48,208	50,582	48,035	50,758
Advance to related parties		-	1,399	-	1,400
Other current assets		653	(31,573)	2,158	(33,344)
Other assets		2,175	11,078	2,175	11,078
Trade accounts payable		4,437	(35,111)	4,499	(35,046)
Concession payable		(57,500)	(175,000)	(57,500)	(175,000)
Accrued expenses		36,919	(11,495)	37,191	(11,394)
Other current liabilities		(15,198)	3,437	(18,329)	6,978
Cash generated from (used in) operations		497,608	(245,631)	491,942	(243,156)
Cash flows from investing activities					
Purchases of programming rights and production costs	5	(219,662)	(320,249)	(219,662)	(320,249)
Purchases of concession assets	7	(54,390)	(99,058)	(54,390)	(99,058)
Purchases of equipment	7	(3,490)	(152,150)	(3,490)	(100,469)
Investment in a subsidiary		-	-	-	(19,000)
Loan to a subsidiary		-	-	-	(35,000)
Net cash used in investing activities		(277,542)	(571,457)	(277,542)	(573,776)

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 nine-month periods ended 30 September 2004 and 2003

	Notes	Consolidated		Company	
		30 September 2004 Baht'000	30 September 2003 Baht'000	30 September 2004 Baht'000	30 September 2003 Baht'000
Cash flows from financing activities					
Proceeds from bank overdrafts and short-term loan from banks	8	400,000	699,969	400,000	699,969
Repayment of bank overdrafts and short-term loan from banks	8	(500,000)	(306,993)	(500,000)	(306,993)
Repayment of long-term loan from banks	8	(33,888)	-	(33,888)	-
Proceeds from increase in share capital from exercising warrants	10	25,516	250,000	25,516	250,000
Net cash received from (used in) financing activities		(108,372)	642,976	(108,372)	642,976
Net increase (decrease) in cash and cash equivalents		111,694	(174,112)	106,028	(173,956)
Opening balance		159,072	313,185	158,318	312,203
Closing balance		270,766	139,073	264,346	138,247
Cash and cash equivalents as at 30 September comprise :					
Cash on hand		765	635	765	635
Cash at banks		270,001	138,438	263,581	137,612
Total cash and cash equivalents		270,766	139,073	264,346	138,247
Supplementary information for cash flows :					
Interest paid		28,124	42,261	28,124	42,261
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		2,725	14,551	2,725	14,551

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 nine-month period ended 30 September 2004.

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

	For the three-month periods ended 30 September (Consolidated and Company)					
	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	50,002	(178,246)	1,204,001	1,165,761	0.04	(0.15)
The effect of dilutive potential shares	-	-	7,508	-	-	-
Diluted earnings (loss) per share	50,002	(178,246)	1,211,509	1,165,761	0.04	(0.15)

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

3 Earnings (loss) per share (continued)

	For the nine-month periods ended 30 September (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	101,998	(570,246)	1,201,637	1,155,311	0.08	(0.49)
The effect of dilutive potential shares	-	-	8,300	-	-	-
Diluted earnings (loss) per share	101,998	(570,246)	1,209,937	1,155,311	0.08	(0.49)

Diluted earnings (loss) per share for the three-month and nine-month periods ended 30 September 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 September 2004 and 2003, there were no other dilutive potential common shares in the issue.

4 Trade accounts receivable, net

	Consolidated		Company	
	30 September 2004 Baht'000	31 December 2003 Baht'000	30 September 2004 Baht'000	31 December 2003 Baht'000
Trade accounts receivable				
- Third parties	328,789	375,347	328,133	374,628
- Related parties (Note 11c)	42,369	44,020	43,107	44,648
Total trade accounts receivable	371,158	419,367	371,240	419,276
Less Allowance for doubtful accounts	(30,306)	(35,262)	(30,306)	(35,262)
Trade accounts receivable, net	340,852	384,105	340,934	384,014

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

	Consolidated		Company	
	30 September 2004 Baht'000	31 December 2003 Baht'000	30 September 2004 Baht'000	31 December 2003 Baht'000
Current - 3 months	290,187	320,704	289,531	319,985
3 - 6 months	3,590	22,717	3,590	22,717
6 - 12 months	2,379	6,167	2,379	6,167
Over 12 months	32,633	25,759	32,633	25,759
Total	328,789	375,347	328,133	374,628
Less Allowance for doubtful accounts	(30,306)	(35,262)	(30,306)	(35,262)
Trade accounts receivable, net	298,483	340,085	297,827	339,366

5 Programming rights and production costs, net

	Consolidated and Company Baht'000
For the nine-month period ended 30 September 2004	
Opening net book amount	107,099
Additions	203,103
<u>Less</u> Amortisation	(190,261)
Allowance for impairment	(7,444)
Closing net book amount	<u>112,497</u>
Cost	142,074
<u>Less</u> Amortisation and allowance for impairment	(29,577)
Closing net book amount	<u>112,497</u>

6 Investment in a subsidiary

a) Movements in investment in a subsidiary for the nine-month period ended 30 September 2004

	Company Baht'000
Opening net book value	9,580
Share of the result from investment in a subsidiary	(3,559)
Closing net book value	<u>6,021</u>

b) Carrying value of investment in a subsidiary

	Company – 30 September 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	(13,979)	6,021	-

	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	-

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

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

7 Capital expenditure

	Consolidated		Company	
	Equipment Baht'000	Concession assets Baht'000	Equipment Baht'000	Concession assets Baht'000
For the nine-month period ended 30 September 2004				
Opening net book amount	140,192	2,307,256	97,525	2,307,256
Additions	3,490	54,390	3,490	54,390
Depreciation/Amortisation charge	(16,633)	(166,077)	(8,873)	(166,077)
Closing net book amount	<u>127,049</u>	<u>2,195,569</u>	<u>92,142</u>	<u>2,195,569</u>
As at 30 September 2004				
Cost	167,055	3,547,352	115,224	3,547,352
<u>Less</u> Accumulated depreciation/ Amortisation	<u>(40,006)</u>	<u>(1,351,783)</u>	<u>(23,082)</u>	<u>(1,351,783)</u>
Net book amount	<u>127,049</u>	<u>2,195,569</u>	<u>92,142</u>	<u>2,195,569</u>

8 Borrowings

	Consolidated		Company	
	30 September 2004 Baht'000	31 December 2003 Baht'000	30 September 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	<u>67,777</u>	<u>67,777</u>	<u>67,777</u>	<u>67,777</u>
Total	<u>267,777</u>	<u>367,777</u>	<u>267,777</u>	<u>367,777</u>
Long-term borrowings				
Long-term loan from bank	711,664	745,552	711,664	745,552
<u>Less</u> Deferred front-end fee	<u>(6,184)</u>	<u>(7,275)</u>	<u>(6,184)</u>	<u>(7,275)</u>
Total	<u>705,480</u>	<u>738,277</u>	<u>705,480</u>	<u>738,277</u>
Total borrowings	<u>973,257</u>	<u>1,106,054</u>	<u>973,257</u>	<u>1,106,054</u>

The movements in the borrowings can be analyzed as follows :

	Consolidated and Company Baht'000
For the nine-month period ended 30 September 2004	
Opening net book amount	1,106,054
Additions	400,000
Repayments	(533,888)
Amortisation of front-end fee	1,091
Closing net book amount	<u>973,257</u>

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

9 Trade accounts payable

	Consolidated		Company	
	30 September 2004 Baht'000	31 December 2003 Baht'000	30 September 2004 Baht'000	31 December 2003 Baht'000
Trade accounts payable				
- Third parties	33,290	27,864	33,296	27,761
- Related parties (Note 11c)	7,641	8,735	8,273	9,414
Total trade accounts payable	40,931	36,599	41,569	37,175

10 Share capital and premium / (deficiency) in share capital

	Number of registered share capital Shares'000	Issued and paid-up shares Shares'000	Ordinary shares Baht'000	Premium/ (Deficiency) in share capital Baht'000	Total Baht'000
For the nine-month period ended 30 September 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	4,743	23,714	1,802	25,516
Closing balance	1,560,000	1,204,743	6,023,714	(175,040)	5,848,674

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 September 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 nine-month period ended 30 September 2004 ('000 units)						Total
	ESOP – Grant 1			ESOP – Grant 2			
	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	(1,318)	(3,425)	(4,743)	-	-	-	(4,743)
Closing balance	5,538	6,488	12,026	1,983	7,191	9,174	21,200

10 Share capital and premium / (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 and in the third quarter of the same fiscal year, the Company's directors and employees exercised 1.757 million warrants. As at 30 September 2004, the outstanding rights of warrants to directors, employees and advisors of the Company are 12.026 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 53.01% of the Company's shares (31 December 2003 : 53.22%). The remaining 46.99% 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 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 September 2004	30 September 2003	30 September 2004	30 September 2003
	Baht'000	Baht'000	Baht'000	Baht'000
Advertising income				
Parent company	667	-	667	-
Subsidiary	-	-	1,207	490
Other related parties				
- Shin Group	44,799	42,526	44,799	42,526
	<u>45,466</u>	<u>42,526</u>	<u>46,673</u>	<u>43,016</u>
Other income				
Subsidiary - Interest income	-	-	666	788
Subsidiary - Other income	-	-	300	-
	<u>-</u>	<u>-</u>	<u>966</u>	<u>788</u>
Total sales	<u>45,466</u>	<u>42,526</u>	<u>47,639</u>	<u>43,804</u>

For the nine-month periods ended	Consolidated		Company	
	30 September 2004	30 September 2003	30 September 2004	30 September 2003
	Baht'000	Baht'000	Baht'000	Baht'000
Advertising income				
Parent company	667	1,000	667	1,000
Subsidiary	-	-	3,803	3,442
Other related parties				
- Shin Group	133,497	126,909	133,497	126,909
	<u>134,164</u>	<u>127,909</u>	<u>137,967</u>	<u>131,351</u>
Other income				
Subsidiary - Interest income	-	-	2,012	-
Subsidiary - Other income	-	-	905	1,382
	<u>-</u>	<u>-</u>	<u>2,917</u>	<u>1,382</u>
Total sales	<u>134,164</u>	<u>127,909</u>	<u>140,884</u>	<u>132,733</u>
Sales of barter assets				
Parent company	-	6,474	-	6,474

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11 Related party transactions (continued)

b) Purchases of goods and services

For the three-month periods ended	Consolidated		Company	
	30 September 2004	30 September 2003	30 September 2004	30 September 2003
	Baht'000	Baht'000	Baht'000	Baht'000
Parent company				
Consulting and management fee	4,251	5,024	4,251	5,024
Other expenses	-	18	-	18
	<u>4,251</u>	<u>5,042</u>	<u>4,251</u>	<u>5,042</u>
Other related parties				
- Shin group				
Expenses				
Building rental and service charge	16,629	17,331	16,340	17,061
Transponder rental	9,783	9,783	9,783	9,783
Commission expenses	2,594	1,102	2,594	1,102
Advertising expenses	1,234	2,061	1,234	2,061
Program production cost	-	33	-	33
Telephone expenses	3,932	3,958	3,932	3,958
Other expenses	3,200	1,041	3,166	1,041
	-	562	-	562
	<u>37,372</u>	<u>35,871</u>	<u>37,049</u>	<u>35,601</u>
Subsidiary				
Expenses				
Advertising expenses	-	-	1,536	-
Equipment rental	-	-	360	-
Commission expenses	-	-	60	25
	-	-	<u>1,956</u>	<u>25</u>
Total purchases of goods and services	<u>41,623</u>	<u>40,913</u>	<u>43,256</u>	<u>40,668</u>

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11 Related party transactions (continued)

b) Purchases of goods and services (continued)

For the nine-month periods ended	Consolidated		Company	
	30 September 2004	30 September 2003	30 September 2004	30 September 2003
	Baht'000	Baht'000	Baht'000	Baht'000
Parent company				
Consulting and management fee	11,107	11,704	11,107	11,704
Other expenses	-	1,122	-	1,122
	<u>11,107</u>	<u>12,826</u>	<u>11,107</u>	<u>12,826</u>
Other related parties				
- Shin group				
Expenses				
Building rental and service charge	50,886	44,994	50,036	44,332
Transponder rental	29,349	29,349	29,349	29,349
Commission expenses	12,103	3,486	12,103	3,486
Advertising expenses	7,480	12,949	7,480	12,949
Program production cost	410	7,639	410	7,639
Telephone expenses	12,223	10,414	12,223	10,414
Other expenses	4,535	3,232	4,434	3,228
Purchases of assets	-	4,997	-	4,997
	<u>116,986</u>	<u>117,060</u>	<u>116,035</u>	<u>116,394</u>
Subsidiary				
Expenses				
Advertising expenses	-	-	4,680	-
Equipment rental	-	-	1,080	-
Commission expenses	-	-	190	172
	<u>-</u>	<u>-</u>	<u>5,950</u>	<u>172</u>
Total purchases of goods and services	<u>128,093</u>	<u>129,886</u>	<u>133,092</u>	<u>129,392</u>

11 Related party transactions (continued)

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

	Consolidated		Company	
	30 September 2004 Baht'000	31 December 2003 Baht'000	30 September 2004 Baht'000	31 December 2003 Baht'000
Receivables from related parties :				
Parent company	713	-	713	-
Subsidiary	-	-	738	636
Other related parties				
- Shin group	41,656	44,020	41,656	44,012
Total receivables from related parties	42,369	44,020	43,107	44,648
Payables to related parties :				
Parent company	-	20	-	20
Subsidiary	-	-	676	720
Other related parties				
- Shin group	7,641	8,715	7,597	8,674
Total payable to related parties	7,641	8,735	8,273	9,414

d) Loan to a related party

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

e) Other current assets

	Consolidated		Company	
	30 September 2004 Baht'000	31 December 2003 Baht'000	30 September 2004 Baht'000	31 December 2003 Baht'000
Prepaid expense				
Other related parties				
- Shin Group	579	2,245	579	2,182
Interest receivable				
Subsidiary	-	-	3,647	1,620
Total other current assets	579	2,245	4,226	3,802

11 Related party transactions (continued)

f) Other assets

	Consolidated		Company	
	30 September 2004 Baht'000	31 December 2003 Baht'000	30 September 2004 Baht'000	31 December 2003 Baht'000
Deposit				
Other related parties				
- Shin Group	9,435	9,417	9,435	9,417
Leasehold right				
Other related parties				
- Shin Group	652	2,609	652	2,609
Total other assets	10,087	12,026	10,087	12,026

g) Accrued expenses to related parties

	Consolidated		Company	
	30 September 2004 Baht'000	31 December 2003 Baht'000	30 September 2004 Baht'000	31 December 2003 Baht'000
Accrued expenses to related parties :				
Parent company	1,850	1,940	1,850	1,940
Subsidiary	-	-	362	172
Other related companies				
- Shin Group	10,895	5,437	10,895	5,437
Total accrued expenses to related	12,745	7,377	13,107	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 nine-month period ended 30 September 2004, the Company's directors exercised 5,676,400 warrants. As at 30 September 2004, the outstanding rights of warrants of directors of the Company under the Employee Stock Option Plan (ESOP) are 37,382,500 units.

11 Related party transactions (continued)

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 third quarter of 2004, the Company’s directors exercised their rights to 3,416 units. As at 30 September 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 September 2004	31 December 2003	30 September 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	57	76	57	76
Total	82	101	82	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 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 governmental agencies applicable in general to all television stations.

The Company recorded the accrued concession fee for the nine-month period ended 30 September 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 was 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 September 2004 and net profit for the three-month and nine-month periods then ended would have increased and decreased by Baht 192.5 million and Baht 527.5 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 0.04 Baht per share to net loss of Baht 0.12 per share for three-month period ended and net profit of 0.08 Baht per share to net loss of Baht 0.35 per share for nine-month period ended.