

ITV PUBLIC COMPANY LIMITED

**CONSOLIDATED AND COMPANY
FINANCIAL STATEMENTS**

31 December 2005

AUDITOR'S REPORT

To the Shareholders of ITV Public Company Limited

I have audited the accompanying consolidated and company balance sheets as at 31 December 2005 and 2004, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the years then ended of ITV Public Company Limited and its subsidiary and of ITV Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2005 and 2004, and the consolidated and company results of operations, and cash flows for the years then ended of ITV Public Company Limited and its subsidiary and of ITV Public Company Limited, respectively, in accordance with generally accepted accounting principles.

Without qualifying my report, I draw attention to Note 22 to the financial statements on the award of the arbitration panel relating to the agreement for the operation of a television station in relation to the concession fee and the appeal entered by the Prime Minister's Office in order to revoke the awards made by the arbitration panel. Currently, the appeal result is under the consideration by the Court.

PRASIT YUENGSRIKUL
Certified Public Accountant
(Thailand) No. 4147
PricewaterhouseCoopers ABAS Limited

Bangkok
23 February 2006

ITV Public Company Limited
Balance Sheets
As at 31 December 2005 and 2004

	Notes	Consolidated		Company	
		2005 Baht	2004 Baht	2005 Baht	2004 Baht
ASSETS					
Current assets					
Cash and cash equivalents	4	825,934,336	152,276,597	822,939,961	150,183,803
Trade accounts receivable, net	5	353,983,622	339,869,834	353,919,152	339,675,633
Loan to a subsidiary	6 d)	-	-	21,000,000	33,000,000
Programming rights and production costs, net	7	68,498,665	105,204,257	68,498,665	105,204,257
Other current assets	8	80,731,674	77,408,247	79,914,172	73,952,496
Total current assets		<u>1,329,148,297</u>	<u>674,758,935</u>	<u>1,346,271,950</u>	<u>702,016,189</u>
Non-current assets					
Investment in a subsidiary	9	-	-	5,788,222	5,369,378
Equipment, net	10	104,776,579	121,490,033	82,046,698	89,188,512
Concession assets, net	11	2,006,774,079	2,166,951,941	2,006,774,079	2,166,951,941
Other assets	12	11,355,615	11,475,993	11,355,615	11,475,993
Total non-current assets		<u>2,122,906,273</u>	<u>2,299,917,967</u>	<u>2,105,964,614</u>	<u>2,272,985,824</u>
Total assets		<u><u>3,452,054,570</u></u>	<u><u>2,974,676,902</u></u>	<u><u>3,452,236,564</u></u>	<u><u>2,975,002,013</u></u>

Director _____

Director _____

Date _____

Date _____

The notes to the consolidated and company financial statements on pages 8 to 31 are an integral part of these financial statements.

ITV Public Company Limited
Balance Sheets (Continued)
As at 31 December 2005 and 2004

	Notes	Consolidated		Company	
		2005 Baht	2004 Baht	2005 Baht	2004 Baht
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable	13	32,087,666	22,314,755	32,085,718	22,268,416
Current portion of long-term loan	14	80,485,769	72,013,583	80,485,769	72,013,583
Concession payable		450,000,000	450,000,000	450,000,000	450,000,000
Accrued expenses	6 g)	234,211,783	185,077,733	234,468,783	185,471,983
Other current liabilities	15	30,102,177	30,157,244	30,029,119	30,134,444
Total current liabilities		<u>826,887,395</u>	<u>759,563,315</u>	<u>827,069,389</u>	<u>759,888,426</u>
Non-current liabilities					
Long-term loan, net	14	289,845,489	567,718,807	289,845,489	567,718,807
Total non-current liabilities		<u>289,845,489</u>	<u>567,718,807</u>	<u>289,845,489</u>	<u>567,718,807</u>
Total liabilities		<u>1,116,732,884</u>	<u>1,327,282,122</u>	<u>1,116,914,878</u>	<u>1,327,607,233</u>
Shareholders' equity					
Share capital					
Authorised share capital - ordinary shares	16	<u>7,800,000,000</u>	<u>7,800,000,000</u>	<u>7,800,000,000</u>	<u>7,800,000,000</u>
Issued and paid-up share capital					
- ordinary shares	16	6,031,906,500	6,023,713,500	6,031,906,500	6,023,713,500
Deficiency in share capital	16	(174,417,077)	(175,039,745)	(174,417,077)	(175,039,745)
Deficit		(3,522,167,737)	(4,201,278,975)	(3,522,167,737)	(4,201,278,975)
Total shareholders' equity		<u>2,335,321,686</u>	<u>1,647,394,780</u>	<u>2,335,321,686</u>	<u>1,647,394,780</u>
Total liabilities and shareholders' equity		<u>3,452,054,570</u>	<u>2,974,676,902</u>	<u>3,452,236,564</u>	<u>2,975,002,013</u>

The notes to the consolidated and company financial statements on pages 8 to 31 are an integral part of these financial statements.

ITV Public Company Limited
Statements of Income
For the years ended 31 December 2005 and 2004

	Notes	Consolidated		Company	
		2005 Baht	2004 Baht	2005 Baht	2004 Baht
Revenues	6 a)				
Service income	17	2,332,832,264	1,836,447,448	2,330,086,138	1,833,677,548
Share of net result of investment - equity method	9	-	-	418,844	-
Interest income		8,413,429	942,636	9,839,442	2,920,011
Other income		2,158,767	1,398,778	2,886,267	2,603,778
Total revenues		<u>2,343,404,460</u>	<u>1,838,788,862</u>	<u>2,343,230,691</u>	<u>1,839,201,337</u>
Expenses	6 b)				
Cost of services	18	940,802,238	948,859,386	929,804,172	938,626,796
Concession expenses	22	230,000,000	230,000,000	230,000,000	230,000,000
Selling and administrative expenses	18	472,349,353	417,381,875	483,173,650	423,815,848
Directors' remuneration		1,830,000	1,550,000	1,830,000	1,550,000
Share of net result of investment - equity method	9	-	-	-	4,211,092
Total expenses		<u>1,644,981,591</u>	<u>1,597,791,261</u>	<u>1,644,807,822</u>	<u>1,598,203,736</u>
Profit before interest		698,422,869	240,997,601	698,422,869	240,997,601
Interest expenses		(19,311,631)	(36,435,252)	(19,311,631)	(36,435,252)
Net profit for the year		<u>679,111,238</u>	<u>204,562,349</u>	<u>679,111,238</u>	<u>204,562,349</u>
Basic earnings per share (Baht)	19				
Net profit for the year		0.56	0.17	0.56	0.17
Diluted earnings per share (Baht)	19				
Net profit for the year		0.56	0.17	0.56	0.17

The notes to the consolidated and company financial statements on pages 8 to 31 are an integral part of these financial statements.

ITV Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 December 2005 and 2004

Consolidated				
Premium/ (Deficiency) in				
Note	Share capital Baht	share capital Baht	Deficit Baht	Total Baht
Opening balance as at 1 January 2004	6,000,000,000	(176,841,971)	(4,405,841,324)	1,417,316,705
Issue of ordinary shares	16 23,713,500	1,802,226	-	25,515,726
Net profit for the year	-	-	204,562,349	204,562,349
Closing balance as at 31 December 2004	<u>6,023,713,500</u>	<u>(175,039,745)</u>	<u>(4,201,278,975)</u>	<u>1,647,394,780</u>
Opening balance as at 1 January 2005	6,023,713,500	(175,039,745)	(4,201,278,975)	1,647,394,780
Issue of ordinary shares	16 8,193,000	622,668	-	8,815,668
Net profit for the year	-	-	679,111,238	679,111,238
Closing balance as at 31 December 2005	<u>6,031,906,500</u>	<u>(174,417,077)</u>	<u>(3,522,167,737)</u>	<u>2,335,321,686</u>
Company				
Premium/ (Deficiency) in				
Note	Share capital Baht	share capital Baht	Deficit Baht	Total Baht
Opening balance as at 1 January 2004	6,000,000,000	(176,841,971)	(4,405,841,324)	1,417,316,705
Issue of ordinary shares	16 23,713,500	1,802,226	-	25,515,726
Net profit for the year	-	-	204,562,349	204,562,349
Closing balance as at 31 December 2004	<u>6,023,713,500</u>	<u>(175,039,745)</u>	<u>(4,201,278,975)</u>	<u>1,647,394,780</u>
Opening balance as at 1 January 2005	6,023,713,500	(175,039,745)	(4,201,278,975)	1,647,394,780
Issue of ordinary shares	16 8,193,000	622,668	-	8,815,668
Net profit for the year	-	-	679,111,238	679,111,238
Closing balance as at 31 December 2005	<u>6,031,906,500</u>	<u>(174,417,077)</u>	<u>(3,522,167,737)</u>	<u>2,335,321,686</u>

The notes to the consolidated and company financial statements on pages 8 to 31 are an integral part of these financial statements.

ITV Public Company Limited
Statements of Cash flows
For the years ended 31 December 2005 and 2004

	Notes	Consolidated		Company	
		2005 Baht	2004 Baht	2005 Baht	2004 Baht
Cash flows from operating activities					
Net profit for the year		679,111,238	204,562,349	679,111,238	204,562,349
Adjustments for:					
Amortisation of concession assets	11	221,707,763	222,247,184	221,707,763	222,247,184
Depreciation	10	22,457,640	22,192,684	12,001,701	11,826,432
Gain on foreign exchange rate		(29,577)	(126,173)	(29,577)	(126,173)
Amortisation and allowance for impairment of programming rights and production costs	7	168,264,046	242,116,333	168,264,046	242,116,333
Reversal for doubtful debt accounts		(19,514,315)	(4,371,943)	(19,514,315)	(4,371,943)
Gain on devaluation of barter assets		(37,728)	(531,718)	(37,728)	(531,718)
Amortisation of front end fee	14	2,612,451	1,455,000	2,612,451	1,455,000
Share of net results from investment in a subsidiary	9	-	-	(418,844)	4,211,092
Changes in operating assets and liabilities					
Trade accounts receivable		5,400,527	48,606,968	5,270,796	48,710,056
Other current assets		(3,285,699)	408,883	(5,923,948)	5,381,365
Other assets		120,378	2,869,132	120,378	2,869,132
Trade accounts payable		9,802,488	(14,157,927)	9,846,879	(14,780,810)
Accrued expenses		53,093,247	60,985,305	52,955,997	61,301,460
Other current liabilities		(55,067)	(13,926,271)	(105,325)	(16,879,164)
Cash generated from operating activities		1,139,647,392	772,329,806	1,125,861,512	767,990,595
Cash flows from investing activities					
Purchases of programming rights and production costs	7	(135,517,651)	(251,430,072)	(135,517,651)	(251,430,072)
Purchases of concession assets	11	(61,529,901)	(81,942,851)	(61,529,901)	(81,942,851)
Purchases of equipment	10	(5,744,186)	(3,490,351)	(4,859,887)	(3,490,351)
Receipt of loan to a subsidiary	6 d)	-	-	12,000,000	3,000,000
Net cash used in investing activities		(202,791,738)	(336,863,274)	(189,907,439)	(333,863,274)

The notes to the consolidated and company financial statements on pages 8 to 31 are an integral part of these financial statements.

ITV Public Company Limited
Statements of Cash flows (Continued)
For the years ended 31 December 2005 and 2004

	Notes	Consolidated		Company	
		2005 Baht	2004 Baht	2005 Baht	2004 Baht
Cash flows from financing activities					
Proceeds from short-term loan from banks		-	400,000,000	-	400,000,000
Repayment of short-term loan from banks		-	(700,000,000)	-	(700,000,000)
Repayment of long-term loan from bank	14	(272,013,583)	(167,777,490)	(272,013,583)	(167,777,490)
Proceeds from increase in share capital from exercising warrants	16	8,815,668	25,515,726	8,815,668	25,515,726
Net cash used in financing activities		(263,197,915)	(442,261,764)	(263,197,915)	(442,261,764)
Net increase (decrease) in cash and cash equivalents					
		673,657,739	(6,795,232)	672,756,158	(8,134,443)
Opening balance		152,276,597	159,071,829	150,183,803	158,318,246
Closing balance		825,934,336	152,276,597	822,939,961	150,183,803
Cash and cash equivalents as at 31 December comprise:					
Cash on hand		615,532	605,000	615,532	605,000
Cash at banks		825,318,804	151,671,597	822,324,429	149,578,803
Total cash and cash equivalents		825,934,336	152,276,597	822,939,961	150,183,803
Supplementary information for cash flows:					
Interest paid		19,326,090	36,489,438	19,326,090	36,489,438
Non-cash transactions					
Increasing in programming rights and production costs by liabilities		4,116,285	8,075,481	4,116,285	8,075,481

The notes to the consolidated and company financial statements on pages 8 to 31 are an integral part of these financial statements.

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2005 and 2004

1 General information

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

1010 Shinawatra Tower 3, Viphavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900.

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

The Company operates a television broadcasting station under a UHF radio-television broadcasting agreement (the concession agreement) provided by the Prime Minister's Office on 3 July 1995, and amended on 25 April 2000. The agreement term is 30 years, and will expire on 3 July 2025. ITV has to comply with the conditions of the concession agreement. The Company has to broadcast news, together with features and educational programs amounting to 70 percent, or more, of total broadcasting time. In addition, the Company has to pay minimum fees to The Prime Minister's Office based on a percentage of service income, or at the rates specified in the agreement, whichever is higher. The Company has explained about the award of the arbitration panel relating to the Agreement for the Operation of Television Station in Note 22.

The concession is a Build Transfer Operate concession according to which the Company has to transfer ownership of certain property and equipment that it procures to the Office of the Permanent Secretary, the Prime Minister's Office, upon completion of equipment installation.

2 Accounting policies

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

2.1 Basis for preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E.2547, and the financial reporting requirements of the Securities and Exchange Commission issued under the Securities and Exchange Act B.E. 2535.

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

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

2 Accounting policies (continued)

2.1 Basis for preparation (continued)

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

As a result of the Federation of Accounting Profession (FAP) approval of three new accounting standards on 12 May 2005, the Company has adopted TAS 52, 'Events After Balance Sheet Date', TAS 53, 'Provisions, Contingent Liabilities, and Contingent Assets' and TAS 54, 'Discontinuing Operations' in the second quarter of 2005 which have not effected to these financial statements.

These consolidated and company financial statements have been approved for issue by the Board of Directors on 23 February 2006.

2.2 Investment in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which its control is transferred to the Group. They are de-consolidated from the date that the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in the business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Intercompany transactions, balances and unrealised gains or losses on transactions between group companies are eliminated; unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are reported by using the equity method of accounting.

A list of the Group's principal subsidiaries is set out in Note 9.

Under the equity method the company's share of the post-acquisition profits or losses of subsidiary is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Unrealised gains on transactions between the Company and its subsidiary are eliminated to the extent of the Company's interest in the subsidiary; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2 Accounting policies (continued)

2.2 Investment in subsidiary (continued)

The Company's investment in subsidiary includes goodwill (net of accumulated amortisation) on acquisition. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company does not recognise further losses, unless the Company has incurred obligations or made payments on behalf of the subsidiary.

2.3 Related parties

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

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

2.4 Foreign currency translation

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of income.

2.5 Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, trade accounts receivable, advances and loans to related parties, deposits, trade creditors, concession payable, accrued expenses and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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

Foreign currency forward contracts

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

Disclosures about the financial instruments to which the Company is a party are provided in Note 21.

2 Accounting policies (continued)

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with maturities of three months or less from the date of acquisition and bank overdrafts

2.7 Trade receivables

Trade accounts receivable are carried at original invoice amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

2.8 Programming rights and production costs

Programming rights

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

The cost of the programming rights is amortised according to the number of transmissions specified in the broadcasting agreement. If the program is broadcast more than once, the cost of programming rights is amortised at a rate of 80% on the first transmission and 20% on the second transmission.

Production costs

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

2.9 Equipment

Equipment is stated at historical cost less accumulated depreciation.

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

Land and building improvement	Lease period or the estimated useful life, whichever is shorter
Vehicles	5 years
Office equipment	5 years

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

2 Accounting policies (continued)

2.9 Equipment

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

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

2.10 Concession assets

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

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

Borrowing costs to finance construction assets are capitalised as part of the cost of the assets during the period of time that is required to complete and prepare the assets for their intended use. No borrowing costs were capitalised in 2005 and 2004.

2.11 Leases - where the company is the lessee

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

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

2.12 Long-lived assets

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

2 Accounting policies (continued)

2.13 Provisions

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

2.14 Employee benefits

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

2.15 Revenue recognition

The revenues are recognised as follows:

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

2.16 Income tax

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

2.17 Earnings per share

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

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

2.18 Presentation of comparative information

The comparative figures have been amended to conform with the reclassification of certain items in the financial statements for the year ended 31 December 2005.

3 Segment information

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

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements (Continued)
For the years ended 31 December 2005 and 2004

4 Cash and cash equivalents

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Cash on hand	615,532	605,000	615,532	605,000
Savings deposits	110,318,804	91,651,115	107,324,429	89,558,321
Time deposit	715,000,000	60,020,482	715,000,000	60,020,482
Total cash and cash equivalents	825,934,336	152,276,597	822,939,961	150,183,803

The weighted average effective interest rate of savings deposits and time deposit was 3.61% per annum (2004: 0.86% per annum). The time deposit has an original maturity of 1-3 months.

5 Trade accounts receivable, net

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Trade accounts receivable and income receivable				
- Third parties	316,870,297	329,228,978	316,751,158	328,028,977
- Related parties (Note 6 c)	50,237,211	41,530,467	50,291,880	42,536,267
Total trade accounts receivable and income receivable	367,107,508	370,759,445	367,043,038	370,565,244
<u>Less</u> allowance for doubtful accounts	(13,123,886)	(30,889,611)	(13,123,886)	(30,889,611)
Trade accounts receivable, net	353,983,622	339,869,834	353,919,152	339,675,633

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

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Current - 3 months	296,329,861	289,191,760	296,210,722	287,991,759
3 - 6 months	7,675,124	9,149,960	7,675,124	9,149,960
6 - 12 months	124,501	2,341,655	124,501	2,341,655
Over 12 months	12,740,811	28,545,603	12,740,811	28,545,603
Total	316,870,297	329,228,978	316,751,158	328,028,977
<u>Less</u> allowance for doubtful accounts	(13,123,886)	(30,889,611)	(13,123,886)	(30,889,611)
Trade accounts receivable - third parties, net	303,746,411	298,339,367	303,627,272	297,139,366

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements (Continued)
For the years ended 31 December 2005 and 2004

6 Related party transactions

The company is controlled by Shin Corporation Public Co., Ltd. (“Shin”), which is incorporated in Thailand and owns 52.94% (2004: 53.01%) of the Company’s shares. The remaining 47.06% (2004: 46.99%) of the shares are widely held.

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

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

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

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

a) Service income

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Advertising income				
Parent company - Shin	2,000,000	2,500,000	2,000,000	2,500,000
Subsidiary	-	-	2,820,000	4,783,100
Other related parties - Shin Group	217,426,890	177,998,696	217,426,890	177,998,696
	<u>219,426,890</u>	<u>180,498,696</u>	<u>222,246,890</u>	<u>185,281,796</u>
Other income				
Parent company - Shin	300,000	-	300,000	-
Subsidiary - Interest income	-	-	1,436,027	2,256,164
Subsidiary - Other income	-	-	1,200,000	1,205,000
Other related parties - Shin Group	4,659,222	3,000	4,634,607	3,000
	<u>4,959,222</u>	<u>3,000</u>	<u>7,570,634</u>	<u>3,464,164</u>
Total income	<u>224,386,112</u>	<u>180,501,696</u>	<u>229,817,524</u>	<u>188,745,960</u>

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements (Continued)
For the years ended 31 December 2005 and 2004

6 Related party transactions (continued)

b) Purchased goods and services

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Parent company - Shin				
Consulting and management fee	16,081,352	13,075,693	16,081,352	13,075,693
Other expenses	854,537	-	854,537	-
	<u>16,935,889</u>	<u>13,075,693</u>	<u>16,935,889</u>	<u>13,075,693</u>
Subsidiary				
Expenses				
Advertising expenses	-	-	9,504,000	6,216,000
Equipment rental	-	-	1,792,500	1,440,000
Commission expenses	-	-	282,000	239,155
Other expenses	-	-	1,071,875	-
	<u>-</u>	<u>-</u>	<u>12,650,375</u>	<u>7,895,155</u>
Other related parties - Shin Group				
Expenses				
Building rental and service charge	67,844,931	67,377,877	66,706,741	66,237,204
Transponder rental	36,070,283	36,563,404	36,070,283	36,563,404
Commission expenses	10,084,168	14,305,995	10,084,168	14,305,995
Advertising expenses	1,701,862	7,482,759	1,701,862	7,482,759
Program production costs	-	410,114	-	410,114
Telephone expenses	9,580,365	15,353,891	9,580,365	15,353,891
Other expense	11,180,994	5,431,631	11,046,594	5,297,231
	<u>136,462,603</u>	<u>146,925,671</u>	<u>135,190,013</u>	<u>145,650,598</u>
Total service expenses	<u>153,398,492</u>	<u>160,001,364</u>	<u>164,776,277</u>	<u>166,621,446</u>
Purchases of assets	<u>3,144,402</u>	<u>-</u>	<u>3,144,402</u>	<u>-</u>

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements (Continued)
For the years ended 31 December 2005 and 2004

6 Related party transactions (continued)

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

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Receivables from related parties:				
Parent company - Shin	2,461,000	-	2,461,000	-
Subsidiary	-	-	107,000	1,005,800
Other related parties - Shin Group	47,776,211	41,530,467	47,723,880	41,530,467
Total receivables from related parties	50,237,211	41,530,467	50,291,880	42,536,267
Payables to related parties:				
Parent company - Shin	570,903	207,487	570,903	207,487
Subsidiary	-	-	266,555	-
Other related parties - Shin Group	3,079,877	1,258,120	3,040,044	1,204,771
Total payables to related parties	3,650,780	1,465,607	3,877,502	1,412,258

d) Loan to a subsidiary as at 31 December

Loan to a subsidiary bears interest rate at 6.5% per annum (2004: 5.0% per annum). The term of repayment is at call.

e) Other current assets as at 31 December

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Prepaid Expense				
Other related parties - Shin Group	88,456	506,382	88,456	506,382
Interest Receivable				
Subsidiary	-	-	-	149,178
Total other current assets	88,456	506,382	88,456	655,560

f) Other assets as at 31 December

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Deposit				
Other related parties - Shin Group	9,463,472	9,443,071	9,463,472	9,443,071
Total other assets	9,463,472	9,443,071	9,463,472	9,443,071

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements (Continued)
For the years ended 31 December 2005 and 2004

6 Related party transactions (continued)

g) Accrued expenses to related parties as at 31 December

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Accrued expenses to related parties:				
Parent company - Shin	2,316,000	29,162	2,316,000	29,162
Subsidiary	-	-	282,000	411,250
Other related companies- Shin Group	13,783,856	14,538,422	13,783,856	14,538,422
Total accrued expenses to related parties	16,099,856	14,567,584	16,381,856	14,978,834

h) Warrants issued and offered to directors

Shin, the parent company, granted warrants to directors of the Company according to the Employee Stock Option Plan (ESOP) 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 prices of ESOP are the weighted average closing prices of Shin's shares traded on the Stock Exchange of Thailand during the period of 30 days prior to the Shareholders' Meeting. The exercise ratios and exercise prices are as follows:

	Issued date	Issued units (Million)	Percentage *	Exercise price (Baht/unit)	Exercise period	
					Start	End
ESOP - Grant I	27 March 2002	24.65	0.84	17.337	27 March 2003	26 March 2007
ESOP - Grant II	30 May 2003	14.65	0.49	13.314	31 May 2004	30 May 2008
ESOP - Grant III	31 May 2004	10.56	0.36	35.314	31 May 2005	30 May 2009
ESOP - Grant IV	31 May 2005	10.05	0.34	41.214	31 May 2006	30 May 2010

* Percentage of the Company's total issued and paid-up share capital (before dilution) at the issue date.

Since the issuing date of ESOP until 31 December 2005, Shin approved the declaration of the dividend payment, for which the amount paid was greater than 50% of net profit after tax. Consequently, this affected the exercise ratios and exercise prices of warrants. Therefore, the Company changed the exercise ratios and exercise prices of warrants are as follows:

	Exercise Ratio (Unit/ share)		Exercise price (Baht/unit)	
	Old	New	Old	New
ESOP - Grant I	1:1	1:1.02671	17.800	17.337
ESOP - Grant II	1:1	1:1.02671	13.670	13.314
ESOP - Grant III	1:1	1:1.02671	36.410	35.314
ESOP - Grant IV	1:1	1:1.01326	41.760	41.214

During the year 2003 and 2004, the Company's directors exercised 13,775,200 warrants under the Employee Stock Option Plan (ESOP). For the year ended 31 December 2005, the Company's directors exercised 3,652,200 warrants. As at 31 December 2005, the outstanding rights of warrants of directors of the Company under the Employee Stock Option Plan (ESOP) stand at 42,481,500 units.

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements (Continued)
For the years ended 31 December 2005 and 2004

6 Related party transactions (continued)

i) Special reward program

Shin Group 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 Group 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 7,092 units.

From the year 2003 until the year 2005, the Company’s directors exercised their rights to 5,782 units. As at 31 December 2005, the outstanding rights of the Company’s directors stand at 1,310 units.

7 Programming rights and production costs, net

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Opening net book amount	105,204,257	107,099,072	105,204,257	107,099,072
Additions	131,558,454	240,221,518	131,558,454	240,221,518
<u>Less</u> Amortisation (Allowance for impairment)/ reverse allowance for impairment	(171,127,067)	(227,522,500)	(171,127,067)	(227,522,500)
	2,863,021	(14,593,833)	2,863,021	(14,593,833)
Closing net book amount	68,498,665	105,204,257	68,498,665	105,204,257
Cost, net	102,362,227	141,930,840	102,362,227	141,930,840
<u>Less</u> Allowance for impairment	(33,863,562)	(36,726,583)	(33,863,562)	(36,726,583)
Closing net book amount	68,498,665	105,204,257	68,498,665	105,204,257

8 Other current assets

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Withholding tax deducted at source	52,275,800	47,757,616	51,458,297	47,299,880
Prepaid expenses	12,024,356	13,968,938	12,024,356	13,942,314
Other receivables	10,326,950	11,133,673	10,326,950	11,131,365
Accounts receivable				
- Revenue Department	412,913	3,472,118	412,913	353,856
Assets for sale	1,563,898	472,257	1,563,898	472,257
Others	4,127,757	603,645	4,127,758	752,824
Total	80,731,674	77,408,247	79,914,172	73,952,496

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements (Continued)
For the years ended 31 December 2005 and 2004

9 Investment in a subsidiary

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

	Company	
	2005	2004
	Baht	Baht
Opening net book value	5,369,378	9,580,470
Share of net results from investment in a subsidiary	418,844	(4,211,092)
Closing net book value	<u>5,788,222</u>	<u>5,369,378</u>

b) Carrying value of investment in a subsidiary

Company - 31 December 2005 (Baht)						
	Paid-up	Investment		Share of net		
	Capital	portion (%)	Cost	results from	Equity	Dividend
				investment		
Artware Media Company Limited	20,000,000	99.99	20,000,000	(14,211,778)	5,788,222	-

Company - 31 December 2004 (Baht)						
	Paid-up	Investment		Share of net		
	Capital	portion (%)	Cost	results from	Equity	Dividend
				investment		
Artware Media Company Limited	20,000,000	99.99	20,000,000	(14,630,622)	5,369,378	-

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

ITV Public Company Limited
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For the years ended 31 December 2005 and 2004

10 Equipment, net

	Consolidated			
	Building improvement Baht	Vehicles Baht	Office equipment Baht	Total Baht
At 31 December 2004				
Cost	112,802,445	2,284,159	51,968,339	167,054,943
<u>Less</u> Accumulated depreciation	(25,143,430)	(814,670)	(19,606,810)	(45,564,910)
Net book amount	<u>87,659,015</u>	<u>1,469,489</u>	<u>32,361,529</u>	<u>121,490,033</u>
Transactions during the year ended 31 December 2005				
Opening net book amount	87,659,015	1,469,489	32,361,529	121,490,033
Additions	1,791,625	-	3,952,561	5,744,186
Depreciation charge	(11,335,904)	(431,194)	(10,690,542)	(22,457,640)
Closing net book amount	<u>78,114,736</u>	<u>1,038,295</u>	<u>25,623,548</u>	<u>104,776,579</u>
At 31 December 2005				
Cost	114,594,070	2,284,159	55,920,900	172,799,129
<u>Less</u> Accumulated depreciation	(36,479,334)	(1,245,864)	(30,297,352)	(68,022,550)
Net book amount	<u>78,114,736</u>	<u>1,038,295</u>	<u>25,623,548</u>	<u>104,776,579</u>
Company				
	Building improvement Baht	Vehicles Baht	Office equipment Baht	Total Baht
At 31 December 2004				
Cost	112,802,445	2,284,159	137,079	115,223,683
<u>Less</u> Accumulated depreciation	(25,143,430)	(814,670)	(77,071)	(26,035,171)
Net book amount	<u>87,659,015</u>	<u>1,469,489</u>	<u>60,008</u>	<u>89,188,512</u>
Transactions during the year ended 31 December 2005				
Opening net book amount	87,659,015	1,469,489	60,008	89,188,512
Additions	1,791,625	-	3,068,262	4,859,887
Depreciation charge	(11,335,904)	(431,194)	(234,603)	(12,001,701)
Closing net book amount	<u>78,114,736</u>	<u>1,038,295</u>	<u>2,893,667</u>	<u>82,046,698</u>
At 31 December 2005				
Cost	114,594,070	2,284,159	3,205,341	120,083,570
<u>Less</u> Accumulated depreciation	(36,479,334)	(1,245,864)	(311,674)	(38,036,872)
Net book amount	<u>78,114,736</u>	<u>1,038,295</u>	<u>2,893,667</u>	<u>82,046,698</u>

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements (Continued)
For the years ended 31 December 2005 and 2004

11 Concession assets, net

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

	Consolidated and Company						
	Land Baht	Network station Baht	Transmission equipment Baht	Furniture, fixtures and office equipment Baht	Construction in progress Baht	Technician and consulting fee Baht	Total Baht
At 31 December 2004							
Cost	48,719,349	173,257,673	3,004,766,436	180,497,499	1,018,345	166,646,439	3,574,905,741
Less Accumulated amortisation	(8,066,421)	(52,884,033)	(1,157,499,953)	(124,838,218)	-	(64,665,175)	(1,407,953,800)
Net book amount	<u>40,652,928</u>	<u>120,373,640</u>	<u>1,847,266,483</u>	<u>55,659,281</u>	<u>1,018,345</u>	<u>101,981,264</u>	<u>2,166,951,941</u>
Transactions during the year ended 31 December 2005							
Opening net book amount	40,652,928	120,373,640	1,847,266,483	55,659,281	1,018,345	101,981,264	2,166,951,941
Additions	-	307,625	33,399,260	4,936,870	22,886,146	-	61,529,901
Transfer, net	-	-	978,000	1,583,353	(2,561,353)	-	-
Amortisation charge	(1,948,774)	(8,673,125)	(181,283,647)	(21,469,895)	-	(8,332,322)	(221,707,763)
Closing net book amount	<u>38,704,154</u>	<u>112,008,140</u>	<u>1,700,360,096</u>	<u>40,709,609</u>	<u>21,343,138</u>	<u>93,648,942</u>	<u>2,006,774,079</u>
At 31 December 2005							
Cost	48,719,349	173,565,298	3,039,143,696	187,017,722	21,343,138	166,646,439	3,636,435,642
Less Accumulated amortisation	(10,015,195)	(61,557,158)	(1,338,783,600)	(146,308,113)	-	(72,997,497)	(1,629,661,563)
Net book amount	<u>38,704,154</u>	<u>112,008,140</u>	<u>1,700,360,096</u>	<u>40,709,609</u>	<u>21,343,138</u>	<u>93,648,942</u>	<u>2,006,774,079</u>

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements (Continued)
For the years ended 31 December 2005 and 2004

12 Other assets

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Deposits				
- Third parties	625,476	566,255	625,476	566,255
- Related parties (Note 6 f)	9,463,472	9,443,071	9,463,472	9,443,071
Leasehold right				
- Third parties	1,266,667	1,466,667	1,266,667	1,466,667
Total	11,355,615	11,475,993	11,355,615	11,475,993

13 Trade accounts payable

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Trade accounts payable				
- Third parties	28,436,886	20,849,148	28,208,216	20,856,158
- Related parties (Note 6 c)	3,650,780	1,465,607	3,877,502	1,412,258
Total	32,087,666	22,314,755	32,085,718	22,268,416

14 Borrowings

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Current portion of long-term loan from bank	80,485,769	72,013,583	80,485,769	72,013,583
Long-term loan from bank	293,053,038	573,538,807	293,053,038	573,538,807
Total borrowings	373,538,807	645,552,390	373,538,807	645,552,390
<u>Less</u> Deferred front end fee	(3,207,549)	(5,820,000)	(3,207,549)	(5,820,000)
Total borrowings, net	370,331,258	639,732,390	370,331,258	639,732,390

The movements in the borrowings can be analysed as follows:

	Consolidated and Company Baht
For the year ended 31 December 2005	
Opening balance	639,732,390
Repayments	(272,013,583)
Amortisation of deferred front end fee	2,612,451
Closing balance	<u>370,331,258</u>

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements (Continued)
For the years ended 31 December 2005 and 2004

14 Borrowings (continued)

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

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Total borrowings:				
- at floating rates	373,538,807	645,552,390	373,538,807	645,552,390

The carrying amount of long-term loan is approximate its fair value.

Borrowings carry interest at rates as follows:

	Consolidated		Company	
	2005	2004	2005	2004
- Long-term loan (%)	5.50	4.00	5.50	4.00

Debt restructuring in year 2000

On 1 June 2000, the Company entered into an agreement for debt restructuring. The main condition of the agreement was the further extension of the payment period. The Company has to settle its debt according to the agreement. Under the debt restructuring agreement, the Company has a grace period for the first 3 years, then the Company has to repay debt installments every 6 months, totaling 16 repayments from the first repayment period on 14 December 2003.

The Company has the right to repay an amount greater than, or before the due date, of the debt installment. The amount of debt repayment can be no less than Baht 50 million and the repayment of an amount exceeding Baht 50 million is allowed in increments of Baht 10 million. The bank will not ask the Company for a fee for principal repayment before the due date if the Company has funding from operations or an increase in share capital. The Company has to pay interest every 3 months according to the agreed rate. The Company has to maintain a Debt to Equity Ratio of not over 1:1; however, the bank has given grace to the Company to maintain the Debt to Equity Ratio at 3:1 from 1 November 2001 to 31 December 2003. Thereafter, the Debt to Equity Ratio has to be 2.5:1 from 1 January 2004.

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

On 18 February 2004, the Company and the bank amended the debt restructuring agreement by revising the interest rate from the Minimum Loan Rate to Personal Time Deposit Rate 3 months plus 3.00%.

On 3 October 2005, the Company and the bank amended the debt restructuring agreement by revising the interest rate from the Personal Time Deposit Rate 3 months plus 3.00% to Personal Time Deposit Rate 3 months plus 2.75%.

ITV Public Company Limited
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For the years ended 31 December 2005 and 2004

14 Borrowings (continued)

Maturity of non-current borrowings is as follows:

	Consolidated and Company Baht
2006	80,485,769
2007	93,194,049
2008	114,374,514
2009	85,484,475
Total	373,538,807

15 Other current liabilities

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Payable to Revenue Department	12,319,408	11,770,491	12,246,469	11,747,691
Advances received from customers	17,216,250	13,057,089	17,216,250	13,057,089
Other payables	566,519	5,329,664	566,400	5,329,664
Total	30,102,177	30,157,244	30,029,119	30,134,444

16 Share capital and premium (deficiency) on share capital

	Number of registered share capital shares	Issued and paid up Shares	Ordinary shares Baht	Premium/ (deficiency) on share capital Baht	Total Baht
As at 31 December 2003	1,260,000,000	1,200,000,000	6,000,000,000	(176,841,971)	5,823,158,029
Decrease of shares	(43,231,000)	-	-	-	-
Issue of shares	343,231,000	4,742,700	23,713,500	1,802,226	25,515,726
As at 31 December 2004	1,560,000,000	1,204,742,700	6,023,713,500	(175,039,745)	5,848,673,755
Issue of shares	-	1,638,600	8,193,000	622,668	8,815,668
As at 31 December 2005	1,560,000,000	1,206,381,300	6,031,906,500	(174,417,077)	5,857,489,423

As at 31 December 2005, the total authorised number of ordinary shares was 1,560 million shares (31 December 2004: 1,560 million shares) with a par value of Baht 5 per share (31 December 2004: Baht 5 per share).

Warrants

Movement of warrants is as follows:

	For the Years ended 31 December 2005 ('000 units)									
	ESOP - Grant 1			ESOP - Grant 2			ESOP - Grant 3			Total
	Directors	Employees	Total	Directors	Employees	Total	Directors	Employees	Total	
Opening balance	5,538	6,488	12,026	1,983	7,191	9,174	-	-	-	21,200
Issue of shares	-	-	-	-	-	-	4,043	5,611	9,654	9,654
Exercised	(100)	(1,539)	(1,639)	-	-	-	-	-	-	(1,639)
Closing balance	5,438	4,949	10,387	1,983	7,191	9,174	4,043	5,611	9,654	29,215

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

The Company issued and offered three grants of warrants 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 details of warrants are shown belows:

	Issued date	Issued units (Million)	Percentage *	Exercise price (Baht/unit)	Exercise period	
					Start	End
ESOP - Grant I	30 May 2003	16.769	1.46	5.38	30 May 2004	29 May 2008
ESOP - Grant II	31 May 2004	9.174	0.76	17.81	31 May 2005	30 May 2009
ESOP - Grant III	31 May 2005	9.650	0.80	13.79	31 May 2006	30 May 2010

* Percentage of the Company's total issued and paid-up share capital (before dilution) at the issue date.

New strategic partners

Regarding the Extraordinary General Meeting of Shareholders on 19 January 2004; which approved the allocation of the newly issued share capital as a private placement to two strategic partners, Kantana Group Public Company Limited and Mr. Tripop Limpapath amounting to 300 million shares, as at 31 October 2005, the Company and its strategic partners could not reach an agreement over the share offering. However, the two strategic partners are still TV producers for the Company.

17 Service income

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Analysis of service income				
Advertising income	1,892,792,099	1,418,531,637	1,890,222,099	1,415,761,737
Airtime rental	432,485,457	402,984,330	432,485,457	402,984,330
Production income	7,554,708	14,931,481	7,378,582	14,931,481
Total	<u>2,332,832,264</u>	<u>1,836,447,448</u>	<u>2,330,086,138</u>	<u>1,833,677,548</u>

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18 Operating profit

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

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Cost of services				
Amortisation and impairment of programming rights (Note 7)	168,264,046	242,116,333	168,264,046	242,116,333
Production costs	112,540,377	87,166,342	112,465,063	87,787,942
Depreciation of equipment (Note 10)	10,455,939	10,366,252	-	-
Amortisation of concession assets (Note 11)	198,812,311	199,613,504	198,812,311	199,613,504
Network costs	114,591,984	110,149,197	114,125,170	109,661,261
Staff costs	229,823,909	240,114,089	229,823,909	240,114,089
Other costs	106,313,672	59,333,669	106,313,673	59,333,667
Total	940,802,238	948,859,386	929,804,172	938,626,796
Selling and administrative expenses				
Depreciation of equipment (Note 10)	12,001,701	11,826,432	12,001,701	11,826,432
Amortisation of concession assets (Note 11)	22,895,452	22,633,680	22,895,452	22,633,680
Staff costs	152,054,542	108,119,514	153,018,417	108,119,514
Administrative expenses	107,084,720	116,238,336	107,159,142	116,217,154
Marketing expenses	178,342,515	158,690,086	188,128,515	165,145,241
Gain(Loss) on exchange rates	(29,577)	(126,173)	(29,577)	(126,173)
Total	472,349,353	417,381,875	483,173,650	423,815,848

As at 31 December 2005, the Company has 938 employees (2004: 903 employees).

19 Earnings per share

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

	For the years ended 31 December					
	(Consolidated and Company)					
	Net profit		Weighted number of shares		Earnings per share	
	Baht		Shares		Baht	
	2005	2004	2005	2004	2005	2004
Basic earnings per share	679,111,238	204,562,349	1,205,669,561	1,202,417,961	0.56	0.17
The effect of dilutive potential shares	-	-	5,814,758	8,153,379	-	-
Diluted earnings per share	679,111,238	204,562,349	1,211,484,319	1,210,571,340	0.56	0.17

Diluted earnings per share for the year ended 31 December 2005 included the effect of 10.387 million warrants - ordinary share (2004: 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.

20 Provident fund

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

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

21 Financial Instruments

As at 31 December 2005, the Company has the following risks relating to significant financial instruments:

Credit risk

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

Exchange rate risk

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

There were no outstanding forward foreign currency contracts at 31 December 2005 and 2004.

Fair values

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

22 Commitments and contingencies

Contingent liabilities

	Consolidated		Company	
	2005	2004	2005	2004
	Million	Million	Million	Million
	Baht	Baht	Baht	Baht
Bank guarantees for operating performance under the concession agreement	25	25	25	25
Bank guarantees in respect of the normal course of business	57	56	57	56
	<u>82</u>	<u>81</u>	<u>82</u>	<u>81</u>

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

22 Commitments and contingencies (continued)

Commitment

Concession agreement

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

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

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

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

The Company submitted a dispute to the Arbitration Institute on 17 September 2002 demanding that the Office of the Permanent Secretary, the Prime Minister's Office pay compensation to 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, by reducing the minimum guarantee to Baht 230 million per year and cancelling the annual increase in the minimum guarantee, and reducing the concession fee to 6.5% of gross revenue. The Company shall pay a concession fee at the rate of 6.5% of gross revenue or the minimum guarantee of Baht 230 million, whichever is higher as from 3 July 2002;

22 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 (continued)

- The Prime Minister's Office shall return part of the minimum guarantee of Baht 800 million paid by the Company subject to conditions during the arbitration proceedings on 3 July 2003 to the Company. The amount to be returned to the Company is Baht 570 million;
- The Company may broadcast its television programs during 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 benefit programs for not less than 50% of its 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 year ended 31 December 2005 and changed its television program schedules from 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 entered into the appeals process at the Trial Court and Supreme Court level in April 2004. If the Trial Court and Supreme Court judge that the awards ruled by the arbitration panel are unfair and do not comply with the law, they 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. However, the Legal Division of the Company is of the opinion that the judgement of the said courts shall not result in any significant damages to the Company since the arbitral tribunal has ruled either within the scope of the arbitration agreement or the settlement of the disputes presented to the arbitral tribunal, which were mutually determined and approved by the Company and the PMO. Consequently, management has not recorded the accrued concession fees in accordance with the terms and conditions of the concession agreement.

If the company had recorded accrued concession according to the original concession agreement, the Company's liabilities as at 31 December 2005 and net profit for the year then ended would have increased and decreased by Baht 1,490 million. In addition, the Company may have the liability to pay the interest at 15% per annum for the difference of concession fees of Baht 205.64 million. As a result, the Company's basic earnings per share and diluted earnings per share would have decreased from the reported net profit of 0.56 Baht per share to net loss of Baht 0.84 per share.

Operating lease commitments - where a company is the lessee

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

	Consolidated		Company	
	2005	2004	2005	2004
	Baht	Baht	Baht	Baht
Not later than 1 year	99,066,608	82,440,373	98,895,608	81,756,373
Later than 1 year and not later than 5 years	82,466,580	122,721,612	81,902,280	122,721,612
Later than 5 years	45,730,000	49,090,000	45,730,000	49,090,000
	227,263,188	254,251,985	226,527,888	253,567,985

23 Subsequent event

a) Changes in major shareholders of the parent company

On 23 January 2006, the Shinawatra family, the principal shareholders of Shin, sold all their shares, representing 49.60% of the paid-up capital of Shin, to Cedar Holdings Limited ("Cedar") and Aspen Holdings Limited ("Aspen") incorporated in Thailand, part of the Temasek Holdings (Pte) Ltd. ("Temasek ") group. As a result, the Shinawatra family ceased to be the major shareholders of Shin and related parties of the Company's from the date of the sale.

b) Warrants granted to directors and employees - exercised

At the end of January 2006, 80,000 units of the Company's warrants were exercised at Baht 5.38 each. The Company presents this transaction as the advance receipt for subscription in shareholders' equity. The Company registered the increase in the share capital with the Ministry of Commerce on 2 February 2006. As a result, the total issued and paid-up share capital and deficiency in share capital of the Company will increase and decrease from Baht 6,03.91 million to Baht 6,032.31 million, and from Baht 174.42 million to Baht 174.07 million, respectively.

c) Establishment of a joint venture

In January 2006, the Company invested in share capital of Media Connex Company Limited at 60% of issued and paid up capital, in the amount of Baht 50 million. Media Connex Company Limited is conducting business to produce contents and advertising media on mobile phone by accompanying computer technologies, television and mobile phone.