



Annual Report 2007

ITV Public Company Limited

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Financial Highlights

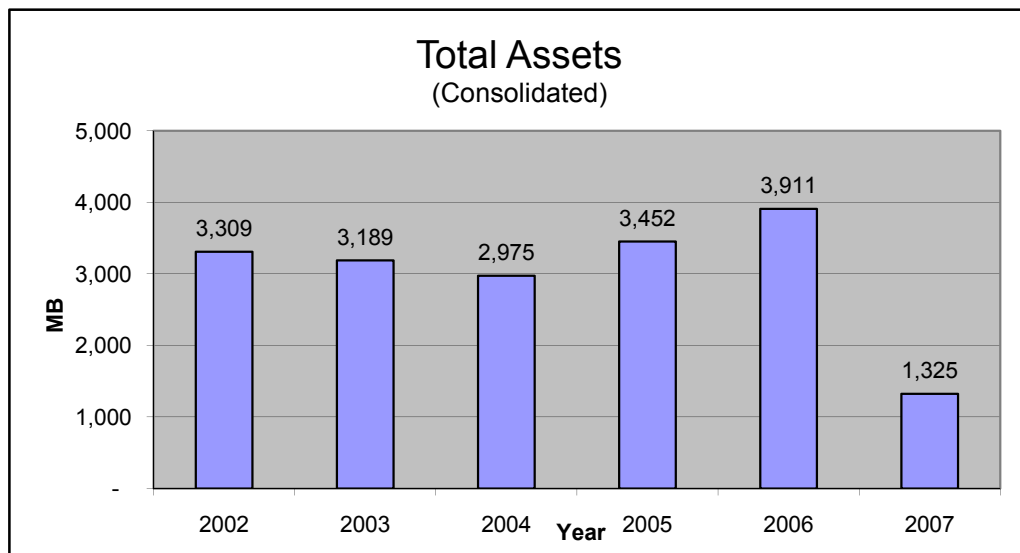
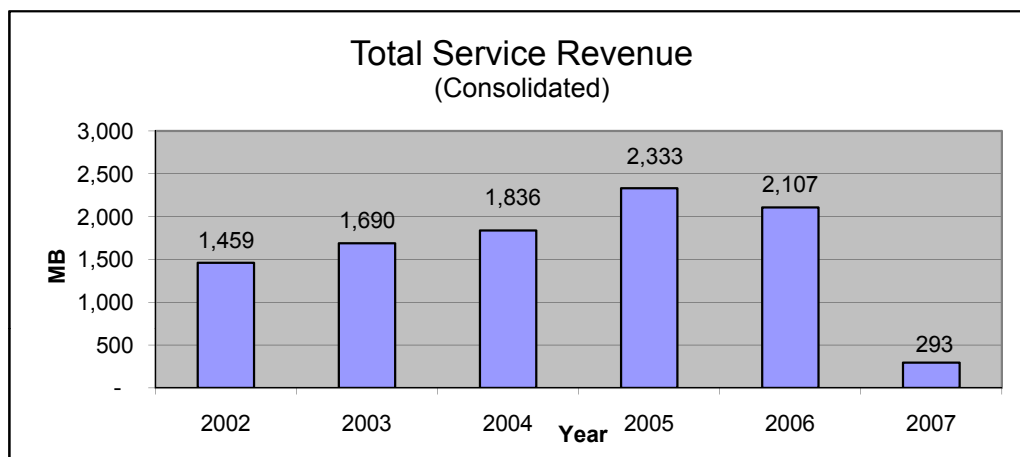
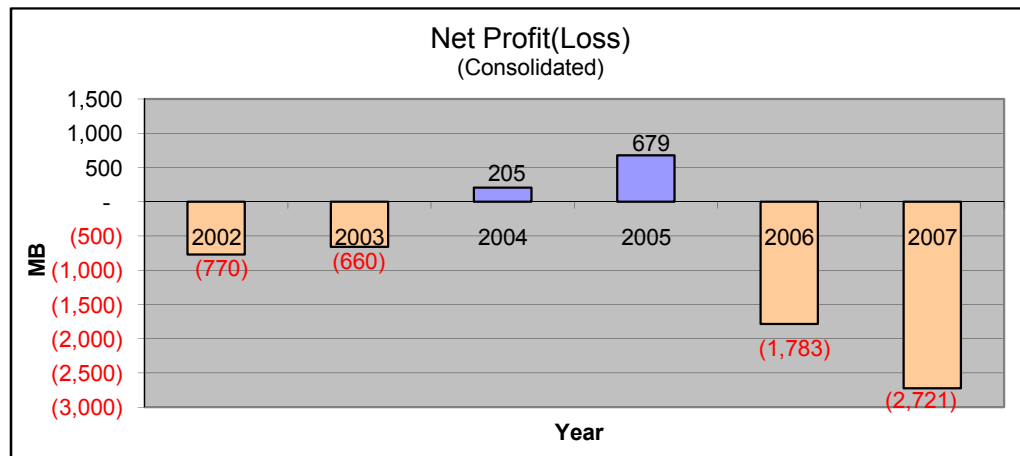
Unit : Million Baht

Consolidated	2005	2006	2007
Operational Results			
Advertising Revenue	1,900	1,685	213
Airtime Rental Revenue	432	422	79
Total Service Revenue	2,333	2,107	293
Gross Margin	1,392	1,092	122
Net Profit (Loss)	679	(1,783)	(2,721)
Total Assets	3,452	3,911	1,325
Total Liabilities	1,117	3,356	3,492
Shareholders' Equity	2,335	554	(2,167)

Financial Ratio

Gross Margin (%)	59.67	51.83	41.64
Return on Total Assets (%)	21.13	(48.42)	(103.93)
Current Ratio (X)	1.61	0.62	0.39
Earning per Share (Baht)	0.56	(1.48)	(2.26)
Book Value per Share (Baht)	1.94	0.46	(1.80)

As at 31 December



General Information

Company Name	: ITV Public Company Limited
Nature of Business	: Operate UHF radio and television broadcast station under a joint operating contract and a Built –Transfer - Operation concession signed with the Office of the Permanent Secretary to the Prime Minister's Office (“PMO”) on 3 July 1995 for a period of thirty years ending 31 July 2025. The station is named “ITV broadcasting station” (“ITV”)
Current Status	: As at midnight (12.00 p.m.) of 7 March 2007, the Company was compelled to cease its business operation of the ITV broadcasting station due to the concession cancellation by the PMO.
Head Office	: 1010 Shinawatra Tower 3, 6 th Floor, Viphavadi-Rangsit Road, Jatujak Sub-district, Jatujak District, Bangkok 10900
Corporate Registration No.	: 0107541000042
Corporate Homepage	: www.itv.co.th
Telephone	: (66) 2791-1795-6
Facsimile	: (66) 2791-1797
Registered Capital	: Baht 7,800,000,000
Issued & Paid-up Capital	: Baht 6,033,487,000
Par Value	: Baht 5

Subsidiary

Company Name	: Art Ware Media Company Limited
Nature of Business	: Rental of radio and television program production equipment, production of radio and television programs, sales/purchase of movie licenses, organization of marketing activities and campaigns
Head Office	: 1010 Shinawatra Tower 3, 6 th Floor, Viphavadi-Rangsit Road, Jatujak Sub-district, Jatujak District, Bangkok 10900
Corporate Registration No.	: 0105545118984
Telephone	: (66) 2791-1795-6
Facsimile	: (66) 2791-1797
Registered Capital	: Baht 20,000,000
Issued & Paid-up Capital	: Baht 20,000,000
Par Value	: Baht 100
Share ownership	: 99.99% of the company's paid-up capital

Joint venture Company

Company Name	: Media Connects Company Limited
Nature of Business	: providing media services and commercial contents for advertisement made via mobile phone
Head Office	: 1010 Shinawatra Tower 3, 2 nd Floor, Viphavadi Rangsit Road, Jatujak Sub-district, Jatujak District, Bangkok 10900
Corporate Registration No.	: 0105549001844
Telephone	: (66) 2791-1759
Facsimile	: (66) 2791-1760
Registered Capital	: Baht 50,000,000
Issued & Paid-up Capital	: Baht 50,000,000
Par Value	: Baht 10
Share ownership	: 60.00 % of the company's paid-up capital

References

Security Registrar	: Securities Depository Company (Thailand) Limited 62 the Stock Exchange of Thailand Building, Ratchadaphisek Road Klongtoey, Bangkok 10110 Telephone (66) 2229-2800 Facsimile (66) 2359-1259 Securities Depository Company (Thailand) Limited Capital Market Academy Building, the Stock Exchange of Thailand, 2/7 Moo 4 (North Park Project), Viphavadi Rangsit Road Thung Song Hong Sub-district, Laksi District, Bangkok 10210 Telephone (66) 2596-9000 Facsimile (66) 2832-4994-6 Homepage: www.tsd.co.th
Auditor	: Mr. Prasan Choephanit Certified Public Accountant Registration No.3051 PricewaterhouseCoopers ABAS Limited 179/74-80 Bangkok City Tower, 15 th Floor, South Sathorn Road, Yanawa District, Bangkok 10120 Telephone (66) 2286-9999, (66) 2344-1000 Facsimile (66) 2286-5050

Report of the Audit Committee

The Company's Board of Directors appointed Mr. Vichakoraput Rattanaichai, Mr. Somboon Wongwanich and Mr. Sumatee Innu, to be the members of the Audit Committee. Mr. Vichakoraput Rattanaichai was also chosen as the Chairman of the Committee. The three members are recognized professionals with expertise in the fields of organization management, law and financial accounting. The Committee reports directly to the Board of Directors.

The Committee maintains independency in decision-making and none of its members has any executive titles in the Company and its subsidiaries. The Committee members also have qualifications, duties and responsibilities that comply with the principle of the Audit Committee as prescribed by the Stock Exchange of Thailand.

The Committee undertakes their governance duties and responsibilities assigned to it by the Company's Board of Directors. During the year 2007, the Committee attended 4 meetings with the Company's management and auditors of the Company to consider and review matters of importance under the assigned scope of its responsibility, which can be summarized as follows:

1. Reviewing, together with the management, the contracted management services provider and the Company's accounting consultants, 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 principles.
2. Assessing adequacy and appropriateness of the internal check-and-balance process within the internal control system in order to ensure efficiency of the control system.
3. Monitoring the Company's compliance with the applicable laws, the Securities and Exchange Act, and the Stock Exchange of Thailand's rules and regulations.
4. Reviewing and expressing opinions on related transactions with the applicable laws, the Securities and Exchange Act, and the Stock Exchange of Thailand's rules and regulations.

The Audit Committee emphasizes on the importance of good corporate governance and is of the opinion that, in general, the Company has adequate internal controls which are suitable to its business operation, its risk management process can adequately assure the acceptable level of its risk exposure, its financial reports are accurate and accountable, and it complies with the applicable laws, the Securities and Exchange Act, and the Stock Exchange of Thailand's rules and regulations

The Committee had considered a nomination of KPMG Phumchai Auditor Co.,Ltd to be the Company's auditor for 2008 and reviewed its relevant remuneration. The nomination will be presented to the Board of Directors for proposing to the 2008 Annual General Shareholders' Meeting.



Mr. Vichakoraput Rattanaichai
Chairman of the Audit Committee
20 February 2008

Nature of Business

1. Background, Significant Changes and Developments

ITV, formerly known as Siam Infotainment Co. Ltd. (“SIC”), was founded on May 9, 1995, with a Baht 250 million initial registered capital. The capital was increased to Baht 1,000 million in the same year. Siam TV and Communication Group (“STCG”), led by Siam Commercial Bank Pcl. (“SCB”), was approved by PMO to operate the broadcasting station under the Concession Agreement using a UHF (Ultra High Frequency) system for a period of thirty (30) years (“CA”). Its official broadcast commenced on July 1, 1996. SIC changed its name to ITV in 1998. The significant changes and developments relating to the business operations and the management for the past period are provided as follows:

1995

STCG, led by SCB, was approved by the PMO to operate the new broadcasting station using the UHF system. STCG then founded SIC to enter into the CA on July 3, 1995.

1996

SIC proceeded to establish the broadcasting station and began officially broadcasting on July 1, 1996.

1997

SIC set up additional signaling stations at Nation Tower, Bangna-Trad Road, and at Sinthorn Tower, enabling SIC’s broadcasting to cover Bangkok and suburb areas.

1998

SIC had signaling stations, totaling thirty six (36) stations, which could provide the broadcasting services to some provinces in central, north-eastern, eastern and southern parts of Thailand. SIC became a public company in accordance with the CA, and changed its name to ITV on October 20, 1998.

1999

ITV set up the signaling station on Baiyok Tower 2, having the highest signal ability of one thousand (1,000) kilowatts, which could provide service in a radius of one hundred kilometers (100km) covering all Bangkok and surroundings area as well as provinces in central Thailand.

2000

The cabinet resolved to approve amending the CA to restrict the share transfer of ITV to be in compliance with the Public Company Act and the Stock Exchange of Thailand (“SET”) regulations. Both parties executed the amendment of the CA regarding the restriction of the share transfer and the extension of the first payment due date on April 25, 2000. Since the company was established until the mentioned amendment date, the company’s shareholding structure was changed many times.

Towards the end of June 2000, ITV restructured its debt and capital structure by increasing the capital of the bank and Shin Corp. in the amount of 55 million shares valued at Baht 10, totaling Baht 550 million, giving each company the increased capital portion of Baht 288.71 million and 261.29 million, respectively. The total combined paid up capital is Baht 1,550 million. However, there was a decrease of the registered capital and paid up capital to Baht 387.5 million.

On September 18, 2000, ITV registered the increase of the capital from Baht 387.5 million to Baht 4,500 million, having the paid up capital in the amount of Baht 4,250 million. In November 2000, there was an offering to sell the newly issued shares to the bank and Shin Corp. at the value of Baht 8.7692 per share, giving each company the increased capital portion of Baht 464.15 million and Baht 420.1 million, respectively. Later in December

2000

The newly issued shares were again sold to the bank and Shin Corp. at the value of Baht 8.7692 per share, giving each company the increased capital portion of Baht 1,526.73 million and Baht 976.11 million, respectively. The total paid capital is Baht 4,250 million.

Commencing from September 1, 2000, the broadcasting station also extended the broadcasting time to be 24 hours. Moreover, in the year 2000, ITV set up four (4) additional signaling stations. Together with the former thirty six (36) signaling stations, the total signaling stations are forty (40) stations which could cover ninety seven percent (97%) of all viewers in Thailand.

2001

On November 13, 2001, Shin Corp. agreed to purchase ITV's ordinary shares from the bank in the amount of 106,250,000 shares valued at Baht 10.6573. Shin Corp. also offered to purchase ITV's ordinary shares from other shareholders at the same price causing Shin Corp. to become the majority shareholder. Later in the extraordinary general meeting No. 1/2001, the resolution was made to change the par value of the share from Baht 10 per share to Baht 5 per share causing all ITV's shares to increase to 1,200 million shares of which the paid up capital is 850 million shares.

2002

On February 27 to March 1, 2002, ITV offered to sell 300 million shares to the public valued at Baht 6 per share.

On March 13, 2002, ITV was listed on the SET with a paid up capital of Baht 5,750 million.

On November 11, 2002, ITV founded a company named Art Ware Media Co., Ltd. ("AWM") with a paid up capital of Baht 1 million, having ten thousand (10,000) shares. AWM has the objective to operate the business relating to the lease of equipment used in radio, TV and movie production, the trade of movie copyright and hosting activities. ITV is the majority shareholder of AWM holding ninety nine point nine three percent (99.93%) of all shares.

2003

On January 16, 2003, AWM increased the capital from Baht 1 million to Baht 20 million, having a total of two hundred thousand (200,000) shares valued at Baht 100. ITV still retained its majority shareholding holding ninety nine point nine nine percent (99.99%) of all shares.

On February 1, 2003, ITV moved its office together with the studio from SCB Park Plaza building to the new office located at Shinawatra Building 3 in preparation for the expansion of the business as it would have more space for the office and studio.

On February 26, 2003, ITV's directors approved the issuance of the newly issued shares in the amount of 60 million shares at the par value of Baht 5 per share, totaling Baht 300 million in preparation for the exercise of the rights under the warrant allocated to ITV's directors and employees (ESOP project). As a result, the capital of ITV increased from 1,200 million shares valued at Baht 6,000 million to 1,260 million shares valued at Baht 6,300 million.

On December 16, 2003, ITV's directors approved the increase of ITV's registered capital to Baht 7,800 million equivalent to 1,560 million shares at the par value at Baht 5. The issuance of 300 million newly issued ordinary shares were specifically allocated to two (2) trade partners: Mr. Tripop Limpapat in the amount of 150 million shares and Kantana Group Pcl. ("Kantana") in the amount of 150 million shares valued at Baht 10, totaling Baht 3,000 million. Nevertheless, the accomplishment of the plan to sell such newly issued shares depended on the outcome of the due diligence of ITV.

Noting that if Kantana purchased such shares, Kantana together with the Kaljaruek family agreed not to produce and/or own and/or provide any show to other TV broadcasting station except the shows formerly provided to Channel 7 TV broadcasting station and broadcasting stations abroad.

2004

On January 19, 2004, the extraordinary general meeting No. 1/2004 resolved to approve the resolution of ITV's board of directors with regards to the specific allocation of the newly issued shares to such trade partners.

On January 30, 2004, the tribunal rendered the award with the material issues as detailed below:

- The PMO shall compensate ITV for damages by paying ITV the amount of Baht 20 million;
- The payment under Clause 5 paragraph 1 of the CA shall be decreased in the part of the minimum concession fee which shall be reduced to Baht 230 million, and the payment was reduced to the rate of six point five percent (6.5%) of the revenue prior to the deduction of the expenses and tax. The payment shall be the higher amount between the comparison of the revenue amount prior to the deduction of the expenses and tax, and the amount of the minimum concession fee commencing from July 3, 2002.
- The PMO shall return Baht 570 million of the Baht 800 million minimum concession fee paid by ITV in accordance with the condition made during the arbitration hearing on July 3, 2006;
- ITV shall be able to broadcast in prime time (from 7.00 pm to 9.30 pm) without any limitation to broadcast only the news documentary and edutainment but ITV shall broadcast airtime no less than fifty percent (50%) of the overall broadcasting time, subject to the regulations specified by the governmental authority applicable to general broadcasting stations.

On April 27, 2004, the PMO submitted its petition to the Administrative Court requesting the consideration and the rendering of the judgment revoking such arbitral award.

ITV acted in accordance with the arbitral award as Clause 15 of the CA specifies that "The arbitral award shall be final and binding on both parties".

On November 26, 2004, ITV's directors resolved to approve ITV to execute the memorandum regarding the additional allocation of the newly issued shares to Mr. Tripop and Kantana. The purchase of the newly issued shares required the exercise of the rights and that the payment be made by October 31, 2005, while the amount of the allocated shares and the share price remain as formerly proposed.

2005

On October 31, 2005, with reference to the memorandum dated November 26, 2004, Mr. Tripop and Kantana failed to fulfill the obligations regarding the allocation of the newly issued shares as approved by shareholders meeting on January 19, 2004. However, such trade partners still produce shows for ITV.

On December 22, 2005, ITV's directors resolved to approve ITV to set up a joint venture named Media Connex Co., Ltd. ("MC"), with a registered capital of Baht 50 million, having 5,000,000 shares valued at Baht 10. The objective of MC is to operate the service provider business, advertisement and content production through mobile phones. The co-investors consist of ITV, CA Mobile Limited (CAM) from Japan and Mitsui and Co., Ltd. (Mitsui) from Japan with the investment portion of sixty percent (60%), twenty five percent (25%) and fifteen percent (15%), respectively. MC was registered as a company in January 2006. This joint venture is to bring ITV's resource to expand the business by joining with the co-investor from Japan who is an expert in technology and new marketing service through media and advertisement on mobile phones.

2006

On January 23, 2006, ITV learned of the sale of the ordinary shares of Shin, its majority shareholder. Shin was a majority shareholder holding fifty two point nine three percent (52.93%) of ITV's paid up capital. A group of Shin's majority shareholders sold their shares to Cedar Holding Co., Ltd. ("Cedar") and Aspen Holding Co., Ltd. (Aspen"). However, Cedar and Aspen were forbidden by the Securities and Exchange Commission ("SEC") to make a tender offer for the purchase of all ITV's securities as specified in Article 8 of the announcement of SEC No. GorJor. 53/2545 re: chain principle. The reason was that the sub-commission of the SEC considered and viewed that Cedar and Aspen did not wish to obtain management

control or hold more than fifty percent (50%) of ITV's shares or appoint certain number of directors to manage ITV's business, and ITV's shares held by Shin are not significant assets of Shin. On May 9, 2006, the Central Administrative Court rendered its judgment revoking the whole arbitral award dated January 30, 2004.

On June 7, 2006, ITV filed an appeal to the Supreme Administrative Court. Later on December 13, 2006, the Supreme Administrative Court reaffirmed the Central Administrative Court's judgment. Such reaffirmation caused ITV to perform in accordance with Clause 5 regarding making payment to the PMO, and Clause 11 paragraph 1 which specifies that the news and useful programs shall be broadcasted during at least seventy percent (70%) of the overall broadcast time. During the period from 7.00 pm to 9.30 pm, the broadcasts must be limited to the news and useful programs only. ITV has been using the broadcast schedule under the condition in Clause 11 paragraph 1 since December 14, 2006.

On December 14, 2006, the PMO sent the letter dated December 14, 2006, requesting ITV to perform the following:

1. ITV shall readjust the broadcasting schedule back to be in compliance with Clause 11 of the CA;
2. ITV shall pay the difference of the minimum concession fee in accordance with the CA for the 9th year (7th installment) in the amount of Baht 670 million, the 10th year (8th installment) in the amount of Baht 770 million and the 11th year (9th installment) in the amount of Baht 770 million, totaling Baht 2,210 million Baht together with the interest at the rate of fifteen percent (15% per annum. The interest shall be calculated daily in compliance with the date of the delayed payment;
3. ITV shall pay the fine at the rate of ten percent (10%) of the concession fee that the PMO shall receive each year as ITV failed to use the broadcasting schedule in accordance with Clause 11 paragraph 1 commencing from April 1, 2004, to December 13, 2006, and such fine can be calculated daily in accordance with Clause 11 paragraph 2. The PMO claimed the fine in the amount of Baht 97,760 million (ITV proceeded to amend its broadcast schedule in accordance with the Supreme Administrative Court since December 14, 2006).

The PMO also noted that if ITV failed to pay the aforementioned amount within forty five (45) days after receiving the notice (December 15, 2006), the PMO will proceed in accordance with the specification in the CA and law.

On December 21, 2006, ITV sent the letter to the PMO raising the following issues:

1. ITV had finished its adjustment of the broadcasting schedule in accordance with Clause 11 of the CA since December 14, 2006;
2. ITV did not fail to pay the concession fee as alleged as ITV paid the yearly concession fee in the amount of Baht 230 million in accordance with the arbitral award. Such award binds all parties in accordance with Clause 15 of the CA. Therefore, ITV has no liability to pay the interest on the concession fee from the period that the tribunal rendered its award to the date that the Supreme Administrative Court rendered its judgment.
3. ITV disagreed with the PMO regarding the payment of the fine in the amount of Baht 97,760 million, and that ITV shall pay such fine within forty five (45) days giving the following reasons:

ITV did not breach the CA as ITV complied with Clause 15 of the CA which states that "The arbitral award of the tribunal shall be final and binding on both parties". Accordingly, the adjustment of the broadcasting schedule made by ITV from April 1, 2004, to December 13, 2006, the date that the Supreme Administrative Court rendered its judgment, was considered in compliance with the last paragraph of Clause 30 of the regulation of the court of justice and Section 70 paragraph 2 of Act on establishment of Administrative Courts and Administrative Court procedure B.E. 2542 (1999). Therefore, ITV's act is in compliance with the CA and law;

In order to be consistent with the process of raising the dispute to the tribunal as mentioned in Clause 3.1, if ITV breaches the CA, the PMO's right to terminate the CA will arise after the dispute resolution comes to an end;

The Administrative Court published “Administrative News” No. 78/2549 dated December 13, 2006, mentioning the judgment of the Supreme Administrative Court containing the following statement “In the case of the fine, both parties shall discuss the matter and if both parties cannot come to an agreement, the matter shall be handled in accordance with the specification in the CA”;

The interest and the fine arising out of the adjustment of the broadcasting schedule are still under dispute. As this dispute is not under the consideration of the Administrative Court, if the parties to the CA have a dispute and cannot come to an agreement, such dispute shall be raised to the tribunal in accordance with Section 15 of the CA which states that “If there is any dispute or conflict arising out of the CA entered between the PMO and the contractor (ITV), both parties agree to appoint the arbitration tribunal to hear the dispute and the arbitral award of the tribunal shall be final and binding on both parties”

ITV and its legal counsel believe that the calculation of the fine arising out of the adjustment of the broadcasting schedule employed by PMO did not comply with the objective of the CA. If ITV is likely to be subject to such fine, the amount of such fine shall not exceed Baht 274,000 per day not Baht 100 million as claimed by the PMO. Therefore, notwithstanding the nature of the matter, if the fine is to be charged starting from the date that ITV complied with the arbitral award to the date that the Supreme Administrative Court rendered its judgment as claimed by the PMO (from April 1, 2004, to December 13, 2006), the calculation of the fine for such period shall not exceed the amount of Baht 268 million not Baht 97,760 million as calculated and claimed by the PMO as a cause of termination.

With regard to the case that the PMO asked for the interest on the difference of the minimum concession fee, ITV and its legal counsel view that, during the period that ITV complied with the arbitral award, ITV had no duty to pay the former amount of the minimum concession fee, and ITV did not fail to make payment of such minimum concession fee as ITV had already paid the yearly minimum concession fee in the amount of Baht 230 million in accordance with the arbitral award binding both parties. According to Clause 15 of the CA, during the period that the arbitral award is still in force, ITV had never failed to make the payment of the concession fee and/or make late payment of the concession fee to the PMO. Moreover, the PMO had never sought the court’s protection to excuse the PMO from performing in accordance with the arbitral award during such period. Accordingly, ITV has no duty to pay the interest on the difference of the minimum concession fee, and the PMO has no right to claim such interest during the period that the arbitral award was still in force and binding under the law. In addition, the judgment of the Central Administrative Court which revoked the arbitral award was not yet effective as the appeal was filed to the Supreme Administrative Court and the Supreme Administrative Court’s judgment was not yet rendered.

On December 20, 2006, MC’s shareholders were changed from having three (3) shareholders to two (2) shareholders: ITV and Mitsui with the shareholding portions of sixty percent (60%) and forty percent (40%), respectively.

2007

On January 4, 2007, ITV submitted the dispute regarding the fine arising out of the adjustment of the broadcasting schedule and the interest on the difference of the minimum concession fee to the arbitration institution in the black case No. 1/2550. With regard to the difference of the minimum concession fee in the amount of Baht 2,210 million, as ITV views that it is necessary to smooth the performance under the CA and to avoid the PMO terminating the CA which will affect ITV’s business, ITV decided to propose the settlement offer to make the payment of the Baht 2,210 million upon the condition that the PMO must agree to use the arbitration proceeding on the issues of the fine arising out of the adjustment of the broadcasting schedule and the interest on the difference of the minimum concession fee. The PMO declined such offer on January 30, 2007.

On February 2, 2007, ITV sent the letter to the Prime Minister seeking justice by proposing that the PMO accept the payment of the difference of the minimum concession fee in the amount of Baht 2,210 million

and that the arbitration proceeding should be used for the settlement of the issues of the fine arising out of the adjustment of the broadcasting schedule and the interest on the difference of the minimum concession fee.

On February 13, 2007, the PMO sent the letter declining such proposal of ITV. Accordingly, after the PMO's declined the proposal, ITV has no obligation to be bound by such proposal in compliance with Section 357 of the Civil and Commercial Code. Later on, the Central Administrative Court ordered the dismissal of the black case No. 640/2550 dated June 22, 2007. The Court analyzed the issue claimed by the PMO that ITV admitted that it owed to the PMO the difference of the minimum concession fee in the amount of Baht 2,210 million together with the interest by stating that it is unacceptable to claim that ITV accepted that it owed such debt to the PMO as such proposal presented many alternatives to settle the non-settled dispute which should be subject to the arbitration proceeding.

On February 20, 2007, ITV submitted its petition to the Central Administrative Court requesting that the Court specify an interim protection method to ease the damages of ITV as well as requesting the Court to urgently consider the two (2) following matters:

1. ITV requests the Central Administrative Court to prevent the PMO from exercising its right to terminate the CA by claiming that ITV fails to pay the fine for the adjustment of the broadcasting schedule and the interest on the difference of the minimum concession fee of an approximate amount of Baht 100,000 million until the final award is rendered by the arbitration tribunal;
2. ITV requests the Central Administrative Court set the period that ITV shall make the payment to the PMO of the difference of the minimum concession fee in the amount of Baht 2,210 million within thirty (30) days after the date that the court issues an order on this issue.

On February 21, 2007, the Central Administrative Court rejected such petition submitted by ITV giving the reason that if the PMO wishes to exercise the right to terminate the CA and ITV views that such right is illegally exercised, ITV should be able to claim damages from such termination. With regard to the PMO's request that ITV pay the fine and the interest as well as ITV's request that the Court set the period that ITV shall make the payment to the PMO of the difference of the minimum concession fee in the amount of Baht 2,210 million within thirty (30) days after the date that the court orders this issue, the Court views that they are issues between ITV and the PMO. If ITV feels that it should not pay such debt or would like to negotiate the payment of such debt, ITV could follow the process specified by the CA and legal proceedings. Accordingly, there is no reasonable grounds for the Court to order an interim protection to protect ITV's benefit. Such order of the Court shall be final and cannot be appealed.

On March 7, 2007, the PMO sent the notice to terminate the CA, and informed ITV to repay the debt and deliver to the PMO the assets that ITV uses in operating the business under the CA within the period specified by the PMO in accordance with the cabinet's resolution issued on March 6, 2007. Such termination caused ITV to cease its broadcasting business using the UHF system.

On March 28, 2007, ITV sent the letter to the PMO denying that the PMO's exercise of rights to terminate the CA and the PMO's request that ITV pay the debt in an approximate amount of Baht 100,000 million comply with the law and the CA as ITV did not commit any breach of the CA and did not agree on the illegal termination of CA. The PMO's termination of CA caused damages to ITV's business and the PMO shall be liable to ITV. ITV reserved its right to continue with the further legal proceedings.

On March 30, 2007, the PMO filed the complaint to the Central Administrative Court in the black case No. 640/2550 requesting that ITV pay the difference of the minimum concession fee in the amount of Baht 2,210 million, the 12th installment of the concession fee in the amount of Baht 677 million (starting from the date the arbitral award was issued to March 7, 2007), the interest on the difference of the minimum concession fee in the amount of Baht 562 million (starting from the date the arbitral award was issued to March 30, 2007), the fine for the adjustment of the broadcasting schedule in the amount of Baht 97,760 million and the value of the non-delivered assets in the amount of Baht 656 million together with the interest at the rate of seven point five percent (7.5%) per annum of the value of the non-delivered assets commencing from the

filing date until all payments are satisfied. The value of the non-delivered assets is a new issue that has never been raised by the PMO. The total amount of the debt claimed in this complaint is Baht 101,865 million.

On April 24, 2007, ITV filed a petition with the Central Administrative Court requesting the appointment of an arbitrator on behalf of the PMO and to force the PMO to follow the arbitration proceeding.

On May 8, 2007, ITV filed against the PMO for the complaint to the Central Administrative Court in the black case No. 910/2550 requesting that the PMO pay the compensation in the amount of Baht 119,252 million in respect of Article 5 pa.4 which has not been approved by cabinet which caused ITV's damages.

On May 9, 2007, ITV submitted the dispute to the arbitration institute in the black case No. 46/2550 seeking arbitral award on the issues relating to the PMO's exercise of the right to terminate the CA being against the law and the content of the CA; the request that ITV pay the difference of the minimum concession fee, the interest thereon and the fine for failing to deliver the assets; and the request for damages from the PMO in the amount of Baht 21,814 million.

On May 30, 2007, The Central Administrative court ordered the dismissal of the black case No. 910/2550 filed by ITV in respect of Article 5 pa. 4 which has not been approved by cabinet which caused ITV's damages. The reason for the dismissal of the case was its expiry by law.

On July 10, 2007, the Central Administrative Court appointed Mr. Vich Jeerapat as a PMO's arbitrator to hear the arbitration institute dispute with the black case No. 1/2550, and ordered the PMO to follow the arbitration proceeding with regards to the dispute on the fine, the difference and the interest in the case

On July 11, 2007, ITV appealed to the Supreme Administrative Court for the Central Administrative Court's order to dismiss black case No. 910/2550 because of its expiry. The case No.910/2550 was the issue that ITV filed the dispute against the PMO in respect of Article 5 pa. 4 which has not been approved by cabinet causing ITV's damages and claim to be paid for damages from the PMO in the amount of Baht 119,252 million thereof.

On June 22, 2007, the Central Administrative Court ordered the dismissal of the black case No. 640/2550 filed by the PMO requesting ITV to pay the difference, the interest and the fines in order to allow the parties to the CA to use the arbitration proceeding as specified by the CA. Later on July 24, 2007, the PMO appealed the Central Administrative Court's order to the Supreme Administrative Court, and filed the petition requesting interim protection in ceasing the arbitration proceeding while waiting for the Supreme Administrative Court's order.

On July 24, 2007, the PMO appealed to the Supreme Administrative Court the Central Administrative Court's order to dismiss black case No. 640/2550, and filed the petition requesting interim protection in ceasing the arbitration proceeding while waiting for the Supreme Administrative Court's order.

On August 17, 2007, the PMO appealed to the Supreme Administrative Court the Central Administrative Court's order to appoint Mr. Vich Jeerapat as its arbitrator in the arbitration institute dispute with the black case No. 1/2550, and ordered that the PMO follow the arbitration proceeding with regard to the dispute on the fine, the difference and the interest in the case thereof.

On October 29, 2007, ITV filed the petition requesting the Central Administrative Court to order interim protection before the final judgment is rendered in order to prevent the implementation of the draft of the Public Broadcasting of Sound and Pictures Organization of Thailand Act ("PBA") as the cabinet resolved to approve the draft of the PBA on April 24, 2007, and the draft was to be raised to the consideration of the National Legislative Assembly ("NLA") on October 31, 2007. ITV provided the reason at the end of its petition that, if the draft of the PBA is approved and becomes law, it will affect the arbitral award and the Administrative Court's judgment on one of ITV's claim in the case or the

dispute between the PMO and ITV which will be rendered after October 31, 2007. The claim that the PMO shall pay the damages and allow ITV to continue to operate the broadcasting business using the UHF system under the same terms of the CA will be nullified as all assets, rights, obligations and encumbrances will then become the State's asset in accordance with Section 56 of the draft of the PBA. Accordingly, ITV requested that the Central Administrative Court hold an urgent hearing and order the cessation or find an immediate method which will cease the operation or the proposing of such draft to the NLA as the Court views proper until the case is final or until the Central Administrative Court will order otherwise.

On October 30, 2007, the Central Administrative Court rejected ITV's petition requesting interim protection giving the reason that the consideration of such draft is the obligation of the members of the National Legislative Assembly which is the power given by the Constitution of Thailand not the administrative power. Therefore, there is no ground for the Administrative Court to order the cessation of the operation of the NLA. In addition, the dispute is currently under the consideration of the tribunal so that there is no reasonable ground for the Court to order interim protection as requested by ITV.

On October 31, 2007, the draft of the PBA was approved by NLA and is now being prepared for the publication in the Royal Gazette to be effective as the law. Nevertheless, ITV still has the case with the PMO which is now under legal proceedings. The other claims for damages that ITV requested the PMO to repay in cash will still be effective under the law if the court rules as requested by ITV.

On November 14, 2007, the Supreme Administrative Court reaffirmed the Central Administrative Court's order in appointing Mr. Vich Jeerapaet as the PMO's arbitrator in the dispute of the arbitration institution with the black case No. 1/2550. Accordingly, the dispute relating to the fine, the difference and the interest under the dispute No. 1/2550 shall proceed under the arbitration proceeding. The Supreme Administrative Court also reaffirmed the Central Administrative Court's order in dismissing the case No. 910/2550 due to its expiry. Such case was filed by ITV requesting the PMO to pay the amount of Baht 101,865 million regarding the invalidity of Article 5 pa.4 which the PMO did not propose to the cabinet for approval causing damage to ITV.

On December 19, 2007, the Supreme Administrative Court reaffirmed the Central Administrative Court's order in dismissing the case No. 640/2550 filed by the PMO requesting ITV to pay the debt in the amount of Baht 101,865 million. Accordingly, the dispute regarding the debt liabilities consisting of the fine, the difference, the interest and the value of the non-delivered assets as well as the illegal termination under the dispute No. 1/2550 and 46/2550 shall proceed under the arbitration proceeding.

2008

On January 15, 2008, the Public Broadcasting Act was enacted and published in the Royal Gazette. The enactment of this Act makes any tribunal judgments or any Supreme Administrative Court's orders passed on ITV's legal requests to resume the UHF television broadcast operation for the remaining concessionary period, that were passed after January 15, 2008, become ineffective because ITV's relevant assets, rights, duties and obligations that were incurred and are related to the concessionary agreement are compelled to be transferred to the government and become the government's possessions, as prescribed under Clause 56 of such Act. Nevertheless, the Company still has other ongoing legal cases against the PMO for damage settlements that are pending for the court's decisions.

2. Overview of the Company's current operations

ITV Public Company Limited ('the Company') used to operate a UHF television broadcast station, which is the first UHF television broadcast station in Thailand. The station's name is "ITV broadcasting station" ("ITV") and operated under the joint operating contract of Built –Transfer - Operation concession previously signed with the Office of the Permanent Secretary to the Prime Minister's Office ("PMO") for a period of thirty years ending 31 July 2025. The Company was obligated to pay a concessionary compensation, equal to a specified percentage of its total revenues to the Office, or a sum of total concession fees calculated for the entire concession period that is no less than a minimum of Baht 25,200 million.

Prior to March 8, 2007 the Company activities covered operations of television stations, management of the Station's airtime slots, program production and acquisition, sales of advertising airtime and rental of station airtime. ITV broadcasted television signals through its extensive network of 52 relay broadcast stations. It also commanded nationwide viewing that covered 98 % of nationwide population. ITV applied modern a digital signal transmission system for broadcasts that provided both quality and clarity of sound and picture. It attained a leading position as the top local news station that achieved acclaimed popularity for the accuracy, promptness and full coverage of its news reports. Its evening children drama programs also acquired a continued success over the last 3 years of its operation. Its other broadcasted programs, that provided the public with knowledge, information and entertainment, were quality programs characterized by their superiority in program contents and presentation patterns. All these factors contributed to the station's achievement as the Country's third popular satiation with rather high rating scores. Its prime time rating score was 3.16 in 2006, an increase of 11% from 2005.

Following the Supreme the Supreme Administrative Court's order on December 14, 2006, the PMO notified that the Company is obliged to pay the difference of the minimum concession fee in the amount of Baht 2,210 million , plus the incurred interest charge and the penalty fee of Baht 97,760 million within March 6, 2007, otherwise the PMO would enforce other further legal action. The Company has negotiated with the PMO on the matter and its claims of the difference of the minimum concession fee in the amount of Baht 2,210 million and the Baht 97,760 million in interest charges and penalty fee. ITV's view, in these matters, significantly differed from the PMO both for the applied calculation method and the amount of obligated indebtedness. This enormous imposition of unwarranted indebtedness creates problems to the Company, particularly in terms of financial support required to finance its operation and to repay the said PMO's charges. The Company has made various petitions with the PMO to discuss and rectify the situation, and negotiated to pay the Baht 2,210 million difference of the minimum concession fee charged by the PMO, but requested that the Baht 97,760 million in interest charges and penalty fee be reviewed by the juristic process prescribed in the CA. The petitions and requests were refused. The Company thus issued a letter to the Prime Minister requesting equitable treatment. In addition, on February 20, 2007, the Company submitted its petition to the Central Administrative Court requesting that the Court specify an interim protection method to ease the damages of ITV as well as requesting the Court to prevent the PMO from exercising its right to terminate the CA until the final award is rendered by the arbitration tribunal. On February 21, 2007, the Court rejected such petition submitted by ITV. On February 27, 2007, the Cabinet approved the PMO's request to cancel the concession previously awarded to ITV if the Company was unable to repay the difference of the minimum concession fee and its required interest charges and penalty fee, which totaled an amount of more than Baht 100,000 million, to PMO by March 6, 2007.

On March 6, 2007, the Cabinet issued a resolution which enforced the cessation in the station's broadcasting operation by midnight of March 7, 2007 . On March 7, 2007, the PMO sent the notice to terminate the CA, and informed ITV to repay the debt and deliver to the PMO the assets that ITV uses in operating the business under the CA within the period specified by the PMO in accordance with the cabinet's resolution issued on March 6, 2007. Such termination caused ITV to cease its broadcasting business using the UHF system.

From March 8, 2007 onward, the PMO ordered the Public Relations Department (PRD) to take over the assets that ITV uses in operating its UHF system broadcasting business, and resume the new role in the broadcasting operation of the captured assets. Since then the station has been broadcasting under the name of “TITV Station”. This station is in the process of being transformed to a public television station under the 2008 Public Broadcasting Act, which was enacted on January 15, 2008. The enactment of this Act makes any tribunal judgments or any Supreme Administrative Court’s orders passed on ITV’s legal requests to resume the UHF television broadcast operation for the remaining concessionary period, that passed after January 15, 2008, become ineffective because ITV’s relevant assets, rights, duties and obligations that incurred and are related to the concessionary agreement are compelled to be transferred to the government and become the government’s possessions, as prescribed under Clause 56 of such Act. Nevertheless, the Company still has other ongoing legal cases against the PMO for various damage settlements that are pending for the court’s decisions. They are:

1. The black case No. 1/2550 filed on January 4, 2007 in which ITV submitted the dispute regarding the fine arising out of the adjustment of the broadcasting schedule and the interest on the difference of the minimum concession fee to the arbitration institution.
2. The black case No. 46/2550 filed on May 9, 2007 in which ITV submitted the dispute to the arbitration institute seeking arbitral award on the issues relating to the PMO’s exercise of the right to terminate the CA being against the law and the content of the CA; the request that ITV pay the difference of the minimum concession fee, the interest thereon and the fine for failing to deliver the assets; and the request for damages from the PMO in the amount of Baht 21,814 million.
3. The black case No. 640/2550 filed on March 30, 2007 in which the PMO filed the complaint to the Central Administrative Court requesting that ITV pay the difference of the minimum concession fee, the 15% interest on the difference of the minimum concession fee, the fine for the adjustment of the broadcasting schedule and the value of the non-delivered assets. The total amount of the debt claimed in this complaint is Baht 101,865 million. On December 19, 2007, the Supreme Administrative Court reaffirmed the Central Administrative Court’s order in dismissing the case No. 640/2550 filed by the PMO. Accordingly, the dispute regarding the debt liabilities consisting of the fine, the difference, the interest and the value of the non-delivered assets as well as the illegal termination shall proceed under the arbitration proceeding.

The cancellation of the PMO’s broadcasting concession previously granted to ITV caused the cessation of the Company’s broadcasting operation of ITV Station since March 8, 2007, and caused the Stock Exchange of Thailand to suspend the Company’s shares and temporarily halt them from public trading, as well as place them under NC (Non-Compliance) and SP (Suspension) until it resolves its problems and accordingly completes its rehabilitation plan.

The Company is presently working with its financial and legal advisors to complete its rehabilitation plan undertaken in accordance with the Stock Exchange of Thailand’s guidelines. Upon completion the plan will be submitted to the Company’s shareholders. The fact that there are still some court cases ongoing, and such legal process takes time and may impose material impacts to the Company’s financial and operating status, the Company thus cautiously reviews its rehabilitation strategies and the feasibility thereof. As for the Company’s financial position as of December 31, 2007, the Company had a negative net worth of Baht 2,167 million and allowances for penalty charges and legal claims. The allowance is calculated on the 15% p.a. interest charges on the difference of concession fee amount of Baht 2,887 million which totaled a yearly amount of Baht 436 million, or a quarterly amount of Baht 109 million. According to the conditions of the rehabilitation plan prescribed by the Stock Exchange of Thailand, the Company is required to search for new businesses which could increase its retained profit by at least Baht 2,167 million, or find a means to rectify its negative net worth to a positive position. It must also generate an operating profit, at least, for three consecutive quarters for the accumulated amount of Baht 327 million, or a yearly operating profit of Baht 436 million (if it fails to generate three consecutive quarters of operating profits). Upon completion of all these criteria its shares will then be removed from the current status of trading suspension.

Due to the above mentioned restrictions, and the limited on-hand cash position which amounts to Baht 1,236 million (as reported in the consolidated financial statements as of December 31,2007, the Company is obliged to take caution and time to study possible business alternatives . Upon the completion of the rehabilitation proposal plan, it will submit the plan to its shareholders for review and consideration, and for approval for further submission to the Stock Exchange of Thailand.

Risk Factors

Imminent risks after the Office of the Permanent Secretary of the Office of the Prime Minister (“PMO”) terminated the Concession Agreement (“CA”)

1. Risks from lawsuits and other disputes

1.1 The Case Between the ITV and the PMO

ITV has in good faith complied with the arbitral award of which the law and the CA specify that the award shall immediately bind both parties. If ITV eventually loses the case, ITV will be liable for payment obligations arising from the disputed minimum concession fee amount of Baht 2,887 million for the period of July 3, 2004 to March 7, 2007, and the Baht 402 million interest thereon incurred, which is calculated at a rate of fifteen percent (15%) per annum from the date the Supreme Administrative Court rendered its judgment on December 14, 2007, to December 31, 2007 (Since the fourth quarter of 2006, ITV has already set a reserve against any losses that might incur from the potential court case defeat).

However, if the Court rules that ITV is required to pay the Baht 97,760 million fine to the PMO for the adjustment of the broadcasting schedule during the period of January 31, 2004 to December 14, 2007, as well as the Baht 687 million additional claims under the black case No. 640/2550 relating to difference in property valuation and the interest thereon incurred, which is calculated at the rate of seven percent (7.5%) per annum from the date that the PMO filed the complaint with the Central Administrative Court, the total obligation claims from the PMO shall exceed the current ITV’s on hand cash position of Baht 1,236 million, and ITV may likely face possible financial problems.

1.2 The Cases relating to ITV’s news broadcast

There are twelve (12) pending cases relating to ITV’s news broadcast as listed below.

1. Criminal case No. 1292/2544, initiated at Phahonyothin Metropolitan Police Station, between Professor Dr. Piamsak Manasawetr, an accusing party, and ITV, the alleged offender No. 1 and other alleged offenders, totaling four (4) persons regarding the charge of defamation through publication. **This case is now waiting for the public prosecutor’s order;**
2. Criminal case No. 395/2546, initiated at Bangpa-in Police Station, between Police Colonel Kraipol Kumruengsri, the accusing party, and ITV, the alleged offender No. 1 and other alleged offenders, totaling four (4) persons regarding the charge of defamation through publication. **This case is now waiting for the public prosecutor’s order;**
3. Criminal case, initiated at Phahonyothin Metropolitan Police Station, between Colonel Dr. Pongsak Tungkana, an accusing party, and ITV, the alleged offender No. 1 and another alleged offender, totaling two (2) persons, regarding the charge of defamation through publication. **This case is now waiting for the public prosecutor’s order;**
4. Criminal case, initiated at Surat Police Station, between Ms. Tawan Chaikajorn, an accusing party, and ITV, the alleged offender No. 1 and other alleged offender(s) regarding the charge of defamation through publication. The inquiry officer finished its inquiry process and **is now waiting for the public prosecutor’s order;**
5. Criminal case with the black case No. 8158/2548, at Criminal Court (Supreme Court level), between Ms. Montaree Srisanga, the plaintiff, and ITV, the defendant No. 1 and other defendants, totaling three (3) persons, regarding the charge of defamation through publication. **This case is now under the consideration of the Supreme Court;**
6. Criminal case with the black case No. 8158/2543, at Chiangmai Provincial Court, between Ms. Montaree Srisanga, the plaintiff, and ITV, the defendant No. 1 and other defendants, totaling four (4) persons, regarding the charge of defamation through publication. **This case is now under the consideration of the Court of Appeal;**
7. Criminal case with the black case No. 1754/2548, at Criminal Court (Supreme Court level), between the public prosecutor, Mr. Chatchai, co-plaintiff, and ITV, the defendant, regarding

the charge of defamation through publication. **ITV submitted its answer to the complaint and this case is now under the consideration of the Court of Appeal;**

8. Civil case with the black case No. 5227/2544, at Civil Court (Supreme Court level), between Professor Dr. Piamsak Manasawetr, the plaintiff, and ITV, the defendant No. 1 and another defendant, totaling two (2) persons, regarding the charge of wrongful act and claim for damages. **This case is now under the consideration of the Supreme Court;**
9. Civil case with the black case No. 3036/2548, at Civil Court, between Dr. Orapan Methadilokkul, the plaintiff, and ITV, the defendant No. 1 and other defendants, totaling seven (7) persons, having a claimed amount of Baht 430,000,000, regarding the charge of wrongful act and claim for damages. **The Court dismissed the petition requesting permission to proceed with the case as a poor person, and ordered the plaintiff to pay the Court's fee within thirty (30) days. Such 30-day period has elapsed and the plaintiff filed an appeal to the dismissal order of the Court. The Court rejected such appeal and the plaintiff appealed such rejection order of the Court. The latter appeal of the plaintiff was accepted by the Court and this case is currently at the stage of sending the writ asking all defendants to send the answer to the appeal;**
10. Civil case with the black case No. 330/2546, at Kabinburi Provincial Court, between Ms. Chantee Kladsee, the plaintiff, and ITV, the defendant No. 1 and another defendant, totaling two (2) persons, having a claimed amount of Baht 913,717, regarding the charge of wrongful act and claim for damages. **This case is now under the consideration of the Court and waiting for the plaintiff to recover from an illness;**
11. Criminal case with the black case No. Or 1363/2550, at Criminal Court, between Mr. Suthep Chiasakul, the plaintiff, and ITV, the defendant No. 1 and other defendants, totaling nine (9) persons, regarding the charge of defamation through publication with respect to Section 83, 326 and 328 of the Penal Code. **This case is now under the consideration regarding whether the case has any grounds for filing;**
12. Criminal case with the black case No. Or 1971/2550, at Criminal Court, between Somdej Praputtachinnawong, the plaintiff, and Ms. Sukanya Leelaputhipong, the defendant No. 1 and other defendants, totaling four (4) persons, having ITV and its employees as the defendants Nos 2 – 4, regarding the charge of defamation through publication with respect to Section 83, 90, 91, 326 and 328 of the Penal Code, and Section 4 and 82 of the Penal Code Publication Act B.E. 2484 (1941). **This case is now under the consideration regarding whether the case has any grounds for filing;**

Note: ITV has never lost any case concerning its news broadcasting since it started the broadcasting business.

2. ITV may not be able to enter the business reorganization as specified by the regulations of the SET and its securities may be delisted from the SET

Due to the cancellation of the PMO's broadcasting concession previously granted to ITV on March 7, 2007, ITV was forced to cease its broadcasting business and faced disruption in income flows from its television broadcasting business. The cessation of the Company's broadcasting operation of ITV Station also caused the Stock Exchange of Thailand to suspend the Company's shares and temporarily halt them from public trading, as well as place them under NC (Non-Compliance) and SP (Suspension) until it resolves its problems and accordingly completes its rehabilitation plan.

The fact that there are still some court cases ongoing, and such legal process takes time and may impose material impacts to the Company's financial and operating status, the Company has thus cautiously reviewed its rehabilitation strategies and the feasibility thereof. As for the Company's financial position as of December 31, 2007, the Company had a negative net worth of Baht 2,167 million and allowances for penalty charges and legal claims. The allowance is calculated on the 15% p.a. interest charges on the difference of the concession fee amount of Baht 2,887 million which totaled a yearly amount of Baht 436 million, or a quarterly amount of Baht 109 million. According to the conditions of the rehabilitation plan prescribed by the Stock Exchange of Thailand ("SET"), the Company is required to search for new businesses which could increase its retained

profit by at least Baht 2,167 million, or find a means to rectify its negative net worth to a positive position. It must also generate an operating profit, at least, for three consecutive quarters for the accumulated amount of Baht 327 million, or a yearly operating profit of Baht 436 million (if it fails to generate three consecutive quarters of operating profits). Upon completion of all these criteria its shares will then be removed from the current status of trading suspension and possible delisting.

In the event that ITV could not comply with the business rehabilitation plan specified under the SET regulations (within two (2) years), ITV may possibly face a delisting threat and its shares may be reclassified by the SET under the NPG (non-performing group) unless it is able to amend its financial business position and successfully complete its rehabilitation plan.

3. Management Risk

3.1 Majority shareholder influencing ITV's management policy

As Shin Corp. is the majority shareholder and holds approximately fifty two point nine two percent (52.92%) of the paid up capital, Shin Corp. can specify the policy and the management as well as controlling the shareholders resolution on some agenda items. As the resolution on some important agenda items, i.e. the amendment of the Articles of Association, Memorandum of Association or the increase or decrease of the capital etc, is required by the law to obtain three fourths of the vote from the shareholders attending the meeting and who have the right to vote on such agenda item, in the case that any shareholder, entitled to vote on such agenda item, does not attend the meeting, the remaining attending shareholders may not have sufficient votes to hinder the vote of the majority shareholder. Nevertheless, in accordance with the shareholders' resolution No. 1/2550 and in order to show the clear picture of ITV's management, ITV allowed minority shareholders to appoint their representatives to be directors in the company to manage and examine the business operation of ITV up until now.

3.2 The management of key human resources

Because of the future uncertainty on the outcome of the cases with the claimed amount being so great that ITV's financial status could not be sustained in the event of an adverse outcome, ITV may encounter problems in finding investors or personnel who are capable and experienced in this industry to jointly operate the business in accordance the business rehabilitation plan, which may affect the implementation of the business rehabilitation plan and force ITV to invest more than the expected rate of this industry in order to recruit and retain such important personnel.

4. Financial risk

Long-term loan repayment

ITV still has a long-term loan debt remaining after the restructuring carried out with SCB which shall be repaid within an 11-year period. The first repayment of the principal debt was scheduled to commence from early 2003. As of December 31, 2007, ITV still has the long-term loan debt remaining in the amount of Baht 200 million. The future uncertainty of the operating outcome under the business rehabilitation plan and the possible debt which may be incurred if ITV lose the case against the PMO may put ITV at risk of being unable to repay such long-term loan debt.

5. The investment in the new business as specified under the business rehabilitation plan may be subject to many limitations and may not be able to generate the profit as expected

If ITV wishes to reorganize its business by investing its cash in the amount of Baht 1,200 million in other businesses, ITV may find that the capable investor has no confidence over its continuing business operation due to some future uncertainty. Accordingly, ITV may have limitations in finding the capable investor, and if ITV makes a new investment in accordance with the business rehabilitation plan but does not receive the profit as expected or incurs a loss, ITV may lose the

financial supporters who help continue operating the business as the financial supporters have no confidence in ITV's financial status which is now facing pending cases with high claimed amounts and which are awaiting the judgments of the courts after long legal proceedings.

If ITV loses the case and the judgment is that ITV has to pay the concession fee, the fine or the interest in the amount exceeding the cash ITV currently has, ITV may be hit with a severe financial problem which will affect the survival of its business in the future.

Corporate Governance and Management Structure

The Company strongly believes that good governance relies on good management supervision, far-sighted and responsible directors/management, suitable “checks and balances”, functions that support corporate transparency and accountability, equitable rights of shareholders and responsibilities to stakeholders are undeniable success factors for optimizing corporate value and maximizing long-term shareholders benefits.

In 2002, the Company set out its corporate governance policy and instigated it as a general guideline of practices. In order for such a policy to be effectively applied, it is scheduled to be reviewed annually by the Company’s Board of Directors. The current revision, which is the third update, aims to promote the Company’s governance standard to comply with the present framework of good governance prescribed by concerned governing authorities. The Company’s governance policy consists of four major principles, which are:

1. The Board of Directors
2. Rights and Equitable Treatment of Shareholders ; Responsibilities to Stakeholders
3. Full Disclosure and Transparency
4. Controls and Risk Management

1. The Board of Directors

1. Leadership and Vision

The Board of Directors (‘the Board’) is accountable for its governance responsibility in maximizing shareholders’ ultimate benefits.

The Board shall perform their duties with prudence in managing the corporate business risk and administer the Company’s assets with honesty and accountability. It shall insure equitable treatment and fairness towards shareholders, stakeholders, and other relevant parties. Its decisions and approvals on any business matters are made for the purpose of ultimate corporate benefits, and decisions are made by persons who are not affected by any conflicts of interests.

The Board oversees the management’s or contracted management services provider activities. It also assures adequacy of the internal control system and makes sure that business transactions are undertaken with proper authorization. In order to maintain good check and balance between policy making and management or contracted management services functions, there is a clear segregation of the duties between the Board and the Company’s management. The Board also consistently oversees that the Company has an appropriate accounting system, sufficient protection measures against inappropriate uses of corporate assets, and proper monitoring processes for corporate operations.

2. Components, Appointment and Independency

- 2.1 The Board comprises qualified experts in the fields of law, finance, and accounting. The number of the directors on the Board is sufficiently large enough to supervise business activities of the Company and its subsidiaries, and is in line with the applicable law which requires that the Board members shall not be less than 5 and not exceeding 12.
- 2.2 It is the Board’s duty and responsibility to act on behalf of all shareholders, and does not represent any particular group of shareholders.
- 2.3 In order to maintain good balance between supervisory and management functions, at least half of the Board members are required to be non-executive directors whereas one

third of the Board members are required to be independent directors. There shall be no less than 3 independent directors on the Board.

2.4 It is the Board's policy to have an equitable number of directors appointed to represent the appropriate amount of the controlling shareholders' invested capital portion.

2.5 The appointments of the Board members duly comply with the prescribed conditions of the Company's Articles of Association and applicable laws and regulations. The elections of the Board members must be openly and transparently carried out while the selection process shall be based on the nominated candidates' professional and educational qualifications. Details of such qualifications must be supplied sufficiently in advance to the Board and the Company's shareholders for their review and consideration.

2.6 Each director has a service term as prescribed in the Company's Articles of Association. The departed directors can be reelected and re-appointed.

3. Director's Qualifications

3.1 Directors are required to be knowledgeable, honest with business integrity, and able to allocate sufficient time to perform their duties as members of the Board of Directors.

3.2 Directors must have required qualifications prescribed by the Public Company Act and other relevant laws, with no prohibited character traits as prescribed therein.

3.3 Directors can hold directorship positions elsewhere but those positions must not be an obstacle in fulfilling their duties with the company.

3.4 Independent directors are obliged to possess required qualifications and retain their independency as prescribed in the Stock Exchange of Thailand's regulations governing qualifications for audit committee members. These directors must watch over shareholder's interests and oversee that conflicts of interest among stakeholders are avoided. In addition, while attending the Board meetings, independent directors must be able to independently express their opinions.

Independent directors are obliged to possess the following qualifications:

3.4.1 hold no more than 5% of the total paid-up shares of the Company, its subsidiaries or affiliates, whereby shares held by any related individuals are also accounted within this 5% bracket ;

3.4.2 have not been involved with the management activities of the Company, its subsidiaries, its affiliates, or have not been involved with the management activities of the Company's major shareholders;

3.4.3 have neither benefits nor interest or conflict, directly or indirectly, with the Company, its subsidiaries its affiliates or with the Company's major shareholders, in terms of finance and management;

- at least a year prior to being appointed as member of the Audit Committee , have neither such above mentioned benefits nor interest or conflict, unless the Board of Directors have carefully considered and viewed that such benefits, interest or conflict will have no impact on their performance and independent judgments;

3.3.4 are neither related nor have any close family ties with any executives, as well as any major shareholders of the Company ;

- 3.4.5 have not been appointed as an agent to protect any interest of any director or any major shareholder of the Company, or shareholders who are related to the Company's major shareholders;
- 3.4.6 can undertake their duties, express their opinions or report their actions duly performed in accordance with the Board of Directors' assigned missions, without being influenced by the management team and major shareholders of the Company, as well as their related parties or close family connections.

Management Structure

The Company's management supervision structure consist of the Board of Directors and the Audit Committee

As of December 31, 2007 the Board of Directors consists of:

Name	Position
1.Mr. Somkid Wangcherdchuwong ^{1/}	Chairman of the Board of Directors
2.Mr. Nittimon Jungsiri ^{2/}	Vice Chairman of the Board of Directors
3.Mr. Sumatee Inhu ^{2/}	Director and Member of the Audit Committee
4.Mr. Vichakoraput Rattavichai ^{2/}	Director and Chairman of the Audit Committee
5.Mr. Somboon Wongwanich ^{3/}	Director and Member of the Audit Committee
6.Mrs. Ratanaporn Nammontri ^{4/}	Director

^{1/} was appointed the Board of Directors as of February 19, 2007

^{2/} was appointed the Board of Directors as of March 7, 2007

^{3/} was appointed the Board of Directors as of April 30, 2007

^{4/} was appointed the Board of Directors as of April 23, 2007

4. Major Responsibility of the Board of Directors

Performing their duties with prudence and honesty within the framework of applicable laws, the Company's Objectives, the Company's Article of Association, and shareholders' resolutions, as well as overseeing benefits and protecting interests of the Company.

Setting corporate strategies and directions and monitoring that operational performances of the management are efficiently and effectively pursued according to the established policies, in order to ensure that corporate value and long-term interests of the shareholders are being maximized.

Reviewing and approving issues of significance such as business plans and policies, management authority, large scales investment projects, acquisitions or disposals of assets, and other matters prescribed by the applicable laws.

Authorizing and/or approving the Company's and its subsidiaries' related parties transactions as per conditions prescribed in the Stock Exchange of Thailand's notifications, rules and guidance.

Regularly evaluating performance and approving a remuneration scheme for management and contracted management services.

Being accountable for management and contracted management consultant's performances and results, and being responsible for overseeing that management perform their tasks diligently and cautiously.

Ensuring that the accounting system, financial reporting, and auditing process are reliable; overseeing that proper assessment of internal controls exists; monitoring efficiency and effectiveness of the internal audit system, risk management, financial reporting, and follow-up process.

Overseeing that conflicts of interest among stakeholders are avoided.

Overseeing that the Company conducts its business with integrity.

Regularly review the corporate governance policy and evaluate its compliance actions, at least once a year.

Preparing "The Board of Director's Responsibility Report" to be presented together with the Company's financial statements. This report is required as part of the Company's annual report, and placed beside "The Auditor's Report". Also detailed material subjects that must be complied to under the "Code of Best Practice for Directors of Listed Companies" of the Stock Exchange of Thailand.

5. Formation of Sub-Committee

The Board formed the Audit Committee to assist the Board in reviewing and offering opinions on the Board's assigned tasks. The Audit Committee is considered as a part of the Board of Directors. The Audit Committee members consists of three members, at least one of whom has experience in accounting or finance, and are independent directors and qualified under the Securities and Security Exchange's notifications. Members of the Audit Committee are:

Name	Position	No. of meetings	No. of attendances
1. Mr. Vichakoraput Rattanaichai	Chairman of the Audit Committee	4	2
2. Mr. Somboon Wongwanich	Member of the Audit Committee	4	2
3. Mr. Sumatee Inhu	Member of the Audit Committee	4	1

Note: The first and the second Board Meeting held in 2007 (i.e. Meetings No. 1/2550 and 2/2550) took place before the 3 directors were appointed to the Audit Committee.

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

- Review the accuracy of the Company's financial reports in accordance with generally accepted accounting principles, and ensure there is adequate disclosure.
- Review the internal controls and internal audit systems to ensure these are appropriate and effective.

- 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.
- Consider, select and nominate the Company's external auditors, and propose the external audit fee.
- Determine appropriate disclosure of information in cases where there are connected transactions or transactions which may lead to a conflict of interest.
- Review the risk management system to ensure it is appropriate and effective.
- 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.
- In order to perform its assigned duties, the Committee is authorized to summon members of the management team, executives, the contracted management services provider or concerned employees to make comments, attend meetings, or provide any documents deemed relevant and necessary.
- Hire advisors or external personnel in line with the Company's regulations to make comments or give advice as necessary.
- Annually review the scope of work and evaluate the performance of the Audit Committee
- Perform other tasks requested by the Board, which the Audit Committee agrees to.

6. Management Team

As of March 7, 2007 the Company terminated the employment of all its executives and employees, and retains no executives and employees. The Company since then has been operated by the Board of Directors by means of hiring contracted management services to operate accounting and financial tasks, to oversee commercial documents and legal matters, to coordinate business activities, as well as to assist the Company's financial advisor in preparing the rehabilitation plan. The Company also hires a legal advisor to process its legal cases and hires a financial advisor to prepare the rehabilitation plan. These contracted management services and advisors perform their duties and transactions under policy guidelines and approval from the Board of Directors.

7. The Board Meetings

The Board is scheduled to meet at least six times a year. In addition to regular meetings, extraordinary meetings may be called for if necessary. The Chairman of the Board and the Chairman of the Executive Committee oversee and approve agendas of meetings and meeting schedules, the Secretary to the Board is responsible for the delivery of meeting notifications and relevant supporting documents to Board members no less than seven days in advance of each meeting to allow adequate time for Board members to study the agenda and prepare themselves.

The Chairman of the Board chairs and monitors the Board meetings. He also assures sufficient allocation of time for discussions on each agenda topic and allows each director to freely express his/her view on important agenda items, as well as offers chances for the management to present relevant information to support the discussions.

The Secretary to the Board of Directors takes records of the meetings and prepares minutes for each meeting. The minutes are to be completed within fourteen days after each meeting, and are kept together with all other related documents to support the Board's follow-up actions in compliance with the Company's Articles of Association and the resolutions of shareholders' meetings. The Secretary also works in coordination with other concerned parties.

In 2007 the Board held 18 meetings. The director's attendance list for the year is as follows:

Name	No. of meetings during the directorship term	No. of attendances
1. Mr. Boonklee Plangsiri ^{2/}	5	4
2. Mr. Anan Leetrakul ^{3/}	5	4
3. Mr. Weerawong Chittmittrapap ^{2/}	4	4
4. Mrs. Sarita Bunnag ^{1/}	4	4
5. Mr. Niwatthamrong Boonsongpaisan ^{3/}	5	5
6. Mr. Somprasong Boonyachai ^{1/}	4	3
7. Mr. Dumrong Kasemset (Ph.D.) ^{1/}	4	3
8. Mrs. Siripen Sitasuwan ^{1/}	4	2
9. Mr. Songsak Premasuk ^{3/}	5	5
10. Mr. Somkid Wangcherdchuwong	14	14
11. Mr. Nittimon Jungsiri	12	12
12. Mr. Sumatee Inhnu	12	12
13. Mr. Vichakoraput Rattanavichaien	12	11
14. Ms. Jiraporn Viwongsakdi ^{4/}	3	3
15. Mr. Somboon Wongwanich	8	8
16. Mrs. Ratanaporn Nammontri	9	9

^{1/} Mrs.Sarita Bunnag, Mr.Somprasong Boonyachai, Mr.Dumrong Kasemset (Ph.D.), and Mrs.Siripen Sitasuwan resigned from their director positions effective as of February 19,2007.

^{2/} Mr.Boonklee Plangsiri and Mr.Weerawong Chittmittrapap resigned from their director positions effective as of February 26,2007.

^{3/} Mr. Anan Leetrakul, Mr. Niwatthamrong Boonsongpaisan and Mr Songsak Premasuk resigned from their director positions effective as of March 8, 2007.

^{4/} Ms. Jiraporn Viwongsakdi resigned from her director positions effective as of April 30, 2007

8. Remuneration of Directors and Executives

The Company set the remunerations for its directors within the comparative range of their responsibilities and the industry benchmark. Such remunerations are within the appropriate range and sufficient to motivate and maintain the quality of each individual in performing their tasks. Remunerations paid in 2007 were

(1) **Director's remuneration**

Total directors' remunerations for the year was Baht 3,530,000 details are as follows:

Directors	remunerations
1. Mr. Anan Leetrakul	Baht 40,000
2. Mr. Weerawong Chittmittrapap	Baht 40,000
3. Mrs. Sarita Bunnag	Baht 100,000
4. Mr. Somkid Wangcherdchuwong	Baht 825,000
5. Mr. Nittimon Jungsiri	Baht 500,000
6. Mr. Sumatee Inhnu	Baht 500,000
7. Mr. Vichakoraput Rattanaichai	Baht 700,000
8. Ms. Jiraporn Viwongsakdi	Baht 50,000
9. Mr. Somboon Wongwanich	Baht 375,000
10. Mrs. Ratanaporn Nammontri	Baht 400,000
Grand total	<u>Baht 3,530,000</u>

(2) **Contracted Management Services' Remuneration**

The remuneration of contracted management services are as follows:

1. Legal services for cases against the PMO	Baht	12.0 million
2. Legal services for cases against the PMO and other legal issues	Baht	0.4 million
3. Lawyer fees for the Company's commercial cases	Baht	0.3 million
4. Lawyer fees for the Company's legal disputes on news reports	Baht	1.0 million
5. Accounting, financial and legal services	Baht	5.5 million
6. Preparation of the Rehabilitation Plan	Baht	2.0 million
7. Financial advisor services for rehabilitation plan	Baht	2.5 million

9. Training and Knowledge Enhancement for Directors

Newly-appointed directors are provided with necessary information on the Company, as well as details of applicable laws and regulations, and current business environment in order to equip them with sufficient knowledge. Appropriate training and development programs are also regularly provided to facilitate each director with all the necessary skills required to efficiently perform his or her governance duties.

2. Shareholder's Rights and Equitable Treatment

1. Shareholder's Rights and Equitable Treatment

The Board respects the shareholders' rights and has a duty to protect the benefits of every shareholder impartially, 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 share of profits.
- 1.3 The right to participate in meetings, vote and make recommendations on decisions concerning major corporate actions.
- 1.4 The right to elect directors.
- 1.5 Other rights as stipulated by laws.

In addition to the above rights, every shareholder is entitled to the rights and impartial 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 shareholder's 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 combine unrelated matters together and seek for their approval in one single request or resolution .

It is the duty of all directors to attend every shareholder's meeting to answer any queries that shareholders might have.

During the 2007 General Annual Shareholders Meetings, the director's attendance list for the year is as follows:

Name	Positions	2007 General Annual Shareholders	Extraordinary Shareholders Meeting 1/2550
1. Mr. Somkid Wangcherdchuwong	Chairman	Attend	Absent
2. Mr. Nittimon Jungsiri	Vice Chairman	Attend	Attend
3. Mr. Sumatee Inhnu	Director	Attend	Attend
4. Mr. Vichakoraput Rattanavichaien	Director	Attend	Attend
5. Mr. Somboon Wongwanich	Director	Had not assumed the directorship position	Had not assumed the directorship position
6. Ms. Ratanaporn Nammontri	Director	Had not assumed the directorship position	Had not assumed the directorship position

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 equitably benefit all stakeholders.

3. 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. The Company disclosure policy consists of the dissemination of the following information:
 - 2.1 The Company's Objectives.
 - 2.2 The Company's financial status and operating performance, shareholding structure, and voting rights.
 - 2.3 Names of the directors, members of sub-committee, the Chairman of the Executive Committee, and the Managing Director, as well as their remunerations.
 - 2.4 Risk factors and risk management policies on operational and financial risks which are material and foreseeable.
 - 2.5 Corporate governance strategies and policies , and the Board's responsibility regarding financial reports and the reports of the Chairman of the Audit Committee, as well as all other related reports.
 - 2.6 Records of meeting attendances of each director and/or each sub-committee member at their respective meetings for the year which must be disclosed in the Company's annual reports

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 0-2791-1795-6 or visit our website www.itv.co.th as well as through other communication channels such as The Stock Exchange of Thailand.

4. 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. Risk Management

The Company maintains risk management procedures that appropriately manage both internal and external risk factors affecting the Company to be within acceptable level.

Related transactions with any person with conflicting interests

In 2007, the Company had transactions with persons that may have had conflicting interests. The prices set for the trading of goods and services with such parties are similar to those applied in normal business conditions to any other outsiders. These transactions are disclosed in the Note to Financial Statements (No. 7) reported as of December 31, 2007

Related Parties/ Relation to the Company/Nature of Transaction

1. Shin Corporation Plc. (SHIN)

SHIN is the major shareholder of the Company with 52.92% ownership as of December 31, 2007. Neither the Company nor SHIN has the same directors sitting on their Boards.

Nature of Transactions

SHIN used to advertise with the Company and the Company used to hire SHIN to work as its advisor and to provide management services. Financial management and internal audit services provided by SHIN were charged upon actual use of the services.

Related Transactions As of 31 December

(Consolidated Statements)

	Y 2006 (Million Baht)	Y 2007 (Million Baht)
1. Advertising income	0.84	-
2. Advisory and management fees	7.89	-
<i>No transaction since July 1, 2006</i>		
3. Other service expenses	0.17	-
4. Related receivables	-	-
5. Related payables	-	-

Rationality and necessity of the transactions

- In 2005, the major shareholder, as a parent company, has a group policy to oversee 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 the 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 on July 1, 2006.

Related Parties/ Relation to the Company/Nature of Transaction

2. Shin Satellite Plc. (SATTEL)

SATTEL is a subsidiary of the SHIN Group, in which SHIN holds 41.28% of its shares. Neither the Company nor SATTEL has the same directors sitting on their Boards.

Nature of Transactions

SATTEL used to advertise with and purchase its station airtime from the Company. The Company used to rent a satellite transponder from SATTEL and pays an average monthly fee of Baht 3,046,950.

**Related Transactions
As of 31 December**

Y 2006
(Million Baht) Y 2007
(Million Baht)

(Consolidated Statements)

1. Advertising income and air-time rental	-	-
2. Transponder rental	39.13	7.28
3. Related receivables	3.26	-
4. Related payables	-	-

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. On March 7, 2007 the PMO notified the cancellation of the Company broadcasting concession. The Company thus cancelled its satellite rental contract with SATTEL from that date.

**Related Parties/
Relation to the
Company/Nature
of Transaction**

3. Matchbox Co., Ltd. (MB) (Formerly name SC Matchbox Co., Ltd.)

MB is a subsidiary of the SHIN Group, in which SHIN holds 99.96% of its shares. As of December 31, 2007 neither the Company nor MB has the same directors sitting on their Boards.

Nature of Transactions

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

**Related Transactions
As of 31 December**

Y 2006
(Million Baht) Y 2007
(Million Baht)

(Consolidated Statements)

1. Advertising income, air-time rent, and program production fees	194.84	11.09
2. Revenues from sales of rights to use exhibition space	-	-
3. Other service fees	5.07	0.54
4. Advertising commissions	11.29	0.65
5. Public relations fees	7.33	1.24
6. Other expenses	5.13	0.38
7. Related trade receivables	58.66	-
8. Related trade payables	2.10	-
9. Related accrued expenses	16.16	-

Rationality and necessity of the transactions

Advertising Revenue and Airtime Rental Revenue from MB 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/Nature of Transaction	4. CS Lox info Plc. (CSL)		
	CSL is an affiliated company of the in the SHIN Group. SHIN is its major shareholder holding 41.28% of SATTEL shares, whereas SATTEL holds 99.99% in SBI shares, and SBI holds 39.98% in CSL shares. As of December 31, 2007 neither the Company nor CSL has the same directors sitting on their Boards.		
Nature of Transactions	The Company uses the CSL's leased line internet services and pays its monthly service fees.		
Related Transactions As of 31 December		Y 2006 (Million Baht)	Y 2007 (Million Baht)
(Consolidated Statements)	1. Rental fee paid for lease lines	1.31	0.23
	2. Related trade payables	0.31	-
Rationality and necessity of the transactions	CS possesses expertise in providing leased-line internet services and its service fees are charged on an arm's length basis		
Related Parties/ Relation to the Company/Nature of Transaction	5. Teleinfo Media Co., Ltd. (TMC)		
	TMC is an affiliated company in the SHIN Group. SHIN is its major shareholder holding 41.28% 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 TMC .		
Nature of Transactions	TMC used to advertise with the Company and hired the Company to produce its programs. TMC and the Company are also involved in the revenue sharing scheme for income earned from SMS messages sent by television viewers.		
Related Transactions As of 31 December		Y 2006 (Million Baht)	Y 2007 (Million Baht)
(Consolidated Statements)	1. Advertising, air-time rent, and program production revenues	1.96	0.01
	2. SMS revenue sharing income	0.63	-
Rationality and necessity of the transactions	TMC possesses expertise in content preparation. The Company paid for TMC services on an agreed percentage of income sharing, the income sharing rates differ from the nature of services but are in line with the rates charged by other content providers in the industry which range from 40% to 60% .		

Related Parties/ Relation to the Company/Nature of Transaction	6. Advanced Info Service Plc. (ADVANC)		
	ADVANC is an associated company in the SHIN Group. SHIN holds 42.71% of its shares. As of December 31, 2007 neither the Company nor ADVANC has the same directors sitting on their Boards.		
Nature of Transactions	ADVANC used to advertise with the Company. ADVANC, the Company, and Media Connex (MC), one of the Company's subsidiaries, are also involved in the revenue sharing scheme for income earned from mobile content services. The Company also uses ADVANC mobile phone services.		
Related Transactions As of 31 December		Y 2006 (Million Baht)	Y 2007 (Million Baht)
(Consolidated Statements)	1. Advertising income and air-time rent	1.56	-
	2. SMS revenue sharing income	18.68	4.21
	3. Revenues from sales of rights to use exhibition space	-	-
	4. Mobile phone service fees	1.79	0.42
	5. Other service fees	-	0.13
	6. Related trade receivables	2.40	-
	7. Related trade payables	0.18	-
	8. Related accrued expenses	0.87	-
Rationality and necessity of the transactions	<ul style="list-style-type: none"> • Business transactions are performed on an arm's length basis, using market reference prices. • The Company uses the mobile phone services for its news program production. ADVANC network offers an area of wide service coverage. The transactions are performed under normal business conditions. 		
Related Parties/ Relation to the Company/Nature of Transaction	7. Digital Phone Co., Ltd. (DPC)		
	DPC is an associated company in the SHIN Group. SHIN holds 42.71% of ADVANC shares and ADVANC holds 49% of DNS. As of December 31, 2007 neither the Company nor DPC as the same directors sitting on their Boards.		
Nature of Transactions	DPC shared its income from the "Hotnews on Mobile" service with the Company.		
Related Transactions As of 31 December		Y 2006 (Million Baht)	Y 2007 (Million Baht)
(Consolidated Statements)	1. Revenue sharing income	0.60	0.05
	2. Mobile phones and accessories	0.50	-
Rationality and necessity of the transactions	DPC agreed to share 50% of its net income from the "Hotnews on Mobile" service with the Company		

Related Parties/ Relation to the Company/Nature of Transaction	8. Shineedotcom Co., Ltd. (SNDC)		
	SNDC is an affiliated company in the SHIN Group. SHIN holds 41.28% of SATTEL shares, whereas SATTEL holds 99.99% of SBI shares, and SBI holds 40.02% of CSL shares, and CSL holds 99.99% in ADV shares, and ADV holds 70.00% of SNDC shares. As of December 31, 2007 neither the Company nor SNDC has the same directors sitting on their Boards.		
Nature of Transactions	SNDC shared its income from I-NEWS service with the Company and the Company shared its revenue from the “Hotnews on Mobile” service with SNDC for the use of SDNC’s I-NEWS system. In 2007 there were no transactions made between SDNC and the Company.		
Related Transactions As of 31 December		Y 2006 (Million Baht)	Y 2007 (Million Baht)
(Consolidated Statements)	1. Revenue sharing from I-NEWS	0.15	-
	2. Revenue sharing from “Hotnews on Mobile”	0.94	-
	3. Related trade receivables	0.06	-
	4. Purchase of “Mobile User Data Management”	0.97	-
	5. System Maintenance	0.06	-
	6. Related trade payables	-	-
Rationality and necessity of the transactions	The Company signed the I-NEWS revenue sharing agreement with SNDC. In 2007 there were no transactions made between SDNC and the Company.		
Related Parties/ Relation to the Company/Nature of Transaction	9. Data Network Solutions Co., Ltd. (DNS)		
	DNS is an affiliated company in the SHIN Group. SHIN holds 42.71% of ADVANC shares and ADVANC holds 49% of DNS. As of December 31, 2007 neither the Company nor DNS has the same directors sitting on their Boards.		
Nature of Transactions	The Company used DNS’s network service and rented DNS’ transmission equipment for nationwide news broadcasts.		
Related Transactions As of 31 December		Y 2006 (Million Baht)	Y 2007 (Million Baht)
(Consolidated Statements)	1. Service and rental fees	0.17	0.03
	2. Related trade payables	0.01	-
Rationality and necessity of the transactions	Transaction made between the Company and DNS are 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/Nature of Transaction	10. Other companies in the SHIN Group		
Nature of Transactions	The Company uses services from other companies in the SHIN Group		
Related Transactions As of 31 December		Y 2006 (Million Baht)	Y 2007 (Million Baht)
(Consolidated Statements)	1. Service fees for information provided on leased lines	0.09	0.05
	2. Related trade payables	0.03	-
Rationality and necessity of the transactions	Transactions made between the Company and other companies in the SHIN Group are 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 sold all their 49.60% shares in SHIN to Cedar Holdings Co. Ltd. ("Cedar") and Aspen Holdings Co., Ltd. ("Aspen"). The action caused the Shinawatra Family and their family business being no longer treated as related parties to the Company. However, related transactions between the Company and the Shinawatra Family up to January 31, 2006 are disclosed as follows:

Related Parties/ Relation to the Company/Nature of Transaction	1. SC Assets Corporation Plc. (SC)		
	SC 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 the Company .		
Nature of Transactions	The Company signed rental and service contracts for renting of 8,469 square meters of office space in Shinawatra Tower 3 for office and broadcasting uses.		
Related Transactions Period		1- 31 Jan 2006 (Million Baht)	
(Consolidated Statements)	1. Space rental & service fees	2.83	
	2. Utilities fees	2.33	
	3. Telephone fees	0.49	
	4. Other service fees	0.94	
	5. Related trade receivables	-	
	6. Related trade payables	-	

Rationality and necessity of the transactions	The Company extended a rental & service contract by 3 years covering the transaction for the period from January 1, 2005 to December 31, 2007. This transaction is regarded as a connected transaction for which fees are charged on an arm's length basis and have 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/Nature of Transaction	2. National Insurance Co., Ltd. (NATIN) NATIN is a company that a SHIN director is a major shareholder	
Nature of Transactions	The Company purchases various NATIN insurance policies.	
Related Transactions Period	1- 31 Jan 2006 (Million Baht)	
(Consolidated Statements)	Insurance premiums	1.91
Rationality and necessity of the transactions	The Company purchases insurance policies for protection of its equipment. Premiums are charged in accordance with the market prices and on an arm's length basis.	
Related Parties/Relation to the Company Nature of Transaction	3. Praram 9 Hospital Co., Ltd. (RM9) The Shinawatra family holds 50.28% shares of RM9.	
Nature of Transactions	The Company exchanges annual medical checkup and other health services from RM9 with advertisement service barter.	
Related Transactions Period	1- 31 Jan 2006 (Million Baht)	
(Consolidated Statements)	1. Advertising income	-
	2. Medical fees	0.02
	3. Related trade payables	-
Rationality and necessity of the transactions	The transactions are part of the Company's general welfare scheme. Service fees are charged in accordance with the market prices and on an arm's length basis.	

Major Shareholders Structure

a. Top ten major shareholders of the ITV Public Company Limited as of April 2, 2007

No.	Shareholder Name	Share Number	% of Share Ownership
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

Note: Data from Thailand Securities Depository Company Limited as of the latest closing date of the Company's share registration book.

b. Major shareholders whose behavior may have influential impacts to the Company's management policy or its operations is Shin Corporation Plc. The major shareholders of Shin Corporation as of April 5, 2007 are:

No.	Shareholder Name	Share Number	% of Share Ownership
1.	Cedar Holding Co., Ltd.*	1,742,407,239	54.51
2.	Aspen Holding Co., Ltd.*	1,334,354,825	41.75
Total		3,076,762,064	96.26

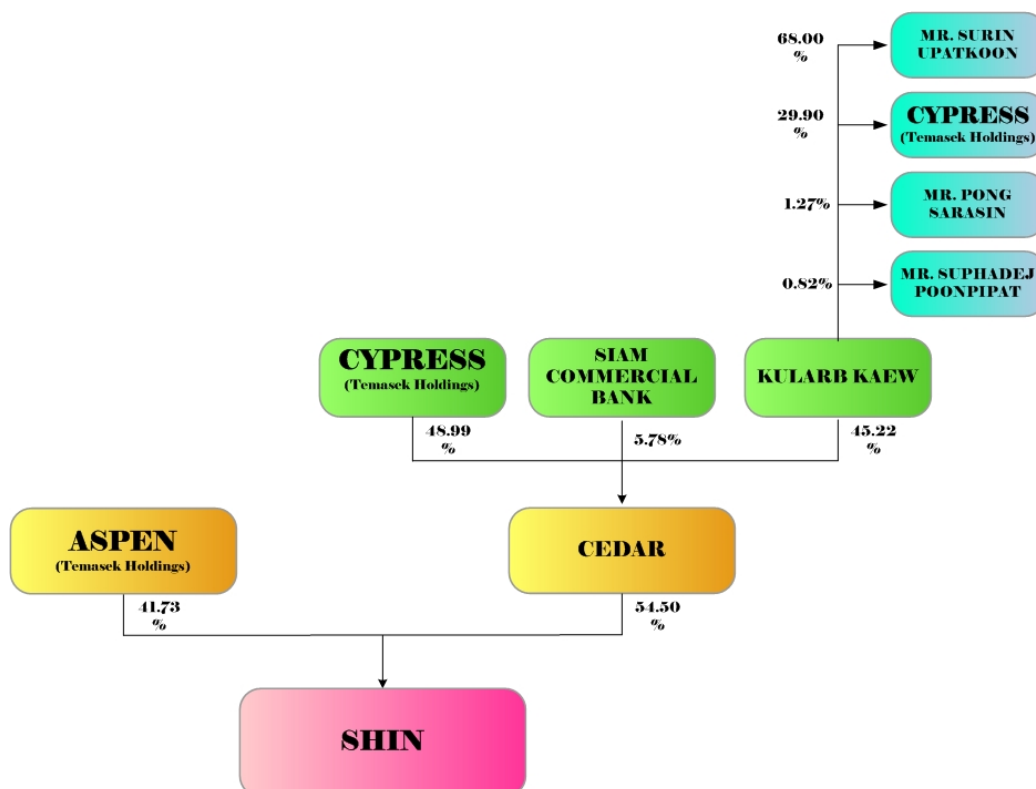
Note: Data from Thailand Securities Depository Company Limited as of the latest closing date of the Company's share registration book.

Aspen Holding Co., Ltd. is a company incorporated in Thailand, and an indirectly controlled subsidiary of Temasek Holdings (Pte) Ltd.

Cedar Holding Co., Ltd. is a company incorporated in Thailand, of which its shareholders are the Siam Commercial Bank Public Company Limited (5.8%), Kularb Kaew Company

Limited (45.22%) and Cypress Holdings Limited (48.99%). Cypress Holdings Limited is an indirectly controlled subsidiary of Temasek Holdings (Pte) Ltd.

The shareholding structure of Cedar Holding Co., Ltd is presented as follows:



Remark as of January 17, 2008

Prior to the Annual General Meeting, investors can find the current shareholding position of the Company from the Company's website.

Dividend Policy

The Company does not plan to pay out dividends due to the fact that as of December 31, 2007 the Company's financial statements still reveal an accumulated loss of Baht 8,026 million.

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)	51	
Position	Chairman of the Board of Directors and Authorized Director	
% of Shareholding	-None-	
Relationship with Management	-None-	
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 	
Governance Training of IOD	Director Accreditation Program 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 Jungsiri (Be appointed as a director of the Company as of March 7, 2007..)	
Age (year)	50	
Position	Vice-Chairman of the Board of Directors and Authorized Director	
% of Shareholding	-None-	
Relationship with Management	-None-	
Background	<ul style="list-style-type: none"> • Barrister-at-law The Thai Bar • Bachelor Degree of Law, Chulalongkorn University 	
Governance Training of IOD	-None-	
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)	41	
Position	Director	
% of Shareholding	-None-	
Relationship with Management	-None-	
Background	<ul style="list-style-type: none"> • Bachelor Degree of Law, Ramkhamheang University 	
Governance Training of IOD	-None-	
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-	

Name-Surname	Mr. Vichakoraput Rattanaichai (Be appointed as a director of the Company as of March 7, 2007.)	
Age (year)	49	
Position	Director and Secretary of the Board of Directors and Chairman of the Audit Committee	
% of Shareholding	-None-	
Relationship with Management	-None-	
Background	<ul style="list-style-type: none"> • Bachelor Degree of Law, Ramkhamheang University 	
Governance Training of IOD	-None-	
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-	

Name-Surname	Mrs. Ratanaporn Nammontri (Be appointed as a director of the Company as of April 23, 2007.)	
Age (year)	43	
Position	Board of Directors and Authorized Director	
% of Shareholding	0.0575	
Relationship with Management	-None-	
Background	<ul style="list-style-type: none"> • Bachelor Degree of Liberal Art, Ramkhamheang University 	
Governance Training of IOD	-None-	
Work Experience	2007 - Present	Director ITV Plc.
	2005 - Present	Director K.R. Infotech Co.Ltd.
Illegal Record In Past 10 years	-None-	

Name-Surname	Mr. Somboon Wongwanich (Be appointed as a director of the Company as of April 30, 2007.)	
Age (year)	41	
Position	Director and Member of the Audit Committee	
% of Shareholding	-	
Relationship with Management	-None-	
Background	<ul style="list-style-type: none"> • Master Degree MA (Financial Accounting) Chulalongkorn University 	
Governance Training of IOD	-None-	
Work Experience	2007 - Present	Director ITV Plc.
	2005 – 2006	Finance Director of Boon Rawd Trading International Co.,Ltd.
	2003 – 2005	Consultant & Accountant Freelance
	1999 – 2003	Assistant General Manager L.T.U.Apparels Co,Ltd.
	1998 – 1999	Fatima Broadcasting International Co.,Ltd.
Illegal Record In Past 10 years	-None-	

Management Discussion and Analysis

Analysis of Operation Results (Consolidated Financial Statements)

Financial Highlight

Unit : Baht Million

	2007	2006	% YoY
Total Revenues	352	2,159	(83.6%)
Cost of Services	(171)	(1,015)	(83.2%)
Selling and Admin Expenses	(95)	(395)	(75.9%)
Normal Profit from TV UHF Station Business	86	749	(88.5%)
Interest Payables	(17)	(25)	(32.0%)
Profit before Concession Fee, Interest, Taxes			
Costs relating to its premature termination of its television broadcasting concession	(265)	-	100%
Provision for the different of Concession Fee			
<i>Jan.1, 2007- March 7, 2007</i>	(181)	-	-N.A-
<i>Jul 3, 2006- Dec.31, 2006</i>	-	(1,000)	-N.A-
<i>Jan.1, 2005- Jul.2, 2006</i>	-	(1,491)	-N.A-
Provision for 15% Interest Charges on the different Concession Fee	(382)	(16)	(2,287.5%)
Loss on Impairment of Assets	(1,970)	-	100.0%
Total Cost and Selling and Admin Expenses	(3,073)	(3,942)	(22.0%)
Net Profit /(Loss)	(2,721)	(1,783)	52.6%

Total Revenues

In 2007 the Company made only Baht 352 million in total revenues, a drop of 83.6% or Baht 1,807 million from Baht 2,159 million in 2006. This sharp drop mainly resulted from the disruption in the Company's income flows from advertisement services and television broadcasting business since March 8, 2007. From that date onward the Company's only source of income is its interest income and its share of incomes from subsidiary and joint-ventures.

Total Costs

In 2007, the Company incurred Baht 3,057 million in its total costs (cost of services and sales and administrative expenses), a drop of 22% or Baht 859 million from 2006. The reduction in the total costs resulted from the termination of its UHF television broadcasting business and therefore all the costs related to television broadcasting operations ceased to exist.

1. During the first quarter of 2007 the Company incurred various costs relating to its premature termination of its television broadcasting concession such as Baht 240 million in staff discharge compensations, Baht 25 million in guarantee claims for liable work performance, and Baht 4 million in damage losses from the cancellations of commercial contracts with business counterparties and related barter trade contracts. The Company also booked Baht 1,911 million in reserves for impairment of assets linked to its broadcasting activities.

2. During the remaining 3 quarters of 2007 the Company only incurred essential expenses relating to its actual operating position which were legal fees, court fees, office administration expenses, financial and legal advisor fees linked to preparation of its rehabilitation plan, expenses incurred in relation to reserves for interest payables on concession fee differences, and incurred expenses from subsidiary and joint-ventures operations.

Provision for the different of Concession Fee

The termination of the Company's television broadcasting concession on March 7, 2007 made the concession fee payables for the year proportionately accounted only for the period of January 1, 2007 to March 7, 2007.

Interest Payables

In 2007, the Company's interest expense was Baht 17 million, a drop of 32% or a Baht 8 million reduction from 2006. The Company had repaid its loan dues in accordance with the loan contract amount of Baht 96 million. As a result the loan from bank was reduced from Baht 293 million in December 31, 2007 to Baht 197 million in December 31, 2007.

Net Loss

In 2007, the Company experienced a Baht 2,721 million in net loss as compared to its net loss of Baht 1,783 million in 2006, or an increase of Baht 938 million. The increased loss was caused by the termination of the Company's television broadcasting concession on March 7, 2007, which disrupted the Company's income flows from the broadcasting activities of its ITV television station since March 8, 2007. Even though this termination remains an active legal dispute in the ongoing tribunal and court processes, in order to comply with the Generally Accepted Accounting Principles, the Company is obliged to recognize the Baht 1,926 loss from its impairment of assets relating to its broadcasting operations under such concession because those assets were assigned by the PMO to be transferred to the Thai PBS Station for possession and utilization by virtue of the Public Broadcasting Act.

Analysis of Financial Position (Consolidated Financial Statements)

1. Assets

As at December 31, 2007, the Company's total assets amounted to Baht 1,325 million, a decrease from year-end 2006 of Baht 2,586 million, or 66.1%. Mainly from Current assets accounted to 99.2% of the total assets. Main items in the assets were:

	Unit : Baht Million			
	December 31,2007	% of Total Asset	December 31,2007	% of Total Asset
Cash and cash equivalents	1,236	93.2%	1,451	37.1%
Trade accounts receivable, net	1	0.1%	360	9.2%
Other current assets	79	6.0%	137	3.5%
Concession assets, net	2	0.1%	1,952	49.9%
Other assets	8	0.6%	11	0.3%
Total assets	1,325	100.0%	3,911	100.0%

❑ Current Asset

As at December 31, 2007, the Company's current assets amounted to Baht 1,315 million, a decrease from year-end 2006 of Baht 663 million. The decrease mainly from concession contract revocation on March 7, 2007 caused its revenue cut. The Company incurred termination cost of employee contract amounted to Baht 240 million including the expenses incurred from PMO's claims on ITV's contract collateral amount of Baht 25 million. The Company also repaid its loan due in 2007 amount of 96 million. The Other Assets main portion are withholding taxes which were on the process of refunding.

❑ Non-Current Assets

Non-current liabilities were recorded at only Baht 10 million, a sharp decline of Baht 1,953 million from the previous year. The significant decline resulted from the provision for impairment of assets under concessionary agreements and other Assets amount to Baht 1,950 million.

2. Liabilities

As at December 31, 2007, total liabilities stood at Baht 3,492 million, showing an increase of Baht 136 million, or 4.05% from year-end 2006. The increase was due to the accrued provision the disputed concession fee 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				
	December 31, 2007	% of Total Asset	December 31, 2007	% of Total Asset
Trade accounts payable	1	0.0%	50	1.5%
Provision for unpaid concession fee and Interest	3,289	94.2%	2,726	81.2%
Other current liabilities	5	0.2%	288	8.6%
Current portion of long-term loan	115	3.3%	94	2.8%
Long-term loan, net	82	2.3%	199	5.9%
Total liabilities	3,492	100.0%	3,356	100.0%

In 2007 the Company recorded the Provision for the disputed concession fee and Its Interest for January 1, 2007 – March 7 2007 increase by Baht 563 million and the Other Current Liabilities decreased from repayment of long-term loan dues and paid for Trade Payables.

3. Shareholders' Equity

As at December 31, 2007, the Company's total shareholders' equity was negative amount of Baht 2,711 million. The decrease from year end 2005 resulted from a net losses for the year of Baht 2,721 million. The Company is in the process of seeking for additional capital from external sources to cover such losses.

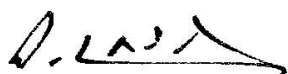
AUDITOR'S REPORT

To the Shareholders of ITV Public Company Limited

I was engaged to audit the accompanying consolidated and company balance sheets as at 31 December 2007 and 2006, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the years then ended of ITV Public Company Limited and its 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.

As mentioned in note to financial statements No. 2.2, as at 31 December 2007, the Company's current liabilities exceed its current assets by an amount of Baht 2,095 million and there is a deficit in excess of the share capital of an amount of Baht 2,167 million and as mentioned in note 24 to financial statements the Company's Television Broadcasting Station under a UHF Radio-Television Broadcasting Agreement ("Concession Agreement") was revoked by the Office of the Permanent Secretary of the Office of the Prime Minister ("PMO") as the Company did not pay the unpaid concession fee totalling Baht 2,210 million and the interest on the total unpaid concession fee at 15% per annum including the penalty arising from the alteration of television programming of Baht 97,760 million as a consequence of the ruling of the Supreme Administrative Court on 13 December 2006. The Company's concession agreement was revoked on 7 March 2007 by the PMO therefore, the Company ceased its operation at that date. In addition, the PMO claimed the undelivered value of assets under concession amounting to Baht 656 million plus interest on 30 March 2007. The ultimate outcome of these matters cannot presently be determined therefore, the Company has not set a provision for the penalty arising from the alteration of television programming and the undelivered value of assets under concession which might be incurred in these financial statements. On 4 January 2007 and 9 May 2007, the Company filed the statements of claim regarding the unpaid concession totalling Baht 2,210 million plus the interest on the total unpaid concession fee including the penalty arising from the alteration of television programming of Baht 97,760 million and the undelivered value of assets under concession plus interest to the arbitration process. The Company is in the process of preparing development plans to resolve the cause of delisting and a plan to undertake new business and rehabilitation for the Stock Exchange of Thailand after the Company seeks and obtains approval from the Company's shareholders. These events indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

Because of the significance of the matters discussed in the preceding paragraph to the consolidated and company financial statements for the years ended 31 December 2007 and 2006 of ITV Public Company Limited and its subsidiaries and of ITV Public Company Limited, I am unable to express an opinion on the aforementioned financial statements.



Prasan Chuaphanich
Certified Public Accountant (Thailand) No. 3051
PricewaterhouseCoopers ABAS Limited

Bangkok
20 February 2008

ITV Public Company Limited
Balance Sheets
As at 31 December 2007 and 2006

		Consolidated		Company	
		2007	2006	2007	2006
	Notes	Baht	Baht	Baht	Restated Baht
Assets					
Current assets					
Cash and cash equivalents	5	1,235,976,877	1,451,080,230	1,211,910,020	1,423,567,069
Trade accounts receivable, net	6	832,781	359,859,836	568,721	353,464,248
Loan to a subsidiary	7 d)	-	-	2,111,784	19,000,000
Programming rights and production costs, net	8	-	56,771,154	-	56,771,154
Withholding tax receivable		62,949,816	48,910,884	61,909,528	47,795,183
Other current assets	9	16,015,565	30,923,358	15,753,503	30,675,044
Total current assets		1,315,775,039	1,947,545,462	1,292,253,556	1,931,272,698
Non-current assets					
Investments in a subsidiary and a joint venture	10	-	-	24,301,804	50,000,000
Equipment, net	11	1,571,947	97,985,427	-	82,970,299
Concession assets, net	12	-	1,854,029,663	-	1,854,029,663
Other assets		8,117,669	11,216,198	7,721,298	11,215,120
Total non-current assets		9,689,616	1,963,231,288	32,023,102	1,998,215,082
Total assets		1,325,464,655	3,910,776,750	1,324,276,658	3,929,487,780

Director _____ Director _____

Date _____ Date _____

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

ITV Public Company Limited
Balance Sheets (Continued)
As at 31 December 2007 and 2006

		Consolidated		Company	
		2007	2006	2007	2006
					Restated
Notes		Baht	Baht	Baht	Baht
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable	14	1,277,094	49,501,391	867,467	53,118,586
Current portion of long-term finance lease liabilities	7 e), 15	142,141	1,103,518	-	2,453,518
Current portion of long-term loan	15	114,374,515	93,194,049	114,374,515	93,194,049
Provision for unpaid concession fee and interest	24	3,289,489,154	2,726,347,945	3,289,489,154	2,726,347,945
Accrued expenses	7 f)	5,118,813	253,103,194	4,862,450	248,960,339
Other current liabilities		141,863	34,494,551	106,072	34,152,580
Total current liabilities		3,410,543,580	3,157,744,648	3,409,699,658	3,158,227,017
Non-current liabilities					
Long-term finance lease liabilities	7 e), 15	344,387	1,358,176	-	4,901,926
Long-term loan, net	15	81,179,839	197,342,565	81,179,839	197,342,565
Total non-current liabilities		81,524,226	198,700,741	81,179,839	202,244,491
Total liabilities		3,492,067,806	3,356,445,389	3,490,879,497	3,360,471,508
Shareholders' equity					
Share capital					
Authorised share capital					
- ordinary shares	16	<u>7,800,000,000</u>	<u>7,800,000,000</u>	<u>7,800,000,000</u>	<u>7,800,000,000</u>
Issued and paid-up share capital	16				
- ordinary shares		6,033,487,000	6,033,487,000	6,033,487,000	6,033,487,000
Discount on share capital	16	(174,296,959)	(174,296,959)	(174,296,959)	(174,296,959)
Deficit		#####	#####	#####	#####
Total shareholders' equity		#####	554,331,361	#####	569,016,272
Total liabilities and shareholders' equity		1,325,464,655	3,910,776,750	1,324,276,658	3,929,487,780

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

ITV Public Company Limited
Statements of Income
For the years ended 31 December 2007 and 2006

		Consolidated		Company	
		2007	2006	2007	2006
	Notes	Baht	Baht	Baht	Restated Baht
Revenues	7 a)				
Service income	17	292,723,613	2,106,882,403	290,532,768	2,092,010,357
Interest income		47,879,585	49,623,492	47,901,452	50,026,244
Other income		11,692,889	2,228,020	11,043,894	3,380,021
Total revenues		352,296,087	2,158,733,915	349,478,114	2,145,416,622
Expenses	7 b)				
Cost of services		170,870,306	1,014,912,538	168,893,164	993,023,892
Concession expenses	24	180,821,918	1,000,000,000	180,821,918	1,000,000,000
Loss on provision for unpaid concession fee and interest	24	382,319,291	1,506,347,945	382,319,291	1,506,347,945
Selling and administrative expenses		357,523,412	392,540,390	355,366,737	400,436,066
Impairment loss on assets	10, 13	1,961,592,858	-	1,977,714,805	-
Directors' remuneration		3,530,000	2,460,000	3,530,000	2,460,000
Total expenses		3,056,657,785	3,916,260,873	3,068,645,915	3,902,267,903
Loss before interest		#####	#####	#####	#####
Interest expenses		(16,572,814)	(25,163,985)	(16,451,310)	(25,366,529)
Loss for the year	18	#####	#####	#####	#####
Basic loss per share (Baht)	20				
Net loss for the year		(2.26)	(1.48)	(2.27)	(1.48)
Diluted loss per share (Baht)	20				
Net loss for the year		(2.26)	(1.48)	(2.27)	(1.48)

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

ITV Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 December 2007 and 2006

Consolidated				
		Premium/ (Discount) in	Deficit	Total
Note	Share capital Baht	share capital Baht	Baht	Baht
Opening balance as at 1 January 2006	6,031,906,500	(174,417,077)	#####	2,335,321,686
Issue of ordinary shares	16	1,580,500	120,118	-
Net loss for the year		-	-	#####
				(1,782,690,943)
Closing balance as at 31 December 2006	<u>6,033,487,000</u>	<u>(174,296,959)</u>	<u>#####</u>	<u>554,331,361</u>
Opening balance as at 1 January 2007	6,033,487,000	(174,296,959)	#####	554,331,361
Net loss for the year		-	-	#####
				(2,720,934,512)
Closing balance as at 31 December 2007	<u>6,033,487,000</u>	<u>(174,296,959)</u>	<u>#####</u>	<u>(2,166,603,151)</u>
Company				
		Premium/ (Discount) in	Deficit	Total
Notes	Share capital Baht	share capital Baht	Restated Baht	Baht
Opening balance as at 1 January 2006				
As previously reported	6,031,906,500	(174,417,077)	#####	2,335,321,686
Prior period adjustment	3	-	-	14,211,778
				14,211,778
As restated	6,031,906,500	(174,417,077)	#####	2,349,533,464
Issue of ordinary shares	16	1,580,500	120,118	-
Net loss for the year		-	-	#####
				(1,782,217,810)
Closing balance as at 31 December 2006	<u>6,033,487,000</u>	<u>(174,296,959)</u>	<u>#####</u>	<u>569,016,272</u>
Opening balance as at 1 January 2007				
As previously reported	6,033,487,000	(174,296,959)	#####	554,331,361
Prior period adjustment	3	-	-	14,684,911
				14,684,911
As restated	6,033,487,000	(174,296,959)	#####	569,016,272
Net loss for the year		-	-	#####
				(2,735,619,111)
Closing balance as at 31 December 2007	<u>6,033,487,000</u>	<u>(174,296,959)</u>	<u>#####</u>	<u>(2,166,602,839)</u>

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

ITV Public Company Limited
Statements of Cash Flows
For the years ended 31 December 2007 and 2006

	Notes	Consolidated		Company	
		2007	2006	2007	2006
		Baht	Baht	Baht	Restated Baht
Cash flows from operating activities					
Net loss for the year		(2,720,934,512)	(1,782,690,943)	(2,735,619,111)	(1,782,217,810)
Adjustments for:					
Depreciation	11	3,518,105	24,770,721	2,723,736	13,762,550
Amortisation and allowance for impairment of programming rights and production costs	8	82,596,007	160,919,197	82,596,007	160,919,197
Allowance for doubtful debt (Reversal)		4,306,271	(5,557,041)	4,306,271	(5,557,041)
Allowance for doubtful debt for loan to a subsidiary		-	-	2,888,216	-
Amortisation of concession assets	12	40,060,827	224,767,800	40,060,827	224,767,800
Impairment loss on equipment, concession assets and other current assets		1,911,688,990	-	1,902,112,740	-
Impairment loss on investment	10	-	-	25,698,196	-
Loss on disposal of programming rights		-	3,890,186	-	3,890,186
Loss (gain) on disposal of equipment		2,521,032	107,510	1,218,031	(166,497)
Reversal on devaluation of barter assets		(159,813)	(523)	(159,813)	(523)
Amortisation of front end fee	15	727,500	691,125	727,500	691,125
Changes in operating assets and liabilities					
Trade accounts receivable		354,720,783	(319,174)	348,589,256	6,011,944
Withholding tax receivable		(14,038,932)	3,364,916	(14,114,345)	3,663,114
Other current assets		14,124,694	(409,021)	14,138,679	(160,706)
Other assets		3,098,531	139,415	3,493,822	140,495
Trade accounts payable		(16,767,208)	(14,043,365)	(16,099,634)	(15,118,618)
Provision for unpaid concession fee and interest		563,141,208	2,276,347,945	563,141,208	2,276,347,945
Accrued expenses		(235,696,793)	10,720,108	(231,810,300)	6,320,252
Other current liabilities		(34,352,687)	4,392,375	(34,046,506)	4,123,462
Net cash flows from (used in) operating activities		(41,445,997)	907,091,231	(40,155,220)	897,416,875
Cash flows from investing activities					
Purchases of programming rights and production costs		(54,750,943)	(147,896,567)	(54,750,943)	(147,896,567)
Proceeds from disposal of programming rights		-	18,536,000	-	18,536,000
Purchases of concession assets		(22,120,665)	(58,174,235)	(26,815,298)	(53,479,839)
Proceeds from disposal of equipment		8,371,977	1,489,500	883,310	900,000
Purchases of equipment		(9,381,711)	(16,520,678)	(9,109,138)	(6,963,754)
Investment in a joint venture	10	-	-	-	(30,000,000)
Loan to a subsidiary		-	-	-	(4,000,000)
Proceeds from loan to a subsidiary		-	-	14,000,000	6,000,000
Net cash flows used in investing activities		(77,881,342)	(202,565,980)	(75,792,069)	(216,904,160)

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

ITV Public Company Limited
Statements of Cash Flows (Continued)
For the years ended 31 December 2007 and 2006

		Consolidated		Company	
		2007	2006	2007	2006
					Restated
	Notes	Baht	Baht	Baht	Baht
Cash flows from financing activities					
Repayment of long-term loan from a bank	15	(95,709,760)	(80,485,769)	(95,709,760)	(80,485,769)
Repayment of finance lease liabilities		(66,254)	(594,206)	-	(1,100,456)
Proceeds from increase in share capital from exercising warrants	16	-	1,700,618	-	1,700,618
Net cash flows used in financing activities		(95,776,014)	(79,379,357)	(95,709,760)	(79,885,607)
Net increase (decrease) in cash and cash equivalents					
		(215,103,353)	625,145,894	(211,657,049)	600,627,108
Cash and cash equivalents, opening balance		1,451,080,230	825,934,336	1,423,567,069	822,939,961
Cash and cash equivalents, closing balance		<u>1,235,976,877</u>	<u>1,451,080,230</u>	<u>1,211,910,020</u>	<u>1,423,567,069</u>
Cash and cash equivalents as at 31 December comprise:					
Cash on hand		193,209	781,133	131,865	763,106
Cash at banks		1,235,783,668	1,450,299,097	1,211,778,155	1,422,803,963
Total cash and cash equivalents		<u>1,235,976,877</u>	<u>1,451,080,230</u>	<u>1,211,910,020</u>	<u>1,423,567,069</u>
Supplementary information for cash flows					
Interest paid		16,491,714	25,220,272	16,370,210	25,422,816
Non-cash transactions					
Liabilities due to purchase of programming rights and production costs		-	27,837,590	-	27,837,590
Liabilities due to purchase of concession assets		-	13,849,149	-	18,543,545
Purchase of equipment under finance lease liabilities		-	2,461,694	-	7,355,444

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

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 2007, the Group has 10 employees (2006: 1,028 employees) and the Company has no employee (2006: 1,020 employees).

The Company operates a television broadcasting station under a UHF radio-television broadcasting agreement (“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 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.

The Company has explained about the progress of lawsuit and judgment of the Supreme Administrative Court relating to the Agreement for the Operation of Television Station in Note 24. On 7 March 2007, the letter of revocation of the Concession Agreement was sent by the PMO requesting the Company to repay the debt and return all operations assets under the concession agreement back to the PMO within the period specified by the PMO in accordance with the Cabinet resolution passed on 6 March 2007. Such termination caused the Company to cease carrying on the business of the UHF television broadcasting station.

These consolidated and company financial statements have been approved for issue by the Board of Directors on 20 February 2008.

2 Accounting policies

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

2.1 Basis for preparation

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

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 Accounting policies (Continued)

2.2 Financial status

As at 31 December 2007, the Company's current liabilities exceed its current assets by an amount of Baht 2,095 million and there is a deficit in excess of the share capital of an amount of Baht 2,167 million. 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 PMO, the concessionaire, claimed that the payment includes the 15% interest per annum on the total unpaid concession fee and the penalty arising from the alteration of television programming of Baht 97,760 million, which was due for payment within 30 days of the Company receiving the notice on 1 February 2007. The Company disputed these and did not pay for these unpaid concession fees including interest and penalty. On 7 March 2007, the Company received the letter of revocation of the concession agreement and radio-television operation under UHF system from the PMO and ceased its operation on that date. Furthermore, in the Stock Exchange of Thailand ("SET") raised a Suspension sign (SP) to stop trading of the Company's stock. The Company is in the process of preparing development plans to resolve the cause of delisting, and the plans to undertake of new business, and the rehabilitation for SET after the Company seeks and obtains approval from the Company's shareholders. SET provided a two - year timeframe for the Company to resolve the delisting issue. In addition, the Company is still conducting arbitral proceeding regarding the unpaid concession fee including interest and penalty arising from the alteration of television programming of Baht 97,760 million and value of undelivered assets include interest which shall await the arbitral award granted by the arbitration panel and the final legal outcome. This event indicates a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

2.3 New Accounting Standards and Amendments to Accounting Standards with the effective date in 2008

The following new accounting standards and amendments to accounting standards are revised and are mandatory for accounting periods beginning on or after 1 January 2008.

Amendments to Accounting Standards

TAS No. 25 "Cash Flow Statements"
TAS No. 29 "Leases"
TAS No. 31 "Inventory"
TAS No. 33 "Borrowing Costs"
TAS No. 35 "Presentation of Financial Statements"
TAS No. 39 "Accounting Policies, Changes in Accounting Estimates and Errors"
TAS No. 41 "Interim Financial Reporting"
TAS No. 43 "Business Combinations"
TAS No. 49 "Construction Contracts"

New Accounting Standards

TAS No. 51 "Intangible Assets"

The Group will apply these standards and amendments from 1 January 2008. However, the management determines that the application of these standards will not have significant impact on the consolidated and company financial statements as of 31 December 2007.

2 Accounting policies (Continued)

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

(a) Subsidiary

Subsidiary undertakings, which are those companies in which the Group has power to govern the financial and operating policies, are consolidated; attention is directed to the substance of the power, and not merely the legal form.

Subsidiary is consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date on which the Group ceases to have the power to exercise control over the operations. The purchase method of accounting is used to account for the acquisition of subsidiary. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless costs cannot be recovered. Where necessary, the accounting policies of subsidiary has been changed to ensure consistency with the policies adopted by the Group. Separate disclosure is made for minority interests. The interest of third parties in subsidiary is accounted for on the basis of their share in the underlying equity of these undertakings.

In the Company's separate financial statements, the Company accounts for its interest in subsidiary on a cost basis.

A list of the Company's subsidiary is set out in Note 10.

(b) Joint venture

The Group's interest in jointly controlled entity ("joint venture") is accounted for by proportionate consolidation in the consolidated financial statements. The Group combines its share of the joint venture's 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 recognised 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 venturer. 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, the Company accounts for its interest in joint venture on a cost basis.

A list of the Company's joint venture is set out in Note 10.

2 Accounting policies (Continued)

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.

2.7 Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, trade accounts receivable, loans to a subsidiary, withholding tax receivable, trade creditors, concession payable, accrued expenses, finance lease payable 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 Accounting policies (Continued)

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.

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 Accounting policies (Continued)

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 2007 and 2006.

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 Impairment of long lived assets

Equipment, concession assets and other non-financial assets, including goodwill and intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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 Accounting policies (Continued)

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 exercise.

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 Loss per share

Basic loss per share is calculated by dividing the net 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 Changes in accounting policies

Accounting policies relating to investment in a subsidiary and a joint venture for the company financial statements

Notification of Federation of Accounting Professions No. 26/2549 dated on 11 October 2006 and No. 32/2549 dated 3 November 2006 relates to amendment of TAS no. 44 “Consolidated Financial Statements and Accounting for Investment in Subsidiaries” and TAS no. 45 “Accounting for Investments in Associates” which require the change from the equity method of accounting to the cost method of accounting for investments in subsidiaries and associates presented in the separate financial statements. Under the cost method, income from investment will be recorded when dividends are declared. The notification is mandatory from 1 January 2007. The Company has applied such method for investments in subsidiaries and associates and has also applied the same method of accounting for investment in joint ventures presented in the company financial statements. The change in the accounting policy has an impact on the separate financial statements only and does not have an impact on the consolidated financial statements.

The Group has adopted the cost method commencing from 1 January 2007 by applying retrospective adjustments. The effects of the changes to the Company’s balance sheet as of 31 December 2006 and the Company’s statement of income for the year ended 31 December 2006 are as follows:

	Company Restated Baht
Balance sheet as at 31 December 2006	
Increase in investments in a subsidiary and a joint venture	14,684,911
Shareholders’ equity	
Decrease in opening balance of deficit	14,211,778
Decrease in closing balance of deficit	14,684,911
Statement of income for the year ended 31 December 2006	
Decrease in share of net loss from investments - equity method	473,133
Decrease in net loss	473,133
Decrease in basic loss per share (Baht)	0.0004
Decrease in diluted loss per share (Baht)	0.0004

4 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.

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements (Continued)
For the years ended 31 December 2007 and 2006

5 Cash and cash equivalents

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Cash on hand	193,209	781,133	131,865	763,106
Savings deposits	22,272,297	136,299,097	16,266,784	132,803,963
Time deposits	1,213,511,371	1,314,000,000	1,195,511,371	1,290,000,000
Total cash and cash equivalents	<u>1,235,976,877</u>	<u>1,451,080,230</u>	<u>1,211,910,020</u>	<u>1,423,567,069</u>

The weighted average effective interest rate of savings deposits and time deposits was 3.08 % per annum (2006: 4.70% per annum). The time deposits have an original maturity of 1-3 months.

6 Trade accounts receivable, net

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Trade accounts receivable and accrued income				
- Third parties	12,705,897	306,229,971	12,441,837	301,260,617
- Related parties (Note 7 c)	-	61,196,710	-	59,770,476
Total trade accounts receivable and accrued income	12,705,897	367,426,681	12,441,837	361,031,093
<u>Less</u> Allowance for doubtful accounts	<u>(11,873,116)</u>	<u>(7,566,845)</u>	<u>(11,873,116)</u>	<u>(7,566,845)</u>
Trade accounts receivable, net	<u>832,781</u>	<u>359,859,836</u>	<u>568,721</u>	<u>353,464,248</u>

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

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Current - 3 months	147,060	359,826,494	-	353,427,265
3 - 6 months	117,000	471,802	-	475,443
6 - 12 months	3,926,576	582,690	3,926,576	582,690
Over 12 months	8,515,261	6,545,695	8,515,261	6,545,695
Total	12,705,897	367,426,681	12,441,837	361,031,093
<u>Less</u> Allowance for doubtful accounts	<u>(11,873,116)</u>	<u>(7,566,845)</u>	<u>(11,873,116)</u>	<u>(7,566,845)</u>
Trade accounts receivable, net	<u>832,781</u>	<u>359,859,836</u>	<u>568,721</u>	<u>353,464,248</u>

7 Related party transactions

The Group is controlled by Shin Corporation Public Co., Ltd. ("Shin"), which is incorporated in Thailand and owns 52.92 % (2006: 52.92%) of the Company's shares. The remaining 47.08 % (2006: 47.08%) 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 Holdings Company Limited ("Cedar") and Aspen Holdings 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	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Advertising income				
Subsidiary	-	-	432,000	4,398,000
Other related parties - Shin Group	11,090,483	199,628,927	11,090,483	199,628,927
	<u>11,090,483</u>	<u>199,628,927</u>	<u>11,522,483</u>	<u>204,026,927</u>
Other income				
Parent company - Shin	-	841,121	-	841,121
Subsidiary - Interest income	-	-	590,295	1,481,124
Subsidiary - Other income	-	-	66,774	2,100,000
Other related parties - Shin Group	4,831,786	32,954,705	4,802,755	27,829,692
	<u>4,831,786</u>	<u>33,795,826</u>	<u>5,459,824</u>	<u>32,251,937</u>

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements (Continued)
For the years ended 31 December 2007 and 2006

Total	<u>15,922,269</u>	<u>233,424,753</u>	<u>16,982,307</u>	<u>236,278,864</u>
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7 Related party transactions (Continued)

b) purchased goods and services

	Consolidated		Company	
	2007 Baht	2006 Baht	2007 Baht	2006 Baht
Parent company - Shin				
Consulting and management fee	-	7,887,582	-	7,887,582
Other expenses	-	167,524	-	167,524
	-	8,055,106	-	8,055,106
Subsidiary				
Expenses				
Advertising expenses	-	-	1,762,839	9,624,000
Equipment rental	-	-	429,848	3,352,628
Other expenses	-	-	468,278	2,144,536
	-	-	2,660,965	15,121,164
Purchases of equipment under finance lease agreement	-	-	3,349,327	5,400,000
Purchase of equipment	-	-	-	4,694,396
Other related parties - Shin Group				
Expenses				
Building rental and service charge	-	5,956,743	-	5,860,601
Transponder rental	7,282,900	39,132,000	7,282,900	39,132,000
Commission expenses	650,555	11,287,342	650,555	11,287,342
Advertising expenses	-	7,459,458	-	7,459,458
Telephone expenses	424,016	2,282,960	424,016	2,282,960
Other expense	2,668,053	11,399,322	2,283,321	11,388,122
	11,025,524	77,517,825	10,640,792	77,410,483
Total	11,025,524	85,572,931	16,651,084	110,681,149

7 Related party transactions (Continued)

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

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Receivables from related parties:				
Subsidiary	-	-	-	984,935
Other related parties - Shin Group	-	61,196,710	-	58,785,541
Total	-	61,196,710	-	59,770,476
Payables to related parties:				
Subsidiary	-	-	-	6,745,128
Other related parties - Shin Group	-	2,561,171	-	2,537,060
Total	-	2,561,171	-	9,282,188

d) Loan to a subsidiary

As at 31 December 2007, loan to a subsidiary bears interest rate at 5.25 % per annum (2006: 7.75% per annum). The term of repayment is at call.

The subsidiary has ceased its business since the first quarter of 2007. The Company set the allowance for doubtful debt for this loan to a subsidiary amount of Baht 2.89 million based on the recoverable amount.

e) Finance lease liabilities as at 31 December

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Finance lease liabilities - Subsidiary				
- Current	-	-	-	1,350,000
- Non-current	-	-	-	3,543,750
Total	-	-	-	4,893,750

f) Accrued expenses as at 31 December

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Accrued expenses				
Subsidiary	-	-	-	349,800
Other related companies				
- Shin Group	44,092	18,685,249	-	16,163,466
Total	44,092	18,685,249	-	16,513,266

7 Related party transactions (Continued)

i) Warrants issued and offered to directors

Certain directors who were eligible to be allocated Warrants from Shin resigned during the first quarter of 2007, therefore, no directors are currently entitled to be granted such right.

j) Special reward program

Certain directors who were eligible to be allocated Special reward program resigned during the first quarter of 2007, therefore, no directors are currently entitled to be granted such right.

8 Programming rights and production costs, net

	Consolidated and Company	
	2007	2006
	Baht	Baht
Opening net book amount	56,771,154	68,498,665
Additions	25,824,853	171,617,872
<u>Less</u> Disposal	-	(22,426,186)
Amortisation	(32,692,139)	(141,487,648)
Allowance for impairment	(49,903,868)	(19,431,549)
Closing net book amount	-	56,771,154
Cost, net	103,198,979	110,066,265
<u>Less</u> Allowance for impairment	(103,198,979)	(53,295,111)
Closing net book amount	-	56,771,154

9 Other current assets

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Prepaid expenses	12,173,786	14,321,619	12,172,898	14,277,863
Other receivables	-	11,422,150	-	11,324,517
Accounts receivable				
- Revenue department	245,344	412,913	78,797	412,913
Assets held for sale	-	400,368	-	400,368
Others	3,596,435	4,366,308	3,501,808	4,259,383
Total	16,015,565	30,923,358	15,753,503	30,675,044

10 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	
	2007	2006
	Baht	Restated Baht
Opening net book value - previously reported	50,000,000	5,788,222
Prior period adjustment	-	14,211,778
Opening net book value - restated	50,000,000	20,000,000
Investment in a joint venture	-	30,000,000
Impairment loss on investments in a subsidiary and a joint venture	(25,698,196)	-
Closing net book amount	24,301,804	50,000,000

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

Company - 31 December 2007 (Baht)						
	Paid share capital	Investment portion (%)	Cost	Allowance for impairment	Investment, net	Dividend
Subsidiary						
Artware Media Company Limited	20,000,000	99.99	20,000,000	(20,000,000)	-	-
Joint venture						
Media Connex Company Limited	50,000,000	60.00	30,000,000	(5,698,196)	24,301,804	-
			50,000,000	(25,698,196)	24,301,804	-

Company - 31 December 2006 (Baht) - Restated						
	Paid share capital	Investment portion (%)	Cost	Allowance for impairment	Investment, net	Dividend
Subsidiary						
Artware Media Company Limited	20,000,000	99.99	20,000,000	-	20,000,000	-
Joint venture						
Media Connex Company Limited	50,000,000	60.00	30,000,000	-	30,000,000	-
			50,000,000	-	50,000,000	-

10 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	
	2007	2006
	Baht	Baht
Balance Sheet		
Current assets	23,427,057	27,408,402
Non-current assets	1,968,318	1,052,584
Current liabilities	(749,185)	(1,164,797)
Non-current liabilities	(344,386)	-
Net assets	<u>24,301,804</u>	<u>27,296,189</u>
Statements of Income		
Gross revenues	1,608,322	1,826,093
Net loss for the year	(2,997,378)	(2,703,811)

- d) **Consideration of impairment loss on investments in a subsidiary and a joint venture**

Investment in Artware Media Company Limited ("Subsidiary")

On 7 March 2007, the Concession Agreement was terminated by the PMO which caused that the Company to cease its business from that date onwards. Since the Company is a major customer of its subsidiary, this also caused the subsidiary to cease the operation of its main business accordingly. The Company therefore made an allowance for impairment of investment in the subsidiary was recorded in full of Baht 20 million.

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

d) Consideration of impairment loss on investments in a subsidiary and a joint venture (Continued)

Investment in Media Connex Company Limited (“Joint venture”)

The current economy is slowing down. In addition, the joint venture’s operating results have not met the target. These issues were indicators of the impairment of investment in this joint venture. The Company recognised impairment loss on investment for the year ended 31 December 2007 in the Company financial statements, determined from the net assets of the joint venture amounting to Baht 5.7 million.

11 Equipment, net

	Consolidated			
	Building improvement Baht	Vehicles Baht	Office equipment Baht	Total Baht
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>
Transactions during the year ended 31 December 2007				
Opening net book amount	73,084,528	9,485,567	15,415,332	97,985,427
Additions	8,646,461	-	429,409	9,075,870
Depreciation charge	(2,193,517)	(860,998)	(463,590)	(3,518,105)
Transfers	(79,481,221)	(8,975)	(230,934)	(79,721,130)
Terminate the finance lease contracts	-	-	(2,263,632)	(2,263,632)
Disposals	-	(8,131,105)	(2,101,342)	(10,232,447)
Allowance for impairment	-	-	(9,754,036)	(9,754,036)
Closing net book amount	<u>56,251</u>	<u>484,489</u>	<u>1,031,207</u>	<u>1,571,947</u>
At 31 December 2007				
Cost	63,881	651,589	45,090,627	45,806,097
<u>Less</u> Accumulated depreciation	<u>(7,630)</u>	<u>(167,100)</u>	<u>(34,305,384)</u>	<u>(34,480,114)</u>
Allowance for impairment	-	-	(9,754,036)	(9,754,036)
Net book amount	<u>56,251</u>	<u>484,489</u>	<u>1,031,207</u>	<u>1,571,947</u>

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements (Continued)
For the years ended 31 December 2007 and 2006

11 Equipment, net (Continued)

	Company			
	Building improvement Baht	Vehicles Baht	Office equipment Baht	Total Baht
At 31 December 2006				
Cost	121,471,452	5,528,187	6,347,613	133,347,252
<u>Less</u> Accumulated depreciation	(48,386,925)	(429,992)	(1,560,036)	(50,376,953)
Net book amount	<u>73,084,527</u>	<u>5,098,195</u>	<u>4,787,577</u>	<u>82,970,299</u>
Transactions during the year ended 31 December 2007				
Opening net book amount	73,084,527	5,098,195	4,787,577	82,970,299
Additions	8,582,580	3,358,299	207,553	12,148,432
Depreciation charge	(2,185,886)	(316,414)	(221,436)	(2,723,736)
Transfers	(79,481,221)	(8,975)	(230,934)	(79,721,130)
Terminate the finance lease contracts	-	(8,131,105)	(2,263,632)	(10,394,737)
Disposals	-	-	(2,101,342)	(2,101,342)
Allowance for impairment	-	-	(177,786)	(177,786)
Closing net book amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2007				
Cost	-	128,185	391,501	519,686
<u>Less</u> Accumulated depreciation	-	(128,185)	(213,715)	(341,900)
Allowance for impairment	-	-	(177,786)	(177,786)
Net book amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Additions in consolidated and company financial statements include assets leased under finance leases (where the Group is the lessee), in 2007 there is on additions (2006: Baht 8.5 million), comprise vehicles and office equipment. The details are as follows:

	Consolidated and Company	
	2007 Baht	2006 Baht
Cost - capitalised finance leases	-	8,455,900
<u>Less</u> Accumulated depreciation	-	(907,334)
Net book amount	<u>-</u>	<u>7,548,566</u>

ITV Public Company Limited
Notes to the Consolidated and Company Financial Statements (Continued)
For the years ended 31 December 2007 and 2006

12 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						
	Land Baht	Network station Baht	Transmission equipments Baht	Tools and office equipments Baht	Technician and consulting fee Baht	Construction in progress Baht	Total Baht
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
<u>Less</u> 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
Transactions during the year ended 31 December 2007							
Opening 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
Additions	-	-	6,723,896	578,180	-	-	7,302,076
Transfer, net	-	-	8,397,409	79,721,130	-	(8,397,409)	79,721,130
Allowance for impairment	(36,403,000)	(101,760,661)	(1,564,518,540)	(114,499,887)	(83,809,954)	-	(1,900,992,042)
Amortisation charge	(352,381)	(1,569,219)	(33,269,078)	(3,363,483)	(1,506,666)	-	(40,060,827)
Closing net book amount	-	-	-	-	-	-	-
At 31 December 2007							
Cost	48,719,349	173,565,298	3,122,342,124	284,212,000	166,646,439	-	3,795,485,210
<u>Less</u> Accumulated depreciation	(12,316,349)	(71,804,637)	(1,557,823,584)	(169,712,113)	(82,836,485)	-	(1,894,493,168)
Allowance for impairment	(36,403,000)	(101,760,661)	(1,564,518,540)	(114,499,887)	(83,809,954)	-	(1,900,992,042)
Net book amount	-	-	-	-	-	-	-

See Note 2.2 to the financial statements relating to significant uncertainty matters which effects the impairment of concession assets.

13 Consideration of impairment on assets

On 7 March 2007, the Company received the letter to revoking the Concession Agreement and the UHF television operation. Thus, the Concession Agreement was terminated. This was an indicator to impair the property and equipment, property and equipment under the Concession Agreement, programming rights and other current assets in the amounts of Baht 9.8 million, Baht 1,901 million, Baht 49.9 million and Baht 0.9 million respectively, which have been recognised in the consolidated financial statements and Baht 0.2 million, Baht 1,901 million, Baht 49.9 million and Baht 0.9 million respectively, in the company financial statements, which was determined from the net realisable value of these assets.

14 Trade accounts payable

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Trade accounts payable				
- Third parties	1,277,094	46,940,220	867,467	43,836,398
- Related parties (Note 7 c)	-	2,561,171	-	9,282,188
Total	1,277,094	49,501,391	867,467	53,118,586

15 Borrowings

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Short-term borrowings				
Current portion of long-term finance lease liabilities	142,141	1,103,518	-	2,453,518
Current portion of long-term loan from bank	114,374,515	93,194,049	114,374,515	93,194,049
Total	114,516,656	94,297,567	114,374,515	95,647,567
Long-term borrowings				
Long-term finance lease liabilities	344,387	1,358,176	-	4,901,926
Long-term loan from bank	82,968,762	199,858,989	82,968,762	199,858,989
<u>Less</u> Deferred front end fees	(1,788,923)	(2,516,424)	(1,788,923)	(2,516,424)
Total	81,524,226	198,700,741	81,179,839	202,244,491
Total borrowings	196,040,882	292,998,308	195,554,354	297,892,058

15 Borrowings (Continued)

The movements in the borrowings can be analysed as follows:

	Consolidated Baht	Company Baht
For the year ended 31 December 2007		
Opening balance, net	292,998,308	297,892,058
Increase in finance lease liabilities	648,012	-
Repayments the finance lease contracts	(129,498)	-
Terminate the finance lease contracts	(2,493,680)	(7,355,444)
Liability arising from bank guarantee of concession agreement	25,000,000	25,000,000
Repayments bank guarantee of concession agreement	(25,000,000)	(25,000,000)
Repayments	(95,709,760)	(95,709,760)
Amortisation of deferred front end fee	727,500	727,500
Closing balance	<u>196,040,882</u>	<u>195,554,354</u>

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

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Total borrowings:				
- at fixed rates	486,528	2,461,694	-	7,355,444
- at floating rates	197,343,277	293,053,038	197,343,277	293,053,038

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

Borrowings carry interest at rates as follows:

	Consolidated and Company	
	2007	2006
- Long-term loan (%)	5.00	7.50

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.

15 Borrowings (Continued)

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.

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%.

Loan default

Termination of the Concession Agreement executed on 7 March 2007 caused the Company's status to be incompliant with the terms and conditions of the Debt Restructuring Agreement and the bank was eligible to claim that the remaining loan amount became due for payment without providing the prior notice. However, the Company contacted the bank in writing to seek the approval of an alternative course of action on the said issue. On 2 August 2007, the bank permitted the Company to pay the loan under the original terms defined in the Debt Restructuring Agreement. The Company has therefore not reclassified the outstanding amount of loan as a current liability.

Maturity of non-current borrowings is as follows:

	Consolidated and Company Baht
2008	114,374,515
2009	82,968,762
Total	197,343,277

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 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	1,560,000,000	1,206,697,400	6,033,487,000	(174,296,959)	5,859,190,041
Issue of shares	-	-	-	-	-
As at 31 December 2007	<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 2007, the total authorised number of ordinary shares was 1,560 million shares (2006: 1,560 million shares) with a par value of Baht 5 per share (2006: Baht 5 per share).

16 Share capital and premium (discount) on share capital (Continued)

Warrants

As on 4 June 2007, the Company terminated all ESOP of Grant I, II, III, and IV because the Company's directors and employees resigned from the Company on 8 March 2007 according to the filing of issuing ESOP paragraph 3.3.4 which specified that the ESOP-holders must exercise their right within three months of the date of resignation. The last exercise period was in May 2007 and none of the ESOP-holders had exercised their right at that time. Therefore, the ESOP programs were terminated since the end of May 2007.

17 Service income

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Analysis of service income				
Advertising income	214,804,092	1,682,773,828	212,692,894	1,668,812,794
Airtime rental	74,914,815	421,948,212	74,914,815	421,948,212
Production income	3,004,706	2,160,363	2,925,059	1,249,351
Total	292,723,613	2,106,882,403	290,532,768	2,092,010,357

18 Net loss for the year

The following expenditures, classified by nature, have been charged in arriving at net loss for the year:

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Allowance for doubtful debt (Reversal)	4,306,271	(5,557,041)	4,306,271	(5,557,041)
Allowance for doubtful debt for loan to a subsidiary	-	-	2,888,216	-
Amortisation and allowance for impairment of programming rights and production costs	82,596,007	160,919,197	82,596,007	160,919,197
Depreciation (Note 11)	3,518,105	24,770,721	2,723,736	13,762,550
Amortisation of concession assets (Note 12)	40,060,827	224,767,800	40,060,827	224,767,800
Impairment loss on equipment (Note 11)	9,754,036	-	177,786	-
Impairment loss on concession assets (Note 12)	1,900,992,042	-	1,900,992,042	-
Impairment loss on investment (Note 10)	-	-	25,698,196	-
Impairment loss on other current assets	942,912	-	942,912	-
Staff costs	313,212,845	406,528,250	309,734,312	405,195,833

19 Income tax

The income tax on the Group's loss before tax for the years ended 31 December 2007 and 2006 differ from the theoretical amount that would arise using the basic tax rate of the Group as follows:

	Consolidated		Company	
	2007	2006	2007	2006
	Baht	Baht	Baht	Restated Baht
For the years ended 31 December				
Loss before income tax	(2,720,934,512)	(1,782,690,943)	(2,735,619,111)	(1,782,217,810)
Tax rate	30%	30%	30%	30%
The result of the accounting loss multiplied by the income tax rate	(816,280,354)	(534,807,283)	(820,685,733)	(534,665,343)
Utilisation of previously unrecognised tax losses	-	(669,204)	-	-
Tax losses in current period not recognised as deferred tax assets	814,633,113	510,318,434	819,044,820	509,507,290
Effect of expenses recognised in the different period between accounting and tax	-	24,842,911	-	24,842,911
Expenses not deductible for tax purpose	1,647,241	315,142	1,640,913	315,142
Tax charge	-	-	-	-

20 Loss per share

Basic loss per share is calculated by dividing the net 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)					
	Net loss Baht		Weighted number of shares Shares		Loss per share Baht	
	2007	2006	2007	2006	2007	2006
Basic loss per share	(2,720,934,512)	(1,782,690,943)	1,206,611,235	1,206,611,235	(2.26)	(1.48)
The effect of dilutive potential shares	-	-	-	-	-	-
Diluted loss per share	<u>(2,720,934,512)</u>	<u>(1,782,690,943)</u>	<u>1,206,611,235</u>	<u>1,206,611,235</u>	<u>(2.26)</u>	<u>(1.48)</u>

20 Loss per share (Continued)

	For the years ended 31 December (Company)					
	Net loss Baht		Weighted number of shares Shares		Loss per share Baht	
	2007	2006 Restated	2007	2006	2007	2006 Restated
Basic loss per share	(2,735,619,111)	(1,782,217,810)	1,206,611,235	1,206,611,235	(2.27)	(1.48)
The effect of dilutive potential shares	-	-	-	-	-	-
Diluted loss per share	<u>(2,735,619,111)</u>	<u>(1,782,217,810)</u>	<u>1,206,611,235</u>	<u>1,206,611,235</u>	<u>(2.27)</u>	<u>(1.48)</u>

For the year ended 31 December 2007, no warrants were exercised, and no effect to calculation of diluted loss per share. For the calculation of diluted loss per share for the year ended 31 December 2006 was included the effect of 39.52 million units of warrants to purchase ordinary shares.

21 Provident fund

The Group's provident fund ("Fund") is a part of Shin Corporation Public Company Limited's provident fund. 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.

At present, the Company does not has any employees, therefore, the Company has cancelled this fund since 7 March 2007.

22 Financial instruments

As at 31 December 2007, 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 2007 and 2006.

22 Financial instruments (Continued)

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 follows:

	Consolidated		Company	
	2007	2006	2007	2006
	Million Baht	Million Baht	Million Baht	Million Baht
Bank guarantees for operating performance under the concession agreement	-	25	-	25
Bank guarantees in respect of the normal course of business	-	58	-	58
	-	83	-	83

24 Commitments and contingencies

24.1 Commitments from the Concession Agreement before to be revoked the Concession (Effective date 7 March 2007)

Under the Concession Agreement previously revoked, 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 fee to the PMO based on the percentage of revenues or the minimum benefit, whichever is higher, as follows:

Year	Period	% of revenues	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. In case of benefit is paid lately the Company will pay 15% interest per annum on the unpaid concession fee, calculated on a daily basis from the date the payment become overdue. If payments are paid more than 45 days late, the PMO will have to revoke the Concession Agreement.

24 Commitments and contingencies (Continued)

24.1 Commitments from the Concession Agreement before to be revoked the Concession (Effective date 7 March 2007) (Continued)

On 7 March 2007, the Company received the letter of termination of the Concession Agreement from the PMO causing the Concession Agreement to be terminated. The Company is currently undertaking the litigation process against the PMO as follows;

1. A case of the arbitration institution dispute No. 46/2550 on 9 May 2007 in which the Company is the plaintiff regarding the PMO's unduly termination of the Concession Agreement which was wrongfully performed in breach of the Concession Agreement and against the law, including the arbitration institution dispute No. 1/2550 which is the disputes of the payment of the program penalty fee, interest. Both disputes are currently under the consideration of the arbitration institution, the arbitration proceeding shall continue.
2. A case in which the Company is the defendant whereby the PMO demanded that the Company make the payment of the program penalty fee, interest, approximately totaling Baht 100,000 million in Black Case No. 640/2550. Later, on 19 December 2007, the Supreme Administrative Court upheld the Central Administrative Court's verdict for the dismissal of the aforesaid case in order to allow the parties to the Concession Agreement to use the arbitration proceeding for Cases No. 1/2550 and No. 46/2550.

This shall be subject to the judgment of the Court which may vary from the estimated amount defined in the financial statement, affecting the amount of income, expenditure, assets and liabilities, and disclosure information regarding assets and unpredictable liabilities.

24.2 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	
	2007	2006	2007	2006
	Baht	Baht	Baht	Baht
Not later than 1 year	-	77,506,368	-	77,506,368
Later than 1 year and not later than 5 years	-	26,648,523	-	26,648,523
Later than 5 years	-	53,435,074	-	53,435,074
	-	157,589,965	-	157,589,965

24.3 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.

24 Commitments and contingencies (Continued)

24.4 The contingent liabilities which may have arisen from the dispute between the Company and the PMO relating to the Concession Agreement

a) Sequence of significant events of the dispute between the Company and the PMO

On 30 January 2004, the arbitration award granted by the arbitration panel on the dispute between the Company and the PMO in accordance with the Concession Agreement can be summarised as follows;

1. The PMO shall indemnify 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 6.50% (from the original rate of 44%) of gross revenue or the minimum guarantee of Baht 230 million (reduced and adjusted from the original concession agreement of the 8th year of Baht 800 million, the 9th year of Baht 900 million, and the 10th - 30th year of Baht 1,000 million each year), whichever is higher, starting 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. The amount to be returned is Baht 570 million.
4. The Company is eligible to broadcast its television programmes during the prime time (7.00 p.m. - 9.30 p.m.) without being restricted to news, documentaries and social benefit items. The Company must, however, broadcast news, documentaries and social benefit programmes 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.

On 27 April 2004, the PMO filed the complaint with the Central Administrative Court for setting aside the arbitral award granted by the arbitration panel.

On 9 May 2006, the Central Administrative Court 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 regarding on revocation of the arbitral 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 is required to change its television programmes to be in line with Clause 11 of the Concession Agreement which covers the combination of news, documentaries and social benefit programmes which shall not be less than 70% of total air-time, and all programmes broadcasted during the prime time (7.00 p.m. - 9.30 p.m.), have to be these kinds of programmes.

24 Commitments and contingencies (Continued)

24.4 The contingent liabilities which may have arisen from the dispute between the Company and the PMO relating to the Concession Agreement (Continued)

a) Sequence of significant events of the dispute between the Company and the PMO (Continued)

2. The Company is required to follow 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 PMO issued a letter dated 14 December 2006 claiming that the Company should;

1. The Company is required to alter the television programming in order to comply with Clause 11 of the Concession Agreement.
2. The Company is required to pay the unpaid concession fee totaling 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 overdue.
3. The Company is required to 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 overdue. As the Company had not scheduled programmes following Clause 11, first paragraph, 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 receipt of such notice (received on 15 December 2006). In the event that the Company fails to repay such amount within the allocated period of time, the PMO will have to act in accordance with the terms of the Concession Agreement and any relevant law.

On 21 December 2006, the Company sent a letter to the PMO which can be summarised as follows;

1. The Company has altered the television programming in compliance with Clause 11 of the Concession Agreement since 14 December 2006.
2. The Company was not at default for the payment of the concession fee since 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 concession fee during the period that the arbitral award was granted until the Supreme Administrative Court's judgment was handed down.

24 Commitments and contingencies (Continued)

24.4 The contingent liabilities which may have arisen from the dispute between the Company and the PMO relating to the Concession Agreement (Continued)

a) Sequence of significant events of the dispute between the Company and the PMO (Continued)

3. The Company 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;
 - 3.1 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 television 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.
 - 3.2 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 3.1, 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.
 - 3.3 The Supreme Administrative Court gazette No. 78/2549 dated 13 December 2006 stated that “Regarding the matter of the penalty, the parties have to resolve these 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”.
 - 3.4 The issue of interest and the penalty incurred from the alteration of television programming had not been finalised 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 its 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 fees 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 to be paid and led to cancellation of agreement by the PMO.

24 Commitments and contingencies (Continued)

24.4 The contingent liabilities which may have arisen from the dispute between the Company and the PMO relating to the Concession Agreement (Continued)

a) Sequence of significant events of the dispute between the Company and the PMO (Continued)

With regard to the interest on the unpaid concession fee claimed by the PMO, the Company and its legal consultant 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. In addition, the PMO has not requested provisional remedial measures from the Court to order the Company not to comply with the arbitral award in such period of time. Consequently, the Company has no liability for the 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.

On 4 January 2007, referring to the penalty for alteration of television programming and interest of overdue concession fee, the Company filed the statement of claim, Black Case number 1/2550, to the Arbitration Institute. With regard to concession fee in the amount of Baht 2,210 million, the Company has the opinion that in order to comply with the Concession Agreement and to compromise with the PMO not to terminate the Concession Agreement affecting The Company's business. The Company proposed that the PMO to pay the amount of Baht 2,210 million with the condition that the PMO shall enter into the arbitration proceeding seeking the arbitral award on the penalty fee and interest of the concession fee. Nevertheless, the PMO did not accept the said proposal on 31 January 2007.

On 2 February 2007, the Company submitted a letter to the Prime Minister appealing for justice proposing that the PMO accept the concession fee in the amount of Baht 2,210 million and enter into the arbitral proceedings on the issue of the penalty fee and interest.

On 13 February 2007, the PMO did not accept the said proposal. As a result, the Company's proposal shall not be enforceable from the date that the PMO rejected the Company's proposal in writing and the Company had no onward liability on its proposal onward in accordance with Section 357 of the Civil Code. Thereafter, the Central Administrative Court made an order striking out the case, Black Case number 640/2550 dated 22 June 2007 from the Case List. The Court ruled that the PMO's claimant stating that the Company accepted the unpaid debts of Baht 2,210 million cannot be viewed as the Company accepting liability because it was an options proposed by the Company which it had not become final, and thus considered as a dispute to be enter into arbitration proceedings.

24 Commitments and contingencies (Continued)

24.4 The contingent liabilities which may have arisen from the dispute between the Company and the PMO relating to the Concession Agreement (Continued)

a) Sequence of significant events of the dispute between the Company and the PMO (Continued)

On 20 February 2007, the Company issued a complaint to prescribe provisional remedial measures, and a complaint of compelling urgency was filed with the Central Administrative Court. The following matters are as follows;

1. The Company requested the Central Administrative Court to rule that the right to terminate the Concession Agreement of the PMO will be revoked during the period that the penalty fee was incurred from the change of television programming, and interest of the unpaid concession fee of approximately Baht 100,000 million will not be paid until the arbitral award is granted and the dispute becomes finalised.
2. The Company requested the Central Administrative Court to specify the grace period to make the payment of the unpaid concession fee amounting to Baht 2,210 million within 30 days of the date of the receipt of the Court order.

On 21 February 2007, the Central Administrative Court ordered the rejection of the complaint to prescribe provisional remedial measures and the complaint of compelling urgency. The Court ruled that in the case of the PMO's right of termination of Concession Agreement, the Company was entitled to claim for damages arisen from such termination if the Company viewed that such termination was incorrect. In respect of the fact that the PMO requested the Company to pay the penalty fee and interest of the concession fee as well as requested the Court demanding the Company to pay the concession fee amount of Baht 2,210 million to the PMO within 30 days from the date that the Court had granted the order, the Court opinioned that it was the case that such issues shall be mutually negotiated between the Company and the PMO. If the Company viewed that the Company should not be bound to pay or requested to provide debt settlement, the Company was eligible to process under the Concession Agreement and legal proceeding. Therefore, the Court did not deem it necessary to prescribe provisional remedial measures to the Company during the time that such process was being made. The order of the Central Administrative Court shall be deemed final and cannot be further appealed.

On 7 March 2007, the letter of revocation of the Concession Agreement was sent by the PMO requesting the Company to repay the debt and return all operations assets under the concession agreement back to the PMO within the period specified by the PMO in accordance with the Cabinet resolution passed on 6 March 2007. Such termination caused the Company to cease carrying on the business of the UHF television broadcasting station.

On 28 March 2007, the Company sent a letter to the PMO disputing that the termination of the Concession Agreement exercised by the PMO demanding that the Company pay the debts of approximately Baht 100,000 million was not in compliance with the law and terms of agreement. The reason is that the Company has not breached the Concession Agreement and disagreed with the said revocation. The termination of the Concession Agreement harmed the Company's business operations which shall be

the responsibility of the PMO, and the Company reserved its right on any further legal action against the PMO.

24 Commitments and contingencies (Continued)

24.4 The contingent liabilities which may have arisen from the dispute between the Company and the PMO relating to the Concession Agreement (Continued)

a) Sequence of significant events of the dispute between the Company and the PMO (Continued)

On 30 March 2007, the PMO requested the Central Administrative Court to order the Company to pay unpaid concession fee of Baht 2,210 million, the 12th concession fee of Baht 677 million (counted from the date the arbitration panel judged the arbitral award to 7 March 2007), interest of overdue concession fees of Baht 562 million (counted from the date the arbitration panel judged the arbitral award to the date of requesting of the order, 30 March 2007), adjusting of television program fee of Baht 97,760 million, and the undelivered value of assets under concession of Baht 656 million with 7.5% of the interest of the undelivered value of assets counted from the requested date until the Company repays in full. The undelivered value of assets fee is a new issue that the PMO has previously not raised. The aggregated amount is Baht 101,865 million.

On 8 May 2007, the Company filed against the PMO for the complaint to the Central Administrative Court in the Black Case number 910/2550 requesting that the PMO pay the compensation in the amount of Baht 119,252 million in respect of Article 5 pa.4 which has not been approved by cabinet caused the Company's damages.

On 9 May 2007, the Company filed the statement of claim, Black Case number 46/2550, with the Arbitration Institute seeking an arbitral award granted by the arbitration panel to rule that the Concession Agreement terminated by the PMO was not in accordance with law and the terms of Agreement, the PMO's claim for the Company for payment of the concession fee (fraction), interest, penalty fee and value of undelivered assets was incorrect, and compensation shall be paid to the Company by the PMO.

On 30 May 2007, the Central Administrative court ordered the dismissal of the Black Case number 910/2550 filed by the Company in respect of Article 5 pa.4 which has not been approved by cabinet caused the Company's damages. The reason for the dismissal of the case was its expiry by law (10 years).

On 22 June 2007, the Central Administrative Court passed an order striking out Black Case number 640/2550 in which the PMO demanded that the Company pay the concession fee, interest, penalty fee and value of undelivered assets from the Case List, so that the parties of the Concession Agreement shall enter into arbitration proceedings as specified in the Concession Agreement. On 24 July 2007, the PMO filed an appeal against the verdict of the Central Administrative Court (of the First Instance) with the Supreme Administrative Court regarding revocation of Black Case number 640/2007 by the Central Administrative Court. In addition, the PMO also issued a complaint to prescribe provisional remedial measures in order to stop arbitration proceedings and await for order of the Supreme Administrative Court.

On 11 July 2007, the Company appealed to the Supreme Administrative Court for the Central Administrative Court's order to dismiss Black Case number 910/2550 because of its expiry. The case No. 910/2550 was the issue that the Company filed the dispute against the PMO in respect of Article 5 pa.4 which has not been approved by cabinet caused the Company's damages and claim to be paid for damages from the PMO in the amount of Baht 119,252 million.

24 Commitments and contingencies (Continued)

24.4 The contingent liabilities which may have arisen from the dispute between the Company and the PMO relating to the Concession Agreement (Continued)

a) Sequence of significant events of the dispute between the Company and the PMO (Continued)

On 24 July 2007, the PMO filed an appeal against the verdict of the Central Administrative Court (of the First Instance) with the Supreme Administrative Court regarding revocation of Black Case number 640/2007 by the Central Administrative Court. In addition, the PMO also issued a complaint to prescribe provisional remedial measures in order to stop arbitration proceedings and await for order of the Supreme Administrative Court.

On 29 October 2007, the Company filed a complaint to prescribe the provisional remedial measures to the Central Administrative Court to prescribe provisional remedial measures and the complaint in the case of compelling urgency filed. The complaint was to request the Court to order that the Public Television Bill shall not become effective. The said Bill was approved in principle by the Cabinet and shall be brought to be considered by rules to drop the draft bill on the Thai Public Television Broadcasting Station Act ("TPBS") which was approved by the Cabinet on 24 April 2007 and shall be submitted to the National Legislative Assembly ("NLA") on 31 October 2007. The Company contested that if the Bill is approved and becomes enforceable, neither the award granted by the Arbitration Committee nor the judgment given by the Administrative Court on the dispute or case arisen between the Company and the PMO after 31 October 2007, which one of the claims that the Company claimed against the PMO to indemnify for damages and grant the Company of the concession right to re-operate the UHF Broadcasting Television Station for the remaining period as specified in the Concession Agreement, shall not be effective for final approval before its effective announcement. The reason is that all assets including rights, obligations and encumbrance of the Company shall be transferred to the government subject to Section 56, Transitory Provisions of the Bill. Consequently, the Company then requested the Central Administrative Court to commence urgent proceedings and rule that the Bill shall not be brought for the NLA's consideration in accordance with any method that the Court shall deem appropriate until the case becomes final or the Court passes other judgment.

On 30 October 2007, the Central Administrative Court rejected the complaint clarifying that the approval process of the Bill taken by the NLA is a legislative power under the Constitutional Law, and is not acting as an administrative power, therefore, the Court is unable to make an order forbidding the undertaking of the NLA to cancel the aforesaid complaint of the Company for the reason that NLA is not the Administrative Government agency, but acted as a State Legislative Assembly Council Authority for which the Administrative court has no access right to prohibit its bill approval process. In addition, since the said disputes are currently on the account of the Arbitration Committee or the court is on the process of consideration of the Company cases, the Central Administrative Court shall then be deemed unable to prescribe the provisional remedial measures as per the Company's complaint. The Administrative court remedial measures shall not be appropriate in the meantime.

24 Commitments and contingencies (Continued)

24.4 The contingent liabilities which may have arisen from the dispute between the Company and the PMO relating to the Concession Agreement (Continued)

a) Sequence of significant events of the dispute between the Company and the PMO (Continued)

On 31 October 2007, the said bill was approved by the NLA and its effective date shall be announced by the government gazette at a later stage. Nevertheless, the other claims of the Company which required the PMO to indemnify for damages by paying the damages amount will remain valid if in case the court rules in favour of the Company in the existing lawsuits.

On 14 November 2007, the Supreme Administrative Court reaffirmed the Central Administrative Court's order in dismissing the case No. 910/2550 due to its expiry (10 years). Such case was filed by the Company requesting the PMO to pay the amount of Baht 119,252 million regarding the invalidity of Article 5 pa.4 due to the PMO did not propose to the cabinet for approval caused the Company's damage.

On 19 December 2007, the Supreme Administrative Court upheld the Central Administrative Court's verdict for the dismissal of the referenced case in order to allow the parties to the Concession Agreement to use the arbitration proceeding. Accordingly, that the Company submitted the arbitration institution dispute No. 1/2550 to the arbitration institution on 4 January 2007, (prior to the termination of the Concession Agreement) seeking the ruling on the fine for the adjustment of the broadcasting schedule and the interest on the difference of the minimum concession fee, and the arbitration institution dispute No. 46/2550 on 9 May 2007, (after the termination of the Concession Agreement) with regard to PMO's illegally terminating the Concession Agreement in breach of the Concession Agreement and against the law, and both disputes are currently under the consideration of the arbitration institution, the arbitration proceeding shall continue.

b) The contingent liabilities and recording on the dispute between the Company and the PMO

The contingent liabilities after the Supreme Administrative Court's judgment on revocation of the arbitration award on 13 December 2006 and the dispute between the Company and the PMO are as follows;

1. In regard of the penalty arising from the alteration of television programming

The said liability has not been recorded in the company's financial statements since the fact of the Black Case number 640/2550 filed by the PMO demanding that the Company pay the concession fee, interest, the penalty fee and value of undelivered assets was dismissed by the Central Administrative Court which shall await the arbitral award granted by the arbitration panel and the final legal proceeding.

24 Commitments and contingencies (Continued)

24.4 The contingent liabilities which may have arisen from the dispute between the Company and the PMO relating to the Concession Agreement (Continued)

b) The contingent liabilities and recording on the dispute between the Company and the PMO (Continued)

2. In regard of the concession fee of the 9th, 10th and 11th year amounting to Baht 2,210 million and 15% interest of such amount

Since quarter 4/2006, the provision for unpaid concession fee amounting to Baht 2,210 million plus 15% interest from the date that the arbitral award was revoked by the Supreme Administrative Court was recorded in the consolidated financial statements. The reason is that the Company proposed to pay such amount to the PMO and brought the issue of the penalty fee and interest into the arbitral proceeding under the Concession Agreement. Thereafter, in the first quarter of 2007, the PMO did not accept the said payment, it shall be deemed that the Company's proposal was not mutually accepted. The Company thus had no liability on the concession fee amounting to Baht 2,210 million plus 15% interest. In addition, the Central Administrative Court made the order striking out the case No 640/2550 in which the PMO demanded that the Company pay the concession fee, interest, the penalty fee and value of undelivered assets out of the Case List, so that the disputes shall be brought into the arbitration proceeding and legal process to be finalised.

3. Value of undelivered assets

The undelivered asset in the amount of Baht 656 million plus 7.50% interest per annum of the undelivered asset from the date that the case was filed to the Court until the said amount is fully paid. The PMO has not requested the Company to pay such amount. Consequently, the Company has no liability to further deliver such asset. In addition, the Central Administrative Court made the order striking out the said case out from the Case List, therefore, the said items have not been recorded by the Company. Since the value of asset claimed by the PMO is only the business estimation comprising income, expense, profit, tax and investment asset, which terms regarding the asset only stated that the Company is required to procure the asset for the undertaking of UHF Television Broadcasting Station to cover the population at the rate of 96.72% of the population in the country without the condition of value of required asset and the Company has complied with such requirement, therefore, the Company has neither liability to procure asset nor indemnify to the PMO.

The Company is awaiting to hear the arbitral award ruling on the said contingent liabilities for Black Case No. 1/2550 and the compensation of damages arisen from illegal termination of agreement Black Case No. 46/2550. It shall be dependant on the judgment which cannot be predicted.

However, the Company has already recorded provision for unpaid concession fee amounting to Baht 2,210 million and interest from the date that the arbitral award was revoked by the Supreme Administrative Court amounting to Baht 398.67 million in these financial statements.

25 Subsequent event

On 15 January 2008, the Sate Legislative Assembly Council Authority announced Thai Public Television Broadcasting Station Act (“TPBS”) effective date by law, being 15 January 2008. The Bill was approved and becomes enforceable, and neither the award granted by the Arbitration Committee nor the judgment given by the Administrative Court on the dispute or case arisen between the Company and the PMO, for which one of the claims the Company made against the PMO to indemnify for damages and grant the Company of the concession right to re-operate the UHF Broadcasting Television Station for the remaining period as specified in the Concession Agreement, shall not be effective for final approval before its effective announcement. The reason is that all assets including rights, obligations and encumbrance of the Company shall be transferred to the government subject to Section 56, Transitory Provisions of the Bill. Nevertheless, the other claims of the Company made to the PMO to indemnify for damages by paying such damages amount still be valid if the court rules in favorable of the Company lawsuit cases.