

**ITV PUBLIC COMPANY LIMITED**

**INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

**For the three-month periods ended  
31 March 2005 and 2004**

## **AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

### **To the Shareholders of ITV Public Company Limited**

I have reviewed the accompanying consolidated and company balance sheets as at 31 March 2005 and the related consolidated and company statements of income, and the related consolidated and company statements of changes in shareholders' equity and cash flows for the three-month periods ended 31 March 2005 and 2004 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 2004 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 16 February 2005. The consolidated and company balance sheets as at 31 December 2004, 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 13 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  
10 May 2005

**ITV Public Company Limited**

**Balance Sheets**

**As at 31 March 2005 and 31 December 2004**

	Notes	Consolidated		Company	
		31 March 2005 Unaudited Baht'000	31 December 2004 Audited Baht'000	31 March 2005 Unaudited Baht'000	31 December 2004 Audited Baht'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		134,438	152,277	133,995	150,184
Trade accounts receivable, net	4	378,886	339,870	378,810	339,676
Advance and loan to a related party	11 d)	-	-	27,000	33,000
Programming rights and production costs, net	5	105,341	105,204	105,341	105,204
Other current assets	11 e)	89,291	77,408	88,745	73,952
<b>Total current assets</b>		<b>707,956</b>	<b>674,759</b>	<b>733,891</b>	<b>702,016</b>
<b>Non-current assets</b>					
Investment in a subsidiary	6	-	-	3,950	5,369
Equipment, net	7	116,037	121,490	86,291	89,189
Concession assets, net	7	2,146,604	2,166,952	2,146,604	2,166,952
Other assets	11 f)	11,372	11,476	11,372	11,476
<b>Total non-current assets</b>		<b>2,274,013</b>	<b>2,299,918</b>	<b>2,248,217</b>	<b>2,272,986</b>
<b>Total assets</b>		<b>2,981,969</b>	<b>2,974,677</b>	<b>2,982,108</b>	<b>2,975,002</b>

Director \_\_\_\_\_

Director \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

The notes to the consolidated and company financial statements on pages 8 to 17 are an integral part of these financial statements.

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

	Notes	Consolidated		Company	
		31 March 2005 Unaudited Baht'000	31 December 2004 Audited Baht'000	31 March 2005 Unaudited Baht'000	31 December 2004 Audited Baht'000
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
Trade accounts payable	9	47,427	22,315	47,212	22,268
Current portion of long - term loan	8	72,013	72,013	72,013	72,013
Concession payable	13	507,500	450,000	507,500	450,000
Accrued expenses	11 g)	148,078	185,078	148,474	185,472
Other current liabilities		28,782	30,157	28,740	30,135
Total current liabilities		<u>803,800</u>	<u>759,563</u>	<u>803,939</u>	<u>759,888</u>
<b>Non-current liabilities</b>					
Long - term loan, net	8	<u>368,083</u>	<u>567,719</u>	<u>368,083</u>	<u>567,719</u>
Total non - current liabilities		<u>368,083</u>	<u>567,719</u>	<u>368,083</u>	<u>567,719</u>
<b>Total Liabilities</b>		<u>1,171,883</u>	<u>1,327,282</u>	<u>1,172,022</u>	<u>1,327,607</u>
<b>Shareholders' Equity</b>					
Share capital					
Authorised share capital - ordinary shares	10	<u>7,800,000</u>	<u>7,800,000</u>	<u>7,800,000</u>	<u>7,800,000</u>
Issued and paid - up share capital					
- ordinary shares	10	6,024,214	6,023,714	6,024,214	6,023,714
Deficiency in share capital	10	(175,002)	(175,040)	(175,002)	(175,040)
Advance receipt for share subscription	14	538	-	538	-
Deficit		(4,039,664)	(4,201,279)	(4,039,664)	(4,201,279)
<b>Total Shareholders' Equity</b>		<u>1,810,086</u>	<u>1,647,395</u>	<u>1,810,086</u>	<u>1,647,395</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>2,981,969</u>	<u>2,974,677</u>	<u>2,982,108</u>	<u>2,975,002</u>

The notes to the consolidated and company financial statements on pages 8 to 17 are an integral part of these financial statements.

**ITV Public Company Limited**  
**Statements of Income (unaudited)**  
**For the three-month periods ended 31 March 2005 and 2004**

	Notes	Consolidated		Company	
		2005 Baht'000	2004 Baht'000	2005 Baht'000	2004 Baht'000
<b>Revenues</b>	11 a)				
Service income		566,833	449,352	566,608	448,847
Other income		854	828	1,513	1,797
<b>Total revenues</b>		<u>567,687</u>	<u>450,180</u>	<u>568,121</u>	<u>450,644</u>
<b>Expenses</b>	11 b)				
Cost of services		216,075	234,109	213,552	231,559
Concession expenses		57,500	57,500	57,500	57,500
Selling and administrative expenses	12	126,748	122,722	128,286	122,862
Directors' remuneration		355	380	355	380
Share of net result of investment - equity method	6	-	-	1,419	2,874
<b>Total expenses</b>		<u>400,678</u>	<u>414,711</u>	<u>401,112</u>	<u>415,175</u>
<b>Profit before interest</b>		167,009	35,469	167,009	35,469
Interest expenses		(5,394)	(11,523)	(5,394)	(11,523)
<b>Net profit for the period</b>		<u>161,615</u>	<u>23,946</u>	<u>161,615</u>	<u>23,946</u>
<b>Basic earnings per share (Baht)</b>	3				
Net profit for the period		0.13	0.02	0.13	0.02
<b>Diluted earnings per share (Baht)</b>	3				
Net profit for the period		0.13	0.02	0.13	0.02

The notes to the consolidated and company financial statements on pages 8 to 17 are an integral part of these financial statements.

**ITV Public Company Limited**  
**Statements of Changes in Shareholders' Equity (unaudited)**  
**For the three-month periods ended 31 March 2005 and 2004**

<b>Consolidated</b>					
	<b>Share capital</b>	<b>Premium/ (Deficiency) in share capital</b>	<b>Advance receipt for share subscription</b>	<b>Deficit</b>	<b>Total</b>
<b>Notes</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Opening balance</b>					
as at 1 January 2004	6,000,000	(176,842)	-	(4,405,841)	1,417,317
Net profit for the period	-	-	-	23,946	23,946
<b>Closing balance</b>					
as at 31 March 2004	<u>6,000,000</u>	<u>(176,842)</u>	<u>-</u>	<u>(4,381,895)</u>	<u>1,441,263</u>
<b>Opening balance</b>					
as at 1 January 2005	6,023,714	(175,040)	-	(4,201,279)	1,647,395
Issue of ordinary shares	10 500	38	-	-	538
Advance receipt for share subscription increase during the period	14 -	-	538	-	538
Net profit for the period	-	-	-	161,615	161,615
<b>Closing balance</b>					
as at 31 March 2005	<u>6,024,214</u>	<u>(175,002)</u>	<u>538</u>	<u>(4,039,664)</u>	<u>1,810,086</u>
<b>Company</b>					
	<b>Share capital</b>	<b>Premium/ (Deficiency) in share capital</b>	<b>Advance receipt for share subscription</b>	<b>Deficit</b>	<b>Total</b>
<b>Notes</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Opening balance</b>					
as at 1 January 2004	6,000,000	(176,842)	-	(4,405,841)	1,417,317
Net profit for the period	-	-	-	23,946	23,946
<b>Closing balance</b>					
as at 31 March 2004	<u>6,000,000</u>	<u>(176,842)</u>	<u>-</u>	<u>(4,381,895)</u>	<u>1,441,263</u>
<b>Opening balance</b>					
as at 1 January 2005	6,023,714	(175,040)	-	(4,201,279)	1,647,395
Issue of ordinary shares	10 500	38	-	-	538
Advance receipt for share subscription increase during the period	14 -	-	538	-	538
Net profit for the period	-	-	-	161,615	161,615
<b>Closing balance</b>					
as at 31 March 2005	<u>6,024,214</u>	<u>(175,002)</u>	<u>538</u>	<u>(4,039,664)</u>	<u>1,810,086</u>

The notes to the consolidated and company financial statements on pages 8 to 17 are an integral part of these financial statements.

**ITV Public Company Limited**  
**Statements of Cash flows (unaudited)**  
**For the three-month periods ended 31 March 2005 and 2004**

	Notes	Consolidated		Company	
		2005 Baht'000	2004 Baht'000	2005 Baht'000	2004 Baht'000
<b>Cash flows from operating activities</b>					
Net profit for the period		161,615	23,946	161,615	23,946
Adjustments for:					
Amortisation of concession assets	7	55,058	55,287	55,058	55,287
Gain on foreign exchange rate		(45)	(235)	(45)	(235)
Depreciation	7	5,453	5,611	2,898	3,034
Amortisation and allowance for impairment of programming rights and production costs	5	35,352	57,535	35,352	57,535
Allowance for doubtful debt accounts (Reversal)		1,917	(12,557)	1,917	(12,557)
Gain on devaluation of barter assets		-	(962)	-	(962)
Amortisation of front end fee	8	364	364	364	364
Share of net result from investment in a subsidiary	6	-	-	1,419	2,874
Changes in operating assets and liabilities					
Trade accounts receivable		(40,933)	41,253	(41,051)	39,316
Other current assets		(11,883)	(14,872)	(14,793)	(11,958)
Other assets		104	709	104	709
Trade accounts payable		25,157	9,703	24,989	9,372
Concession payable		57,500	57,500	57,500	57,500
Accrued expenses		(31,747)	14,832	(31,745)	14,918
Other current liabilities		(1,375)	4,888	(1,395)	1,418
<b>Cash generated from operating activities</b>		<b>256,537</b>	<b>243,002</b>	<b>252,187</b>	<b>240,561</b>
<b>Cash flows from investing activities</b>					
Purchases of programming rights and production costs	5	(40,742)	(66,551)	(40,742)	(66,551)
Purchases of concession assets	7	(34,710)	(22,837)	(34,710)	(22,837)
Purchases of equipment	7	-	(476)	-	(476)
Repayment of loan to a subsidiary	11 d)	-	-	6,000	-
<b>Net cash used in investing activities</b>		<b>(75,452)</b>	<b>(89,864)</b>	<b>(69,452)</b>	<b>(89,864)</b>

The notes to the consolidated and company financial statements on pages 8 to 17 are an integral part of these financial statements.

**ITV Public Company Limited**  
**Statements of Cash flows (unaudited) (Continued)**  
**For the three-month periods ended 31 March 2005 and 2004**

	Notes	Consolidated		Company	
		2005 Baht'000	2004 Baht'000	2005 Baht'000	2004 Baht'000
<b>Cash flows from financing activities</b>					
Proceeds from short - term loan from banks	8	-	200,000	-	200,000
Repayment short - term loan from banks	8	-	(300,000)	-	(300,000)
Repayment long - term loan from bank	8	(200,000)	-	(200,000)	-
Proceeds from increase in share capital from exercising warrants	10	538	-	538	-
Proceeds from advance receipt for share subscription	14	538	-	538	-
<b>Net cash used in financing activities</b>		<b>(198,924)</b>	<b>(100,000)</b>	<b>(198,924)</b>	<b>(100,000)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(17,839)</b>	<b>53,138</b>	<b>(16,189)</b>	<b>50,697</b>
Opening balance		152,277	159,072	150,184	158,318
Closing balance		134,438	212,210	133,995	209,015
<b>Cash and cash equivalents as at 31 March comprise:</b>					
Cash on hand		635	635	635	635
Cash at banks		133,803	211,575	133,360	208,380
Total cash and cash equivalents		134,438	212,210	133,995	209,015
<b>Supplementary information for cash flows:</b>					
Interest paid		5,464	11,523	5,464	11,523
<b>Non-cash transactions</b>					
Increasing in programming rights and production costs by liabilities		2,822	10,286	2,822	10,286

The notes to the consolidated and company financial statements on pages 8 to 17 are an integral part of these 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 under the Accounting Profession Act B.E. 2547, 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 2004.

Costs that are incurred unevenly during the financial year are recognised as an expense or deferred in the interim report only if it would also be 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 2004 annual financial statements.

**2 Segment information**

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

**3 Earnings per share**

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

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume the conversion of all potential dilutive ordinary shares, which is the weighted average number of ordinary shares which would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The assumed proceeds from the exercise of ESOP would be considered to have been received from the issue of shares at fair value. These represent share options where the exercise price is less than the average market price of the Company's shares during the three-month period ended 31 March 2005.

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

	<b>For the three-month periods ended 31 March (Consolidated and Company)</b>					
	<b>Net profit</b>		<b>Weighted number of shares</b>		<b>Earnings per share</b>	
	<b>(Baht'000)</b>		<b>(Shares'000)</b>		<b>(Baht)</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Basic earnings per share	161,615	23,946	1,204,774	1,200,000	0.13	0.02
The effect of dilutive potential shares	-	-	7,469	12,723	-	-
Diluted earnings per share	<u>161,615</u>	<u>23,946</u>	<u>1,212,243</u>	<u>1,212,723</u>	<u>0.13</u>	<u>0.02</u>

**ITV Public Company Limited**  
**Unaudited condensed notes to the interim consolidated and company financial statements (continued)**  
**For the three-month periods ended 31 March 2005 and 2004**

**3 Earnings per share (continued)**

Diluted earnings per share for the three-month periods ended 31 March 2005 and 2004 include the effect of 11.93 million warrants and 16.77 million warrants - ordinary shares, respectively.

As at 31 March 2005 and 2004, there were no other dilutive potential common shares in issue.

**4 Trade accounts receivable, net**

	<u>Consolidated</u>		<u>Company</u>	
	<u>31 March 2005 Baht'000</u>	<u>31 December 2004 Baht'000</u>	<u>31 March 2005 Baht'000</u>	<u>31 December 2004 Baht'000</u>
<b>Trade accounts receivable</b>				
- Third parties	352,541	329,230	352,360	328,030
- Related parties (Note 11c)	59,152	41,530	59,257	42,536
Total trade accounts receivable	411,693	370,760	411,617	370,566
<u>Less</u> Allowance for doubtful accounts	(32,807)	(30,890)	(32,807)	(30,890)
Trade accounts receivable, net	<u>378,886</u>	<u>339,870</u>	<u>378,810</u>	<u>339,676</u>

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

	<u>Consolidated</u>		<u>Company</u>	
	<u>31 March 2005 Baht'000</u>	<u>31 December 2004 Baht'000</u>	<u>31 March 2005 Baht'000</u>	<u>31 December 2004 Baht'000</u>
Current - 3 months	320,548	289,192	320,367	287,992
3 - 6 months	844	9,150	844	9,150
6 - 12 months	1,683	2,342	1,683	2,342
Over 12 months	29,466	28,546	29,466	28,546
Total	352,541	329,230	352,360	328,030
<u>Less</u> Allowance for doubtful accounts	(32,807)	(30,890)	(32,807)	(30,890)
Trade accounts receivable, net	<u>319,734</u>	<u>298,340</u>	<u>319,553</u>	<u>297,140</u>

**5 Programming rights and production costs, net**

	<u>Consolidated and Company Baht'000</u>
<b>For the three-month period ended 31 March 2005</b>	
Opening net book value	105,204
Additions	35,489
<u>Less</u> Amortisation	(33,612)
Allowance for impairment	(1,740)
Closing net book value	<u>105,341</u>
Cost, net	127,213
<u>Less</u> Allowance for impairment	(21,872)
Closing net book value	<u>105,341</u>

**ITV Public Company Limited**  
**Unaudited condensed notes to the interim consolidated and company financial statements (continued)**  
**For the three-month periods ended 31 March 2005 and 2004**

**6 Investment in a subsidiary**

a) Movements in investment in a subsidiary for the three-month period ended 31 March 2005 are as follows:

	<b>Company Baht'000</b>
Opening net book value	5,369
Share of the result from investment in a subsidiary	(1,419)
Closing net book value	<u>3,950</u>

b) Carrying value of investment in a subsidiary

	<b>Company – 31 March 2005 ( Baht'000)</b>					
	<b>Paid-up capital</b>	<b>Investment portion (%)</b>	<b>Cost</b>	<b>Share of net results of investment</b>	<b>Equity</b>	<b>Dividend</b>
Artware Media Company Limited	20,000	99.99	20,000	(16,050)	3,950	-

	<b>Company – 31 December 2004 ( Baht'000)</b>					
	<b>Paid-up capital</b>	<b>Investment portion (%)</b>	<b>Cost</b>	<b>Share of net results of investment</b>	<b>Equity</b>	<b>Dividend</b>
Artware Media Company Limited	20,000	99.99	20,000	(14,631)	5,369	-

Artware Media Company Limited is incorporated under Thai law. Its principal business is the lease of equipment for television programs and movies, production of television programs and arranging related marketing events.

**7 Capital expenditure**

	<b>Consolidated</b>		<b>Company</b>	
	<b>Equipment Baht'000</b>	<b>Concession assets Baht'000</b>	<b>Equipment Baht'000</b>	<b>Concession assets Baht'000</b>
<b>For the three-month period ended 31 March 2005</b>				
Opening net book value	121,490	2,166,952	89,189	2,166,952
Additions	-	34,710	-	34,710
Depreciation/amortisation charge	(5,453)	(55,058)	(2,898)	(55,058)
Closing net book value	<u>116,037</u>	<u>2,146,604</u>	<u>86,291</u>	<u>2,146,604</u>
<b>As at 31 March 2005</b>				
Cost	167,055	3,609,616	115,224	3,609,616
Less Accumulated depreciation/amortisation	(51,018)	(1,463,012)	(28,933)	(1,463,012)
Net book value	<u>116,037</u>	<u>2,146,604</u>	<u>86,291</u>	<u>2,146,604</u>

**ITV Public Company Limited**  
**Unaudited condensed notes to the interim consolidated and company financial statements (continued)**  
**For the three-month periods ended 31 March 2005 and 2004**

**8 Borrowings**

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 March 2005 Baht'000</b>	<b>31 December 2004 Baht'000</b>	<b>31 March 2005 Baht'000</b>	<b>31 December 2004 Baht'000</b>
<b>Short - term borrowings</b>				
Current portion of long - term loan from bank	72,013	72,013	72,013	72,013
Total	72,013	72,013	72,013	72,013
<b>Long - term borrowings</b>				
Long - term loan from bank	373,539	573,539	373,539	573,539
<u>Less</u> Deferred front end fee	(5,456)	(5,820)	(5,456)	(5,820)
Total	368,083	567,719	368,083	567,719
<b>Total borrowings</b>	<b>440,096</b>	<b>639,732</b>	<b>440,096</b>	<b>639,732</b>

The movements in the borrowings can be analysed as follows:

	<b>Consolidated and Company Baht'000</b>
<b>For the three-month period ended 31 March 2005</b>	
Opening balance, net	639,732
Repayments	(200,000)
Amortisation of deferred front end fee	364
Closing balance, net	<u>440,096</u>

**9 Trade accounts payable**

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 March 2005 Baht'000</b>	<b>31 December 2004 Baht'000</b>	<b>31 March 2005 Baht'000</b>	<b>31 December 2004 Baht'000</b>
<b>Trade accounts payable</b>				
- Third parties	43,061	20,849	43,018	20,856
- Related parties (Note 11c)	4,366	1,466	4,194	1,412
Total trade accounts payable	47,427	22,315	47,212	22,268

**10 Share capital and premium/(deficiency) on share capital**

	Number of registered share capital	Issue and paid-up shares	Ordinary shares	Premium/ (Deficiency) in share capital	Total
	Shares'000	Shares'000	Baht'000	Baht'000	Baht'000
<b>For the three-month period ended 31 March 2005</b>					
Opening balance	1,560,000	1,204,743	6,023,714	(175,040)	5,848,674
Issue of shares	-	100	500	38	538
Closing balance	1,560,000	1,204,843	6,024,214	(175,002)	5,849,212

As at 31 March 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).

**W a r r a n t s**

The movement of warrants is as follows:

	<b>For the three-month period ended 31 March 2005 ('000 units)</b>						<b>Total</b>
	<b>ESOP - Grant 1</b>			<b>ESOP - Grant 2</b>			
	<b>Directors</b>	<b>Employees</b>	<b>Total</b>	<b>Directors</b>	<b>Employees</b>	<b>Total</b>	
Opening balance	5,538	6,488	12,026	1,983	7,191	9,174	21,200
Exercised	(100)	-	(100)	-	-	-	(100)
Closing balance	5,438	6,488	11,926	1,983	7,191	9,174	21,100

At the Shareholders' Meeting of the Company on 28 March 2005, a resolution was passed to approve the issuance and allocation of 9.65 million warrants equivalent to 0.80% of the Company's total paid-up share capital (before dilution) to directors, employees and advisors who are eligible for such allocation (ESOP - Grant 3). The warrants are in registered form and are 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 is the weighted-average closing price of shares for 30 days before the date of Shareholders' Meeting. However, the reward may not exceed each person's allocation.

**11 Related party transactions**

The Company is controlled by Shin Corporation Public Co., Ltd. ("Shin"), incorporated in Thailand, which owns 53.00% of the Company's shares (31 December 2004: 53.01%). The remaining 47.00% of the shares (31 December 2004: 46.99%) 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 entered into a number of transactions with its parent company and related companies, the terms of which are negotiated on an arm's length basis in the ordinary course of business and according to normal trade conditions.

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

**ITV Public Company Limited**  
**Unaudited condensed notes to the interim consolidated and company financial statements (continued)**  
**For the three-month periods ended 31 March 2005 and 2004**

**11 Related party transactions (continued)**

The following transactions were carried out with related parties:

**a) Sales of goods and services**

For the three-month periods ended	Consolidated		Company	
	31 March 2005 Baht'000	31 March 2004 Baht'000	31 March 2005 Baht'000	31 March 2004 Baht'000
<b>Advertising income</b>				
Subsidiary	-	-	175	758
Other related parties - Shin Group	53,611	43,607	53,611	43,607
	<u>53,611</u>	<u>43,607</u>	<u>53,786</u>	<u>44,365</u>
<b>Other income</b>				
Subsidiary - Interest income	-	-	679	673
Subsidiary - Other income	-	-	300	298
Other related parties - Shin Group	571	-	571	-
	<u>571</u>	<u>-</u>	<u>1,550</u>	<u>971</u>
<b>Total sales of goods and services</b>	<u>54,182</u>	<u>43,607</u>	<u>55,336</u>	<u>45,336</u>

**b) Purchases of goods and services**

For the three-month periods ended	Consolidated		Company	
	31 March 2005 Baht'000	31 March 2004 Baht'000	31 March 2005 Baht'000	31 March 2004 Baht'000
<b>Parent company - Shin</b>				
Consulting and management fee	3,605	3,765	3,605	3,765
Other expenses	605	-	605	-
	<u>4,210</u>	<u>3,765</u>	<u>4,210</u>	<u>3,765</u>
<b>Subsidiary</b>				
Expenses				
Advertising expenses	-	-	1,536	360
Equipment rental	-	-	360	108
Commission expenses	-	-	9	38
	<u>-</u>	<u>-</u>	<u>1,905</u>	<u>506</u>
<b>Other related parties - Shin group</b>				
Expenses				
Building rental and service charge	16,616	16,203	16,327	15,922
Transponder rental	8,153	9,783	8,153	9,783
Commission expenses	2,798	6,971	2,798	6,971
Advertising expenses	3	1,507	3	1,507
Program production cost	-	410	-	410
Telephone expenses	2,248	3,998	2,248	3,998
Other expenses	3,089	663	3,089	663
	<u>32,907</u>	<u>39,535</u>	<u>32,618</u>	<u>39,254</u>
<b>Total purchases of goods and services</b>	<u>37,117</u>	<u>43,300</u>	<u>38,733</u>	<u>43,525</u>

11 Related party transactions (continued)

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

	Consolidated		Company	
	31 March 2005 Baht'000	31 December 2004 Baht'000	31 March 2005 Baht'000	31 December 2004 Baht'000
<b>Receivables from related parties:</b>				
Subsidiary	-	-	107	1,006
Other related parties - Shin group	59,152	41,530	59,150	41,530
<b>Total receivables from related parties</b>	<b>59,152</b>	<b>41,530</b>	<b>59,257</b>	<b>42,536</b>
<b>Payables to related parties:</b>				
Parent company - Shin	556	208	556	207
Other related parties - Shin group	3,810	1,258	3,638	1,205
<b>Total payable to related parties</b>	<b>4,366</b>	<b>1,466</b>	<b>4,194</b>	<b>1,412</b>

d) Loan to a related party

	Consolidated		Company	
	31 March 2005 Baht'000	31 December 2004 Baht'000	31 March 2005 Baht'000	31 December 2004 Baht'000
<b>Loan to a related party:</b>				
Subsidiary	-	-	27,000	33,000
<b>Total loan to a related party</b>	<b>-</b>	<b>-</b>	<b>27,000</b>	<b>33,000</b>

Loan to a subsidiary bears interest at 5% per annum (31 December 2004: 5% per annum). The term of repayment is at call.

e) Other current assets

	Consolidated		Company	
	31 March 2005 Baht'000	31 December 2004 Baht'000	31 March 2005 Baht'000	31 December 2004 Baht'000
<b>P r e p a i d E x p e n s e</b>				
Other related parties - Shin Group	1,186	506	1,085	507
<b>I n t e r e s t R e c e i v a b l e</b>				
Subsidiary	-	-	-	149
<b>Total other current assets</b>	<b>1,186</b>	<b>506</b>	<b>1,085</b>	<b>656</b>

f) Other assets

	Consolidated		Company	
	31 March 2005 Baht'000	31 December 2004 Baht'000	31 March 2005 Baht'000	31 December 2004 Baht'000
<b>Deposit</b>				
Other related parties - Shin Group	9,438	9,443	9,438	9,443
<b>Total other assets</b>	<b>9,438</b>	<b>9,443</b>	<b>9,438</b>	<b>9,443</b>

**11 Related party transactions (continued)**

**g) Accrued expenses to related parties**

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 March 2005 Baht'000</b>	<b>31 December 2004 Baht'000</b>	<b>31 March 2005 Baht'000</b>	<b>31 December 2004 Baht'000</b>
<b>Accrued expenses to related parties:</b>				
Parent company - Shin	1,106	29	1,106	29
Subsidiary	-	-	420	411
Other related companies - Shin Group	10,401	14,539	10,401	14,539
<b>Total accrued expenses to related parties</b>	<b>11,507</b>	<b>14,568</b>	<b>11,927</b>	<b>14,979</b>

**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) 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 prices 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 prices 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 2003-2004, the Company's directors exercised 13,775,200 warrants under the Employee Stock Option Plan (ESOP). In the first quarter of 2005, the Company's directors exercised 997,900 warrants. As at 31 March 2005, the outstanding rights of warrants of directors of the Company under the Employee Stock Option Plan (ESOP) stand at 35,087,400 units.

**i) Special reward program**

Shin has granted rights to receive a special reward ("Special Reward Program") to eligible directors and employees of the company. The rights will be granted once a year for 5 consecutive years (commencing from 2002). The rights may be exercised after the first year of the grant date but not in excess of 3 years. The calculation of the Special Reward Program benefit is based on the improvement in the operational performance of Shin between the date the rights were granted and the date the rights are exercised. However, the reward may not exceed each person's specified allocation. The first grant of the Special Reward Program to directors of the Company is 7,053 units.

From the year 2003 until the first quarter of 2005, the Company's directors exercised their rights to 3,416 units. As at 31 March 2005, the outstanding rights of the Company's directors stand at 3,637 units.

**12 Compensation on Labour Case**

The Supreme Court ruled that the Company has to reinstate 21 employees to their previous positions at salary rates not less than those they previously earned. The Company has to retroactively compensate their lost pay from the day that they were terminated until their reinstatement at their last salary rates, totalling Baht 24.72 million. The Company presents the compensation, which was recorded in March 2005, as selling and administrative expenses.

**13 Commitments and contingencies**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 March 2005</b>	<b>31 December 2004</b>	<b>31 March 2005</b>	<b>31 December 2004</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
Bank guarantees for operating performance under concession agreements	25	25	25	25
Bank guarantees in respect of the normal course of business	56	56	56	56
<b>Total</b>	<b>81</b>	<b>81</b>	<b>81</b>	<b>81</b>

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.

**Report on the award of the arbitration panel relating to the Agreement for the Operation of A 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 are 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;
- 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 three-month period ended 31 March 2005 and changed its television program schedules as of 1 April 2004 according to the arbitration panel's ruling as mentioned above. The Company did not adjust the impact of the above ruling retrospectively in its 2003 financial statements.

**13 Commitments and contingencies (continued)**

**Report on the award of the arbitration panel relating to the Agreement for the Operation of a Television Station of the Company (continued)**

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 the dispute. However, the Legal Division of the Company is of the opinion that the judgment 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, its liabilities as at 31 March 2005 would have increased by Baht 912.5 million and the net profit for the three-month period then ended would have decreased by Baht 192.5 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 0.13 Baht per share to a net loss of Baht 0.03 per share.

**14 Subsequent event**

Warrants granted to directors and employees - exercised

As at 31 March 2005, 100,000 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 5 April 2005. As a result, the total issued and paid-up share capital and premium on share capital of the Company will increase and decrease from Baht 6,024.21 million to Baht 6,024.71 million, and from Baht 175.00 million to Baht 174.96 million, respectively.