

ITV PUBLIC COMPANY LIMITED

**INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

**For the six-month periods ended
30 June 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 of ITV Public Company Limited and its subsidiary and of ITV Public Company Limited as at 30 June 2005, and the related consolidated and company statements of income for the three-month and six-month periods ended 30 June 2005 and 2004 and the related consolidated and company statements of changes in shareholders' equity, and cash flows for the six-month periods ended 30 June 2005 and 2004. The Company's management is responsible for the correctness and completeness of information in these interim financial statements. My responsibility is to issue a report on these interim 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 subsidiary 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 12 to the financial statements which discusses the change in the basis of the calculation of the concession fee as a result of a decision of the Arbitration Panel on 30 January 2004, and the subsequent appeal of this decision by the Prime Minister's Office in April 2004.

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

Bangkok
10 August 2005

ITV Public Company Limited

Balance Sheets

As at 30 June 2005 and 31 December 2004

	Notes	Consolidated		Company	
		30 June 2005 Unaudited Baht'000	31 December 2004 Audited Baht'000	30 June 2005 Unaudited Baht'000	31 December 2004 Audited Baht'000
ASSETS					
Current assets					
Cash and cash equivalents		407,378	152,277	404,114	150,184
Trade accounts receivable, net	4	423,797	339,870	424,003	339,676
Advance and loan to a related party	11 d)	-	-	27,000	33,000
Programming rights and production costs, net	5	101,720	105,204	101,720	105,204
Other current assets	11 e)	99,426	77,408	99,155	73,952
Total current assets		<u>1,032,321</u>	<u>674,759</u>	<u>1,055,992</u>	<u>702,016</u>
Non-current assets					
Investment in a subsidiary	6	-	-	4,472	5,369
Equipment, net	7	111,186	121,490	83,532	89,189
Concession assets, net	7	2,097,145	2,166,952	2,097,145	2,166,952
Other assets	11 f)	11,437	11,476	11,437	11,476
Total non-current assets		<u>2,219,768</u>	<u>2,299,918</u>	<u>2,196,586</u>	<u>2,272,986</u>
Total assets		<u><u>3,252,089</u></u>	<u><u>2,974,677</u></u>	<u><u>3,252,578</u></u>	<u><u>2,975,002</u></u>

Director _____

Director _____

Date _____

Date _____

The notes to the consolidated and company financial statements on pages 9 to 20 are an integral part of these financial statements.

ITV Public Company Limited
Balance Sheets (Continued)
As at 30 June 2005 and 31 December 2004

	Notes	Consolidated		Company	
		30 June 2005 Unaudited Baht'000	31 December 2004 Audited Baht'000	30 June 2005 Unaudited Baht'000	31 December 2004 Audited Baht'000
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable	9	58,000	22,315	58,041	22,268
Current portion of long-term loan	8	76,250	72,013	76,250	72,013
Concession payable	12	565,000	450,000	565,000	450,000
Accrued expenses	11 g)	127,092	185,078	127,597	185,472
Other current liabilities		34,087	30,157	34,030	30,135
Total current liabilities		<u>860,429</u>	<u>759,563</u>	<u>860,918</u>	<u>759,888</u>
Non-current liabilities					
Long-term loan, net	8	<u>330,321</u>	<u>567,719</u>	<u>330,321</u>	<u>567,719</u>
Total non-current liabilities		<u>330,321</u>	<u>567,719</u>	<u>330,321</u>	<u>567,719</u>
Total liabilities		<u>1,190,750</u>	<u>1,327,282</u>	<u>1,191,239</u>	<u>1,327,607</u>
Shareholders' equity					
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	6,028,813	6,023,714	6,028,813	6,023,714
Deficiency in share capital	10	(174,652)	(175,040)	(174,652)	(175,040)
Advance receipt for share subscription	13	3,168	-	3,168	-
Deficit		<u>(3,795,990)</u>	<u>(4,201,279)</u>	<u>(3,795,990)</u>	<u>(4,201,279)</u>
Total shareholders' equity		<u>2,061,339</u>	<u>1,647,395</u>	<u>2,061,339</u>	<u>1,647,395</u>
Total liabilities and shareholders' equity		<u>3,252,089</u>	<u>2,974,677</u>	<u>3,252,578</u>	<u>2,975,002</u>

The notes to the consolidated and company financial statements on pages 9 to 20 are an integral part of these financial statements.

ITV Public Company Limited
Statements of Income (unaudited)
For the three-month periods ended 30 June 2005 and 2004

	Notes	Consolidated		Company	
		2005 Baht'000	2004 Baht'000	2005 Baht'000	2004 Baht'000
Revenues	11 a)				
Service income		630,204	458,246	629,767	457,242
Share of net result of investment - equity method		-	-	522	576
Other income		1,562	665	2,167	1,644
Total revenues		<u>631,766</u>	<u>458,911</u>	<u>632,456</u>	<u>459,462</u>
Expenses	11 b)				
Cost of services		228,576	255,284	225,844	252,748
Concession expenses		57,500	57,500	57,500	57,500
Selling and administrative expenses		97,478	109,600	100,900	112,687
Directors' remuneration		155	230	155	230
Total expenses		<u>383,709</u>	<u>422,614</u>	<u>384,399</u>	<u>423,165</u>
Profit before interest		248,057	36,297	248,057	36,297
Interest expenses		(4,383)	(8,247)	(4,383)	(8,247)
Net profit for the period		<u>243,674</u>	<u>28,050</u>	<u>243,674</u>	<u>28,050</u>
Basic earnings per share (Baht)	3				
Net profit for the period		0.20	0.02	0.20	0.02
Diluted earnings per share (Baht)	3				
Net profit for the period		0.20	0.02	0.20	0.02

The notes to the consolidated and company financial statements on pages 9 to 20 are an integral part of these financial statements.

ITV Public Company Limited
Statements of Income (unaudited)
For the six-month periods ended 30 June 2005 and 2004

	Notes	Consolidated		Company	
		2005 Baht'000	2004 Baht'000	2005 Baht'000	2004 Baht'000
Revenues	11 a)				
Service income		1,197,037	907,598	1,196,375	906,089
Other income		2,416	1,493	3,680	3,442
Total revenues		<u>1,199,453</u>	<u>909,091</u>	<u>1,200,055</u>	<u>909,531</u>
Expenses	11 b)				
Cost of services		444,651	489,392	439,396	484,307
Concession expenses		115,000	115,000	115,000	115,000
Selling and administrative expenses		224,226	232,322	229,186	235,549
Directors' remuneration		510	610	510	610
Share of net result of investment - equity method	6	-	-	897	2,298
Total expenses		<u>784,387</u>	<u>837,324</u>	<u>784,989</u>	<u>837,764</u>
Profit before interest		415,066	71,767	415,066	71,767
Interest expenses		(9,777)	(19,771)	(9,777)	(19,771)
Net profit for the period		<u>405,289</u>	<u>51,996</u>	<u>405,289</u>	<u>51,996</u>
Basic earnings per share (Baht)	3				
Net profit for the period		0.34	0.04	0.34	0.04
Diluted earnings per share (Baht)	3				
Net profit for the period		0.33	0.04	0.33	0.04

The notes to the consolidated and company financial statements on pages 9 to 20 are an integral part of these financial statements.

ITV Public Company Limited
Statements of Changes in Shareholders' Equity (unaudited)
For the six-month periods ended 30 June 2005 and 2004

		Consolidated				
		Share capital	Premium/ (Deficiency) in share capital	Advance receipt for share subscription	Deficit	Total
Notes		Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Opening balance						
	as at 1 January 2004	6,000,000	(176,842)	-	(4,405,841)	1,417,317
	Issue of ordinary shares	14,930	1,135	-	-	16,065
	Net profit for the period	-	-	-	51,996	51,996
Closing balance						
	as at 30 June 2004	<u>6,014,930</u>	<u>(175,707)</u>	<u>-</u>	<u>(4,353,845)</u>	<u>1,485,378</u>
Opening balance						
	as at 1 January 2005	6,023,714	(175,040)	-	(4,201,279)	1,647,395
	Issue of ordinary shares	5,099	388	-	-	5,487
	Advance receipt for share subscription increase during the period	-	-	3,168	-	3,168
	Net profit for the period	-	-	-	405,289	405,289
Closing balance						
	as at 30 June 2005	<u>6,028,813</u>	<u>(174,652)</u>	<u>3,168</u>	<u>(3,795,990)</u>	<u>2,061,339</u>
		Company				
		Share capital	Premium/ (Deficiency) in share capital	Advance receipt for share subscription	Deficit	Total
Notes		Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Opening balance						
	as at 1 January 2004	6,000,000	(176,842)	-	(4,405,841)	1,417,317
	Issue of ordinary shares	14,930	1,135	-	-	16,065
	Net profit for the period	-	-	-	51,996	51,996
Closing balance						
	as at 30 June 2004	<u>6,014,930</u>	<u>(175,707)</u>	<u>-</u>	<u>(4,353,845)</u>	<u>1,485,378</u>
Opening balance						
	as at 1 January 2005	6,023,714	(175,040)	-	(4,201,279)	1,647,395
	Issue of ordinary shares	5,099	388	-	-	5,487
	Advance receipt for share subscription increase during the period	-	-	3,168	-	3,168
	Net profit for the period	-	-	-	405,289	405,289
Closing balance						
	as at 30 June 2005	<u>6,028,813</u>	<u>(174,652)</u>	<u>3,168</u>	<u>(3,795,990)</u>	<u>2,061,339</u>

The notes to the consolidated and company financial statements on pages 9 to 20 are an integral part of these financial statements.

ITV Public Company Limited
Statements of Cash flows (unaudited)
For the six-month periods ended 30 June 2005 and 2004

	Notes	Consolidated		Company	
		2005 Baht'000	2004 Baht'000	2005 Baht'000	2004 Baht'000
Cash flows from operating activities					
Net profit for the period		405,289	51,996	405,289	51,996
Adjustments for:					
Amortisation of concession assets	7	110,532	110,343	110,532	110,343
Gain on foreign exchange rate		(36)	(123)	(36)	(123)
Depreciation	7	10,976	11,074	5,829	5,920
Amortisation and allowance for impairment of programming rights and production costs	5	77,300	143,214	77,300	143,214
Allowance for doubtful debt accounts (Reversal)		(1,123)	(9,716)	(1,123)	(9,716)
Gain on devaluation of barter assets		(93)	(112)	(93)	(112)
Amortisation of front end fee	8	727	727	727	727
Share of net result from investment in a subsidiary	6	-	-	897	2,298
Changes in operating assets and liabilities					
Trade accounts receivable		(82,804)	46,064	(83,204)	43,847
Other current assets		(21,925)	(21,119)	(25,110)	(18,973)
Other assets		39	1,421	39	1,421
Trade accounts payable		35,721	8,738	35,809	8,950
Concession payable		115,000	115,000	115,000	115,000
Accrued expenses		(54,182)	1,117	(54,071)	1,334
Other current liabilities		3,930	6,022	3,895	2,728
Cash generated from operating activities		599,351	464,646	591,680	458,854
Cash flows from investing activities					
Purchases of programming rights and production costs	5	(77,620)	(155,735)	(77,620)	(155,735)
Purchases of concession assets	7	(40,725)	(41,941)	(40,725)	(41,941)
Purchases of equipment	7	(672)	(3,490)	(172)	(3,490)
Receipt of loan to a subsidiary	11 d)	-	-	6,000	-
Net cash used in investing activities		(119,017)	(201,166)	(112,517)	(201,166)

The notes to the consolidated and company financial statements on pages 9 to 20 are an integral part of these financial statements.

ITV Public Company Limited
Statements of Cash flows (unaudited) (Continued)
For the six-month periods ended 30 June 2005 and 2004

	Notes	Consolidated		Company	
		2005 Baht'000	2004 Baht'000	2005 Baht'000	2004 Baht'000
Cash flows from financing activities					
Proceeds from short-term loan from banks	8	-	200,000	-	200,000
Repayment of short-term loan from banks	8	-	(450,000)	-	(450,000)
Repayment of long-term loan from bank	8	(233,888)	(33,888)	(233,888)	(33,888)
Proceeds from increase in share capital from exercising warrants	10	5,487	16,065	5,487	16,065
Proceeds from advance receipt for share subscription	13	3,168	-	3,168	-
Net cash used in financing activities		(225,233)	(267,823)	(225,233)	(267,823)
Net increase (decrease) in cash and cash equivalents		255,101	(4,343)	253,930	(10,135)
Opening balance		152,277	159,072	150,184	158,318
Closing balance		407,378	154,729	404,114	148,183
Cash and cash equivalents as at 30 June comprise:					
Cash on hand		629	655	629	655
Cash at banks		406,749	154,074	403,485	147,528
Total cash and cash equivalents		407,378	154,729	404,114	148,183
Supplementary information for cash flows:					
Interest paid		5,464	20,014	5,464	20,014
Non-cash transactions					
Increasing in programming rights and production costs by liabilities		4,272	5,183	4,272	5,183

The notes to the consolidated and company financial statements on pages 9 to 20 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.

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.

Approval to publicise the financial statement

These interim consolidated and company financial statements have been approved for issue by the Board of Directors on 10 August 2005.

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 six-month period ended 30 June 2005.

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

	For the three-month periods ended 30 June (Consolidated and Company)					
	Net profit		Weighted number of shares		Earnings per share	
	(Baht'000)		(Shares'000)		(Baht)	
	2005	2004	2005	2004	2005	2004
Basic earnings per share	243,674	28,050	1,204,843	1,200,886	0.20	0.02
The effect of dilutive potential shares	-	-	6,092	8,966	-	-
Diluted earnings per share	243,674	28,050	1,210,935	1,209,852	0.20	0.02

ITV Public Company Limited
Unaudited condensed notes to the interim consolidated and company financial statements (continued)
For the six-month periods ended 30 June 2005 and 2004

3 Earnings per share (continued)

	For the six-month periods ended 30 June (Consolidated and Company)					
	Net profit (Baht'000)		Weighted number of shares (Shares'000)		Earnings per share (Baht)	
	2005	2004	2005	2004	2005	2004
Basic earnings per share	405,289	51,996	1,204,984	1,200,443	0.34	0.04
The effect of dilutive potential shares	-	-	6,541	9,872	-	-
Diluted earnings per share	405,289	51,996	1,211,525	1,210,315	0.33	0.04

Diluted earnings per share for the six-month periods ended 30 June 2005 and 2004 include the effect of 11.01 million warrants and 13.78 million warrants - ordinary shares, respectively.

As at 30 June 2005 and 2004, there were no other dilutive potential common shares in issue.

4 Trade accounts receivable, net

	Consolidated		Company	
	30 June 2005 Baht'000	31 December 2004 Baht'000	30 June 2005 Baht'000	31 December 2004 Baht'000
Trade accounts receivable				
- Third parties	381,710	329,230	380,940	328,030
- Related parties (Note 11c)	71,853	41,530	72,829	42,536
Total trade accounts receivable	453,563	370,760	453,769	370,566
<u>Less</u> Allowance for doubtful accounts	(29,766)	(30,890)	(29,766)	(30,890)
Trade accounts receivable, net	423,797	339,870	424,003	339,676

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

	Consolidated		Company	
	30 June 2005 Baht'000	31 December 2004 Baht'000	30 June 2005 Baht'000	31 December 2004 Baht'000
Current - 3 months	344,370	289,192	343,600	287,992
3 - 6 months	6,695	9,150	6,695	9,150
6 - 12 months	1,727	2,342	1,727	2,342
Over 12 months	28,918	28,546	28,918	28,546
Total	381,710	329,230	380,940	328,030
<u>Less</u> Allowance for doubtful accounts	(29,766)	(30,890)	(29,766)	(30,890)
Trade accounts receivable, net	351,944	298,340	351,174	297,140

ITV Public Company Limited
Unaudited condensed notes to the interim consolidated and company financial statements (continued)
For the six-month periods ended 30 June 2005 and 2004

5 Programming rights and production costs, net

	Consolidated and Company Baht'000
For the six-month period ended 30 June 2005	
Opening net book value	105,204
Additions	73,816
<u>Less</u> Amortisation	(73,820)
Allowance for impairment	(3,480)
Closing net book value	<u>101,720</u>
Cost, net	124,800
<u>Less</u> Allowance for impairment	(23,080)
Closing net book value	<u><u>101,720</u></u>

6 Investment in a subsidiary

) Movements in investment in a subsidiary for the six-month period ended 30 June 2005 are as follows:

	Company Baht'000
Opening net book value	5,369
Share of the result from investment in a subsidiary	(897)
Closing net book value	<u>4,472</u>

b) Carrying value of investment in a subsidiary

	Company - 30 June 2005 (Baht'000)					
	Paid-up capital	Investment portion (%)	Cost	Share of net results of investment	Equity	Dividend
Artware Media Company Limited	20,000	99.99	20,000	(15,528)	4,472	-
	Company - 31 December 2004 (Baht'000)					
	Paid-up capital	Investment portion (%)	Cost	Share of net results of investment	Equity	Dividend
Artware Media Company Limited	20,000	99.99	20,000	(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.

ITV Public Company Limited
Unaudited condensed notes to the interim consolidated and company financial statements (continued)
For the six-month periods ended 30 June 2005 and 2004

7 Capital expenditure

	Consolidated		Company	
	Equipment Baht'000	Concession assets Baht'000	Equipment Baht'000	Concession assets Baht'000
For the six-month period ended 30 June 2005				
Opening net book value	121,490	2,166,952	89,189	2,166,952
Additions	672	40,725	172	40,725
Depreciation/amortisation charge	(10,976)	(110,532)	(5,829)	(110,532)
Closing net book value	<u>111,186</u>	<u>2,097,145</u>	<u>83,532</u>	<u>2,097,145</u>
As at 30 June 2005				
Cost	167,727	3,615,631	115,396	3,615,631
<u>Less</u> Accumulated depreciation/amortisation	<u>(56,541)</u>	<u>(1,518,486)</u>	<u>(31,864)</u>	<u>(1,518,486)</u>
Net book value	<u>111,186</u>	<u>2,097,145</u>	<u>83,532</u>	<u>2,097,145</u>

8 Borrowings

	Consolidated		Company	
	30 June 2005 Baht'000	31 December 2004 Baht'000	30 June 2005 Baht'000	31 December 2004 Baht'000
Short-term borrowings				
Current portion of long-term loan from bank	76,250	72,013	76,250	72,013
Total	<u>76,250</u>	<u>72,013</u>	<u>76,250</u>	<u>72,013</u>
Long-term borrowings				
Long-term loan from bank	335,414	573,539	335,414	573,539
<u>Less</u> Deferred front end fee	<u>(5,093)</u>	<u>(5,820)</u>	<u>(5,093)</u>	<u>(5,820)</u>
Total	<u>330,321</u>	<u>567,719</u>	<u>330,321</u>	<u>567,719</u>
Total borrowings	<u>406,571</u>	<u>639,732</u>	<u>406,571</u>	<u>639,732</u>

The movements in the borrowings can be analysed as follows:

	Consolidated and Company Baht'000
For the six-month period ended 30 June 2005	
Opening balance, net	639,732
Repayments	(233,888)
Amortisation of deferred front end fee	727
Closing balance, net	<u>406,571</u>

ITV Public Company Limited
Unaudited condensed notes to the interim consolidated and company financial statements (continued)
For the six-month periods ended 30 June 2005 and 2004

9 Trade accounts payable

	Consolidated		Company	
	30 June 2005 Baht'000	31 December 2004 Baht'000	30 June 2005 Baht'000	31 December 2004 Baht'000
Trade accounts payable				
- Third parties	53,263	20,849	53,215	20,856
- Related parties (Note 11c)	4,737	1,466	4,826	1,412
Total trade accounts payable	58,000	22,315	58,041	22,268

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

	Number of registered share capital Shares'000	Issue and paid-up shares Shares'000	Ordinary shares Baht'000	Premium/ (Deficiency) in share capital Baht'000	Total Baht'000
For the six-month period ended 30 June 2005					
Opening balance	1,560,000	1,204,743	6,023,714	(175,040)	5,848,674
Issue of shares	-	1,020	5,099	388	5,487
Closing balance	1,560,000	1,205,763	6,028,813	(174,652)	5,854,161

As at 30 June 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

The movement of warrants is as follows:

	For the six-month period ended 30 June 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)	(920)	(1,020)	-	-	-	-	-	-	(1,020)
Closing balance	5,438	5,568	11,006	1,983	7,191	9,174	4,043	5,611	9,654	29,834

On 31 May 2005, the Company issued and offered 9.65 million warrants (ESOP - Grant 3) equivalent to 0.80% of the Company's total paid-up share capital (before dilution) to directors and employees who are eligible for such allocation. The warrants are in registered form and non-transferable. The term of the warrant is not exceeding 5 years and there is no offering price. The exercise ratio is 1 unit of warrant to 1 ordinary share. The rights may be exercised after the first year of the date on which the rights were granted. The exercise price was set at Baht 13.79 per unit.

11 Related party transactions

The Company is controlled by Shin Corporation Public Co., Ltd. (“Shin”), incorporated in Thailand, which owns 52.96% of the Company’s shares (31 December 2004: 53.01%). The remaining 47.04% 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.

The following transactions were carried out with related parties:

a) Sales of goods and services

	Consolidated		Company	
	30 June 2005 Baht’000	30 June 2004 Baht’000	30 June 2005 Baht’000	30 June 2004 Baht’000
For the three-month periods ended				
Advertising income				
Subsidiary	-	-	845	1,838
Other related parties - Shin Group	55,181	45,091	55,181	45,091
	<u>55,181</u>	<u>45,091</u>	<u>56,026</u>	<u>46,929</u>
Other income				
Subsidiary - Interest income	-	-	337	673
Subsidiary - Other income	-	-	300	307
Other related parties - Shin Group	8,912	-	8,912	-
	<u>8,912</u>	<u>-</u>	<u>9,549</u>	<u>980</u>
Total sales of goods and services	<u>64,093</u>	<u>45,091</u>	<u>65,575</u>	<u>47,909</u>

	Consolidated		Company	
	30 June 2005 Baht’000	30 June 2004 Baht’000	30 June 2005 Baht’000	30 June 2004 Baht’000
For the six-month periods ended				
Advertising income				
Subsidiary	-	-	1,020	2,596
Other related parties - Shin Group	108,792	88,698	108,792	88,698
	<u>108,792</u>	<u>88,698</u>	<u>109,812</u>	<u>91,294</u>
Other income				
Subsidiary - Interest income	-	-	726	1,346
Subsidiary - Other income	-	-	600	605
Other related parties - Shin Group	9,483	-	9,483	-
	<u>9,483</u>	<u>-</u>	<u>10,809</u>	<u>1,951</u>
Total sales of goods and services	<u>118,275</u>	<u>88,698</u>	<u>120,621</u>	<u>93,245</u>

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For the six-month periods ended 30 June 2005 and 2004

11 Related party transactions (continued)

b) Purchases of goods and services

For the three-month periods ended	Consolidated		Company	
	30 June 2005 Baht'000	30 June 2004 Baht'000	30 June 2005 Baht'000	30 June 2004 Baht'000
Parent company - Shin				
Consulting and management fee	3,039	3,091	3,039	3,091
	<u>3,039</u>	<u>3,091</u>	<u>3,039</u>	<u>3,091</u>
Subsidiary				
Expenses				
Advertising expenses	-	-	3,216	3,036
Equipment rental	-	-	360	360
Commission expenses	-	-	215	92
	<u>-</u>	<u>-</u>	<u>3,791</u>	<u>3,488</u>
Other related parties - Shin group				
Expenses				
Building rental and service charge	16,951	18,053	16,665	17,774
Transponder rental	8,351	9,783	8,351	9,783
Commission expenses	3,250	2,538	3,250	2,538
Advertising expenses	76	4,740	76	4,740
Telephone expenses	2,386	4,293	2,386	4,293
Other expenses	1,734	672	1,667	605
	<u>32,748</u>	<u>40,079</u>	<u>32,395</u>	<u>39,733</u>
Total purchases of goods and services	<u>35,787</u>	<u>43,170</u>	<u>39,225</u>	<u>46,312</u>
Purchase of assets	248	-	248	-
	<u>248</u>	<u>-</u>	<u>248</u>	<u>-</u>

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11 Related party transactions (continued)

b) Purchases of goods and services (continued)

For the six-month periods ended	Consolidated		Company	
	30 June 2005 Baht'000	30 June 2004 Baht'000	30 June 2005 Baht'000	30 June 2004 Baht'000
Parent company - Shin				
Consulting and management fee	6,644	6,856	6,644	6,856
Other expenses	605	-	605	-
	<u>7,249</u>	<u>6,856</u>	<u>7,249</u>	<u>6,856</u>
Subsidiary				
Expenses				
Advertising expenses	-	-	4,752	3,144
Equipment rental	-	-	720	720
Commission expenses	-	-	224	130
	<u>-</u>	<u>-</u>	<u>5,696</u>	<u>3,994</u>
Other related parties - Shin group				
Expenses				
Building rental and service charge	33,567	34,257	32,992	33,696
Transponder rental	16,504	19,566	16,504	19,566
Commission expenses	6,048	9,509	6,048	9,509
Advertising expenses	79	6,246	79	6,246
Program production cost	-	410	-	410
Telephone expenses	4,634	8,291	4,634	8,291
Other expenses	4,823	1,335	4,756	1,268
	<u>65,655</u>	<u>79,614</u>	<u>65,013</u>	<u>78,986</u>
Total purchases of goods and services	<u>72,904</u>	<u>86,470</u>	<u>77,958</u>	<u>89,836</u>
Purchase of assets	<u>248</u>	<u>-</u>	<u>248</u>	<u>-</u>

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

	Consolidated		Company	
	30 June 2005 Baht'000	31 December 2004 Baht'000	30 June 2005 Baht'000	31 December 2004 Baht'000
Receivables from related parties:				
Subsidiary	-	-	1,011	1,006
Other related parties - Shin group	71,853	41,530	71,818	41,530
Total receivables from related parties	<u>71,853</u>	<u>41,530</u>	<u>72,829</u>	<u>42,536</u>
Payables to related parties:				
Parent company - Shin	144	208	144	207
Subsidiary	-	-	131	-
Other related parties - Shin group	4,593	1,258	4,551	1,205
Total payable to related parties	<u>4,737</u>	<u>1,466</u>	<u>4,826</u>	<u>1,412</u>

11 Related party transactions (continued)

d) Loan to a related party

	Consolidated		Company	
	30 June 2005 Baht'000	31 December 2004 Baht'000	30 June 2005 Baht'000	31 December 2004 Baht'000
Loan to a related party:				
Subsidiary	-	-	27,000	33,000
Total loan to a related party	-	-	27,000	33,000

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	
	30 June 2005 Baht'000	31 December 2004 Baht'000	30 June 2005 Baht'000	31 December 2004 Baht'000
Prepaid Expense				
Other related parties - Shin Group	485	506	417	507
Interest Receivable				
Subsidiary	-	-	336	149
Total other current assets	485	506	753	656

f) Other assets

	Consolidated		Company	
	30 June 2005 Baht'000	31 December 2004 Baht'000	30 June 2005 Baht'000	31 December 2004 Baht'000
Deposit				
Other related parties - Shin Group	9,457	9,443	9,457	9,443
Total other assets	9,457	9,443	9,457	9,443

g) Accrued expenses to related parties

	Consolidated		Company	
	30 June 2005 Baht'000	31 December 2004 Baht'000	30 June 2005 Baht'000	31 December 2004 Baht'000
Accrued expenses to related parties:				
Parent company - Shin	1,333	29	1,333	29
Subsidiary	-	-	513	411
Other related companies - Shin Group	7,212	14,539	7,212	14,539
Total accrued expenses to related parties	8,545	14,568	9,058	14,979

11 Related party transactions (continued)

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, Grant 3 on 31 May 2004 and Grant 4 on 31 May 2005 amounting to 24,647,700 units, 14,649,500 units, 10,563,300 units and 10,048,400 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, Grant 3 and Grant 4 are set at Baht 13.67 per unit, Baht 36.41 per unit and Baht 41.76 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). For the six-month period ended 30 June 2005, the Company's directors exercised 3,337,600 warrants. As at 30 June 2005, the outstanding rights of warrants of directors of the Company under the Employee Stock Option Plan (ESOP) stand at 42,796,100 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 7,092 units.

From the year 2003 until the second quarter of 2005, the Company's directors exercised their rights 5,782 units. As at 30 June 2005, the outstanding rights of the Company's directors are 1,310 units.

12 Commitments and contingencies

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

	Consolidated		Company	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
	Million Baht	Million Baht	Million Baht	Million Baht
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
Total	81	81	81	81

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.

12 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

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 six-month period ended 30 June 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.

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 30 June 2005 would have increased by Baht 1,105 million and the net profit for the three-month and six-month periods then ended would have decreased by Baht 192.5 million and Baht 385 million, respectively. As a result, the Company's basic earnings per share and diluted earnings per share would have decreased from the reported net profit of Baht 0.20 per share to Baht 0.04 per share for the three-month period ended and Baht 0.34 per share and Baht 0.33 per share, respectively to Baht 0.02 per share for s i x - m o n t h p e r i o d e n d e d .

13 Subsequent event

Warrants granted to directors and employees - exercised

As at 30 June 2005, 588,800 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 July 2005. 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 6,028.81 million to Baht 6,031.76 million, and from Baht 174.65 million to Baht 174.43 million, respectively.