



Annual Report 2008

ITV Public Company Limited

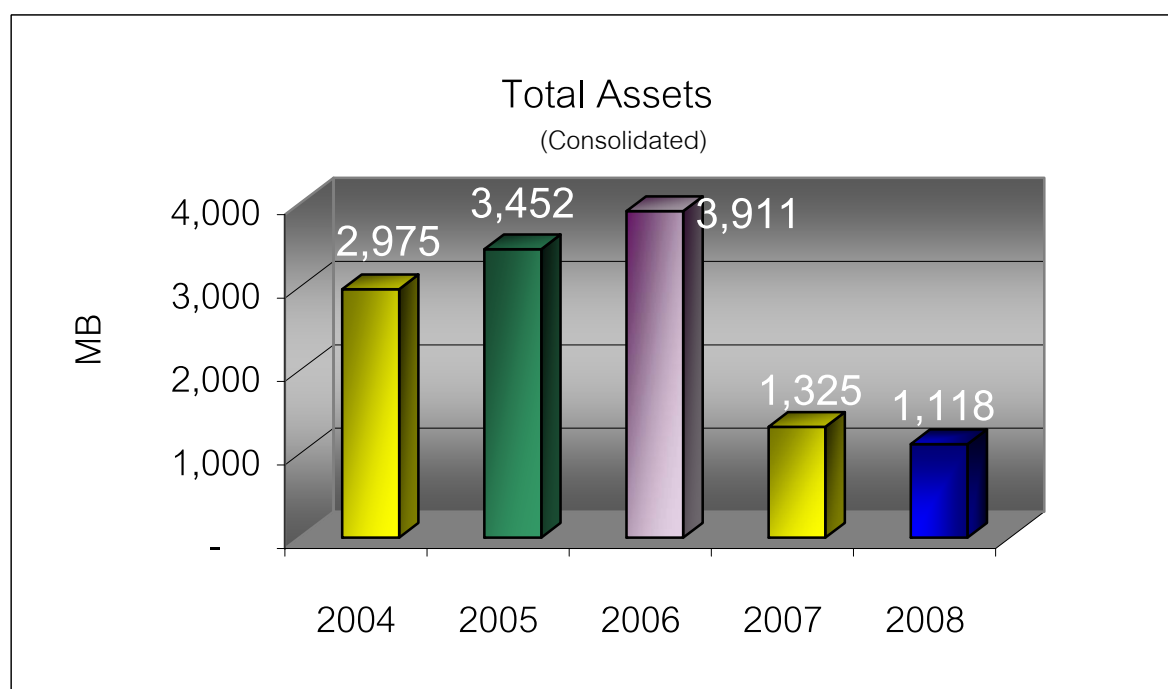
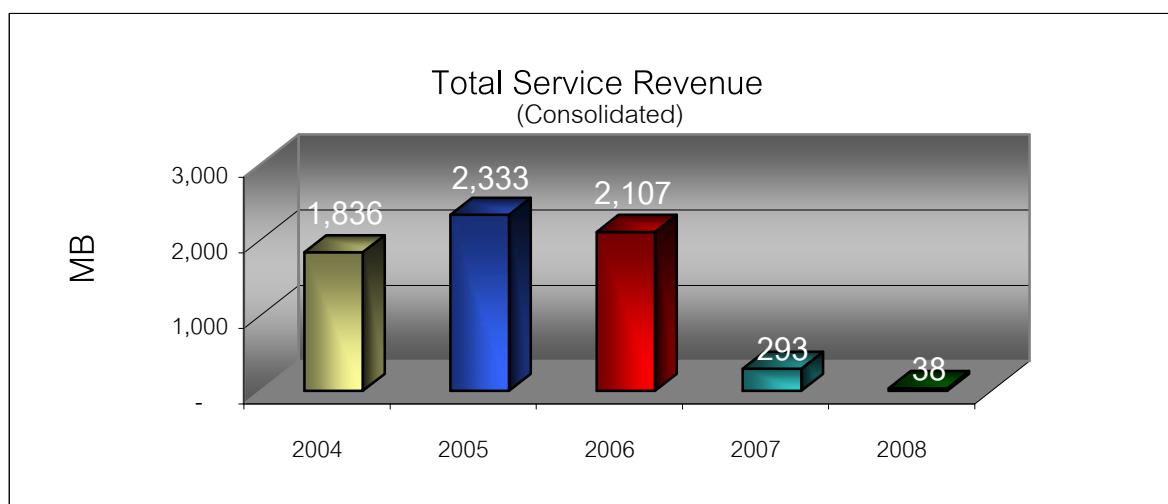
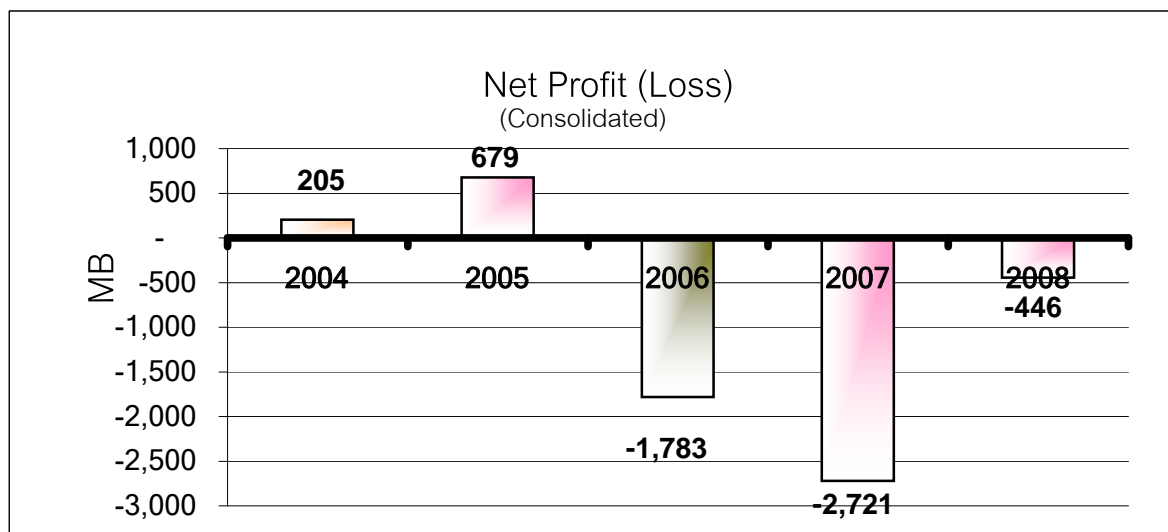
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Financial Highlights

Unit : Million Baht

For the period	2006	2007	2008
Operational Results			
Advertising Revenue	1,685	213	-
Airtime Rental Revenue	422	79	-
Total Service Revenue	2,107	293	38
Gross Margin	1,092	122	-
Net Profit (Loss)	- 1,783	(2,721)	(446)
Total Assets	3,911	1,325	1,118
Total Liabilities	3,356	3,492	3,730
Shareholders' Equity	554	(2,167)	(2,612)
Financial Ratio			
Gross Margin (%)	51.83	41.64	3.50
Return on Total Assets (%)	(48.42)	(103.93)	36.49
Current Ratio (X)	0.62	0.39	0.20
Earning per Share (Baht)	(1.48)	(2.26)	(0.37)
Book Value per Share (Baht)	0.46	(1.80)	(2.16)
As at 31 December			



General Information : Subsidiary : References

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”)
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. The Company already ceased its business operation
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 fo advertisement made via mobile phone The Company is in liquidation process .

Head Office : 1010 Shinawatra Tower 3, 2nd 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 12,500,000

Issued & Paid-up Capital : Baht 12,500,000

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. Vinit silamongkol
Certified Public Accountant Registration No.3378
KPMG Phumchai Auditor Co.,Ltd.
50-51th floor, Empire Tower
195 South Sathorn Road, Bangkok 10120
Telephone (66) 2677-2000
Facsimile (66) 2677-2222

Report of the Audit Committee

The Company's Board of Directors appointed Mr. Vichakoraput Rattanaichai, Mr. Somboon Wongwanich and Mr. Sumatee Inhu, 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 2008, 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 2009 and reviewed its relevant remuneration. The nomination will be presented to the Board of Directors for proposing to the 2009 Annual General Shareholders' Meeting.



Mr. Vichakoraput Rattanaichai
Chairman of the Audit Committee
18 February 2009

Nature of Business

1. Background, Significant Changes and Developments

ITV, formerly known as Siam Infotainment Co. Ltd. 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 led by Siam Commercial Bank Pcl. 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

Siam TV and Communication Group led by Siam Commercial Bank Pcl., was approved by the PMO to operate the new broadcasting station using the UHF system. The Company then founded Siam Infotainment Co. Ltd. to enter into the CA on July 3, 1995.

1996

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

1997

The Company set up additional signaling stations at Nation Tower, Bangna-Trad Road, and at Sinsathorn Tower, enabling broadcasting to cover Bangkok and suburb areas.

1998

The Company 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. The Company 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 December 2000, The Company had sold the newly issued shares again to the bank and Shin Corp. at the par 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. total combined paid up 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 at the value of Baht 100 per share. 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.

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 subcommission 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 for the judgment of the case The PMO did not perform in accordance with Clause 5 paragraph 4 which specifies the PMO make a payment for the Company

On December 13, 2006, the Supreme Administrative Court rendered judgment revoking the whole arbitral award date January 30, 2004 since the Clause 5 paragraph 4 not approved by The Cabinet. The Company had to perform in accordance with Clause 5 paragraph 1 The Company had to pay the minimum concession fee for the PMO Baht 1000 million guarantee minimum fee per year or 44 % of total income and caused the Company to perform in accordance with Clause 11 paragraph 1 which specifies 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 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:

- 3.1 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;
- 3.2 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;
- 3.3 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”
- 3.4 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 15% of the difference of concession fee and the failing to deliver the assets total amount Baht 101,865 million and the fines in order to allow the parties to the CA to use the arbitration proceeding as specified by the CA.

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.

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.

On April 2, 2008, The Company Board's of Directors approved the decreased three fourth of registered capital (Baht 37.5 million) from 50 million to 12.5 million Baht by decreasing from 5,000,000 shares to 1,250,000 shares par value 10 Baht.

On October 30, 2008, the PMO filed the petition Kor 9/2551 requesting the Central Administrative Court to order interim protection in order to prohibit ITV (Plc) Co., Ltd from any legal act of Land No. 25168 and 29554 (Amphur Chumpuang, Nakhonratchasima Province and Amphur Pen, Udonthani Province) until the black case No. 46/2550 is final judged. Refer to clause 1.1 paragraph 2 specifies "Land : Buildings : Assets, acquired by ITV for TV and Radio broadcasting before or after the signed contract date will be belonged to the PMO. Since the equipment installation settled, the PMO agreed the other partner have the rights and duties to occupy and operate these assets for broadcasting operation under this conditioned contract. "

On September 3, 2008 Boards of directors approved to cease business Media Connects Co., Ltd.

On November 25, 2008 The Company has disputed petition Kor 9/2551 to notify The PMO that has terminated broadcasting concession before concession agreement period.. The termination of The PMO concession has an intention to take over and use in operation ITV broadcasting business for The PMO benefit. The termination is being against the law. This termination has resumed ITV to operate broadcasting under The Civil and Commercial Code section 391 which acts as both parties has no signed agreement at first. The PMO could not claim the condition and detail of the concession which be terminated to order ITV to perform as The PMO requested. Moreover the concession has no exception in case of the concession be cancelled and the other party could not resume the broadcasting operation. So the PMO has no right to order ITV to perform as The PMO requested.

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.

For 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, 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 shareholders equity to positive position at least Baht 300 million.. 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 1,100 million as of December 31,2008. The Company has invested in debentures total amount Baht 472 million and the remaining cash is Baht 638 million. According to the economic crisis and unstable Thailand politics, 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 As the Company still operate the television broadcast business, the other contract partner (The PMO) do not perform under a significant condition of a concession agreement. The Company has proceeded under such conditioned concession agreement by requiring the PMO compensate ITV for damages ,adjust the concession agreement and operate the UHF radio and television broadcast for justly competing with other stations and business existence. The Company has asked the PMO to adjust the broadcast airtime and annual remuneration. Both parties could not find a final solution for such mentioned condition. The Company has filed an appeal to the arbitral award since 2002 for the Company damage compensation. After the arbitral award has a verdict so Since January 1’2004 the Company has started to pay the annual concession fee for decreasing ratio .And the Company has changed the broadcast program since April 1’2004. Anyhow, the PMO has submitted the petition to the Administrative Court requesting the consideration and the rendering of the judgment revoking such arbitral award.

And On May 9’2006, the Central Administrative Court rendered its judgment revoking the whole arbitral award. Later On June 7’2006, the Company filed an appeal to the Supreme Administrative Court. The Supreme Administrative Court reaffirmed the Central Administrative Court’s judgment. Such reaffirmation caused the Company to perform according to making payment to the PMO, and broadcasted program. On December 14’2006, the Company the Company has readjust the broadcasting schedule back to be in compliance with concession agreement.

The PMO sent the letter requesting the Company to pay the difference of the minimum concession fee delayed payment year 2004,2005 and 2006 amount Baht 2,210 million including the fine and the interest amount Baht 97,800 million within March 6’2007 otherwise the PMO will proceed in accordance with the specification in the agreement and law.

The Company has tried to negotiate with The PMO , the Company disagreed with the PMO regarding the obscured payment of the fine and the unfairly calculation of the fine so the Company could not pay such large amount as the PMO requested. The Company has asked the PMO to consider several solution specially in the part of the difference of the minimum concession fee which calculated until the agreement termination March 7’2007 amount Baht 2,887 million.

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. Such termination caused ITV to cease its broadcasting business using the UHF system.

However, the Company still has the dispute with the PMO for the termination of the agreement and the damage compensation. The PMO shall pay cash for the Company. The 2 disputes with the PMO are 1. The ITV is a prosecutor filed the PMO the fine calculation of programmed schedule adjustment and the interest of difference

concession fee 2. The Company filed the unfair agreement termination and damage compensation from the PMO amount Baht 21,814 million, for this case the PMO is the prosecutor counter-claim the Company to pay damage compensation amount Baht 101,865 million. Both disputes are under the arbitration judgment process.

The Company is in the midst of the arbitration judgment process for the damage compensation of concession unfair termination. All depend on the arbitration verdict and court. In case of appeal, the Company could not predict the dispute final result.

1.2 The Cases relating to ITV's news broadcast

There are six (6) pending cases relating to ITV's news broadcast. The company 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, 2008, the Company had a negative net worth of Baht 2,612 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 434 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 2,912 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, but sometimes could not 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 of 2550 on April 23'2007 and the shareholders' resolution of 2551 on April 10'2008 in order to show the clear picture of ITV's management, ITV allowed minority shareholders to appoint 2 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. 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 639 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

5.Cash deposit and company debentures investments may be affected from unpredictably interest rate and the stability of financial institution or debentures issuers.

For efficiency of return on investment, On November 20,2008 The Company appointed an asset management company to manage the return on investment and debentures investment. As December 31,2008, The Company has on-hand cash amount Baht 1,100 million which invested in debentures Baht 472 million .The company could have return on investment from on-hand cash under the company determined risk level. The debenture investment may be affected from unpredictably interest rate and the stability of debenture issuers. The Company has managed risk by determining debenture investment policy under the following scope

- 5.1 Commercial Bank Cash deposit , deposit card issued by a commercial bank. Deposit card, promissory note issued by financial company
- 5.2 Financial negotiable note, government bond, BOT bond, Financial Institutions Development Fund and debenture guaranteed principle and interest by Ministry of Finance.
- 5.3 Issued debenture/ guaranteed /Aval and endorsed by state enterprise or public company, specific established law cash deposit or issued debenture/guaranteed/Aval and endorsed by bank with specific established law.
- 5.4 Issued debenture certified/Aval/endorsed by commercial bank or a finance company or securities company
- 5.5 Issued debenture certified/Aval/endorsed by a company limited with credit rating AA plus.

Corporate Governance and Management Structure

The Company strongly believes that good governance relies on good management supervision, farsighted 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;
- 3.4.4 have neither benefits nor interest or conflict as mentioned above 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;

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

3.4.6 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;

3.4.7 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 January 19, 2009 the Board of Directors consists of:

Name	Position
1.Mr. Somkid Wangcherdchuwong	Chairman of the Board of Directors
2.Mr. Nittimon Jungsi	Vice Chairman of the Board of Directors
3.Mr. Vichakoraput Rattanaichai	Director ,Independent Director ,Chairman of the Audit Committee and Secretary of Board of Directors
4.Mr. Sumatee Inhu	Director ,Independent Director and Member of the Audit Committee
5.Mr. Somboon Wongwanich	Director ,Independent Director and Member of the Audit Committee
6. Mrs. Ratanaporn Nammontri	Director and Representative of minorities shareholder
7.Mr. Wutthiporn Diewpanich ^{1/}	Director and Representative of minorities shareholder

1/ was appointed as a director of the Company in 2008 Annual General Shareholders Meeting as April 2008.

4. Major Responsibility of the Board of Directors

4.1 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.

4.2 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.

- 4.3 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.
- 4.4 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.
- 4.5 Regularly evaluating performance and approving a remuneration scheme for management and contracted management services.
- 4.6 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.
- 4.7 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.
- 4.8 Overseeing that conflicts of interest among stakeholders are avoided.
- 4.9 Overseeing that the Company conducts its business with integrity.
- 4.10 Regularly review the corporate governance policy and evaluate its compliance actions, at least once a year.
- 4.11 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. Mr. Somboon Vongvanich is an Audited Committee who has an accounting and financial knowledge and capability., 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	4
2. Mr. Somboon Wongwanich	Member of the Audit Committee	4	3
3. Mr. Sumatee Inhu	Member of the Audit Committee	4	4

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

1. Verify with management and auditors the accuracy of the Company's financial reports in accordance with generally accepted accounting principles.
2. Comment on the changing accounting policy and determine financial approval authority of Board of managing director & managing director and report directly to Board of directors.
3. Verify the internal controls and internal audit systems to ensure that are appropriate and effective.
4. Verify 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.
5. Consider, select and nominate the Company's external auditors and propose the external audit fee to Board of directors. Moreover consider & approve the audit plan of auditor. Annually attend meetings with external auditors without management attending.
6. Verify the independent of auditors and comment on a hiring policy of auditor whose service beyond the audits scope.
7. Verify the Company risk management to ensure its appropriate and effective.
8. Verify and determine appropriate disclosure of information in case of there are connected transactions or transactions which may lead to a conflict of interest.
9. Verify and comment on internal audit performance and co-ordinate with auditors.
10. Consider the independent of internal audit team ,agree to consider hiring, termination of employment and consider the internal audit team service fee.
11. Consider and approve the authority of internal audit team and annual audit plan.
12. Assign the authority to management for coordinating with auditor and internal auditor.
13. Annually report the performance of audit committee to the Company board of director.
14. Prepare an annual disclosure report and form 56-1 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 with the following information
 - a. Opinion of the accurate, completeness and reliable of the company financial report.

- b. Opinion of the adequacy of the company internal control system.
 - c. Opinion of the Company performance accordance with the laws governing securities and exchange, the regulations of SET and the laws applicable to the Company's business.
 - d. Opinion of the appropriateness of auditor.
 - e. Opinion of the transactions which may lead to a conflict of interest.
 - f. The number of audit committee meeting and the attendance of each audit committee.
 - g. Opinion or observation which audit committee received from performing according to a charter.
 - h. Transaction which should be disclosed to shareholders or investors under the scope, duties and responsibilities assigned from the Company Board of Committee.
15. In order to perform its duties, the audit committee must directly report to the Company Board of director if there have any following transactions which affect the Company financial status and company operating performance.
- a. Transactions which may lead to a conflict of interest.
 - b. The cheating or a significant unusual deficient of internal control system.
 - c. Against the law governing securities and exchange, the regulations of SET and the laws applicable to the company's business. If the Company director committee or management have not undertaken to improve within timeline, the audit committee may report to SEC and SET.
16. Annually review the scope of work and evaluate the performance of the audit committee.

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 2008 the Board held 8 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. Somkid Wangcherdchuwong	8	8
2. Mr. Nittimon Jungsiri	8	8
3. Mr. Sumatee Inhnu	8	7
4. Mr. Vichakoraput Rattanaichai	8	8
5. Mr. Somboon Wongwanich	8	8
6. Mrs. Ratanaporn Nammontri	8	8
7. Mr. Wutthiporn Diewpanich ^{1/}	5	5

1/ was appointed the Board of Directors as of April 10, 2008

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 2008 were

(1) Director's remuneration

Directors	Remunerations (Baht)
1. Mr. Somkid Wangcherdchuwong	960,000
2. Mr. Vichakoraput Rattanaichai	600,000
3. Mr. Nittimon Jungsiri	840,000
4. Mr. Sumatee Inhnu	600,000
5. Mr. Somboon Wongwanich	600,000
6. Mrs. Ratanaporn Nammontri	600,000
7. Mr. Wutthiporn Diewpanich	435,000
Grand total	4,635,000

(2) Contracted Management Services' Remuneration

Since the Company has not operated any business so the Company has not paid any remuneration for the directors. However, the Company had to pay the remuneration for law advisor, lawyer, contracted accounting and financial management service and financial advisor for an advise of rehabilitation plan year 2008 amount Baht 23.7 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 2008 General Annual Shareholders Meetings, the director's attendance list for the year is as follows:

Name	Positions	2008 General Annual Shareholders
1. Mr. Somkid Wangcherdchuwong	Chairman	Attend
2. Mr. Nittimon Jungsiri	Vice Chairman	Attend
3. Mr. Vichakoraput Rattanaichai	Director ,Independent Director ,Chairman of the Audit Committee	Attend
4. Mr. Sumatee Inhu	Director ,Independent Director and Member of the Audit Committee	Attend
5. Mr. Somboon Wongwanich	Director ,Independent Director and Member of the Audit Committee	Attend
6. Ms. Ratanaporn Nammontri	Director and Representative of minorities shareholder	Attend
7. Mr. Wutthiporn Diewpanich	Director and Representative of minorities shareholder	was appointed as a director of the Company in 2008 Annual General Shareholders Meeting as April 2008.

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 2008, 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. 4) reported as of December 31, 2008

Related Parties	1. Thai Com Plc. (THCOM)		
Relation to the Company	THCOM is a subsidiary of the SHIN Group, in which SHIN holds 41.14% of its shares. Neither the Company nor THCOM has the same directors sitting on their Boards.		
Nature of Transaction	The Company used to rent a satellite transponder from THCOM and pays an average monthly fee of Baht 3,046,950.		
Related Transactions		December 31, 2007 (Million Baht)	December 31, 2008 (Million Baht)
(Consolidated Statements)	Transponder rental	7.28	-
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 THCOM from that date.		
Related Parties	2. Matchbox Co., Ltd. (MB)		
Relation to the Company	MB is a subsidiary of the SHIN Group, in which SHIN holds 99.96% of its shares. As of December 31, 2008 neither the Company nor MB has the same directors sitting on their Boards.		
Nature of Transaction	MB advertises with and purchases station airtime from the Company. MB also purchases rights to the use of exhibition space. The Company contracts SMB to public programs for its station on a case to case basis		
Related Transactions		December 31, 2007 (Million Baht)	December 31, 2008 (Million Baht)
(Consolidated Statements)	1. Advertising income, air-time rent, And program production fees	11.09	-
	2. Other service fees	0.54	-
	3. Revenues from sales	1.24	-
	4. Public relations fees	7.33	-
	5. Other expenses	0.65	-
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. The transaction was not available after the company was cancel the operating agreement by PMO.		

Related Parties	3. CS Lox info Plc. (CSL)		
Relation to the Company	CSL is an affiliated company of the in the SHIN Group. SHIN is its major shareholder holding 41.14% of THCOM shares, whereas THCOM holds 99.99% in DTV shares, and DTV holds 39.74% in CSL shares. As of December 31, 2008 neither the Company nor CSL has the same directors sitting on their Boards.		
Nature of Transaction	The Company uses the CSL's leased line internet services and pays its monthly service fees		
Related Transactions		December 31, 2007 (Million Baht)	December 31, 2008 (Million Baht)
(Consolidated Statements)	1. Rental fee paid for lease lines	0.23	-
	2. Email service fee & Domain name	-	0.0036
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	4. Teleinfo Media Co., Ltd. (TMC)		
Relation to the Company	TMC is an affiliated company in the SHIN Group. SHIN is its major shareholder holding 41.14% of THCOM shares, whereas THCOM holds 99.99% in DTV shares, and DTV holds 39.74% in CSL shares and CSL holds 99.99% in TMC . December 31, 2008 neither the Company nor TMC has the same directors sitting on their Boards		
Nature of Transaction	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		December 31, 2007 (Million Baht)	December 31, 2008 (Million Baht)
(Consolidated Statements)	Advertising, air-time rent, and program Production revenues	0.01	-
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	5. Advanced Info Service Plc. (ADVANC)		
Relation to the Company	ADVANC is an associated company in the SHIN Group. SHIN holds 42.67% of its shares. As of December 31, 2008 neither the Company nor ADVANC has the same directors sitting on their Boards.		
Nature of Transaction	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		December 31, 2007 (Million Baht)	December 31, 2008 (Million Baht)
(Consolidated Statements)	1. SMS revenue sharing income	4.21	-
	2. Mobile phone service fees	0.42	-
	3. Other service fees	0.13	-
Rationality and necessity of the transactions	- 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	6. Digital Phone Co., Ltd. (DPC)		
Relation to the Company	DPC is an associated company in the SHIN Group. SHIN holds 42.67% of ADVANC shares and ADVANC holds 98.55% of DNS. As of December 31, 2008 neither the Company nor DPC as the same directors sitting on their Boards.		
Nature of Transaction	DPC shared its income from the "Hot news on Mobile" service with the Company.		
Related Transactions		December 31, 2007 (Million Baht)	December 31, 2008 (Million Baht)
(Consolidated Statements)	Revenue sharing income	0.05	-
Rationality and necessity of the transactions	DPC agreed to share 50% of its net income from the "Hot news on Mobile" service with the Company		

Related Parties	7. Data Network Solutions Co., Ltd. (DNS)		
Relation to the Company	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 Transaction	The Company used DNS's network service and rented DNS' transmission equipment for nationwide news broadcasts.		
Related Transactions		December 31, 2007 (Million Baht)	December 31, 2008 (Million Baht)
(Consolidated Statements)	Service and rental fees	0.03	-
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	8. Other companies in the SHIN Group		
Relation to the Company			
Nature of Transaction	The Company uses services from other companies in the SHIN Group		
Related Transactions		December 31, 2007 (Million Baht)	December 31, 2008 (Million Baht)
(Consolidated Statements)	Service fees for information provided on leased lines	0.05	-
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		

Major Shareholders Structure

- a. Top ten major shareholders of the ITV Public Company Limited. The data from Thailand Securities Depository Company Limited as of the latest closing date of the Company's share registration book as of March 20, 2008.

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	48,345,000	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	7,119,700	0.59
9	Mr. Prasert Lohaviboonsab	7,060,000	0.59
10	Mr. Virat Klongprakij	5,000,000	0.41
Total		822,864,640	68.19

- 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 August 29, 2008 are:

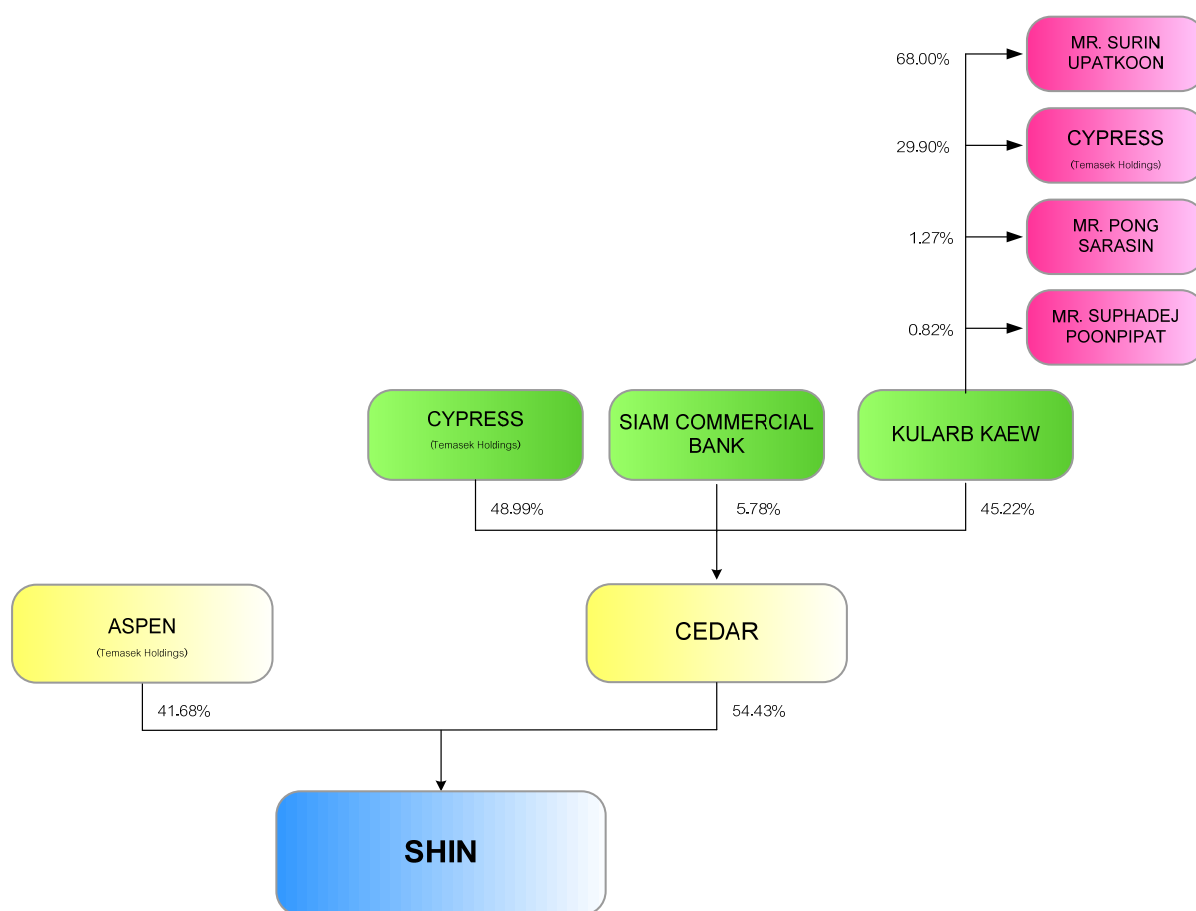
No.	Shareholder Name	Share Number	% of Share Ownership
1.	Cedar Holding Co., Ltd.*	1,742,407,239	54.43
2.	Aspen Holding Co., Ltd.*	1,334,354,825	41.68
Total		3,076,762,064	96.11

Note: Data from Thailand Securities Depository Company Limited as of August 29, 2008.

*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 (5.78%), 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 is presented as follows:



Remark : as of January 20, 2009

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, 2008 the Company's financial statements still reveal an accumulated loss of Baht 8,472 million.

INFORMATION OF BOARD OF DIRECTORS

Name-Surname	Mr. Somkid Wangcherdchuwong
Age (year)	52
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
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 & Business 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
Age (year)	51
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 • Directors Accreditation Program (DAP), 75/2008
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
Age (year)	42
Position	Director, Independent Director, Member of the Audit Committee
% of Shareholding	-None-
Relationship with Management	-None-
Background	<ul style="list-style-type: none"> • Bachelor Degree of Law, Ramkhamheang University • Directors Accreditation Program (DAP), 75/2008
Work Experience	2007 - Present - Director, Independent Director, Member of the Audit Committee, 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 Rattanavichaien
Age (year)	50
Position	Director, Independent Director, Chairman of the Audit Committee and Secretary of the Board of Directors
% of Shareholding	-None-
Relationship with Management	-None-
Background	<ul style="list-style-type: none"> • Bachelor Degree of Law, Ramkhamheang University • Directors Accreditation Program (DAP), 75/2008
Work Experience	2007 - Present - Director, Independent Director, Chairman of the Audit Committee, 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 Chalopatum Law Office
Illegal Record In Past 10 years	-None

Name-Surname	Mr. Somboon Wongwanich
Age (year)	42
Position	Director, Independent Director and Member of the Audit Committee
% of Shareholding -	-None-
Relationship with Management	-None-
Background	<ul style="list-style-type: none"> • Master Degree MA (Financial Accounting), Chulalongkorn University • Directors Accreditation Program (DAP), 75/2008
Work Experience	2007 - Present - Director, Independent Director, Member of the Audit Committee ITV Plc. 2005 - 2006 - Finance Director, 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

Name-Surname	Mrs. Ratanaporn Nammontri
Age (year)	44
Position	Director
% of Shareholding	0.0575
Relationship with Management	-None-
Background	<ul style="list-style-type: none"> • Bachelor Degree of Liberal Art, Ramkhamheang University • Directors Accreditation Program (DAP), 75/2008
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. Wutthiporn Diewpanich

Age (year)

Be appointed as a director of the Company as of April 10, 2008.)
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Position

Director

% of Shareholding

-None-

Relationship with Management

-None-

Background

- Master Degree of Arts (Applied Sociology), Kasetsart University
- Directors Accreditation Program (DAP), 75/2008

Work Experience

- 2008 - Present - Director, ITV Plc.
2007 - Present - Savant committee, Thai Consumer Protection Association
1997 - Present - Chairman of Consumer Rights Association
- Director, V. Comtech Co., Ltd.
1991 - Present - Vice Chairman & committee Association of Thailand Telecommunications under patronage
1987 - 1997 - Director & General Manager, Worajak International Co., Ltd.
1984 - 1987 - Marketing Manager, Jebson & Jessen (Thailand) Co., Ltd.
1981 - 1984 - Marketing Manager, Zimedaby (Thailand) Co., Ltd.
1979 - 1981 - Sales Manager, B.Grim & Go Co., Ltd.

Illegal Record In Past 10 years

-None

Management Discussion and Analysis

Operation Results (Consolidated Financial Statements) Financial Highlight

Unit : Baht Million

	2008	2007	% YoY
Total Revenues	38	352	(89.2%)
Cost of Services	(0.3)	(171)	(100%)
Selling and Admin Expenses	(39)	(95)	(58.9%)
Normal Profit from Business	-	86	(100%)
Interest Payables	(6)	(17)	(64.7%)
Costs not relating to its normal operation			
Costs relating to its premature termination of its television broadcasting concession	-	(265)	100%
Provision for the different of Concession Fee Jan.1, 2007- March 7, 2007	-	(181)	-N.A-
Provision for late Interest Charges on the different Concession Fee	(433)	(382)	13.3%
Loss on Impairment of Assets	-	(1,962)	(100%)
Total Cost and Selling and Admin Expenses	(484)	(3,073)	(84.2%)
Net Profit /(Loss)	(446)	(2,721)	(83.6%)

Total Revenues

In 2008 the Company made only Baht 38 million in total revenues, a drop of 89.2% or Baht 314 million from Baht 352 million in 2007. Year 2008, the Company's only source of income is its interest income and its share of incomes from subsidiary and joint-ventures compared with that of year 2007 which company's income flow from advertisement services of television broadcasting business until March 7'2007.

Total Costs

In 2008, the Company incurred Baht 39 million in its total costs (cost of services and sales and administrative expenses), a drop of 85% or Baht 227 million from 2007. All the costs result from television broadcasting operations until March 8'2008. But year 2008 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

From the termination of the Company's television broadcasting concession on March 7, 2007, the Company need to have a provision for the different of concession fee for the whole year.

Interest Payables

In 2008, the Company's interest expense was Baht 6 million, a drop of 62% or a Baht 11 million reduction from 2007. The Company had repaid its loan dues in accordance with the loan contract amount of Baht 50 million and repaid its total loan before due in September'2008 amount Baht 147 million . So the Company has no loan as December 31'2008.

Net Loss

In 2008, the Company experienced a Baht 446 million in net loss as compared to its net loss of Baht 2,721 million in 2007, or an decrease of Baht 2,275 million. The decreased 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 1,911 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 .The incurred loss was resulted from booked provision for the different of concession fee and the interest of the provision which had not incurred yet.

Analysis of Financial Position (Consolidated Financial Statements)

1. Assets

As at December 31, 2008, the Company's total assets amounted to Baht 1,118 million, a decrease from year-end 2007 of Baht 207 million, or 15.6%. Mainly from cash and cash equivalent accounted to 57.2% of the total assets. Investment fund 41.8 % of the total assets. Main items in the assets were:

Unit : Baht Million

	December 2008	% of Total Asset	December 2007	% of Total Asset
Cash and cash equivalents	639	57.2%	1,236	93.2%
Interim investment	79	7.1%	-	-
Trade accounts receivable, net	0	0.0%	1	0.1%
Other current assets	11	1.0%	79	6.0%
Concession assets, net	-	-	-	-
Long-term investment	388	34.7%	-	-
Equipment, net	0	0%	2	0.1%
Other assets	1	0%	8	0.6%
Total assets	1,118	100.0%	1,325	100.0%

□ Current Asset

As at December 31, 2008, the Company's current assets amounted to Baht 730 million, a decrease from year-end 2007 of Baht 586 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 Baht 243 million. The Company has booked provision its impairment of programming rights Baht 103 million and some portion invested in short-term debentures.

□ Non-Current Assets

As December 31, 2008 the Company Non-current Assets were amount Baht 388 million, increase of Baht 378 million from the previous year. The significant increase resulted from some portion of investment in long term debentures which have high return on investment by considering the low risk, reliable debentures such as government bond, state enterprise bond and company debentures with rating AA plus

2. Liabilities

As at December 31, 2008, total liabilities stood at Baht 3,730 million, showing an increase of Baht 238 million, or 6.8% from year-end 2007. 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. And the Company repaid total loan Baht 197 million. Liabilities as December 31, of 2008 and 2007 comprised:

Unit : Baht Million

	December 2008	% of Total Liabilities	December 2007	%of Total Liabilities
Trade accounts payable	0	0.0%	1	0.0%
Provision for unpaid concession fee and Interest	3,723	99.8%	3,289	94.2%
Other current liabilities	7	0.2%	6	0.2%
Current portion of long-term loan due within 1 year	-	-	114	3.3%
Long-term loan	-	-	82	2.3%
Total liabilities	3,730	100.0%	3,492	100.0%

3. Shareholders' Equity

As at December 31, 2008, the Company's total shareholders' equity was negative amount of Baht 2,612 million. The decrease Baht 445 million from year end 2007 resulted from year 2008 operating losses of Baht 446 million. This affected the Shareholders' Equity and the debt to equity ratio year end 2007 decreased from 1.61 to 1.43 as December 31'2008. The Company is in the process of seeking a rehabilitation plan.

Liquidity

As year end 2007, the Company had on-hand cash Baht 1,236 million and Baht 639 million as year end 2008. The Company had decreased net cash flow Baht 597 million which resulted from

- ❑ Cash flow resulted from accounts receivables , Baht 72 million withholding received interest , taxed refund and others
- ❑ Net cash used in operating activities as following.
 - Account payable and operating expenses Baht 41 million
 - Repaid loan Baht 197 million and interest Baht 6 Baht 203 million million(The Company repaid total bank loan)
 - Debentures investment Baht 467 million
 - Total Net cash used in operating activities Baht 711 million
- ❑ Net cash Cash flow the year 2008 Baht 639 million

As year 2008, the Company current ratio is 0.20 decreased from that of previous year 0.39. Since the Company had reserved for interest payables on concession fee differences.

Board of Directors' responsibility for financial reporting

The Board of Directors is responsible for ITV Public Company Limited's financial statements and for ITV Public Company Limited and its subsidiaries' consolidated financial statements, including the financial information presented in this annual report. The aforementioned financial statements are prepared in accordance with generally accepted accounting principles, using careful judgment and the best estimation. Important information is adequately and transparently disclosed in the notes to financial statements to the Company's shareholders and investors.

The Board of Directors has provided and maintained a risk management system and appropriate and efficient internal controls to ensure that accounting records are accurate, have integrity and are adequate to protect its assets and uncover weakness in order to prevent fraud or materially irregular operation.

In this regard, the Board of Directors has entrusted an Audit Committee responsible for review the accounting policy and financial reports, review internal controls, internal audit and risk management system. Such comment on these issues have been included in the Audit Committee Report, which is presented in this annual report.

The financial statements of the Company and the consolidated financial statements of Company and its subsidiaries have been examined by an external auditor, KPMG Phoomchai Audit Limited. In conducting their audit and to express an opinion in accordance with generally accepted auditing standards, the Company has supported them with all of the Company's records and related data. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Directors believes that the Company's overall internal control system has functioned up to a satisfactory level and rendered credibility and reliability to ITV Public Company Limited's financial statements and for the consolidated financial statements of ITV Public Company Limited and its subsidiaries for the period ended December 31, 2008 and that they have been prepared according to generally accepted principles and related regulations.



Somkid Wangcherdchuwong
Chairman of the Board of Director



KPMG Phoomchai Audit Ltd.

Empire Tower, 50th-51st Floors
195 South Sathorn Road
Bangkok 10120, Thailand

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Report of Certified Public Accountant

To the Shareholders of ITV Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2008, and the related statements of income, changes in equity and cash flows for the year then ended of ITV Public Company Limited and its subsidiaries, and of ITV Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits. The consolidated and separate financial statements of ITV Public Company Limited and its subsidiaries, and of ITV Public Company Limited, respectively, for the year ended 31 December 2007 were audited by another auditor whose report dated 20 February 2008 stated that, based on his audit he was unable to express an opinion on such consolidated and separate financial statements because of the significance of the matters as described in note 2 (b) to the financial statements.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

As mentioned in notes 2 (b) and 21 to the financial statements as at 31 December 2008, the Company's current liabilities exceed its current assets by an amount of Baht 3,000 million and there is a deficit in excess of the share capital of an amount of Baht 2,612 million and the Company's Television Broadcasting Station under a UHF Radio-Television Broadcasting Agreement ("Operating 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 Operating Agreement fee totaling Baht 2,210 million and the interest on the total unpaid Operating Agreement fee at 15% per annum including the penalty arising from the alteration of television programming of Baht 97,760 million and adjust television programs fee. Subsequently, the Company ceased its operations and delivered their assets under the Operating Agreement to PMO. The Company has filed statements of claim regarding the unpaid Operating Agreement fee totaling Baht 2,210 million plus the interest and adjust television programs fee 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 ITV's ability to continue as a going concern.



Because of the significance of the matters discussed in the preceding paragraph to the consolidated and separate financial statements for the year ended 31 December 2008 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.

A handwritten signature in purple ink, appearing to be 'Winid Silamongkol', written in a cursive style.

(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
18 February 2009

ITV Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2008 and 2007

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		2008	2007	2008	2007
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	5	639,344,825	1,235,976,877	634,789,020	1,211,910,020
Current investments	6	79,280,800	-	79,280,800	-
Trade accounts receivable	7	80,000	832,781	-	568,721
Loan to a subsidiary	4	-	-	1,403,330	2,111,784
Programming rights and production costs	8	-	-	-	-
Withholding tax receivable		798,833	62,949,816	409,143	61,909,528
Other current assets	9	10,013,041	16,015,565	10,049,570	15,753,503
Total current assets		729,517,499	1,315,775,039	725,931,863	1,292,253,556
<i>Non-current assets</i>					
Investments in a subsidiary and a joint venture	10	-	-	3,536,223	24,301,804
Long term investment	6	388,063,975	-	388,063,975	-
Equipment	11	25,073	1,571,947	25,073	-
Assets under Operating Agreement	12	-	-	-	-
Other non-current assets		91,200	8,117,669	91,200	7,721,298
Total non-current assets		388,180,248	9,689,616	391,716,471	32,023,102
Total assets		1,117,697,747	1,325,464,655	1,117,648,334	1,324,276,658

The accompanying notes are an integral part of these financial statements

ITV Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2008 and 2007

		Consolidated		Separate	
		financial statements		financial statements	
Liabilities and equity	Note	2008	2007	2008	2007
		(in Baht)			
Current liabilities					
Trade accounts payable	14	488,349	1,277,094	488,349	867,467
Current portion of finance lease liabilities	15	-	142,141	-	-
Current portion of long-term loan from bank	15	-	114,374,515	-	114,374,515
Provision for unpaid operating agreement fee and interest	21	3,722,906,962	3,289,489,154	3,722,906,962	3,289,489,154
Accrued expenses		6,526,221	5,118,813	6,377,556	4,862,450
Other current liabilities		69,252	141,863	69,252	106,072
Total current liabilities		3,729,990,784	3,410,543,580	3,729,842,119	3,409,699,658
Non-current liabilities					
Finance lease liabilities	15	-	344,387	-	-
Long-term loan from bank	15	-	81,179,839	-	81,179,839
Total non-current liabilities		-	81,524,226	-	81,179,839
Total liabilities		3,729,990,784	3,492,067,806	3,729,842,119	3,490,879,497
Equity					
Share capital	16				
Authorised share capital		7,800,000,000	7,800,000,000	7,800,000,000	7,800,000,000
Issued and paid-up share capital		6,033,487,000	6,033,487,000	6,033,487,000	6,033,487,000
Deficiency on share capital	16	(174,296,959)	(174,296,959)	(174,296,959)	(174,296,959)
Deficit		(8,471,508,967)	(8,025,793,192)	(8,471,409,715)	(8,025,792,880)
Unrealised gain on securities available for sale	6	25,889	-	25,889	-
Total equity		(2,612,293,037)	(2,166,603,151)	(2,612,193,785)	(2,166,602,839)
Total liabilities and equity		1,117,697,747	1,325,464,655	1,117,648,334	1,324,276,658

The accompanying notes are an integral part of these financial statements

ITV Public Company Limited and its Subsidiaries

Statements of income

For the years ended 31 December 2008 and 2007

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2008	2007	2008	2007
		(in Baht)			
Revenues					
Revenue from rendering of services	17	400,000	292,723,613	-	290,532,768
Interest income		36,680,891	47,879,585	36,628,646	47,901,452
Other income		1,153,472	11,692,889	1,146,653	11,043,894
Total revenues		38,234,363	352,296,087	37,775,299	349,478,114
Expenses					
Cost of rendering of services		385,596	170,870,306	-	168,893,164
Concession fee unpaid operating agreement fee	21	-	180,821,918	-	180,821,918
		433,417,808	382,319,291	433,417,809	382,319,291
Selling and administrative expenses		39,268,371	357,523,412	34,177,104	355,366,737
Impairment loss on assets		14,239	1,961,592,858	4,957,464	1,977,714,805
Directors' remuneration	4	4,635,000	3,530,000	4,635,000	3,530,000
Total expenses		477,721,014	3,056,657,785	477,187,377	3,068,645,915
Loss before interest expense		(439,486,651)	(2,704,361,698)	(439,412,078)	(2,719,167,801)
Interest expense		(6,229,124)	(16,572,814)	(6,204,757)	(16,451,310)
Loss for the year		(445,715,775)	(2,720,934,512)	(445,616,835)	(2,735,619,111)
Loss per share (Baht)					
	19				
Basic		(0.37)	(2.26)	(0.37)	(2.27)
Diluted		(0.37)	(2.26)	(0.37)	(2.27)

The accompanying notes are an integral part of these financial statements.

ITV Public Company Limited and its Subsidiaries
Statements of changes in equity
For the years ended 31 December 2008 and 2007

Consolidated financial statements					
<i>Note</i>	Share capital	Deficiency on share capital	Fair value changes (in Baht)	Deficit	Total equity
At 1 January 2007	6,033,487,000	(174,296,959)	-	(5,304,858,680)	554,331,361
Loss for the year	-	-	-	(2,720,934,512)	(2,720,934,512)
At 31 December 2007	6,033,487,000	(174,296,959)	-	(8,025,793,192)	(2,166,603,151)
At 1 January 2008	6,033,487,000	(174,296,959)	-	(8,025,793,192)	(2,166,603,151)
Unrealised gain on securities available for sale	-	-	25,889	-	25,889
Net income recognised directly in equity	-	-	25,889	-	25,889
Loss for the year	-	-	-	(445,715,775)	(445,715,775)
At 31 December 2008	6,033,487,000	(174,296,959)	25,889	(8,471,508,967)	(2,612,293,037)

Separate financial statements					
<i>Note</i>	Share capital	Deficiency on share capital	Fair value changes (in Baht)	Deficit	Total equity
At 1 January 2007	6,033,487,000	(174,296,959)	-	(5,290,173,769)	569,016,272
Loss for the year	-	-	-	(2,735,619,111)	(2,735,619,111)
At 31 December 2007	6,033,487,000	(174,296,959)	-	(8,025,792,880)	(2,166,602,839)
At 1 January 2008	6,033,487,000	(174,296,959)	-	(8,025,792,880)	(2,166,602,839)
Unrealised gain on securities available for sale	-	-	25,889	-	25,889
Net income recognised directly in equity	-	-	25,889	-	25,889
Loss for the year	-	-	-	(445,616,835)	(445,616,835)
At 31 December 2008	6,033,487,000	(174,296,959)	25,889	(8,471,409,715)	(2,612,193,785)

The accompanying notes are an integral part of these financial statements.

ITV Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2008 and 2007

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Loss for the year	(445,715,775)	(2,720,934,512)	(445,616,835)	(2,735,619,111)
<i>Adjustments for</i>				
Depreciation and amortisation	2,887,804	44,306,432	1,791,735	43,512,063
Allowance for doubtful debt (reversal)	(694,805)	4,306,271	13,649	7,194,487
Interest income	(36,680,891)	(47,879,585)	(36,628,646)	(47,901,452)
Interest expense	6,229,124	16,572,814	6,204,756	16,451,310
Impairment loss on equipment and				
Operating Agreement assets	14,239	1,911,688,990	-	1,902,112,740
Impairment loss on programming rights	-	82,596,007	-	82,596,007
Impairment loss on investment	-	-	4,249,010	25,698,196
Loss on disposal of equipment	344,968	2,521,032	-	1,218,031
Gain on sale of debt securities	(326,734)	-	(326,734)	-
Reversal on devaluation of barter assets	-	(159,813)	-	(159,813)
	<u>(473,942,070)</u>	<u>(706,982,364)</u>	<u>(470,313,065)</u>	<u>(704,897,542)</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	1,447,586	354,720,783	1,263,526	348,589,256
Withholding tax receivable	62,150,982	(14,038,932)	61,500,385	(14,114,345)
Other current assets	9,576,029	14,124,694	9,371,899	14,138,679
Other non-current assets	8,026,469	3,098,531	7,630,099	3,493,822
Trade accounts payable	(788,744)	(16,767,208)	(379,117)	(16,099,634)
Provision for unpaid operating agreement fee and interest	433,417,808	563,141,208	433,417,808	563,141,208
Accrued expenses	1,488,508	(235,696,793)	1,596,206	(231,810,300)
Other current liabilities	(72,612)	(34,352,687)	(36,822)	(34,046,506)
Net cash provided by (used in) operating activities	<u>41,303,956</u>	<u>(72,752,768)</u>	<u>44,050,919</u>	<u>(71,605,362)</u>

The accompanying notes are an integral part of these financial statements.

ITV Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2008 and 2007

		Consolidated		Separate	
	Note	financial statements		financial statements	
		2008	2007	2008	2007
		(in Baht)			
Cash flows from investing activities					
Interest received		33,107,387	47,798,485	32,960,682	47,820,352
Purchases of debt securities		(933,816,711)	-	(933,816,711)	-
Sale of debt securities		466,824,558	-	466,824,558	-
Purchases of programming rights and production costs		-	(54,750,943)	-	(54,750,943)
Investments in assets under Operating Agreement		-	(22,120,665)	-	(26,815,298)
Sale of equipment		1,118,517	8,371,977	-	883,310
Purchases of equipment		(1,029,420)	(9,381,711)	(27,885)	(9,109,138)
Return investment from capital reduction of joint venture		-	-	16,516,571	-
Proceed loan to subsidiary		-	-	-	14,000,000
Net cash flows used in investing activities		(433,795,669)	(30,082,857)	(417,542,785)	(27,971,717)
Cash flows from financing activities					
Interest paid		(6,310,534)	(16,491,714)	(6,285,856)	(16,370,210)
Repayment of long-term loan from bank		(197,343,277)	(95,709,760)	(197,343,278)	(95,709,760)
Finance lease liabilities payments		(486,528)	(66,254)	-	-
Net cash flows used in financing activities		(204,140,339)	(112,267,728)	(203,629,134)	(112,079,970)
Net decrease in cash and cash equivalents		(596,632,052)	(215,103,353)	(577,121,000)	(211,657,049)
Cash and cash equivalents at beginning of year		1,235,976,877	1,451,080,230	1,211,910,020	1,423,567,069
Cash and cash equivalents at end of year	5	639,344,825	1,235,976,877	634,789,020	1,211,910,020

The accompanying notes are an integral part of these financial statements.

ITV Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2008 and 2007

Note	Contents
1	General information
2	Basis of preparation of the financial statements
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4	Related party transactions and balances
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ITV Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2008 and 2007

These notes form an integral part of the financial statements.

These financial statements were authorised for issue by the Board of directors on 18 February 2009.

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 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.

During the year, 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 of the Stock Exchange of Thailand.

The parent company during the financial year was Shin Corporation Public Co., Ltd. It was incorporated in Thailand.

The Company used to operate a television broadcasting station under a UHF radio-television broadcasting agreement (“Operating Agreement”) provided by the Office of the Permanent Secretary of the Office of the Prime Minister (“PMO”). The Company’s Operating Agreement was revoked on 7 March 2007. Therefore, the Company ceased its operations.

The Operating Agreement 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 21 to the financial statements. On 7 March 2007, the letter of revocation of the Operating Agreement was sent by the PMO requesting the Company to repay the debt and return all operations assets under the Operating 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.

Details of the Company’s subsidiary and jointly controlled entity as at 31 December 2008 and 2007 are as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest	
			2008	2007
Subsidiary				
Artware Media Company Limited	Principal business is the lease of equipment for television programs and movies and arranging related marketing events. (At present, the company ceased its operation)	Thailand	99.99	99.99
Joint venture				
Media Connex Company Limited	Produce contents and advertising media on mobile phones by accompanying computer technologies, televisions and mobile phones. (At present, the company ceased its operation)	Thailand	60.00	60.00

ITV Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2008 and 2007

2 Basis of preparation of financial statements

(a) Basis of preparation

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and with generally accepted accounting principles in Thailand.

The Group has adopted the following new and revised Thai Accounting Standards (TAS) which were issued by the FAP during 2007 and effective for accounting periods beginning on or after 1 January 2008:

TAS 25 (revised 2007)	Cash Flows Statements
TAS 29 (revised 2007)	Leases
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 51	Intangible Assets

The adoption of these new and revised TAS does not have any material impact on the consolidated or separate financial statements.

The FAP has issued during 2008 a number of revised TAS which are only effective for financial statements beginning on or after 1 January 2009 and have not been adopted in the preparation of these financial statements. These revised TAS are disclosed in note 23.

The financial statements are presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand unless otherwise stated, e.g. nearest million. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These judgements, estimates and assumptions are based on historical experience and various other factors, including management’s assessment of the potential impact on the Group’s operations and financial position of the global economic crisis. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 13 Measurement of the recoverable amounts of cash-generating units
- Note 18 Utilisation of tax losses
- Note 21 Provisions and contingencies

ITV Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

(b) Financial status

As at 31 December 2008, the Company's current liabilities exceed its current assets by an amount of Baht 3,000 million and deficit in excess of its share capital by an amount of Baht 2,612 million (*31 December 2007 ITV's current liabilities exceed its current assets by an amount of Baht 2,095 and deficit in excess of its share capital by an amount of Baht 2,167, respectively*). In addition, as discussed in note 21 to the financial statements, in consequence of the ruling of the Supreme Administrative Court on 13 December 2006 the Company is liable for unpaid operating agreement fee totaling Baht 2,210 million and the interest on the total unpaid operating agreement fee at 15% per annum including the penalty arising from the alteration of television programming of Baht 97,760 million. The Company has not yet paid these unpaid operating agreement fee including interest and penalty. The Company's agreement for the operation 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 the Operation Agreement amounting to Baht 656 million plus interest on 30 March 2007. Also, the Stock Exchange of Thailand ("SET") has suspended trading of the Company's stock. 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 of the Stock Exchange of Thailand, which is still within the two-year time frame provided by SET for resolving of delisting. In addition, the Company is still in the arbitral proceeding regarding the unpaid operating agreement fee including interest, penalty arising from the alteration of television programming of Baht 97,760 million and value of undelivered assets including its interest. These events indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

3 Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries and jointly controlled entities (together referred to as the "Group") and the Group's interests in associates.

Significant intra-group transactions between the Company and its subsidiaries and jointly controlled entities are eliminated on consolidation.

Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Jointly controlled entities

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of the entities' assets, liabilities, revenue and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

ITV Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

(b) *Basis Financial instruments*

Financial instruments carried on the balance sheet include cash and cash equivalents, trade accounts receivable, loans to a subsidiary, withholding tax receivable, other investments, trade creditors, Operating Agreement payable, accrued expenses, finance lease payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(c) *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. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(d) *Trade and other accounts receivable*

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred. 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.

(e) *Investments in other debt and equity securities*

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the statement of income.

Debt securities that the Company intends and is able to hold to maturity are stated at amortised cost less impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. The exceptions are impairment losses and foreign exchange gains and losses, which are recognised in the statement of income. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the statement of income.

Equity securities which are not marketable are stated at cost less impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the balance sheet date.

ITV Public Company Limited and its Subsidiaries
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Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in the statement of income.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(f) Investments

Investments in subsidiaries and jointly-controlled entities in the separate financial statements of the Company are accounted for using the cost method.

(g) 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.

(h) Asset under Operating Agreement

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

Land	The remaining period of the Operating 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

ITV Public Company Limited and its Subsidiaries
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(i) *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.

(j) *Impairment of assets*

Equipment, assets under Operating Agreement 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.

(k) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of income over the period of the borrowings on an effective interest basis.

(l) *Trade and other accounts payable*

Trade and accounts payable are stated at cost.

(m) *Provisions*

A provision is recognised in the balance sheet when the Group/Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

ITV Public Company Limited and its Subsidiaries
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(n) 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

(o) Income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date and applicable to the reporting period, and any adjustment to tax payable in respect of previous years.

4 Related party transactions and balances

The Company is controlled by Shin Corporation Public Co., Ltd. (“Shin Group”), incorporated in Thailand, which owns 52.92 % of the Company’s shares as at 30 September 2008 (*31 December 2007: 52.92%*). The remaining 47.08% of the shares (*31 December 2007: 47.08%*) are widely held.

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.

Significant transactions for the years ended 31 December 2008 and 2007 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Subsidiary				
Interest income	-	-	265	590
Advertising service income	-	-	-	432
Other income	-	-	-	67
Advertising expense	-	-	-	1,763
Equipment rental	-	-	-	430
Other expense	-	-	-	468
Related parties - Shin Group				
Advertising service income	-	11,091	-	11,091
Other income	-	4,831	-	4,831
Commission expense	-	651	-	651
Transponder rental	-	7,283	-	7,283
Telephone expenses	-	424	-	424
Other expense	4	2,283	4	2,283
Directors’ remuneration	4,635	3,530	4,635	3,530

ITV Public Company Limited and its Subsidiaries
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For the years ended 31 December 2008 and 2007

Balances as at 31 December 2008 and 2007 with related parties were as follows:

	Separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
Loans to a subsidiary		
Subsidiary	5,000	5,000
<i>Less</i> allowance for doubtful accounts	(3,597)	(2,888)
Net	1,403	2,112

Movements on loans to a subsidiary during the years ended 31 December 2008 and 2007 were as follows:

	Separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
At 1 January	5,000	19,000
Decrease	-	(14,000)
At 31 December	5,000	5,000

As at 31 December 2008, loan to a subsidiary bears interest at 4 % per annum (31 December 2007: 5.25% 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 4 million (*31 December 2007: Baht 3 million*) based on the recoverable amount.

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Accrued expenses				
Related parties - Shin Group	-	44	-	-
Accrued interest receivable				
Subsidiary	-	-	50	-
Total	-	44	50	-

ITV Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Cash on hand	8	193	8	132
Cash at banks	114,337	22,273	109,781	16,267
Highly liquid short term investments	525,000	1,213,511	525,000	1,195,511
Total	639,345	1,235,977	634,789	1,211,910

The weighted average effective interest rate of savings deposits and time deposits was 3.30.% per annum (2007: 3.08% per annum). The time deposits have an original maturity of 1-3 months.

Cash and cash equivalents of the Group and the Company as at 31 December 2008 and 2007 were denominated entirely in Thai Baht.

6 Other investments

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
<i>Current investments</i>				
Debt securities available for sale	61,974	-	61,974	-
Debt securities held to maturity within 1 year	17,307	-	17,307	-
	79,281	-	79,281	-
<i>Other long-term investments</i>				
Debt securities held to maturity	388,064	-	388,064	-
Total	467,345	-	467,345	-

Other investments of the Company as at 31 December 2008 were denominated entirely in Thai Baht.

The effective interest rate of debt securities was 2.18 - 5.00 % per annum

ITV Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

Movements during the years ended 31 December 2008 and 2007 of equity and debt securities held for trading were as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<i>Current investments</i>				
	<i>(in thousand Baht)</i>			
Debt securities available for sale				
At 1 January	-	-	-	-
Purchases during the year	528,446	-	528,446	-
Sales during the year	(466,498)	-	(466,498)	-
Valuation adjustment	26	-	26	-
At 31 December	61,974	-	61,974	-
Debt securities held to maturity within 1 year				
At 1 January	-	-	-	-
Purchases during the year	17,307	-	17,307	-
At 31 December	17,307	-	17,307	-
	<i>(in thousand Baht)</i>			
<i>Other long-term investments</i>				
Debt securities held to maturity				
At 1 January	-	-	-	-
Purchases during the year	388,295	-	388,295	-
Amortisation	(231)	-	(231)	-
At 31 December	388,064	-	388,064	-

In 2008, the Company has hired a security institution to manage portfolio of investments as describe in note 22 d)

7 Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Other parties	11,258	12,706	11,178	12,442
	11,258	12,706	11,178	12,442
Less Allowance for doubtful accounts	(11,178)	(11,873)	(11,178)	(11,873)
Total	80	833	-	569

ITV Public Company Limited and its Subsidiaries
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Aging analyse for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Other parties				
Within credit terms	80	-	-	-
Overdue:				
Less than 3 months	-	147	-	-
3-6 months	-	117	-	-
6-12 months	-	3,927	-	3,927
Over 12 months	11,178	8,515	11,178	8,515
	11,258	12,706	11,178	12,442
Less Allowance for doubtful accounts	(11,178)	(11,873)	(11,178)	(11,873)
Total	80	833	-	569

8 Programming rights and production costs

	Consolidated and separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
At 1 January	103,199	110,066
Additions	-	25,825
Less Amortisation	-	(32,692)
Allowance for impairment	(103,199)	(103,199)
At 31 December	-	-

9 Other current assets

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Prepaid expenses	2,270	12,174	2,270	12,173
Interest receivables	7,119	3,597	7,170	3,502
Others	624	245	610	79
Total	10,013	16,016	10,050	15,754

10 Investments in a subsidiary and a joint venture

	Separate financial statements	
	2008	2007
	<i>(in thousand Baht)</i>	
At 1 January	50,000	50,000
Allowance for impairment	(23,964)	-
Capital reduction	(22,500)	(25,698)
At 31 December	3,536	24,302

ITV Public Company Limited and its Subsidiaries
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Investment in a subsidiary and a joint venture as at 31 December 2008 and 2007 and dividend income for the years ended 31 December 2008 and 2007 were as follows:

	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income for the years	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	(%)						(in thousand Baht)					
<i>Subsidiary</i>												
Artware Media Company Limited	99.99	99.99	20,000	20,000	20,000	20,000	(20,000)	(20,000)	-	-	-	-
<i>Jointly-controlled entity</i>												
Media Connex Company Limited	60.00	60.00	12,500	50,000	7,500	30,000	(3,964)	(5,698)	3,536	24,302	-	-
Total			32,500	70,000	27,500	50,000	(23,964)	(25,698)	3,536	24,302	-	-

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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 Operating Agreement was terminated by the PMO. As the Company is a major customer of its subsidiary, the subsidiary ceased its operation accordingly. The Company made an allowance for impairment of investment in the subsidiary in full.

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

The joint venture has ceased its operations. Accordingly, the Company made allowance for impairment of investment in a joint venture in full.

On 2 April 2008, The Board of Directors resolved a capital reduction in Media Connex Co., Ltd. (“MC”) The capital reduction will involve a Baht 37.5 million reduction in the company's paid-up capital from the original paid-up amount of Baht 50 million to Baht 12.50 million. This capital reduction represents a 75% decrease from its total registered and paid-up capital, and a reduction in the total shares outstanding of 5,000,000 shares, at a per share par value of Baht 10, to 1,250,000 shares of the same par value.

On 3 September 2008, The Board of Directors resolved in the liquidation of Media Connex Co.,Ltd.

11 Equipment

	Consolidated financial statements (in thousand Baht)	Separate financial statements
<i>Cost</i>		
At 1 January 2007	182,501	133,347
Additions	9,076	12,148
Transfer	(79,721)	(79,721)
Terminate the finance lease contracts	(2,264)	(10,395)
Disposals	(10,232)	(2,101)
At 31 December 2007 and 1 January 2008	99,360	53,278
Additions	1,029	28
Disposals	(3,098)	-
At 31 December 2008	97,291	53,306
<i>Accumulated depreciation</i>		
At 1 January 2007	84,516	50,377
Depreciation charge for the year	3,518	2,724
Impairment losses	9,754	177
At 31 December 2007 and 1 January 2008	97,788	53,278
Depreciation charge for the year	281	3
Impairment losses	14	-
Disposals	(817)	-
At 31 December 2008	97,266	53,281
<i>Net book value</i>		
At 31 December 2007	1,572	-
At 31 December 2008	25	25

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Notes to the financial statements

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The Company recognised the allowance for impairment of property plant and equipment due to the matters as explained in note 13 to the financial statements.

The Company has not the fully depreciated property, plant and equipment that was still in use as at 31 December 2008 and 2007.

12 Assets under Operating Agreement

	Consolidated and separate financial statements <i>(in thousand Baht)</i>
At 1 January 2008	
Cost	3,846,013
Less Depreciation	(1,945,021)
Loss from impairment *	(1,900,992)
Net book value at 1 January 2008	-
At 31 December 2008	-

* The Company recognised the allowance for impairment of assets under Operating Agreement due to the matters as explained in note 13 to the financial statements.

13 Consideration of impairment on assets

On 7 March 2007, the Company received the letter to revoking the Operating Agreement and the UHF television operation. Thus, the Operating Agreement was terminated. This was an indicator to impair the property and equipment, property and equipment under the Operating 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.

Further under the Thai Public Television Broadcasting Station Act effected since 15 January 2008, all business including rights, obligations, assets, budget, debt, frequency rights and encumbrance of the Company are to be transferred to the government subject to Section 57 Transitory Provisions of the Act.

14 Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Other parties	488	1,277	488	867
Total	488	1,277	488	867

ITV Public Company Limited and its Subsidiaries

Notes to the financial statements

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15 Borrowings

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Short-term borrowings				
Current portion of finance lease liabilities	-	142	-	-
Current portion of long-term loan from a bank	-	114,375	-	114,375
Long-term borrowings				
Finance lease liabilities	-	344	-	-
Long-term loan from a bank	-	82,969	-	82,969
Less Deferred front end fee	-	(1,789)	-	(1,789)
	<u>-</u>	<u>81,180</u>	<u>-</u>	<u>81,180</u>
Total	<u>-</u>	<u>196,041</u>	<u>-</u>	<u>195,555</u>

Risk of the interest rate exposure on the borrowings of the Group is as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Total borrowings				
At fixed rates	-	486	-	-
At floating rates	-	197,344	-	197,344

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

Borrowings carry interest at rates as follows:

	Consolidated and separate financial statements	
	2008	2007
	<i>(% per annum)</i>	
Long-term loan	-	5.00

Prepayment the entire existing loan

The Board of Directors approved to complete repayment of existing loan amounting to Baht 147 million paid in September 2008.

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16 Share capital, deficiency and warrants

Share capital and deficiency

	Number of registered share capital <i>(in thousand shares)</i>	Issued and Paid-up	Ordinary shares	Deficiency on capital <i>(in thousand Baht)</i>	Total
At 1 January 2007	1,560,000	1,206,697	6,033,487	(174,297)	5,859,190
Issue of shares	-	-	-	-	-
As at 31 December 2007 and 1 January 2008	1,560,000	1,206,697	6,033,487	(174,297)	5,859,190
Issue of shares	-	-	-	-	-
As at 31 December 2008	1,560,000	1,206,697	6,033,487	(174,297)	5,859,190

As at 31 December 2008, the total authorised number of ordinary shares was 1,560 million shares (2007: 1,560 million shares) with a par value of Baht 5 per share (2007: Baht 5 per share).

Warrants

As at 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 the ESOP-holders have not exercised their right at that time. Therefore, the ESOP programs were terminated effective end of May 2007.

17 Service income

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Advertising income	400	214,804	-	212,693
Airtime rental	-	74,915	-	74,915
Production income	-	3,005	-	2,925
Total	400	292,724	-	290,533

ITV Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

18 Income tax

The income tax on the Group's loss before tax for the years ended 31 December 2008 and 2007 differ from the theoretical amount that would arise using the basic tax rate of the Group as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
For the years ended 31 December				
Loss before income tax	(445,716)	(2,720,935)	(445,617)	(2,735,619)
Tax rate	30%	30%	30%	30%
The result of the accounting loss multiplied by the income tax rate	(133,715)	(816,280)	(133,685)	(820,686)
Utilisation of previously unrecognised tax losses	-	-	-	-
Tax losses in current period not recognised as deferred tax assets	133,276	814,633	133,282	819,045
Effect of expense recognised in the different period between accounting and tax	-	-	-	-
Expenses not deductible for tax purpose	439	1,647	403	1,641
Tax charge	-	-	-	-

19 Loss per share

Basic loss per share

The calculations of basic loss per share for the years ended 31 December 2008 and 2007 were based on the loss for the years attributable to equity holders of the Company and the number of ordinary shares outstanding during the year as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht / thousand shares)</i>			
Loss	(445,716)	(2,720,935)	(445,617)	(2,735,619)
Less dividends on preference shares	-	-	-	-
Basic loss attributable to equity holders of the Company	(445,716)	(2,720,935)	(445,617)	(2,735,619)
Number of ordinary shares outstanding	1,206,697	1,206,697	1,206,697	1,206,697
Basic loss per share (in Baht)	(0.37)	(2.26)	(0.37)	(2.27)

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Diluted loss per share

The calculations of diluted loss per share for the years ended 31 December 2008 and 2007 were based on the loss for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht / thousand shares)</i>			
Loss attributable to equity holders of the Company (basic)	(445,716)	(2,720,935)	(445,617)	(2,735,619)
After-tax effect of interest on convertible notes	-	-	-	-
Diluted loss attributable to equity holders	<u>(445,716)</u>	<u>(2,720,935)</u>	<u>(445,617)</u>	<u>(2,735,619)</u>
Weighted average number of ordinary shares outstanding (basic)	1,206,697	1,206,697	1,206,697	1,206,697
Effect of conversion of convertible notes	-	-	-	-
Weighted average number of ordinary shares outstanding (diluted)	<u>1,206,697</u>	<u>1,206,697</u>	<u>1,206,697</u>	<u>1,206,697</u>
Diluted loss per share (in Baht)	<u>(0.37)</u>	<u>(2.26)</u>	<u>(0.37)</u>	<u>(2.27)</u>

As at 31 December 2008 and 2007, there were no other dilutive potential common shares on issue.

20 Financial instruments

As at 31 December 2008, the Group has the following risks relating to significant financial instruments:

Credit risk

The Group has no significant concentrations of credit risk.

Fair values

The carrying amounts of the following financial assets and financial liabilities approximate their fair value: cash and cash equivalent, trade receivables and payables, related party balances, other receivables and payables, short-term borrowings, Operating Agreement payable, accrued expenses and floating rate long-term borrowings. Fair value of other investment is determined in note 6 to the financial statement.

ITV Public Company Limited and its Subsidiaries
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21 Commitments and contingencies

21.1 Commitments from the Operating Agreement before to be revoked the Agreement (Effective date 7 March 2007)

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

1. A case of the arbitration institution dispute No. 46/2550 in which the Company is the plaintiff regarding the PMO's unduly termination of the Operating Agreement which was wrongfully performed in breach of the Agreement and against the law, including the arbitration institution dispute No. 1/2550 which disputes payment of the program penalty fee, interest. Both disputes are currently under the consideration of the arbitration institution, under the arbitration proceedings.
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 Operating 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 provided in the financial statements, which may the amount of income, expenditure, assets and liabilities, and disclosure information regarding assets and unpredictable liabilities.

21.2 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 has not recorded any provisions for these legal cases.

21.3 The contingent liabilities which may have arisen from the dispute between the Company and the PMO relating to the Operating 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 Operating Agreement can be summarised as follows;

1. The PMO shall indemnify the Company in the amount of Baht 20 million;
2. The Operating Agreement fee to be paid shall be reduced and adjusted by reducing the 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 Operating 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.

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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 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 Operating 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.
2. The Company is required to follow Clause 5 (the Operating Agreement fee to be rate of 44% and the minimum guarantee of Baht 1,000 million) of the Operating Agreement in respect of payment of Operating Agreement fee to the PMO.

On 14 December 2006, the PMO issued a letter dated 14 December 2006 claiming that;

1. The Company is required to alter the television programming in order to comply with Clause 11 of the agreement for the operation.
2. The Company is required to pay the unpaid Operating Agreement fee totalling Baht 2,210 million, for the 9th operating year (the Seventh Payment) in the amount of Baht 670 million, the 10th operating year (the Eighth Payment) in the amount of Baht 770 million and the 11th operating year (the Ninth Payment) in the amount of Baht 770 million plus 15% interest per annum on the unpaid Operating Agreement 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 Operating Agreement from 1 April 2004 to 13 December 2006 at the rate of 10% of the annual Operating Agreement 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

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the allocated period of time, the PMO will have to act in accordance with the terms of the Operating Agreement and any relevant law.

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

1. The Company has altered the television programming in compliance with Clause 11 of the Operating Agreement since 14 December 2006.
2. The Company was not in default for the payment of the Operating Agreement fee since the Operating Agreement 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 Operating Agreement, the Company had no liability on interest of the Operating Agreement fee during the period that the arbitral award was granted until the Supreme Administrative Court's judgment was handed down.
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 Operating Agreement because the Company has complied with Clause 15 of the Operating 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 Operating Agreement and law.
 - 3.2 As to the Operating Agreement regarding the penalty fee incurred on the alteration of television programming, the PMO has the right to terminate the Operating 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 Operating 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 Operating 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 Operating Agreement stating that "If any dispute or controversy arises in connection with this Operating 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 Operating 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.

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With regard to the interest on the unpaid Operating Agreement 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 Operating Agreement fee since the Operating Agreement 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 Operating Agreement fee or makes 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 Operating Agreement fee and the PMO has no right to claim for the unpaid Operating Agreement 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 Operating Agreement fee, the Company filed the statement of claim, Black Case number 1/2550, to the Arbitration Institute. With regard to Operating Agreement fee in the amount of Baht 2,210 million, the Company has the opinion that in order to comply with the Operating Agreement and to compromise with the PMO not to terminate the Operating 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 Operating Agreement 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 and proposing that the PMO accept the Operating Agreement 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 option proposed by the Company which it had not become final, and thus considered as a dispute to be enter into arbitration proceedings.

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 Operating 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 Operating Agreement 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 Operating Agreement fee amounting to Baht 2,210 million within 30 days of the date of the receipt of the Court order.

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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 Operating 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 Operating Agreement fee as well as requested the Court demanding the Company to pay the Operating Agreement 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 Operating 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 Operating Agreement was sent by the PMO requesting the Company to repay the debt and return all operations assets under the Operating 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 Operating 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 Operating Agreement and disagreed with the said revocation. The termination of the Operating 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.

On 30 March 2007, the PMO requested the Central Administrative Court in the Black Case number 640/2550 to order the Company to pay unpaid Operating Agreement fee of Baht 2,210 million, the 12th Operating Agreement fee of Baht 677 million (counted from the date the arbitration panel judged the arbitral award to 7 March 2007), interest of overdue Operating Agreement fee 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 Operating Agreement 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 Operating 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 Operating Agreement fee (fraction), interest, penalty fee and value of undelivered assets was incorrect, and compensation shall be paid to the Company by the PMO.

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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 Operating Agreement fee, interest, penalty fee and value of undelivered assets from the Case List, so that the parties of the Operating Agreement shall enter into arbitration proceedings as specified in the Operating 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.

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 640/2550 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/or grant the Company of the operating right to re-operate the UHF Broadcasting Television Station for the remaining period as specified in the Operating Agreement, shall not be effective for final approval before its effective announcement. The reason is that all business including rights, obligations, assets, budget, debt, frequency rights and encumbrance of the Company shall be transferred to the government subject to Section 57, 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

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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.

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 Operating 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 Operating Agreement) seeking the ruling on the fine for the adjustment of the broadcasting schedule and the interest on the difference of the minimum Operating Agreement fee, and the arbitration institution dispute No. 46/2550 on 9 May 2007, (after the termination of the Operating Agreement) with regard to PMO's illegally terminating the Agreement for the Operation in breach of the Operating Agreement and against the law, and both disputes are currently under the consideration of the arbitration institution, the arbitration proceeding shall continue.

On 15 January 2008, the State Legislative Assemble 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/or grant the Company of the Operating right to re-operate the UHF Broadcasting Television Station for the remaining period as specified in the Operating Agreement, shall not be effective for final approval before its effective announcement. The reason is that all business including rights, obligations, assets, budget, debt, frequency rights and encumbrance of the Company shall be transferred to the government subject to Section 57, Transitory Provisions of the Act. 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 favourable of the Company lawsuit cases.

On 3 March 2008, the Company filed the complaint with the Arbitration Institution for including black case No.1/2550 and black case No.46/2550 as one case which is under the consideration of the Arbitration Institution.

On 7 March 2008, the Company Arbitrator for those 2 cases is approved.

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;

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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 as the Black Case number 640/2550 filed by the PMO demanding that the Company pay the Operating Agreement 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.

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

Since the fourth quarter ended 31 December 2006, the provision for unpaid Operating Agreement 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 Operating 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 Operating Agreement 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 operating agreement 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 Operating Agreement fee amounting to Baht 2,891 million and interest from the date that the arbitral award was revoked by the Supreme Administrative Court amounting to Baht 832 million in these financial statements, of which of the amount of Baht 433 million was interest in 2008.

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22 Significant agreements with third parties

- (a) The Company has signed a contract for hiring a financial advisor with a securities institution. The securities institution has given the advice of the rehabilitation plan for rectifying the cause of delisting the Company. The Company will pay the advisory fee for the progress of plan Baht 3.10 million. The contract is due 1 year. On 13 August 2008 the Company has extended the contract until 13 August 2009 or the shareholders meeting date (which one come first). The Company has put more conditional if the Securities institution has not undertaken the rehabilitation plan, the Securities institution will charged the advisory fee for Baht 1.54 million according to a job scope.
- (b) On 27 June 2008, the Company has signed a contract with a person group for taking care of an administrative management as following;
- Undertaking the rehabilitation plan and preparing documents of the disputes with PMO,
 - Administrative management of accounting and financing affair,
 - Administrative management of business according to the guidelines and procedures of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC),
 - Administrative management of general affair of the office,
 - Administrative management of filing important documents both financial and legal documents and handling company assets and
 - Administrative management of filing financial and legal documents.

The Company has to pay the monthly service fee according to the agreement. The annual fee is Baht 9.6 million. The agreement is due 5 years. The Company has the right to cancel the agreement by informing 30 days in advance.

- (c) On 1 November 2008 the Company has signed a contract with a person group for advising and undertaking legal. The Company has to pay the monthly advisory fee according the agreement. The contract is due 1 year and the annual fee is Baht 3.36 million. The Company has the right to cancel the agreement by informing 7 days in advance.
- (d) On 20 November 2008, the Company has hired an asset management company for managing bond investment according to the Company policy. The agreement is 1 year and extending agreement year by year automatically. The Company will pay the management fee annually 0.09 % of net asset calculated daily. The asset management company will deduct the fee from fund quarterly within 15 days of ended quarter. The Company has the rights to cancel the agreement by informing 60 days in advance.
- (e) On 20 November 2008, the Company has hired a bank for bond investment deposition. The agreement is 1 year extending year by year automatically. The Company has paid service fee annually 0.02 % of net asset of last working day of week and last day of month by weekly calculated. A bank will deduct the fee from fund quarterly within 10 days of ended quarter. The Company has the rights to cancel the agreement by informing 60 days in advance.

23 Thai Accounting Standards (TAS) not yet adopted

The Group has not adopted the following revised TAS that have been issued as of the balance sheet date but are not yet effective. These revised TAS will become effective for financial periods beginning on or after 1 January 2009.

TAS 36 (Revised 2007)	Impairment of Assets
TAS 54 (Revised 2007)	Non-current Asset Held for Sale and Discontinued Operations

The adoption and initial application of these revised TAS is not expected to have any material impact on the consolidated or separate financial statements.