

Annual Report 2015



ITV Public Company Limited

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## **1. Information of the Company and Its Subsidiary**

### **1.1 General Information of the company**

<b>Company Name</b> :	<b>ITV Public Company Limited</b>
Nature of Business :	The Company used to operate UHF radio and television broadcast station under a joint operating contract and a Built – Transfer-Operation operating agreement 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 3 July 2025. The station was named “ITV broadcasting station”
Current Status :	As at midnight (12.00 p.m.) of 7 March 2007, the Company was compelled to cease its business operation of the ITV broadcasting station due to the cancellation of the operating agreement by the PMO. Afterwards, the Board of Governors of the Stock Exchange of Thailand has resolved to delist common stock of the Company as from 24 July 2014 onwards.
Head Office :	1010 Shinawatra Tower 3, 6th Floor, Vibhavadi Rangsit Road, Chatuchak Sub-district, Chatuchak District, Bangkok 10900
Company Registration No. :	0107541000042
Company’s Homepage :	<a href="http://www.itv.co.th">www.itv.co.th</a>
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

## 1.2 General Information of Its Subsidiary

<b>Company Name</b>	:	<b>Art Ware Media Company Limited</b>
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
Current Status :		Not in operation
Head Office :		1010 Shinawatra Tower 3, 6th Floor, Vibhavadi Rangsit Road, Chatuchak Sub-district, Chatuchak District, Bangkok 10900
Corporate Registration No. :		0105545118984
Telephone :		(66) 2791-1795-6
Facsimile :		(66) 2791-1797
Registered Capital	:	Baht 25,000,000
Issued & Paid-up Capital :		Baht 25,000,000
Par Value :		Baht 100
Share ownership :		99.99% of the company's paid-up capital

### 1.3 Information of Its Major Shareholders

Top nine major shareholders of the ITV Public Company Limited as of the latest share registration book closing date on 3 April 2015 by Thailand Securities Depository Company Limited can be shown as follows

No.	List of Shareholders	No. of Shares	% Shareholding
1	Intouch Holdings Public Company Limited	638,602,846	52.92
2	GOLDMAN SACHS & CO	52,220,694	4.33
3	Mr. Narit Jiaarpa	26,628,000	2.20
4	Thailand Securities Depository Company Limited	25,135,900	2.08
5	NORTRUST NOMINEES LIMITED	23,117,100	1.92
6	CREDIT SUISSE AG, SINGAPORE BRANCH	17,885,990	1.48
7	Mr. Vinai Klongprakij	8,171,300	0.68
8	Mr. Prasert Lorhaviboonsap	7,060,000	0.58
9	UOB KAY HIAN PRIVATE LIMITED	6,895,000	0.57

## 2. Information of the Board of Directors

<b>Name-Surname</b>	<b>Mr. Somkid Wangcherdchuwong</b> (Be appointed as a director of the Company as of 19 February 2007 and retired and reappointment in 4 <sup>th</sup> time on 24 April 2015)
<b>Age (year)</b>	58
<b>Position</b>	Chairman of the Board of Directors and Authorized Director
<b>Shareholding</b>	None
<b>Highest Education</b>	Barrister-at-law The Thai Bar Bachelor Degree of Laws, Chulalongkorn University Director Accreditation Program 50/2006
<b>Work Experience</b>	
2007 – Present	Chairman of the Board of Directors and Authorized Director of ITV Plc.
1996 - Present	Attorney at Law, Suwat Somkid Law Office
1991 - 1995	Attorney at Law, Udomwattana Law Office
1989 - 1990	Attorney at Law, Dr. Surabodee Sattabut Law & Bussiness Office
1982 - 1988	Attorney at Law, Vikery, Prapon, Pramuan & Sutee Law Office
1980 - 1981	Attorney at Law, Kriengsak & Sanya Law Office

<b>Name-Surname</b>	<b>Mr. Nittimon Hastindra Na Ayudhya</b> (Be appointed as a director of the Company as of 7 March 2003 and retired and reappointment in 5 <sup>th</sup> time on 24 April 2015)
<b>Age (year)</b>	58
<b>Position</b>	Vice-Chairman of the Board of Directors and Authorized Director
<b>Shareholding</b>	None
<b>Highest Education</b>	Barrister-at-law The Thai Bar Bachelor Degree of Laws, Chulalongkorn University Director Accreditation Program 75/2008
<b>Work Experience</b>	
2007 – Present	Vice-Chairman of the Board of Directors and Authorized Director of ITV Plc.
1998 - Present	Consultant and Attorney at Law
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

**Name-Surname****Mr. Somboon Wongwanich**

(Be appointed as a director of the Company as of 15 May 2007 and retired and reappointment in 4<sup>th</sup> time on 29 March 2013.)

**Age (year)**

48

**Position**

Director

**Shareholding**

None

**Highest Education**

Master Degree MA (Financial Accounting) Chulalongkorn University

Director Accreditation Program 75/2008

**Work Experience**

2007 - Present

Director of ITV Plc.

2007 - 2014

Independent Director and Member of the Audit Committee of ITV Plc.

2005 – 2006

Finance Director of Boon Rawd Trading International Co., Ltd.

2003 – 2005

Consultant &amp; Accountant Freelance

1999 – 2003

Assistant General Manager L.T.U. Apparels Co., Ltd.

1998 – 1999

Financial Controller, Fatima Broadcasting International Co., Ltd.

**Name-Surname****Mrs. Rattanaporn Nammontri**

(Be appointed as a director of the Company as of 23 April 2007 and retired and reappointment in 4<sup>th</sup> time on 25 March 2014)

**Age (year)**

50

**Position**

Director and Authorized Director

**Shareholding**

0.0575

**Highest Education**

Master of Business Administration (MBA) Kasetsart University

Director Accreditation Program 75/2008

**Work Experience**

2007 - Present

Director and Authorized Director of ITV Plc.

2015 - Present

Nathai Phokkasap Limited Partnership

2005 - 2015t

Director of K.R. Infotech Co., Ltd.

<b>Name-Surname</b>	<b>Mr. Wuttiporn Diawpanich</b> (Be appointed as a director of the Company as of 10 April 2008 and retired and reappointment in 3 <sup>rd</sup> time on 29 March 2013.)
<b>Age (year)</b>	63
<b>Position</b>	Director
<b>Shareholding</b>	0.0124
<b>Highest Education</b>	Master Degree of Arts (Applied Sociology), Kasetsart University Director Accreditation Program 75/2008
<b>Work Experience</b>	
2008 - Present	Director of ITV Plc.
2002 - Present	Savant committee, Thai Consumer Protection Association
1997 - Present	Chairman of Consumer Rights Association Director of V. Comtech Co., Ltd.
1991 - Present	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 , Zimedarcy (Thailand) Co., Ltd.
1979 - 1981	Sales Manager, B.Grim & Go Co., Ltd.

	Mr. Somkid Wangcherdchuwong	Mr. Nitimon Hastindra Na Ayudhya	Mr. Somboon Wongwanich	Mrs. Rattapanorn Nammontri	Mr. Wuttiporn Diawpanich
<b>Family Relationship between Management</b>	✗	✗	✗	✗	✗
<b>Illegal Record in The Past 10 years</b>	✗	✗	✗	✗	✗

✗ = None      ✓ = Yes



**3. Change in the Original Shares of Company and Subsidiary held by Directors**

Name List	Position	ITV Plc.				Artware Media Co., Ltd.			
		Ordinary Shares (Shares)				Ordinary Shares (Shares)			
		31 Dec 2014	Change during 2014		31 Dec 2015	31 Dec 2014	Change during 2014		31 Dec 2015
Increase	Decrease		Increase	Decrease					
1. Mr. Somkid Wangcherdchuwong	Chairman of the Board of Directors	-	-	-	-	-	-	-	-
2. Mr. Nittimon Hastindra Na Ayudhya	Vice-Chairman of the Board of Directors	-	-	-	-	-	-	-	-
3. Mr. Somboon Wongwanich	Director and Secretary of the Board of Directors	-	-	-	-	-	-	-	-
4. Mrs. Rattaporn Nammontri	Director	694,000	-	-	694,000	-	-	-	-
5. Mr. Wuttiporn Diawpanich	Director	150,000	-	-	150,000	-	-	-	-

#### 4. Board of Directors' Meeting

In 2015, the Board held 4 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	4	4
2. Mr. Nittimon Hastindra Na Ayudhya	4	4
3. Mr. Somboon Wongwanich	4	4
4. Mrs. Ratanaporn Nammontri	4	4
5. Mr. Wuttiporn Deawpanich	4	4

#### 5. Director's Remuneration

The payment for Director's Remuneration in year 2015 are as follows:

Directors	Amount (Baht)
1. Mr. Somkid Wangcherdchuwong	960,000
2. Mr. Nittimon Hastindra Na Ayudhya	840,000
3. Mr. Vichakoraput Rattanaichai	150,000
4. Mr. Sumatee Inhnu	150,000
5. Mr. Somboon Wongwanich	600,000
6. Mrs. Ratanaporn Nammontri	600,000
7. Mr. Wuttiporn Diawpanich	600,000
Total	<b>3,900,000</b>

## **6. Developments and Significant Changes**

ITV Public Company Limited (ITV), formerly known as Siam Infotainment Co. Ltd. (SIC), was founded on **9 May 1995** with an initial registered capital of Baht 250 million, which was increased to Baht 1,000 million in the same year. Siam TV and Communication Group (STCG), led by the Siam Commercial Bank Public Company Limited. (SCB), was approved by the Office of the Permanent Secretary to the Prime Minister's Office (PMO) to operate the broadcasting station under the Operating Agreement using the UHF (Ultra High Frequency) system for a period of 30 years (OA). Its official broadcast commenced on **1 July 1996**. SIC changed its name to ITV in 1998. Significant changes and developments of the Company relating to its business operations and management in the previous years are provided as follows:

- 1995** STCG, led by SCB, was approved by the PMO to operate the new broadcasting station using the UHF system. STCG then founded SIC to enter into the OA on **3 July 1995**.
- 1996** SIC set up the broadcasting station and began the official broadcasting on **1 July 1996**.
- 1997** SIC installed additional signaling stations at Nation Tower on Bangna-Trad Road and Sindhorn Tower, covering service areas in the Bangkok Metropolitan Area.
- 1998** SIC had in total 36 signaling stations, which could provide broadcasting service coverage for only certain provinces in central, north-eastern, eastern and southern parts of Thailand. SIC became a public company to comply with the OA and changed its name to ITV on **20 October 1998**.
- 1999** ITV installed the signaling station at Baiyok Tower 2 with maximum transmission power of 1,000 kilowatts, which could provide broadcasting services in a radius of 100 kilometers covering the Bangkok Metropolitan Area as well as provinces in the central region.
- 2000** The Cabinet passed a resolution approving the amendment to the OA regarding the restrictions on share transfer to be in line with the Public Company Act and the regulation imposed by the Stock Exchange of Thailand. The signing of the amendment OA regarding the restrictions on share transfer and the extension of the first payment was occurred on **25 April 2000**. Since the establishment date of the Company until such signing date, there were several changes in shareholding structure and directors.

Later in **April 2000**, ITV restructured its capital structure by way of capital increase for the total amount of Baht 550 million, consisting of 55 million shares at the value of Baht 10 per share. SCB and SHIN Corporation Public Company Limited has been recently changed its name to Intouch Holdings Public Company Limited. (INTOUCH) injected Baht 288.71 million and Baht 261.29 million, respectively. Paid-up capital was thus increased to Baht 1,550 million. However, subsequently after the capital decrease, paid-up capital reduced to Baht 387.5 million.

**On 18 September 2000**, ITV increased its registered capital from Baht 387.5 million to Baht 4,500 million with paid-up capital of Baht 4,250 million. In November 2000, the newly issued shares were sold to SCB and INTOUCH at Baht 8.7692 per share, giving each company the increased capital portion of Baht 464.15 million and Baht 420.1 million, respectively. Later in December 2000, the newly issued shares once again sold to SCB and INTOUCH at 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 paid-up capital was thus increased to Baht 4,250 million.

**On 13 September 2000**, ITV station had extended its broadcasting time to 24-hour. Moreover, in 2000, ITV set up 4 additional signaling stations. Together with its network of 36 main signaling stations, there were in total 40 signaling stations, which could cover 97% of all viewers in Thailand.

**2001 On 3 November 2001**, INTOUCH agreed to purchase ITV's ordinary shares from SCB for the amount of 106,250,000 shares at Baht 10.6573 per share. INTOUCH also conducted the tender offer to purchase ITV's ordinary shares from other shareholders at the same price. As a result, INTOUCH became the largest shareholder. Later in the extraordinary general meeting of shareholders No. 1/2001, the resolution was passed to change the par value from Baht 10 per share to Baht 5 per share causing ITV's shares increased to 1,200 million shares, 850 million shares of which was the paid-up.

**2002 From 27 February to 1 March 2002**, ITV made a public offering to sell 300 million shares at Baht 6 per share. On 13 March 2002, ITV was listed on the Stock Exchange of Thailand with a paid-up capital of Baht 5,750 million.

**On 11 November 2002**, ITV founded a subsidiary named Art Ware Media Co., Ltd. (AM) with a paid up capital of Baht 1 million, consisting of 10,000 shares at par value of Baht 100 per share. AM was set up with objectives to operate the business relating to the rental of equipments used in the production of radio and TV programs as well as movies, trading of movie copyrights and hosting of various marketing activities. ITV was the majority shareholder of AM holding 99.93% stakes.

**2003 On 16 January 2003**, ITV increased the capital of AM from Baht 1 million to Baht 20 million, consisting 200,000 shares at the value of Baht 100 per share. ITV was still the largest shareholder with 99.99% stakes.

**On 1 February 2003**, ITV moved its office and studio from SCB Park Plaza Building to the new office located at Shinawatra Building 3 in preparation for business expansion with more working spaces.

**On 26 February 2003**, ITV's board of directors approved the issuance of 60 million new 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 the Company's directors and employees (ESOP Project). As a result, the registered capital increased from 1,200 million shares valued at Baht 6,000 million to 1,260 million shares valued at Baht 6,300 million.

**On 16 December 2003**, ITV's board of directors approved the increase of its registered capital to Baht 7,800 million, equivalent to 1,560 million shares at the par value of Baht 5 per share. The issuance of 300 million new ordinary shares was specifically allocated to 2 strategic partners, namely Mr. Tripop Limpapat and Kantana Group Public Company

Limited (“Kantana”), for the total of 150 million shares at Baht 10 per share worth Baht 3,000 million.

Nevertheless, the accomplishment of such capital increase plan was depending upon the outcome of the due diligence of ITV. Noting that if Kantana purchased its portion of shares, Kantana together with the Kaljaruek Family had agreed not to produce and/or own and/or provide any program to other TV broadcasting stations, except for those former programs produced for Channel 7 and broadcasting stations in foreign countries.

**2004** **On 19 January 2004**, the extraordinary general meeting of shareholders No. 1/2004 resolved to approve the resolution of ITV’s board of directors with regards to the private placement of newly issued shares to such strategic partners.

**On 30 January 2004**, the tribunal, by the arbitral award, ruled that the PMO shall indemnify ITV for the breach of the fourth paragraph of Clause 5 of the OA causing damages to ITV. Material issues were as detailed below:

- The PMO shall compensate for the damages by paying to ITV the amount of Baht 20 million;
- The payment under the first paragraph of Clause 5 of the OA shall be decreased by reducing the minimum operating fee to Baht 230 million per year and the payment rate to 6.5% of the revenues prior to the deduction of any expenses and taxes. The payment shall be based on the higher amount between the payment rate of 6.5% of the revenues prior to the deduction of any expenses and taxes and the minimum operating fee commencing from 3 July 2002 onwards;
- The PMO shall return Baht 570 million out of the Baht 800 million minimum operating fee paid by ITV, which was the condition made during the arbitration hearing on 3 July 2003;
- ITV shall be able to broadcast during the prime time from 7.00 pm to 9.30 pm without restriction on broadcasting only news, documentaries and social-benefit programs. Nonetheless, ITV shall broadcast news and useful programs at least 50% of total airtime, subject to the regulations specified by the government authority applicable to general broadcasting stations.

**2005** **On 31 October 2005**, according to the memorandum of understanding dated November 26, 2004, Mr. Tripop Limpapat and Kantana failed to fulfill their obligations regarding the allocation capital increase shares as approved by the shareholders’ meeting on 19 January 2004. However, both strategic partners would continue to produce TV programs for ITV.

**On 22 December 2005**, ITV’s board of directors passed a resolution approving ITV to set up a new joint venture named Media Connex Co., Ltd. (“MC”) with a registered capital of Baht 50 million, equivalent to 5,000,000 shares at the par value of Baht 10 per share. The main objective of MC was to provide advertisement and content production services specifically via mobile phones. The co-investors consisted of ITV, CA Mobile Limited (CAM) from Japan and Mitsui and Co., Ltd. (Mitsui) from Japan with the investment portion of 60%, 25% and 15%, respectively. MC was registered as a company in January 2006. This joint venture was to utilize the existing resources of ITV to expand the business in collaboration with strong strategic partners from Japan, who have the expertise in new technology and marketing technique through the advertisement via mobile phones.

**2006** On 23 January 2006, ITV acknowledged the sale of ordinary shares of INTOUCH, its major shareholder holding 52.93% of ITV's paid up capital. A group of INTOUCH's major shareholders sold their shares to Cedar Holding Co., Ltd. ("Cedar") and Aspen Holding Co., Ltd. (Aspen"). However, Cedar and Aspen received a waiver from the Securities and Exchange Commission ("SEC") by not having to make a tender offer to purchase all of ITV's securities as specified in Article 8 of the announcement of SEC No. GorJor. 53/2545 re: chain principle. The Tender Offer Sub-Committee of the SEC considered and opined that Cedar and Aspen did not wish to acquire ITV's securities including the fact that ITV was an insignificant asset of INTOUCH.

On 9 May 2006, the Central Administrative Court rendered its judgment revoking the whole arbitral award dated 30 January 2004.

On 7 June 2006, ITV filed an appeal to the Supreme Administrative Court for judgment regarding the breach of the forth paragraph of Clause 5 of the OA by the PMO causing damages to ITV thus requesting for remedy from the PMO.

On 13 December 2006, the Supreme Administrative Court rendered its judgment revoking the whole arbitral award dated 30 January 2004. The Arbitration's ruling was nullified as the condition under the forth paragraph of Clause 5 of the OA did not submit for the Cabinet's approval thus became invalid. ITV had to perform in accordance with the first paragraph of Clause 5 of the OA regarding the payment to the PMO i.e. the minimum operating fee of Baht 1,000 million a year or 44% of revenues, whichever is higher. ITV also had to follow the content ratio as specified in the first paragraph of Clause 11 of the OA by broadcasting at least 70% of its airtime in forms of news and useful programs and restriction to only these programs during the prime time from 7.00 pm to 9.30 pm. ITV started using the broadcasting programs as per the condition specified in the first paragraph of Clause 11 since 14 December 2006 onwards.

On 14 December 2006, the PMO submitted the letter requesting ITV to perform the followings:

1. ITV shall adjust the broadcasting programs to be in compliance with Clause 11 of the OA;
2. ITV shall pay the difference of the minimum operating fee in accordance with the OA for the 9th year (7th installment) for the amount of Baht 670 million, the 10th year (8th installment) for the amount of Baht 770 million and the 11th year (9th installment) for the amount of Baht 770 million, totaling Baht 2,210 million together with the interest at the rate of 15% per annum. The interest shall be calculated daily based on the number of delay payment days;
3. ITV shall pay the fine at the rate of 10% of the operating fee that the PMO shall receive each year, calculated daily, as ITV failed to use the broadcasting programs in accordance with the first paragraph of Clause 11 of the OA during the period commencing from 1 April 2004 to 13 December 2006. The PMO claimed the fine for the total amount of Baht 97,760 million (ITV adjusted its broadcast programs to be in line with the Supreme Administrative Court's judgment since 14 December 2006).

The PMO also notified that if ITV failed to make the aforementioned payment within 45 days after receiving such notice (dated 15 December 2006), the PMO shall proceed in accordance with the conditions as specified in the OA and the law.

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

1. ITV had completed the adjustment of its broadcasting programs in accordance with Clause 11 of the OA since 14 December 2006 onwards;
2. ITV did not fail to pay the operating fee as alleged. ITV paid the annual operating fee for the amount of Baht 230 million in accordance with the arbitral award. Such award binds both parties in accordance with Clause 15 of the OA. Therefore, ITV has no liability to pay the interest on the operating 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 Baht 97,760 million fine and that ITV shall pay such fine within 45 days giving the following reasons:
  - 3.1 ITV did not breach the OA. ITV complied with Clause 15 of the OA, which states that “The arbitral award of the tribunal shall be final and binding on both parties”, and the last paragraph of Clause 30 of the regulation of the court of justice and the second paragraph of Section 70 of Act on establishment of Administrative Courts and Administrative Court procedure B.E. 2542 (1999). Therefore, ITV’s act was in compliance with the OA and the law;
  - 3.2 To be consistent with the process of bringing the dispute to the tribunal as mentioned in Clause 3.1, if ITV breaches the OA, the PMO’s right to terminate the OA shall arise after the dispute resolution comes to an end;
  - 3.3 The Administrative Court published “Administrative News” No. 78/2549 dated 13 December 2006, mentioning the judgment of the Supreme Administrative Court on ITV case. One of the statements specified that “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 OA”;
  - 3.4 The interest and the fine arising out of the adjustment of the broadcasting programs are still under dispute. As this dispute is not under the consideration of the Administrative Court, if the parties to the OA have a dispute and cannot come to an agreement, such dispute shall be raised to the tribunal in accordance with Section 15 of the OA which states that “If there is any dispute or conflict arising out of the OA 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 programs employed by the PMO did not comply with the objective of the OA. If ITV is likely to be subject to such fine, the amount of such fine per day shall not exceed Baht 274,000 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 1 April 2004 to 31 December 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 operating fee, ITV and its legal counsel view that, during the period that ITV complied with the arbitral award, ITV had no duty to pay and did not fail to make the payment of such minimum operating fee as ITV had already paid the yearly minimum operating fee for the amount of Baht 230 million in accordance with the arbitral award binding both parties. According to Clause 15 of the OA, during the period that the arbitral award is still in full force, ITV had never failed to make the payment of the operating fee and/or make the late payment of the operating 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 operating fee while the PMO has no right to claim for such interest during the period that the arbitral award was still in full 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 20 December 2006**, MC's main shareholders were changed from having 3 shareholders to 2 shareholders i.e. ITV and Mitsui with the shareholding portions of 60% and 40%, respectively.

**2007**

**On 4 January 2007**, ITV submitted the dispute regarding the fine arising out of the adjustment of the broadcasting programs and the interest on the difference of the minimum operating fee to the arbitration institution in the black case No. 1/2550. With regard to the difference of the minimum operating fee for the amount of Baht 2,210 million, as ITV views that it is important to compromise so that the performance under the OA is smoothen and to avoid the PMO terminating the OA which will affect ITV's business, ITV decided to propose the settlement offer to make Baht 2,210 million payment under various scenarios with the condition that the PMO must agree to use the arbitration proceeding on the issues of both the fine and the interest. The PMO declined such offer in the meeting on 31 January 2007.

**On 2 February 2007**, ITV submitted the letter to the Prime Minister seeking justice by proposing the PMO to accept the payment of the difference of the minimum operating fee in the amount of Baht 2,210 million and that the arbitration proceeding should be used regarding the fine and the interest according to Clause 15 of the OA.

**On 13 February 2007**, the PMO once again submitted the letter officially declining the Company's proposal. As such, ITV has no obligation to the PMO in connection with such proposal according to 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 22 June 2007. The Central Administrative Court analyzed the issue claimed by the PMO that ITV admitted that it owed to the PMO the difference of the minimum operating 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 because such proposal presented many alternatives to settle the dispute which should be subject to the arbitration proceeding in accordance with the OA.

**On 20 February 2007**, ITV submitted the petition to the Central Administrative Court requesting the Court to issue an interim protection measure or method to temporarily ease the damages of ITV as well as to urgently consider the following 2 matters:



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

**On 21 February 2007**, the Central Administrative Court rejected the petition submitted by ITV giving the reason that if the PMO wishes to exercise the right to terminate the OA 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 sets the period for ITV to make such payment to the PMO for the difference of the minimum operating fee in the amount of Baht 2,210 million within 30 days after the date that the Court orders this issue, the Court views that they are issues to be negotiated between ITV and the PMO. If ITV feels that it should not pay or would like to negotiate for the payment of such debt, ITV could follow the procedures

specified in the OA and legal proceedings. Accordingly, there is no reasonable ground 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 7 March 2007**, the PMO sent the notice to terminate the OA and informed ITV to pay the debt and deliver to the PMO the assets that ITV uses in operating the business under the OA within the period specified by the PMO in accordance with the Cabinet's resolution on 6 March 2007 (12.00 pm of 7 March 2007). Such termination caused ITV to cease its broadcasting business using the UHF system since then.

**On 28 March 2007**, ITV submitted the letter to the PMO denying that the termination of the OA and the request made by the PMO demanding ITV to pay the debt for approximately Baht 100,000 million were in compliance with the law and the OA as ITV did not commit any breach of the OA and did not agree on the illegal termination of the OA. The PMO's termination of OA caused damages to ITV's business and thus the PMO shall be liable to ITV. ITV reserved its right to continue with the further legal proceedings.

**On 30 March 2007**, the PMO filed the petition with the Central Administrative Court in the black case No. 640/2550 requesting ITV to pay the difference of the minimum operating fee for the amount of Baht 2,210 million, the 12th installment of the operating fee for the amount of Baht 677 million (starting from the date the arbitral award was issued to 7 March 2007), 15% interest rate on the difference of the minimum operating fee for the amount of Baht 562 million (starting from the date the arbitral award was issued to 30 March 2007), the fine for the adjustment of the broadcasting programs for the amount of Baht 97,760 million and the value of the non-delivered assets for the amount of Baht 656 million together with the interest at the rate of 7.5% per annum on 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 petition was Baht 101,865 million.

**On 24 April 2007**, ITV filed the petition with the Central Administrative Court requesting the Court to appoint an arbitrator on behalf of the PMO and to force the PMO to follow the arbitration proceeding in accordance with the OA.

**On 8 May 2007**, ITV filed the complaint to the Central Administrative Court in the black case No. 910/2550 in the event that the PMO failed to propose Article 5 paragraph 4 to the Cabinet for approval thus caused damages to ITV. The compensation amount requested by ITV was Baht 119,252 million.

**On 9 May 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 OA being against the law and the condition of the OA and the PMO's illegal request for ITV to pay for the difference of the minimum operating fee, the interest and the fine on the value of the non-delivered assets. Accordingly, ITV requested the PMO to pay a compensation in the amount of Baht 21,814 million as well as allow ITV to resume its operation in the broadcasting station using the UHF system until the expiration of the OA.

**On 30 May 2007**, The Central Administrative court ordered the dismissal of the black case No. 910/2550 filed by ITV in which the PMO failed to propose Article 5 paragraph 4 to the Cabinet for approval. The reason for such dismissal was due to the expiry by law of the case, more than 10 years old (the OA was effective since 3 July 1995).

**On 10 July 2007**, the Central Administrative Court appointed Mr. Vich Jeerapat as the 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 of the minimum operating fee and the interest in the case thereof.

**On 11 July 2007**, ITV appealed to the Supreme Administrative Court for the Central Administrative Court's order to dismiss the black case No. 910/2550 because of its expiry (the black case No.910/2550 was filed by ITV in which the PMO failed to propose Article 5 paragraph 4 to the Cabinet for approval causing ITV's damages).

**On 22 June 2007**, the Central Administrative Court ordered the dismissal of the black case No. 640/2550 filed by the PMO requesting ITV to pay for the claimed debt, including the difference of the minimum operating fee, 15% interest rate on the difference of the minimum operating fee, the fine for the adjustment of the broadcasting programs and the value of the non-delivered assets, which equaled to Baht 101,865 million in order to allow both counterparties to use the arbitration proceeding as specified in the OA.

**On 24 July 2007**, the PMO appealed the Central Administrative Court's order to the Supreme Administrative Court and filed the petition requesting for an interim protection in ceasing the arbitration proceeding while waiting for the Supreme Administrative Court's order.

**On 17 August 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. The PMO also appealed against the arbitration award to follow the arbitration proceeding with regard to the dispute on the fine, the difference of the minimum operating fee and the interest in the case thereof.

**On 29 October 2007**, ITV filed the petition requesting the Central Administrative Court to order an interim protection in order to prevent the implementation of the draft of the Public Broadcasting of Sound and Pictures Organization of Thailand Act (PBA) before the final judgment on ITV's case is rendered. The Cabinet resolved to approve in principle the draft of the PBA on 24 April 2007 and proposed to the National Legislative Assembly (NLA) on 31 October 2007. ITV provided the reason in its petition that if the draft of the PBA is approved and becomes in effective as the law, it will affect the arbitral award and the Administrative Court's judgment on the dispute or the claim between ITV and the PMO, which will be rendered after 31 October 2007, regarding one of ITV's claims requesting the PMO to compensate for the damages and allow ITV to continue to operate its broadcasting business using the UHF system under the same frequency and network equipment assets until completing the full term of the OA. The same terms under the OA will be nullified as all assets, rights and obligations of ITV will become the government's assets in accordance with Section 56 of the draft of the PBA. Accordingly, ITV requested that the Central Administrative Court hold an urgent hearing and ordered the cessation or find an immediate measure which will cease the operation or the proposing of such draft to the NLA as the Court deemed appropriate until the case is final or until the Central Administrative Court will order otherwise.

**On 30 October 2007**, the Central Administrative Court rejected ITV's petition requesting an interim protection giving the reason that the consideration of such draft is the duty of the members of the NLA i.e. 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 an interim protection as requested by ITV.

**On 31 October 2007**, the draft of the PBA was approved by the NLA and is now being prepared for the publication in the Royal Gazette to be effective as the law.

**On 14 November 2007**, the Supreme Administrative Court reaffirmed the Central Administrative Court's order in appointing Mr. Vich Jeerapat as the PMO's arbitrator in the dispute of the arbitration institution with the black case No. 1/2550. Consequently, the dispute relating to the fine, the difference of the minimum operating fee and the interest under the black case no. 1/2550 shall be proceeded 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. The petition on such case was filed by ITV against the PMO on the invalidity of Article 5 paragraph 4, which the PMO failed to propose to the cabinet for approval before signing the OA.

**On 19 December 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 claimed debts for the amount of Baht 101,865 million. Accordingly, the dispute regarding the debt obligations comprising of the fine, the difference of the minimum operating fee, 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 15 January 2008**, the PBA was enacted and published in the Royal Gazette. The enactment of this Act makes any tribunal judgments or any Supreme Administrative Court's orders on ITV's legal requests to resume the UHF television broadcast operation for the remaining operation period which occurred after 15 January 2008 become ineffective because ITV's relevant assets, rights, duties and obligations with respect to the OA will 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 settlement of damages in form of cash or other compensation methods, all of which are pending for the Court's decisions.

**On 2 April 2008**, ITV's board of directors passed a resolution approving MC to decrease three fourths of the registered capital for the total amount of Baht 37.5 million from Baht 50 million (fully paid-up) to Baht 12.5 million by decreasing the number of shares from 5,000,000 shares to 1,250,000 shares at the same par value of Baht 10 per share.

**On 30 October 2008**, the PMO submitted the petition No. Kor 9/2551 for an interim protection form the Central Administrative Court requesting the Court to prohibit ITV from owning or taking any legal action on the lands in Amphoe Choopuang, Nakorn Ratchasima Province and Amphoe Phen, Udonrthani Province with title deed No. 25168 and 29554 prior to the final judgment of the black case No. 46/2550. Moreover, the Court was requested to submit the notice to temporarily prohibit the land officers in both Nakorn Ratchasima and Udonrthani provinces from any registration of rights and legal action on such lands before the final judgment. With reference to the second paragraph of Clause 1.1. of the OA, "lands, buildings, operating equipments and other assets which ITV has procured or acquired or possessed for its broadcasting business before or after the agreement signing date have to be transferred to the PMO on the day that such assets are completely installed and operated or firstly acquired but no later than the operating date. Accordingly, the PMO shall agree to provide rights and duties to possess and use the aforementioned assets to ITV for its broadcasting business in according to the OA."

**On 3 September 2008**, ITV's board of directors resolved to cease the operations of MC.

**On 25 November 2008**, ITV opposed to the petition No. Kor 9/2551 providing that the PMO was the one who terminated the OA before completing the agreement term whereas ITV did not act in breach. Such termination was in fact intended to seize and possess ITV's broadcasting station to seek benefits, as the PMO's intention was wrongful given illegal termination. As deemed that the PMO was the party in breach resulting from illegal termination, both parties shall return to the same position in accordance with Section 391 of the Civil and Commercial Code as if they did not enter into the agreement since the beginning thus the PMO could not claim or rely on conditions, arrangement and details in the OA in which the PMO exercised the right to terminate and thereby enforced ITV to perform according to the OA. In addition, the OA also did not have the exception that prohibits the return to the same position following the termination of the agreement. As such, the PMO could not refer to the terminated agreement and request another party to follow accordingly.

**On 25 December 2008**, the Central Administrative Court ordered an interim protection that prohibited ITV from any legal action on the lands in Amphoe Choopuang, Nakorn Ratchasima Province.

**2009**     **On 29 June 2009**, the Supreme Administrative Court reaffirmed the Central Administrative Court's ordered an interim protection that prohibited ITV from any legal action on the lands in Amphoe Choompuang, Nakorn Ratchasima Province.

**On 4 June 2009**, the Stock Exchange of Thailand (SET) had withdrawn ITV shares from the trading board and moved to non-performing group (NPG). However as ITV still maintains its status as a listed company, it has to comply with the SET's regulations. In accordance with the reviewed financial statements for the first quarter, ended 31 March 2009, equity of the Company was below zero and the Company incurred net operating losses for two consecutive years.

**2010**     **On 10 June 2010**, the Company paid deposited for Arbitrator commission of the black case No.46/2550 amount 5,412,839.79 Baht according to the capital which each party claimed by calculation from capital base which the Company claimed for 21,814,198,932 Baht. For black case No.1/2550, there was no capital and therefore, deposited for Arbitrator commission at the minimum rate which was 20,000 Baht per time was made. The Company deposited 5 times with total 100,000 Baht.

**2011**     **On 9 September 2011**, the Central Administrative Court ruled for the black case Kor 7/2554 and red case Kor 7/2554 to prohibit the Company to do any juristic act on the land, title deed no. 25168, Ban That Sub district, Pen District, Udonthani and also ruled to Udonthani Land Officer not to register anything on the said title deed until arbitrator finally judged for the arbitration the black case no.46/2550.

**On 24 November 2011**, the Company speeded up the lawsuit judgment to Arbitration Institute and disputed that Arbitration Institute would permit time extension for deposition insurance of arbitration because the PMO intended to postpone the time to deposit insurance for 23 times that lasted for over than 2 years. Consequently, there was no reason to extend the time once again.

**On 2 December 2011**, the PMO filed the petition to delay the deposited for Arbitrator commission (the 24<sup>th</sup> extension) by referring to the letter to extend the deposit insurance (the 23<sup>rd</sup> extension) – Nor Ror 1306/7334 dated 22 September 2011 which the PMO extended the time to arbitrators' fee for another 60 days from 28 September 2011 but did not take note the consent letter from Arbitration Institute and to be informed by coordinating with prosecutor of this case and was informed not to know this permission ruling. The PMO internally coordinated with PBA which was responsible by the act for supporting the expenses of arbitration case of the Company. The Company and the PMO was informed PBA was considering to allocate the budget to deposited for Arbitrator commission and commission of arbitration during the arbitration process to extend the said fees and expenses for another 60 days from due date because it was a lot of money.

**On 21 December 2011**, Arbitration Institute made appointment the litigants to reconcile for the final agreement by proposing both parties to consider which was to delay the proceed of the black case no. 1/2550 so as to wait for the judgment of the black case no. 46/2550 because it related with the black case no. 46/2550 and the black case no. 46/2550 had the details which covered interpretation of the fine for the black case no. 1/2550. Additionally, consolidating two cases were difficult to do so. Disputing about the deposited for Arbitrator commission remained. Both parties did not wish to revoke the dispute black case no. 1/2550. Moreover, so as to leave the case no. 46/2550 to be continuously proceeded, it was proposed to both parties to consider deposited for Arbitrator commission for the Black case no. 46/2550 at Baht 10,000,000 for each party. Meantime, the Company deposited for



Arbitrator commission for the dispute of the black case no. 46/2550 since 10 June 2010 for Baht 5,412,839.79 (calculation from capital which each party claimed by calculating from the capital base which the Company claimed for Baht 21,814,198,932) and the remaining deposited for Arbitrator commission was Baht 4,587,160.21.

**On 21 December 2011**, the Company filed the appeal for the red case no. Kor.7/2554 to the Supreme Administrative Court in the case that the Central Administrative Court ruled the provisional measure to prohibit the Company to do any legal action on the land, title deed no. 25168, Ban That Sub district, Pen District, Udonthani until Arbitrator had final sentence of the black case no. 46/2550.

**On 30 December 2011**, the PMO issued a letter to delay the proceed with the black case no. 1/2550 so as to wait for the result of the black case no. 46/2550 as Arbitration Institute proposed.

**2012** **On 17 January 2012**, according to the Thai Arbitration Institute proposed, the Company issued a letter to delay the proceed of the black case no. 1/2550 and wait for the award of the black case no. 46/2550. Later on, the Thai Arbitration Institute issued an order to delay the process of the black case no.1/2550. On the same day, PMO deposited for Arbitrator commission at Baht 100,000 for the black case no. 1/2550 and Baht 10,000,000 for the black case no. 46/2550, including the commission of arbitrator cases at Baht 15,000 each.  
**On 20 January 2012**, According to the order of Thai Arbitration Institute, the Company deposited additional for Arbitrator commission of the black case no. 46/2550 at Baht 4,587,160.21 , totally Baht 10,000,000.

**On 13 September 2012**, Thai Arbitration Institute sent the letter to the Company and The PMO informing background and information of Arbitrators for both parties. The letter said that if the Company or the PMO intend to protest the qualifications of the Arbitrator of the other side, the opposed notice must be submitted to Thai Arbitration Institute within the set period. On 28 November 2012, the Company submitted the petition to Thai Arbitration Institute to notify that the Company did not protest against the qualifications of the Arbitrator from the PMO's side. Therefore, Thai Arbitration Institute informed to the Arbitrators from both sides to acknowledge and take further proceeding.

**2013** **On 27 May 2013**, arbitration commission for both parties selected and appointed the person as the Chairman of Arbitrator according to the rules of Thai Arbitration Institute and with the same satisfaction. Thai Arbitration Institute approached someone and he accepted to be the Chairman of Arbitrator. His curriculum vitae was attached for registration and was informed to both parties. If either party raised any objection, the reason for this objection could be submitted within 15 days.

**On 12 June 2013**, authorized prosecutor from the Office of PMO's extended the time to consider whether the objection for appointment the Chairman of Arbitrator would be made. Thai Arbitration Institute approved this extension for 15 days.

**On 28 June 2013**, authorized prosecutor from the Office of PMO's stated that The Office of the Permanent Secretary the Office of PMO's did not have any objection but the right for the future if reason for the objection was found.

**On 19 August 2013**, authorized prosecutor from the Office of PMO's submitted petition to The Arbitration Institute that there were not enough data and facts as per curriculum vitae and then required additional information of Chairman of Arbitrator.

**On 20 September 2013**, the Chairman of Arbitrator clarified additional information as per authorized prosecutor from the Office of PMO's inquired. In conclusion, the Chairman of Arbitrator, his spouse and son did not hold the Company's share and / or had any relationship with the company of the claimant.

**On 8 October 2013**, the Arbitrator of the claimant declared facts and additional information as per the request from authorized prosecutor from the Office of PMO's to reconsider whether there was the objection of the Arbitrator from the Company.

**On 16 October 2013**, the Company requested for justice to rush the proceeding of the dispute no. 46/2550 to the Attorney-General because the dispute was submitted since 2007 up to present, totally more than 6 years but this dispute has not been to the proceeding stage. Therefore, the Company claimed to the authorized prosecutor from the Office of PMO's to proceed so that the final rule can be commenced and finalized as specified by law.

**On 28 December 2013**, Alternative Dispute, Thai Arbitration Institute sent the letter informing that on 6 December 2013, PMO submitted the letter protesting the Company's Chairman of Arbitrator and Arbitrator for proceeding Arbitration at this stage and also requested appointment the new Arbitrator according to the stage and legal procedure.

**2014** **On 14 January 2014**, the Company received the letter from Alternative Dispute informing that on 6 January 2014, the Chairman of Arbitrator and the Company's Arbitrator resigned from the position of Chairman of Arbitrator for dispute between the Company and PMO.

**On 22 January 2014**, the Company received the letter from Alternative Dispute, Thai Arbitration Institute that on 15 January 2014, the Company's Arbitrator resigned from the position of Arbitrator for the dispute between the Company and PMO. Alternative Dispute, Thai Arbitration Institute commanded the Company to appoint new Arbitrator to substitute the previous Arbitrator who just resigned.

**On 21 March 2014**, ITV has appointed new arbitrator.

**On July 2014**, Thai Arbitration Institute sent a letter to ITV informing that on 26 June 2014, PMO did not object the appointment of ITV's arbitrator but PMO would reserve its objection right in the future if any relevant reasons will be found.

**On 8 August 2014**, ITV submitted a motion to ask for a progress due to the dispute was submitted since 2007 up to present, totally more than 7 years but this dispute has not been to the proceeding stage. Therefore, ITV requested Thai Arbitration Institute to reiterate the authorized prosecutor from the PMO's to proceed as rapidly as possible for the purpose of the interest of justice.

**On 12 September 2014**, the Arbitration commission for both parties selected the person as the Chairman of Arbitrator by approached Mr. Sombat Deoisres and he accepted to be the Chairman of Arbitrator.

**On 12 December 2014**, Mr. Sombat Deoisres has officially been appointed as the Chairman of Arbitrator. The arbitral tribunal therefore assigned issues of dispute and burden of proof, stated the Arbitration procedure, and scheduled the dates for the witnesses' testimony of both parties in year 2015.

**2015**     **On 2 March 2015**, ITV submitted a motion to withdraw the Black case No. 1/2550 due to the dispute matters of the Black case No. 46/2550 have covered to the dispute matter by the Black case No.1/2550, therefore, it is not necessary to proceed the Black case No. 1/2550. Moreover, ITV also has requested for the refund of Arbitrator commission. Thai Arbitration Institute has ordered that in case PMO wishes to object the withdrawal, PMO must submit an objection within 15 days, otherwise, it will be deemed that PMO does not object and Thai Arbitration Institute will issue further order.

**On 1 May 2015**, PMO submitted an objection against ITV's petition to request for withdrawal of the Black case no.1/2550 by giving a reason that it may negatively affect to the Black case no.46/2550 because PMO's Statement of Counterclaim which has been submitted in the Black case no. 46/2550 argued that the ITV's submission of Black case no.46/2550 is a repetition of Black case no. 1/2550 and it is an issue of disputes as indicated to be considered by the Arbitral Tribunal.

**During the period from 1 May 2015 to 15 September 2015**, for the dispute of the black case no. 46/2550, there were investigations of witnesses of ITV and PMO by the Arbitral Tribunal.

**On 17 August 2015**, ITV deposited for additional Arbitrator commission of 10,000 Baht as Arbitration Institute's request for the dispute of the black case no. 46/2550.

**On 15 September 2015**, the process of investigation of the dispute of the black case no. 46/2550 was completed.

**On 10 November 2015**, ITV and PMO submitted presented their closing statement for the dispute of the black case no. 46/2550.

**2016**     **On 1 February 2016**, ITV received a copy of arbitration award in the black case no.46.2550 (the red case no.1/2559) rendered by Arbitration Tribunal on 14 January 2016. The significant issues of the arbitration award are as follows:

- The termination of PMO is unlawful.
- PMO shall compensate to ITV by paying the damages in the total amount of 2,890,345,205.48 Baht.
- Since the arbitration award to reduce the operating fee was revoked by the Supreme Administrative Court, ITV has to pay the unpaid difference of the operating fee of 2,886,712,328.77 Baht with the late interest of 3,632,876.77 Baht (from 4 March 2007 to 7 March 2007) to PMO. The total amount is 2,890,345,205.48 Baht.



- ITV and PMO are obligated to pay the equal amount of 2,890,345,205.48 Baht to each other, the obligations therefore could be set-off. In this regard, ITV and PMO shall release each other from the obligations.

The arbitration award is final and binding on ITV and PMO. However, if each party wishes to object the arbitration award as the condition under laws, the party may file a petition in a competent court within 90 days from the receiving date of a copy of the arbitration award.

## 7. The Audit Committee's Report



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### Independent Auditor's Report

#### To the Shareholders of ITV Public Company Limited

I was engaged to audit the accompanying consolidated and separate financial statements of ITV Public Company Limited and its subsidiary (the "Group") and of ITV Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2015, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated and Separate Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these consolidated and separate financial statements based on conducting the audit in accordance with Thai Standards on Auditing. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

#### *Basis for Disclaimer of Opinion*

As mentioned in notes 2 (d) and 19 to the financial statements, as at 31 December 2015, the Company's current liabilities exceed its current assets by an amount of Baht 5,569 million and there is a deficit in excess of the share capital of an amount of Baht 5,571 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 which are still under dispute with PMO. 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 Arbitration Panel has made the verdict on 14 January 2016 that both the Company and PMO have to compensate to each other with the same amount of Baht 2,890 million. However, either party may submit a petition to revoke the verdict at the Court having jurisdiction over the case within the certain periods as specified by laws. The financial statements do not include any adjustments that may be necessary as a result of these uncertainties.



*Disclaimer of Opinion*

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph to the consolidated and separate financial statements for the year ended 31 December 2015 of ITV Public Company Limited and its subsidiary and of ITV Public Company Limited, respectively, I am unable to express an opinion on the aforementioned financial statements.

*Emphasis of matter*

I draw attention to note 3 to the financial statements describing the effects of the Company's adoption from 1 January 2015 of certain new accounting policies in accordance with revised and new Thai Financial Reporting Standards promulgated by the Federation of Accounting Professions. The corresponding figures presented are based on the audited financial statements as at and for the year ended 31 December 2014 after making the adjustments described in note 3 to the financial statements.

(Winid Silamongkol)  
Certified Public Accountant  
Registration No. 3378

KPMG Phoomchai Audit Ltd.  
Bangkok  
15 February 2016

## 8. Financial Statements and Note to the Financial statements

### ITV Public Company Limited and its Subsidiary

#### Statements of financial position

	Note	Consolidated financial statements			Separate financial statements	
		31 December		1 January	31 December	
		2015	2014 (Restated)	2014 (Restated) <i>(in Bah)</i>	2015	2014
<b>Assets</b>						
<i>Current assets</i>						
Cash and cash equivalents	6	14,887,938	18,458,455	12,878,761	11,188,357	14,087,102
Current investments	7	1,169,807,902	1,138,957,186	1,122,879,467	1,187,347,526	1,153,723,800
Trade accounts receivable	8	-	-	-	-	-
Programming rights and production costs	9	-	-	-	-	-
Other current assets		14,851,200	17,686,963	15,689,471	36,384	6,408,486
<b>Total current assets</b>		<b>1,199,547,040</b>	<b>1,175,102,604</b>	<b>1,151,447,699</b>	<b>1,198,572,267</b>	<b>1,174,219,388</b>
<i>Non-current assets</i>						
Investments in a subsidiary	10	-	-	-	880,331	929,639
Equipment	11	6,440	2	2	6,440	2
Other non-current assets		63,960	55,800	61,700	63,960	55,800
<b>Total non-current assets</b>		<b>70,400</b>	<b>55,802</b>	<b>61,702</b>	<b>950,731</b>	<b>985,441</b>
<b>Total assets</b>		<b>1,199,617,440</b>	<b>1,175,158,406</b>	<b>1,151,509,401</b>	<b>1,199,522,998</b>	<b>1,175,204,829</b>
<b>Liabilities and equity</b>						
<i>Current liabilities</i>						
Provision for unpaid operating agreement fee and interest	19	6,756,831,620	6,323,413,811	5,889,996,003	6,756,831,620	6,323,413,811
Accrued expenses		8,004,121	7,298,124	4,913,885	7,810,603	7,245,369
Income tax payable		3,605,244	2,089,239	-	3,605,244	2,089,239
Other current liabilities		26,199	266,556	1,170,766	26,097	266,556
<b>Total current liabilities</b>		<b>6,768,467,184</b>	<b>6,333,067,730</b>	<b>5,896,080,654</b>	<b>6,768,273,564</b>	<b>6,333,014,975</b>
<i>Non-current liabilities</i>						
Deferred tax liability	12	2,132,435	-	-	2,132,435	-
<b>Total non-current liabilities</b>		<b>2,132,435</b>	<b>-</b>	<b>-</b>	<b>2,132,435</b>	<b>-</b>
<b>Total liabilities</b>		<b>6,770,599,619</b>	<b>6,333,067,730</b>	<b>5,896,080,654</b>	<b>6,770,405,999</b>	<b>6,333,014,975</b>
<i>Capital deficiency</i>						
Share capital						
Authorised share capital	13	7,800,000,000	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	6,033,487,000
Deficiency on share capital	13	(174,296,959)	(174,296,959)	(174,296,959)	(174,296,959)	(174,296,959)
Deficit		(11,438,701,961)	(11,027,885,939)	(10,609,210,795)	(11,438,602,783)	(11,027,786,761)
Other components of equity		8,529,741	10,786,574	5,449,501	8,529,741	10,786,574
<b>Total capital deficiency</b>		<b>(5,570,982,179)</b>	<b>(5,157,909,324)</b>	<b>(4,744,571,253)</b>	<b>(5,570,883,001)</b>	<b>(5,157,810,146)</b>
<b>Total liabilities net of capital deficiency</b>		<b>1,199,617,440</b>	<b>1,175,158,406</b>	<b>1,151,509,401</b>	<b>1,199,522,998</b>	<b>1,175,204,829</b>

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

# ITV Public Company Limited and its Subsidiary

## Statements of comprehensive income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2015	2014 (Restated)	2015	2014
<i>(in Baht)</i>					
<b>Revenues</b>					
Return on investment		45,012,942	42,766,465	43,767,287	41,667,174
Interest income		36,727	63,748	33,638	60,065
Other income		163,404	8,882	163,404	8,882
<b>Total revenues</b>		<b>45,213,073</b>	<b>42,839,095</b>	<b>43,964,329</b>	<b>41,736,121</b>
<b>Expenses</b>					
Loss on provision for interest					
of unpaid operating agreement fee	19	433,417,808	433,417,808	433,417,808	433,417,808
Administrative expenses	15	14,415,685	18,971,711	13,117,892	17,822,533
Impairment loss on investment		-	-	49,309	46,854
Directors' remuneration	5	3,900,000	4,800,000	3,900,000	4,800,000
<b>Total expenses</b>		<b>451,733,493</b>	<b>457,189,519</b>	<b>450,485,009</b>	<b>456,087,195</b>
<b>Loss before financial costs</b>		<b>(406,520,420)</b>	<b>(414,350,424)</b>	<b>(406,520,680)</b>	<b>(414,351,074)</b>
Financial costs		(5,482)	(5,655)	(5,222)	(5,005)
<b>Loss before income tax expense</b>		<b>(406,525,902)</b>	<b>(414,356,079)</b>	<b>(406,525,902)</b>	<b>(414,356,079)</b>
Income tax expense	16	(4,290,120)	(4,319,065)	(4,290,120)	(4,319,065)
<b>Loss for the year</b>		<b>(410,816,022)</b>	<b>(418,675,144)</b>	<b>(410,816,022)</b>	<b>(418,675,144)</b>
<b>Basic loss per share</b>	17	<b>(0.34)</b>	<b>(0.35)</b>	<b>(0.34)</b>	<b>(0.35)</b>
<b>Other comprehensive income</b>					
<i>Items that are or may be reclassified to profit or loss</i>					
Net change in fair value of					
available-for-sale investments					
Profit during the year		12,037,171	6,664,505	12,037,171	6,664,505
Reclassification of (profit) loss,					
recognised in the statements of income		(12,161,569)	(1,327,432)	(12,161,569)	(1,327,432)
Net change in fair value of					
available-for-sale investments before income tax		(124,398)	5,337,073	(124,398)	5,337,073
Income tax on other comprehensive income	12	(2,132,435)	-	(2,132,435)	-
Net change in fair value of					
available-for-sale investments, net of income tax		(2,256,833)	5,337,073	(2,256,833)	5,337,073
<b>Other comprehensive income for the year,</b>					
<b>net of income tax</b>		<b>(2,256,833)</b>	<b>5,337,073</b>	<b>(2,256,833)</b>	<b>5,337,073</b>
<b>Total comprehensive income for the year</b>		<b>(413,072,855)</b>	<b>(413,338,071)</b>	<b>(413,072,855)</b>	<b>(413,338,071)</b>

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

**ITV Public Company Limited and its Subsidiary**

**Statements of changes in equity**

	Consolidated financial statements					
	Issued and paid-up share capital	Deficiency on share capital	Deficit	Other components of equity		Total equity
				Fair value	Total	
				changes in available-for-sale investments	other components of equity	
(Baht)						
<b>Year ended 31 December 2014</b>						
Opening balance at 1 January 2014	6,033,487,000	(174,296,959)	(10,609,210,795)	5,449,501	5,449,501	(4,744,571,253)
Comprehensive income for the year						
Loss	-	-	(418,675,144)	-	-	(418,675,144)
Other comprehensive income	-	-	-	5,337,073	5,337,073	5,337,073
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(418,675,144)</b>	<b>5,337,073</b>	<b>5,337,073</b>	<b>(413,338,071)</b>
<b>Balance at 31 December 2014</b>	<b>6,033,487,000</b>	<b>(174,296,959)</b>	<b>(11,027,885,939)</b>	<b>10,786,574</b>	<b>10,786,574</b>	<b>(5,157,909,324)</b>
<b>Year ended 31 December 2015</b>						
Opening balance at 1 January 2015	6,033,487,000	(174,296,959)	(11,027,885,939)	10,786,574	10,786,574	(5,157,909,324)
Comprehensive income for the year						
Loss	-	-	(410,816,022)	-	-	(410,816,022)
Other comprehensive income	-	-	-	(2,256,833)	(2,256,833)	(2,256,833)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(410,816,022)</b>	<b>(2,256,833)</b>	<b>(2,256,833)</b>	<b>(413,072,855)</b>
<b>Balance at 31 December 2015</b>	<b>6,033,487,000</b>	<b>(174,296,959)</b>	<b>(11,438,701,961)</b>	<b>8,529,741</b>	<b>8,529,741</b>	<b>(5,570,982,179)</b>
	Separate financial statements					
	Issued and paid-up share capital	Deficiency on share capital	Deficit	Other components of equity		Total equity
				Fair value	Total	
				changes in available-for-sale investments	other components of equity	
(Baht)						
<b>Year ended 31 December 2014</b>						
Opening balance at 1 January 2014	6,033,487,000	(174,296,959)	(10,609,111,617)	5,449,501	5,449,501	(4,744,472,075)
Comprehensive income for the year						
Loss	-	-	(418,675,144)	-	-	(418,675,144)
Other comprehensive income	-	-	-	5,337,073	5,337,073	5,337,073
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(418,675,144)</b>	<b>5,337,073</b>	<b>5,337,073</b>	<b>(413,338,071)</b>
<b>Balance at 31 December 2014</b>	<b>6,033,487,000</b>	<b>(174,296,959)</b>	<b>(11,027,786,761)</b>	<b>10,786,574</b>	<b>10,786,574</b>	<b>(5,157,810,146)</b>
<b>Year ended 31 December 2015</b>						
Opening balance at 1 January 2015	6,033,487,000	(174,296,959)	(11,027,786,761)	10,786,574	10,786,574	(5,157,810,146)
Comprehensive income for the year						
Loss	-	-	(410,816,022)	-	-	(410,816,022)
Other comprehensive income	-	-	-	(2,256,833)	(2,256,833)	(2,256,833)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(410,816,022)</b>	<b>(2,256,833)</b>	<b>(2,256,833)</b>	<b>(413,072,855)</b>
<b>Balance at 31 December 2015</b>	<b>6,033,487,000</b>	<b>(174,296,959)</b>	<b>(11,438,602,783)</b>	<b>8,529,741</b>	<b>8,529,741</b>	<b>(5,570,883,001)</b>

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

# ITV Public Company Limited and its Subsidiary

## Statements of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
Note	2015	2014	2015	2014
		(Restated)		
	(in Baht)			
<b><i>Cash flows from operating activities</i></b>				
Loss for the year	(410,816,022)	(418,675,144)	(410,816,022)	(418,675,144)
<b><i>Adjustments for</i></b>				
Depreciation	1,301	-	1,301	-
Return on investment and interest income	(45,049,669)	(42,830,214)	(43,800,925)	(41,727,239)
Income tax expense	4,290,120	4,319,065	4,290,120	4,319,065
Impairment loss on investment	-	-	49,309	46,854
Reversal of impairment loss on assets	(97,612)	-	(97,612)	-
	<u>(451,671,882)</u>	<u>(457,186,293)</u>	<u>(450,373,829)</u>	<u>(456,036,464)</u>
<b><i>Changes in operating assets and liabilities</i></b>				
Other current assets	3,772,924	(3,220,824)	6,469,714	140,782
Other non-current assets	(8,160)	5,900	(8,160)	5,900
Provision for unpaid operating agreement fee and interest	433,417,808	433,417,808	433,417,808	433,417,808
Accrued expenses	705,996	2,384,241	565,218	2,548,971
Other current liabilities	(240,357)	(904,210)	(240,444)	95,420
Return on investment and interest received	44,210,120	44,053,545	43,800,925	41,727,239
Income tax paid	(2,774,115)	(2,229,826)	(2,774,115)	(2,229,826)
Net cash from operating activities	<u>27,412,334</u>	<u>16,320,341</u>	<u>30,857,117</u>	<u>19,669,830</u>
<b><i>Cash flows from investing activities</i></b>				
Purchase of equipment	(7,738)	-	(7,738)	-
Decrease in debt securities	-	-	10,000,000	25,000,000
Increase in debt securities	(30,975,113)	(10,740,647)	(43,748,124)	(41,265,462)
Net cash used in investing activities	<u>(30,982,851)</u>	<u>(10,740,647)</u>	<u>(33,755,862)</u>	<u>(16,265,462)</u>
Net increase (decrease) in cash and cash equivalents	(3,570,517)	5,579,694	(2,898,745)	3,404,368
Cash and cash equivalents at 1 January	18,458,455	12,878,761	14,087,102	10,682,734
Cash and cash equivalents at 31 December	<u>6</u> <u>14,887,938</u>	<u>18,458,455</u>	<u>11,188,357</u>	<u>14,087,102</u>

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

**ITV Public Company Limited and its Subsidiary**  
**Notes to the financial statements**

<b>Note</b>	<b>Contents</b>
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# ITV Public Company Limited and its Subsidiary

## Notes to the financial statements

These notes form an integral part of the financial statements.

These financial statements were authorised for issue by the Board of directors on 15 February 2016.

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

The parent company during the financial year was Intouch Holdings Public Company Limited, which is incorporated in Thailand and held 52.92% shareholding as at 31 December 2015 (2014: 52.92%).

The Company had been listed on the Stock Exchange of Thailand (“SET”) from 13 March 2002. On 18 July 2014, the Board of Governors of the SET resolved to delist the common stocks of the Company from the SET since 24 July 2014 onwards.

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”), media advertising and production of TV program. The Company’s Operating Agreement was revoked on 7 March 2007. Therefore, the Company ceased its operations.

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 19 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 operational 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 as at 31 December 2015 and 2014 are as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest	
			2015	2014
<b>Subsidiary</b>				
Artware Media Company Limited (“Artware”)	Principal business was 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

# ITV Public Company Limited and its Subsidiary

## Notes to the financial statements

### 2 Basis of preparation of the financial statements

#### (a) *Statement of compliance*

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 Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations at the Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. The effects of these changes, where such effects are considered material to the financial statements, are disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 21.

#### (b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- available-for-sale investments are measured at fair value.

#### (c) *Use of estimates and judgements*

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

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

Note 8	Allowance for doubtful accounts
Note 9	Impairment of Programming rights and production costs
Note 10	Judgments and assumptions to assess controls over investments, including impairment of investment in subsidiary
Note 11	Estimated useful lives of equipment
Note 11	Measurement of the recoverable amounts of equipment
Note 18	The measurement of fair values
Note 19	Provisions and contingencies

# ITV Public Company Limited and its Subsidiary

## Notes to the financial statements

### (d) *Financial status*

As at 31 December 2015, the Company's current liabilities exceed its current assets by an amount of Baht 5,569 million and deficit in excess of its share capital by an amount of Baht 5,571 million (*31 December 2014 the Company's current liabilities exceed its current assets by an amount of Baht 5,158 million and deficit in excess of its share capital by an amount of Baht 5,158 million*). In addition, as discussed in note 19 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 which are still under dispute. The Company has not yet paid these unpaid operating agreement fees 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. In addition, the Company has been 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.

However, on 1 February 2016, the Company received a copy of the Arbitration's award, which was ruled on 14 January 2016. The summarised is disclosed in note 22 to the financial statements. The financial statements do not include any adjustments that may be necessary as a result of these uncertainties.

### (e) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

## 3 Changes in accounting policies

From 1 January 2015, the Group has adopted the issued and revised TFRS, which has resulted in changes in its accounting policies applied in the financial statements for the year ended 31 December 2014. The changes that had material impact to the financial statements of the Group were as follows:

- TFRS 10 Consolidated Financial Statements

TFRS 10 introduces a control model to determine whether the investees should be consolidated. As a result, the investor has to re-consider and review its investments if it has to consolidate its investees, which could result to the change in its current accounting.

As a result, the Group has to consolidate an investment in "current investment in fixed income security through private funds", which is managed by independent fund manager. This is because the Group has control over policy.

- TFRS 13 Measurement of fair values

TFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other TFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurements date. It also replaces and expands the disclosure requirements about fair value measurements in other TFRSs.

**ITV Public Company Limited and its Subsidiary**  
**Notes to the financial statements**

TFRS 13 only impact to the Group's disclosure.

The impacts resulting from TFRS 10 is recognised retrospectively in some items of the consolidated financial statements (no impact to the separate financial statements):

	As previously reported	The impacts resulting from TFRS 10 <i>(in thousand Baht)</i>	As restated
<b>The consolidated statements of financial position</b>			
<i>As at 31 December 2013</i>			
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11,576	1,303	12,879
Current investments	1,132,121	(9,242)	1,122,879
Other current assets	6,560	9,129	15,689
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accrued expenses	4,708	206	4,914
Other current liabilities	187	984	1,171

**The consolidated statements of  
financial position**  
*As at 31 December 2014*

<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14,932	3,527	18,459
Current investments	1,153,724	(14,767)	1,138,957
Other current assets	6,419	11,268	17,687
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accrued expenses	7,270	28	7,298

**The consolidated statements of  
comprehensive income**  
**For the year ended 31 December 2014**

<b>Revenues</b>			
Return on investment	41,667	1,099	42,766
<b>Expenses</b>			
Administrative expenses	17,873	1,099	18,972

**ITV Public Company Limited and its Subsidiary**  
**Notes to the financial statements**

	As previously reported	The impacts resulting from TFRS 10 <i>(in thousand Baht)</i>	As restated
<b>The consolidated statements of cash flows</b>			
<b>For the year ended 31 December 2014</b>			
Net cash flows from (used in)			
operating activities	19,558	(3,238)	16,320
investing activities	(16,202)	5,461	(10,741)
Net increase in cash and cash equivalents	3,356	2,223	5,579
Cash and cash equivalents at beginning of the year	11,576	1,303	12,879
Cash and cash equivalents at end of the year	14,932	3,526	18,458

**4 Significant accounting policies**

The accounting policies set out below have been applied constantly to all periods presented in these financial statements except as explained in note 3, which address changes in accounting policies.

**(a) Basis of consolidation**

The consolidated financial statements relate to the Company, its subsidiary and the current investment in fixed income security through private funds.

*Subsidiary*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries and investment in current investment in fixed income security through private funds are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of subsidiary are to align with the policies adopted by the Group.

Losses applicable to non-controlling interests in a subsidiary are allocated to non - controlling interests even if doing so causes the non- controlling interests to have a deficit balance.

*Loss of control*

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

# ITV Public Company Limited and its Subsidiary

## Notes to the financial statements

### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### **(b) Fair value measurement**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### **(c) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits held at banks.

### **(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.

### **(e) Investments**

#### *Investments in subsidiary*

Investments in subsidiary in the separate financial statements of the Company are accounted for using the cost method.

#### *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 by using reference rates from the quoted prices at the close of business on the reporting date.

## ITV Public Company Limited and its Subsidiary

### Notes to the financial statements

Gain or loss recognised in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any 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, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, by using reference rates from the quoted prices at the close of business on the reporting date, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

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

#### (f) *Equipment*

Equipment is stated at cost less accumulated depreciation and impairment losses.

##### *Depreciation*

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of equipment. The estimated useful lives are as follows:

Office equipment	5 years
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Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### (g) *Programming rights*

##### *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.

# ITV Public Company Limited and its Subsidiary

## Notes to the financial statements

### (h) *Impairment*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in the statements of income.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the statements of income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statements of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statements of income.

### (i) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

### (j) *Provisions*

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### (k) *Revenue*

Return on investment and interest income is recognised in profit or loss as it accrues.

### (l) *Finance costs*

Finance costs comprise bank charge, interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, and fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective rate interest method.

### (m) *Income tax*

Income tax expense for the year comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

#### *Current tax*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date.



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*Deferred tax*

Deferred tax is provided, using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using tax rates substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax assets are reduced to the amount at which the related tax benefit will be realised.

**5 Related parties**

The Group is controlled by Intouch Holdings Public Company Limited. (“INTOUCH”), incorporated in Thailand, which owns 52.92% of the Company’s shares as at 31 December 2015 (31 December 2014: 52.92%). The remaining 47.08% of the shares (31 December 2014: 47.08%) are widely held.

Transactions related to the Group within the Intouch Group, such as subsidiaries, associates, management, and related parties 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 2015 and 2014 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Short-term benefit</b>				
Directors’ remuneration	3,900	4,800	3,900	4,800

Directors’ remuneration represents monthly allowance, which is paid to chairman of the board, vice president of board, and non-executive directors as approved by the Annual General Meeting of shareholders of the Company.

**6 Cash and cash equivalents**

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(Restated)</i>			
	<i>(in thousand Baht)</i>			
Cash on hand	8	8	8	8
Cash at banks - saving accounts	14,880	18,451	11,180	14,079
<b>Total</b>	<b>14,888</b>	<b>18,459</b>	<b>11,188</b>	<b>14,087</b>

The weighted average effective interest rate of savings deposits was 0.35% per annum (2014: 0.40% per annum) in the consolidated financial statements and 0.31% per annum (2014: 0.48% per annum) in the separate financial statements.

**ITV Public Company Limited and its Subsidiary**  
**Notes to the financial statements**

**7 Current investments**

	Consolidated financial statements		Separate financial statements	
	2015	2014 (Restated) <i>(in thousand Baht)</i>	2015	2014
Debt securities available for sale	1,159,146	1,128,170	1,176,686	1,142,937
Unrealised gain on securities available for sale	10,662	10,787	10,662	10,787
<b>Total</b>	<b><u>1,169,808</u></b>	<b><u>1,138,957</u></b>	<b><u>1,187,348</u></b>	<b><u>1,153,724</u></b>

The return on investments for the year 2015 was 3.68% (2014: 4.06%).

The Company has hired 2 security institutions to manage portfolio of investments as describe in note 20 (d).

**8 Trade accounts receivable**

	Consolidated financial statements		Separate financial statements	
	2015	2014 <i>(in thousand Baht)</i>	2015	2014
Other parties	-	3,998	-	3,998
	-	3,998	-	3,998
Less Allowance for doubtful accounts	-	(3,998)	-	(3,998)
<b>Net</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

As at 31 December 2014, entire trade accounts receivable are overdue more than 12 months.

**9 Programming rights and production costs**

	Consolidated and separate financial statements	
	2015	2014 <i>(in thousand Baht)</i>
At 1 January	-	103,199
Less Allowance for impairment	-	(103,199)
<b>At 31 December</b>	<b><u>-</u></b>	<b><u>-</u></b>

**10 Investments in subsidiary**

	Separate financial statements	
	2015	2014 <i>(in thousand Baht)</i>
At 1 January	930	976
Allowance for impairment	(50)	(46)
<b>At 31 December</b>	<b><u>880</u></b>	<b><u>930</u></b>

**ITV Public Company Limited and its Subsidiary**  
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Investment in subsidiary as at 31 December 2015 and 2014 were as follows:

<i>Subsidiary</i>	Ownership interest (%)		Paid-up share capital		Separate financial statement				At cost - net	
	2015	2014	2015	2014	Cost method		Impairment		2015	2014
					2015	2014	2015	2014		
Artware	99.99	99.99	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>(24,120)</u>	<u>(24,070)</u>	<u>880</u>	<u>930</u>

**11 Equipment**

	Consolidated and separate financial statements
	Office equipment (in thousand Baht)
<i>Cost</i>	
At 1 January 2015	-
Addition	8
At 31 December 2015	<u>8</u>
<i>Accumulated depreciation</i>	
At 1 January 2015	-
Depreciation charge for the year	(2)
At 31 December 2015	<u>(2)</u>
<i>Net book value</i>	
At 1 January 2015	-
At 31 December 2015	<u>6</u>

**12 Deferred tax liability**

Deferred tax liability is as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax liability	2,132	-	2,132	-
Total	<u>2,132</u>	<u>-</u>	<u>2,132</u>	<u>-</u>

Deferred income tax is calculated on temporary differences under the statements of financial position using liability method.

**ITV Public Company Limited and its Subsidiary**  
**Notes to the financial statements**

The movements in deferred tax liability during the years ended 31 December 2015 (2014: nil), without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

	<b>Consolidated and separate financial statements</b>
	Fair value changes in available-for-sale investment (in thousand Baht)
<b>Deferred tax liability</b>	
At 1 January 2015	-
Recognised in other comprehensive income	2,132
At 31 December 2015	<u>2,132</u>

**13 Share capital and deficiency**

	Number of registered share capital (in thousand shares)	Issued and Paid-up	Ordinary shares	Deficiency on capital (in thousand Baht)	Total
At 1 January 2014	<u>1,560,000</u>	<u>1,206,697</u>	<u>6,033,487</u>	<u>(174,297)</u>	<u>5,859,190</u>
At 31 December 2014	<u>1,560,000</u>	<u>1,206,697</u>	<u>6,033,487</u>	<u>(174,297)</u>	<u>5,859,190</u>
At 31 December 2015	<u>1,560,000</u>	<u>1,206,697</u>	<u>6,033,487</u>	<u>(174,297)</u>	<u>5,859,190</u>

As at 31 December 2015, the total authorised number of ordinary shares was 1,560 million shares (2014: 1,560 million shares) with a par value of Baht 5 per share (2014: Baht 5 per share).

**14 Non-controlling interests**

The Company has no significant non-controlling interests because of the Company's investments in subsidiaries and investment in fixed income security through private funds, which is managed by independent fund manager, holding 99.99% and 100%, respectively.

**15 Administrative expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
		(Restated)		
		(in thousand Baht)		
Consulting and management fees	11,142	13,590	11,142	13,590
Regulators fees	430	2,180	430	2,180
Others	2,844	3,202	1,546	2,053
<b>Total</b>	<u>14,416</u>	<u>18,972</u>	<u>13,118</u>	<u>17,823</u>

**ITV Public Company Limited and its Subsidiary**  
**Notes to the financial statements**

**16 Income tax**

The income tax recognised in profit or loss for the years ended 31 December 2015 and 2014 differ from the amount that would arise using the basic tax rate as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Loss before income tax	(406,526)	(414,356)	(406,526)	(414,356)
Tax rate (%)	20	20	20	20
The result of the accounting loss multiplied by the income tax rate	(81,305)	(82,871)	(81,305)	(82,871)
Effect of the non-deductible tax expense and income and expense recognised in the different period between accounting and tax	85,595	87,190	85,595	87,190
<b>Income tax recognised in profit or loss</b>	<b>4,290</b>	<b>4,319</b>	<b>4,290</b>	<b>4,319</b>
Average effective tax rate (%)	(1.0)	(1.0)	(1.0)	(1.0)

Income tax recognised in other comprehensive income for the years ended 31 December 2015 (2014: nil) as follows:

	Consolidated and separate financial statements for the years ended 31 December 2015		
	Before tax	Income tax expense	After tax
	<i>(in thousand Baht)</i>		
Unrealised gain on available-for-sale investments	10,662	(2,132)	8,530

*Income tax reduction*

Royal Decree No.577 B.E. 2557 dated 10 November 2014 grants the reduction to 20% for net taxable profit for the accounting period 2015 which begins on or after 1 January 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period begins on or after 1 January 2016.

The Group has applied the tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2015 and 2014 in accordance with the clarification issued by the FAP in 2012.

**ITV Public Company Limited and its Subsidiary**  
**Notes to the financial statements**

**17 Basic loss per share**

The calculations of basic loss per share for the years ended 31 December 2015 and 2014 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	
	2015	2014	2015	2014
	<i>(in thousand Baht / thousand shares)</i>			
Loss for the year	<u>(410,816)</u>	<u>(418,675)</u>	<u>(410,816)</u>	<u>(418,675)</u>
Basic loss attributable to equity holders of the Company	<u>(410,816)</u>	<u>(418,675)</u>	<u>(410,816)</u>	<u>(418,675)</u>
Number of ordinary shares outstanding	<u>1,206,697</u>	<u>1,206,697</u>	<u>1,206,697</u>	<u>1,206,697</u>
<b>Basic loss per share (in Baht)</b>	<b><u>(0.34)</u></b>	<b><u>(0.35)</u></b>	<b><u>(0.34)</u></b>	<b><u>(0.35)</u></b>

**18 Financial instruments**

As at 31 December 2015 and 2014, the Group has the following risks relating to significant financial instruments:

*Fair values*

The carrying amounts of the following financial assets and financial liabilities approximate their fair value: cash and cash equivalent, trade receivables, related party balances, provision for unpaid operating agreement fee and interest, accrued expenses, income tax payable other current assets, and other current liabilities are assumed to approximate their fair value due to the short maturities of these instruments.

Financial assets and liabilities measured at fair value as follows:

	Carrying amount	Consolidated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
<b>As at 31 December 2014</b>					
<i>Current assets</i>					
Debt securities					
available-for-sale	1,138,957	-	1,138,957	-	1,138,957
<b>As at 31 December 2015</b>					
<i>Current assets</i>					
Debt securities					
available-for-sale	1,169,808	-	1,169,808	-	1,169,808

**ITV Public Company Limited and its Subsidiary**  
**Notes to the financial statements**

	Carrying amount	Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
<b>As at 31 December 2014</b>					
<i>Current assets</i>					
Debt securities					
available-for-sale	1,153,724	-	1,153,724	-	1,153,724
<b>As at 31 December 2015</b>					
<i>Current assets</i>					
Debt securities					
available-for-sale	1,187,348	-	1,187,348	-	1,187,348

The Group determines Level 2 fair values for marketable debt securities available-for-sale have been determined based on quoted selling prices from the Thai Bond Market Association at the close of the business on the reporting date.

**19 Commitments and contingencies**

**19.1 Commitments from the Operating Agreement before the Agreement revoked (Effective date 7 March 2007)**

On 7 March 2007, the Company received the letter of termination of the Operating Agreement from the PMO. This caused the following disputes that are currently under the process of consideration;

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 Operating Agreement and against the law, including the arbitration institution dispute No. 1/2550 on 4 January 2007 which disputes payment of the program penalty fee and interest approximately totaling Baht 100,000 million.
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 to Supreme Administrative Court 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.

## ITV Public Company Limited and its Subsidiary

### Notes to the financial statements

#### 19.2 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 8<sup>th</sup> year of Baht 800 million, the 9<sup>th</sup> year of Baht 900 million, and the 10<sup>th</sup> - 30<sup>th</sup> year of Baht 1,000 million each year), whichever is higher, starting from 3 July 2002.
3. The PMO shall return parts of the minimum guarantee of Baht 800 million paid by the Company subject to conditions during the arbitration proceedings on 3 July 2003. The amount to be returned is Baht 570 million.
4. The Company is eligible to broadcast its television programmes during the prime time (7.00 p.m. - 9.30 p.m.) without being restricted to news, documentaries and social benefit items. The Company must, however, broadcast news, documentaries and social benefit programmes for not less than 50% of its total airtime, subject to the rules and regulations issued by governmental agencies applicable in general to all television stations.

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

On 9 May 2006, the Central Administrative Court handed down its ruling revoking the arbitration award.

On 7 June 2006, the Company filed an appeal against the verdict of the Central Administrative Court of the First Instance with the Supreme Administrative Court.

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 programs to be in line with Clause 11 of the Operating Agreement which covers the combination of news, documentaries and social benefit programs which shall not be less than 70% of total air-time, and all programs broadcasted during the prime time (7.00 p.m. - 9.30 p.m.), have to be these kinds of programs.
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 per year) of the Operating Agreement in respect of payment of Operating Agreement fee to the PMO.



## ITV Public Company Limited and its Subsidiary

### Notes to the financial statements

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 totaling Baht 2,210 million, for the 9<sup>th</sup> operating year (the Seventh Payment) in the amount of Baht 670 million, the 10<sup>th</sup> operating year (the Eighth Payment) in the amount of Baht 770 million and the 11<sup>th</sup> 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 programs following Clause 11, first paragraph, the penalty fee for breach determined by the PMO is in the amount of Baht 97,760 million (The Company changed its programming schedule following the Supreme Administrative Court's judgment on 14 December 2006).

The PMO demanded that all payments must be paid within 45 days of the receipt of such notice (received on 15 December 2006). In the event that the Company fails to repay such amount within the allocated period of time, the PMO will have to act in accordance with the terms of the 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.

## ITV Public Company Limited and its Subsidiary

### Notes to the financial statements

- 3.2 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 Operating 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.

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.

## **ITV Public Company Limited and its Subsidiary**

### **Notes to the financial statements**

**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 claim 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 entered 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 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.

**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 arising 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 opined 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 operational 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 the termination of the Operating Agreement exercised by the PMO demanding that the Company pay the debts of approximately Baht 100,000 million as it 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.

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### **Notes to the financial statements**

**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 12<sup>th</sup> 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.

**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 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 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.

## **ITV Public Company Limited and its Subsidiary**

### **Notes to the financial statements**

**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 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 favor 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.

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### **Notes to the financial statements**

**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 arising 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 favour 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.

**On 10 June 2010**, the Company deposited Baht 5,412,839.79 which computed from the Company claim amount of Baht 21,814,198,932 for the case no. black 46/2550, For the case no. black 1/2550, the Company had deposited Baht 20,000 which is a minimum amount set for the case without disputed amount claim and the Company deposited five time of such amount totaling Baht 100,000.

**On 24 November 2011**, the Company expedited the arbitral proceedings to the Thai Arbitration Institute by objecting to the allowance given to PMO to extend the deposit period. After 23 times of postponement in the last two years, the Company viewed that PMO intended to postpone the arbitral proceedings and there is no reason to extend anymore.

**On 2 December 2011**, PMO filed the petition requesting to postpone the deposit (the 24<sup>th</sup> extension) by referring to the 23<sup>rd</sup> letter – Nor Ror 1306/7334, dated 22 September 2011. PMO request for another 60 days started from 28 September 2011.

**On 21 December 2011**, The Thai Arbitration Institute had made appointment to both litigants for negotiation. The resolution was to postpone the arbitral proceedings of the case no. 1/2550 and initiating the proceedings of case no. 46/2550 first. The Arbitration Institute ordered the parties to make a deposit for fee, expense and commission of arbitrators of approximately Baht 10 million and the parties had made such deposit.

**On 30 December 2011**, PMO sent a letter to the Thai Arbitration Institute requesting to postpone the arbitral proceedings of the case no. 1/2550 and initiating the proceedings of case no. 46/2550.

**On 17 January 2012**, According to the Thai Arbitration Institute proposal, the Company issued a letter to delay the proceeding of the case no. black 1/2550 and wait for the award of the case no. black 46/2550. Later on, the Thai Arbitration Institute issued an order to delay the process of the case no. black 1/2550. On the same day, PMO deposited for Arbitrator commission at Baht 100,000 for the case no. black 1/2550 and Baht 10 million for the case no. black 46/2550, including the expenditure of both cases at Baht 15,000 each.

**On 20 January 2012**, According to the order of Thai Arbitration Institute, the Company deposited additional for Arbitrator commission of the case no. black 46/2550 at Baht 4,857,160.21, totalling Baht 10 million.

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### **Notes to the financial statements**

**On 13 September 2012**, The Arbitration Institute sent the letter to the Company and PMO informing background and information of Arbitrators for both parties. The letter said that if the Company and PMO intend to protest the qualifications of the Arbitrator of the other side, the opposed notice must be submitted to The Arbitration Institute within the set period. On 28 November 2012, the Company submitted the petition to Thai Arbitration Institute to notify that Company did not protest against the qualifications of the Arbitrator from the Office of PMO's side. Therefore, The Arbitration Institute informed to the Arbitrators from both sides to acknowledge and take further proceeding.

**On 27 May 2013**, Arbitration commission for both parties selected and appointed the person as the Chairman of Arbitrator according to the rules of Thai Arbitration Institute and with the same satisfaction. Thai Arbitration Institute approached someone and he accepted to be the Chairman of Arbitrator. His curriculum vita was attached for registration and was informed to both parties. If either party raised any objection, the reason for this objection could be submitted within 15 days.

**On 12 June 2013**, Authorised prosecutor from the Office of PMO extended the time to consider whether the objection for appointment the Chairman of Arbitrator would be made. Thai Arbitration Institute approved this extension for 15 days.

**On 28 June 2013**, Authorised prosecutor from the Office of PMO stated that The Office of the Permanent Secretary the Office of PMO's did not have any objection but reserved the right for the future if reason for the objection was found.

**On 19 August 2013**, Authorised prosecutor from the Office of PMO submitted petition to The Arbitration Institute that there were not enough data and facts as per curriculum vitae and then required additional information of Chairman of Arbitrator.

**On 20 September 2013**, the Chairman of Arbitrator clarified additional information as per authorised prosecutor from the Office of PMO's inquired. In conclusion, the Chairman of Arbitrator, his spouse and son did not hold the Company's share and / or had any relationship with the Company of the claimant.

**On 8 October 2013**, the Arbitrator of the claimant declared facts and additional information as per the request from authorized prosecutor from the Office of PMO to reconsider whether there was the objection of the Arbitrator from the Company.

**On 16 October 2013**, the Company requested for justice to rush the proceeding of the dispute no. 46/2550 to the Attorney-General because the dispute was submitted since 2007 up to present, totally more than 6 years but this dispute has not been to the proceeding stage. Therefore, the Company claimed to the authorised prosecutor from the Office of PMO to proceed so that the final rule can be commenced and finalised as specified by law.

**On 28 December 2013**, Alternative Dispute, Thai Arbitration Institute sent the letter informing that on 6 December 2013, PMO submitted the letter protesting the Company's Chairman of Arbitrator and Arbitrator for proceeding Arbitration at this stage and also requested appointment the new Arbitrator according to the stage and legal procedure.

**On 14 January 2014**, the Company received the letter from Alternative Dispute informing that on 6 January 2014, the Chairman of Arbitrator and the Company's Arbitrator resigned from the position of Chairman of Arbitrator for dispute between the Company and PMO.

**On 22 January 2014**, the Company received the letter from Alternative Dispute, Thai Arbitration Institute that on 15 January 2014, the Company's Arbitrator resigned from the position of Arbitrator for the dispute between the Company and PMO. Alternative Dispute, Thai Arbitration Institute commanded the Company to appoint new Arbitrator to substitute the previous Arbitrator who just resigned.

## **ITV Public Company Limited and its Subsidiary**

### **Notes to the financial statements**

**On 21 March 2014**, the Company nominated Kamonchai Rattanasakaowong, Ph.D and adjunct professor, as it's the Company arbitrator. The PMO had the right to object to this nomination within 30 days of receiving written notification from the Alternative Dispute Resolution Office. However, the PMO requested two extension to the objection period.

**On 20 May 2014**, the PMO asked for 30-day extension, and the Arbitration Institute extended the period until 11 June 2014.

**On 10 June 2014**, the prosecutor of the PMO submitted a letter to the Arbitration Institute requesting a 30-day extension, which was granted on 26 June until 11 July 2014.

**On 8 July 2014**, the Arbitration Institute informed the Company that it had received a letter from the PMO, dated 26 June 2014, stating that there was no objection to the Company's arbitrator. However, the PMO reserved the right to raise an objection later. The Arbitration Institute had asked the Company's arbitrator to nominate three candidates for chairman of the panel by 15 August 2014. In order to ensure that this appointment is transparent and fair, the Company's attorney will list all new candidates.

**On 8 August 2014**, the Company submitted a motion to ask for progress due to the dispute was submitted since 2007, totally more than 7 years but this dispute has not been to the proceeding stage. Therefore, the Company requested Thai Arbitration Institute to reiterate the authorised prosecutor from the PMO to proceed as rapidly as possible for the purpose of the interest of justice.

**On 12 September 2014**, the Arbitration commission for both parties selected the person as the Chairman of Arbitrator and the person accepted to be the Chairman of Arbitrator.

**On 12 December 2014**, the Arbitration commission has already appointed the Chairman of Arbitrator officially. The arbitral tribunal therefore assigned issues of dispute and burden of proof, stated the Arbitration procedure, and scheduled the dates for the witnesses' testimony of both parties in year 2015.

**On 2 March 2015**, the Company filed a petition to withdraw the dispute 1/2550. The reason was because the issue of the dispute 46/2550 has covered the dispute 1/2550 and the dispute 1/2550 was occurred before the PMO revoked the operating agreement. Thus, it is not necessary to further process the dispute 1/2550. Regarding this, had requested for a special order to return arbitration fees. The Arbitration Institute had an order that if the PMO disagreed, the objection would be filed within 15 days or otherwise the process would be continued. However, the PMO had filed a request for a time extension to 30 days.

**On 3 April 2015**, the PMO submitted a letter to extend 30 days to file an objection petition to withdraw the dispute 1/2550.

**On 1 May 2015**, the prosecutor of the PMO raised an objection to the withdrawal of the dispute Case Number 1/2550. The Company had taken evidence of the dispute Case Number 46/2550 having a total of six witnesses, which was ended on 12 June 2015.

**On 19 June 2015**, the prosecutor of the PMO began to take evidence on the dispute Case Number 46/2550 having a total of eight witnesses, which was ended on 15 September 2015.

**On 15 September 2015**, the taking of evidence was finished.

**On 10 November 2015**, the Company and PMO filed closing statements to the Arbitration Institute.

**On 1 February 2016**, the Company received a copy of the Arbitration's award, which was ruled on 14 January 2016. The summarised is disclosed in note 22 to the financial statements.



# ITV Public Company Limited and its Subsidiary

## Notes to the financial statements

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

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

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

The said liability has not been recorded in the company's financial statements as the Black Case number 640/2550 filed by the PMO demanding that the Company pay the operating fee, interest, the penalty fee and value of undelivered assets was dismissed by the Central Administrative Court which shall await the arbitral award the Black Case No. 1/2550 granted by the arbitration panel and the final legal proceeding.

#### 2. **In regard of the operating fee of the 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> year amounting to Baht 2,210 million and 15% interest of such amount**

Since the 4<sup>th</sup> quarter of 2006, the provision for unpaid operating fee amounting to Baht 2,210 million plus 15% interest from the date that the arbitral award was revoked by the Supreme Administrative Court as of 13 December 2006 was recorded in the consolidated financial statements. The reason is that the Company proposed condition 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 fee amounting to Baht 2,210 million plus 15% interest per annum. In addition, the Supreme Administrative Court made the order striking out the case No 640/2550 in which the PMO demanded that the Company pay the operating 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 by the Operating Agreement to be finalised.

#### 3. **Value of undelivered assets**

The undelivered assets 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 since 1995. 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.

On 1 February 2016, the Company received a copy of the Arbitration's award, which was ruled on 14 January 2016. The summarised is disclosed in note 22 to the financial statements.

The Company has already recognised provision for unpaid operating 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 3,866 million in these financial statements, of which of the amount of Baht 433 million was provision for interest on unpaid operating fee for the year ended 31 December 2015 (2014: Baht 433 million).

**ITV Public Company Limited and its Subsidiary**  
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**20 Significant agreements with third parties**

- a) On 10 July 2012, the Company entered into a contract with a company for legal advice. The Company is committed to pay legal advisory fee of Baht 5 million. The company paid legal advisory fee of Baht 2.50 million as of 2015 (2014: Baht 1.50 million), the remaining will be paid as the progress of the case.
- b) On 15 July 2012, the Company entered into a contract with a company for advising and undertaking legal. The Company is committed to pay the advisory fee amount of Baht 35 million for the cases or when there is the arbitration award granted by the arbitration panel on the dispute between the Company and the PMO in accordance with the Operating Agreement of amount. As of 2015 the Company paid a service charge amount of Baht 18.67 million (2014: Baht 13.27 million), the remaining portion is for the case which continue after the Arbitrator's judgment and until the case is final.
- c) On 1 November 2015, the Company renewed a contract with a body of persons for legal advice. The Company is committed to pay the advisory fee of Baht 3.60 million. The contract has a term of one year. The Company has the right to terminate the agreement by 7 days advance notice.
- d) On 1 January 2015, the Company entered into contracts with two other assets management companies and other bank to manage bond investment according to the Company policy and for bond investment deposition, respectively. The contracts have a term of one year and shall be automatically renewed for another one year. The Company will pay the management fee annually of net asset calculated daily and will pay the deposition service fee annually of net asset of last working day of week and last day of month by weekly calculated. The asset management companies will deduct the fee from fund quarterly and the bank will deduct the fee from fund quarterly. The Company has the rights to terminate the agreement by 60 days advance notice.

**21 Thai Financial Reporting Standards (TFRS) not yet adopted**

The Group has not adopted the new and revised TFRS that issued but are not yet effective. The new and revised TFRS which become effective for annual financial periods beginning on or after 1 January 2016 are as follows:

<b>TFRS</b>	<b>Topic</b>
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets

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<b>TFRS</b>	<b>Topic</b>
TFRS 2 (revised 2015)	Share-based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 15 (revised 2015)	Operating Leases - Incentives
TSIC 25 (revised 2015)	Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (revised 2015)	Disclosure - Service Operating Arrangements
TSIC 31 (revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2015)	Service Operating Arrangements
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 21 (revised 2015)	Levies

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the Group's and Company's financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

**22 Events after the reporting period**

On 1 February 2016, the Company received a copy of the Arbitration's award, the Case Number Red 1/2559, which was ruled on 14 January 2016 in regard of the Case Number Black 46/2550 between the Company and PMO with the claim for whether termination of the Operating Agreement was legal or not and damages arising from termination of the Operating Agreement, the outcomes are as follows:

1. Termination of the Operating Agreement ordered by the PMO is unlawful.
2. The PMO has to pay Baht 2,890 million to the Company for damages.
3. As per the order of the Supreme Administrative Court on 13 December 2006 to withdraw the ruling of the arbitration institute dated 30 January 2004, the Company has to pay the operating fee according to the rate specified in the original contract, which total amount until now is Baht 2,890 million for the unpaid operating fee shortfall and interest thereon.
4. The Company and PMO have duty to pay to each other at Baht 2,890 million of which it can be offset then no outstanding debt between both parties. For other disputes raised by the Company and the PMO, those are dismissed.

Although the ruling is final and binding both the Company and the PMO, if either party wants to withdraw this Arbitration's award, that party may submit a petition to revoke at the Court having jurisdiction over the case. This shall be subject to uncertainty which may affect the income, expenditure, assets and liabilities in the financial statements and its disclosure regarding unpredictable assets and liabilities.



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