

The Company's operating results regarding the progress of dispute between the Company and the PMO

Background, Significant Changes and Developments :

January 30, 2004, the Arbitration rendered the award regarding the PMO's breach of Article 5 paragraph 4 caused ITV's damage, with the order of material issues as detailed below:

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

May 9, 2006, the Central Administrative Court rendered its judgment revoking the whole arbitral award dated January 30, 2004, for the reason that, the term of Article 5 phrase 4 was nullified as it was not approved by the cabinet. Nevertheless, the rest of the terms and conditions in the Concession Agreement remained valid.

December 13, 2006, the Supreme Administrative Court reaffirmed the Central Administrative Court's judgment on the same reason. Such reaffirmation caused ITV to perform in accordance with the rest of the terms and conditions in the Concession Agreement particularly the Clause 5 phrase 1 regarding making payment to PMO, including Clause 11 paragraph 1 which specifies that the news and documentary programs shall be broadcast during at least seventy percent (70%) of the overall broadcast time. During the period from 7.00 pm to 9.30 pm, the broadcast must be limited to the news and useful program only. ITV started to use the broadcast schedule under the condition in Clause 11 paragraph 1 since December 14, 2006.

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

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

fine can be calculated daily in accordance with Clause 11 paragraph 2. PMO claimed the fine in the amount of Baht 97,760 million (ITV proceeded to amend its broadcast schedule in accordance with the Supreme Administrative Court since December 14, 2006).

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

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

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

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

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

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

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

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

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

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

February 2, 2007, ITV sent the letter to the Prime Minister seeking justice by proposing that PMO accept the payment of the difference of the minimum concession fee in the amount of Baht 2,210 million and that the arbitration proceeding should be used for the settlement of the issues of the fine arising out of the adjustment of the broadcasting schedule and the interest on the difference of the minimum concession fee.

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

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

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

February 21, 2007, the Central Administrative Court rejected such petition submitted by ITV giving the reason that if PMO wishes exercise the right to terminate the CA and ITV views that such right is illegally exercised, ITV should be able to claim damages from such termination. With regard PMO's request that ITV pay the fine and the interest as well as ITV's request that the Court set the period that ITV shall make the payment to PMO of the difference of the minimum concession fee in the amount of Baht 2,210 million within thirty (30) days after the date that the court orders on this issue, the Court views that they are issues between ITV and PMO. If ITV feels that it should not pay such debt or would like to negotiate the payment of such debt, ITV could follow the process specified by the CA and legal proceeding. 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.

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

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

March 30, 2007, PMO filed the complaint to the Central Administrative Court in the black case No. 640/2550 requesting that ITV pay the difference of the minimum concession fee in the amount of Baht 2,210 million, the 12th installment of the concession fee in the amount of Baht 677 million (starting from the date the arbitral award was issued to March 7, 2007), the interest on the difference of the minimum concession fee in the amount of Baht 562 million (starting from the date the arbitral award was issued to March 30, 2007), the fine for the adjustment of the broadcasting schedule in the amount of Baht 97,760 million and the value of the non-delivered assets in the amount of Baht 656 million together with the interest at the rate of seven point five percent (7.5%) per annum of the value of the non-delivered assets commencing from the filing date until all payments are satisfied. The value of the non-delivered assets is a new issue that has never been raised by PMO. The total amount of the debt claimed in this complaint is Baht 101,865 million.

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

May 8, 2007, ITV filed against PMO for the complaint to the Central Administrative Court in the black case No. 910/2550 requesting that 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 ITV's damages.

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

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

- July 10, 2007**, the **Central Administrative Court** appointed **Mr. Vich Jeerapat** as a PMO's arbitrator to hear the arbitration institute dispute with the black case No. 1/2550, and ordered PMO to follow the arbitration proceeding with regard to the dispute on the fine, the difference and the interest in the case
- July 11, 2007**, ITV appealed to the Supreme Administrative Court for the Central Administrative Court's order to dismiss black case No. 910/2550 because of its expiry. The case No.910/2550 was the issue that ITV filed the dispute against PMO in respect of Article 5 pa.4 which has not been approved by cabinet caused ITV's damages and claim to be paid for damages from PMO in the amount of Baht 119,252 million thereof.
- June 22, 2007**, the Central Administrative Court ordered the dismissal of the black case No. 640/2550 filed by PMO requesting ITV to pay the difference, the interest and the fines in order to allow the parties to the CA to use the arbitration proceeding as specified by the CA. Later on July 24, 2007, PMO appealed the Central Administrative Court's order to the Supreme Administrative Court, and filed the petition requesting interim protection in ceasing the arbitration proceeding in waiting for the Supreme Administrative Court's order.
- July 24, 2007**, PMO appealed to the Supreme Administrative Court the Central Administrative Court's order to dismiss black case No. 640/2550, and filed the petition requesting interim protection in ceasing the arbitration proceeding in waiting for the Supreme Administrative Court's order.
- August 17, 2007**, PMO appealed to the Supreme Administrative Court the Central Administrative Court's order to appoint Mr. Vich Jeerapat as its arbitrator in the arbitration institute dispute with the black case No. 1/2550, and order for PMO to follow the arbitration proceeding with regard to the dispute on the fine, the difference and the interest in the case thereof.
- October 29, 2007**, ITV filed the petition requesting the Central Administrative Court to order interim protection before the final judgment is rendered in order to prevent the implementation of the draft of the Public Broadcasting of Sound and Pictures Organization of Thailand Act ("PBA") as the cabinet resolved to approve the draft of the PBA on April 24, 2007, and the draft was to be raised to the consideration of the National Legislative Assembly ("NLA") on October 31, 2007. ITV provided the reason at the end of its petition that, if the draft of the PBA is approved and becomes the law, it will affect the arbitral award and the Administrative Court's judgment on one of ITV's claim in the case or the dispute between PMO and ITV which will be rendered after October 31, 2007. The claim that PMO shall pay the damages and allow ITV to continue to operate the broadcasting business using UHF system under the same term of the CA will be nullified as all assets, rights, obligations and encumbrances will then become the State's asset in accordance with Section 56 of the draft of the PBA. Accordingly, ITV requested that the Central Administrative Court hold an urgent hearing and order the cessation or find an immediate method which will cease the operation or the proposing of such draft to the NLA as the Court views proper until the case is final or until the Central Administrative Court will order differently.
- October 30, 2007**, the Central Administrative Court rejected ITV's petition requesting interim protection giving the reason that the consideration of such draft is the obligation of the members of the National Legislative Assembly which is the power given by the Constitution of Thailand not the administrative power. Therefore, there is no ground for the Administrative Court to order the cessation of the operation of the NLA. In addition, the dispute is currently under the consideration of the tribunal so that there is no reasonable ground for the Court to order interim protection as requested by ITV.

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

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

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

The company's operating results regarding the progress of dispute between the Company and the PMO for 2008

January 15, 2008, the State Legislative Assemble Council Authority announced Thai Public Television Broadcasting Station Act ("TPBS") effective date by law being 15 January 2008. The Bill was approved and becomes enforceable, and neither the award granted by the Arbitration Committee nor the judgment given by the Administrative Court on the dispute or case arisen between the Company and the PMO, for which one of the claims the Company made against the PMO to indemnify for damages and/or grant the Company of the Operating right to re-operate the UHF Broadcasting Television Station for the remaining period as specified in the Operating Agreement, shall not be effective for final approval before its effective announcement. The reason is that all business including rights, obligations, assets, budget, debt, frequency rights and encumbrance of the Company shall be transferred to the government subject to Section 57, Transitory Provisions of the Act. Nevertheless, the other claims of the Company made to the PMO to indemnify for damages by paying such damages amount still be valid if the court rules in favourable of the Company lawsuit cases.

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

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