

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the Shareholders of ITV Public Company Limited

I have reviewed the accompanying consolidated and company balance sheets as at 30 June 2006, and the related consolidated and company statements of income for the three-month and six-month periods ended 30 June 2006 and the related consolidated and company statements of changes in shareholders' equity, and cash flows for the six-month period ended 30 June 2006 of ITV Public Company Limited and its subsidiaries and of ITV Public Company Limited, respectively. 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 review. The consolidated and company financial statements for the three-month and six-month periods ended 30 June 2005 of ITV Public Company Limited and its subsidiaries and of ITV Public Company Limited, were reviewed by the another auditor from the same firm as myself, whose report dated 10 August 2005 stated that nothing had come to his attention that caused him to believe that the interim financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles and draw attention to the award of the arbitration panel relating to the Agreement for the Operation of Television Station of the Company. The consolidated and company statements of income for the three-month and six-month periods ended 30 June 2005 and the related consolidated and company statements of changes in shareholders' equity, and cash flows for the six-month period ended 30 June 2005, presented for comparative purposes, are components of the aforementioned interim financial statements.

I conducted my review in accordance with the standard on auditing applicable to review engagements. This standard requires that I plan and perform a review to obtain moderate assurance as to whether the interim 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, and accordingly, I do not express an audit opinion.

Based on my review, nothing has come to my attention that causes me to believe that the consolidated and company financial statements referred to above are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The consolidated and company financial statements for the year ended 31 December 2005 of ITV Public Company Limited and its subsidiaries and of ITV Public Company Limited, respectively, were audited by another auditor of the same firm as myself and his report dated 23 February 2006 expressed an unqualified opinion on those statements and draw attention to the award of the arbitration panel relating to the Agreement for the Operation of Television Station of the Company. The consolidated and company balance sheets as at 31 December 2005, presented herewith for comparative purposes, are part of the consolidated and company financial statements which were audited and upon which a report was issued as stated above and I have not performed any other auditing procedures subsequent to the date of that report.

Without qualifying my report, I draw attention to Note 15 to the financial statements on the award of the arbitration panel relating to the Agreement for the Operation of Television Station in relation to the concession fee and the appeal entered by the Office of the Permanent Secretary, the Prime Minister's Office in order to revoke the awards made by the arbitration panel, and the outcome of the Administrative Court of the First Instance which overturned the arbitration decision, including the penalty fee for having changed the programming schedule as claimed by the Office of the Permanent Secretary, the Prime Minister's Office. The result of the Administrative Court of the First Instance's decision has significant impact to the Company's operating result and financial position. Currently, the Company submitted the appeal to the Supreme Administrative Court. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the interim financial statements.

PRASAN CHUAPHANICH
Certified Public Accountant
(Thailand) No. 3051
PricewaterhouseCoopers ABAS Limited

Bangkok
9 August 2006

ITV Public Company Limited

Balance Sheets

As at 30 June 2006 and 31 December 2005

	Notes	Consolidated		Company	
		30 June 2006 Unaudited Baht'000	31 December 2005 Audited Baht'000	30 June 2006 Unaudited Baht'000	31 December 2005 Audited Baht'000
ASSETS					
Current assets					
Cash and cash equivalents		1,232,880	825,934	1,200,492	822,940
Trade accounts receivable, net	5	342,099	353,984	341,838	353,919
Loan to a subsidiary	12 d)	-	-	17,000	21,000
Programming rights and production costs, net	6	70,413	68,499	70,413	68,499
Withholding tax receivable		76,290	52,276	75,573	51,458
Other current assets	12 e)	26,539	28,456	26,250	28,456
Total current assets		<u>1,748,221</u>	<u>1,329,149</u>	<u>1,731,566</u>	<u>1,346,272</u>
Non-current assets					
Investments in a subsidiary and a joint venture	7	-	-	34,677	5,788
Equipment, net	8	102,392	104,777	83,330	82,047
Concession assets, net	8	1,934,074	2,006,774	1,934,074	2,006,774
Other assets	12 f)	11,306	11,356	11,306	11,356
Total non-current assets		<u>2,047,772</u>	<u>2,122,907</u>	<u>2,063,387</u>	<u>2,105,965</u>
Total assets		<u><u>3,795,993</u></u>	<u><u>3,452,056</u></u>	<u><u>3,794,953</u></u>	<u><u>3,452,237</u></u>

Director _____ Director _____

Date _____ Date _____

The notes to the interim consolidated and company financial statements on pages 10 to 25 are an integral part of these interim financial statements.

ITV Public Company Limited

Balance Sheets (Continued)

As at 30 June 2006 and 31 December 2005

	Notes	Consolidated		Company	
		30 June 2006 Unaudited Baht'000	31 December 2005 Audited Baht'000	30 June 2006 Unaudited Baht'000	31 December 2005 Audited Baht'000
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable	10	36,289	32,088	35,500	32,085
Current portion of long-term finance lease liabilities	9	1,019	-	1,019	-
Current portion of long-term loan	9	84,722	80,486	84,722	80,486
Concession payable	15	565,000	450,000	565,000	450,000
Accrued expenses	12 g)	211,199	234,212	210,941	234,469
Other current liabilities		35,329	30,102	35,336	30,029
Total current liabilities		933,558	826,888	932,518	827,069
Non-current liabilities					
Long-term finance lease liabilities	9	1,952	-	1,952	-
Long-term loan, net	9	247,812	289,845	247,812	289,845
Total non-current liabilities		249,764	289,845	249,764	289,845
Total liabilities		1,183,322	1,116,733	1,182,282	1,116,914
Shareholders' equity					
Share capital					
Authorised share capital - ordinary shares	11	7,800,000	7,800,000	7,800,000	7,800,000
Issued and paid-up share capital					
- ordinary shares	11	6,033,487	6,031,907	6,033,487	6,031,907
Deficiency on share capital	11	(174,297)	(174,417)	(174,297)	(174,417)
Deficit		(3,246,519)	(3,522,167)	(3,246,519)	(3,522,167)
Total shareholders' equity		2,612,671	2,335,323	2,612,671	2,335,323
Total liabilities and shareholders' equity		3,795,993	3,452,056	3,794,953	3,452,237

The notes to the interim consolidated and company financial statements on pages 10 to 25 are an integral part of these interim financial statements.

ITV Public Company Limited

Statements of Income (Unaudited)

For the three-month periods ended 30 June 2006 and 2005

	Notes	Consolidated		Company	
		2006 Baht'000	2005 Baht'000	2006 Baht'000	2005 Baht'000
Revenues	12 a)				
Service income		566,747	630,204	566,132	629,767
Share of net results from investments - equity method		-	-	-	522
Interest income		12,079	1,032	12,120	1,366
Other income		333	530	633	801
Total revenues		<u>579,159</u>	<u>631,766</u>	<u>578,885</u>	<u>632,456</u>
Expenses	12 b)				
Cost of services		234,102	228,576	230,724	225,844
Concession expenses		57,500	57,500	57,500	57,500
Selling and administrative expenses		108,831	97,478	110,460	100,900
Directors' remuneration		155	155	155	155
Share of net results from investments - equity method		-	-	1,475	-
Total expenses		<u>400,588</u>	<u>383,709</u>	<u>400,314</u>	<u>384,399</u>
Profit before interest and tax		178,571	248,057	178,571	248,057
Interest expenses		(6,181)	(4,383)	(6,181)	(4,383)
Income tax	13	-	-	-	-
Net profit for the period		<u>172,390</u>	<u>243,674</u>	<u>172,390</u>	<u>243,674</u>
Basic earnings per share (Baht)	4				
Net profit for the period		0.14	0.20	0.14	0.20
Diluted earnings per share (Baht)	4				
Net profit for the period		0.14	0.20	0.14	0.20

The notes to the interim consolidated and company financial statements on pages 10 to 25 are an integral part of these interim financial statements.

ITV Public Company Limited

Statements of Income (Unaudited)

For the six-month periods ended 30 June 2006 and 2005

	Notes	Consolidated		Company	
		2006 Baht'000	2005 Baht'000	2006 Baht'000	2005 Baht'000
Revenues	12 a)				
Service income		1,054,349	1,197,037	1,051,869	1,196,375
Interest income		20,473	1,133	20,730	1,856
Other income		1,026	1,283	1,596	1,824
Total revenues		<u>1,075,848</u>	<u>1,199,453</u>	<u>1,074,195</u>	<u>1,200,055</u>
Expenses	12 b)				
Cost of services					
Concession expenses		463,448	444,651	457,271	439,396
Selling and administrative expenses		115,000	115,000	115,000	115,000
Directors' remuneration		208,866	224,226	212,279	229,186
Share of net results from investments - equity method	7	-	510	1,015	897
Total expenses		<u>788,329</u>	<u>784,387</u>	<u>786,676</u>	<u>784,989</u>
Profit before interest and tax		287,519	415,066	287,519	415,066
Interest expenses		(11,871)	(9,777)	(11,871)	(9,777)
Income tax	13	-	-	-	-
Net profit for the period		<u>275,648</u>	<u>405,289</u>	<u>275,648</u>	<u>405,289</u>
Basic earnings per share (Baht)	4				
Net profit for the period		0.23	0.34	0.23	0.34
Diluted earnings per share (Baht)	4				
Net profit for the period		0.23	0.33	0.23	0.33

The notes to the interim consolidated and company financial statements on pages 10 to 25 are an integral part of these interim financial statements.

ITV Public Company Limited

Statements of Changes in Shareholders' Equity (Unaudited)

For the six-month periods ended 30 June 2006 and 2005

Consolidated and Company					
	Share capital	Premium/ (Deficiency) on share capital	Advance receipt for share subscription	Deficit	Total
Note	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
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>
Opening balance					
as at 1 January 2006	6,031,907	(174,417)	-	(3,522,167)	2,335,323
Issue of ordinary shares	1,580	120	-	-	1,700
Net profit for the period	-	-	-	275,648	275,648
Closing balance					
as at 30 June 2006	<u>6,033,487</u>	<u>(174,297)</u>	<u>-</u>	<u>(3,246,519)</u>	<u>2,612,671</u>

The notes to the interim consolidated and company financial statements on pages 10 to 25 are an integral part of these interim financial statements.

ITV Public Company Limited

Statements of Cash Flows (Unaudited)

For the six-month periods ended 30 June 2006 and 2005

	Notes	Consolidated		Company	
		2006 Baht'000	2005 Baht'000	2006 Baht'000	2005 Baht'000
Cash flows from operating activities					
Net profit for the period		275,648	405,289	275,648	405,289
Adjustments for:					
Amortisation of concession assets	8	112,732	110,532	112,732	110,532
Gain on foreign exchange rate		(33)	(36)	(33)	(36)
Depreciation	8	11,767	10,976	6,506	5,829
Amortisation and allowance for impairment of programming rights and production costs	6	63,851	77,300	63,851	77,300
Allowance for doubtful accounts (Reversal)		(608)	(1,123)	(608)	(1,123)
Gain on devaluation of barter assets		(1)	(93)	(1)	(93)
Amortisation of front end fee	9	328	727	328	727
Amortisation for deferred interest finance lease liabilities		6	-	6	-
Share of net results from investments in a subsidiary and a joint venture	7 a)	-	-	1,111	897
Changes in operating assets and liabilities					
Trade accounts receivable		11,757	(82,804)	11,954	(83,204)
Withholding tax receivable		(24,014)	(24,708)	(24,114)	(24,630)
Other current assets		1,918	2,783	2,206	(480)
Other assets		50	39	50	39
Trade accounts payable		(13,328)	35,721	(14,114)	35,809
Concession payable		115,000	115,000	115,000	115,000
Accrued expenses		(32,892)	(54,182)	(33,407)	(54,071)
Other current liabilities		4,060	3,930	4,140	3,895
Net cash flows from operating activities		526,241	599,351	521,255	591,680
Cash flows from investing activities					
Purchase of programming rights and production costs	6	(49,211)	(77,620)	(49,211)	(77,620)
Investment in concession assets	8	(27,242)	(40,725)	(27,242)	(40,725)
Purchase of equipment	8	(6,326)	(672)	(4,734)	(172)
Investment in a joint venture	7 a)	-	-	(30,000)	-
Receipt of loan to a subsidiary	12 d)	-	-	4,000	6,000
Net cash flows used in investing activities		(82,779)	(119,017)	(107,187)	(112,517)

The notes to the interim consolidated and company financial statements on pages 10 to 25 are an integral part of these interim financial statements.

ITV Public Company Limited

Statements of Cash Flows (Unaudited) (Continued)

For the six-month periods ended 30 June 2006 and 2005

	Notes	Consolidated		Company	
		2006 Baht'000	2005 Baht'000	2006 Baht'000	2005 Baht'000
Cash flows from financing activities					
Repayment liabilities under finance lease	9	(91)	-	(91)	-
Repayment long-term loan from a bank	9	(38,125)	(233,888)	(38,125)	(233,888)
Proceeds from increase in share capital from exercising warrants	11	1,700	5,487	1,700	5,487
Proceeds from advance receipt for share subscription		-	3,168	-	3,168
Net cash flows used in financing activities		(36,516)	(225,233)	(36,516)	(225,233)
Net increase in cash and cash equivalents		406,946	255,101	377,552	253,930
Cash and cash equivalents, opening balance		825,934	152,277	822,940	150,184
Cash and cash equivalents, closing balance		<u>1,232,880</u>	<u>407,378</u>	<u>1,200,492</u>	<u>404,114</u>
Cash and cash equivalents as at 30 June comprise:					
Cash on hand		645	629	632	629
Cash at banks		1,232,235	406,749	1,199,860	403,485
Total cash and cash equivalents		<u>1,232,880</u>	<u>407,378</u>	<u>1,200,492</u>	<u>404,114</u>
Supplementary information for cash flows:					
Interest paid		11,933	9,849	11,933	9,849
Non-cash transactions					
Purchase of programming rights and production costs by liabilities		20,670	4,272	20,670	4,272
Investment in concession assets by liabilities		12,791	-	12,791	-
Purchase of equipment by finance lease liabilities		2,971	-	2,971	-

The notes to the interim consolidated and company financial statements on pages 10 to 25 are an integral part of these interim financial statements.

1 Basis of preparation

These interim consolidated and company financial statements are 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 the 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 under the Securities and Exchange Act., B.E. 2535.

ITV Public Company Limited ("the Company"), its subsidiary, and joint venture are called together "the Group".

English versions of the consolidated and company interim financial statements have been prepared from the interim 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 interim financial statements shall prevail.

Costs that incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

These interim financial statements should be read in conjunction with the 2005 annual financial statements.

These interim consolidated and company financial statements have been approved for issue by the Board of Directors on 9 August 2006.

2 Principle accounting policies

Accounting policy related to a joint venture

The Group's interest in a jointly controlled entity ("joint venture") is accounted for by proportionate consolidation in the consolidated financial statements. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of assets or an impairment loss, the loss is recognised immediately. A list of the Group's principal joint venture and additional information is set out in Note 7.

In the Company's separate financial statements, the Company accounts for its interest in joint ventures on an equity basis.

Accounting policy related to leases - where a Group company is the lessee

Leases of equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

2 Principle accounting policies (Continued)

Accounting policy related to leases - where a Group company is the lessee (Continued)

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

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 2005 except for the following matters:

Accounting policy related to deferred income tax

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Tax rates at the balance sheet date are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiary and joint venture, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group and the Company has early adopted Thai Accounting Standard No. 56 "Accounting for Income Taxes" since the first quarter of 2006. The Group and the Company has restated the comparative prior period's financial statements, as if the income tax accounting policy had always been in used. However, this change has no significant impact on the financial statements, and consequently no restatement of the comparative financial information has been made.

3 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.

4 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 and six-month periods ended 30 June 2006.

ITV Public Company Limited
Unaudited condensed notes to the interim consolidated and company financial statements (Continued)
For the six-month periods ended 30 June 2006 and 2005

4 Earnings per share (Continued)

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	
2006	2005	2006	2005	2006	2005	
Basic earnings per share	172,390	243,674	1,206,613	1,204,843	0.14	0.20
The effect of dilutive potential shares	-	-	-	6,092	-	-
Diluted earnings per share	172,390	243,674	1,216,613	1,210,935	0.14	0.20

	For the six-month periods ended 30 June					
	(Consolidated and Company)					
	Net profit		Weighted number of shares		Earnings per share	
	Baht'000		Shares'000		Baht	
2006	2005	2006	2005	2006	2005	
Basic earnings per share	275,648	405,289	1,206,523	1,204,984	0.23	0.34
The effect of dilutive potential shares	-	-	-	6,541	-	(0.01)
Diluted earnings per share	275,648	405,289	1,206,523	1,211,525	0.23	0.33

The calculation of the diluted earnings per share for the three-month and six-month periods ended 30 June 2006 does not have the effect of Baht 28.90 million of warrants - ordinary shares. The calculation of diluted earnings per share for the three-month and six-month periods ended 30 June 2005 included the effect of Baht 11.01 million of warrants - ordinary shares.

As at 30 June 2006 and 2005, there were no other dilutive potential common shares in issue.

5 Trade accounts receivable, net

	Consolidated		Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	Baht'000	Baht'000	Baht'000	Baht'000
Trade accounts receivable				
- Third parties	318,278	316,871	318,274	316,751
- Related parties (Note 12 c)	35,323	50,237	35,066	50,292
Total trade accounts receivable	353,601	367,108	353,340	367,043
<u>Less</u> Allowance for doubtful accounts	(11,502)	(13,124)	(11,502)	(13,124)
Trade accounts receivable, net	342,099	353,984	341,838	353,919

5 Trade accounts receivable, net (Continued)

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

	Consolidated		Company	
	30 June 2006 Baht'000	31 December 2005 Baht'000	30 June 2006 Baht'000	31 December 2005 Baht'000
Up to 3 months	297,405	296,331	297,401	296,211
3 - 6 months	5,629	7,675	5,629	7,675
6 - 12 months	4,003	124	4,003	124
Over 12 months	11,241	12,741	11,241	12,741
Total	318,278	316,871	318,274	316,751
<u>Less</u> Allowance for doubtful accounts	(11,502)	(13,124)	(11,502)	(13,124)
Trade accounts receivable - third parties, net	306,776	303,747	306,772	303,627

6 Programming rights and production costs, net

	Consolidated and Company Baht'000
For the six-month period ended 30 June 2006	
Opening net book value	68,499
Additions	65,765
<u>Less</u> Amortisation	(63,054)
Allowance for impairment	(797)
Closing net book value	70,413
Cost, net	105,073
<u>Less</u> Allowance for impairment	(34,660)
Closing net book value	70,413

7 Investments in a subsidiary and a joint venture

a) Movements in investments in a subsidiary and a joint venture for the six-month period ended 30 June 2006 are as follows:

	Company Baht'000
Opening net book value	5,788
Investment in a joint venture	30,000
Share of net results from investments - equity method	(1,111)
Closing net book value	34,677

7 Investments in a subsidiary and a joint venture (Continued)

- b) Carrying value of investments in a subsidiary and a joint venture

Company - 30 June 2006 (Baht'000)						
	Paid-up capital	Investment portion (%)	Cost	Share of net results from Investments	Equity	Dividend
Subsidiary						
Artware Media Company Limited	20,000	99.99	20,000	(13,860)	6,140	-
Joint venture						
Media Connex Company Limited	50,000	60.00	30,000	(1,463)	28,537	-
			50,000	(15,323)	34,677	-
Company - 31 December 2005 (Baht'000)						
	Paid-up capital	Investment portion (%)	Cost	Share of net results from investments	Equity	Dividend
Subsidiary						
Artware Media Company Limited	20,000	99.99	20,000	(14,212)	5,788	-
			20,000	(14,212)	5,788	-

- c) The details of investments in a subsidiary and a joint venture can be summarised as follows:

Name	Business	Country	Currency
Subsidiary			
Artware Media Company Limited	Principal business is the lease of equipment for television programs and movies and arranging related marketing events.	Thailand	Baht
Joint venture			
Media Connex Company Limited	Produce contents and advertising media on mobile phones by accompanying computer technologies, televisions and mobile phones.	Thailand	Baht

In January 2006, the Company invested Baht 50 million in the share capital of Media Connex Company Limited, a joint venture, at 60% of authorised share capital. Media Connex Company Limited registered with the Ministry of Commerce on 5 January 2006.

ITV Public Company Limited
 Unaudited condensed notes to the interim consolidated and company financial statements (Continued)
 For the six-month periods ended 30 June 2006 and 2005

8 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 2006				
Opening net book value	104,777	2,006,774	82,047	2,006,774
Additions	9,382	40,032	7,789	40,032
Depreciation/ amortisation charge	(11,767)	(112,732)	(6,506)	(112,732)
Closing net book value	102,392	1,934,074	83,330	1,934,074
As at 30 June 2006				
Cost	182,181	3,676,085	127,873	3,676,085
<u>Less</u> Accumulated depreciation/ amortisation	(79,789)	(1,742,011)	(44,543)	(1,742,011)
Net book value	102,392	1,934,074	83,330	1,934,074

As at 30 June 2006, the additions in the consolidated and company financial statements include Baht 3.06 million (31 December 2005 : nil) of assets leased under finance leases (where the group is the lessee).

9 Borrowings

	Consolidated		Company	
	30 June 2006 Baht'000	31 December 2005 Baht'000	30 June 2006 Baht'000	31 December 2005 Baht'000
Short-term borrowings				
Current portion of long-term finance lease liabilities	1,019	-	1,019	-
Current portion of long-term loan from a bank	84,722	80,486	84,722	80,486
Total	85,741	80,486	85,741	80,486
Long-term borrowings				
Long-term finance lease liabilities	1,952	-	1,952	-
Long-term loan from a bank	250,692	293,053	250,692	293,053
<u>Less</u> Deferred front end fee	(2,880)	(3,208)	(2,880)	(3,208)
Total	249,764	289,845	249,764	289,845
Total borrowings	335,505	370,331	335,505	370,331

The movements in the borrowings can be analysed as follows:

	Consolidated and Company Baht'000
For the six-month period ended 30 June 2006	
Opening balance, net	370,331
Addition by finance lease liabilities	3,056
Repayments	(38,210)
Amortisation of deferred front end fee	328
Closing balance, net	335,505

ITV Public Company Limited
 Unaudited condensed notes to the interim consolidated and company financial statements (Continued)
 For the six-month periods ended 30 June 2006 and 2005

10 Trade accounts payable

	Consolidated		Company	
	30 June 2006 Baht'000	31 December 2005 Baht'000	30 June 2006 Baht'000	31 December 2005 Baht'000
Trade accounts payable				
- Third parties	35,652	28,437	34,007	28,207
- Related parties (Note 12 c)	637	3,651	1,493	3,878
Total trade accounts payable	36,289	32,088	35,500	32,085

11 Share capital, premium/ (deficiency) and warrants

Share capital and premium/ (deficiency)

Movements in share capital are as follows:

	For the six-month period ended 30 June 2006				Total Baht'000
	Number of registered share capital Shares'000	Number of shares Shares'000	Issued and fully paid-up shares		
Ordinary shares Baht'000			Premium/ (Deficiency) on share capital Baht'000		
Opening balance	1,560,000	1,206,381	6,031,907	(174,417)	5,857,490
Issue of shares	-	316	1,580	120	1,700
Closing balance	1,560,000	1,206,697	6,033,487	(174,297)	5,859,190

As at 30 June 2006, the total authorised number of ordinary shares was 1,560 million shares (31 December 2005: 1,560 million shares) with a par value of Baht 5 per share (31 December 2005: Baht 5 per share).

11 Share capital, premium/ (deficiency) and warrants (Continued)

Warrants

Movements in the number of outstanding warrants are as follows:

	For the six-month period ended 30 June 2006 ('000 units)			
	Opening balance	Granted	Exercised	Closing balance
ESOP - Grant I				
- Directors	5,438	-	(316)	5,122
- Employees	4,949	-	-	4,949
Total	10,387	-	(316)	10,071
ESOP - Grant II				
- Directors	1,983	-	-	1,983
- Employees	7,191	-	-	7,191
Total	9,174	-	-	9,174
ESOP - Grant III				
- Directors	4,043	-	-	4,043
- Employees	5,611	-	-	5,611
Total	9,654	-	-	9,654
ESOP - Grant IV				
- Directors	-	5,441	-	5,441
- Employees	-	5,178	-	5,178
Total	-	10,619	-	10,619
Total	29,215	10,619	(316)	39,518

The Company issued and offered four 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 five years and there is no offering price. The exercise ratio is one unit of warrant to one ordinary share. The details of warrants are shown below:

	Issued date	Issued units	Percentage *	Exercise price	Exercise period	
		(Million)		(Baht/unit)	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
ESOP - Grant IV	31 May 2006	10.619	0.88	8.70	31 May 2007	30 May 2011

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

12 Related party transactions

The Company is controlled by Shin Corporation Public Co., Ltd. ("Shin"), incorporated in Thailand, which owns 52.94% of the Company's shares (31 December 2005: 52.94%). The remaining 47.06% of the shares (31 December 2005: 47.06%) are widely held.

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. Consequently, the Shinawatra family and its related parties ceased to be the related parties of the Company from the date of the sale. However, the Company disclosed related party transaction with the Shinawatra family up to 31 January 2006.

Transactions related to companies within the Shin Group, such as subsidiaries, associates, management, and related parties, including transactions related to companies of Cedar Holdings Limited ("Cedar") and Aspen Holdings Limited ("Aspen") and the Temasek Holdings (Pte) Ltd. ("Temasek") group 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 were 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 2006 Baht'000	30 June 2005 Baht'000	30 June 2006 Baht'000	30 June 2005 Baht'000
For the three-month periods ended				
Advertising income				
Subsidiary	-	-	-	845
Other related parties - Shin Group	51,276	55,181	51,276	55,181
	<u>51,276</u>	<u>55,181</u>	<u>51,276</u>	<u>56,026</u>
Other income				
Subsidiary - Interest income	-	-	332	337
Subsidiary - Other income	-	-	300	300
Other related parties - Shin Group	12,320	8,912	12,320	8,912
	<u>12,320</u>	<u>8,912</u>	<u>12,952</u>	<u>9,549</u>
Total sales of goods and services	<u>63,596</u>	<u>64,093</u>	<u>64,228</u>	<u>65,575</u>

12 Related party transactions (Continued)

a) Sales of goods and services (Continued)

	Consolidated		Company	
	30 June 2006 Baht'000	30 June 2005 Baht'000	30 June 2006 Baht'000	30 June 2005 Baht'000
For the six-month periods ended				
Advertising income				
Subsidiary	-	-	1,230	1,020
Other related parties - Shin Group	90,525	108,792	90,525	108,792
	<u>90,525</u>	<u>108,792</u>	<u>91,755</u>	<u>109,812</u>
Other income				
Parent company - Shin	841	-	841	-
Subsidiary - Interest income	-	-	704	726
Subsidiary - Other income	-	-	600	600
Other related parties - Shin Group	17,316	9,483	17,316	9,483
	<u>18,157</u>	<u>9,483</u>	<u>19,461</u>	<u>10,809</u>
Total sales of goods and services	<u>108,682</u>	<u>118,275</u>	<u>111,216</u>	<u>120,621</u>

b) Purchases of goods and services

	Consolidated		Company	
	30 June 2006 Baht'000	30 June 2005 Baht'000	30 June 2006 Baht'000	30 June 2005 Baht'000
For the three-month periods ended				
Parent company - Shin				
Consulting and management fees	4,234	3,039	4,234	3,039
	<u>4,234</u>	<u>3,039</u>	<u>4,234</u>	<u>3,039</u>
Subsidiary				
Expenses				
Advertising expenses	-	-	2,376	3,216
Equipment rental	-	-	661	360
Commission expenses	-	-	-	93
Other expenses	-	-	367	122
	<u>-</u>	<u>-</u>	<u>3,404</u>	<u>3,791</u>
Other related parties - Shin group				
Expenses				
Building rental and service charges	-	16,951	-	16,665
Transponder rental	9,783	8,351	9,783	8,351
Commission expenses	2,879	3,250	2,879	3,250
Advertising expenses	336	76	336	76
Telephone expenses	541	2,386	541	2,386
Other expenses	3,130	1,734	3,130	1,667
	<u>16,669</u>	<u>32,748</u>	<u>16,669</u>	<u>32,395</u>
Total purchases of goods and services	<u>20,903</u>	<u>35,787</u>	<u>24,307</u>	<u>39,225</u>
Purchases of assets	<u>-</u>	<u>248</u>	<u>-</u>	<u>248</u>

12 Related party transactions (Continued)

b) Purchases of goods and services (Continued)

	Consolidated		Company	
	30 June	30 June	30 June	30 June
	2006	2005	2006	2005
	Baht'000	Baht'000	Baht'000	Baht'000
For the six-month periods ended				
Parent company - Shin				
Consulting and management fees	7,889	6,644	7,889	6,644
Other expenses	-	605	-	605
	<u>7,889</u>	<u>7,249</u>	<u>7,889</u>	<u>7,249</u>
Subsidiary				
Expenses				
Advertising expenses	-	-	4,752	4,752
Equipment rental	-	-	1,323	720
Commission expenses	-	-	123	224
Other expenses	-	-	789	-
	<u>-</u>	<u>-</u>	<u>6,987</u>	<u>5,696</u>
Other related parties - Shin group				
Expenses				
Building rental and service charges	5,957	33,567	5,861	32,992
Transponder rental	19,566	16,504	19,566	16,504
Commission expenses	4,922	6,048	4,922	6,048
Advertising expenses	1,309	79	1,309	79
Telephone expenses	1,504	4,634	1,504	4,634
Other expenses	4,765	4,823	4,755	4,756
	<u>38,023</u>	<u>65,655</u>	<u>37,917</u>	<u>65,013</u>
Total purchases of goods and services	<u>45,912</u>	<u>72,904</u>	<u>52,793</u>	<u>77,958</u>
Total purchases of goods and services	<u>-</u>	<u>248</u>	<u>-</u>	<u>248</u>

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

	Consolidated		Company	
	30 June	31 December	30 June	31 December
	2006	2005	2006	2005
	Baht'000	Baht'000	Baht'000	Baht'000
Receivables from related parties				
Parent company - Shin	-	2,461	-	2,461
Subsidiary	-	-	-	107
Other related parties - Shin group	35,323	47,776	35,066	47,724
Total receivables from related parties	<u>35,323</u>	<u>50,237</u>	<u>35,066</u>	<u>50,292</u>
Payables from related parties				
Parent company - Shin	78	571	78	571
Subsidiary	-	-	856	267
Other related parties - Shin group	559	3,080	559	3,040
Total payables from related parties	<u>637</u>	<u>3,651</u>	<u>1,493</u>	<u>3,878</u>

12 Related party transactions (Continued)

d) Loan to a subsidiary

A loan to a subsidiary bears interest at 7.5% per annum (31 December 2005: 6.5% per annum). The term of repayment is at call.

e) Other current assets

	Consolidated		Company	
	30 June 2006 Baht'000	31 December 2005 Baht'000	30 June 2006 Baht'000	31 December 2005 Baht'000
Prepaid expenses				
Other related parties - Shin group	-	88	-	88
Total other current assets	-	88	-	88

f) Other assets

	Consolidated		Company	
	30 June 2006 Baht'000	31 December 2005 Baht'000	30 June 2006 Baht'000	31 December 2005 Baht'000
Deposits				
Other related parties - Shin group	-	9,463	-	9,463
Total other assets	-	9,463	-	9,463

g) Accrued expenses

	Consolidated		Company	
	30 June 2006 Baht'000	31 December 2005 Baht'000	30 June 2006 Baht'000	31 December 2005 Baht'000
Accrued expenses				
Parent company - Shin	1	2,316	1	2,316
Subsidiary	-	-	33	282
Other related parties - Shin group	8,965	13,784	8,965	13,784
Total accrued expenses	8,966	16,100	8,999	16,382

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. These warrants are in registered form and are non-transferable. The term of the warrants does not exceed five 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 below:

	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	35.463	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 issued date.

12 Related party transactions

h) Warrants issued and offered to directors (Continued)

Since the issuing date of ESOP until 30 June 2006, 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 below:

	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	35.463
ESOP - Grant IV	1:1	1:1.01326	41.760	41.214

During the year 2003 to 2005, the Company's directors exercised 17,427,400 warrants under the Employee Stock Option Plan (ESOP). For the six-month period ended 30 June 2006, the Company's directors exercised 21,033,100 warrants. As at 30 June 2006, the outstanding rights of warrants of directors of the Company under the Employee Stock Option Plan (ESOP) stand at 21,448,400 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 are granted once a year for five consecutive years (commencing from 2002). The rights may be exercised after the first year of the grant date but not in excess of three 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. The total Special Reward Program to directors of the Company is 7,092 units.

From the year 2003 to 30 June 2006, the Company's directors exercised their rights for 6,526 units. As at 30 June 2006, the outstanding rights of the Company's directors are 566 units.

13 Income tax

The income tax on the Group's profit before tax for the three-month and the six-month periods ended 30 June 2006 and 2005 differs from the theoretical amount that would arise using the basic tax rate of the home country of the company as follows:

	2006	2005
	Baht'000	Restated Baht'000
For the three-month periods ended 30 June		
Profit before income tax	172,390	243,674
Tax calculated at a tax rate of 30% (2005: 30%)	51,717	73,102
Utilisation of previously unrecognised tax losses	(52,542)	(73,443)
Expenses not deductible for tax purposes	826	341
Tax charge	-	-
For the six-month periods ended 30 June		
Profit before income tax	275,648	405,289
Tax calculated at a tax rate of 30% (2005: 30%)	82,650	121,587
Utilisation of previously unrecognised tax losses	(84,483)	(121,685)
Expenses not deductible for tax purposes	833	98
Tax charge	-	-

14 **Bank guarantees**

The Company has commitments with local banks relating to letters of guarantee issued by the banks as follows:

	Consolidated		Company	
	30 June 2006 Baht Million	31 December 2005 Baht Million	30 June 2006 Baht Million	31 December 2005 Baht Million
Bank guarantees for operating performance under concession agreement	25	25	25	25
Bank guarantees in respect of the normal course of business	61	56	61	56
Total	86	81	86	81

15 **Commitments and contingencies**

Contingencies from general lawsuits

The Company is a defendant in various legal actions. In the opinion of management, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss. The Company did not set provision for liabilities in these interim financial statements for the aforementioned legal cases.

Contingencies from the lawsuit with the Administrative Court

On 30 January 2004, The arbitration award ruled by the arbitration panel on the disputes between the Company and the Office of the Permanent Secretary of the Office of the Prime Minister (“the PMO”) in accordance with the Concession Agreement can be summarised as follows:

- The PMO 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 concession fee to 6.5% (from the original rate of 44%) of gross revenue or the minimum guarantee of Baht 230 million (from the original agreement of 8th year Baht 800 million; 9th Year Baht 900 million and 10th - 30th Year Baht 1,000 million each year), whichever is higher, as from 3 July 2002;
- The PMO 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; and
- 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 PMO entered into the appeal process in April 2004 in order to revoke the award made by the arbitration panel. On 9 May 2006, the Administrative Court of the First Instance handed down its ruling regarding the revocation of the arbitration award. On 7 June 2006, the Company filed an appeal against the verdict of the Administrative Court of the First Instance with the Supreme Administrative Court, and the Supreme Administrative Court received the execution of the judgment.

15 Commitments and contingencies (Continued)

Contingencies from the lawsuit with the Administrative Court (Continued)

Although the PMO and the Company are currently awaiting the final decision of the Supreme Administrative Court, the PMO issued letter dated 23 June 2006 claiming that the Company should:

- (1) Pay the unpaid concession fee totaling Baht 1,440 million for the 9th concession year (the Seventh Payment) in the amount of Baht 670 million and the 10th concession year (the Eighth Payment) in the amount of Baht 770 million plus 15% interest per annum on the unpaid concession fee due since 3 July 2004.
- (2) Immediately change its programming schedule in order to comply with the first paragraph of Clause 11 of the Concession Agreement and pay the penalty fee in accordance with Clause 11, second paragraph, of the Concession Agreement from 1 April 2004 at the rate of 10% of the annual concession fee calculated on a daily basis on the ground that the change in the programming schedule by the Company was in breach of the first paragraph of Clause 11 of the Concession Agreement. The penalty fee for breach of the television scheduling conditions under Clause 11 of the Concession Agreement determined by the PMO is in the amount of Baht 75,960 million (From 1 April 2004 to 9 May 2006).

The legal advisor is of the opinion that as Section 70 of the Act on Establishment of Administrative Courts and Administrative Court Procedure, B.E.2542 clearly states that "In the case of a judgment of an Administrative Court of First Instance, compliance with the decree shall be pending until the period of time for an appeal has elapsed, or in the case of an appeal, the execution of the judgment shall be suspended until the case becomes final". In addition, the appeal has already been accepted and is being considered by the Supreme Administrative Court. Therefore, the Administrative Court of First Instance's ruling shall not become effective as soon as it is handed down as claimed by the PMO. Instead, the enforcement of the Administrative Court of First Instance's ruling shall be pending until the Supreme Administrative Court's ruling is handed down. The Supreme Administrative Court's ruling shall be final and binding on both the PMO and the Company.

The legal advisor also viewed that if the arbitral award is not set aside by the Supreme Administrative Court, both the PMO and the Company are required to comply with the arbitral award in accordance with Section 70 of the Act on Establishment of Administrative Courts and Administrative Court Procedure, B.E.2542 together with Article 30 of the Arbitration Rules as well as Clause 15 of the Concession Agreement, which states that the arbitral award is final and binding on all parties. Consequently, the PMO cannot claim from the Company the difference in the unpaid concession fee or demand a change in its programming schedule, as the Company has fully complied with the arbitral award. The Company is also not required to pay the penalty fee for having changed its programming schedule as claimed by the PMO.

At present, the dispute is under consideration by the Supreme Administrative Court. Therefore, management cannot determine the ultimate outcome of the matter; therefore no provision for any liability that may result has been made in these interim financial statements. As the Supreme Administrative Court's ruling handed down causing any advantage and disadvantage to either the PMO or the Company, both parties have to follow such ruling.

In addition, the legal advisor viewed that the change of the television program of the Company was the result of the fact that the Company has faithfully followed the conditions of the arbitral award. Moreover, the said arbitral award shall still be binding on the parties under Clause 15 of the Concession Agreement and the award has not be revoked by the final judgment, the Company has no legal commitment to pay any penalty fee to the PMO. However, If the penalty fee are charged, the calculation of the penalty fee of the PMO was not in compliance with the objective of the Concession Agreement. The penalty fee should be calculated at Baht 274,000 per day as maximum amount not Baht 100 million per day as stated by the PMO. Therefore, the penalty fee from 1 April 2004 to 9 May 2006 should be Baht 208 million, not Baht 75,960 million as claimed by the PMO.

15 Commitments and contingencies (Continued)

Contingencies from the lawsuit with the Administrative Court (Continued)

If the Company had recorded accrued concession according to the original concession agreement plus the penalty fee for breach of the television scheduling conditions calculated at Baht 274,000 per day as clarified earlier, its liabilities as at 30 June 2006 would have increased by Baht 2,413 million. Net income for the three-month and six-month periods then ended would have decreased by Baht 2,413 million comprising of:

1. The unpaid concession fee amounting to Baht 1,875 million.
2. The liability to pay interest at 15% per annum from 3 July 2004 to 30 June 2006 totaling Baht 316 million due to the delay in the payment of the concession fee.
3. The penalty fee for breach of the television scheduling conditions (if any) from 1 April 2004 to 30 June 2006 amounting to Baht 222 million.

As a result, the Company's basic earnings per share and diluted earnings per share for the three-month and six-month periods would have decreased from the reported net profit of Baht 0.14 per share to a net loss of Baht 1.86 per share and from a net profit of Baht 0.23 per share to a net loss of Baht 1.77 per share respectively.

ITV PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND COMPANY
FINANCIAL STATEMENTS (UNAUDITED)**

30 June 2006