



ANNUAL REPORT 2006

ITV Public Company Limited

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FINANCIAL HIGHLIGHTS

	Unit : Million Baht		
CONSOLIDATED	2004	2005	2006
Operational Results			
Advertising Revenue	1,433	1,900	1,685
Airtime Rental Revenue	403	432	422
Total Service Revenue	1,836	2,333	2,107
Gross Margin	888	1,369	1,092
Net Profit (Loss)	205	679	(1,783)
Total Assets	2,975	3,452	3,911
Total Liabilities	1,327	1,117	3,356
Shareholders' Equity	1,647	2,335	554
Financial Ratio			
Gross Margin (%)	48.33	58.69	51.83
Return on Total Assets (%)	6.64	21.13	(48.42)
Current Ratio (X)	0.89	1.61	0.62
Earning (Loss) per Share (Baht)	0.17	0.56	(1.48)
Book Value per Share (Baht)	1.37	1.94	0.46

As at 31 December

GENERAL INFORMATION

Name	: ITV Public Company Limited
Nature of Business	: Operate the business of UHF system television station under the name "ITV Television Station" The Company was awarded concession on a Build-Transfer-Operate basis from the Office of the Permanent Secretary, the Prime Minister's Office ("the PMO") dated July 3, 1995 for a term of 30 years which would expire on July 3, 2025.
Current Status	: The Company has to cease its operation under ITV Television Station due to the revocation of the Concession Agreement from the PMO effective from March 7, 2007 at 12.00 p.m. onwards.
Head Office Address	: 1010 Shinawatra Tower 3, 13th Floor, Viphavadi-Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900
Registration No.	: 0107541000042
Corporate Homepage	: www.itv.co.th
Telephone	: (66) 2791-1000
Facsimile	: (66) 2791-1010
Registered Capital	: Baht 7,800,000,000
Paid-up Capital	: Baht 6,033,487,000
Par value	: Baht 5

Subsidiary

Name	: Artware Media Company Limited
Nature of Business	: Leasing of production equipment for television programs, production of television programs, buying/selling of program rights, and market event organizing.
Head Office Address	: 1010 Shinawatra Tower 3, 13th Floor, Viphavadi-Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900
Registration No.	: 10854501517
Telephone	: (66) 2791-1000
Facsimile	: (66) 2791-1010
Registered Capital	: Baht 20,000,000
Paid-up Capital	: Baht 20,000,000
Par value	: Baht 5
Holding Proportion	: 99.99% Registered Capital

Joint Venture Company

Name : Media Connex Company Limited
Nature of Business : Mobile advertising and marketing business.
Head Office Address : 1010 Shinawatra Tower 3, 13th Floor, Viphavadi-Rangsit Road,
Chatuchak, Chatuchak, Bangkok 10900
Registration No. : 0105549001844
Telephone : (66) 2791-1000
Facsimile : (66) 2791-1010
Registered Capital : Baht 50,000,000
Paid-up Capital : Fully paid up
Par value : Baht 10
Holding Proportion : 60% Registered Capital

References

Registrar : Thailand Securities Depository Company Limited
Capital Market Academy Building, The Stock Exchange of Thailand
2/7 Moo 4, (North Park Project) Vibhavadi-Rangsit Road Km. 27,
Tung Song Hong, Laksi, Bangkok 10210
Tel.: (66) 2596-9000
Fax: (66) 2832-4994-6

Thailand Securities Depository Company Limited
62 The Stock Exchange of Thailand Building,
Rachadapisek Road, Klongtoey, Bangkok 10110
Tel.: (66) 2229-2800
Fax: (66) 2359-1259
Homepage: www.tsd.co.th

Auditor : Mr. Prasan Chuaphanich
Certified Public Accountant (Thailand) No. 3051
PricewaterhouseCoopers ABAS Ltd.
179/74-80 Bangkok City Tower, 15th Floor, South Sathorn Road,
Yannawa, Bangkok 10120
Tel.: (66) 2286-9999, (66) 2344-1000
Fax: (66) 2286-5050

REPORT OF THE AUDIT COMMITTEE

The Company's Board of Directors approved the appointment of three members of the Audit Committee ("the Committee"). These three members are established professionals with proficient skill in organizational management, laws, and financial accounting. Mr. Anan Leetrakul is the Chairman of the Committee. Mr. Weerawong Chittmitrapap and Mrs. Sarita Bunnag are the remaining members of the Committee. The Committee directly reported to the Board of Directors.

Each committee members is an independent non-executive director and does not hold positions in either the Company or in any of the companies in ITV Group. They are qualified individuals who are assigned with roles, duties and responsibilities which comply to the rules and regulations set by The Stock Exchange of Thailand.

The Committee undertook duties and responsibilities as assigned by the Board of Directors and prescribed in the Audit Committee Charter. In 2006 the Committee attended 8 meetings with the Company's management and its auditors, as well as reviewed and administered matters within their scope of duties and responsibilities which can be summarized as follows:

1. Reviewing, together with the management and the Company's auditor, quarterly and annual financial statements of the Company prior to their submission to the Board of Directors, in order to ensure that such statements were fairly prepared and presented; information therein was adequately disclosed in accordance with the generally accepted accounting principle.
2. Reviewing and expressing opinions on guidelines for assessment of risks and for risk management, in order to ensure that adequate and proper risk management process exists, particularly for the important risks.
3. Reviewing and expressing opinions on audit plans; assessing the Internal Audit Office's auditing results, in order to ensure adequacy and appropriateness of the internal control system.
4. Monitoring the Company's compliance with the applicable laws, the Securities and Exchange Act, and The Stock Exchange of Thailand's rules and regulations.
5. Reviewing and expressing opinions on related transaction with the applicable laws, the Securities and Exchange Act, and The Stock Exchange of Thailand's rules and regulations.

The Committee paid great attention to the importance of good corporate governance. It also assessed the sufficiency and appropriateness of the Company's internal control system, on which it has an opinion that, in general, the Company sufficiently and properly maintains internal control system and acceptable risk management. Its financial statements are fairly and accurately presented and comply with the rules and regulations of the Securities and Exchange Act, The Stock Exchange of Thailand's rules and regulations and other applicable laws.

The Committee has considered a nomination of PricewaterhouseCoopers ABAS Limited to be the Company's auditor for 2007 and reviewed its relevant remuneration. The nomination will be presented to the Board of Directors for proposal to the 2007 Annual General Shareholders' Meeting for an appointment consideration.



Mr. Anan Leetrakul
Chairman of the Audit Committee
February 19, 2007

NATURE OF BUSINESS

Background and Major Developments

The Company was originally founded on May 9, 1995 as the Siam Infotainment Company Limited with initially registered and paid-in capital of Baht 250 million, which was later paid up to Baht 1,000 million in the same year, by Siam TV and Communications group led by Siam Commercial Bank Public Company Limited (“Bank”) The Company was awarded the “Build-Transfer-Operate” concession, signed with the PMO on July 3, 1995, to build and operate a UHF television master station and nationwide network of relay broadcast stations (“the Station”) for a concessionary period of 30 years, ending on July 3, 2025. The Company broadcasted date is July 1, 1996. In 1998, its name was changed to ITV Public Company Limited. These major changes and developments took place:

Year 1995

Siam TV & Communications Company Group, led by Siam Commercial Bank Public Company Limited, was granted approval by the PMO to operate a new UHF system television project, resulting in the establishment of Siam Infotainment Company Limited to execute the Concession on July 3, 1995.

Year 1996

The Company established its television station and launched the official broadcasting on July 1, 1996.

Year 1997

The Company established additional Transmission Stations at The Nation Building, Bang Na-Trad Road, and Sin Sathorn Building, which cover the service areas in Bangkok and certain surrounding areas.

Year 1998

The Company had a total of 36 Transmission Stations which cover the service areas in the central, northeastern, eastern regions and certain areas of the southern region of Thailand. In addition, the Company converted into a public limited company in compliance with the Concession and simultaneously changed its name to ITV Public Company Limited on October 20, 1998.

Year 1999

The Company established a Transmission Station on Bai Yok II Tower, with a maximum transmission capacity of 1,000 kilowatts, covering a diameter of approximately 100 kilometers throughout Bangkok, surrounding areas including provinces in the central region.

Year 2000

The Council of Ministers resolved to grant approval for amendment to the Agreement in respect of the restrictions of the Company’s share transfer so as to comply with the Public Limited Companies Act and regulations of The Stock Exchange of Thailand. The parties entered into the Amendment to the Concession regarding the restrictions of share transfer and postponement of the schedule for the first installment of remuneration, on April 25, 2000. From the date of establishment of the Company until the execution of the Amendment to the Concession, the Company’s shareholding structure and directors changed on several occasions.

Around late June 2000, the Company restructured its debt and equity structures by way of capital increase injected by the Bank and Shin Corp. totaling 55 million shares at the price Baht 10 per share and the total amount of Baht 550 million. Capital injection by the Bank and Shin Corp. were Baht 288.71 million and Baht 261.29 million respectively which bringing the paid-up capital to Baht

1,550 million and thereafter the registered and paid-up capital was reduced to Baht 387.5 million to write off the accumulated loss.

On September 18, 2000, the Company increased its registered capital from Baht 387.5 million to Baht 4,500 million and later in November 2000, the Company offered the new shares to the Bank and Shin Corp at the price Baht 8.7692 per share which capital increased by the Bank and Shin Corp. were Baht 464.15 million and Baht 420.1 million respectively. In addition, in December 2000, the Company increased its paid-up capital again at the same price at Baht 8.7692 per share which the Bank and Shin Corp. injected the total amount of Baht 1,526.73 million and Baht 976.11 million respectively, representing the total paid-up capital of Baht 4,250 million.

Since September 1, 2000 the Company extended its broadcasting time to 24 hours. In the same year, the Company established additional 4 Transmission Stations to fill blind spots from the existing 36 primary network stations, being a total of 40 Transmission Stations, covering approximately 97 percent of all the people in Thailand.

Year 2001

On November 13, 2001, a purchase of 106,250,000 additional ordinary shares by Shin Corporation Plc. ("SHIN") from the Bank at the price of Baht 10.6573 per share, and a public tender offering to purchase the Company's shares held by all other shareholders at the same price. SHIN thereby became the largest shareholder of the Company. By a resolution of the Extraordinary General Meeting of Shareholders No. 1/2001, the Company's par value was reduced to Baht 5 from Baht 10 which in turn increased the number of the Company's registered shares to 1,200 million shares of which 850 million shares were issued and paid-up.

Year 2002

During February 27 - March 1, 2002 the Company launched an Initial Public Offering of its 300 million shares at the Baht 6 per share offering price. The Company increased its issued and paid-up capital to Baht 5,750 million and listed its shares for public trading in The Stock Exchange of Thailand on March 13, 2002.

On November 11, 2002, the Company had set up of a new subsidiary named the Artware Media Company Limited to engage in activities such as leasing of production equipment for television programs, production of television programs, buying/selling of program rights, market event organizing, etc. This company, of which 99.93% of the shares are held by the Company, had an initial registered capital of Baht 1 million, with 10,000 common shares issued at Baht 100 par value.

Year 2003

On January 16, 2003, the Company's Board of Directors approved the Company's participation in the capital increase for Artware Media Co., Ltd. from its initial Baht 1 million to Baht 20 million or 200,000 common shares. The Company remains the major shareholder of the Artware Media Co., Ltd. with 99.99% ownership therein.

On February 1, 2003, the Company relocated to its new office in Shinawatra Tower 3 from SCB Park Plaza Building, which served as an expansion of the business as well as increasing in-house production programs.

On February 26, 2003, the Company's Board of Directors approved an issuance of 60 million common shares at Baht 5 par value, totaling to Baht 300 million. The issues were used to support the Employee Stock Option Plan (ESOP) grants to directors, staff and advisors. The registered capital of the Company thus increased from 1,200 million common shares, valued at Baht 6,000 million to 1,260 million common shares, valued at Baht 6,300 million.

On December 26, 2003, the Company's Board of Directors approved an increase of registered capital to Baht 7,800 million, numbering 1,560 common share at Baht 5 par value. 300 million new common shares, which accounted for Baht 1,500 million, were issued and offered to Mr. Tripop Limpapath and Kantana Group Public Co., Ltd. for participation on a private placement basis. The decision was endorsed by the resolution of the Extraordinary General Meeting of Shareholders No. 1/2004 held on January 19, 2004. However, a completion of this share participation is subject to an agreeable outcome of the Company's due diligence results.

Year 2004

On January 19, 2004, the above private placement was endorsed by the resolution of the Extraordinary General Meeting of Shareholders No. 1/2004. However, a completion of this share participation is subject to an agreeable outcome of the Company's due diligence results.

On January 30, 2004, the arbitration panel issued its adjudication that:

- The PMO shall pay a compensation of Baht 20 million to the Company.
- The annual concession fee is reduced to Baht 230 million and the minimum guaranteed return payable has dropped to 6.5% of gross earnings (i.e. before expenses and taxes). From July 3, 2002 onward, the Company is obliged, under the concession obligations, to pay either of the two amounts, whichever is the higher.
- The PMO shall make a Baht 570 million compensation to the Company. This compensation represents a partial refund of the Baht 800 million prior paid on July 3, 2003, as an annual required minimum guaranteed payment.
- The Company can freely broadcast its prime time programs during 7.00 p.m. - 9.30 p.m. without any restriction on program nature. Prior to this adjudications the Company was permitted to air only news, documentaries and socially beneficial programs during this time period. However 50% of total airtime programming must be assigned to news, documentaries and socially beneficial programs, which is a rule applied by the government to all television stations.

On April 27, 2004 the PMO submitted the petition to the Central Administrative Court for a revocation of the entire arbitration awards.

The Company has followed with the above arbitration award as under clause 15 of the Concession Agreement stipulated that the arbitral award is final and bound to both parties.

On November 26, 2004, the Board of Directors' meeting resolved the Company to sign the memorandums of understandings regarding an allocation of newly issued shares with Mr. Tripop Limpapath and Kantana Group Plc.. The memorandums of understandings allow that the share subscriptions and payments must complete within October 31, 2005, the offering share price, and other terms and conditions are the same as the resolutions of the Extraordinary General Meeting of Shareholders No. 1/2004 of the Company.

Year 2005

On October 31, 2005, Mr. Tripop Limpapath and the Kantana Group Public Co., Ltd. could not materialize their commitments made under the agreement dated November 26, 2004, relating to the allocation of shares issued under the capital increase scheme, which was approved by the shareholders' meeting on January 19, 2004. Nevertheless, both strategic partners still continue to produce television programs for the Company.

On December 22, 2005, the Company's Board of Directors approved an establishment of a new joint venture named the Media Connex Co., Ltd., which was founded to offer media services and to supply content production for mobile phones. The Company, which was incorporated in January 2006, has a registered capital of Baht 50 million, comprising of 5,000,000 shares issued at a par value of Baht 10 each. The Company's shareholder structure consists of the ITV Plc. (60%), the CA Mobile Limited (CAM)-Japan (25%), and Mitsui & Co. Limited (MITSUI)-Japan (15%). The joint venture represents the synergy attempts among shareholders to create added value services from existing business resources of the Company with applications of the Japanese partners' technical skills and new marketing techniques.

Year 2006

On January 23, 2006 the Company was notified that the principle shareholders of Shin Corporation Public Company Limited ("SHIN"), a major shareholder of the Company which holds 52.93% of its paid-up capital, sold all their SHIN's securities to Cedar Holding Company Limited ("Cedar") and Aspen Holding Company Limited ("Aspen"). However, Cedar and Aspen were granted from SEC not to make any tender offer of the Company's securities in compliance with the Notification of the Securities and Exchange Commission No. Gor Jor. 53/2545 Re: Rules, Conditions and Procedures for Business Takeovers. Owing to Cedar and Aspen had no intention to acquire the Company's securities and it was considered immaterial to SHIN's assets value.

On May 9, 2006 the Central Administrative Court handed down its ruling regarding the revocation of the entire arbitration awards dated January 30, 2004.

The Company appealed to the Supreme Administrative Court on June 7, 2006. On December 13, 2006, the Supreme Administrative Court ruled that the judgment of the Administrative Court of First Instance be affirmed. The Company is obliged to comply with Clause 5 of the concessionary agreement which governs the payment of concessionary compensation by the Company to the Office of the Permanent Secretary, the Prime Minister's Office; and with Clause 11, Paragraph 1 of the concessionary agreement which governs the minimum broadcasting requirement of news, documentaries and beneficial informative programs that must be no less than 70% of the total airtime, and the restricted time period of 7.00-9.30 p.m. that is assigned solely for news documentaries and beneficial informative programs. The Company has adjusted its program timetable to comply with such required conditions since December 14, 2006.

On December 20, 2006, the Media Connex Co., Ltd. changed its shareholder structure to the ITV Plc. (60%), and Mitsui & Co. Limited (MITSUI)-Japan (40%).

Year 2007

On January 4, 2007 the Company submitted the complaint regarding the interest and the fine requested by the PMO to the Arbitration Institute which was accepted as the black Dispute No. 1/2007 and it is in consideration of the Arbitration Institute.

Later on February 27, 2007 the cabinet assembly authorized the PMO to revoke the Concession Agreement if the Company is unable to pay the concession fee shortfall and the penalty to the PMO within March 6, 2007. Consequently the Company was unable to continue its broadcasting due to invalidity of the license.

March 7, 2007 the Company received a letter of revocation of the Concession from the PMO, thus the Company has to cease its operation under ITV Television Station.

On March 28, 2007 the Company sent a letter to the PMO to dispute that the termination of the Concession Agreement by the PMO, due to the reason that the Company was not able to pay penalty fee and interest related to the dispute amounting to over Baht 100 billion to the PMO, was not legal and contractual as the Company did not breach the Concession Agreement. Therefore, the PMO did not have any contractual right to terminate the Concession Agreement. Consequently, such deed conducted by the PMO has caused damages to the Company. The Company accused the PMO, as a contractual party, to be responsible for all damages incurred to the Company by such deed including the case that the state office and the PMO failed to perform their duties according to law by neglecting Clause 5, paragraph 4 of the Concession Agreement which required the Cabinet's approval of any joint venture between private and government sectors. Therefore the Company continues to pursue its right to legally seek for compensation from the PMO and its representatives.

Business Overview

ITV Public Company Limited ("the Company") operates as the first UHF System Television Station in Thailand, under the name "ITV Television Station". The Company was awarded the "Build-Transfer-Operate" concession, signed with the Prime Minister's Office ("the PMO") on July 3, 1995, to build and operate a UHF television master station and nationwide network of relay broadcast stations ("the Station") for a concessionary period of 30 years, ending on July 3, 2025. Under this concession contract (which was amended on April 25, 2000) upon completion of construction and installation of the Station, the Company agreed to transfer its ownership of land, buildings, equipment, and other operational assets of the Station specified under the said contract to the Office. In turn, the Company is entitled to utilize the Station, own its airtime, and earn its incurred revenues.

In the operations of the Station, it broadcasted to all viewers on a 24 hour basis through ITV broadcasting network of 52 relay stations nationwide with a viewer coverage ratio of 98% of total national inhabitants. The ITV Station is widely acclaimed as the country's leading news station, with news reports that are credited to be reliable, accurate, and timely presented. The Station's new presentations are also recognized for their famous characteristic of "daring to present the differences". Other than its concentration on being the "News Station", it also offers viewers a variety of choices of entertainment that match selected needs of all ages and genders. The Station produces selections of programs which cater specially to children, teenagers, housewives, working groups and elders, so that they can view their favorite shows at preferred hours.

In response to our commitments towards social awareness and under the prioritized concept of “ITV for the Society”, the Company has set as a corporate policy to offer assistances and services to the society and aims to be the “ITV - people media station” in promoting cooperation and community efforts. For instance, The “ITV Ruam Meu Ruam Jai” for the Tsunami victims in the six Southern provinces of Thailand including many relief effort programs for disasters: construction of schools in the Southern provinces, and assistance programs for victims of severe cold weather that have been continually carried on for the past six years.

Revenue Structure

Breakdown of consolidated revenues as of year - end December 31:

Revenue Breakdown	2004		2005		2006	
	Million Baht	%	Million Baht	%	Million Baht	%
Advertising Income	1,433.46	77.96	1,900.34	81.09	1,684.93	78.05
Airtime Rental	402.98	21.91	432.49	18.46	421.95	19.55
Other Income	2.35	0.13	10.57	0.45	51.85	2.40
Total Revenues	1,838.79	100.00	2,343.40	100.00	2,158.73	100.00

The Company's core revenues are derived from two major sources:

1. Advertising incomes: which accounted for 78.05% of the annual total revenues and were generated mainly from two activities, which are:
 - Internally produced programs, for which advertisement sales are fully managed and marketed by the Company.
 - Co-produced programs, whereby production costs are absorbed by strategic producers who benefit from the sharing of revenues and allocated advertising airtime.
2. Airtime rental: which accounted for 19.55% of the annual total revenues. The Company rents out its airtime slots to production houses, program arrangers or program hosts. Rental is quoted and collected on an agreed upon lump-sum payment basis.

Business Objectives

The Company's target is to preserve its current third rank in market shares, audience share and viewer popularity rating, as well as to expand its activities in program production and acquisition, and in integrated media & content provider. In 2006, the Company was able to keep its third ranking in the industry both in terms of market share, audience share and viewer popularity rating. Its market share was 17.3%, a slight decline from 18.5% in 2005. The drop in popularity rating was induced by severe market competition and adverse external impacts including economic and political situations. Nevertheless, its average prime time (6.00-10.30 p.m.) rating improved to 3.68 from 2.85 in 2005. Its audience share also climbed up from 11.7% in 2005 to 12.6% in 2006.

The Company has also invested in a new joint-venture with its Japanese strategic partners, the Media Connex Co., Ltd., which engages in content production for mobile phone marketing messages. The Company viewed that the investment offers a business opportunity in an alternative media mode that combined mobile phone services with internet applications. This new media mode provides a chance for media operators to better serve consumers. The investment and the business operation remain in the initial stage; therefore, the Company presently does not expect a large flow of revenues. Besides, mobile advertising is still a new scope in the local media industry. This investment, indeed, is a starting step for the Company in the integrated media & content provider business, which is a target business for the Company's future source of revenue growth.

Nature of Business

Description of Products or Services

The Company's activities cover operations of radio and television stations, management of the Station's airtime slots, program production and acquisition, sales of advertising airtime, rental of station airtime, and broadcasting and transmitting radio and television signals for nationwide viewing during the validity of its assigned concession period.

Programming Timetable

The arrangement of the program timetable starts with an annual scheduling of major programs of which approval from the Prime Minister's Office is required, while the allocations of program nature and airtime are also subject to applicable concession rules.

Once the major programs are laid out, monthly programming details can then be planned. The key concept for programming selection is a correct choice of shows which match the preference of viewers for each particular timeslot, thus maximizing the viewing potential for each timeslot. In addition, the planned program timetable is also aimed to attract continued viewing interest from the general public and hence escalate the program viewing rate and support commercial sales of its advertising timeslot. Survey and analysis of viewer behavior and preference trends are regularly conducted to give targeted directions and guide the Company towards its program development and ultimate selection of suitable program choices.

In 2006, the Company's focal point of program choices remained the diversification of viewing options. Excelling in program quality and ensuring that content is distinctively more interesting has always been the key concern. In February 2006, a newly modified program timetable was launched with aims to attract viewers' interest. Example of attention-grabbing prime time (6.00-10.30 p.m.) shows are "Evening News", children series, "Quiz Show", "Sethi Qwam Ru", family drama, in depth weekday news analysis program, known as "ITV Hot News", in-depth weekend news analysis program, known as "ITV Hot News Hot Weekend", daily weekday varieties entertainment providing viewers with global approaches, broad-spectrum knowledge and amusement, and weekend favorite news cum documentary programs such as "Tod Rahas" and "Yon Roy" still retain an unchallenged reputation among the general audiences.

The news presented by the "ITV Station" is credited to be reliable, accurate, and timely presented; these qualities lead to its presently widely acclaimed popularity as the "Leading News Station" in Thailand. Its news programs include the regular morning news brief for weekday, and weekend morning news, "Pichit Thura Kij", weekday "News at Noon", "Weekend News", "Ruam Meu Ruam Jai" on weekdays, weekday "ITV Hot News", weekend "ITV Hot News", "Late Edition News", and "Breaking News" which is reported every hour on the hour.

Breakdown of Airtime Allocation

In general, airtime allocation is structured as follows:

Program Category / Nature	Airtime Allocation (%)		
	2004*	2005*	2006**
News and Beneficial Informative Programs	71.12	66.32	71.75
Entertainment	28.88	33.68	28.25

Source : ITV Public Company Limited

* Y2004-2005; whole's year average

** Y2006; after program reschedule, during December 14-31, 2006 as a consequence of the Supreme Administration Court's ruling.

Programs

Broadcast programs are categorized into 2 groups as follows:

1) In-House Production

In-house productions are programs in which production costs are absorbed by the Company. These programs are internally produced programs such as news programs and news cum documentary series, for which advertisement sales are fully managed and marketed. Major characteristics of these programs are detailed as follows:

Program / Program's logo	Presentation pattern
ITV Weekend Morning News Saturday-Sunday 7.00-8.00 a.m. 	New style of news program presented with different approaches; with three anchormen in three personality styles presenting political-social-economic news with latest update and weekly summary. News is presented through: "ordinary people" perceptions, urban lifestyle reports in "City life", reflection of provincial views in "Klai Pun Tieng", plus creative approaches to family activities.
ITV Morning News Monday-Friday 6.15-7.30 a.m. 	Early morning live program that updates daily news and major events as they occur. Reporting important news in focus with in depth analytical comments, interviews, completed and updated coverage of both interesting local and international news, and summary reports on major sports results.
Smart Life Saturday 11.45-12.00 a.m. 	The program presents up-to-the-minute technologies and innovative ideas in various fields; including IT, computer, animation, and games, locally and overseas. In-trend news and knowledge are also covered.
Pichit Thura Kij Monday-Friday 9.45-10.00 a.m. 	The program updates economics and business situations; reports movements in economic index, and trends in securities, gold, exchange, and oil markets. It also provides a wide range of business knowledge to general viewers.
ITV's Noon Time News Monday-Friday 12.00 a.m.-1.00 p.m. 	Current reports on live incidents, important local & overseas situations, economic reviews, securities updates and major international sport events. The program then ends with an in-depth update of news & movements in the entertainment world for "devoted entertainment fans".
ITV's Weekend News Saturday-Sunday 11.00-11.45 a.m. 	Covering local and global news updates, results of major international sports events, world athletic scoops, entertainment movements and ending with "Young Reporter" presenting diversified teenager's view points, reported by student representatives from various educational institutions.

Program / Program's logo	Presentation pattern
<p>Ruam Meu Ruam Jai Monday-Friday 3.05-4.00 p.m.</p> 	<p>This social awareness program aims to improve social conditions by</p> <ul style="list-style-type: none"> • Acting as a mediating ground for public disputes and providing opportunities for nationwide viewers to voice their concerns and seek assistance. • Acting as a center for relief efforts during national disasters, such as Tsunami / Flood / extreme cold weather.
<p>ITV Evening News Monday-Friday 6.30-8.10 p.m.</p> 	<p>Coverage of major day by day news, both domestic and international, are presented nightly, with in-depth dimensions in presenting news reports with accountability and professional responsibility. News is timely and accurately reported in a relaxed informal style. Important substances of global movements in economics, sports, and entertainments are also covered.</p>
<p>ITV Hot News Monday-Friday 8.40-9.40 p.m.</p> 	<p>Reporting important daily news and news in focus with in-depth analytical comments and live coverage on breaking news and "Hot Issues". Providing completed and updated coverage of both interesting local and international news, and summary reports on major global sports results.</p>
<p>ITV Hot News Hot Weekend Saturday-Sunday 8.40-9.40 p.m.</p> 	<p>Reporting important weekly and daily news and news in focus. Providing updated movements in the technology world, global trends, interviews of "people in the news", in-depth follow up and sports events update.</p>
<p>Tod Rahas Saturday 10.10-11.05 p.m.</p> 	<p>News cum documentary that presents perceptive coverage and in-depth and breadth interrogation of disturbing social problems and dubious issues which engage public attentions.</p>
<p>Yon Roy Sunday 10.10-11.05 p.m.</p> 	<p>The show is specially made to dig deep into a variety of cases and stories holding current public interests. The show covers society, personalities, events and trends. It provides completed, new and insightful thoughts, knowledge and perceptions.</p>
<p>Late Night News Everyday 1.00-1.35 a.m.</p> 	<p>Summary of important news of the day aiming to update viewers who miss the evening news broadcast. Current follow up of breaking news, important incidents and global movements are also covered.</p>

Program / Program's logo	Presentation pattern
Breaking News Monday-Friday 10.00 & 11.00 a.m. and 2, 3, 4 and 5 p.m. Weekends 10.00 a.m. and 1, 2, 3, 4 and 5 p.m.	Every top of the hour update of current breaking news as well as a follow-up of important local & overseas incidents. All day follow-ups on breaking news and events.



2) Acquired Programs or Contracted Productions

The Station defines strategic directions for characteristics of its acquired programs or contracted production programs for its program timetable. The strategies involve thorough consideration on various impact factors, as well as suitable airtimes that match viewers tastes and preferences.

Major strategic considerations are:

1. The programs' characteristics, as well as their quality, and suitability to viewer preferences for each particular airtime.
2. Striking and distinguished targeted niche, and capability to compete with competitors' programs at similar airtimes.
3. Popularity assessment supported by statistical researches and viewer rating scales provided by the AGB Nielsen Media Research Co., Ltd.
4. Continuity in viewer's attentions supported by marketing studies on consumer behavior and lifestyle.

In addition, the Station also considers other supporting factors such as market credibility of the producers of contracted program production, their sound financial stand, and their work records with the Station. Program selections are decided by a working group formed by the Station. Selected programs are allocated in the broadcast timetable and presented to the Office of the Permanent Secretary, the Prime Minister's Office and advertisement sponsors at least one month in advance. The Station also works closely with these program producers, who are leading professionals and specialists in their fields, and monitoring viewer's satisfaction in order to improve quality of the broadcast programs to best suit viewer's choices.

Acquired programs or contracted production are classified into the three following categories:

Category 1. In-house production, contracted production or acquisition of foreign programs

The Station is responsible for the total investment costs of the program production, and it either makes its in-house programs, or contracts outside producers for program production or acquires some foreign programs of which their copyrights belong solely to the Station. Other than this, the Station is also fully in charge of the advertisement sales for these programs. The programs under this category are:

Program Type	Program Name	Production Nature
Thai Drama	Lakorn Ded 11 Mong	Contracted program
	"Norasingha" (6.00 p.m.)	Contracted program
	"Phut Phaya Bath" (9.40 p.m.)	Contracted program

Program Type	Program Name	Production Nature
Foreign Film	ITV Asian Series Japan/Korean	Acquired program copyright
Foreign Documentary	“Lattitude.. Roob Lok”/ “Jeng Kwa Nee Mee lak Mhai”	Acquired program copyright
Variety Knowledge	“Ran Cham Yam Chao”	In-house production
Local documentary	“Yod Khon Thai Radab Lok”	In-house production

Category 2. Sharing of advertising airtime with program producers

The Station provides broadcasting time. Producers are responsible for supplying marketable shows produced at their own costs. Allocation of advertising airtime for the shows between the Station and the program producers are pre negotiated. Sharing of advertising revenues are thus undertaken accordingly, whereas the program producers’ revenue share is only limited to the proceeds from their commercial airtime portion. Co-produced programs under this category for 2006 included:

Company Name	Program Type	Program Name
Born & Associates Co., Ltd.	Knowledge Question Game	Millionaire Qwam Ru
	Edutainment	Knock Knock Knock
	Variety Show	Twilight Show Tonight
Born Operation Co., Ltd.	Game Show	What is it
	Variety Knowledge for Women	The Guide
	Comedy Show	Chuan Chen Cafe
Kantana Group Public Co., Ltd.	Variety Show	Bupha Fan Club
	Variety Knowledge for Women	Zoning
	Social Contribution Documentary	Su Laew Ruay
Triple Two Co., Ltd.	Variety Show	Yuth Tha Karn Ban Theng Reload
Luck (666) Co., Ltd.	Variety Show	Sa-Ra-Nae-Jang...Duk
TV Thunder Co., Ltd.	Variety Show	O-No Show
How Come		
Entertainment Co., Ltd.	Variety Show	Bangkok Rama
Polyplus Entertainment Co., Ltd.	Thai Drama	Kom Rak Kom Sanaeha

Category 3. Sharing of revenues with program producers

The Station worked and co-invested with high caliber producers to co-invest in the production and the marketing and sales of advertisement airtime. The Station is in charge of invoice issuance and revenues collection. The program revenues are then accordingly shared as per mutually agreed conditions. Production of programs under this category for 2006 included:

Company Name	Program Type	Program Name
Eff Co., Ltd.	Cartoon	ITV Cartoon Club
TV Thunder Co., Ltd.	Thai Drama	Prig Wan Nam Tan Phed

Commercial Spot

Under the regulations of the National Radio and Television Broadcasting Business Commission, the maximum advertising airtime shall not exceed 12 minutes and 30 second per hour. The total advertising airtime for each day shall neither exceed 10 minutes per hour nor 240 minutes per day. The Company directly sells an advertising airtime. At present, the Company’s primary source of revenue is from advertising airtime especially during prime time (6.00-10.30 p.m.), covering the news program up to Thai drama series and other entertainment variety programs. To fix the commercial spot rate, the Company takes into account various factors, such as the category of the programs, TV rating of such

program both program and commercial ratings, the broadcasting period, and advertising rates of other stations during the same period. The Company's commercial spot rates can be classified into 3 major groups as follows :

- (1) Prime A: Monday-Sunday 6.00 - 10.30 p.m.
Commercial rate for advertisement is Baht 250,000 per minute
- (2) Prime B: Saturday-Sunday 8.00 a.m. - 6.00 p.m.
Commercial rate for advertisement is Baht 120,000 - 200,000 per minute
- (3) Prime C: Other than Prime A and Prime B
Commercial rate for advertisement is Baht 50,000 - 120,000 per minute

Leased - out Airtime

The Company optimized the efficiency of its airtime management by allowing outside producers to lease appropriate broadcasting airtime set in accordance with the Station's policies. Such airtime is leased for programs produced in accordance with requirements of its program schedule, and oriented towards public encouragement of intellectual skill, general knowledge, art and cultural appreciation, as well as live broadcasts of national and international sport tournaments. These producers must be responsible for program production, their costs, and sales of advertisement for the allocated commercial airtime of such programs. Advertisement revenues belong to the program producers, while airtime rental fees go to the Station.

Presently the Company leased out 39% of the total airtime schedule, most of which are non prime time slots. Presentation pattern, program content and production quality are the main criteria used in judging the appropriateness of programming schedules for rented airtime and its suitability to the Company's internal policy.



Examples of airtime lease programs and their program description are as follows:

Program	Program description
"Kaw Klai Kab Krom Vicha Kan Kaset" Friday at 5.00-6.00 a.m.	Agricultural variety show that presents technical support and problem solving to farmers and planters. It also promotes efficiency and cooperation in agricultural sectors, both from the sides of planters, agribusiness, and government agencies.
"Kabuan Kan Dek Dee" Wednesday-Thursday at 6.00-6.15 a.m.	Kids entertainment that provokes thoughts, creativity, skill and knowledge. It also teaches children about their duty and unity, and enhances them to become a good & responsible generation of the country.
"Sam Ruad Thammachat" Saturday at 6.00-6.30 a.m.	Documentary program that offers viewers facts about nature and environment. It also promotes interests on ultimate benefits of natural resource management and prudent utilization of natural resources. It also tackles how to preserve, sustain and revive the natural environment.
"Kid Dai Ngai" Sunday at 6.00-6.30 a.m.	Educational program that present clarifications and comprehensive approaches to sciences. The program offers practical techniques and applications that can be adapted by individuals or organizations in competing against global competition and modern lifestyles.


New Media Business

News services through mobile phones and other electronic media are provided to create value chains to the Company's main products. Updated and timely news and market movements are made available to the public.

1) Supply of updated news through mobile phone

Services / Service's logo	Presentation pattern
ITV Hot News on Mobile Phones News updated through SMS (Short Message Service) 	<ul style="list-style-type: none"> • Breaking news is supplied through SMS by ITV news team. • Service pattern: SMS to subscriber's mobile phone. • Service Fee : Baht 29 per month (VAT excluded) for 6-10 news messages. • Network operators : AIS and DTAC networks • Call Center : Phone No. 0-2615-4554 (Monday-Friday 9.00 a.m.-6.00 p.m.)
ITV Hot News MMS News updated through MMS (Multi Media Service) 	<ul style="list-style-type: none"> • Summary of top news of the day supplied by ITV news team through MMS. • Service pattern : Pictures, sound and messages through MMS to subscriber's mobile phones. • Service Fee : Baht 49 per month (VAT excluded) for 2 set of news presented 3 times a day at 7.00 a.m., 12.00 a.m. and 6.00 p.m., together with summary of top 3 news items of the day sent by message at 6.00 p.m. • Network operators : only AIS networks • Call Center : AIS Call Center - Phone No. 1175

2) Electronic Media

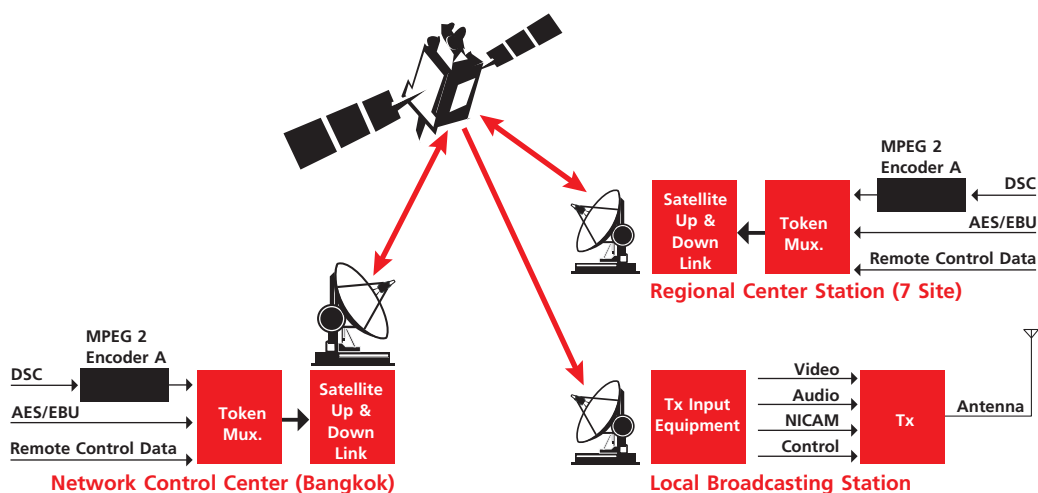
Services / Service's logo	Presentation pattern
ITV New Media 	Supply of news through electronic Media, around Bangkok. Timely news is presented all day at the following locations <ol style="list-style-type: none"> 1. In elevators of 14 buildings 2. At 14 BTS stations 3. At 18 BMCL underground terminals 4. Central World Plaza 5. Siam Center 6. Siam Discovery 7. Siam Paragon 8. MBK Center 9. Tosaphol Land Building 10. Center Point, Siam Square 11. Hau Lam Phong Central Train Station 12. Mor Chit Bus Terminal 2 13. Shinawatra Tower 3

Broadcasting

Broadcasting System

The Company possesses state-of-the-art transmission technology that provides both visual and audio clarity and is also the first to operate a UHF television broadcast station in the country. The UHF

system offers lower signal interference than the VHF system. The Station employs a PAL G System for transmission of visual signals. The system is acclaimed according to generally accepted international standards. The audio signal transmission is operated by the Digital Stereo NICAM System, which transmits digital signals and maintains stabilized sound quality for both stereo and dual language signals. In our dual language program, the audience can choose Thai language or the program's original sound track as well as stereo mode, if available.



For simultaneous nationwide broadcasting, the Station broadcasts its signals from its master station and network control centers (NCC) in Bangkok at the Shinawatra Tower 3 via Thai Com 3 Satellite system to its regional center station (RCS) and its local broadcasting stations within the network. All its network stations operate with modern equipment and an emergency electricity back up system. In addition, signal broadcast and reception of each network station is controlled and monitored by a remote control system at the central supervision center in Bangkok that monitors signal transmission and equipment efficiency on a 24 hour basis.

In live broadcasts, a digital signal transmission process known as MPEG2 DVB system, that is widely used globally, is applied. The technique offers effective and efficient utilization of the satellite channel. Once received, the transmitted signal reaches the relay broadcast stations within the network; it is retransmitted into the UHF frequency and then broadcast via terrestrial broadcasting transmission antenna to viewers within the coverage areas.

Network Station and Coverage Area

At present, the Company operates 52 nationwide stations; 8 in the Central Region, 16 in the Northern Region, 13 in the Northeastern Region and 12 in the Southern Region. Its network covers broadcast services to nationwide viewers that accounts for 98% of the country's total population.

Network Station/Regional Center Station	Local Broadcasting Station/Terminal Stations
1. Bangkok (NCC)	Sing Buri, Kanchanaburi, Prachuap Khiri Khan, Phetchaburi, Pattaya, Hua Hin and Muak Lek
2. Sa Kaeo (RCS)	Rayong and Trat
3. Chiang Mai (RCS)	Chiang Rai, Lampang, Mae Hong Son, Payao, Mae Sariang, Chai Prakan, Chiang Kong and Wiang Pa Pao
4. Sukhothai (RCS)	Phrae, Nan, Tak, Nakhon Sawan, Phetchabun and Thoen

Network Station/Regional Center Station	Local Broadcasting Station/Terminal Stations
5. Khon Kaen (RCS)	Nakhon Ratchasima, Udon Thani, Sakon Nakhon, Chaiyaphum, Loei, Chum Phae, Bueng Karn and Chum Puang
6. Ubon Ratchathani (RCS)	Surin, Roi Et and Mukdahan
7. Surat Thani (RCS)	Nakhon Si Thammarat, Phuket, Chumphon, Ranong, Thung Song, Takua Pa and Kor Samui
8. Songkhla (RCS)	Yala, Trung and Satun
Remark : NCC = Network Control Center	RCS = Regional Center Station

Broadcasting

As for the areas in Bangkok and nearby provinces, the Station established the Thailand's highest signal transmission post on Bai Yok 2 Tower, Bangkok, which broadcasts through Channel 29 with the most effective radiated power (ERP) of 1,000 kilowatts, covering a diameter of approximately 100 kilometers or a total of 17 nearby provinces, namely Nonthaburi, Nakhon Pathom, Ayutthaya, Ang Thong, Pathum Thani, Saraburi, Nakhon Nayok, Chachoengsao, Samut Prakan, Samut Sakhon, Samut Songkhram, Suphan Buri, Kanchanaburi, Ratchaburi, Phetchaburi, Chon Buri and Prachin Buri. In connection with the broadcasting of the network stations in the suburban areas, signals shall be transmitted by transmission posts with the capacity ranging 10 to 1,000 kilowatts. Each transmission post installed in every station (except the local substation in Amphoe Thung Song, Amphoe Chum Phae, Amphoe Hua Hin, Amphoe Thoen, Amphoe Chai Prakan, Amphoe Mae Sariang, Amphoe Muak Lek and Mueang Pattaya) shall have 2 transmission sets which allow for continuing signal transmission should any set become inoperable.

Outdoor and off-station production equipment

At present, the Station maintains the following equipment and facilities which support outdoor and off-station broadcasting:

- 7 regional news centers engaging in production of news programs; in Chiangmai, Khon Khaen, Amphur Had Yai (Song Khla), Sa Kaew, Sukhothai, Surat Thani, and Ubol Ratchathani. These regional centers produce and send news content to the main network station in Bangkok.
- Outside broadcasting (OB) vehicles well equipped with state of the art digital production equipment. These vehicles together with satellite news gathering (SNG) vehicles are employed for off-station shooting and outside live broadcasting programs.
- Satellite news gathering (SNG) vehicles furnished with satellite transponders that transmit and receive audio visual signals with the Station network links for broadcasting. The Station presently rents transponders from Thai Com 2 Satellite to operate its broadcasting coverage and to form transmission linkages with its network stations.

Censorship

Prior to any broadcast of programs and airing of commercial spots, audio visual contents and wordings of the programs and spot materials are required to be reviewed in two separated processes; 1) All in-house produced programs are reviewed by the Station's internal censorship committee, 2) Commercial spots are reviewed by the Censorship Board for Radio and Television Advertisement whose committee members are representatives from television channels stations; namely Channel 3, 5, 7, Modern Nine, ITV, the advertisement business association and advertising agencies. The

copyright reviews are carried out in accordance with the law, regulations, rules and ministerial notifications governing advertisement which are issued by the relevant supervisory authorities such as the Public Relations Department, the Food and Drug Administration and the Office of the Consumer Protection Board. The uses of Thai language in such programs and spots are also required to be acceptable and correct in accordance with the Royal Institute's guidelines.

Though the Public Relations Department generally supervises and oversees public broadcasting of radios and televisions, each television station is responsible for self governance and compliance. In the event of complaints made by consumers or relevant authorities, the Public Relations Department has the power to stop any broadcasting through the following procedures; 1) verbal warning, 2) written warning, 3) a notification of broadcast suspension.

As of December 1, 2006, the Public Relations Department and 6 local television stations jointly agreed to apply rating signals which imply appropriate viewer's age group for their broadcast programs. The action aims to encourage broadcast media's awareness towards the public and promote local station's self-regulated ethics. The rating signals are:

- Alphabet "Dor" for children's program suitable for 2 - 12 years
- Alphabet "Kor" for children's program suitable for 2 - 6 years
- Alphabet "Tor" for general and all viewers
- Alphabet "Nor" for programs that require parental guidance
- Alphabet "Nor 13" for programs that require parental guidance for viewers aged below 13 years
- Alphabet "Nor 18" for programs that require parental guidance for viewers aged below 18 years
- Alphabet "Chor" for programs not suitable for children and juveniles

Market and Competition

Market

Marketing Strategy

It is the Company's policy to present good and distinguished programs that enhance our reputation as the leader in news programs, and to increase its competitive competency in other entertainment programs. Viewer's needs are directly or indirectly studied through a series of researches and are applied in making business strategies.

1) Programming Schedule

The Company lays out rules and procedures for program selections and programs are carefully scheduled to provide viewers with quality shows that precisely suit preferences of different viewer segments during each selected airtime.

In addition, the Station also makes sure that the allocation of different program natures is in line with the required ratio which is clearly set out in the concessionary conditions.

Program timetable for 2006 can be summarized as follows:

Airtime	Program types	
	Monday-Friday	Saturday- Sunday
Early Fringe 5.00-12.00 a.m.	Morning news with informative entertainment and beneficial knowledge programs	Children's programs, family variety, news and variety shows

Airtime	Program types	
	Monday-Friday	Saturday- Sunday
Day Time 12.00 a.m.-6.00 p.m.	News, beneficial knowledge programs and entertainment	News, game shows, foreign series and knowledge cum entertainment
Prime Time 6.00 p.m.-10.30 p.m.	News, beneficial knowledge programs, and entertainment	News, entertainment and documentary news
Late Night 10.30 p.m.-5.00 a.m.	News, entertainment and beneficial knowledge programs	News, entertainment and beneficial knowledge programs

2) Program Quality Strategy

As far as news and documentaries are concerned, the Company places emphasis on the production of news reporting, news analysis and news cum documentary series. Various aspects of news are covered such as political, economic, social, crime, international, sports, technology, entertainment, agricultural etc. The programs are presented from various viewpoints in a prompt and accurate manner.

For entertainment programs, quality controls; both in content and production quality, as well as viewer's popularity reflecting through viewer's rating scores, are the major issues of concern for the Company. The Company also sets cooperative working plans with its major producers and regularly informs these producers about program aspects that required modification or improvements.

3) Strategic Alliances

The Station emphasizes the creation of strategic alliances with high caliber producers, with good experiences in their line of productions. The production chances are not limited to any single producer. The Station is willing to offer them opportunities for presenting new production ideas, if such ideas suit the Station's goal and policy. The program selections also depend on proposed program highlights, program quality, producer's experiences and competitive advantage against programs of other stations. The Stations provide public relation support and promotional strategy to attract audience's interest to the programs by offering chances for viewers to participate through question & answer methods as well as other related activities.

At present, the Station joins hands with major business alliances; such as Born Operation Co., Ltd., Born & Associated Co., Ltd., Kantana Group Plc., Polyplus Entertainment Co., Ltd., TV Thunder Co., Ltd., How Come Entertainment Co., Ltd., Luck (666) Co., Ltd. and Triple Two Co., Ltd. to produce quality and popular programs for our audience.

4) Proactive Sales

The Company is committed to maintaining good relationships with advertising agents and commercial sponsors as well as to promote capability in advertising sales through good cooperation with advertising agencies. Proactive methods are applied for public relation schemes, with advance notifications of new programming schedules and early supply of program information. Survey responses, audience opinions and suggestions from advertising agents and commercial sponsors are taken into account for arrangement of programming timetable, content and presentation patterns in order to match targeted commercial viewer preferences.

Additionally, the Company also targets a value additive marketing style which provides added value to its advertising agents and commercial sponsors by co-developing new effective marketing schemes that manage to attract the full attention of the key targeted audience.

5) Pricing

The Station's pricing strategies are based on the concept of being a "Valuable Option". Advertising rates are set at a level lower than the market leaders' prices (namely Channel 3 and Channel 7) but maintain an equal level to Channel 5 and Modern Nine. "Added values from programs and marketing activities" are factors which are intended to induce viewer's satisfaction.

Industrial Environment and Competition

Television Stations

At present, there are 7 operators of television stations in Thailand:

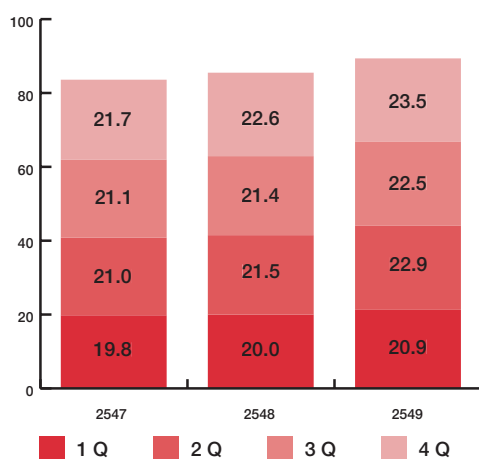
Television Station	License Category	Names
Channel 3	Concession	Bangkok Entertainment Company Limited
Channel 5	Ownership	Royal Thai Army
Channel 7	Concession	Bangkok Television and Radio Company Limited
Modern Nine	Ownership	MCOT Public Company Limited
Channel 11	Ownership	Public Relations Department
ITV	Concession	ITV Public Company Limited
Thai TV	Concession	Thai TV Broadcasting Company Limited

Remarks : Member subscribing Cable TV is excluded

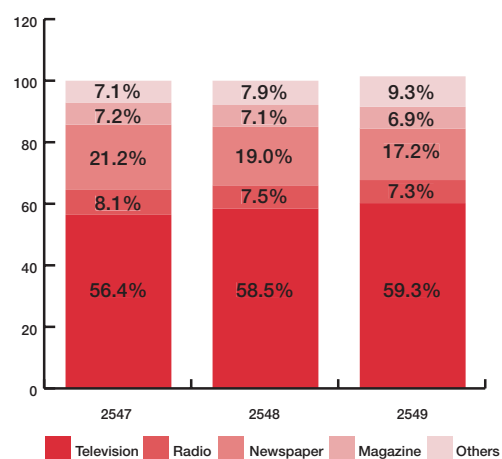
Advertising Market Value

Based on the survey results of the AGB Nielsen Media Research, the combined value of advertising expenditures, all media included, increased from Baht 83,622 million in 2004 to Baht 85,602 million in 2005, or a 2.37% growth. In 2006, the value surged to Baht 89,839 million, or a 4.95% growth. The growth areas are from the following media: television (6.5% increase), radio (3.1% increase) and other media (23.4% increase).

Advertising Market Size :
(Unit : Baht Thousand Million)



Advertising Media Ratio



Source: AGB Nielsen Media Research

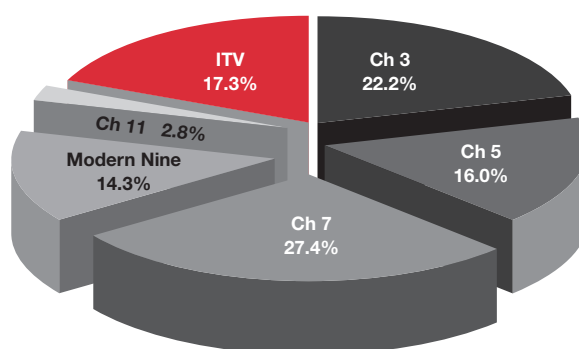
Breakdown of advertising expenditures by media types

Media	Unit : Baht Million		
	Y 2004	Y 2005	Y 2006
Television	47,173	50,020	53,296
Radio	6,744	6,392	6,588
Newspaper	17,739	16,248	15,432
Magazine	6,024	6,148	6,140
Other media	5,942	6,795	8,384
Total expenditures	83,622	85,602	89,839

Source: AGB Nielsen Media Research as of January 11, 2007

With focus on television media, according to the figures provided by the AGB Nielsen Media Research, television related advertising expenditures totaled Baht 53,296 million in 2006 or a 6.5% growth from Baht 50,020 million in 2005. Television is the major media which took the largest share of advertising expenditures in comparison to other media, or 59.3% of overall total advertising expenditures.

Advertising Expenditure by TV Station Y2006



Source: AGB Nielsen Media Research

From the above graphic presentation, the AGB Nielsen Media Research has estimated the revenues of each local station. The estimations are based on annual advertisement airtime of each broadcasting program and its relevant net advertisement rate (i.e. less applicable discounts), the information is provided to the research house by the local television stations and their program producers. The 2006 outcome showed that Channel 7 possessed the highest market share (27.4%), followed by Channel 3 (22.2%), ITV (17.3%), Channel 5 (16.0%), Modern Nine (14.3%), and Channel 11 (2.8%), respectively. ITV's market share increased by 1.22% in 2006, compared with 2005.

Station's Popularity

TV Rating (%TVR) All Day 00.00 - 24.00											
TV Station	Y 2005					Y 2006					% Growth Y 2006 vs Y 2005
	Q 1	Q 2	Q 3	Q 4	AVG 2005	Q 1	Q 2	Q 3	Q 4	AVG 2006	
ITV	1.33	1.06	1.03	1.06	1.12	1.10	1.06	1.30	1.35	1.20	7.1%
Ch 3	2.29	2.04	2.22	2.87	2.36	2.60	2.35	2.40	2.64	2.50	5.9%
Ch 5	0.80	0.81	0.78	0.79	0.80	0.66	0.72	0.73	0.75	0.72	-10.0%
Ch 7	3.94	4.10	2.93	3.98	3.99	3.91	3.79	3.89	3.97	3.89	-2.5%
Modern Nine	1.00	0.96	1.05	1.00	1.00	1.02	1.04	1.00	0.89	0.99	-1.0%
Ch 11	0.28	0.26	0.27	0.30	0.28	0.28	0.30	0.25	0.35	0.30	7.1%

Source: AGB Nielsen Media Research as of January 11, 2007

When taking into account the average viewer's popularity rating for the 00.00 a.m.-12.00 p.m. airtime between 2005 and 2006 (as presented in the above chart), we can see a continued growth in TV viewer's popularity rating for ITV, Channel 3 and Channel 11, but such rating declined for Channel 5, Channel 7 and Modern Nine. The ITV rating, in particular, grew from 1.12 in 2005 to 1.20 in 2006 (i.e. a 7.1% growth, which is equal to that of Channel 11), which reflected the highest growth for the year among all local television stations.

TV Rating (%TVR) Prime Time 6.00-10.30 p.m.											
TV Station	Y 2005					Y 2006					% Growth Y 2006 vs Y 2005
	Q 1	Q 2	Q 3	Q 4	AVG 2005	Q 1	Q 2	Q 3	Q 4	AVG 2006	
ITV	3.58	2.67	2.61	2.54	2.85	2.72	2.69	3.59	3.64	3.16	10.9%
Ch 3	5.20	4.02	4.90	7.34	5.37	5.99	5.07	5.65	6.70	5.85	8.9%
Ch 5	1.30	1.43	1.54	1.55	1.46	1.22	1.41	1.59	1.85	1.52	4.1%
Ch 7	10.50	10.68	10.85	11.03	10.77	10.73	10.07	10.59	11.10	10.62	-1.4%
Modern Nine	2.24	2.22	2.40	2.36	2.30	2.43	2.55	2.45	2.25	2.42	5.2%
Ch 11	0.55	0.50	0.52	0.57	0.53	0.47	0.53	0.41	0.69	0.52	-1.9%

Source: AGB Nielsen Media Research as of January 11, 2007

As for the prime time TV rating of 6.00-10.30 p.m., which is the time slot mostly desired by advertisement purchasers as it is the most watched period during the day, we see a continued growth in TV viewer's popularity rating for ITV, Channel 3, Channel 5 and Modern Nine, but such rating declined for Channel 7 and Channel 11. The ITV popularity rating also revealed the highest growth for the year among all local television stations, as its ranking improved by 10.9% (i.e. an increase from 2.85 in 2005 to 3.16 in 2006).

Liberalization of the Radio and Television Station Business

Article 40 of the Constitution of Thailand requires an establishment of an independent state body to oversee the allocation of broadcast frequency and to monitor the broadcasting and telecommunication business based on the optimization of public interest on the grounds of fair and equitable competition. With the intension to increase private participation in the radio and television station businesses, the Frequency Allocation and Radio and Television Broadcasting and

Telecommunication Services Act was thus promulgated, to support the forming of a National Broadcasting Commission, which is responsible for establishing policy guidelines and a master plan for broadcasting activities and television station businesses, as well as monitoring and supervising them. Presently, the Constitutional Law of the Kingdom of Thailand B.E. 2540 has been revoked and a Temporary Constitutional Law of the Kingdom of Thailand B.E. 2549 has been enacted. However, such promulgation has created no impact on the enforcement of the Frequency Allocation and Radio and Television Broadcasting and Telecommunication Services Act.

On September 27, 2005, the Senate selected and appointed all the 7 members of the national broadcasting commission. However, on November 23, 2005, the Central Administrative Court ruled out the validity of such appointment. The commission of those 7 appointed members was hence dissolved. The Office of the Permanent Secretary, the Prime Minister's Office and the Nomination Committee for the National Broadcasting Commission is seeking for a relevant court appeal. On September 28, 2006, the Supreme Administrative Court ruled that the judgment of the Central Administrative Court be affirmed and that the notification made by the Nomination Committee for the national broadcasting commission and their selection process were unlawfully made. This results in no submission of the 14 selected candidates for the National Broadcasting Commission, previously selected by the Nomination Committee, to the Senate. As of November 16, 2006, the Office of the Permanent Secretary, the Prime Minister's Office made a public tender for applications of qualified candidates for the members of the National Broadcasting Commission and is processing the relevant selection process.

Procurement of products for sales and distribution

Procurement of programs for broadcasting can be classified by its production sources into 3 groups. They are:

1) Programs produced by the Station (In-House Production)

The Station focuses more on productions of news programs and beneficial informative programs than entertainment programs since most of the Station's personnel are high caliber professionals in news production and news related activities. Its entertainment program production tends to be edutainment programs such as "Ran Cham Yam Chao", and "Yod Khon Thai Radab Lok". In the future, the Station intends to place more emphasis on its in-house production of edutainment programs.

2) Programs produced by outside contracted producers

The Station only contracts outside producers for production of Thai drama. The production contractors are selected from experienced producers who specialize in Thai drama productions. Since drama production requires artistic skills and experiences, as well as talent for presenting stories, the Station is very careful in selecting its contracted program producers. The Station has formed a special taskforce to review proposed drama projects, select the appropriate casts and producers, consider the plots as well as work out all required details in the production process from day one and follow up with the works on edition, soundtrack, visual effects and graphics etc. The first three episodes of the produced drama will be reviewed and considered prior to a final approval decision whether to put it on air. In certain case, if the potential public acceptance of the produced drama is in question, a survey will be made to estimate the targeted viewer group through pre testing made with sample viewer groups prior to its airtime decision.

3) Acquisition of foreign programs

Most of the foreign programs acquired by the Station are documentary and foreign series. The Station is equipped with a knowledgeable and experienced procurement team who oversees the program selection process. Information sources for the procurement mostly come from film festivals such as MIPTV, MIPCOM, and BCWW. The Major selection criteria are:

- program contents must be acceptable to Thai culture,
- casts are good looking and capable of capturing the audience's interest,
- creates inspiration to the audience and can be viewed as a trend setter.

Prior to an acquisition decision, the team always reviews the program popularity from surveys and questionnaires made through fan clubs of other previous programs, as well as information obtained from other media such as magazines, and websites. At present, international series are in high demand, despite the fact that their popularity is limited to a select number of viewers, mostly the urban group with high purchasing power. This results in a high program price and market competition. The Station's procurement team is required to work quickly and cautiously, because if the team misjudges the potential popularity of the program, the Station may end up faced with higher program costs than necessary.

RISK FACTORS

Risk of the Company after revocation of the Concession Agreement by the PMO

On March 7, 2007 the PMO sent a letter to the Company notifying that it had revoked the Concession Agreement and demanded that the Company should pay debts and transferred all assets which have been used to operate during the Concession Agreement to the PMO within the specific time. The termination of the Concession Agreement immediate affected from March 8, 2007 onwards which the Company's broadcasting would be ended on March 7, 2007 at 12.00 p.m.

As a result of the termination of the Concession Agreement, the Company had to stop broadcasting which affected to its earning of revenue and ability to pay all its debts to creditors. Consequently, this could lead to possible delisting of the Company from The Stock Exchange of Thailand (SET).

On March 9, 2007 the SET announced a possible delisting of ITV's securities, in order to comply with the SET's regulations for the Delisting of Securities, 1999 and also posted NC (Non-Compliance) as well as SP (Suspension) signs to suspend the trading of the Company's securities until the Company can clearly inform the SET of its procedures and timeline to eliminate the causes of the delisting.

Risks of the Company prior to revocation of the Concession Agreement by the PMO and if the Company is continuing to operate ITV television station:

1. Industrial Risk

1.1 Viewer Popularity Rating and Market Share Preservation

The competition among television media has been increasing and faces even greater intensified outlook. Stations make huge investments in improving their potential competency and compete for viewer popularity rating. This rating is the most important key performance indicator applied to rank industrial success for media and broadcasters. The Station has concentrated on the continued upgrading of its news and documentary production, as these programs are our main sources of revenues. Any adjustments in program schedule of the Station, as well as its competitors, may impact popularity rating of general viewers, segmentation of viewer base and industrial market share, which in turn may affect the Station's advertisement income. Advertisement income is the major revenue contributor to the Company. The Company closely and consistently monitors changes in competitor program schedule, and take such information as a consideration input for its own program adjustment plan. This practice enhances an improvement in the Station's rating, particularly during the prime time (6.00-10.30 p.m.) which increased by 11% from the average score of 2.85 in 2005 to 3.16 in 2006.

Another risk faced by the Company in this risk category is the ability to sustain its rate of growth in market share. Despite a current achievement in retaining its third rank in the broadcasting market share, intensified market competitions, with diversified new strategic approaches such as program schedule adjustments, marketing policies and pricing incentives, resulted in the loss of market share for the Company from 18.5% in 2005 to 17.3% in 2006. Nevertheless, all factors such as ITV's current state-of-art news coverage service and highly acclaimed news team, its incessant analysis of competitor moves, are its great assets in building an acclaimed image as the number one "Leading News Station", and all of these largely contribute to the Company's outlook for its future growth in market share.

1.2 Competition from new television stations

The upcoming liberalization of radio and television broadcasting services may intensify competition, among existing broadcast stations, cable subscription operators and new entrants. Increased competitive pressure could impact viewer, program ratings and thus may affect the Company's revenues. Nevertheless, an entrance into the industry has a barrier for newcomers, due to the capital intensive and cutthroat nature of broadcasting services. Existing broadcast stations, however, already benefit from high capability, technological advantage, and experienced workforce. As for the threat from the entrance of new cable operators, the competition in this regard may not be severe due to limitation posed on the monthly subscriber fee which may hinder growth in its subscriber's base.

1.3 Business competition from expansion of new advertising medias

Modern technology enhances expansion of new advertising medias, other than television network, that could effectively reach widespread consumer targets. This provides a wider range of alternatives to advertising agencies and sellers of products and services, who now have more alternatives for their advertisement budgets. The new media channels include outdoor media, broadband high speed internet; satellite TV, digital TV on demand and cable TV. Other than that, television advertisement costs are usually higher than those of other medias. These factors could therefore cause a loss of certain advertising market shares earlier occupied by television stations to other medias. Nevertheless the Company still believes that this situation will not pose any immediate effect to its position as television advertisements, particularly through the freely accessible television channels, still have an edge over other medias of advertising in terms of a wider range of audience coverage. Besides, continued growth trend for television advertisement business still point out potential business clients who have never utilized television broadcasting as their advertising media.

1.4 Amendments of broadcasting laws, legislations and concerned regulatorions

The outcome of any amendment of broadcasting legislations, complied with the current Frequency Allocation and Radio and Television Broadcasting and Telecommunication Services Act, B.E. 2000 (which endorses the establishment of a national broadcasting commission - the authorities with vested power to regulate the industry) may result in either a stiffer or more lenient legal ruling. In the case of a stiffer ruling, all companies in the broadcasting industry will be equally affected.

1.5 Official restrictions and bans on airing of certain advertisements

A governmental body can, from time to time, review existing rules and regulations, or promulgate new Acts and laws, which limits or even bans broadcasting of selected advertisements which will thus affect the broadcasting station's advertising sales. However, if it so occurs, such a decision will widely affect every company in the media business.

2. Business Risk

2.1 Concession Agreement Conditions

On December 13, 2006, the Supreme Administrative Court ruled to uphold the judgment made by the Central Administrative Court that effected on revocation of the entire Arbitration Award dated January 30, 2004. As the results of that ruling, the Company has to follow the previous terms and conditions as specified in the Concession Agreement, effective from December 14, 2006 onwards. The required conditions affected the Company both its concession fee payments and the minimum broadcasting requirement of news, documentaries and beneficial informative programs, that must be no less than 70% of the total air time and the restricted time period during 7.00- 9.30 p.m. would be assigned solely for news documentaries and beneficial informative programs.

From the above mentioned ruling, the Company incurred a high amount of liable payment burden to the PMO. The Company is also subject to a limitation in its program structure and program schedule in comparison to other private television broadcasting operators who have a much lower concession fee rate with no restrictions on the nature or schedule of the programs. This could pose a direct impact on the Company's competitive capability as well as its future profitability.

2.2 Limited concession period

The awarded concession period for the operation of the ITV television broadcast station is limited to 30 years, ending on July 3, 2025. Thus, there exists a possible risk linked to the renewal of this concession. However, the validity of the awarded concession period for two other private television-broadcasting stations is expected to end in 2020 and 2023.

2.3 Growth of Advertising Spending

Advertising income is a major contributor to the Company's total revenues. Risks relating to any deviation of the Company's operational performance, thus, involves fluctuations in advertising spending, which largely depends on the strength of the consumer's purchasing power at any time, and competitive environments within the advertising industry, both on the seller's and the buyer's aspects. Nevertheless, the Company believes that these particular risk factors will have no significant impact on the Company's operation. So far, historical growth rate of advertising spending, within the broadcasting industry, and television media, in particular, not only reveals continued up trend since 1999, but is also anticipated to expand further. The major clients are consumer products companies who are proactive in their marketing positions and competitions. As their aim is to reach broad public awareness, television broadcasting remains the most effective media channel that well serves their objective.

2.4 Risk from trials and other disputes

2.4.1 On September 12, 2006 Mr. Sastra To-on filed his petition to the Administrative Court against the PMO for not imposing a discontinuation of ITV broadcast concession. He claimed the Company has fewer Thai nationality shareholders than the prescribed concessionary condition. However, at present the PMO had already revoked the Company's Concession Agreement dated on March 7, 2007.

2.4.2 On December 14, 2006 the PMO sent a written notice to the Company requesting that it comply with the ruling made by the Supreme Administrative Court and demanded for a shortfall in the previous payments of the concession fees made for 2004-2006, amounting to Baht 2,210 million, together with interest charge at 15% per annum for the overdue concession fee, and the penalty for alteration of television programming schedule totaling Baht 97,760 million during the period of April 1, 2004 to December 13, 2006 (equivalent to Baht 100 million per day). The Company issued a letter dated December 14, 2006 and December 21, 2006 to the PMO informing that the Company would like to exercise its right to propose for an appointment of an Arbitrator Panel to rule on dispute of the interest charge and the above penalty fee.

Even though a dispute on the revocation of the Concession Agreement is on-going, the Company recorded the unpaid concession fee of Baht 2,210 million in its 2006 financial statements. Thus, the Company may has contingent liability occurring from the dispute with the PMO regarding such overdue interest of unpaid concession fee and fine from program schedule adjustment which very large amount of Baht 97,760 million.

3. Management Risk

3.1 The major shareholders' influences on the Company's management policy

The Shin Corporation Public Co., Ltd. is the single major shareholder of the Company, with controlling interests of 52.92%. Therefore, on certain management policies and corporate agenda which require approval from the Board of Directors, the major shareholders can exercise their vested influence. However, the major shareholders are not able to fully control the Board's resolutions on all items on the agenda; important issues such as an amendment of the Company's articles of association, capital increase or decrease etc., by law, are obliged to obtain a shareholder's resolution authorized by no less than three-fourths of the total cast votes of rightful participating shareholders. Other shareholders, however, may not be able to solicit votes to support their decision against that of the major shareholders unless full participation of all shareholders otherwise takes place in such shareholder meetings. Nevertheless, the Company also establishes relevant communication channels with its shareholders and, on the occasions of general shareholder meetings, opportunity to freely question its Board of Directors on matters of any doubt is fairly and freely provided to each shareholder.

3.2 Court cases linked to broadcasting programs, labor disputes

Even though the obvious famous characteristic of the Station's new presentations that focus on investigations, interrogations, in-depth examinations and disclosure attempts, largely help it win public recognition and a large audience base, they also create certain conflicts in terms of the negative impact that such presentations may have caused to parties to whom the presentations referred. Such situations have resulted in 12 court cases that are currently ongoing. Nevertheless, since the incorporation of the Company until now, there has been no significant impact caused by losing any court cases related to these issues. Regardless of the lack of related adverse impact on the Company, the Company has however established internal control mechanisms to review news contents and their presentation pattern. In addition, the Company now arranges annual training courses for the Company's news team to provide adequate knowledge regarding protective measures which can be taken against possible law suits for insult or breach of conduct.

3.3 Broadcasting system, production system and important work processes

As the Company broadcasts around the clock every day, it is vital and essential to maintain a good broadcasting system, production support system, important work routines, as well as decision making and problem solving competency in order to cope with any unforeseen circumstances and to assure its uninterrupted broadcasting schedule. Occurrence of broadcast disruption doesn't only result in revenue loss to a station but also impairs its competitive edge and reputation image. The Company is fully aware of how significant these elements would be to its business. Thus, it studies the chances of such disruption occurring as well as their possible impact, and has tried to set up contingency guideline measures and a risk management strategy to cope with any potential broadcast disruption.

3.4 Management of key- personnel

The broadcasting industry is an industry facing severe competition and limited availability of competent specialists. Head hunting professional celebrities through various means and patterns is thus a common business practice. This results in a high job turn over among key personnel posts. The Company compensates its key personnel in both monetary and non-momentary merits, provided at the range comparable to leading companies in the industrial sector. It also supports staff learning opportunities and encourages development of professional and management strength among its work force. All these measures enhance the Company's ability to retain its valuable human resources.

4. Financial risk

4.1 Ability to pay the required concession fee

The Concession Agreement's conditions require that the Company is obliged to pay a combined concession fee payment of no less than Baht 25,200 million for the entire concessionary period, which is a much larger sum in comparison to the similar fees currently imposed on other existing television broadcasting operators. The forthcoming burden of such concession fee payment may challenge the Company in view of revenues generation that must be sufficiently high enough to cover this annual concession fee obligation. The Company is therefore exposed to potential financial risk linked to increased indebtedness or a need for future capital injection, if it is not able to generate sufficient incomes to cover such required concessionary fee.

4.2 Repayment of long-term loan

After the successful debt restructure with the Siam Commercial Bank Plc., the Company is still required to repay the existing long-term debts within the next 11 years, starting from 2003. As of year-end December 31, 2006, the Company had Baht 290 million in its long-term loan outstanding. Fluctuations in future operational results, together with the concession fee burden may pose potential repayment risk for the loan repayment.

CORPORATE GOVERNANCE POLICY

ITV has full confidence that a good corporate governance system, which consists of competent management, qualified and accountable directors, a mechanism of checks and balances for transparent and auditable operations, respect for the rights of all shareholders, and equitable treatment for all stakeholders is the key factor in maximizing the economic value of the Company and increasing the sustainable long-term return on investment to its shareholders.

The Company introduced the following corporate governance policy since 2002 and has amended and updated it twice since then. This third amendment is aimed at raising the level of corporate governance to align it with good practices and the guidelines recommended by The Stock Exchange of Thailand. The policy is divided into the following five sections:

1. Board of Directors
2. Rights and Equitable Treatment of Shareholders, and the Role to Stakeholders
3. Disclosure of Information and Transparency
4. Internal Control and Risk Management Systems
5. Code of Conduct

Board of Directors

1. Leadership and Vision

The Board of Directors (the "Board") intends to make ITV Plc. (the "Company") achieve its top position in term of viewer's popularity, be recognized as an international Thai company, competitive excellence, shareholder's value maximization, good management and competent people who share a unified vision, mission and strategy.

The Board must have leadership skills and clear vision, and demonstrate responsibility, accountability and independence in decision making in order to govern the Company for the greatest benefit of all shareholders.

The Board shall have duties and responsibilities towards the shareholders in monitoring the executives' performance. Segregation of duties between the Board and the executives shall be clearly defined.

2. Composition of the Board, Appointments and Independence

- 2.1 The Board shall be composed of experts with a wide range of experience in various fields. There shall be sufficient directors to govern and supervise the corporation: not less than five (5) directors (as required by law) and not more than twelve (12) shall sit on the Board. At least one director shall be experienced in the area of telecommunications, and at least one director shall be experienced in the area of finance and accounting.
- 2.2 The Board shall be representative of all shareholders, not of a particular group of shareholders.
- 2.3 At least one-third of the Board and not less than three (3) persons must be independent directors. More than one-half of the Board must be non-executive directors in order to ensure a good balance between executive and non-executive members.
- 2.4 The Board has a policy whereby the controlling shareholders of the Company are proportionally represented.
- 2.5 The appointment of members of the Board shall comply with the Company's articles of association and all relevant laws in Thailand. Selection of the directors shall be transparent and clear, and processed through the Nomination Committee. Consideration shall be given to the educational and professional background of the candidates. Sufficient information shall be provided to the Board and all shareholders for decision making.

- 2.6 A director's term of office is defined in the Company's articles of association. A retired director can be re-elected.

3. Chairman of the Board and Chairman of the Executive Committee

Both the Chairman of the Board and the Chairman of the Executive Committee must be competent and have the appropriate experience and qualifications for their positions. In order to maintain a balance between the supervisory and management functions of the Company, one person cannot hold both these positions simultaneously.

The Chairman of the Board is a non-executive director, the leader of the Board, and has duties as the Chairman of both Board and shareholders' meetings. The Chairman of the Executive Committee shall be the head and leader of the Company's executives and be responsible to the Board for managing the Company in order to achieve all planned objectives.

4. Qualifications and Requirements for the Board

- 4.1 A director must be capable and honest, display the utmost integrity, conduct the business ethically, and devote sufficient time to the Company in order to perform his or her duties professionally.
- 4.2 A director must possess the necessary qualifications for his or her position, and not be disqualified in any way according to the Public Company Act B.E. 2535 or other related laws.
- 4.3 A director can sit on the board of other companies, providing this does not interfere with the performance of his or her duties at the Company.
- 4.4 Independent directors shall meet all the requirements outlined in the section titled Qualifications and Scope of Work in the Audit Committee's qualification guidelines, as specified in the Notifications of The Stock Exchange of Thailand. Independent directors have a duty to protect the interests of every shareholder in a fair and impartial manner in order to avoid any conflict of interests that may arise. They shall also attend the Board meetings and express their comments and opinions from an independent viewpoint.

Independent directors must also meet the following requirements:

- 4.4.1 Hold shares worth not more than 0.5 percent of paid-up capital of the Company, an affiliated company, associated company or related company, which shall be inclusive of the shares held by related persons.
- 4.4.2 Have no participation in the management of the Company, an affiliated company, associated company or related company, or be a major shareholder of the Company. He or she shall not be an employee, staff member or advisor who receives a regular salary from the Company, an affiliated company, associated company, related company or major shareholder of the Company.
- 4.4.3 Have no direct or indirect benefit from, or interest in, the finance and management of the Company, an affiliated company, associated company, or any major shareholder of the Company during a period of one (1) year before his or her appointment as a member of the Audit Committee, except where the Board has carefully considered that such previous benefit or interest does not affect the performance of duties and the giving of independent opinions.
- 4.4.4 Not be a related person to, or close relative of, any manager or major shareholder of the Company.

- 4.4.5 Not be appointed as a representative to safeguard the interests of the Company's directors, major shareholders or shareholders who are related to the Company's major shareholders.
- 4.4.6 Be capable of performing duties, giving opinions or reporting the results of work performance according to the duties delegated by the Board, free and clear of the control of management or major shareholders of the Company including related persons or close relatives of the said persons.

As of March 8, 2007 The Board consists of :

Name	Position
1. Mr. Somkid Wangcherdchuwong ¹⁾	Chairman of the Board of Directors
2. Mr. Nittimon Jungsi ²⁾	Vice-Chairman of the Board of Directors
3. Mr. Sumetee Intranu ³⁾	Director
4. Mr. Vichchakoraput Rattanaichai ⁴⁾	Director and Secretary of the Board of Directors
5. Ms. Jiraporn Viwongsakdi ⁵⁾	Director

- 1) Appointed as the Company's Director as of February 19, 2007, replacing Mr. Anan Leetrakul
- 2) Appointed as the Company's Director as of March 7, 2007, replacing Mr. Boonkee Plangsiri
- 3) Appointed as the Company's Director as of March 7, 2007, replacing Mr. Weerawong Chittmitrapap
- 4) Appointed as the Company's Director as of March 7, 2007, replacing Mr. Ajsha Suwonpakprak
- 5) Appointed as the Company's Director as of March 7, 2007, replacing Mr. Boonchai Siripoksup

5. Major Responsibilities and Scope of Duties of the Board

- 5.1 Perform its duties with honesty, integrity and prudence in accordance with the law and the Company's objectives and articles of association including the resolutions of shareholders' meetings, and carefully protect the Company's interests.
- 5.2 Set out the vision, policy and direction of the Company's operations and supervise the management team to act in accordance with plans which are set out efficiently and effectively, and thereby maximize the economic value and wealth of the Company and its shareholders.
- 5.3 Consider and approve major issues such as large investments, policy, management authority, and any transactions as prescribed by law.
- 5.4 Approve or agree to all major related transactions between the Company and its subsidiaries in compliance with the relevant notifications, regulations and guidelines of The Stock Exchange of Thailand.
- 5.5 Assess the performance of the Executive Chairman and the executive directors, and fix appropriate remuneration on a regular basis.
- 5.6 Be responsible for overseeing operational results and the management team's performance to ensure due attentiveness and care.
- 5.7 Arrange appropriate accounting systems, including the production of financial reports and a reliable auditing system; oversee and monitor the effectiveness and efficiency of the internal control, internal audit and risk management systems.
- 5.8 Ensure avoidance of conflicts of interest amongst the Company's stakeholders.
- 5.9 Supervise business operations to enforce ethical work standards.
- 5.10 Annually review the Company's corporate governance policy and assess due compliance.
- 5.11 Report on the execution of the Board's responsibility to prepare financial reports, along with the external auditor's report in the annual report covering key issues according to the Company's policy statement and The Stock Exchange of Thailand's Code of Best Practices for Directors of a Listed Company.

6. Sub-Committees

The following sub-committees shall be set up to relieve the workload of the Board:

6.1 Audit Committee

The Audit Committee shall be a part of the Board and be appointed by the Board. The Audit Committee shall be composed of at least three (3) persons with at least one (1) person having knowledge of accounting or finance. The Audit Committee shall meet all the requirements outlined in the section titled Qualifications and Scope of Work in the Audit Committee's qualification guidelines as specified in the Notifications of The Stock Exchange of Thailand. The Audit Committee members are:

Name	Position	Meetings (times)	Attendances (times)
1. Mr. Anan Leetrakul (Resigned on March 8, 2007)	The Chairman of the Audit Committee	8	8
2. Mr. Weerawong Chittmittrapap (Resigned on February 26, 2007)	Member of the Audit Committee	8	8
3. Mrs. Sarita Bunnag (Resigned on February 19, 2007)	Member of the Audit Committee	8	8

The authority of the Audit Committee and its scope of duties are as follows:

- 6.1.1 Review the accuracy of the Company's financial reports in accordance with generally accepted accounting principles, and ensure there is adequate disclosure.
- 6.1.2 Review the internal control and internal audit systems to ensure these are appropriate and effective.
- 6.1.3 Ensure that the Company performs in accordance with the laws governing securities and exchange, the regulations of The Stock Exchange of Thailand and the laws applicable to the Company's business.
- 6.1.4 Consider, select and nominate the Company's external auditors, and propose the external audit fee.
- 6.1.5 Determine appropriate disclosure of information in cases where there are connected transactions or transactions which may lead to a conflict of interest, in order to ensure complete compliance with all rules and regulations.
- 6.1.6 Review connected transactions of the Company and its subsidiaries to ensure all are in line with the notices and guidelines of The Stock Exchange of Thailand.
- 6.1.7 Review the risk management system to ensure it is appropriate and effective.
- 6.1.8 Consider and approve the appointment, rotation, termination, performance appraisal and remuneration for the Head of the Internal Audit Department.
- 6.1.9 Review and comment on the internal audit plan and the performance of the Internal Audit Department, and cooperate with the external auditors.
- 6.1.10 Prepare an annual disclosure report on the corporate governance of the Audit Committee to be included in the annual report, affixing the signature of the Chairman of the Audit Committee.
- 6.1.11 Report the performance of the Audit Committee to the Board at least four (4) times a year.
- 6.1.12 Summon members of the management team, executives or employees to make comments, attend meetings, or provide any documents deemed relevant and necessary.
- 6.1.13 Hire advisors or external personnel in line with the Company's regulations to make comments or give advice as necessary.

6.1.14 Annually undertake a self-assessment programme to evaluate the scope of work and performance of the Audit Committee.

6.1.15 Perform other tasks requested by the Board, which the Audit Committee agrees to.

6.2 Remuneration Committee

The Remuneration Committee shall be composed of at least three (3) directors and more than one-half of the committee must be non-executive directors.

Name	Position	Meetings (times)	Attendances (times)
1. Mr. Boonklee Plangsiri (Resigned on February 26, 2007)	The Chairman of the Remuneration Committee	1	1
2. Mr. Niwattumrong Boonsongpaisan (Resigned on March 8, 2007)	Member of the Remuneration Committee	1	1
3. Mr. Weerawong Chittmitrapap (Resigned on February 26, 2007)	Member of the Remuneration Committee	1	1
4. Mr. Anan Leetrakul (Resigned on March 8, 2007)	Member of the Remuneration Committee (only in ESOP Program)	1	1

The authority of the Remuneration Committee and its scope of duties are as follows:

6.2.1 Fix appropriate annual remuneration in monetary and/or non-monetary form as a motivation and retention measure for the Board, committee members and top executives.

6.2.2 Draw up guidelines to provide appropriate remuneration for the Board and top executives to be submitted to the Board and/or the shareholders' meetings for approval.

6.2.3 The Remuneration Committee is accountable to the Board and is under obligation to explain its decisions at the shareholders' meetings, and answer questions concerning remuneration to directors and top executives.

6.2.4 Report and disclose policies governing the directors' remuneration in the annual report.

6.2.5 Perform other tasks as designated by the Board.

6.3 Nomination Committee

The Nomination Committee shall be composed of at least three (3) directors and more than one-half of the committee must be non-executive directors.

Name	Position	Meetings (times)	Attendances (times)
1. Mr. Boonklee Plangsiri (Resigned on February 26, 2007)	The Chairman of the Nominating Committee	1	1
2. Mr. Niwattumrong Boonsongpaisan (Resigned on March 8, 2007)	Member of the Nominating Committee	1	1
3. Mr. Weerawong Chittmitrapap (Resigned on February 26, 2007)	Member of the Nominating Committee	1	1

The duties of the Nomination Committee are as follows:

- 6.3.1 Set out criteria and policies regarding the nomination of members of the Board and other company committees.
- 6.3.2 Consider the selection of directors from qualified personnel and submit the names of the candidates to the Board and/or the shareholders' meetings for approval as the case may be.
- 6.3.3 Consider and nominate appropriate persons to assume the position of Chairman of the Executive Committee whenever this becomes vacant, in line with the criteria established for the succession of the Chief Executive Officer.
- 6.3.4 Perform other tasks as designated by the Board.

7. Executive Committee

The Executive Committee shall be composed of the Chairman of the Executive Committee and directors or any other persons with appropriate qualifications as approved by the Board.

Name	Position	Meetings (times)	Attendances (times)
1. Mr. Niwattumrong Boonsongpaisan (Resigned on March 8, 2007)	The Chairman of the Executive Committee	12	12
2. Mr. Somprasong Boonyachai (Resigned on February 19, 2007)	Member of the Executive Committee	12	12
3. Dr. Dumrong Kasemset (Resigned on February 19, 2007)	Member of the Executive Committee	12	10
4. Mrs. Siripen Sitasuwan (Resigned on February 19, 2007)	Member of the Executive Committee	12	11
5. Mr. Songsak Premsuk (Resigned on March 8, 2007)	Member of the Executive Committee	12	9

The Board shall delegate the following authority and scope of duties to the Executive Committee:

- Approving any lending or borrowing activities, requesting any line of credit from financial institutions, engaging the Company as a guarantor, paying or spending money in the normal courses of the Company's business; such as paying money for investments and operations, for any amount per transaction not exceeding assigned and approved by Board of Directors.
- Appointing, removing any staff in positions no higher than the Managing Director.
- Preparing and suggesting corporate policies and strategies to be presented to the Board for approval.
- Establishing organization structure, as well as management and administrative structure which covers all details regarding recruitment, training, employment and dismissal of staff.
- Forming and proposing the Company's business plans, annual budgets and expenditure plans, and delimitation of management authority to the Board. Monitoring and follow up on the Company's operating results, pursue due compliance with policy and management direction as stipulated in the approved business plans to ensure business efficiency.
- Report the Company's operating results to the Board on a monthly basis.
- Undertake other duties as may be required by the Board from time to time.

However, the authorized approval shall not cover any transactions occurring between executive directors or any individuals with any disputes, possible conflict of interests, or stake holding positions (prescribed by the Security Exchange Commission's rules & regulations), and the Company or its subsidiaries, except for transactions allowed by the Security Exchange Commission's rules & regulations.

The Executive Committee may delegate its authority to any individual to act on any particular case or cases as it deems fit. However, such individuals with that sub delegated authority has no power to approve any transactions which will involve himself/herself or any individual with any disputes, possible conflict of interests, or stake holding positions (prescribed by the Security Exchange Commission's rules & regulations), and the Company or its subsidiaries, except for transactions allowed by the Security Exchange Commission's rules & regulations.

The Managing Director is subordinate and directly reports to the Chairman of the Board and undertakes his/her assigned management duties by adhering to the policies and directions set by the Board.

Management Team

As of December 31, 2006, the executives of the Company, as defined by the Securities and Exchange Commission, are:

Name	Position
1. Mr. Songsak Premsuk*	Managing Director, Station Director
2. Mr. Anusorn Yuktanan*	Sales Department Director
3. Mrs. Puangrat Songmuang*	Program Department Director
4. Mr. Ajsha Suwanpakprak*	News Department Director
5. Mr. Kobsin Tanapalin*	Engineering Department Director
6. Mr. Boonchai Siriphokasap*	Production Department Director
7. Mrs. Suporn Tanviruch*	Chief Finance Officer

* Terminated from Management since March 8, 2007

8. Board Meetings

The Board shall meet at least six (6) times a year according to the prearranged annual schedule. Extraordinary meetings are allowed if they are required. In preparation for a meeting, the Chairman of the Board and the Chairman of the Executive Committee shall peruse and agree to all the items on the meeting's agenda. The Secretary to the Board shall be responsible for delivering the relevant documents and notification of each meeting to Board members not less than seven (7) days before the meeting is scheduled, in order to allow adequate time for Board members to prepare.

The Chairman of the Board shall preside over the meetings, be responsible for monitoring the proceedings, and allocate sufficient time to each item on the agenda for the directors to discuss, express their opinions independently, and represent all the shareholders and interested persons equally. The relevant members of the management team are also required to provide the necessary information for consideration of important matters.

The Secretary to the Board is responsible for taking, publishing and circulating the minutes of Board meetings within fourteen (14) days after each meeting. The Secretary to the Board is also responsible for filing the minutes and all other documents related to the meetings in order to assist Board members in performing their duties as required by law, the Company's articles of association, and the resolutions of shareholders' meetings. The Secretary to the Board must also coordinate with all relevant persons involved in Board meetings.

In 2006 The Board held 9 meetings. The director's attendance list for the year is as follows:

Name	Meetings (times)	Attendances (times)
1. Mr. Boonklee Plangsiri**	9	9
2. Mr. Anan Leetrakul***	9	9
3. Mr. Weerawong Chittmitrapap**	9	9
4. Mrs. Sarita Bunnag*	9	9
5. Mr. Niwattumrong Boonsongpaisan***	9	9
6. Mr. Somprasong Boonyachai*	9	9
7. Dr. Dumrong Kasemset*	9	9
8. Mrs. Siripen Sitasuwan*	9	9
9. Mr. Songsak Premsuk***	9	9

Remark * Mrs. Sarita Bunnag, Mr. Somprasong Boonyachai, Dr. Dumrong Kasemset and Mrs. Siripen Sitasuwan resigned from directors, effective February 19, 2007

** Mr. Boonklee Plangsiri and Mr. Weerawong Chittmitrapap resigned from directors, effective February 26, 2007

*** Mr. Anan Leetrakul, Mr. Niwattumrong Boonsongpaisan and Mr. Songsak Premsuk resigned from directors, effective March 8, 2007

9. Non-Executive Directors' Meeting

The non-executive directors shall conduct meetings without the presence of executive directors at least once a year. This is to give an opportunity to discuss any subjects of interest related to the business operations of the Company. The conclusions made at each meeting shall be reported to the Board and the Chief Executive Officer.

The Chairman of the Board shall preside over these executive sessions. If the Chairman of the Board is unable to attend, the directors who are present shall select and appoint one of their members to chair the meeting. The Secretary to the Board shall act as the secretary of the meeting.

10. Succession Plan

A succession plan for the Chairman of the Executive Committee and senior executives shall be developed in order to maintain the confidence of shareholders and stakeholders and allow business operations to continue without interruption when these positions become vacant.

The Board has authorized the Nomination Committee to set up succession planning criteria and nominate the new Chairman of the Executive Committee whenever this position becomes vacant. The succession plan shall be reviewed annually and the Chairman of the Executive Committee shall update the Board on a regularly basis.

11. Communication with Management

The directors shall be allowed to access and communicate directly with the management team and the Secretary to the Board. However, this access and communication should not interfere with or interrupt the Company's normal business operations.

12. Remuneration

The remuneration for the Company's directors and executives shall be in line with their duties, responsibilities and contribution, and be comparable to industry standards in order to retain and motivate qualified people. The Remuneration Committee shall consider and propose adequate and appropriate compensation to the Board and shareholders on an annual basis for their approval. Compensations paid in 2006 were:

12.1 Remuneration for Directors

Total directors' remunerations of Baht 2.46 million (according to the resolutions of Annual General Meeting of Shareholders for 2006, the directors' remuneration was comparable to industry, up to Baht 5 million) were paid to the 3 independent directors for meeting allowance and bonus.

Name	Directors' Remunerations for 2006 (Baht)*
1. Mr. Anan Leetrakul	910,000
2. Mr. Weerawong Chittmittrapap	800,000
3. Mrs. Sarita Bunnag	750,000
Total	2,460,000

* Meeting allowance for the period of January to December 2006, and accrued bonus which was paid in February 2007. (Accrual Basis)

The above remunerations only paid to independent directors and audit committee, excluded the Executive Committee and Director represented Major Shareholder.

12.2 Remuneration for Executives

Total executives' remunerations of Baht 22.12 million for 7 executives for salaries, bonus, provident fund contribution and other benefits. These payments were made to management team, excluding the remunerations of the chairman of the executive committee and three of the executive committee in 2006 and the remuneration of chief finance officer during January 1 to June 30, 2006.

12.3 Other remuneration

The Company has an issuance and allocation of warrants to directors and employees under the Employee Stock Options Plan (ESOP) to motivate and remunerate the Company's directors and employees for their contributions in maximizing the long-term corporate benefits. The plan is a 5 year scheme. Details of the plan are as follows:

Details of the ESOP Program

Details	ESOP	ESOP	ESOP	ESOP
	Grant 1	Grant 2	Grant 3	Grant 4
Type of Warrants	Warrants to purchase the Company's ordinary shares, in registered form and non-transferable unless by hereditary or beneficiary transfer			
Total Number of Warrants to be Offered	16,769,000 units	9,173,600 units	9,653,900 units	10,581,000 units
Offering Price per Unit	No price (zero)			
Terms	Not exceeding five years from the issuance and offering date.			
Exercise Ratio	1 unit of warrant per 1 ordinary shares			
Exercise Price	Baht 5.38 per share	Baht 17.81 per share	Baht 13.79 per share	Baht 8.70 per share

Details	ESOP	ESOP	ESOP	ESOP
	Grant 1	Grant 2	Grant 3	Grant 4
Issuance and Offering Date	May 30, 2003	May 31, 2004	May 31, 2005	May 31, 2006
Exercise Period	<p>The Company's directors and employees could exercise the warrants to purchase the Company's ordinary shares as shown in the following details:</p> <p>First Year Directors and employees are entitled to exercise one-third of their allocated warrants to purchase ordinary shares one year after the warrants are issued to them, until the warrants are expired.</p> <p>In case the exercise of warrants creates a fraction of share(s) less than the board lot determined by The Stock Exchange of Thailand (the "SET"), such fraction will be exercisable at the last exercise of warrants.</p> <p>Second Year Directors and employees are entitled to exercise one-third of their allocated warrants to purchase ordinary shares two years after the warrants are issued to them, until the warrants are expired.</p> <p>In case the exercise of rights pursuant to warrants creates a fraction of share(s) less than the board lot determined by the SET, such fraction will be exercisable at the last exercise of warrants.</p> <p>Third Year Directors and employees are entitled to exercise the remaining of their allocated warrants to purchase ordinary shares three years after the warrants are issued to them, until the warrants are expired.</p> <p>In case the exercise of rights pursuant to warrants creates a fraction of share(s) less than the board lot determined by the SET, such fraction will be exercisable at the last exercise of warrants.</p>			
Exercise Period of Warrants	<p>Directors and employees of the Company have to submit their intention to exercise their warrants within the last five business days of each month during the exercise period, provided that for the last exercise period, the intention will be made 15 days prior to the last exercise period and can be made until the last day of the last exercise period.</p> <p>At least 7 days each exercise period, the Company will inform the exercise period, exercise ratio and exercise price of the warrants by notifying the directors, employees and advisors, in advanced at the head office. Except for the last exercise, the Company will inform them for those information by delivering registered letter to their post address or by hand at their offices at least 7 days prior to the last exercise period.</p>			
Exercise Date	Between 9.00 a.m. to 4.00 p.m. of the last business day of the month all time of exercise period.			

The list of directors and employees of the Company are allocated warrants as follow :

Name/Position	ESOP Grant 1		ESOP Grant 2		ESOP Grant 3		ESOP Grant 4	
	Warrant (Unit)	% of Program	Warrant (Unit)	% of Program	Warrant (Unit)	% of Program	Warrant (Unit)	% of Program
	1. Mr. Niwattumrong Boonsongpaisan Director and Chairman of the Executive Committee	3,953,700	23.58	1,982,700	21.61	1,618,900	16.77	2,564,500
2. Mr. Songsak Premsuk Managing Director	2,121,500	12.65	2,068,100	22.54	2,423,600	25.10	2,876,600	27.08

13. Training and Development

A newly-appointed director shall be provided with all necessary details about the Company, applicable laws and regulations, and information on the current business environment in order to facilitate his or her duties. A continual training and development programme will also be provided to equip each new director with all the necessary skills required to discharge his or her duties and govern the Company efficiently.

14. Board Assessment

The Board shall evaluate its own performance annually in order to improve this and ensure that it performs its duties according to the approved corporate governance policy and/or the latest good practices.

Rights and Equitable Treatment of Shareholders, and the Role to Stakeholders

1. Shareholders' Rights and Equitable Treatment

The Board respects the shareholders' rights and has a duty to protect the benefits of every shareholder equitably, regardless of whether they are retail, foreign, institutional, or major shareholders. Every shareholder is entitled to the rights and equitable treatment detailed below:

- 1.1 The right to receive share certificates and share transfers, and to be sufficiently informed of operating results and management policies on a timely basis.
- 1.2 The right to an equitable dividend.
- 1.3 The right to participate in meetings, vote and make recommendations on decisions concerning major corporate actions such as amendments to the articles of association, appointments to the Board, appointment of the Company's external auditors, and issuance of new share capital.
- 1.4 The right to elect directors.
- 1.5 Other right as stipulated by laws.

In addition to the above rights, every shareholder is entitled to the rights and equitable treatment stipulated in the Company's articles of association and all relevant laws.

2. Shareholders' Meetings

The Company has a policy to conduct shareholders' meetings according to the laws and guidelines prescribed by regulatory bodies.

In each shareholders' meeting, every shareholder has the right to give his or her opinion and query any of the information presented which is relevant to the agenda and the issues being discussed. The chairman of the meeting shall allocate an appropriate period of time for each item on the agenda and encourage all attendees to participate in the discussion and express their opinions.

In each meeting, at least one independent director shall be appointed as a proxy for shareholders who cannot attend the meeting, and every party shall be informed beforehand in the notification of the meeting. Every shareholder shall have the right to vote separately for each item on the agenda. The Board shall not aggregate irrelevant matters and request approval in one resolution.

It is the duty of all directors to attend every shareholders' meeting in order to answer any queries the shareholders might have.

Name/Position	Annual General Meeting of Shareholders for 2006	Extraordinary General Meeting of Shareholders No. 1/2006
1. Mr. Boonklee Plangsiri* The Chairman of the Board	Attend	Attend
2. Mr. Anan Leetrakul* Independent Director and the Chairman of the Audit Committee	Attend	Attend
3. Mr. Weerawong Chittmittrapap* Independent Director and member of the Audit Committee	Not Attend	Attend
4. Mrs. Sarita Bunnag* Independent Director and member of the Audit Committee	Attend	Attend
5. Mr. Niwattumrong Boonsongpaisan* Director	Attend	Attend
6. Mr. Somprasong Boonyachai* Director	Not Attend	Not Attend
7. Dr. Dumrong Kasemset* Director	Attend	Attend
8. Mrs. Siripen Sitasuwan* Director	Attend	Attend
9. Mr. Songsak Premsuk* Director	Attend	Attend

* Resigned from Director

3. Role to Stakeholders

The Company is aware of the rights of stakeholders and has a policy to ensure the importance of these rights by the appropriate prioritization of all stakeholders as follows: shareholders, employees, executives, customers, partners, creditors, and society. Cooperation between stakeholders shall be established according to their roles and responsibilities so that the Company can run its operations smoothly and effectively in order to benefit all groups of stakeholders fairly.

Disclosure of Information and Transparency

Roles and Duties of the Board regarding Information Disclosure and Transparency

1. It is the duty of the Board to disclose financial information, operating performance, and other relevant information accurately, completely, thoroughly and in a timely manner to all shareholders and stakeholders in the Company.
2. There shall be an investor relations unit to represent the Company and communicate useful information to shareholders, investors, securities analysts, and other concerned parties.
3. The Company has a policy to disclose the following information to the public:
 - 3.1 The Company's objectives.
 - 3.2 The Company's financial status and operating performance, shareholding structure, and voting rights.
 - 3.3 Name lists of directors and committee members stating their remuneration, including the Chairman of the Executive Committee and the Managing Director.
 - 3.4 Risk factors and risk management policies on material and foreseeable risks, both operational and financial.
 - 3.5 Corporate governance structures and policies including the responsibility of the Board regarding financial reports, the reports of the Chairman of the Audit Committee, and all other related reports.
 - 3.6 The total attendance of each director and/or each sub-committee member at their respective meetings shall be compared with the total number of meetings of the Board and/or the sub-committees in each year and shall be disclosed in the annual report.

In addition, the Company duly complies with the full disclosure requirements under applicable laws and regulations. It is also the Company's policy to disclose relevant information on its business operations in a full, fair, accurate and timely manner to shareholders, investors and interested parties, so that they are provided with sufficient informative inputs essential for their investment decisions. The Company is also promptly updated with current corporate situations on the quarterly briefings presented by the Company's executive management and attended by investors, stock analysts and fund managers. Sufficient time is also allotted by the Company during the briefings for participants to pose questions and receive answers. Meetings between the Company's management and groups of investors and analysts are occasionally arranged upon requests for direct discussions and general exchange of information concerning matters related to the Company and its operations.

Interested parties who wish to obtain available information on the Company's operations and performance are welcome to contact our Investor Relation Office-Telephone number 0-2791-1000 or visit our website (<http://www.itv.co.th>) as well as through other communication channels such as The Stock Exchange of Thailand.

Internal Control and Risk Management Systems

1. Internal Control

The Board shall arrange and maintain the Company's internal control system in order to safeguard the shareholders' investment capital and the Company's assets.

It is the Board's duty to review the efficiency of the internal control system at least once a year and report its performance to the shareholders. The review shall cover all matters pertaining to financial controls, operational controls, compliance controls and risk management.

2. Internal Audit

There shall be an internal audit unit, reporting functionally and directly to the Audit Committee, and administratively to the highest level of management. The internal audit unit's responsibilities are to cover consulting services, and to audit and evaluate the internal control system, the risk management system and the corporate governance system.

3. Risk Management

There shall be a policy to manage both internal and external risk factors affecting the Company at an appropriate and acceptable level. There shall be a risk management committee, consisting of all department heads and presided over by the Chairman of the Company. The duties of the Risk Management Committee are to evaluate and review the results of risk assessment in each department, report these results to the Audit Committee, and review the risk management plan and policy for the Board's approval at least once a year.

Risk management is a part of the Company's annual business plan process and is aligned with its objectives, goals, and strategic plan of the Company. As the risk owners, management and all staff members shall be responsible for assessing the risks related to their respective departments and business processes, so as to evaluate the effectiveness of existing controls, and propose action plans for mitigating the risks as well as reporting them to the Risk Management Committee, the Audit Committee, and the Board.

Code of Conduct

It is the Company's business philosophy to

- Enhance knowledge dissemination and continual quality improvement
- Encourage service minds
- Emphasize systematic and rational thinking
- Facilitate creativity
- Trust in team work
- Focus on dedication and honesty
- Encourage staff to take pride in the corporation
- Support social awareness

In order to convert its business philosophy into practice, the Company established the following Code of Conduct for members of the Board of Directors, executives and staffs to abide by and comply:

1. Responsibility to Shareholders

The Company acts as a representative to its shareholders in carrying out the business in order to maximize shareholder satisfaction with regards to sustainable growth of the Company's value in the long term future, and the disclosure of transparent and reliable information to its shareholders.

2. Responsibility to Staff

All members of staff are valuable assets and a critical success factor, so the Company must place emphasis on developing and promoting a good culture and working atmosphere, teamwork, courtesy, and respect for individuality. The employment, promotion and transfer of all staff members shall be conducted in a fair manner based on ethical standards whilst maximizing human resource utilization.

It is the Company's policy to systematically and continually promote staff development processes. Judgments on salaries and career paths are based on professional proficiency, work performance and individual potentiality.

The Company respects the privacy of all its staff members and will not disclose any personal information such as salaries, medical records or family data to anyone who does not have the right to that information unless it is required to do so by law.

3. Responsibility to Customers

Customer satisfaction and consumer confidence are very important to the Company, which aims to provide high quality goods and services at reasonable prices, and maintain a good relationship with its customers. The Company has thus determined the following guidelines:

3.1 Product and Service

The Company shall provide high quality products and services, and continuously strive to improve these. The Company shall also provide complete and accurate disclosure of all information pertaining to its products and services without any misrepresentation.

3.2 Keep Confidential of Customer Information

Directors, management, and staff members at all levels shall not disclose any information on customers without prior permission from those customers or authorized personnel of the relevant company in the Group. The only exception to this is information requested by law enforcement officers acting in accordance with the law.

4. Business Competition

4.1 Rival Business Information

It is not the Company's policy to involve itself in any illegal or unethical process of obtaining any rival business information.

4.2 Fair and Free Competition

The Company promotes fair and free competition and opposes monopolistic or compulsory trades.

5. Responsibility to Business Partners and Creditors

The Company's dealings with any business partner shall be conducted in a manner that upholds its reputation and all relevant laws. All Company personnel must be aware of the common interests of the Company's business partners and treat them equitably. The selection of business partners shall be fair. The Company shall also consider its business partners to be the key factor in jointly creating a value chain for customers.

The Company shall keep all its promises and perform in accordance with the terms and conditions agreed with its creditors for the repayment of principal and interest, as well as safeguarding all guaranteed assets.

6. Responsibility to news and information sources

Directors, executives and staff of all levels comply with the following principles governing presentation of news and confidentiality of information sources:

6.1 Presentation of news and information is based on awareness of social responsibility, good morals and cultural respect.

6.2 The relevant acknowledgement of sources must be provided for news and information taken from any other sources such as radio, television and publications.

- 6.3 News and information presented must be justified and made with awareness of public rights to equitable information. Providers of such news and information must be recognized and disclosed, unless such revelation may otherwise threaten or harm the safety of such individual.
- 6.4 In the event that the company is provided with any news or information from a source who wishes to remain anonymous, the matter should be processed with caution, and any potential abuse which may be deliberately caused by such undisclosed sources should be avoided.
- 6.5 News and information presented that may relate to any individual or organization or may cause potential damage thereto, should reveal justified efforts in providing opportunities for such individual or organization to present their aspect of facts.
- 6.6 Presentation of news and information that may cause racism and contempt towards any religion, belief or faith should be avoided.

7. Responsibility to Society and the Environment

The Company is aware that it is a Thai company and has a responsibility to Thailand and Thai society. The Company is committed to making a contribution to society by supporting activities of public interest and cooperating with the communities in which those activities are located.

The Company has a policy to produce goods and render services that are environmentally friendly and comply with all related environmental laws.

The Company supports activities that protect the environment and save energy. In addition, the Company has a policy to purchase and promote the use of products that are environmentally friendly.

8. Use of Inside Information for their own or others' benefit and Trading of the Group's Securities

Directors, management, and staff members at all levels shall not use any significant inside information about the Company or any company in the Group which has not been disclosed to the public, for their own or others' benefit.

Directors, management, and staff members at all levels shall have the right and freedom to invest and trade in the securities of the companies in the Group. However, in order to prevent conflicts of interest, all directors and employees should avoid or suspend trading for a period of one month prior to the disclosure of all financial statements to the public.

9. Related Transactions within the Group

In the case of related transactions amongst the companies within the Group, the Company shall conform to the rules and procedures of granting approval by upholding its best interests as if the Company were dealing with outside parties on an arm's length basis.

10. Participation in Political Activities

The Company has a policy of political neutrality and does not make donations to any political party. The Company also avoids activities that may favor any particular political party.

Directors, management, and staff members at all levels are able to participate in political activities under the terms of the Constitution of Thailand. However, no member of the Company shall claim the status of being a company employee or use any of the Company's property or equipment for the purpose of political activities.

Any director, manager or staff member who accepts a politically related position or stands for any local or national elections in any constituency in Thailand must resign from the Company forthwith.

11. Distribution of Information and Interviews with the Press or Public

The distribution of information about the Company shall be conducted in a factual, accurate and careful way.

A company employee who is not authorized or assigned to speak to the press shall not give any interview with the media or the general public, nor disclose any information about the companies in the Group which may adversely affect their reputation or business operations.

12. Conflicts of Interest

12.1 Receiving money or other remuneration

Directors, management, and staff members at all levels involved in any outside interest or additional source of remuneration which may impair their independence towards performing their duties, or may affect the interests of the companies in the Group or their customers, shall adhere to the following regulations:

12.1.1 Directors, management, and staff members at all levels shall not personally receive any money or benefits from the Company's customers or business partners, or from any other persons when working on behalf of the Company.

12.1.2 Directors, management, and staff members at all levels shall not borrow or raise funds from, or lend money to, the Company's customers or business partners, unless they are independent customers of banks or financial institutions which are connected to the Company.

12.1.3 Directors, executives and staff of all levels will not accept any gifts of which its value is higher than the acceptable practice.

12.2 Engaging in other business outside the Company

Involvement in any other private business of directors, executives and staff of all levels must not affect their duties, responsibility, and working hours with the Company. Any business handlings with the Company either on behalf of oneself or corporate in which one is a stakeholder, should be disclosed in accordance with the Company's required procedures. The Company's directors, executives and staff of all levels are prohibited to engage in or participate in any activities, which are in competition with the business of the Company, its subsidiaries, its affiliated and/or its associates companies, regardless of whether they will directly or indirectly benefit from such engagement and participation.

12.3 Engaging in business with the Company and its subsidiaries

Every director, manager and staff member shall disclose his or her relationship to any other business entity the Company may be dealing with, according to the Company's disclosure criteria.

No director, manager or staff member may approve a business transaction on behalf of the Company if he or she has a conflict of interest related to that transaction.

Prior to entering into any business dealings, the management of the Company has a duty to determine the relationship between business partners and the Company's directors, managers and staff members who are conducting business with those partners.

The definition of "relationship" is given in the Notification of the Board of Governors of The Stock Exchange of Thailand, Re: Disclosure of Information and Act of Listed Companies Concerning Connected Transactions, 2003.

12.4 Outside directorships

The Company has no policy to nominate members of its management team as board members of a company outside the Group. In the event that a member of the management team with a job grade of 13 or above is invited to serve on the board of a company outside the Group, approval is required as outlined below, unless the invitation is for a non-profit organization and does not infringe any related laws or regulations governing the Company's business. Furthermore, the person involved shall not use his or her position in the Company to promote the business of the outside company.

Title	Approved by:
Manager with job grade 13 or over	The Chief Executive Officer
Manager with over UC job grade	The Executive Committee
Executive Director	The Board of Directors

12.5 Receiving gifts and entertainment

Every director, manager and staff member should refrain from accepting monetary or non-monetary gifts from the Company's business partners, suppliers, customers, creditors or any other person they are dealing with on behalf of the Company. The only exceptions are traditional, seasonal gifts which are in accordance with normal cultural practice. The value of any gift received may not be over Baht 5,000 if the value is above this amount, the recipient must consult his or her immediate supervisor for advice.

Every director, manager and staff member can accept normal business entertainment provided by business partners, suppliers, customers, creditors or any other person they are dealing with on behalf of the Company. However, any member of the Company accepting this entertainment should exercise good judgment and due care regarding the nature of the entertainment to ascertain that it is in line with normal business relationships.

12.6 Accepting invitations to seminars, business events and company visits

Every director, manager and staff member can accept invitations to seminars, business events and company visits where the traveling expenses are sponsored by suppliers, customers, creditors or any other person they are dealing with on behalf of the Company. However, the aforementioned activities must benefit the Company's business and be authorized by the relevant supervisor. No director, manager or staff member may accept spending money or other benefits provided for these events.

13. Giving Gifts, Entertainment and Gratuities

The Company has no policy to give money, incentives or other special benefits to its suppliers, customers, creditors or any other person in order to influence, or in exchange for, business deals, with the exception of providing normal business entertainment, trade discounts or promotional campaigns.

14. Compliance with Laws, Rules and Regulations

Directors, management and staff members at all levels shall abide by the law and all related rules and regulations pertaining to their position. No member of the Company shall commit or support illegal acts.

15. Safeguarding the Company and its subsidiary's Assets

Directors, management, and staff members at all levels are responsible for looking after, maintaining and maximizing the use of property and fixed assets belonging to the companies in the Group, and shall not use any of these for their own or others' benefit.

The Company has a policy to prepare all business documents and financial reports, and record all accounting and financial data on an honest and timely basis, in compliance with generally accepted accounting standards and related laws.

No director, manager or staff member may disclose material inside information to any party that has no right to access that information. It is the duty of every member of the Company to secure and protect confidential information, data and documents.

16. Supervision and Administration

- 16.1 Every director, manager and staff member shall strictly adhere to the Company's code of conduct in the performance of his or her duties. If any unethical conduct is discovered, the wrongdoer should be punished according to the Company's guidelines.
- 16.2 It is the duty of every director, manager and staff member to read the code of conduct, including all amendments that are made, and sign an agreement to abide by its conditions.
- 16.3 All executives and supervisors should behave as role models for the staff, promote the code of conduct among their subordinates and encourage all of them to comply with its conditions.
- 16.4 A code of conduct committee shall be established, composed of the Company's president, acting as the chairperson, and other department heads including Internal Audit, Human Resources and Legal. The roles and responsibilities of the committee are as follows:
 - Periodically review and update the code of conduct.
 - Receive and investigate any complaints regarding non-compliance with the code.
 - Answer any questions that may arise and provide an interpretation of the code if a situation is unclear.
 - Annually report the committee's activities to the Audit Committee, the Executive Committee and the Board.
 - Promote the code of conduct within the Company and provide training for the staff in order to encourage every employee to behave in accordance with the code.
- 16.5 Any waivers to the code of conduct for senior executives and directors must be approved by the Board.

17. Reporting of Non-Compliance

Every director, manager and staff member has a duty to report any activity that infringes the code of conduct or situation where they were forced to perform a task that conflicts with the code, to their supervisor, a senior executive, the Internal Audit Department, the Human Resources Department, the Code of Conduct Committee or the Audit Committee, as the case may be.

The Company has a policy to protect the identity of anyone who reports non-compliance with the code of conduct. All information received will be treated in the strictest confidence and the Company will not take any disciplinary action against the person reporting the allegation if that person acted in good faith.

Executives and supervisors are required to monitor and oversee that their subordinates act in compliance with the prescribed code of conducts. Nevertheless the established code may not cover all aspect of proposed conducts. In the event of doubts, executives and staff are advised to consult their relevant superiors. The Executive Chairman's decision will be considered a final verdict for all disputes or clarification requests regarding this matter.

RELATED TRANSACTIONS

Related Parties/ Relation to the Company	1. Shin Corporation Plc. (SHIN)		
	the major shareholder of the Company with 52.92% ownership and has some similar directors sitting on the Company's Board as follow;		
	1. Mr. Boonklee	Plangsiri	
	2. Mr. Niwattumrong	Boonsongpaisan	
	3. Dr. Dumrong	Kasemset	
	4. Mr. Somprasong	Boonyachai	
	5. Mrs. Siripen	Sitasuwan	
Nature of Transaction	SHIN advertises with the Company. The Company has contracted SHIN to work as its advisor and management. Financial management and internal audit services are charged upon actual use of services.		
Related Transactions 31 December (Consolidation)	Y 2005 (Million Baht)	Y 2006 (Million Baht)	
	1. Advertising income	2.30	0.84
	2. Advisory and management fees	16.08	7.89
	3. Other Service expenses	0.85	-
	4. Related Receivable	2.46	-
	5. Related Payable	0.57	-
Rationality and necessity of the transactions	<ul style="list-style-type: none"> • In 2005, The major shareholder, as a parent company, has a group policy to overseeing its subsidiary's operation through shareholding and management for the maximum benefit of the Company and its shareholders. The Company used these advisory and management services for corporate ultimate benefits. SHIN contracted Boston Consulting Group (Thailand)-BCG to assess the calculation method that was applied for this advisory fee and determined by market rate of the actual transaction. The advisory and management services are considered being a connected transaction which has already been reviewed by both the Audit Committee and the Board of Directors. Disclosure of such was already made to The Stock Exchange of Thailand. • In 2006, the major shareholder (SHIN) terminated advisory and management services contract since July 1, 2006. 		
Related Parties/ Relation to the Company	2. Shin Satellite Plc. (SATTEL)		
	is a subsidiary of the SHIN Group, SHIN holds 41.32% of its shares and has some similar directors sitting on the Company's Board as follow;		
	1. Mr. Boonklee	Plangsiri	
	2. Dr. Dumrong	Kasemset	
	3. Mr. Somprasong	Boonyachai	
	4. Mrs. Siripen	Sitasuwan	
Nature of Transaction	SATTEL advertises with and purchases station airtime from the Company. The Company rents a satellite transponder from SATTEL and pays a monthly fee of Baht 3,046,950.		
Related Transactions 31 December (Consolidation)	Y 2005 (Million Baht)	Y 2006 (Million Baht)	
	1. Advertising income and air-time rental	2.24	-
	2. Transponder Rental	36.07	39.13
	3. Related Payable	-	3.26
	4. Related Receivable	1.07	0.01

Rationality and necessity of the transactions

- It is essential for the Company to rent a satellite or a transponder for its network connections and broadcasting activities. These are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis. A 10-year contract was signed on May 16, 1997 (prior to the acquisition of the Company's shares by SHIN) and will be valid until May 15, 2007.

Related Parties/Relation to the Company

3. SC Matchbox Co., Ltd. (SMB)
is a subsidiary of the SHIN Group. SHIN holds 99.96% of its shares and has some similar directors sitting on the Company's Board;

- Mr. Boonklee Plangsiri
- Mr. Niwattumrong Boonsongpaisan
- Dr. Dumrong Kasemset
- Mr. Somprasong Boonyachai
- Mrs. Siripen Sitasuwan
- Mr. Songsak Premasuk

Nature of Transaction

SMB advertises with and purchases station airtime from the Company. SMB also purchases right to use of exhibition space. The Company contracts SMB to produce programs, design and decorate on studio backdrop for its station on a case to case basis.

Related Transactions	Y 2005	Y 2006
31 December (Consolidation)	(Million Baht)	(Million Baht)
1. Advertising income	180.01	199.91
2. Right to use Exhibition Space Revenue	1.70	-
3. Advertising commissions	10.08	11.37
4. Advertising & public relations fees	1.60	7.33
5. Media production fee	-	1.77
6. Other expenses	2.58	3.36
7. Related Receivable	39.80	58.66
8. Related Payable	1.46	2.10
9. Accrued expenses	-	14.54

Rationality and necessity of the transactions

- Advertising Revenue and Airtime Rental Revenue from SMB are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis.
- The Company contracts SMB to organize marketing events, public relation activities, and programming schedule launching which SMB possesses an expertise and long experience in this field. These are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis.
- AW provide internet advertising, need specialist in internet media producer to support its business.

AW : Artware Media Co., Ltd. , ITV holds 99.99% of its shares.

Related Parties/ Relation to the Company	4. CS Lox info Plc. (CSL)		
	is an affiliated company in the SHIN Group. SHIN holds 41.32% of SATTEL shares, whereas SATTEL holds 99.99% in SBI shares, and SBI holds 40.02% in CSL shares and has some similar directors sitting on the Company's Board;		
	<ol style="list-style-type: none"> 1. Mr. Boonklee Plangsiri 2. Dr. Dumrong Kasemset 3. Mr. Somprasong Boonyachai 4. Mrs. Siripen Sitasuwan 		
Nature of Transaction	The Company uses the CSL internet services and pays its monthly service fees.		
Related Transactions	Y 2005	Y 2006	
31 December (Consolidation)	(Million Baht)	(Million Baht)	
	1. Rental fee paid for lease lines	1.80	1.31
	2. Related Payable	0.12	0.21
Rationality and necessity the transactions	<ul style="list-style-type: none"> • The Company needs reliable and stable Leased-line system and CS possesses expertise in the internet field and service fees are charged on an arm's length basis. 		
Related Parties/ Relation to the Company	5. Teleinfo Media Co., Ltd. (TMC)		
	is an affiliated company in the SHIN Group. SHIN holds 41.32% of SATTEL shares, whereas SATTEL holds 99.99% in SBI shares, and SBI holds 40.02% in CSL shares which CSL holds 99.99% in TMC and has some similar directors sitting on the Company's Board;		
	<ol style="list-style-type: none"> 1. Dr. Dumrong Kasemset 2. Mr. Somprasong Boonyachai 3. Mrs. Siripen Sitasuwan 		
Nature of Transaction	TMC advertise with the Company and share the revenue sharing from SMS service.		
Related Transactions	Y 2005	Y 2006	
31 December (Consolidation)	(Million Baht)	(Million Baht)	
	1. Advertising and Production revenue	0.001	2.60
	2. Public Relation expenses	-	0.01
Rationality and necessity the transactions	<ul style="list-style-type: none"> • Advertising Revenue and Production Revenue from TMC are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis. 		
Related Parties/ Relation to the Company	6. Advanced Info Service Plc. (ADVANC)		
	has some similar directors sitting on the Company's Board and is also an associated company in the SHIN Group. SHIN holds 42.79% of its share and has some similar directors sitting on the Company's Board;		
	<ol style="list-style-type: none"> 1. Mr. Boonklee Plangsiri 2. Dr. Dumrong Kasemset 3. Mr. Somprasong Boonyachai 4. Mrs. Siripen Sitasuwan 		
Nature of Transaction	ADVANC advertises with the Company and shares the SMS revenue sharing from using mobile content service to the Company and Media Connex (MC), the Company's subsidiary. The Company uses the ADVANC mobile phone services.		

Related Transactions	Y 2005	Y 2006
31 December (Consolidation)	(Million Baht)	(Million Baht)
1. Advertising income	2.90	1.56
2. SMS sharing revenue	26.84	26.05
3. Right to use exhibition space revenue	0.56	-
4. Mobile phone service fees	2.87	1.89
5. Mobile unit and accessories	3.02	-
6. Related Receivable	5.00	2.40
7. Related Payable	-	0.18
8. Accrued expenses	-	0.87

Rationality and necessity of the transactions

- The Company has revenue from providing content (Hot News on Mobile) via all mobile operators ADVANC is one of network operator. ADVANC share revenue on an arm's length basis.
- The Company uses the mobile phone services for its news program production. The system offers a fairly wide service coverage area. The transactions are normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis, on conditions similar to any transactions with other outsiders.
- Right to use exhibition space selling is considered being a connected transaction which has already been reviewed by both the Audit Committee and the Board of Directors. Disclosure of such was already made to The Stock Exchange of Thailand.

Related Parties/Relation to the Company

7. Digital Phone Co., Ltd. (DPC)

is an affiliated company in the SHIN Group. SHIN, which is the major shareholder of ITV holds 42.79% of ADVANC. Whereas ADVANC also holds 98.55% of DPC and has some similar directors sitting on the Company's Board;

1. Mr. Boonklee	Plangsiri
2. Dr. Dumrong	Kasemset
3. Mr. Somprasong	Boonyachai
4. Mrs. Siripen	Sitasuwan

Nature of Transaction

DPC shares the revenue sharing from using mobile content service (Hot News on Mobile) to the Company and the Company purchases mobile phones and accessories from DPC.

Related Transactions	Y 2005	Y 2006
31 December (Consolidation)	(Million Baht)	(Million Baht)
1. Sharing Revenue	0.30	0.60
2. Mobile phones and accessories	0.10	0.50
3. Related Receivable	0.04	0.02

Rationality and necessity of the transactions

- Sharing agreement of Hot News on mobile based on 50 : 50 of net revenue after deduction of expenses.
- The Company services purchased by DPC are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis.

Related Parties/ Relation to the Company	8. Shineedotcom Co., Ltd. (SNDC)		
	is an affiliated company in the SHIN Group. SHIN holds 41.32% of SATTEL shares, whereas SATTEL holds 99.99% in SBI shares, and SBI holds 40.02% in CSL shares, and CSL holds 99.99% in ADV shares, and ADV holds 70.00% in SNDC shares.		
Nature of Transaction	SNDC shares its I-NEWS service income. The Company shares revenue from Hotnews on Mobile to SNDC for using its system.		
Related Transactions		Y 2005	Y 2006
31 December (Consolidation)		(Million Baht)	(Million Baht)
	1. Revenue sharing from the I-NEWS	1.24	0.15
	2. Revenue sharing to Hotnews on Mobile	0.86	0.94
	3. Related Receivable	0.06	0.06
	4. User Data Management for Mobile	-	0.97
	5. System Maintenance	-	0.06
	6. Related Payable	0.09	-
Rationality and necessity the transactions	<ul style="list-style-type: none"> • The Company signed a I-NEWS revenue sharing agreement with SNDC. The transactions are normal business activities on conditions similar to any transactions with other outsiders. • SNDC signed a Hotnews on mobile revenue sharing agreement. The transactions are normal business activities on conditions similar to any transactions with other outsiders. • MC purchase User Data Management for mobile from SNDC. The transactions are normal business activities on conditions similar to any transactions with other outsiders. 		
Related Parties/ Relation to the Company	9. Data Network Solutions Co., Ltd. (DNS)		
	is an affiliated company in the SHIN Group. SHIN, which is the major shareholder of ITV holds 42.79% of ADVANC. Whereas ADVANC also holds 49% of DNS and has some similar directors sitting on the Company's Board;		
	1. Dr. Dumrong	Kasemset	
	2. Mr. Somprasong	Boonyachai	
	3. Mrs. Siripen	Sitasuwan	
Nature of Transaction	The Company rent DNS's network and use DNS's service for transmitting news content from all nationwide news centers to central news center.		
Related Transactions		Y 2005	Y 2006
31 December (Consolidation)		(Million Baht)	(Million Baht)
	1. Service Fee and rental	0.22	0.17
	2. Related Payable	0.02	0.01
Rationality and necessity the transactions	<ul style="list-style-type: none"> • The Company rent network equipment. The transactions are normal business activities on conditions similar to any transactions with other outsiders. 		

Related Parties/	10. CaptitalOK Co., Ltd. (OK)		
Relation to the Company	is a subsidiary of SHIN. SHIN holds 99.99% in OK and has some similar directors sitting on the Company's Board;		
	1. Mr. Boonklee	Plangsiri	
	2. Dr. Dumrong	Kasemset	
	3. Mr. Somprasong	Boonyachai	
	4. Mrs. Siripen	Sitasuwan	
Nature of Transaction	OK advertises with the Company		
Related Transactions		Y 2005	Y 2006
31 December (Consolidation)		(Million Baht)	(Million Baht)
	1. Advertising income	0.14	0.50
	2. Other Revenue	0.23	-
	3. Related Receivable	0.15	0.03
Rationality and necessity the transactions	<ul style="list-style-type: none"> • These are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis. 		
Related Parties/	11. Advanced Datanetwork Communications Co., Ltd. (ADC)		
Relation to the Company	is an affiliated company in the SHIN Group. SHIN, which is the major shareholder of ITV holds 42.79% of ADVANC. Whereas ADVANC also holds 51.00% of ADC and has some similar directors sitting on the Company's Board;		
	1. Dr. Dumrong	Kasemset	
	2. Mr. Somprasong	Boonyachai	
	3. Mrs. Siripen	Sitasuwan	
Nature of Transaction	The Company use service from ADC		
Related Transactions		Y 2005	Y 2006
31 December (Consolidation)		(Million Baht)	(Million Baht)
	1. SET Data via Leased Line Service	0.04	0.09
	2. Related Payable	0.003	0.03
Rationality and necessity the transactions	<ul style="list-style-type: none"> • The Company use equipment and network from ADC via leased line for broadcasting information of stock trading from The SET. These are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis. 		

On January 23, 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. 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 January 31, 2006. Details of the related transactions are as follows:

Related Parties/	1. SC Assets Corporation Plc. (SC)		
Relation to the Company	is a company in which the Shinawatra family holds 60.82% of its shares under both individual and corporate names. The Shinawatra family is also the major shareholder of SHIN and holds 49.60% of its shares, whereas SHIN is the major shareholder of ITV.		
Nature of Transaction	The Company signed rental and service contract for renting of its office space 8,469 square meter in Shinawatra Tower 3.		
Related Transactions	Y 2005	Jan 31, 2006	
31 December (Consolidation)	(Million Baht)	(Million Baht)	
	1. Space rental & service fees	60.26	5.38
	2. Utilities fees	7.59	0.59
	3. Telephone fees	6.82	0.49
	4. Other fees	0.48	0.94
	5. Other revenue	0.02	-
	6. Related Receivable	0.01	-
	7. Related Payable	0.78	-
Rationality and necessity the transactions	<ul style="list-style-type: none"> The Company extended a rental & service contract by 3 years covering the period from January 1, 2005 to December 31, 2007. This transaction is a connected transaction which charged on an arm's length basis and has already been reviewed by both the Audit Committee and the Board of Directors. Disclosure of such was already made to The Stock Exchange of Thailand. 		
Related Parties/	2. National Insurance Co., Ltd. (NATIN)		
Relation to the Company	is a company in which an ex-director of SHIN is a major shareholder and Mrs. Siripen Sitasuwan* is a joint Director.		
Nature of Transaction	The Company purchases various NATIN insurance schemes.		
Related Transactions	Y 2005	Jan 31, 2006	
31 December (Consolidation)	(Million Baht)	(Million Baht)	
	1. Insurance premiums	2.61	0.36
	2. Prepaid expenses	0.05	0.01
	3. Related Payable	0.02	0.01
Rationality and necessity the transactions	<ul style="list-style-type: none"> The Company purchases insurance schemes to insure its equipment. Premiums are agreed and paid on a market price with an arm's length basis. 		
	* Resigned from the director of National Insurance Co., Ltd. on February 12, 2007.		
Related Parties/	3. Praram 9 Hospital Co., Ltd. (RM9)		
Relation to the Company	The Shinawatra family holds 50.28% shares of RM9.		
Nature of Transaction	The Company use annual check up service and other health service from RM9 with advertising barter agreement.		
Related Transactions	Y 2005	Jan 31, 2006	
31 December (Consolidation)	(Million Baht)	(Million Baht)	
	1. Advertising income	1.37	-
	2. Health service fee	1.07	0.02
	3. Related Payable	0.58	-
Rationality and necessity the transactions	<ul style="list-style-type: none"> These are the Company's normal welfare which market pricing references exist. Service fees are charged on an arm's length basis. 		

Related Parties/	4. How Come Entertainment Co., Ltd. (HC)		
Relation to the Company	The Shinawatra family holds 36% shares of HC.		
Nature of Transaction	HC purchases station airtime from the Company.		
Related Transactions	Y 2005	Jan 31, 2006	
31 December (Consolidation)	(Million Baht)	(Million Baht)	
	1. Advertising and Airtime Rental income	4.31	0.77
	2. Related Receivable	1.62	-
Rationality and necessity the transactions	<ul style="list-style-type: none"> • These are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis. 		

Related Transaction Measures

In the past year the Company and its subsidiaries undertook some transactions with other, third parties that may have caused possible conflicts of interest. However, the prices charged for these transactions were subject to normal trading terms and comparable to those charged to other outsiders. Conditions applied to these transactions were also made in the ordinary course of business. The Company disclosed these related party transactions in the notes to financial statements attached to its financial reports for the year ending December 31, 2004, which has been prepared under generally accepted accounting principles. Besides the applications of the general practice guidelines, additional disclosures were made to comply with these transactions with the approval process prescribed by The Stock Exchange of Thailand. The Company clearly outlines authorization criteria for these transactions, especially regarding authorization scopes and approval limits. The Audit Committee is also responsible for reviewing related party transactions and inter-company transactions to ensure that there are no conflicts of interest. As these transactions have been, and are being, undertaken in the normal course of business, continued occurrences thereof will still exist in the future. Pricing of these transactions will be on normal terms and conditions.

Policy and potentiality of related transactions

The Company lays out policies governing related transactions that may have caused possible conflicts of interest and applies general terms and conditions similar to normal trading activities to them. The Company will assign the Audit Committee or the Company's external auditor or independent experts to review and comment on the appropriateness of their pricing and the rationality of such transactions. Regarding the transactions which were already contracted together with some ongoing activities, the Company will assign the Audit Committee or the Company's external auditor to review whether the counterparts have been complying with normal business terms and conditions during the validity of such contracts.

In approving related transactions, the Board members or individuals who may have conflicts of interest in such transactions are excluded from the authorization process. The Board will oversee that the process complies with notifications or rules of The Stock Exchange of Thailand as well as regulations governing the disclosures of related transactions and acquisitions or the disposal of material assets of the Company and its subsidiaries. The disclosures will appear in the notes to the Company's audited financial statements.

MAJOR SHAREHOLDERS STRUCTURE

Top ten major shareholders of ITV Public Company Limited

No. / Name	No. of shares held	% of issued share capital
1. Shin Corporation Public Company Limited	638,602,846	52.92
2. Goldman Sachs & Co	48,720,694	4.04
3. Thai NVDR Company Limited	48,346,000	4.01
4. Mr. Narit Jiaarpa	26,628,000	2.21
5. Nortrust Nominees Ltd.	23,117,100	1.92
6. Seang Enterprises Corporation Company Limited	10,000,000	0.83
7. Mr. Vinai Klongprakij	8,271,300	0.69
8. Thailand Securities Depository Company Limited	7,109,700	0.59
9. Mr. Prasert Lohaviboonsab	7,060,000	0.59
10. Mr. Virat Klongprakij	5,000,000	0.41
Total	822,855,640	68.19

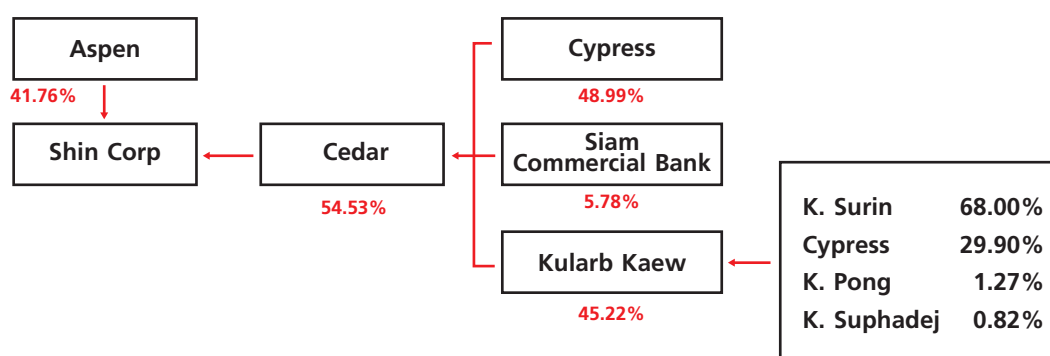
Source: by Thailand Securities Depository Co., Ltd. as of March 6, 2007

Major shareholder whose behavior can influence when determining policy or handling operation, is Shin Corporation Plc. Major shareholders of Shin Corporation Plc. are

No./Name	No. of shares held	% of issued share capital
1. Cedar Holding Co., Ltd.*	1,742,407,239	54.53
2. Aspen Holding Co., Ltd.*	1,334,354,825	41.76
Total	3,076,762,064	96.29

Source: by Thailand Securities Depository Co., Ltd. as of August 30, 2006

* Aspen is a company incorporated in Thailand and an indirect subsidiary of Temasek Holdings (Pte) Ltd. ("Temasek"). Cedar is a company incorporated in Thailand whose shareholders are comprised of The Siam Commercial Bank Public Company Limited holding 5.8%, Kularb Kaew Company Limited ("Kularb Kaew") holding 45.22% and Cypress Holdings Limited ("Cypress"), an indirect subsidiary of Temasek, holding 48.99% of the shares in Cedar. The Detail of Shareholders Structure of the Company is as follow:



The investors can find the current major shareholders of the Company from the Company's website before the Annual General Meeting.

Dividend Policy

The Company can pay dividends to shareholders approximately 40% of net profit after tax unless the Company and its subsidiaries have other financial needs and the payment materially affect the Company and its subsidiaries' normal operations.

INFORMATION OF BOARD OF DIRECTORS

Name-Surname	Mr. Somkid Wangcherdchuwong (Be appointed as a director of the Company as of February 19, 2007.)
Age (year)	48
Position	Chairman of the Board of Directors and Authorized Director
% of Shareholding *	- None -
Relationship with Management	- None -
Educational Background	<ul style="list-style-type: none">• Barrister-at-law The Thai Bar• Bachelor Degree of Law, Chulalongkorn University• Directors Accreditation Program (DAP), Class 50/2006
Work Experience	2007 - Present Chairman of the Board of Directors ITV Plc. 1996 - Present Attorney at Law Suwat Somkid Law Office 1991 - 1995 Attorney at Law Udomwattana Law Office 1989 - 1990 Attorney at Law Dr. Surabodee Sattabut Law & Bussiness Office 1982 - 1988 Attorney at Law Vikery, Prapon, Pramuan & Sutee Law Office 1980 - 1981 Attorney at Law Kriengsak & Sanya Law Office
Illegal Record In Past 10 years	- None -

Name-Surname	Mr. Nittimon Jungsi (Be appointed as a director of the Company as of March 7, 2007.)
Age (year)	48
Position	Vice-Chairman of the Board of Directors and Authorized Director
% of Shareholding *	- None -
Relationship with Management	- None -
Educational Background	<ul style="list-style-type: none">• Barrister-at-law The Thai Bar• Bachelor Degree of Law, Chulalongkorn University
Work Experience	2007 - Present Director ITV Plc. 1998 - Present Consultant and Attorney at Law Freelance 1993 - 1998 Legal Manager Apitun Seafood Co., Ltd. 1992 -1993 Legal Manager Eak Thanakij Fund Plc. 1982 - 1984 Case Department Manager Siam Yamaha Co., Ltd. and Subsidiary 1980 - 1981 Checking and assessing Officer BMTA
Illegal Record In Past 10 years	- None -

Name-Surname	Mr. Sumetee Intranu (Be appointed as a director of the Company as of March 7, 2007.)
Age (year)	39
Position	Director
% of Shareholding *	- None -
Relationship with Management	- None -
Educational Background	<ul style="list-style-type: none">• Bachelor Degree of Law, Ramkhamheang University

Work Experience	2007 - Present Director ITV Plc. 1999 - Present Attorney at Law Freelance 1995 - 1999 Attorney at Law Thammanit Law Office 1993 - 1995 Attorney at Law Boonserm and Friends Law Office 1992 - 1993 Attorney at Law Thostep Law Office
Illegal Record In Past 10 years	- None -
<hr/>	
Name-Surname	Mr. Vichakoraput Rattanaichai (Be appointed as a director of the Company as of March 7, 2007.)
Age (year)	47
Position	Director and Secretary of the Board of Directors
% of Shareholding *	- None -
Relationship with Management	- None -
Educational Background	• Bachelor Degree of Law, Ramkhamheang University
Work Experience	2007 - Present Director ITV Plc. 2001 - Present Attorney at Law Apiboon Law Office 2000 - Present Director Lawyers' Professional Etiquette Department The Lawyers Council of Thailand 1989 - 2001 Attorney at Law Somporn & Associated Law Office 1987 - 1989 Attorney at Law The Lawyers Council of Thailand 1986 - 1987 Attorney at Law Kamnuan Chalopatam Law Office
Illegal Record In Past 10 years	- None -
<hr/>	
Name-Surname	Ms. Jiraporn Viwongsakdi (Be appointed as a director of the Company as of March 7, 2007.)
Age (year)	41
Position	Director
% of Shareholding *	- None -
Relationship with Management	- None -
Educational Background	• Master Degree of Business & Administrative (MBA), Chulalongkorn University
Work Experience	2007 - Present Director ITV Plc. Financial & Accounting Manager SCB New York Life Insurance Plc. 1997 - 2006 Thailand Duty Free Shop Co., Ltd. King Power International Co., Ltd. 1996 - 1997 Car World Co., Ltd. 1995 - 1996 Premier Enterprise Co., Ltd. 1993 - 1994 Swiss Fund NV. 1991 - 1992 SGV NA-Thalang Co., Ltd. 1990 - 1992 Dusit Thani Hotel Group
Illegal Record In Past 10 years	- None -
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MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of Operation Results (Consolidated Financial Statements)

Financial Highlight

	Unit : Baht Million		
	2006	2005	%YoY
Total Revenues	2,159	2,343	(7.9%)
Cost of Services	1,015	964	5.3%
Selling and Admin Exp.	395	451	(12.5%)
Profit b/f Concession Fee, Interest, Taxes	749	928	(19.3%)
Concession Fee	1,000	230	989.7%
Concession Fine & Interest	1,506	-	-
Interest Exp.	25	19	30.3%
Net Profit / (Loss)	(1,783)	679	(362.5%)

Total Revenues

The Company's total revenues for 2006 were Baht 2,159 million or a drop of 7.9% or Baht 185 million from 2005. The drop mainly resulted from impacts of intensified industrial competitions in the television broadcasting business, uncertainty in the political environment, and general economic slow-down. Moreover, since mid of 2006 the Company has affected from the uncertainty of program schedule which would be finalized by the Supreme Administrative Court. This caused some clients delayed their decision on buying advertising with the Company. Total revenues, generated from major income sources, can be broken down into:

• Advertising Income

In 2006 the advertising income amounted to Baht 1,685 million, showing a drop of Baht 1,900 million, or 11.3% from 2005. The drop resulted from the cut-down of advertisement budget of many major clients due to uncertainty in political and economic conditions, as well as the major flooding that affected many provinces.

• Airtime Rental

The Company's airtime rental in 2006 totaled Baht 422 million, a decline of Baht 432 million or 2.4% from 2005. The decline was due to the reduction of rental airtime slots during weekends, and revised this particular timeslot with new programs produced on revenue and time sharing basis.

• Other Incomes

Other incomes were interest incomes and general revenues. In 2006 other incomes amounted to Baht 52 million, increasing from Baht 11 million in 2005. The increase resulted from both a rise in additional cash from its operation and a higher interest trend during the year.

Total Costs

• Cost of services

The Company's cost of services for 2006 was Baht 1,015 million, an increase of Baht 51 million, or 5.3% from 2005. The increase was mainly from the marketing events, e.g. Miss Thailand Pageant and the 2006 World Cup. This purpose of the activities was to boost its advertising sale. In addition, there were other costs increased which came from electricity charges due to oil price increase and higher maintenance costs for broadcasting equipments.

• Sales and administrative expenses

The Company's sales and administrative expenses for 2006 were Baht 396 million, a decline of Baht 56 million, or 12.5% from the previous year. The reasons of such decline were as follows :

- A drop in employee expenses as in 2005 the Company paid compensations of to 21 ex-employees as per the verdict of the Supreme Court. In addition, the employee bonus and severance pay expense for 2006 also declined.
- A decline in agency commission that was in line with a drop in advertisement income, a fall in marketing research and program promotion expenses.
- A decline in allowance for bad debts and office supplies.

Concession fees

Even though the Company still has a dispute regarding the revocation of the Concession Agreement, in 2006 the Company recognized Baht 2,506 million in concession fees, which comprised Baht 1,000 million in 2006 concession fee, the accrued differences in concession fees payable to the PMO for the period of 2004-2005, and the penalty interest charged at 15% p.a., as stipulated in the Concession Agreement, totaled Baht 1,506 million. The penalty interest was charged from December 14, 2006 onwards. The concession fee for the year, hence, significantly increased. In 2005, the Company recorded a concession fee of Baht 230 million, according to the arbitration panels' ruling dated January 30, 2004.

Interest expenses

Interest expenses for 2006 was Baht 25 million, an increase of Baht 6 million or 30.3 % from 2005, due mostly to upward adjustments in market lending rates from 4-5.5% in 2005 to 5.5-7.5% in 2006.

Net Profit

In 2006 the Company incurred a net loss of Baht 1,783 million, in contrast to a net profit of Baht 679 million in 2005; the loss resulted from the said matters related to the accrued concession fees.

Analysis of Financial Position (Consolidated Financial Statements)

1. Assets

As at December 31, 2006, the Company's total assets amounted to Baht 3,911 million, an increase from year-end 2005 of Baht 459 million, or 13.3%. Current and non-current assets accounted to 49.8%, and 50.2% of the total assets, respectively. Main items in the assets were:

	Unit : Baht Million			
	Dec. 2006	% of Total Assets	Dec. 2005	% of Total Assets
Cash and Cash Equivalent	1,451	37.1%	826	23.9%
Trade Receivable - Net	360	9.2%	354	10.3%
Other Current Assets	137	3.5%	149	4.3%
Concession Assets - Net	1,952	49.9%	2,112	61.2%
Other Non - Current Assets	11	0.3%	11	0.3%
Total Assets	3,911	100.0%	3,452	100.0%

• Current assets

As at December 31, 2006, the Company's current assets amounted to Baht 1,948 million, an increase from year-end 2005 of Baht 619 million. The increase contributed mainly from an increase in Baht 625 million in cash and cash equivalent. Account receivables grew slightly by Baht 6 million from year-end 2005. Other current assets decreased by Baht 12 million due to declines in net programming rights and hired-production programs resulting from the Company's policy which encourages more program production on a time sharing and revenue sharing basis.

• Non-current assets

Non-current liabilities were recorded at Baht 1,963 million, a decline of Baht 160 million from the previous year. The decline resulted from the depletion of assets under concessionary agreements and depreciation of equipments which amounted to Baht 250 million, whilst investments in assets under concessionary agreements and equipment were only Baht 90 million. At present the Company operates a network of 52 stations with a nationwide coverage area of 98% of the total national population. Therefore, additional investments are not currently required.

2. Liabilities

As at December 31, 2006, total liabilities stood at Baht 3,356 million, showing an increase of Baht 2,240 million, or 200.5% from year-end 2005. The increase was due to the accrued concessionary fee payable for the period of 2004-2006, as well as its applicable penalty interest charges, which was ruled for payment by the ruling of the Supreme Administrative Court on December 13, 2006. Liabilities comprised:

	Unit : Baht Million			
	Dec. 2006	% of Total Liab.	Dec. 2005	% of Total Liab.
Current Liabilities	337	10.0%	296	26.5%
Concession Payable	2,726	81.2%	450	40.3%
Current Portion of Long -Term Loan	94	2.8%	81	7.2%
Long - Term Liabilities	199	5.9%	290	26.0%
Total Liabilities	3,356	100.0%	1,117	100.0%

Other current liabilities increased by Baht 41 million from 2005 due to Baht 17 million increases in account payables and Baht 23 million rises in accrued expenses. Long-term liabilities composed mostly of bank loans, at the rate of 3 month fixed deposits plus 2.75%, which currently is 7.25% p.a. Repayments are scheduled semi-annually in June and December, final maturity is in 2009.

3. Shareholders' Equity

As at December 13, 2006, the Company's total shareholders' equity was Baht 555 million, a decline of Baht 1,781 million from year end 2005. The decrease resulted from a net loss for the year of Baht 1,783 million. Debt to equity ratio increased to 6.05 from 0.48 as at year end 2005. The Company is in the process of seeking for additional capital from external sources to cover such liabilities.

4. Liquidity

As at year end 2006, the Company had Baht 1,451 million in cash on hand with an increase in a net cash flow position of Baht 625 million resulting from:

- Net cash inflow from operating activities of Baht 907 million, a decline of Baht 233 million from 2005 resulting from a drop in total revenues.
- Net cash outflow from investment activities of Baht 203 million, due to:
 - Baht 129 million spent for purchases of program copy rights and program production costs
 - Baht 73 million investment in equipment and fixed assets

The amount of net cash outflow from investment activities was in the same level with 2005.

- Net cash outflow from financing activities of Baht 79 million resulting from repayments of long-term loans. The Company has outstanding debt of Baht 290 million at year end 2006. The net cash outflow from financing activities for the year declined by Baht 184 million from previous year as the Company made a prepayment of Baht 200 million for its long-term loan in 2005.

In 2006 the Company's current ratio was 0.62, a significant drop from 1.61 of the previous year. The drop was due to the earlier mentioned accrued concession fee obligations.

5. Audit Fees

According to the resolutions of the 2006 Annual General Meeting of Shareholders, the Company appointed PricewaterhouseCoopers ABAS Ltd. as the Company's auditor for 2006. The auditor received the audit fee totaling Baht 1,470,000 and non-audit fee Baht 100,000 for early adopted Thai Accounting Standard regarding "Accounting for Income taxes" since January 1, 2006.

AUDITOR'S REPORT

To the Shareholders of ITV Public Company Limited

I was engaged to audit the accompanying consolidated and company balance sheet as at 31 December 2006, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the year then ended 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 financial statements. 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 from the same firm as myself, and his report dated 23 February 2006 expressed an unqualified opinion on those statements and drew attention to the matter of the award of the arbitration panel relating to the Agreement for the Operation of the Television Station.

As described in note 2.1 b) to the financial statements, the Company had net loss for the year ended 31 December 2006 of Baht 1,783 million and its current liabilities exceed its current assets by an amount of Baht 1,227 million and the Company has not complied with debt covenant as described in note 14 to the financial statements. In addition, as a consequence of the ruling of the Supreme Administrative Court on 13 December 2006, the Company is liable to pay the unpaid concession fee totalling Baht 2,210 million. The Office of the Permanent Secretary of the Office of the Prime Minister ("PMO"), the concessionaire, claimed that the payment must be made within 30 days after the Company received the notice on 1 February 2007. The Company is currently trying to find sources of fund to settle such debt. Based on the Company's cash flows projection, the Company expects that it will need additional funds of approximately Baht 1,500 million in order to continue its operation in the forthcoming 12 months. This event indicates a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and the impairment of the Company's assets, the results of which depends on the ability of the Company to find sources of fund and cash flows from operations.

As described in note 25 to the financial statements, the Supreme Administrative Court ruled that the Company has to pay the unpaid concession fee to the PMO. Moreover, the PMO claimed that the Company has to pay 15% interest per annum on the total unpaid concession fee and to pay the penalty arising from the alteration of television program of Baht 97,760 million in accordance with the conditions of the Concession Agreement. The PMO claimed that the unpaid concession fee, interest and penalty must be paid within 30 days after the Company received the notice on 1 February 2007. The Company disagreed with the claims of the PMO and submitted the dispute in respect of the interest and the penalty arising from the alteration of television program to the Arbitration Panel. On 27 January 2007, the PMO submitted a letter to the Arbitration Institute disputing that the issue regarding the penalty arising from the alteration of television programming was not related to the dispute or controversy in connection with the Concession agreement considered by the arbitrator. The Company has not set up provision for any liability relating to the interest and the penalty in these financial statements. The ultimate outcome of this matter cannot presently be determined. This matter has a significant impact on the Company's operating results and financial position.

Because of the significance of the uncertainties regarding the Company's funding and the sufficiency of cash flows and the going concern issue as described in the second paragraph and the resolution of the dispute as described in the third paragraph to the financial statements of ITV Public Company Limited and its subsidiaries and of ITV Public Company Limited for the year ended 31 December 2006, I am unable to express an opinion on the aforementioned financial statements.



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

Bangkok
26 February 2007

FINANCIAL STATEMENTS

Balance Sheets

ITV Public Company Limited

As at December 31, 2006 and 2005

	Notes	Consolidated		Company	
		2006 Baht	2005 Baht	2006 Baht	2005 Baht
ASSETS					
Current assets					
Cash and cash equivalents	4	1,451,080,230	825,934,336	1,423,567,069	822,939,961
Trade accounts receivable, net	5	359,859,836	353,983,622	353,464,248	353,919,152
Loan to a subsidiary	6 d)	-	-	19,000,000	21,000,000
Programming rights and production costs, net	7	56,771,154	68,498,665	56,771,154	68,498,665
Withholding tax receivable		48,910,884	52,275,800	47,795,183	51,458,298
Other current assets	8	30,923,358	28,455,874	30,675,044	28,455,874
Total current assets		<u>1,947,545,462</u>	<u>1,329,148,297</u>	<u>1,931,272,698</u>	<u>1,346,271,950</u>
Non-current assets					
Investments in a subsidiary and a joint venture	9	-	-	35,315,089	5,788,222
Equipment, net	10	97,985,427	104,776,579	82,970,299	82,046,698
Concession assets, net	11	1,854,029,663	2,006,774,079	1,854,029,663	2,006,774,079
Other assets	12	11,216,198	11,355,615	11,215,120	11,355,615
Total non-current assets		<u>1,963,231,288</u>	<u>2,122,906,273</u>	<u>1,983,530,171</u>	<u>2,105,964,614</u>
Total assets		<u>3,910,776,750</u>	<u>3,452,054,570</u>	<u>3,914,802,869</u>	<u>3,452,236,564</u>

The notes to the consolidated and company financial statement are an integral part of these financial statements.

	Notes	Consolidated		Company	
		2006	2005	2006	2005
		Baht	Baht	Baht	Baht
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable	13	49,501,391	32,087,666	53,118,586	32,085,718
Current portion of long-term finance lease liabilities	6 g), 14	1,103,518	-	2,453,518	-
Current portion of long-term loan	14	93,194,049	80,485,769	93,194,049	80,485,769
Concession payable	24	2,726,347,945	450,000,000	2,726,347,945	450,000,000
Accrued expenses	6 h)	253,103,194	234,211,783	248,960,339	234,468,783
Other current liabilities		34,494,551	30,102,177	34,152,580	30,029,119
Total current liabilities		3,157,744,648	826,887,395	3,158,227,017	827,069,389
Non-current liabilities					
Long-term finance lease liabilities	6 g), 14	1,358,176	-	4,901,926	-
Long-term loan, net	14	197,342,565	289,845,489	197,342,565	289,845,489
Total non-current liabilities		198,700,741	289,845,489	202,244,491	289,845,489
Total liabilities		3,356,445,389	1,116,732,884	3,360,471,508	1,116,914,878
Shareholders' equity					
Share capital					
Authorised share capital - ordinary shares	16	7,800,000,000	7,800,000,000	7,800,000,000	7,800,000,000
Issued and paid-up share capital					
- ordinary shares	16	6,033,487,000	6,031,906,500	6,033,487,000	6,031,906,500
Deficiency on share capital	16	(174,296,959)	(174,417,077)	(174,296,959)	(174,417,077)
Deficit		(5,304,858,680)	(3,522,167,737)	(5,304,858,680)	(3,522,167,737)
Total shareholders' equity		554,331,361	2,335,321,686	554,331,361	2,335,321,686
Total liabilities and shareholders' equity		3,910,776,750	3,452,054,570	3,914,802,869	3,452,236,564

Statements of Income

ITV Public Company Limited

For the years ended December 31, 2006 and 2005

	Notes	Consolidated		Company	
		2006 Baht	2005 Baht	2006 Baht	2005 Baht
Revenues	6 a)				
Service income	17	2,106,882,403	2,332,832,264	2,092,010,357	2,330,086,138
Share of net result from investment					
- equity method	9	-	-	-	418,844
Interest income		49,623,492	8,413,429	50,026,244	9,839,442
Other income		2,228,020	2,158,767	3,380,021	2,886,267
Total revenues		<u>2,158,733,915</u>	<u>2,343,404,460</u>	<u>2,145,416,622</u>	<u>2,343,230,691</u>
Expenses	6 b)				
Cost of services	18	994,061,603	940,802,238	972,172,957	929,804,172
Concession expenses	23	1,000,000,000	230,000,000	1,000,000,000	230,000,000
Concession expenses addition and interest	23	1,506,347,945		1,506,347,945	
Selling and administrative expenses	18	413,391,325	472,349,353	421,287,001	483,173,650
Directors' remuneration		2,460,000	1,830,000	2,460,000	1,830,000
Share of net result from investment					
- equity method	9	-	-	473,133	-
Total expenses		<u>3,916,260,873</u>	<u>1,644,981,591</u>	<u>3,902,741,036</u>	<u>1,644,807,822</u>
Profit (loss) before interest		<u>(1,757,526,958)</u>	<u>698,422,869</u>	<u>(1,757,324,414)</u>	<u>698,422,869</u>
Interest expenses		(25,163,985)	(19,311,631)	(25,366,529)	(19,311,631)
Net profit (loss) for the year		<u><u>(1,782,690,943)</u></u>	<u><u>679,111,238</u></u>	<u><u>(1,782,690,943)</u></u>	<u><u>679,111,238</u></u>
Basic earnings per share (Baht)	20				
Net profit (loss) for the year		(1.48)	0.56	(1.48)	0.56
Diluted earnings per share (Baht)	20				
Net profit (loss) for the year		(1.48)	0.56	(1.48)	0.56

The notes to the consolidated and company financial statement are an integral part of these financial statements.

Statements of Changes in Shareholders' Equity

ITV Public Company Limited

For the years ended December 31, 2006 and 2005

Consolidated and Company				
		Premium/ (Deficiency) in		
	Share capital	share capital	Deficit	Total
Note	Baht	Baht	Baht	Baht
Opening balance				
as at 1 January 2005	6,023,713,500	(175,039,745)	(4,201,278,975)	1,647,394,780
Issue of ordinary shares	16 8,193,000	622,668	-	8,815,668
Net profit for the year	-	-	679,111,238	679,111,238
Closing balance				
as at 31 December 2005	<u>6,031,906,500</u>	<u>(174,417,077)</u>	<u>(3,522,167,737)</u>	<u>2,335,321,686</u>
Opening balance				
as at 1 January 2006	6,031,906,500	(174,417,077)	(3,522,167,737)	2,335,321,686
Issue of ordinary shares	16 1,580,500	120,118	-	1,700,618
Net loss for the year	-	-	(1,782,690,943)	(1,782,540,943)
Closing balance				
as at 31 December 2006	<u>6,033,487,000</u>	<u>(174,296,959)</u>	<u>(5,304,858,680)</u>	<u>554,481,361</u>

Statements of Cash Flows

ITV Public Company Limited

For the years ended December 31, 2006 and 2005

	Notes	Consolidated		Company	
		2006 Baht	2005 Baht	2006 Baht	2005 Baht
Cash flows from operating activities					
Net profit (loss) for the years		(1,782,690,943)	679,111,238	(1,782,690,943)	679,111,238
Adjustments for:					
Amortisation of concession assets	11	224,767,800	221,707,763	224,767,800	221,707,763
Gain on foreign exchange rate		-	(29,577)	-	(29,577)
Depreciation	10	24,770,721	22,457,640	13,762,550	12,001,701
Amortisation and allowance for impairment of programming rights and production costs	7	160,919,197	168,264,046	160,919,197	168,264,046
Reversal of allowance for doubtful accounts		(5,557,041)	(19,514,315)	(5,557,041)	(19,514,315)
Loss on sale program right		3,890,186	-	3,890,186	-
(Gain) loss on sale of equipment		107,510	-	(166,497)	-
Reversal on devaluation of barter assets		(523)	(37,728)	(523)	(37,728)
Amortisation of front end fee	14	691,125	2,612,451	691,125	2,612,451
Share of net result from investment in a subsidiary and a joint venture	9	-	-	473,133	(418,844)
Changes in operating assets and liabilities					
Trade accounts receivable		(319,174)	5,400,527	6,011,944	5,270,796
Withholding tax receivable		3,364,916	-	3,663,114	-
Other current assets		(409,021)	(3,285,699)	(160,706)	(5,923,948)
Other assets		139,415	120,378	140,495	120,378
Trade accounts payable		(14,043,365)	9,802,488	(15,118,618)	9,846,879
Concession payable		2,276,347,945	-	2,276,347,945	-
Accrued expenses		10,720,108	53,093,247	6,320,252	52,955,997
Other current liabilities		4,392,375	(55,067)	4,123,462	(105,325)
Cash generated from operating activities		907,091,231	1,139,647,392	897,416,875	1,125,861,512
Cash flows from investing activities					
Purchases of programming rights and production costs	7	(147,896,567)	(135,517,651)	(147,896,567)	(135,517,651)
Proceeds from sale programming rights	7	18,536,000	-	18,536,000	-
Purchases of concession assets	11	(58,174,235)	(61,529,901)	(53,479,839)	(61,529,901)
Proceeds from sale equipment		1,489,500	-	900,000	-
Purchases of equipment		(16,520,678)	(5,744,186)	(6,963,754)	(4,859,887)
Investment in a joint venture	9	-	-	(30,000,000)	-
Proceeds from loan to a subsidiary	6 d)	-	-	(4,000,000)	-
Receipt of loan to a subsidiary	6 d)	-	-	6,000,000	12,000,000
Net cash used in investing activities		(202,565,980)	(202,791,738)	(216,904,160)	(189,907,439)

The notes to the consolidated and company financial statement are an integral part of these financial statements.

	Notes	Baht	Baht	Baht	Baht
Cash flows from financing activities					
Repayment of finance lease liabilities	14	(594,206)	-	(1,100,456)	-
Repayment of long-term loan from a bank	14	(80,485,769)	(272,013,583)	(80,485,769)	(272,013,583)
Proceeds from increase in share capital from exercising warrants	16	1,700,618	8,815,668	1,700,618	8,815,668
Net cash used in financing activities		<u>(79,379,357)</u>	<u>(263,197,915)</u>	<u>(79,885,607)</u>	<u>(263,197,915)</u>
Net increase in cash and cash equivalents		625,145,894	673,657,739	600,627,108	672,756,158
Opening balance		825,934,336	152,276,597	822,939,961	150,183,803
Closing balance		<u>1,451,080,230</u>	<u>825,934,336</u>	<u>1,423,567,069</u>	<u>822,939,961</u>
Cash and cash equivalents as at 31 December comprise:					
Cash on hand		781,133	615,532	763,106	615,532
Cash at banks		1,450,299,097	825,318,804	1,422,803,963	822,324,429
Total cash and cash equivalents		<u>1,451,080,230</u>	<u>825,934,336</u>	<u>1,423,567,069</u>	<u>822,939,961</u>
Supplementary information for cash flows					
Interest paid		25,220,272	19,326,090	25,422,816	19,326,090
Non-cash transactions					
Increasing in programming rights and production costs by liabilities		27,837,590	4,116,285	27,837,590	4,116,285
Investment in concession assets by liabilities		13,849,149	-	18,543,545	-
Purchase of equipment by finance lease liabilities		2,461,694	-	7,355,444	-

Notes to the Consolidated and Company Financial Statements

ITV Public Company Limited

For the years ended December 31, 2006 and 2005

1 General information

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

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

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

The Company, its subsidiary and joint venture (together “the Group”).

As at 31 December 2006, the Group and the Company has 1,020 employees (2005: 938 employees).

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

The concession is a Build Transfer Operate concession according to which the Company has to transfer ownership of certain property and equipment that it procures to the PMO, upon completion of equipment installation.

These consolidated and company financial statements have been approved for issue by the Board of Directors on 26 February 2007.

2 Accounting policies

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

2.1 a) Basis for preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission issued under the Securities and Exchange Act B.E. 2535. The Group has early adopted Thai Accounting Standard No. 56 “Accounting for Income Tax” in the first quarter of 2006, prior to its effective date.

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

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

Where necessary, comparative figures have been adjusted to comply with changes in presentation in the current year.

2 Accounting policies (continued)

2.1 a) Basis for preparation (continued)

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

2.1 b) Going concern basis

The Company had net loss for the year ended 31 December 2006 of Baht 1,783 million and its current liabilities exceed its current assets by an amount of Baht 1,227 million and the Company has not complied with debt covenant as described in note 14 to the financial statements. In addition, as a consequence of the ruling of the Supreme Administrative Court on 13 December 2006, the Company is liable to pay the unpaid concession fee totalling Baht 2,210 million. The Office of the Permanent Secretary of the Office of the Prime Minister (“PMO”), the concessionaire, claimed that the payment must be made within 30 days after the Company received the notice on 1 February 2007. The Company is currently trying to find sources of funds to settle such debt. Based on the Company’s cash flows projection, the Company expects that it will need additional funds of approximately Baht 1,500 million in order to continue its operation in the forthcoming 12 months. This event indicates a material uncertainty which may cast significant doubt on the Company’s ability to continue as a going concern and the impairment of the Company’s assets, the results of which depends on the ability of the Company to find sources of fund and cash flows from operations.

However, these financial statements for the year ended 31 December 2006 have been prepared on a going concern basis. The financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that might be necessary should the company be unable to continue as a going concern.

2.1 c) Impairment test of concession assets

The Company’s concession assets as stated on the balance sheet as at 31 December 2006 of Baht 1,854 million are based on the Company being able to continue its operations as a going concern and that the assessment for impairment of concession assets are based on a held for use model. Because of the significant uncertainty matters as discussed in Note 2.1 b) above and Note 25 to the financial statements it can not determine properly the impairment of concession assets until the resolution of the matters.

2.2 Early adoption of accounting for income taxes

The group has early adopted Thai Accounting Standard No. 56 “Accounting for Income Taxes” since the first quarter of 2006. The Group 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.

2 Accounting policies (continued)

2.3 Amendment to publish standard effective for annual period beginning on 1 January 2007

Thai Accounting Standard No. 44 (amendment 2006) - Consolidated and separate financial statements and Thai Accounting Standard No. 45 (amendment 2006) - Investment in associates, are mandatory for Group's accounting period beginning on or after 1 January 2007. This amendment requires for investments in subsidiaries and associates to be accounted for at cost (previously equity method) in the separate financial statements. Under the cost basis, income from the investment will be recorded when dividends are declared. Furthermore the Group applies similar basis relating to investment in jointly control entities in the separate financial statements. The Group will be implementing the new basis from 1 January 2007.

2.4 Group Accounting - Investment in a subsidiary and interest in a joint venture

(a) Subsidiaries

Subsidiaries' which are those entities in which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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

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

In the Company's separate financial statements investment in a subsidiary is reported by using the equity method of accounting.

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

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

A list of the Company's subsidiary is set out in Note 9.

2 Accounting policies (continued)

2.4 Group Accounting - Investment in a subsidiary and interest in a joint venture (continued)

(b) Joint Venture

The Group's interest in jointly controlled entities are 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 it 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 current assets or an impairment loss, the loss is recognised immediately.

In the Company's separate financial statements investment in a joint venture is reported by using the equity method of accounting.

A list of the Company's joint venture is set out in Note 9.

2.5 Related parties

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

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

2.6 Foreign currency translation

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

2 Accounting policies (continued)

2.7 Financial instruments

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

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

Foreign currency forward contracts

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

Disclosures about the financial instruments to which the Group is a party are provided in Note 22.

2.8 Cash and cash equivalents

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

2.9 Trade accounts receivables

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

2.10 Programming rights and production costs

Programming rights

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

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

2 Accounting policies (continued)

2.10 Programming rights and production costs (continued)

Production costs

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

2.11 Equipment

Equipment is stated at historical cost less accumulated depreciation.

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

Leasehold improvement	Lease period or the estimated useful life, whichever is shorter
Vehicles	5 years
Office equipments	5 years

In case that a book value is higher than realisable value, the book value will be adjusted to be realisable value.

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

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

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

2.12 Concession assets

Concession assets comprise equipment and intangible assets, technician and consulting fees as set out in the concession agreement. Under the concession agreement, the Company has to transfer the ownership of equipment and intangible assets to the PMO on the assets ready to use date. Concession assets are amortised using the straight-line basis over their estimated useful life or the period of the concession, whichever is shorter as follows:

Land	The remaining period of the concession agreement
Network station	20 years or the remaining period of the agreement
Transmission equipments	5 - 20 years or the remaining period of the agreement
Tools and office equipments	5 years or the remaining period of the agreement
Technician and consulting fees	20 years or the remaining period of the agreement

Borrowing costs to finance construction assets are capitalised as part of the cost of the assets during the period of time that is required to complete and prepare the assets for their intended use. No borrowing costs were capitalised in 2006 and 2005.

2 Accounting policies (continued)

2.13 Leases - where the company is the lessee

Leases of property, plant or 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 property, plant or equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

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.

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

2.14 Long-lived assets

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

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.16 Employee benefits

The Group operates a provident fund, which is a defined contribution plan, the assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and by the relevant Group companies. Contributions to the provident fund are charged to the statements of income in the year to which they relate. However, the Group does not record the employment benefits payable to employees under the Thai Labour Law.

Warrants for directors and employees of the Group will be recognised in financial statements when exercised.

2 Accounting policies (continued)

2.17 Revenue recognition

The revenues are recognised as follows:

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

2.18 Deferred income tax

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

Currently enacted tax rates 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 subsidiaries, associates and joint ventures, 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.

2.19 Earnings (loss) per share

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

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

3 Segment information

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

4 Cash and cash equivalents

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Cash on hand	781,133	615,532	763,106	615,532
Savings deposits	136,299,097	110,318,804	132,803,963	107,324,429
Time deposits	1,314,000,000	715,000,000	1,290,000,000	715,000,000
Total cash and cash equivalents	<u>1,451,080,230</u>	<u>825,934,336</u>	<u>1,423,567,069</u>	<u>822,939,961</u>

The weighted average effective interest rate of savings deposits and time deposits was 4.70 % per annum (2005: 3.61% per annum). The time deposits have an original maturity of 1-3 months.

5 Trade accounts receivable, net

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Trade accounts receivable and income receivable				
- Third parties	306,229,971	316,870,297	301,260,617	316,751,158
- Related parties (Note 6 c)	61,196,710	50,237,211	59,770,476	50,291,880
Total trade accounts receivable and income receivable	367,426,681	367,107,508	361,031,093	367,043,038
Less allowance for doubtful accounts	(7,566,845)	(13,123,886)	(7,566,845)	(13,123,886)
Trade accounts receivable, net	<u>359,859,836</u>	<u>353,983,622</u>	<u>353,464,248</u>	<u>353,919,152</u>

The aging of outstanding trade accounts receivable as at 31 December is as follows:

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Current - 3 months	359,826,494	346,124,572	353,427,265	346,060,103
3 - 6 months	471,802	8,117,624	475,443	8,117,624
6 - 12 months	582,690	124,501	582,690	124,501
Over 12 months	6,545,695	12,740,811	6,545,695	12,740,810
Total	367,426,681	367,107,508	361,031,093	367,043,038
Less allowance for doubtful accounts	(7,566,845)	(13,123,886)	(7,566,845)	(13,123,886)
Trade accounts receivable, net	<u>359,859,836</u>	<u>353,983,622</u>	<u>353,464,248</u>	<u>353,919,152</u>

6 Related party transactions

The Group is controlled by Shin Corporation Public Co., Ltd. (“Shin”), which is incorporated in Thailand and owns 52.92% (2005: 52.94%) of the Company’s shares. The remaining 47.08% (2005: 47.06%) of the shares are widely held.

On 23 January 2006, the Shinawatra family, the principle shareholders of Shin, sold all their shares, representing 49.60% of the paid-up capital of Shin, to Cedar Holding Company Limited (“Cedar”) and Aspen Holding Company Limited (“Aspen”), incorporated in Thailand. Consequently, the Shinawatra family and its related parties ceased to be the related parties of the Group from the date of the sale. However, the Group disclosed related party transaction with Shinawatra family up to 31 January 2006.

Aspen is a company incorporated in Thailand and an indirect subsidiary of Temasek Holdings (Pte) Ltd. (“Temasek”). Cedar is a company incorporated in Thailand whose shareholders are comprised of The Siam Commercial Bank Public Company Limited holding 5.8%, Kularb Kaew Company Limited (“Kularb Kaew”) holding 45.2% and Cypress Holdings Limited (“Cypress”), an indirect subsidiary of Temasek, holding 49.0% of the shares in Cedar. Kularb Kaew was held by four major shareholders, namely, Cypress holding 29.9%, Khun Surin Upatkoon holding 68.0%, Khun Pong Sarasin holding 1.3% and Khun Suphadej Poonpipat holding 0.8%.

Transactions related to the Group within the Shin Group, such as subsidiaries, associates, management, and related parties, including transactions related to companies of Cedar and Aspen and the Temasek group are recognised as related party transactions to the Group.

During the year, the Group 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 as a percentage of the transaction amount.

Shin had stopped charging consulting and management service fees which agreed with the Company, effected from the third quarter, 2006.

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

a) Service income

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Advertising income				
Parent company - Shin	-	2,000,000	-	2,000,000
Subsidiary	-	-	4,398,000	2,820,000
Other related parties - Shin Group	199,628,927	217,426,890	199,628,927	217,426,890
	<u>199,628,927</u>	<u>219,426,890</u>	<u>204,026,927</u>	<u>222,246,890</u>
Other income				
Parent company - Shin	841,121	300,000	841,121	300,000
Subsidiary - Interest income	-	-	1,481,124	1,436,027
Subsidiary - Other income	-	-	2,100,000	1,200,000
Other related parties - Shin Group	32,954,705	4,659,222	27,829,692	4,634,607
	<u>33,795,826</u>	<u>4,959,222</u>	<u>32,251,937</u>	<u>7,570,634</u>
Total	<u>233,424,753</u>	<u>224,386,112</u>	<u>236,278,864</u>	<u>229,817,524</u>

6 Related party transactions (continued)

b) Purchased goods and services

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Parent company - Shin				
Consulting and management fee	7,887,582	16,081,352	7,887,582	16,081,352
Other expenses	167,524	854,537	167,524	854,537
	<u>8,055,106</u>	<u>16,935,889</u>	<u>8,055,106</u>	<u>16,935,889</u>
Subsidiary				
Expenses				
Advertising expenses	-	-	9,624,000	9,504,000
Equipment rental	-	-	3,352,628	1,792,500
Other expenses	-	-	2,144,536	1,353,875
	<u>-</u>	<u>-</u>	<u>15,121,164</u>	<u>12,650,375</u>
Purchases of equipment under finance lease agreement	-	-	5,400,000	-
Purchase of equipment	-	-	4,694,396	-
Other related parties - Shin Group				
Expenses				
Building rental and service charge	5,956,743	67,844,931	5,860,601	66,706,741
Transponder rental	39,132,000	36,070,283	39,132,000	36,070,283
Commission expenses	11,287,342	10,084,168	11,287,342	10,084,168
Advertising expenses	7,459,458	1,701,862	7,459,458	1,701,862
Telephone expenses	2,282,960	9,580,365	2,282,960	9,580,365
Other expense	11,399,322	11,180,994	11,388,122	11,046,594
	<u>77,517,825</u>	<u>136,462,603</u>	<u>77,410,483</u>	<u>135,190,013</u>
Purchases of equipment	-	3,144,402	-	3,144,402
Total	<u>85,572,931</u>	<u>156,542,894</u>	<u>110,681,149</u>	<u>167,920,679</u>

6 Related party transactions (continued)

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

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Receivables from related parties:				
Parent company - Shin	-	2,461,000	-	2,461,000
Subsidiary	-	-	984,935	107,000
Other related parties - Shin Group	61,196,710	47,776,211	58,785,541	47,723,880
Total	61,196,710	50,237,211	59,770,476	50,291,880
Payables to related parties:				
Parent company - Shin	-	570,903	-	570,903
Subsidiary	-	-	6,745,128	266,555
Other related parties - Shin Group	2,561,171	3,079,877	2,537,060	3,040,044
Total	2,561,171	3,650,780	9,282,188	3,877,502

d) Loan to a subsidiary

As at 31 December 2006, loan to a subsidiary bears interest rate at 7.75% per annum (2005: 6.5% per annum). The term of repayment is at call.

e) Other current assets as at 31 December

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Prepaid expense				
Other related parties - Shin Group	-	88,456	-	88,456
Total	-	88,456	-	88,456

f) Other assets as at 31 December

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Deposit				
Other related parties - Shin Group	-	9,463,472	-	9,463,472
Total	-	9,463,472	-	9,463,472

6 Related party transactions (continued)

g) Finance lease liabilities

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Finance lease liabilities - Subsidiary				
- Current	-	-	1,350,000	-
- Non-current	-	-	3,543,750	-
Total	-	-	4,893,750	-

h) Accrued expenses as at 31 December

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Accrued expenses				
Parent company - Shin	-	2,316,000	-	2,316,000
Subsidiary	-	-	349,800	282,000
Other related companies - Shin Group	18,685,249	13,783,856	16,163,466	13,783,856
Total	18,685,249	16,099,856	16,513,266	16,381,856

i) Warrants issued and offered to directors

Shin, the parent company, granted warrants to directors of the Company according to the Employee Stock Option Plan (ESOP) at Baht nil per unit. Shin did not charge the Company for these ESOP programs. The warrants are in registered form and are non-transferable. The term of the warrants does not exceed 5 years and there is no offering price. The exercise prices of ESOP are the weighted average closing prices of Shin's shares traded on the Stock Exchange of Thailand during the period of 30 days prior to the Shareholders' Meeting. The exercise ratios and exercise prices are as follows:

	Issued date	Issued units (Million)	Percentage *	Exercise price (Baht/unit)	Exercise period	
					Start	End
ESOP - Grant I	27 March 2002	24.65	0.84	16.645	27 March 2003	26 March 2007
ESOP - Grant II	30 May 2003	14.65	0.49	12.782	31 May 2004	30 May 2008
ESOP - Grant III	31 May 2004	10.56	0.36	34.046	31 May 2005	30 May 2009
ESOP - Grant IV	31 May 2005	10.05	0.34	39.568	31 May 2006	30 May 2010
ESOP - Grant V	31 July 2006	8.65	0.27	36.830	31 July 2007	30 July 2011

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

Since the issuing date of ESOP until 31 December 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, Shin changed the exercise ratios and exercise prices of warrants are as follows:

6 Related party transactions (continued)

i) Warrants issued and offered to directors (continued)

	Exercise Ratio (Unit/ share)		Exercise price (Baht/unit)	
	Old	New	Old	New
ESOP - Grant I	1:1	1:1.06942	17.800	16.645
ESOP - Grant II	1:1	1:1.06942	13.670	12.782
ESOP - Grant III	1:1	1:1.06942	36.410	34.046
ESOP - Grant IV	1:1	1:1.05540	41.760	39.568
ESOP - Grant V	1:1	1:1.02307	37.680	36.830

During the year 2003 to 2005, the Company's directors exercised 17,427,400 warrants under the Employee Stock Option Plan (ESOP). For the year ended 31 December 2006, the Company's directors received more rights 8,654,900 units and exercised 21,631,100 warrants. As at 31 December 2006, the outstanding rights of warrants of directors of Shin under the Employee Stock Option Plan (ESOP) stand at 29,505,300 units.

j) Special reward program

Certain companies in Shin Group has granted rights to receive a special reward ("Special Reward Program") to eligible directors and employees of the company. The rights will be granted once a year for 5 consecutive years (commencing from 2002). The rights may be exercised after the first year of the grant date but not in excess of 3 years. The calculation of the Special Reward Program benefit is based on the improvement of the operational performance of the certain companies in Shin Group between the date the rights were granted and the date the rights are exercised. However, the reward may not exceed each person's specified allocation. The total grant of the Special Reward Program to directors of the Company is 7,092 units.

From the year 2003 until 31 December 2006, the Company's directors exercised their rights to 6,526 units. As at 31 December 2006, the outstanding rights of the Company's directors are 566 units.

7 Programming rights and production costs, net

	Consolidated and Company	
	2006 Baht	2005 Baht
Opening net book amount	68,498,665	105,204,257
Additions	171,617,872	131,558,454
Less Disposal	(22,426,186)	-
Amortisation	(141,487,648)	(171,127,067)
(Allowance for impairment)/ reversal on allowance for impairment	(19,431,549)	2,863,021
Closing net book amount	56,771,154	68,498,665
Cost, net	110,066,265	102,362,227
Less Allowance for impairment	(53,295,111)	(33,863,562)
Closing net book amount	56,771,154	68,498,665

8 Other current assets

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Prepaid expenses	14,321,619	12,024,356	14,277,863	12,024,356
Other receivables	11,422,150	10,326,950	11,324,517	10,326,950
Accounts receivable				
- Revenue Department	412,913	412,913	412,913	412,913
Assets for sale	400,368	1,563,898	400,368	1,563,898
Others	4,366,308	4,127,757	4,259,383	4,127,757
Total	30,923,358	28,455,874	30,675,044	28,455,874

9 Investments in a subsidiary and a joint venture

- a) Movements in investments in a subsidiary and a joint venture for the years ended 31 December comprise:

	Company	
	2006 Baht	2005 Baht
Opening net book amount	5,788,222	5,369,378
Investment in a joint venture	30,000,000	-
Net results from investments - equity method	(473,133)	418,844
Closing net book amount	35,315,089	5,788,222

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

	Company - 31 December 2006 (Baht)					
	Paid share capital	Investment portion (%)	At cost	Accumulated share of loss	At equity	Dividend
Subsidiary						
Artware Media Company Limited	20,000,000	99.99	20,000,000	(11,981,100)	8,018,900	-
Joint venture						
Media Connex Company Limited	50,000,000	60.00	30,000,000	(2,703,811)	27,296,189	-
			<u>50,000,000</u>	<u>(14,684,911)</u>	<u>35,315,089</u>	<u>-</u>

	Company - 31 December 2005 (Baht)					
	Paid share capital	Investment portion (%)	At cost	Accumulated share of loss	At equity	Dividend
Subsidiary						
Artware Media Company Limited	20,000,000	99.99	20,000,000	(14,211,778)	5,788,222	-
			<u>20,000,000</u>	<u>(14,211,778)</u>	<u>5,788,222</u>	<u>-</u>

9 Investments in a subsidiary and a joint venture (continued)

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

<u>Name</u>	<u>Business</u>	<u>Country</u>	<u>Currency</u>
Subsidiary			
Artware Media Company Limited	Principal business is the lease of electronic billboard 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 in the share capital of Media Connex Company Limited, a joint venture, at 60% of authorised share capital of Baht 50 million. Media Connex Company Limited registered with the Ministry of Commerce on 5 January 2006.

The Following amounts represent the Company's share of the assets, liabilities, revenues and operating results in its consolidated financial statements for the years ended 31 December.

	Media Connex Company Limited	
	2006	2005
	Baht	Baht
Balance Sheet		
Current assets	27,408,402	-
Non-current assets	1,052,584	-
Current liabilities	(1,164,797)	-
Net assets	<u>27,296,189</u>	<u>-</u>
Statements of Income		
Gross revenues	<u>1,826,093</u>	<u>-</u>
Net loss for the period	<u>(2,703,811)</u>	<u>-</u>

10 Equipment, net

	Consolidated			
	Building improvement Baht	Vehicles Baht	Office equipment Baht	Total Baht
At 31 December 2005				
Cost	114,594,070	2,284,159	55,920,900	172,799,129
<u>Less</u> Accumulated depreciation	<u>(36,479,334)</u>	<u>(1,245,864)</u>	<u>(30,297,352)</u>	<u>(68,022,550)</u>
Net book amount	<u>78,114,736</u>	<u>1,038,295</u>	<u>25,623,548</u>	<u>104,776,579</u>
Transactions during the year ended 31 December 2006				
Opening net book amount	78,114,736	1,038,295	25,623,548	104,776,579
Additions	6,877,382	10,764,018	1,935,179	19,576,579
Disposals	-	(1,597,010)	-	(1,597,010)
Depreciation charge	(11,907,590)	(719,736)	(12,143,395)	(24,770,721)
Closing net book amount	<u>73,084,528</u>	<u>9,485,567</u>	<u>15,415,332</u>	<u>97,985,427</u>
At 31 December 2006				
Cost	121,471,452	9,992,205	51,037,873	182,501,530
<u>Less</u> Accumulated depreciation	<u>(48,386,924)</u>	<u>(506,638)</u>	<u>(35,622,541)</u>	<u>(84,516,103)</u>
Net book amount	<u>73,084,528</u>	<u>9,485,567</u>	<u>15,415,332</u>	<u>97,985,427</u>
	Company			
	Building improvement Baht	Vehicles Baht	Office equipment Baht	Total Baht
At 31 December 2005				
Cost	114,594,070	2,284,159	3,205,341	120,083,570
<u>Less</u> Accumulated depreciation	<u>(36,479,334)</u>	<u>(1,245,864)</u>	<u>(311,674)</u>	<u>(38,036,872)</u>
Net book amount	<u>78,114,736</u>	<u>1,038,295</u>	<u>2,893,667</u>	<u>82,046,698</u>
Transactions during the year ended 31 December 2006				
Opening net book amount	78,114,736	1,038,295	2,893,667	82,046,698
Additions	6,877,382	5,400,000	3,142,272	15,419,654
Disposals	-	(733,503)	-	(733,503)
Depreciation charge	(11,907,591)	(606,597)	(1,248,362)	(13,762,550)
Closing net book amount	<u>73,084,527</u>	<u>5,098,195</u>	<u>4,787,577</u>	<u>82,970,299</u>
At 31 December 2006				
Cost	121,471,452	5,528,187	6,347,613	133,347,252
<u>Less</u> Accumulated depreciation	<u>(48,386,925)</u>	<u>(429,992)</u>	<u>(1,560,036)</u>	<u>(50,376,953)</u>
Net book amount	<u>73,084,527</u>	<u>5,098,195</u>	<u>4,787,577</u>	<u>82,970,299</u>

10 Equipment, net (continued)

Additions in consolidated and company financial statements include Baht 8.5 million (2005: nil) assets leased under finance leases (where the Group is the lessee), comprise vehicles and office equipment. The details are as follows:

	Consolidated and Company	
	2006	2005
	Baht	Baht
As at 31 December 2006		
Cost - capitalised finance leases	8,455,900	-
<u>Less</u> Accumulated depreciation	<u>(907,334)</u>	-
Net book amount	<u>7,548,566</u>	-

11 Concession assets, net

The Company has an obligation to provide certain assets for its operations under its concession agreement. The Office of the Permanent Secretary of the Office of the Prime Minister (“PMO”), also provides certain rights to the Company to use the assets. The details of the concession assets, except the construction in progress, for which legal title has been transferred to the PMO under these agreements are as follows:

	Consolidated and Company							Total Baht
	Land Baht	Network station Baht	Transmission equipments Baht	Tools and office equipments Baht	Technician and consulting fee Baht	Construction in progress Baht		
At 31 December 2005								
Cost	48,719,349	173,565,298	3,039,143,696	187,017,722	166,646,439	21,343,138	3,636,435,642	
Less Accumulated amortisation	(10,015,195)	(61,557,158)	(1,338,783,600)	(146,308,113)	(72,997,497)	-	(1,629,661,563)	
Net book amount	38,704,154	112,008,140	1,700,360,096	40,709,609	93,648,942	21,343,138	2,006,774,079	
Transactions during the year ended								
31 December 2006								
Opening net book amount	38,704,154	112,008,140	1,700,360,096	40,709,609	93,648,942	21,343,138	2,006,774,079	
Additions	-	-	50,463,473	15,682,779	-	5,877,132	72,023,384	
Transfer, net	-	-	17,613,650	1,209,211	-	(18,822,861)	-	
Amortisation charge	(1,948,773)	(8,678,260)	(185,770,906)	(20,037,539)	(8,332,322)	-	(224,767,800)	
Closing net book amount	36,755,381	103,329,880	1,582,666,313	37,564,060	85,316,620	8,397,409	1,854,029,663	
At 31 December 2006								
Cost	48,719,349	173,565,298	3,107,220,819	203,909,712	166,646,439	8,397,409	3,708,459,026	
Less Accumulated amortisation	(11,963,968)	(70,235,418)	(1,524,554,506)	(166,345,652)	(81,329,819)	-	(1,854,429,363)	
Net book amount	36,755,381	103,329,880	1,582,666,313	37,564,060	85,316,620	8,397,409	1,854,029,663	

See Note 2.1 c) to the financial statements relating to significant uncertainty matters which effects the impairment of concession assets.

12 Other assets

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Deposits				
- Third parties	10,149,531	625,476	10,148,453	625,476
- Related parties (Note 6 f)	-	9,463,472	-	9,463,472
Leasehold right				
- Third parties	1,066,667	1,266,667	1,066,667	1,266,667
Total	<u>11,216,198</u>	<u>11,355,615</u>	<u>11,215,120</u>	<u>11,355,615</u>

13 Trade accounts payable

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Trade accounts payable				
- Third parties	46,940,220	28,436,886	43,836,398	28,208,216
- Related parties (Note 6 c)	2,561,171	3,650,780	9,282,188	3,877,502
Total	<u>49,501,391</u>	<u>32,087,666</u>	<u>53,118,586</u>	<u>32,085,718</u>

14 Borrowings

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Short-term borrowings				
Current portion of long-term finance lease liabilities	1,103,518	-	2,453,518	-
Current portion of long-term loan from bank	93,194,049	80,485,769	93,194,049	80,485,769
Total	<u>94,297,567</u>	<u>80,485,769</u>	<u>95,647,567</u>	<u>80,485,769</u>
Long-term borrowings				
Long-term finance lease liabilities	1,358,176	-	4,901,926	-
Long-term loan from bank	199,858,989	293,053,038	199,858,989	293,053,038
Less Deferred front end fees	(2,516,424)	(3,207,549)	(2,516,424)	(3,207,549)
Total	<u>198,700,741</u>	<u>289,845,489</u>	<u>202,244,491</u>	<u>289,845,489</u>
Total borrowings	<u>292,998,308</u>	<u>370,331,258</u>	<u>297,892,058</u>	<u>370,331,258</u>

14 Borrowings (continued)

The movements in the borrowings can be analysed as follows:

	Consolidated Baht	Company Baht
For the year ended 31 December 2006		
Opening balance	370,331,258	370,331,258
Increased in finance lease liabilities	3,055,900	8,455,900
Repayments of finance lease liabilities	(594,206)	(1,100,456)
Repayments of loan from a bank	(80,485,769)	(80,485,769)
Amortisation of deferred front end fee	691,125	691,125
Closing balance	<u>292,998,308</u>	<u>297,892,058</u>

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

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Total borrowings:				
- at fixed rates	2,461,694	-	7,355,444	-
- at floating rates	293,053,038	373,538,807	293,053,038	373,538,807

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

Borrowings carry interest at rates as follows:

	Consolidated		Company	
	2006	2005	2006	2005
- Long-term loan (%)	7.50	5.50	7.50	5.50

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

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

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

14 Borrowings (continued)

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

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

Non-compliance with the debt covenant

As at 31 December 2006, the Company's debt to equity ratio was 6.06:1, this ratio does not meet the requirements of the debt restructuring agreement as previously mentioned. This covenant default has made the total amount of loan become due without further notification from the lender, and the principal repayment must be made by the Company immediately. The Company does not reclassify the outstanding amount of long-term loan totalling Baht 197 million as current because the Company intends to negotiate with the lender after the circumstance as described in Note 25 has been improved.

Maturity of non-current borrowings is as follows:

	Consolidated and Company Baht
2007	93,194,049
2008	114,374,514
2009	85,484,475
Total	293,053,038

15 Other current liabilities

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Baht	Baht	Baht
Payable to the Revenue Department	11,999,611	12,319,408	11,747,760	12,246,469
Advances received from customers	22,232,087	17,216,250	22,142,087	17,216,250
Other payables	262,853	566,519	262,733	566,400
Total	34,494,551	30,102,177	34,152,580	30,029,119

16 Share capital and premium (discount) on share capital

	Number of registered share capital shares	Issued and paid up Shares	Ordinary shares Baht	Premium/ (discount) on share capital Baht	Total Baht
As at 31 December 2004	1,560,000,000	1,204,742,700	6,023,713,500	(175,039,745)	5,848,673,755
Issue of shares	-	1,638,600	8,193,000	622,668	8,815,668
As at 31 December 2005	1,560,000,000	1,206,381,300	6,031,906,500	(174,417,077)	5,857,489,423
Issue of shares	-	316,100	1,580,500	120,118	1,700,618
As at 31 December 2006	<u>1,560,000,000</u>	<u>1,206,697,400</u>	<u>6,033,487,000</u>	<u>(174,296,959)</u>	<u>5,859,190,041</u>

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

Warrants

Movements in the number of outstanding warrants are as follows:

	For the year ended 31 December 2006 (Thousand Units)			
	Opening balance	Granted	Exercised	Closing balance
ESOP - Grant I				
- Directors	5,438	-	(316)	5,122
- Employees	4,949	-	-	4,949
Total	<u>10,387</u>	<u>-</u>	<u>(316)</u>	<u>10,071</u>
ESOP - Grant II				
- Directors	1,983	-	-	1,983
- Employees	7,191	-	-	7,191
Total	<u>9,174</u>	<u>-</u>	<u>-</u>	<u>9,174</u>
ESOP - Grant III				
- Directors	4,043	-	-	4,043
- Employees	5,611	-	-	5,611
Total	<u>9,654</u>	<u>-</u>	<u>-</u>	<u>9,654</u>
ESOP - Grant IV				
- Directors	-	5,441	-	5,441
- Employees	-	5,178	-	5,178
Total	<u>-</u>	<u>10,619</u>	<u>-</u>	<u>10,619</u>
Total	<u>29,215</u>	<u>10,619</u>	<u>(316)</u>	<u>39,518</u>

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.

17 Service income

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Analysis of service income				
Advertising income	1,682,773,828	1,892,792,099	1,668,812,794	1,890,222,099
Airtime rental	421,948,212	432,485,457	421,948,212	432,485,457
Production income	2,160,363	7,554,708	1,249,351	7,378,582
Total	2,106,882,403	2,332,832,264	2,092,010,357	2,330,086,138

18 Operating profit (loss)

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

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Cost of services				
Amortisation and impairment of programming rights (Note 7)	160,919,197	168,264,046	160,919,197	168,264,046
Production costs	150,479,464	112,540,377	140,090,947	112,465,063
Depreciation of equipment (Note 10)	10,935,286	10,455,939	-	-
Amortisation of concession assets (Note 11)	224,767,800	221,707,763	224,767,800	221,707,763
Network costs	129,563,229	114,591,984	128,998,386	114,125,170
Staff costs	283,380,284	229,823,909	283,380,284	229,823,909
Other costs	54,867,278	106,313,672	54,872,642	106,313,673
Total	1,014,912,538	963,697,690	993,023,892	952,699,624
Selling and administrative expenses				
Depreciation of equipment (Note 10)	13,835,435	12,001,701	13,762,550	12,001,701
Staff costs	123,147,966	152,054,542	121,815,549	153,018,417
Administrative expenses	97,447,235	107,084,720	97,245,398	107,159,142
Marketing expenses	158,141,176	178,342,515	167,643,991	188,128,515
Gain on exchange rates	(31,422)	(29,577)	(31,422)	(29,577)
Total	392,540,390	449,453,901	400,436,066	460,278,198

19 Income tax

The income tax on the Group's profit (loss) before tax for the years ended 31 December 2006 and 2005 differ from the theoretical amount that would arise using the basic tax rate of the Group as follows:

	Consolidated		Company	
	2006	2005	2006	2005
	Baht	Restated Baht	Baht	Restated Baht
For the years ended 31 December				
Profit(loss) before income tax	(1,782,690,943)	679,111,238	(1,782,690,943)	679,111,238
Tax rate	30%	30%	30%	30%
The result of the accounting profit multiplied by the income tax rate	(534,807,283)	203,733,371	(534,807,283)	203,733,371
Net results from investment				
- equity mehtod	-	-	141,940	(125,653)
Utilisation of previously unrecogsied tax losses	(669,204)	(235,507,397)	-	(235,507,397)
Tax losses in current peirod not recognised as deferred tax assets	510,318,433	-	509,507,290	-
Expensese recognised in the different period	24,842,911	27,500,260	24,842,911	27,625,913
Expenses not deductible for tax purpose	315,142	4,273,766	315,142	4,273,766
Tax charge	-	-	-	-

20 Earnings (loss) per share

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

	For the years ended 31 December (Consolidated and Company)					
	Net profit (loss) Baht		Weighted number of shares Shares		Earnings (loss) per share Baht	
	2006	2005	2006	2005	2006	2005
Basic earnings (loss) per share	(1,782,690,943)	679,111,238	1,206,611,235	1,205,669,561	(1.48)	0.56
The effect of dilutive potential shares	-	-	-	5,814,758	-	-
Diluted earnings per share	(1,782,690,943)	679,111,238	1,206,611,235	1,211,484,319	(1.48)	0.56

The 39.52 million units of warrants - ordinary shares does not effect on the diluted loss for the year ended 31 December 2006. The calculation of diluted earnings per share for the year ended 31 December 2005 included the effect of 10.39 million units of warrants - ordinary shares.

21 Provident fund

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

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

22 Financial instruments

As at 31 December 2006, the Group has the following risks relating to significant financial instruments:

Credit risk

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

Exchange rate risk

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

There were no outstanding forward foreign currency contracts at 31 December 2006 and 2005.

Fair values

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

23 Bank guarantees

The company has commitment with banks in respect of letters of guarantees as follow:

	Consolidated		Company	
	2006 Million Baht	2005 Million Baht	2006 Million Baht	2005 Million Baht
Bank guarantees for operating performance under the concession agreement	25	25	25	25
Bank guarantees in respect of the normal course of business	58	57	58	57
	<u>83</u>	<u>82</u>	<u>83</u>	<u>82</u>

24 Commitments and contingencies

a) Commitments from the Concession Agreement

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

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

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

b) Operating lease commitments - where a company is the lessee

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

	Consolidated		Company	
	2006 Baht	2005 Baht	2006 Baht	2005 Baht
Not later than 1 year	77,506,368	99,066,608	77,506,368	98,895,608
Later than 1 year and not later than 5 years	26,648,523	82,466,580	26,648,523	81,902,280
Later than 5 years	53,435,074	45,730,000	53,435,074	45,730,000
	<u>157,589,965</u>	<u>227,263,188</u>	<u>157,589,965</u>	<u>226,527,888</u>

c) Contingencies in respect of other legal cases

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. The Company does not record any provisions for these legal cases.

25 The dispute between the Company and the PMO relating to the concession fee under the Agreement for the Operation of Television Station

a) The Supreme Administrative Court's judgment regarding the dispute between the Company and the PMO

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 ("PMO") in accordance with the Concession Agreement and Radio-television operation under UHF system ("the Concession Agreement") can be summarised as follows:

1. The PMO shall pay compensation to the Company in the amount of Baht 20 million;
2. 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 (reduced and adjusted from the original agreement of the 8th year Baht 800 million; the 9th Year Baht 900 million and the 10th - 30th Year Baht 1,000 million each year), whichever is higher, as from 3 July 2002;
3. The PMO shall return parts 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
4. 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. On 13 December 2006, the Supreme Administrative Court ruled to uphold the judgment of the Central Administrative Court that effected on revocation of the Arbitration Award dated 30 January 2004. As a consequence of that ruling, the Company has to follow the previous terms and conditions as specified in the Concession Agreement on the following:

1. The Company changed its television programs to be in line with the Clause 11 of the Concession Agreement which covers the combination of news, documentaries and social benefit programs which shall not be less than 70% of total air-time, and all programs broadcasted during prime time (7.00 p.m. - 9.30 p.m.) have to be these kinds of programs.
2. The Company followed Clause 5 (the concession fee to be rate of 44% and the minimum guarantee of Baht 1,000 million) of the Concession Agreement in respect of payment of concession fee to the PMO.

On 14 December 2006, the Company has changed its television programs to be in line with the Clause 11 of the Concession Agreement. The Company recorded the unpaid concession fee for the period 3 July 2004 to 3 July 2006 of Baht 2,210 million.

25 The dispute between the Company and the PMO relating to the concession fee under the Agreement for the Operation of Television Station (continued)

b) Contingencies in respect of the dispute with the PMO

The PMO issued a letter dated 14 December 2006 claiming that the Company should:

- 1 Immediately alter the television programming schedule in order to comply with the of Clause 11 of the Concession Agreement.
- 2 Pay the unpaid concession fee totalling Baht 2,210 million, for the 9th concession year (the Seventh Payment) in the amount of Baht 670 million, the 10th concession year (the Eighth Payment) in the amount of Baht 770 million and the 11th concession year (the Ninth Payment) in the amount of Baht 770 million plus 15% interest per annum on the unpaid concession fee, calculated on a daily basis from the date the payment become over due.
- 3 Pay the penalty fee in accordance with Clause 11, second paragraph, of the Concession Agreement from 1 April 2004 to 13 December 2006 at the rate of 10% of the annual concession fee, calculated on a daily basis from the date the payment become over due. According to the Company had not scheduled programs following Clause 11, Section 1, the penalty fee for breach determined by the PMO is in the amount of Baht 97,760 million (the Company changed its programming schedule following the Supreme Administrative Court's judgment on 14 December 2006).

The PMO demanded that all payments must be paid within 45 days of the Company receiving such notice (received 15 December 2006). In the event that the Company fails to repay such debt within the period of time, the PMO will have to act in accordance with the terms of the Concession Agreement and any relevant law.

The Company and the Company's legal consultant had opinions regarding that case of 15% interest per annum on the unpaid concession fee and the penalty fee of the changed programming as per the following:

- 1 The concession fee amounting to Baht 230 million was paid to the PMO in accordance with the arbitral award. Since the arbitral award was bound to both parties under Clause 15 of the Concession Agreement, the Company had no liability on interest of the unpaid concession fee during the period that the arbitral award was granted until the Supreme Administrative Court's judgment was handed down.
- 2 The Company and the Company's legal consultant disagreed with the PMO on the issue of the penalty fee amounting to Baht 97,760 million with the 45 days payment period as follows:
 - 2.1 The Company has not breached the Concession Agreement because the Company has complied with Clause 15 of the Concession Agreement which states that "The arbitral award shall be bound to both parties.", the last paragraph in Clause 30 of the Arbitration rules of Judiciary Office and the second paragraph of Section 70 of Act on Establishment of Administrative Courts and Administrative Court Procedure, B.E.2542. Consequently, the alteration of TV programming from, 1 April 2004 to 13 December 2006 (the date that the Supreme Administrative Court's judgment was handed down) has duly complied with the Concession Agreement and law.
 - 2.2 As to the Concession Agreement regarding the penalty fee incurred on the alteration of television programming, the PMO has the right to terminate the Concession Agreement. However, in order to comply with the arbitration proceeding as stated in section 2.1, if it is apparent that the Company breaches the Concession Agreement, the PMO shall be entitled to terminate the Concession Agreement if the process of settlement of dispute becomes final.

25 The dispute between the Company and the PMO relating to the concession fee under the Agreement for the Operation of Television Station (continued)

b) Contingencies in respect of the dispute with the PMO (continued)

- 2.3 According to the Supreme Administrative Court gazette dated December 13, 2006, stated that “Regarding the matter of the penalty, the parties have to resolve this themselves, and if the dispute cannot be resolved, the statement of claims is required to be filed in accordance with the procedure defined in the Concession Agreement”.
- 2.4 The issue of interest and the penalty incurred from the alteration of television programming had not been final since it was not an issue raised for consideration by the Supreme Administrative Court. Therefore, if the parties had any controversy thereon and it cannot be resolved, the statement of claims shall then enter into arbitration proceeding in accordance with Clause 15 of the Concession Agreement stating that “If any dispute or controversy arises in connection with this Concession Agreement, both parties shall agree to submit the said dispute for arbitration, and the Arbitration Committee’s award shall be final and binding.”

The Company and the Company’s legal consultant viewed that the calculation of the penalty of the PMO was not in compliance with the objective of the Concession Agreement. The penalty should be calculated at Baht 274,000 per day as a maximum amount, not Baht 100 million per day as stated by the PMO. However, if the penalty fee are charged, the penalty for the period from 1 April 2004 to 13 December 2006 should be Baht 268 million, not Baht 97,760 million as claimed by the PMO.

In case of interest of the unpaid concession fee claimed by the PMO, the Company is of the opinion that during the period that the Company complied with the arbitral award, the Company neither had a liability to settle the debt nor was at default to pay the concession fee since the concession fee of Baht 230 million was paid in accordance with the arbitral award. The arbitral award become binding on both parties under Clause 15 at the time it comes into force. Since the Company was not at default in the payment of the concession fee or make the delay payment, the Company has no liability on interest of the concession fee and the PMO has no right to claim for the unpaid concession fee during the period that the arbitral award was valid and the judgment of the Central Administrative Court was not enforceable during the period that the appeal was submitted to the Supreme Administrative Court.

Based on the Company’s legal consultant, the Company has no liabilities relating to the penalty and the interest and therefore, the Company does not record these liabilities in these financial statements.

The meeting of the government panel in charge of the Concession Agreement affair was held on 24 January 2007. The Company has submitted the preliminary proposals to the PMO in the following matters.

The Company notified to the meeting that currently the financial status of the Company is shown that the Company has insufficient funds money to repay the PMO because the Company has cash in hand of Baht 1,300 million and is unable to undertake either of borrowing from financial institutions or funding by public offering and rights offering within a short period due to a substantial risk concerning the uncertainty over the penalty arising from the alteration of television programming of approximately Baht 100 billion. However, the Company is trying to find other sources of funds and negotiate with the PMO over the guidelines of repayment. The Company proposed five alternatives with advantages and disadvantages of each alternative to the PMO for consideration regarding the concession fee of Baht 2,210 million as follows;

25 The dispute between the Company and the PMO relating to the concession fee under the Agreement for the Operation of Television Station (continued)

b) Contingencies in respect of the dispute with the PMO (continued)

1. The Company proposed to repay the PMO Baht 710 million in cash plus Baht 1.5 billion through new share issues at Baht 1 per share, allowing the PMO to own 55.4% of the Company as a major shareholder of the Company. If the PMO agrees with the first alternative, the Company will have not a burden amounting to Baht 2,210 million and the Company's operation will be going on with strong future performance which is positive to the minority shareholders and staff of the Company. However, in compliance with this alternative, the Company must propose this to the shareholder's meeting of the Company for further approval.
2. There are some Thai companies have proposed to take over all the Company's shares from Shin. Under this alternative the Thai companies wanting to operate the Company business will negotiate about the burden and the disputes with the PMO so the Company is thus able to run its business under the concession agreement and not affect minority shareholders and staff of the Company. However, compliance with this alternative depends on the approval of the board and shareholders' meetings of Shin and the result of negotiation with the new shareholders.
3. The Company proposed to the government to take over all the Company's shares from Shin in the proportion of 52.9% of total paid share capital or 638 million shares. In compliance with this alternative, the government should provide its budget for buying the Company's shares and run the Company's business thereafter.
4. The Company proposed that it will partly repay the concession fee amounting to Baht 1,000 million to the PMO and will repay the remaining Baht 1,210 million by installments over five years. In compliance with this alternative, the Company is to prepare the details of the installments method for the PMO for consideration.

The Company proposed the four alternatives stated above to the PMO for consideration because the Company intends to solve this issue to prevent the taking place of disadvantages to the minority shareholders, staff, program producers, suppliers and audience. The Company is attempting to maintain the TV station by acting as a mediating ground for social affairs. However, if there will be events or factors impacting to the Company where by it is unable to repay to the PMO within the specific time, the PMO has the right to terminate the Concession Agreement (alternative 5).

However, as at 31 December 2006, there has been no further development on the above matters.

Referring to the penalty for alteration of television programming and interest of overdue concession fee, the Company submitted the documents to the Arbitration Institute on 4 January 2007. On 27 January 2007, the PMO submitted a letter to the Arbitration Institute disputing that the issue regarding the penalty arising from the alteration of television programming was not related to the dispute or controversy in connection with the Concession agreement considered by the arbitrator. Conversely, it was the right to claim against the Company for the settlement of debt according to the judgment of the Central Administrative Court and the Supreme Administrative Court respectively. The actual amount of the penalty shall be determined by the Court; therefore, the PMO shall bring the case to the Court having its jurisdiction to consider and order or rule the Company to pay the unpaid concession fee plus 15 % interest from the delayed payment date and the penalty arising from the alteration of television programming amounting to Baht 97,760 million after the due date (it shall be further defined in the second notice).

25 The dispute between the Company and the PMO relating to the concession fee under the Agreement for the Operation of Television Station (continued)

b) Contingencies in respect of the dispute with the PMO (continued)

On 1 February 2007, the Company received the letter from the PMO dated on 31 January 2007 requesting the Company to repay the debt by making payment of the unpaid concession fee of 9th year to 11th year in the amount of Baht 2,210 million and the interest calculated on such unpaid concession fee at the rate of 15% per annum together with the fine arising out of the alteration of television programming at the rate of 10% of the annual concession fee calculated on a daily basis totalling of Baht 97,760 million. PMO demanded that all payment must be paid within 30 days of the Company receiving such notice which will be on 2 March 2007. In the event that the Company fails to repay such debt within such period of time, PMO will have to act in accordance with the terms of the Concession Agreement and any relevant law.

On 20 February 2007, the Company filed an appeal requesting provisional remedial measures and an appeal to expedite the case with the Central Administrative Court as follows;

- 1 The Company requested the Central Administrative Court to rule that the PMO's right to terminate the Concession Agreement will cease from the due date for payment of the penalty fee incurred from the change in television programming and the interest on the unpaid concession fee of approximately Baht 100,000 million until the arbitral award is granted and the dispute becomes final.
- 2 The Company requested the Central Administrative Court to specify the period in which the payment of the unpaid concession fee amounting to Baht 2,210 million must be paid at within 30 days after the date of receipt of the Court's order.

On 21 February 2007, the Central Administrative Court rejected the appeal to requesting provisional remedial measures and the appeal to expedite the case.

26 Subsequent event

The Company disclosed subsequent event regarding to the dispute between the Company and the PMO relating to the concession fee under the Agreement for the Operation of Television Station in Note 25.