

# ANNUAL REPORT 2005

## ITV PUBLIC COMPANY LIMITED

FINANCIAL HIGHLIGHTS	1
GENERAL INFORMATION	10
MESSAGE FROM THE CHAIRMAN	12
BOARD OF DIRECTORS	15
REPORT OF THE AUDIT COMMITTEE	16
NATURE OF BUSINESS	17
RISK FACTORS	35
CORPORATE GOVERNANCE AND MANAGEMENT STRUCTURE	39
RELATED TRANSACTIONS	56
MANAGEMENT STRUCTURE	63
MAJOR SHAREHOLDERS	64
DIRECTOR INFORMATION	65
MANAGEMENT DISCUSSION AND ANALYSIS	72
THE BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING	75
AUDITOR'S REPORT	77
CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS	78

## FINANCIAL HIGHLIGHTS FOR THE PERIOD OF 2003-2005

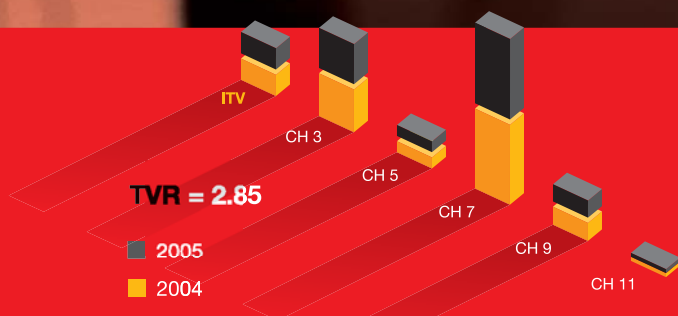
	Unit : Baht Million		
Operational Results	2003	2004	2005
Advertising Revenue	1,332	1,433	1,900
Airtime Rental Revenue	358	403	432
Total Service Revenue	1,690	1,836	2,333
Gross Profit	606	888	1,392
Net Profit (Loss)	(660)	205	679
Total Assets	3,189	2,975	3,452
Total Liabilities	1,772	1,327	1,117
Shareholders' Equity	1,417	1,647	2,335
<b>Financial Ratio</b>			
Gross Profit Margin (%)	35.82	48.33	59.67
Return on Total Assets (%)	(20.33)	6.64	21.13
Current Ratio (X)	0.70	0.89	1.61
Earning (Loss) per Share (Baht)	(0.57)	0.17	0.56
Book Value per Share (Baht)	1.18	1.37	1.94

As at 31 December

**18.5%** Ad.Spending increased to 18.5% in 2005.  
Market Share



News is the station's strength with the latest update and in-depth analysis. We also add more diverse programs that correspond to everyone's lifestyles.



**Prime Time TV Rating**  
increased from 2.82 in 2004 to 2.85 in 2005

## OUR COMPANY

ITV has an uncompromising commitment to bring you news update with accurate details and professional journalism. Today, we also





# ITV, EVERYONE'S STATION OF JOY

offer entertainment shows to serve a wide range of viewers' interests. With different angles of the content, show format and presentation, ITV is everyone's television.

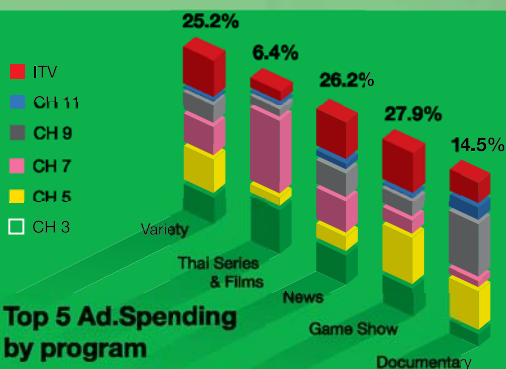




Ad.Spending by program  
news and variety was  
the 1<sup>st</sup> rank in the industry.



My Prime Time is ITV's strategy to expand its Prime Time. This is based on the belief that most people's non prime time can be some others' Prime Time.



**Top 5 Ad.Spending  
by program**

News and Variety : The 1<sup>st</sup> Rank  
Game Show : The 2<sup>nd</sup> Rank  
Series&Films and Documentary : The 3<sup>rd</sup> Rank

## OUR STRATEGY

ITV's My Prime Time is the strategy to create Prime Time for different audiences. Someone's non prime time can be others' favorite Prime Time. Therefore, ITV has programmed a pattern of broadcast that attracts viewers needs during different time of the day.



## MY PRIME TIME

### ITV's Highlights

1. For working professionals : Hot News, the late night news edition featuring top stories of the day. ITV also serves as a forum for viewers to voice their opinions and concerns.
2. For teenagers : Asian Series from Korea and Japan along with Thai variety shows such as Sa-Ra-Nae Jung and Gig Ga Bite.
3. For kids : Waizon-Khon-Mahassajan, a family oriented drama series and ITV Cartoon Club.
4. For homemakers : Late afternoon shows such as Good Luck Game, Chuan Chuen Cafe.
5. For everyone : Twilight Show and The Millionaire Game.

All these programs correspond to every age group, lifestyle and viewers' time. These are what drove ITV to success.





Through a myriad of projects, ITV serves as a medium that helps alleviate Thai people's problems or in time of emergency.

## OUR SOCIAL CONTRIBUTION

1. The Chuay Duay Jai Khonthai Mai Think Gun, Puen Pung (Pa) Yam Yak (Thais never leave Thais) Project by the Red Cross helped the victims of the floods.
2. Ruam Jai Chuy Nong (United We Stand) project rebuilt the schools that were burnt down by the separatists in the Deep South.
3. ITV Ruam Meu Ruam Jai Tan Pai Nao (ITV Fights the Cold) project provided blankets and jackets for people who faced the cold winter in the provinces.





# ITV THAILAND'S BEST FRIEND

4. ITV Ruam Meu Ruam Jai Pur Pu Prasoppai Park Tai (ITV Helps the victims from the Tsunami).
5. ITV donated Baht 1 million to Khun Poom Foundation.

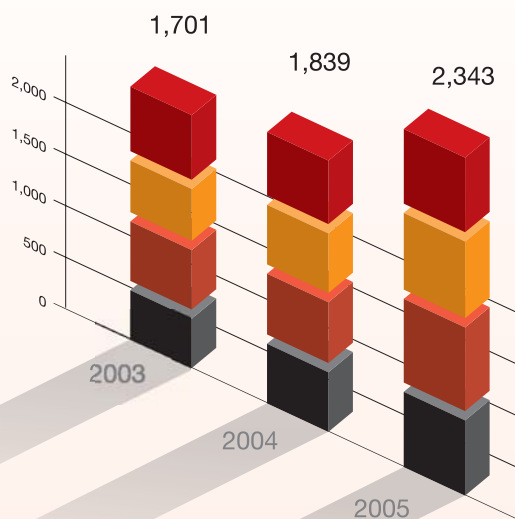
# THE PROOF OF SUCCESS

Growth **27.4%**

## ITV TOTAL REVENUE 2003-2005

(Baht Million)

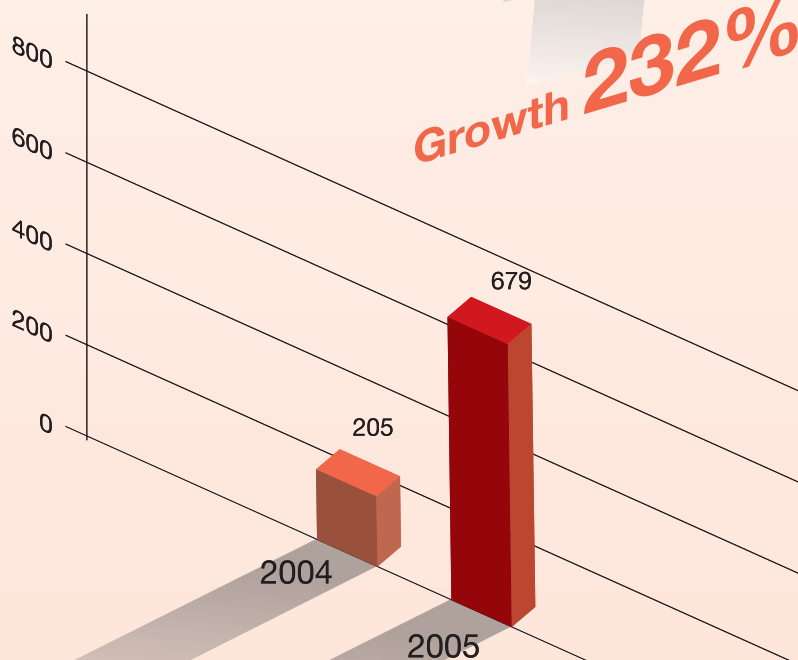
- Q4
- Q3
- Q2
- Q1



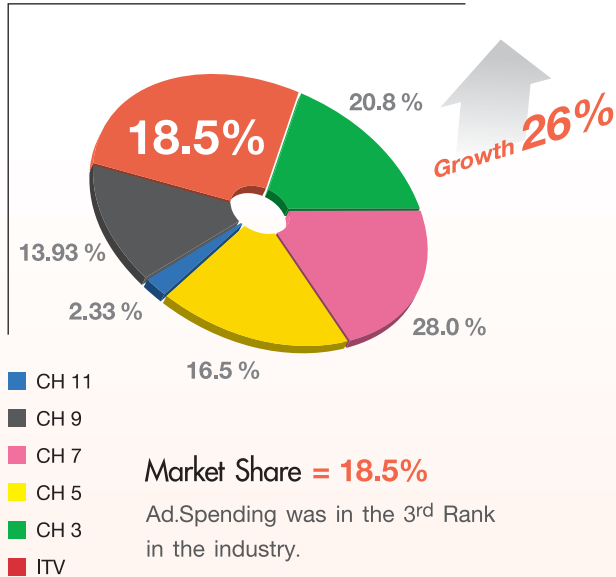
Growth **232%**

## NET PROFIT

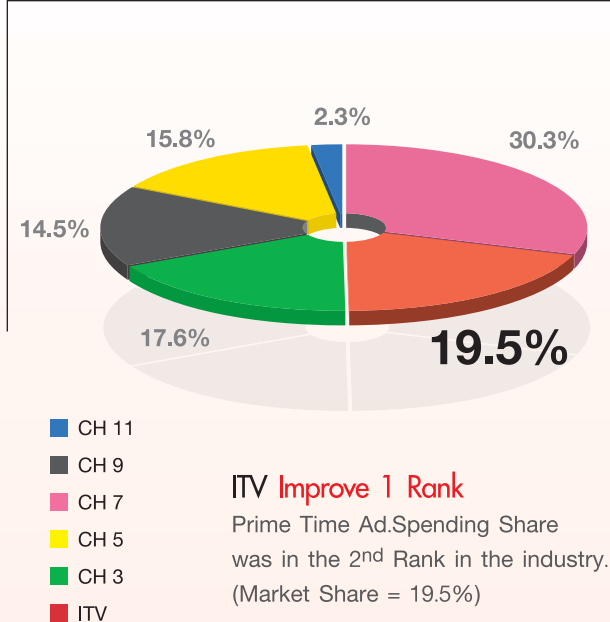
(Baht Million)



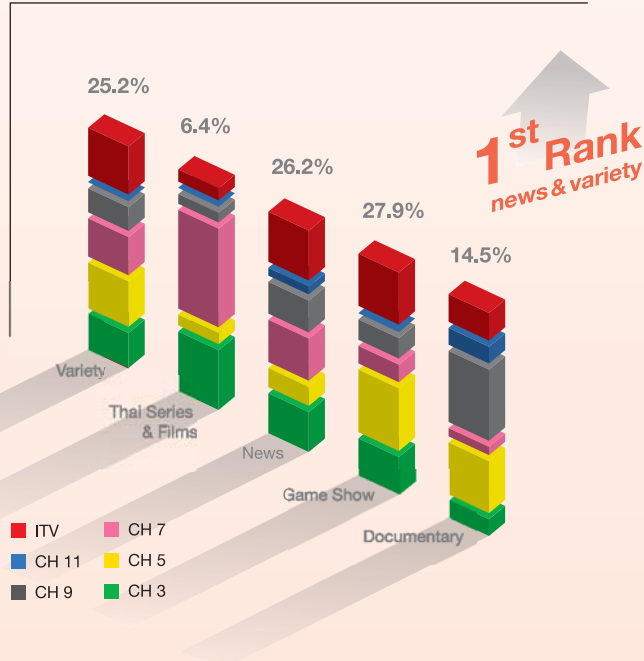
## TOTAL TV AD.SPENDING SHARE



## PRIME TIME TV AD.SPENDING SHARE : Y 2005



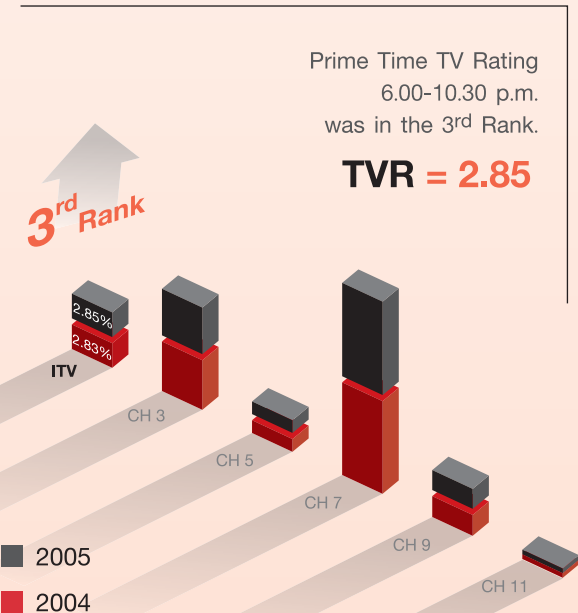
## TOP 5 AD.SPENDING BY PROGRAM TYPES



Ad.Spending by program  
News and Variety : The 1<sup>st</sup> Rank  
Game Show : The 2<sup>nd</sup> Rank  
Series&Films and Documentary : The 3<sup>rd</sup> Rank

Source : AGB Nielsen Media Research

## PRIME TIME TV RATING COMPARISON





## GENERAL INFORMATION

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Name	:	ITV Public Company Limited
Nature of Business	:	UHF radio and television broadcast station “ITV Station”
Head Office Address	:	1010 Shinawatra Tower 3, 13th Floor, Viphavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900
Registration No.	:	0107541000042
Corporate Homepage	:	www.itv.co.th
Telephone	:	(66) 2791-1000
Facsimile	:	(66) 2791-1010
Registered Capital	:	Baht 7,800,000,000
Paid-up Capital	:	Baht 6,032,306,500
Par value	:	Baht 5

### SUBSIDIARY

Name	:	Artware Media Company Limited
Nature of Business	:	Leasing of production equipment for television programs, production of television programs, buying/selling of program rights, and market event organizing.
Head Office Address	:	1010 Shinawatra Tower 3, 13th Floor, Viphavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900
Registration No.	:	0105545118984
Telephone	:	(66) 2791-1000
Facsimile	:	(66) 2791-1010
Registered Capital	:	Baht 20,000,000
Paid-up Capital	:	Baht 20,000,000
Par value	:	Baht 5
Holding Proportion	:	99.99% Registered Capital

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#### JOINT VENTURE COMPANY

Name	:	Media Connex Company Limited
Nature of Business	:	Mobile advertising and marketing business.
Head Office Address	:	1010 Shinawatra Tower 3, 13th Floor, Viphavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900
Registration No.	:	0105549001844
Telephone	:	(66) 2791-1000
Facsimile	:	(66) 2791-1010
Registered Capital	:	Baht 50,000,000
Paid-up Capital	:	Baht 50,000,000 (January 2006)
Par value	:	Baht 10
Holding Proportion	:	59.99% Registered Capital

#### REFERENCES

Registrar	:	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building Rachadapisek Road, Klongtoey, Bangkok 10110 Tel: (66) 2229-2800 Fax: (66) 2359-1259  Thailand Securities Depository Company Limited Capital Market Academy Building, The Stock Exchange of Thailand 2/7 Moo 4, (North Park Project) Vibhavadi-Rangsit Road Km.27, Tung Song Hong, Laksi, Bangkok 10210 Tel: (66) 2596-9000 Fax: (66) 2832-4994-6 Homepage: <a href="http://www.tsd.co.th">www.tsd.co.th</a>
Auditor	:	Mr. Prasit Yuengsrikul Certified Public Accountant (Thailand) No. 4174 PricewaterhouseCoopers ABAS Ltd. 179/74-80 Bangkok City Tower, 15th Floor, South Sathorn Road, Yannawa, Bangkok 10120 Tel: (66) 2286-9999, (66) 2344-1000 Fax: (66) 2286-5050

## MESSAGE FROM THE CHAIRMAN

DEAR SHAREHOLDERS,

In 2005, ITV attained its achievements in various aspects including its operational performances, corporate image, as well as recognized status in its social relief and awareness efforts. In addition, ITV also rearranged its program schedule in news, documentaries and entertainment varieties with aims to focus on program quality; to satisfy overall needs of broader audience groups and to build up its own reputation as the “Station of knowledge and happiness for every family member”.

As far as operational performance is concerned, the Company posted a Baht 679 million in profit, a 3.3 time of the 2004 level. Revenues increased by 27.4%, while the television and advertisement

industry accounted only 6% in its overall growth rate. 2005 was also the first year that ITV's revenues exceeded the benchmark of Baht 2 Billion. The research reports from AGB Nielsen Media Research revealed that in 2005 ITV ranked third in terms of its market share, 19%, compared to 16% in the previous year. The first and second rankings stations had their shares of market accounting to 29% and 21% respectively. The research also pointed out that ITV enjoyed a better income share in advertisement for news and variety programs than other stations. The Station's game shows and local dramas followed in second and third pace consecutively in advertising income share. ITV operations reflected a continued advancement particularly compared to its own past performances. Nonetheless, the Company still remains committed to making itself to be the best television station in Thailand.





ITV is proud to have been acting as a center for providing help to those in need and to society as a whole. It managed a Baht 220 million fund donated by the public under the “ITV fund raising for Tsunami relief” to build and operate permanent homes, schools, temples, educational and child development grants, career and environmental enhancement programs, as well as other supportive requirements for the Tsunami victims in six Southern provinces of Thailand. ITV’s efforts have been largely praised by the public. In 2005 ITV together with other organizations involved themselves in many fund raising schemes for charities and community benefits such as Aids Victims at Wat Pa Bath Nam Pu and a Kathin Outing to 108 temples in the 3 southern most provinces, education grants for the Pra Dabot Foundation, Surgical Equipment for Chulalongkorn hospital, and victims who have suffered from flood, fire and cold weather. Furthermore, ITV have a support program that is aired every Monday to Friday and is used as a liaison center between relevant agencies which provide aid to people with problems and any person throughout the country who may need their help.

ITV would like to thank our shareholders, customers, investors, financial institutions, business alliances, media and the viewers for all the support that they have rendered. The Company also wishes to show its appreciation to the management and staff of all levels who have selflessly devoted themselves to working together in order that the station may attain progress and great achievements over the years.



Mr. Boonklee Plangsiri  
Chairman of the Board of Directors



Mr. Niwattumrong Boonsongpaisan  
Director and Chairman  
of the Executive Committee





MR. SONGSAK PREMSUK



MRS. SARITA BUNNAG



MR. WEERAWONG CHITTMITRAPAP



MRS. SIRIPEN SITASUWAN



MR. NIWATTUMRONG  
BOONSONGPAISAN



MR. BOONKLEE PLANGSIRI



MR. SOMPRASONG BOONYACHAI



DR. DUMRONG KASEMSET



MR. ANAN LEETRAKUL

[Go to Index](#)

# BOARD OF DIRECTORS

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MR. BOONKLEE PLANGSIRI  
The Chairman of the Board

MR. ANAN LEETRAKUL  
Director, the Chairman of the Audit Committee and Independent Director

MR. WEERAWONG CHITTMITRAPAP  
Director, Member of the Audit Committee and Independent Director

MRS. SARITA BUNNAG  
Director, Member of the Audit Committee and Independent Director

MR. NIWATTUMRONG BOONGSONGPAISAN  
Director

MR. SOMPRASONG BOONYACHAI  
Director

DR. DUMRONG KASEMSET  
Director

MRS. SIRIPEN SITASUWAN  
Director

MR. SONGSAK PREMSUK  
Director and Managing Director



## REPORT OF THE AUDIT COMMITTEE

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The Company's Board of Directors appoints three independent directors; Mr. Anan Leetrakul, Mr. Weerawong Chittmittrapap and Mrs. Sarita Bunnag, to be the members of the Audit Committee. The Committee is ordered to report directly to the Board of Directors.

The Audit Committee has qualifications, duties and responsibilities that comply with the principle of the Audit Committee as prescribed by the Stock Exchange of Thailand.

During the year 2005, the Committee attended 4 meetings and considered matters of importance which can be summarized as follows:

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

The Board of Directors attended meetings with the Company's external and internal auditors to assess the sufficiency of the Company's internal control system and to discuss and exchanges opinions, the Auditor's report, the Committee has an opinion that the Company has adequate internal controls with no material deficiency.

The Committee had considered a nomination of PricewaterhouseCoopers ABAS Limited to be the Company's auditor for 2006 and reviewed its relevant remuneration. The nomination will be presented to the Board of Directors for proposing to the 2006 Annual General Shareholders' Meeting.



Mr. Anan Leetrakul  
Chairman of the Audit Committee

February 9, 2006

# NATURE OF BUSINESS

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## BACKGROUND AND MAJOR CHANGES AND DEVELOPMENTS

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

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

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

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

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

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

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

On December 26th, 2003 the Company’s Board of Directors approved an increase of registered capital to Baht 7,800 million, numbering 1,560 common share at Baht 5 par value. 300 million new common shares, which accounted for Baht 1,500 million, were issued and offered to Mr. Tripop Limpapath and Kantana Group Public Co., Ltd. for participation on a private placement basis. The decision was endorsed by the resolution of the Extraordinary General

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Meeting of Shareholders No. 1/2004 held on January 19th, 2004. However, a completion of this share participation is subject to an agreeable outcome of the Company's due diligence results.

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

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

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

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

2005 October 31, 2005, According to the memorandums of understandings held on November 26, 2004 and the extraordinary shareholders' meeting of ITV Public Company Limited no.1/2004, held on January 19, 2004, Mr. Tripop Limpapath and Kantana Group Public Company Limited could not reach an agreement over the share offering. However, two strategic partners were still TV producers for the Company.

On December 22, 2005, Board of Directors of ITV Public Company Limited approved the company to formed a joint venture, Media Connex Co., Ltd., to operate in mobile advertising & marketing business with registered capital of Baht 50 Million - ITV, CA Mobile, Ltd. and Mitsui & Co., Ltd. held 60%, 25% and 15% stake respectively. The joint venture was registered completely in January 2006, and start to render its service on the second quarter of the year 2006.

## OVERVIEW

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

The entire operations of the Station is administered by the Company and the Artware Media Company Limited, its subsidiary. The Station broadcasts to all viewers on a 24 hour basis through ITV broadcasting network of 52 relay stations nationwide with a viewer coverage ratio of 98% of total national inhabitants.

The Station is recognized as the Country’s leading news station that presents up-to-the minute, timely news through diversified and daring approaches. Other than being a reliable news station, the Company also presents new alternatives to viewers with various entertainment programs to suit all ages and genders. The Station produces favorite shows for different viewer groups ranging from kids, teenagers, housewives, and even office staff, by offering their desired programs with a diverse time schedule. The Company also emphasizes its policy of being “ITV-the People’s Station”. This policy is clearly reflected through the Station’s involvements in various social contribution programs such as ITV’s relief efforts for Tsunami victims in the Southern provinces of Thailand, ITV’s donations to Khun Poom’s foundation, the school reconstruction programs for students and teachers in Southern provinces of Thailand, “ITV Raum Meu Raum Jai Tan Pai Nao”, etc.

## REVENUE STRUCTURE

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

Revenue Breakdown	2003		2004		2005	
	Million Baht	%	Million Baht	%	Million Baht	%
Advertising Income	1,332.02	78.33	1,433.46	77.96	1,900.35	81.09
Airtime Rental	358.47	21.08	402.98	21.91	432.48	18.46
Other Income	10.12	0.59	2.35	0.13	10.57	0.45
Total Revenues	1,700.61	100.00	1,838.79	100.00	2,343.40	100.00

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

1. Advertising incomes : which accounted for 81% of the annual total revenues and were generated mainly from two activities, which are:
  - Internally produced programs, for which advertisement sales are fully managed and marketed by the Company.
  - Co-produced programs, whereby production costs are absorbed by strategic producers who benefit from the sharing of revenues and allocated advertising airtime.
2. Airtime rental : which accounted for 18% of the annual total revenues. The Company rents its airtime slots to production houses, program arrangers or program hosts. Rental is quoted and collected on an agreed upon lump-sum payment basis.



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## NATURE OF BUSINESS

### DESCRIPTION OF PRODUCTS OR SERVICES

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

### PROGRAMMING TIMETABLE

The arrangement of the program timetable starts with an annual scheduling of major programs of which approval from the Prime Minister's Office is required, while the allocations of program nature and airtime are also subject to applicable concession rules. On 30 January 2004 the arbitration panel that reviewed the disputes between the Company and the Prime Minister's Office, issued its adjudication which allowed the Company to broadcast its prime time programs during 7.00 p.m.-9.30 p.m. without a restriction on the required nature of the program, which used to be news, documentaries and socially beneficial programs. However, the Company is required to allocate no less than 50% of its total airtime to news, documentaries and socially beneficial programs.

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

In 2005 the focal point of the Company's program choices remained the diversification of viewing options. Excelling in program quality and ensuring that content is more interesting distinctive has always been the key concern. Example of such attempts are children series at 7.30 p.m., a popular quiz show named "Game Sethi (Maha Chon)" at 8.10 p.m., varieties entertainment providing viewers with global approaches, broad-spectrum knowledge and amusement at 8.40 p.m., a weekday in depth news analysis program, known as "ITV HOT NEWS" at 9.40 p.m., while varieties entertainment namely "Ann-Nut Mai Jam Kad" and "I-Style" are scheduled on the weekend nights. As for the Friday and Saturday timetable at 11 .00 p.m., the favorite news cum documentary programs such as "Tod Rahas" and "Yon Roy" still retain an unchallenged reputation among the general audiences. Presently, the Company retains its reputation as the number 1 "Leading News Station". Its news programs start with the regular morning news brief at 6.30 a.m., then the business news called "Sen Thang Nak Long Tun", followed by noon and 6.00 p.m. evening news programs. Breaking news is reported every hour on the hour. On weekdays at 3.05 p.m. the Station presents the "Ruam Meu Ruam Jai" live broadcast program as a mediator for the public to voice concerns and needs.

## BREAKDOWN OF AIRTIME ALLOCATION

In general airtime allocation is structured as follows :

Program Category / Nature	Airtime Allocation (%)		
	2003	2004	2005
News and Documentary	72.75	71.12	66.32
Entertainment	27.25	28.88	33.68

Source: ITV Public Company Limited

## PROGRAMS

Broadcast programs are categorized into 2 groups as follows :

### IN-HOUSE PRODUCTION

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

Program	Program's logo	Presentation pattern
ITV Morning News Monday -Friday 6.15-8.00 a.m.		Early morning live program that updates daily news and major events as they occur. <b>6.15 - 7.00 a.m.</b> presenting news reports from various daily newspapers in the manner that arouses viewers attentive focus. Legal views, plus day by day traffic and weather reports, are vividly covered. <b>7.00 - 8.00 a.m.</b> reporting important news in focus with in depth analytical comments, interviews, completed and updated coverage of both interesting local and international news, and summary reports on major sports results.
Breaking News Monday-Friday at 10.00 & 11.00 a.m. and 2 / 3 / 4 and 5 p.m. Weekends at 10.00 a.m. and 2 / 3 p.m.		Follows news in each and every event all day at every top of the hour (Monday-Sunday) update of current breaking news as well as follow-up of important local & overseas incidents.

Program	Program's logo	Presentation pattern
ITV's Noon Time News Monday-Friday at 12.00 a.m. -1.00 p.m.		Current reports on live incidents, important local & overseas situations, economic reviews, securities updates and major international sport events. The program then ends with an in depth update of news & movements in the entertainment world for “devoted entertainment fans”.
ITV's Weekend News Saturday-Sunday at 11.00-11.45 a.m.		Covering major local and global news updates, results of major international sport events, world athletic scoops, entertainment movements and ending with “Teen News” presenting diversified teenager's view points and reported by student representatives from various educational institutions.
Khon Thai Thi 1 Nai Lok Every public holiday 11.30-12.00 a.m.		Presenting various cases of Thai success in the global arena, intending mainly to inspire young viewers to be visionary and dare to take actions that lead to creations of possible world renowned masterpieces. The program is meant to affirm Thais' achievements and to point out the global competence of the Thais.
Smart Life Saturday 11.45-12.00 a.m.		The program presents up-to-the-minute technologies and innovative ideas in various fields; including IT, computer, movies, animation, and games, locally and overseas. In trend news and knowledge are also covered.
Ruam Meu Ruam Jai Monday-Friday at 3.05-4.00 p.m.		This social awareness program aims to improve social conditions by acting as a mediating ground for public disputes and providing opportunities for nationwide viewers to voice their concerns and seek assistance.
ITV Evening News Monday-Sunday at 6.00-7.30 p.m.		Coverage of major day-by-day news, both domestic and international, is presented nightly, with in depth & complete analysis, from diversified angles. Important movements in social, political, economics, sport and entertainment scenes, as well as incidents in international affairs, are also covered.

Program	Program's logo	Presentation pattern
ITV Hot News Monday-Friday at 9.40-10.30 p.m.		Summary of important local news and world events of the day. The program is intended for viewers who might have missed the evening news broadcast. It also presents breaking news updates and major domestic incidents and world movements.
Tod Rahas Friday 11.00-12.00 p.m.		The program is news cum documentary report that interrogates dubious incidents. It also reflects concerned social problems and urges audiences to be aware of modern day dangers in advance. In dept and breadth coverage of the topics are portrayed with perceptive comments by the Station's professional news team.
Yon Roy Saturday at 11.10-12.00 p.m.		The show takes the audience back to the past to investigate historical events, legend, cases and celebrity myths while uncovering the untold truths of the past that may be distorted and forgotten with time.
Late Night News Every day at 1.00-1.35 a.m.		Summary of important news of the day aims to update viewers who miss the evening news broadcast. Current follow up of breaking news, important incidents and global movements are also covered.

#### ACQUIRED PROGRAMS OR PROGRAMS UNDER CONTRACTED PRODUCTION

The Station defines strategic directions for characteristics of its required programs. It then cooperates with its business alliances who are promising players in the program production profession and works closely with them from the time of initial briefing to the creation of program image, review of viewer's satisfaction, as well as selecting the script, choosing casts or the program hosts and monitoring the production process in order to produce quality programs to suit viewer's choices.

Co-produced programs are classified into the three following categories :

##### Category 1. Contracted production or acquisition of foreign programs.

The Station contracts or acquires whole programs of which their copyrights belong solely to the Station. Other than this, the Station is also fully in charge of the advertisement sales for these programs.



Program Type	Program Name	Production Nature
Thai Drama	Lakon Ded 11 Mong	contracted program
	Waizon-Khon-Mahassajan	contracted program
	Gang-Paun-Guan-Kee-Ra	
	Mahassajan-Wan-Kead	
Series	ITV Asian Series ( Japanese / Korean)	acquired program copy right

#### Category 2. Sharing of advertising airtime with program producers. (Time Sharing)

The Station provides broadcasting time. Producers are responsible for supplying marketable shows produced at their own costs. Allocation of advertising airtime for the shows between the Station and the program producers are pre negotiated. Sharing of advertising revenues are thus undertaken accordingly, whereas the program producers' revenue share is only limited to the proceeds from their commercial airtime portion. Co-produced programs under this category for 2005 included :

Company Name	Program Type	Program Name
Born & Associates Co.,	Game Show	Millionaire Game
	Variety Show	Knock Knock Knock
	Variety Show	Twilight Show
Born Operation Co., Ltd.	Game Show	What is it
	Variety Show	Good Luck Game
	Variety Show	Chuan Chen Cafe
	Variety Show	You Know Me (A Little Go)
Kantana Group Public Co., Ltd.	Variety Show	Bupha Fan Club
	Variety Show	Lady's Zone
	Variety Show	Su Laew Ruay
Triple Two Co, Ltd.	Variety Show	Gi-ga-bite
	Variety Show	Yuth Tha Karn Ban Theng
Luck (666) Co, Ltd.	Variety Show	Sa-Ra-Nae-Jang
TV Thunder Co, Ltd.	Variety Show	O-No Show
How Come Entertainment Co, Ltd.	Variety Show	Kai Rak Kai Hua Jai Trong Kan
Polyplus Entertainment Co, Ltd.	Variety Show	Ann Nut Mai Jam Kad
The Firm Entertainment Co, Ltd.	Game Show	Q-Twenty

#### Category 3. Sharing of revenues with program producers.

The Station worked and co-invested with high caliber producers to co-invest in the production and the marketing and sales of advertisement airtime. The Station is in charge of invoice issuance and revenues collection. The program revenues are then accordingly shared as per mutually agreed conditions. Production of programs under this category for 2005 included :

Company Name	Program Type	Program Name
Kantana Group Public Co., Ltd.	Reality Show	Big Brother
	Reality Show	Fear Factor / Parakit-Cheewit
Eff Co. Ltd.	Cartoon	ITV Cartoon Club
Drama Plan Co., Ltd.	Variety Show	Pa Tong Goh Society

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## COMMERCIAL SPOT

The Station seeks high caliber and experienced producers to co-invest in the production and to be responsible for the marketing and sales of advertisement airtime of all those produced shows. The Station is fully in charge of invoice issuance and revenue collection. The collected revenues are then accordingly shared as per mutually agreed conditions with the program producers. Programs produced in cooperation with business alliances for 2005 include :

- (1) Group A : Monday-Sunday 6.00-10.30 p.m.  
Commercial rate for advertisement is Baht 250,000 per minute.
- (2) Group B : Monday-Friday 5.00-6.00 p.m. and 10.30 p.m.-01.30 a.m.  
Saturday-Sunday 8.00 a.m.-6.00 p.m. and 10.30 p.m.-01.30 a.m.  
Commercial rate for advertisement is Baht 200,000 per minute.
- (3) Group C : Monday-Friday 01.30 a.m.-5.00 p.m.  
Saturday-Sunday 01.30 a.m.-8.00 a.m.  
Commercial rate for advertisement is Baht 100,000 per minute.

## AIRTIME RENTAL

The Station intends to optimize its broadcasting airtime by allowing outside producers to rent broadcasting timeslots during the period it deems appropriate. These outside producers must be responsible for program production and sales of the allocated advertisement airtime for such programs. All advertisement revenues belong to the program producers, while the Station receives airtime rental fees. Presently the Station's average renting airtime accounts for 40% of the total airtime schedule, most of which are non prime time slots. Presentation pattern, program content, and production quality are set and reviewed by the Station before broadcasting airtime in order to comply with its policy guideline and suit its overall program schedule.

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

Program	Program description
SATHANI THORATHAT HED HANSA Monday-Friday 06.00-06.15a.m.	Early morning children's variety show which focuses on fun & joy with informative knowledge aimed at enhancing the child's creativity.
HEALTH STATION Monday-Wednesday 09.00-9.30a.m.	Health awareness variety show that focuses on interesting information concerning health care. Medical specialists are invited to provide knowledge and answers to viewer's questions. At times, patients with particular illnesses are requested to participate and be interviewed in order to give viewers accurate information on those illnesses, their cure and treatment process.

Variety Show on Community Leaders  
Friday 10.05-10.30 a.m.

Variety show which presents importance of each local governing authority in various provincial areas of the country particularly in terms of responsibility, duties and roles of local community leaders in neighborhood development, improvement in standard of living, promotion of tourism, preservation of cultural inheritance and upgrading of such local economy.

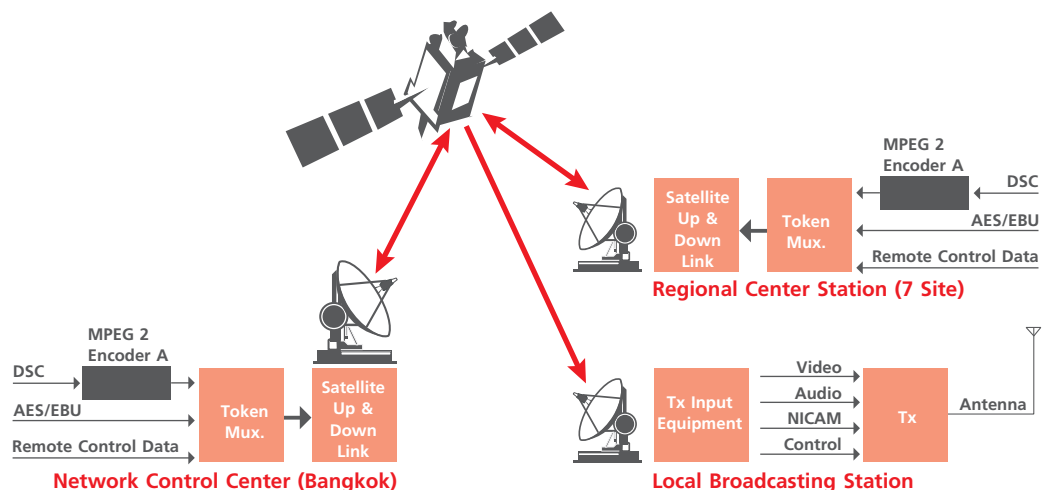
Perd Lok Si Khiew  
Saturday 06.00-06.30 a.m.

News cum documentary program which reports environmental issues and analysis aims to promote public concerns and child interests on ultimate benefits of natural resource management and prudent utilization of natural resources. It also tackles how to preserve, sustain and revive natural environments.

## BROADCASTING

### BROADCASTING SYSTEM

The Company possesses state-of-the-art transmission technology that provides both visual and audio clarity and is also the first to operate a UHF television broadcast station in the country. The UHF system offers lower signal interference than the VHF system. The Station employs a PAL G System for transmission of visual signals. The system is acclaimed according to generally accepted international standards. The audio signal transmission is operated by the Digital Stereo NICAM System, which transmits digital signals and maintains stabilized sound quality for both stereo and dual language signals. In our dual language program, the audience can choose Thai language or the program's original sound track as well as stereo mode, if available.



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



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

#### NETWORK STATION AND COVERAGE AREA

In 2005, the Company constructed two additional relay broadcast stations within its network at Amphur Chiang Khong and Amphur Viang Pa Pao, Chiang Rai Province. At present, the Company operates a network of 52 relay broadcast stations ; comprised of 8 stations in the central region, 16 in the northern region, 13 in the northeastern region, 3 in the eastern region and 12 in the southern region. The Station coverage areas reach 98% of the nationwide viewer population.

Network Station / Regional Center Station		Local Broadcasting Station / Terminal Stations
1 Bangkok	(NCC)	Sing Buri, Kanchanaburi, Prachuap Khiri Khan, Phetchaburi, Pattaya, Hua Hin and Muak Lek
2 Sa Kaeo	(RCS)	Rayong and Trat
3 Chiang Mai	(RCS)	Chiang Rai, Lampang, Mae Hong Son, Payao, Mae Sariang, Chai Prakan, Chiang Kong and Wiang Pa Pao
4 Sukhothai	(RCS)	Phrae, Nan, Tak, Nakhon Sawan, Phetchabun and Thoen
5 Khon Kaen	(RCS)	Nakhon Ratchasima, Udon Thani, Sakon Nakhon, Chaiyaphum, Loei, Chum Phae, Bueng Karn and Chum Puang
6 Ubon Ratchathani	(RCS)	Surin, Roi Et, Mukdahan
7 Surat Thani	(RCS)	Nakhon Si Thammarat, Phuket, Chumphon, Ranong, Thung Song, Takua Pa and Kor Samui
8 Songkhla	(RCS)	Yala, Trung and Satun
Remark : NCC = Network Control Center		RCS = Regional Center Station

#### BROADCASTING

In Bangkok Metropolitan and its vicinity, the Company runs the highest terrestrial broadcasting transmission antenna from its master station at the top of Bai Yok Tower 2, Bangkok. It operates broadcasting channel No. 29 with 1,000 kw. effective radiated power (ERP) and 100 kilometers coverage covering Greater Bangkok and the surrounding vicinity of 17 provinces. (e.g. Nontaburi, Nakornpatom, Ayudhya, Angthong, Patumthani, Saraburi, Nakornnayok, Chachoengsao, Samutprakarn, Samutsakorn, Somutrsongkarn, Supanburi, Kanchanaburi, Ratchaburi, Petchburi, Choburi and Pracheenburi). The Company's network broadcasting system outside the Metropolitan area and its vicinity is relayed via a terrestrial broadcasting transmission antenna with 10 to 1,000 kw. radiated power. In addition, back-up transmission systems are installed in most of the relay broadcast stations (except for Amphur Toong-Song-Hong, Amphur Chumpae, Amphur Huahin, Amphur Thern, Amphur Chaiprakarn, Amphur Mae Sariang, Amphur Chiang Khong, Amphur Viang Pa Pao, Amphur Muaglek and Pattaya) to assure continued broadcasting in case of technical failures.

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## OUTDOOR AND OFF-STATION PRODUCTION EQUIPMENTS

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

- 7 regional news centers engaging in production of news program ; with 4 major centers in Chiangmai, Khon Khaen, Amphur Had Yai in Song Khla, and Sra Kaew, and 3 other sub-centers in Sukhothai, Surat Thani and Ubol Ratchathani.
- Outside broadcasting (OB) vehicles well equipped with state of the art digital production equipments. These vehicles together with satellite news gathering (SNG) vehicles are employed for off-station shooting and outside broadcasting programs.
- Satellite news gathering (SNG) vehicles furnished with satellite transponders that transmit and receive audiovisual signals with the Station network links for broadcasting. The Station presently rents 2 signal channels from Thai Com 2 Satellite to operate its broadcasting coverage and to form transmission linkages with its network stations. The Station is also in the process of negotiating a rental agreement for another signal channel either with Thai Com 4 Satellite or IPstar.

Outdoor and off-station production equipment	number
OB Vehicle with	
6 Television Cameras	1
4 Television Cameras	2
SNG Vehicles with 1 television camera	5

- In 2006 the Company plans to acquire at least 2 additional SNG vehicles for its regional news centers. These new SNG vehicles will be designed for news follow-up and signals transmission via Thai Com 4 Satellite or IPstar. The vehicles will have a high level of maneuverability which will make them fit for tasks in remote and hardship areas.

## CENSORSHIP

Prior to any broadcast of programs and airing of commercial spots, audiovisual contents and wordings of the programs and spot materials are required to be reviewed in two separated process; 1) All in-house produced programs are reviewed by the Station's internal censorship committee, 2) Commercial spots are reviewed by the Censorship Board for Radio and Television Advertisement whose committee members are representatives from television channels stations; namely Channel 3, 5, 7, Modern 9, ITV, the advertisement business association and advertising agencies. The censorship reviews are carried out in accordance with the law, regulations, rules and ministerial notifications governing advertisement which are issued by the relevant supervisory authorities such as the Public Relations Department, the Food and Drug Administration and the Office of the Consumer Protection Board. The uses of Thai language in such programs and spots are also required to be acceptable and correct in accordance with the Royal Institute's guidelines.

Though the Public Relation Department generally supervises and oversees public broadcasting of radios and televisions, each television station is responsible for self governance and compliance. In the event of complaints made by consumers or relevant authorities, the Public Relations Department has the power to stop any broadcasting through the following procedures :

1. Verbal warning
2. Written warning
3. Notification of broadcast suspension

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## MARKET AND COMPETITION

### MARKET

#### Marketing strategy

Differentiation is the Company's core strategy in attracting and maximizing target viewer numbers during different airtime. Ability to increase audience numbers at every airtime schedule shall enhance the station earnings potential. The Company carefully schedules programs that suit preferences of different target segments at each airtime period and to differentiate program characteristic patterns from those presented by other rival stations with the same timetable. In order to achieve its marketing goals, the Company applies the following strategies:

#### Programming Schedule

Programs are precisely scheduled to fit the ultimate objective of being the premier quality news and entertainment station and to satisfy target viewer's demand for each airtime. Schedules are also arranged to be easily remembered which helps viewers memorize the dates and times of the programs. In addition, the Station also makes sure that the allocation of programs of different natures are in line with their required ratio as required by the adjudication of the arbitration panel that reviewed the past disputes between the Company and the Prime Minister's Office.

2005 program schedule can be summarized as follows:

Airtime	Program Nature	
	Monday-Friday	Saturday-Sunday
Early Fringe 05.00 -12.00 a.m.	Morning news mixed with entertainment and informative coverage	Children entertainment, family programs and variety shows
Day Time 12.00-05.00 p.m.	News, entertainment and informative coverage	News, game shows, sport review and entertainment coverage
Prime Time 05.00 p.m.-11.30 p.m.	News, entertainment and informative coverage	News, entertainment coverage, and news cum documentary
Late Night 11.30 p.m.-05.00 a.m.	News, entertainment and informative coverage	News, entertainment and informative coverage

#### Program Quality

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

As for other entertainment, the Company intends to upgrade its entertainment shows by presenting quality dramas that provide viewers with thoughts, knowledge, viewpoints and pleasure. It pays attention to program choices, scripts, contents, producers, casts as well as production controls in order to bring the best programs to its viewers. Program quality and program continuity are assured through control and regular monitoring.

During "Happy Hour" ( 10.35-11.05 p.m.) the Company selects for its viewers variety entertainment programs produced by well known professional producers of masterwork quality.



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### Strategic Alliances

The Station emphasizes the creation of strategic alliances with independent producers of quality programs who understand and share the same policy value. The Station is willing to offer them fair opportunities for presenting new production ideas, if such ideas suit the Station's goal and policy. Co-production and co-operation between these quality producers, or program selectors and the Station are also encouraged for the sake of mutual progress.

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

### Proactive Sales

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

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

### Pricing

The Station's pricing strategies are based on the concept of being a "valuable option". Advertising rates are set at a level lower than the market leaders' prices (namely Channel 3 and Channel 7) but maintain an equivalent level to Channel 5 and Channel 9. "Added values from programs and marketing activities" are factors which are intended to induce viewer's satisfaction.

## INDUSTRIAL ENVIRONMENT AND COMPETITION

### TELEVISION STATIONS

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

Television Station	License Category	Names
Channel 3	Concession	Bangkok Entertainment Company Limited
Channel 5	Ownership	Royal Thai Army
Channel 7	Concession	Bangkok Television and Radio Company Limited
Channel 9	Ownership	MCOT Public Company Limited
Channel 11	Ownership	Public Relations Department
ITV	Concession	ITV Public Company Limited
Thai TV	Concession	Thai TV Broadcasting Company Limited

Remarks : Member subscribing Cable TV is excluded

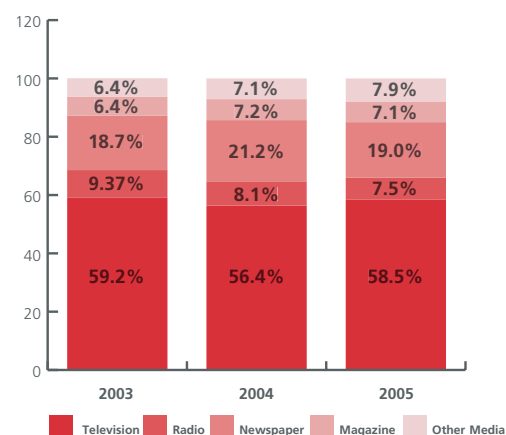
## ADVERTISING MARKET VALUE

Based on the survey results of the AGB Nielsen Media Research, the combined value of advertising expenditures, all media included, increased from Baht 71,448 million in 2003 to Baht 83,622 million in 2004, or a 17.03% growth. In 2005, the value surged to Baht 85,468 million, or a 2.21% growth. Quarterly comparisons of growth rates of these expenditures between 2004 and 2005 also reflected continued growth. The slow growth came from increasing of fuel price that effected cost of production and transportation cost caused expense elimination such advertising expense. The another factor which effects to advertising industry is an increasing of marketing activity-the marketing event or concert etc., this made the decreasing of advertisement on main Media-television or radio etc. and also absorbed the advertising expenditure from these media.

**Combined Market size of Advertising Industry**  
(Unit : Baht Million)



**Allocation of Media Ratios**



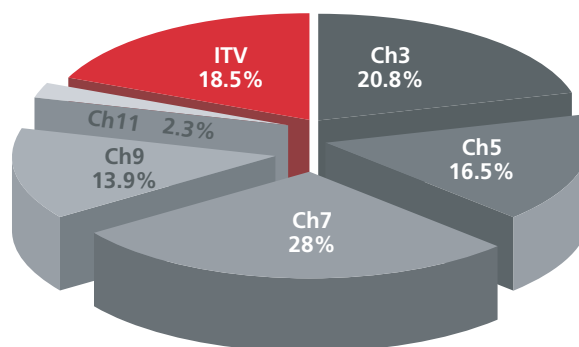
### Breakdown of advertising expenditures by media types

Media	2003	2004	2005
Television	42,289	47,173	50,016
Radio	6,662	6,744	6,385
Newspaper	13,342	17,739	16,239
Magazine	4,560	6,024	6,041
Other media	4,595	5,942	6,787
<b>Total expenditures</b>	<b>71,448</b>	<b>83,622</b>	<b>85,468</b>

Source : AGB Nielsen Media Research

The AGB Nielsen Media Research also reported information on television related advertising expenditures which totaled Baht 50,016 million in 2005 or an 6.0% growth from Baht 47,173 million in 2004. Television is the major media which took the largest share of advertising expenditures in comparison to other media, or 58.5% of overall total advertising expenditures.

Advertising Expenditures by TV Station



Source : AGB Nielsen Media Research

From the above graphic presentation, the Nielsen Media Research has estimated revenues of each local station. The outcome showed that Channel 7 possessed the highest market share (28.0%), followed by Channel 3 (20.8%), Channel 5 (16.5%), ITV (18.5%), Channel 9 (13.9%), and Channel 11 (2.3%), respectively. ITV's market share increased by 2% in 2004, compared with 2003.

#### STATION'S TV POPULARITY

TV Popularity analysis of broadcasted programs is a factor that sponsors and agencies rely upon when making decisions for airtime purchase and criteria that stations use for pricing its airtime rates. Popularity rating can be done in various ways. TV rating is one of the methods that stations are using. The rates are a calculation of the number of viewers watching the programs compared as a ratio to overall number of viewers who have access to the programs. High rating results reflect high popularity.

Presently the rating surveys conducted by the AGB Nielsen Media Research are used by local sponsors and agencies, due to the fact that this research house is the only prime rating agency operating in Thailand. Its statistic surveys are reported on the basis of the sample viewer groups ages 4 and above.

TV Rating (%TVR) 00.00-12.00 p.m.									
Station	2004				2005				% Growth Y o Y
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
ITV	0.79	1.07	1.23	1.50	1.33	1.06	1.03	1.06	-2.6%
Ch3	2.38	2.57	2.40	2.20	2.29	2.04	2.22	2.87	-1.3%
Ch5	0.94	0.89	0.81	0.75	0.80	0.81	0.78	0.79	-5.9%
Ch7	3.93	3.84	4.12	4.03	3.94	4.10	3.93	3.98	0.3%
Ch9	1.00	0.95	0.99	1.08	1.00	0.96	1.05	1.00	-1.0%
Ch11	0.26	0.32	0.35	0.28	0.28	0.26	0.27	0.30	-6.7%

Source : AGB Nielsen Media Research

When comparing the viewers scores during the period of 00.00 a.m.-12.00 p.m. between 2004 and 2005 (as shown in the above graph), all stations, except channel 7, show declined trend in their rating scores. Nevertheless, as for the 4th quarter of 2005, ITV popularity rating remained at its 3rd rank, unchanged from the same period of 2004.

Prime Time TV Rating (%TVR) 06.00-10.30 p.m.									
Station	2004				2005				% Growth Y o Y
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
ITV	1.71	2.41	2.94	4.22	3.58	2.67	2.61	2.54	0.7%
Ch3	5.84	6.21	5.66	5.12	5.20	4.02	4.90	7.34	-6.0%
Ch5	1.92	1.41	1.32	1.21	1.30	1.43	1.54	1.55	-0.7%
Ch7	10.99	9.41	11.61	10.69	10.50	10.68	10.85	11.03	0.8%
Ch9	2.23	2.24	2.33	2.78	2.24	2.22	2.40	2.36	-4.2%
Ch11	0.49	0.54	0.55	0.58	0.55	0.50	0.52	0.57	-1.9%

Source : AGB Nielsen Media Research

As for the prime time TV rating of 6.00 -10.30 p.m. ,which is the time slot mostly desired by purchasers as it is the most watched period during the day, CH7 and ITV popularity rating trend were rose, meanwhile other station rating shown declined trend. However as for the fourth quarter of 2005, ITV popularity rating remained at its 3rd rank, same ranking as the fourth period of 2004.

#### APPLICABLE LAWS AND LEGISLATIVE BODIES

At present, applicable laws relating to operations of the radio and television station are :

The Radio Broadcasting Act which prohibits any private entity from operating radio and television broadcast services to the public or community without vested license, right, or concession granted by the concerned governmental body. Public entities which require no approval in this regard are the Ministry of Interior, the Department of Public Relations, the Post and Telegraph Department, the Office of the Prime Minister and Mass Communication Organization of Thailand.

The Regulations Governing Radio and Television Broadcasting, B.E. 2535 (1992) prescribe rules and regulations for approval of any establishment of radio and television stations as well as for monitoring and supervising operational activities of licensed stations. A national broadcasting commission is formed to undertake this supervisory task.

#### LIBERALIZATION OF THE RADIO AND TELEVISION STATION BUSINESS

Article 40 of the Constitution of Thailand requires an establishment of an independent state body to oversee the allocation of broadcast frequency and to monitor the broadcasting and telecommunication business based on the optimization of public interest on the ground of fair and equitable competition. With the intension to increase private participation in the radio and television station businesses, the Frequency Allocation and Radio and Television Broadcasting and Telecommunication Services Act is thus promulgated, to support the forming of a national broadcasting commission, which will be responsible for establishing policy guidelines and a master plan for broadcasting activities and television station businesses, as well as monitoring and supervising them.

On 27 September 2005 the Senate had selected and appointed all the 7 members of the national broadcasting commission. Nevertheless on 23 November 2005 the Central Administrative Court ruled out the validity of such appointment. The commission of those 7 appointed members was hence dissolved. The Office of the Permanent Secretary, the Prime Minister's Office and the Nomination Committee is presently is processing relevant court appeal.



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## ACQUISITION OF PRODUCTS FOR SALES

Broadcast programs are categorized into 3 groups as follows:

### **In-house production**

The Company focuses its in-house production on programs such as news programs in which it has production expertise, competitive strength and availability of qualified personnel. Its news programs also commands high public confidence and support. Other than news, it produces some entertainment programs such as “Khon Thai Thi 1 Nai Lok”, “Tid Jor”, and “Ror Lun Lan” etc.

### **Contracted Production**

The Company contracted acclaimed outside production houses specializing in drama production to produce entertainment series for its station. Drama production is indeed an art cum science which requires suitable combinations and exceptional expertise to make the screen work interesting. Different directors and screen writers can produce completely different versions of the same stories. Thus the Company only focuses and chooses major production houses with skilled selection of casts, directors and script writers.

### **Acquired Programs**

The Company acquires broadcasting rights of foreign movies and television programs. The Company always participates in major events hosted for producers, copy right agents, and copy right purchasers to meet, negotiate and trade programs. These events include MIPTV, MIPCOM, BCWW etc. Trendy approaches of new concepts are observed and applied for acquisition of broadcasting rights of new programs.

# RISK FACTORS

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## INDUSTRIAL RISK

### RISK RELATING TO TV RATING

During the past year, the local television broadcasting industry experienced intensified competition with frequent adjustments of program schedules and insertion of new shows by broadcasters. The movement was partly linked to major alteration of business tactics among all broadcasting stations in response to a defensive need to preserve their existing market shares and audience base as two stations, which are the 4th and the 5th largest market share in the industry, had undertaken major management reorganization. Such reorganizations enhanced proactive shifts in their program broadcasting schedules and strategies which in turn, threatened popularity rating of the 2nd and the 3rd largest stations and the breakdown of general market share. As for the Company, in the past two years, it has been successfully rescheduling its entertainment programs and broadcasting components to suit viewer preferences. As a result, it has not only gained increased TV Rating, its popularity ranking also moved up to the 3rd position. The current challenge for the Company is how to further expand its rank and to sustain its continued growth in the future. At present, the Company still maintains its competitiveness; particularly in terms of competency & skill of its news crews, a modernized production network and its acclaimed image as the number one news station.

### INCREASED BUSINESS COMPETITION DUE TO ENTRIES OF NEWLY LICENSED BROADCASTING STATIONS AND APPLICATIONS OF MODERN TECHNOLOGY

New broadcasting technology and the upcoming liberalization of radio and television broadcasting services may intensify competition, among existing operators and new entrants. Increased competitive pressure could impact viewer-programming ratings and thus may affect the Station's broadcasting popularity as well as the Company's revenues. Nevertheless, the entrance of newcomers into the industry is also hindered by certain factors such as a direct application cost faced by viewers in setting up reception modules as well as limitation of viewers' technical comprehension. The capital intensive nature of program production and content development in the broadcasting industry tends to favor existing operators with economy of scale and enhance their acquisition progress of new technology. Existing broadcasting stations, however, also benefit from high capability in production management skills, technological advantages, and an experienced workforce. As for competition from new industry entrants who are cable subscription operators, the situation is much less of a threat to existing freely accessed television operators, by reason of monthly subscription charges that hamper the audience base growth.

### BUSINESS COMPETITION FROM EXPANSION OF NEW ADVERTISING MODES

Modern technology enhances expansion of new advertising modes, other than television network, that could effectively reach widespread consumer targets. This provides a wider range of alternatives to advertising agencies and sellers of products and services. Other than that, television advertisement costs are usually higher than those of other media. These factors could therefore cause a loss of certain advertising market shares earlier occupied by television stations to other media, and, subject to the advertising industry trends, could perhaps impact the Company's earning performance. Nevertheless the Company still aggressively carries on its expansion strategy which targets potential business clients who have never utilized television broadcasting as their advertising media. Nevertheless television advertisements still have an edge over other modes of advertising in terms of a wider range of audience coverage. In addition, the Company never neglects to seek better opportunities for other value added revenues from its existing programs, whilst being convinced of its ability to maintain its potential targeted growth.

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## AMENDMENTS OF BROADCASTING LAWS AND LEGISLATIONS

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

## OFFICIAL RESTRICTION AND BAN ON AIRING OF CERTAIN ADVERTISEMENTS

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

## BUSINESS RISK

### LIMITED CONCESSION PERIOD

The awarded concession period for the operation of the ITV television broadcast station is limited to 30 years, ending on 3 July 2025. Thus, there exists a possible risk linked to the renewal of this concession. However, the validity of the awarded concession period for two other private television-broadcasting stations is expected to end in 2020 and 2023. The Company expects that the risk of it not obtaining a renewal of its concession term be, indeed, rather limited due to the requirements of anticipated equitable treatment of the government to all industry participants.

### THE ARBITRATOR'S VERDICT ON THE COMPANY'S CONCESSION CONTRACT

On 30 January 2004, the arbitration panel that reviewed the disputes between the Company and the Office of The Permanent Secretary of the Prime Minister's Office, issued its adjudication which enforced a downward adjustment of required minimum concession compensation paid by the Company and cancelled the limitation prescribed on broadcasting program nature during the prime time. The Company began its recognition of this new concession charges as of 1 January 2004 and undertook the alteration of program schedules for broadcasting from 1 April 2004. This arbitral verdict is final, effective immediately and obligatory to the involved parties, as per Clause 15 of the concession contract and by the virtue of the Ministry of Justice's arbitration rules. However in April 2004, a derogation of this arbitral verdict was sought by the Office of The Permanent Secretary of Prime Minister's Office through a petition submitted to the General Administrative Court, acting as the court of first instance. If the derogation is granted, the Company may appeal the case to the Supreme Court. It should be noted that order or verdict from the court of first instance will not take effect until the Supreme Court renders its judgment.

### GROWTH RATE OF ADVERTISING SPENDING

Advertising Revenue is a major contributor to the Company's total revenues. Risk relating to any deviation of the Company's operational performance, thus, involves fluctuations in advertising spending, which largely depends on the strength of consumer's purchasing power at any time, and competitive environments within the advertising industry, both on the seller's and the buyer's aspects. Nevertheless, the Company believes that these particular risk factors will have no significant impact on the Company's operation. So far, historical growth rate of Advertising Spending, advertising volume, within the broad industry, and television media, in particular, not only reveals continued up trend since 1999, but is also anticipated to expand further. The majority of company's, which purchase large amounts of airtime for

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advertising, are producers of consumer products who are proactive in their marketing positions and competitions. As their aim is to reach broad public awareness, television broadcasting remains the most effective media channel that well serves their objective.

## MANAGEMENT RISK

### THE MAJOR SHAREHOLDERS' INFLUENCES ON THE COMPANY'S MANAGEMENT POLICY

Shin Corporation Plc. is the single major shareholder of the Company, with controlling interests of 52.93%. Therefore, on certain management policies and corporate agenda which require approval from the Board of Directors, the major shareholders could exercise their vested influence. However, the major shareholders are not able to fully control the Board's resolutions on all items on the agenda; important issues such as an amendment of the Company's articles of association, capital increase or decrease etc., by law, are obliged to obtain a shareholder's resolution authorized by no less than three-fourths of the total cast votes of rightful participating shareholders. Other shareholders, however, may not be able to solicit votes to support their decision against that of the major shareholders unless full participation of all shareholders otherwise takes place in such shareholder meetings. Nevertheless, the Company also establishes relevant communication channels with its shareholders and, on the occasions of general shareholder meetings, opportunity to freely question its Board of Directors on matters of any doubt is fairly and freely provided to each shareholder.

### COURT CASES LINKED TO BROADCASTING PROGRAMS, LABOR DISPUTES AND COMMERCIAL TRAILS

Even though the obvious famous characteristic of the Station's news presentations that focus on investigations, interrogations, in-depth examinations and disclosure attempts, largely help it win public recognition and a large audience base, they also create certain conflicts in terms of the negative impact that such presentations may have caused to parties to whom the presentations referred. Such situations have resulted in 16 court cases that are currently ongoing. Nevertheless, from the incorporation of the Company until now, there have been no significant impacts caused by losing any court cases related to these issues. Regardless of the lack of negative impact on the Company, the Company has however established internal control mechanisms to review news contents and their presentation pattern. In addition, the Company now arranges annual training courses for the Company's news team to provide adequate knowledge regarding protective measures which can be taken against possible law suits for insult or breach of conduct.

The Company has received the Supreme Court's judgments on the labor dispute cases between the Company and its 21 former news staff which resulted in the payment of Baht 25 million compensation. However, this compensation amount does not pose any significant impact to the Company's financial position. In fact, the Company already complied with the court and order of the Labor relationship Committee orders since 9 March 2005. As for other ongoing labor and commercial cases, even if the company lost the trials, it is believed that there shall be neither material nor sever implications to the Company's financial statements.

### BROADCASTING SYSTEM, PRODUCTION SYSTEM AND IMPORTANT WORK PROCESSES

As the Company broadcasts around the clock every day, it is vital and essential to maintain a good broadcasting system, production support system, important work routines, as well as decision making and problem solving competency in order to cope with any unforeseen circumstances and to assure its uninterrupted broadcasting schedule. Occurrence of broadcast interruption doesn't only result in revenue loss to a station but also impairs its competitive edge and reputational image. The Company is fully aware of



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how significant these elements would be to its business. Thus, it assigns the Risk Management Committee to gather, study and analyze relevant information on possible risk factors that may impact its broadcasting conditions and key work processes. The Committee also gets involved in assessing possible causes of such risks and their probable implications to the Company's activities. Protective measures and recovery plans are also established to cope with the potential event of broadcasting disruption. Staff is regularly briefed on required procedures for any given circumstance whereby relevant tasks are repeatedly reviewed to ensure that the level of any possible risk is at all times kept within an acceptable standard. The Company is confident that it is able to quickly respond to any emergency that might occur and is capable of resolving it.

#### MANAGEMENT OF KEY-PERSONNEL

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

#### FINANCIAL RISK

##### REPAYMENT OF LONG-TERM LOANS

After the restructuring of its debts with the Siam Commercial Bank Plc., has been successfully undertaken, the Company is required to repay the existing long-term debts within the next 11 years, starting from 2003. As of year-end 31 December 2005 the Company had outstanding of Baht 370 million in long-term loans. Fluctuations in future operational results, together with the burden of forthcoming concessionary fees, may challenge the Company. Nevertheless, given the strong liquidity position brought about by better-than-expected operating results for the year, the Company was able to prepay some of its long-term loans which contributed to a reduction in its debt to equity ratio for the year, from 0.81 in 2004 to 0.48 in 2005. The Company is confident that it can maintain its efficiency and competency in managing its financial position, and that the potential risk of failing to fulfill its long-term loan obligations is not so high.

# CORPORATE GOVERNANCE AND MANAGEMENT STRUCTURE

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The Company noticeably intends to achieve its goal of sustainable progress and acclaimed status among the local and international business league. Efficient and capable management with strong leadership and far sight vision, as well as accomplished and responsible Board of Directors, are thus relevant for such achievement. In addition, effective control systems, proper check and balance mechanisms and supportive corporate culture are undeniable elements that encourage corporate competence, transparency, and accountability whilst equitable treatment of different stakeholder groups, including suffered and distressed local communities will assure an increase in corporate value and a maximization of long-term shareholder interests.

The Board of Directors has approved and endorsed a written corporate governance policy, prepared in accordance with good corporate principles and guidelines suggested by the Stock Exchange of Thailand. In order for such a policy to be effectively applied, it is scheduled to be reviewed annually and is disseminated to all corporate members, namely the Board of Directors, management and staff for their acknowledgement and continual compliance. The Company's good corporate governance policy is classified into 5 sections which cover :

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

The Company pays attention to both immediate and long term objectives. It also sets up a relevant assessment and follow-up process to assess changes and movements that may impact its achievement path for those objectives. The Company also observes rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand, as well as follows guidelines of good governance and conforms to other applicable laws. A compliance unit is internally established to collect, study, analyze and report relevant issues to the Board of Directors, at least on a quarterly basis.

## BOARD OF DIRECTORS

### VISIONS AND LEADERSHIP

The Board intends to make the Company achieve its top position in term of viewer's popularity, competitive excellency, shareholder's value maximization, good management, executive proficiency, and good corporate governance. The Board members are nominated, appointed and reshuffled to suit changing business environment, to generate innovative visions, and to support competitive potentiality.

### COMPONENTS AND INDEPENDENCY

The Board of Directors comprises of 9 experts from various business fields. The Board members' qualifications and the board composition ratio are in line with requirements of the Securities and Exchange Act. Directors are also not representatives of any particular group of shareholders.

As for the members of the Board of Directors, at least one possesses experience in advertisement relating to the television broadcasting industry, and another in finance and accounting. Out of the nine members, 7 are non-executive directors. There are 3 independent directors on the Board, accounting to one third of the total Board members. These independent directors also act as members of the Audit Committee, creating equitable balance between supervision role and management work.

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The Board of Directors annually reviews the adequacy of number of members and board structure to assure that the Board can prudently making its decisions that maximize corporate benefits.

Independent directors are obliged to possess required qualifications, retain their independency as prescribed in the Company's corporate governance policy and the follow the rules and regulations of the Stock Exchange of Thailand:

- hold no more than 5% of the total paid-up shares of the Company, its subsidiaries or affiliates, whereby shares held by any related individuals are also accounted within this 5% bracket ;
- are non-executive directors who have not been involved with the management activities of the Company, its subsidiaries, its affiliates or have any controlling power over the Company;
- are directors who are not employees, staff or advisors on a fixed salary from the Company, its subsidiaries, its affiliates or of the Company's major shareholders ;
- are directors who have neither benefits nor interest or conflict, directly or indirectly, with the Company, its subsidiaries its affiliates or with the Company's major shareholders, in terms of finance and management ;
- at least a year prior to being appointed as member of the Audit Committee, have neither such above mentioned benefits nor interest or conflict, unless the Board of Directors have carefully considered and view that such benefits, interest or conflict will have no impact to their performance and independent judgments ;
- are directors who are neither related nor have any close family ties with any executives, as well as any major shareholders of the Company ;
- are directors who have not been appointed as an agent to protect any interest of any director or any major shareholder of the Company, or shareholders who are related to the Company's major shareholders ;
- can undertake their duties, express their opinions or report their actions duly performed in accordance with the Board of Directors' assigned missions, without being influenced by the management team and major shareholders of the Company, as well as their related parties or close family connections.

Mr. Boonklee Plangsiri, Mr. Niwattumrong Boonsongpaisan, Mrs. Siripen Sitasuwan and Mr. Songsak Premasuk are directors who are authorized to execute and sign on behalf of and for the Company under the condition that the execution must be jointly signed by two out of these four directors, and affixed with the Company's Seal.

The Board consists of :

Name	Position
1. Mr. Boonklee Plangsiri	The Chairman of the Board
2. Mr. Anan Leetrakul	Independent Director and the Chairman of the Audit Committee
3. Mr. Weerawong Chittmittrapap	Independent Director and Member of the Audit Committee
4. Mrs. Sarita Bunnag	Independent Director and Member of the Audit Committee

<b>Name</b>	<b>Position</b>
5. Mr. Niwattumrong Boonsongpaisan	Director
6. Mr. Somprasong Boonyachai	Director
7. Dr. Dumrong Kasemset	Director
8. Mrs. Siripen Sitasuwan	Director
9. Mr. Songsak Preamsuk	Director

The Company's secretary is Mr. Worawat Wilaiwongse

## DUTY AND RESPONSIBILITY

The Board's main duties and responsibilities involve :

- Performing their duties with prudence, honesty, and fairness, within the framework of applicable laws, the Company's Article of Association, and shareholders' resolutions.
- Setting corporate visions, strategies and directions and monitoring that operational performances of the management are efficiently and effectively pursued according to the established policies, in order to ensure that corporate operational growth is sustained, and that the long-term interests of the shareholders are being served and maximized.
- Reviewing and approving issues of significance such as business plans and policies, management authority, large scales investment projects, acquisitions or disposals of assets, and other matters prescribed by the applicable laws.
- Considering, authorizing and/or approving related transactions of the Company and its subsidiaries in accordance with notifications, rules and relevant practice guidelines of the Stock Exchange of Thailand.
- Evaluating performance and approving management remuneration scheme.
- Being accountable for management's performances and results, and responsible for overseeing that management perform their tasks diligently and cautiously.
- Ensuring that the accounting system, financial reporting, and auditing process are reliable; overseeing that proper assessment of internal controls exists; monitoring efficiency and effectiveness of the internal audit system, risk management, financial reporting, and follow-up process.
- Overseeing that conflicts of interest among stakeholders are avoided or solved.
- Overseeing that the Company conducts its business with integrity.
- Preparing "The Board of Director's Responsibility Report" to be presented together with the Company's financial statements. This report is required as part of the Company's annual report, and placed at the side of "The Auditor's Report". Also detailed material subjects, other than the Board's accountability for overseeing the preparation of the financial statements, need to be complied to under the "Code of Best Practice for Directors of Listed Companies" of the Stock Exchange of Thailand.



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## DIRECTORS' APPOINTMENT

The Board is responsible for making recommendations about new nominees to the Board. These nominees should be equipped with qualifications and experience needed by the Company, and should be dedicate sufficient time and resources to ensure the diligent performance of its duties. The Board assigns this duty to the Nomination Committee to nominate qualified candidates for the post of directorship, and to propose such nominations to the Board for approval or for the Board to further propose to the shareholders' meeting for approval in accordance with the conditions stated in the Company's Articles of Association, which prescribe that :

1. In each Annual General Shareholders' Meeting, one third of the members of the Board must leave their directorship posts. In the case that the directors numbers cannot be exactly divided into three sets, the number of departed directors shall be nearest to the sum of one third. In the first two years followings the registration of the Company, drawing of lots was applied for selecting departed directors, thereafter, duration of service term was applied; a director with comparatively longer service term will be the first to depart from his/her post. The departed directors can be re-appointed.
2. Directors are appointed by resolutions of shareholders' meetings under the following rules and procedures :
  - 2.1 The number of vote(s) to which a shareholder is entitled equals his/her shareholding amount
  - 2.2 In electing a director, a shareholder is required to cast all his/her vested votes for his/her choice(s) of candidate. If an election involves more than one directorship post, a shareholder cannot split his/her vote(s) and allocate it unevenly among different candidates.
  - 2.3 The candidate receiving the highest majority vote shall be deemed elected. Orderly ranking of votes will be applied in choosing directors, among the candidates, for their elected directorship posts. In the case of a tie , the final decision shall be made by the Chairman of such meeting.
3. In the event of any vacancies occurring before the due term of the directorship, the Board, supported by no less than three-fourths of the votes from the remaining directors, shall have the power to select any qualified individuals, who is not forbidden by Article 68 of the Public Company Act, B.E. 2535, to fill the remaining term, if such remaining term of the office is no less than two months, and to participate in the subsequent Board's meeting.

The Company neither sets any limit for the re-appointment of former directors, nor prescribes any limit on a directors' age.

## ACCESS TO INFORMATION

The Company's directors are provided with free and direct access to contact the Company's management team, the Company Corporate Secretary, if there are any needs of additional information on corporate performance and further information in addition to those presented for meeting agenda in the Board of Directors' quarterly meetings. In addition, the Company also prepares analysis reports on program popularity rating and revenue share received from advertising by the Company and its business competitors, and presents them to the board members so that the Board members are informed about major changes and development in a timely manner.

## THE CHAIRMAN OF THE BOARD AND THE CHAIRMAN OF THE EXECUTIVE COMMITTEE

It is the Company's policy to create a balance of power between supervisory and managerial duties as well as to segregate the responsibilities of the Chairman of the Board and the Chairman of the Executive Committee. There they have separate roles, responsibility and are not the same person.

- Mr. Boonklee Plangsiri, as the Chairman of the Board not a member of executive director, the responsibility of the Chairman of the Board is to lead the Board members and chair both Board's and shareholders' meetings.
- Mr. Niwattumrong Boonsongpaisan, as the Chairman of the Executive Committee, the responsibility of the Chairman of the Executive Committee is to lead the management team to achieve their targeted business goals and be responsible for the management performances.

#### BOARD OF DIRECTORS MEETING

The Board meets regularly, at least 6 times a year, the meeting schedule was planned. In addition to regular meetings, special meetings may be called for if necessary. The Chairman of the Board ensures that the management is allocated with sufficient time for their preparation and submission of relevant supporting information and documents, which are essential for the required discussion agenda. Each director is free to express his/he view and to propose agenda items for the meeting.

The Secretary of the Board is assigned to participate in every Board of Director's meeting, prepare the meeting documents, distribute the agenda and notification, as well as prepare the meeting minutes. The notification of the meeting is generally presented to the directors at least seven days prior to the meeting date (except in the case of urgent matters), attached with supplementary information for review and consideration. In addition, the Secretary of the Board also provides advice on compliance matters related to legal issues, procedures, rules and regulations to the Board. The Secretary of the Board is in charge of coordinating required follow-up actions in order to ensure that actions are taken in accordance with the Board's resolutions. In addition, the Secretary of the Board is responsible for making minutes of the Board's meetings as well as keeping records of previous minutes which are approved by the Board of Directors, together with any attachment thereof for any future review requests made by the Board of Directors, shareholders and relevant parties.

In 2005 The Board held 8 meetings. The director's attendance list for the year is as follows :

<b>Name</b>	<b>Meetings (times)</b>	<b>Attendances (times)</b>
1. Mr. Boonklee Plangsiri	8	8
2. Mr. Anan Leetrakul	8	8
3. Mr. Weerawong Chittmittrapap	8	7
4. Mrs. Sarita Bunnag	8	8
5. Mr. Niwattumrong Boonsongpaisan	8	8
6. Mr. Somprasong Boonyachai	8	7
7. Dr. Dumrong Kasemset	8	6
8. Mrs. Siripen Sitasuwan	8	6
9. Mr. Songsak Premasuk	8	8

#### NON-EXECUTIVE DIRECTORS' MEETING

The Company's Board of Directors follows a policy which requires non-executive directors to arrange regular meetings among themselves to discuss about the Company's business and any relevant topics of interest, without the presence of the Company's management and to report the outcome of such meetings to the Board. This policy will start to be observed from 2006 onward.

## ASSESSMENT OF THE BOARD OF DIRECTORS' PERFORMANCE

The Board of Directors set a policy which requests all members of the Board to annually meet for performance self-assessment. The objective of such assessment meeting is to review past performances, problems and obstacles, as well as to enhance an increase in the members' work efficiency. The scope of the assessment will cover strategic direction, supervision and monitoring, duties and responsibility, teamwork, corporate structure, policy issues, meetings and training.

## SUB-COMMITTEE

There are 3 sub-committees set to assist the Board. They are the Audit Committee, the Remuneration Committee, the Nominating Committee.

## THE AUDIT COMMITTEE

The Audit Committee members consist of three independent directors who between them possess experience in the fields of information and technology, law and finance & accounting and are also qualified under the Securities and Security Exchange Act. In 2005 The Audit Committee held 4 meetings. The Committee members are :

Name	Position	Meetings (times)	Attendances (times)
1. Mr. Anan Leetrakul	The Chairman of the Audit Committee	5	5*
2. Mr. Weerawong Chittmittrapap	Member of the Audit Committee	4	4
3. Mrs. Sarita Bunnag	Member of the Audit Committee	4	4

\* Specially Chairman of the Audit Committee attended the meeting for considering the election of the Company's auditor with SHIN Group.

The scope of duties and responsibilities of the Audit Committee, assigned by the Board, are :

- Overseeing the accountability and sufficient disclosure of the Company's financial statements as well as its compliance with the generally accepted accounting principles ;
- Continuously ensuring the efficiency and effectiveness of the Company's internal controls and internal audit system ;
- Assuring that the Company acts in compliance with the Securities and Stock Exchange Act, rules and regulations of the Stock Exchange of Thailand and other applicable laws ;
- Reviewing, selecting, proposing for appointment the Company's external auditor and setting its remuneration amount ;
- Considering, reviewing and expressing opinions concerning the Company and its subsidiaries' related parties transactions, as per relevant notification, rules and guidelines of the Stock Exchange of Thailand ;
- Reviewing the accuracy and completeness of disclosures relating to inter-companies transactions and transactions which may pose conflicts of interest ;
- Continuously overseeing the appropriateness and effectiveness of the risk management system ;
- Approving the appointment, removal, and dismissal of the Head of Internal Audit Department, as well as considering his/her evaluation of work performance and compensation rewards ;
- Reviewing and commenting on internal audit plans and Internal Audit Office's performances, as well as corresponding with the Company's external auditor ;
- Preparing the Audit Committee's report, which is signed by the Chairman of the Audit Committee and presented in the Company's annual report ;

- Reporting the Audit Committee's activities to the Board at least 4 times a year ;
- In performing their scope of assigned authority, the Audit Committee is empowered to call management, executives, and relevant staff to express their opinions and/or to join their meetings or to remit to the Committee any crucial documents.
- If so required, the Committee is authorized to hire advisors or outside experts for advices or opinions.
- Annually considering and reviewing the Audit Committee's scope of work as well as assessing its work performance ;
- Performing any other tasks assigned by the Board of Directors and approved by the Audit Committee.

## THE REMUNERATION COMMITTEE

The Remuneration Committee consists of at least three directors; mainly of directors are non executive directors.

<b>Name</b>	<b>Position</b>	<b>Meetings (times)</b>	<b>Attendances (times)</b>
1. Mr. Boonklee Plangsiri	The Chairman of the Remuneration Committee	1	1
2. Mr. Niwattumrong Boonsongpaisan	Member of the Remuneration Committee	1	1
3. Mr. Weerawong Chittmittrapap	Member of the Remuneration Committee	1	1
4. Mr. Anan Leetrakul	Member of the Remuneration Committee (only in ESOP Program)	1	1

The scope of duties and responsibilities of the Remuneration Committee are:

- Setting proper and necessary cash and non-cash yearly compensation schemes to attract and retain the Board members, Sub-Committee members, and top executives ;
- Preparing guidelines and policies for compensation schemes of the Board members, Sub-Committee members, and top executives, and submitting them to shareholder's meetings for approval ;
- Being accountable to the Board and responsible for explaining and answering shareholders' questions relating to compensation schemes of directors and top executives in shareholders' meetings.
- Reporting and disclosing director remuneration policy, as well as principle / supporting reasons and objectives of such policy in the Company's annual report ;
- Performing any other tasks assigned by the Board of Directors ;

In 2005 the Remuneration Committee considered the 3rd ESOP program and approved an allotment of over 5% of newly issued and offered shares of the Company as share options to be allocated for entitled directors and employees.

In addition the Committee also considered the remuneration of each particular director, independent directors and outside directors.



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## THE NOMINATION COMMITTEE

The Nominating Committee consists of at least three directors ; mainly of directors are non executive directors.

Name	Position	Meetings (times)	Attendances (times)
1. Mr. Boonklee Plangsiri	The Chairman of the Nominating Committee	1	1
2. Mr. Niwattumrong Boonsongpaisan	Member of the Nominating Committee	1	1
3. Mr. Weerawong Chittmittrapap	Member of the Nominating Committee	1	1

The scope of duties and responsibilities of the Nominating Committee are :

- Setting guidelines and policies for nominating candidates for directorship on the Board and on the Sub-Committees ;
- Nominating qualified candidates for the post of directorship and proposing the nominees to the Board's meetings or to shareholders' meetings for approval, whichever the case may be ;
- Nominating qualified candidates for the post of the Chief Executive Officer, in case of vacancy, and laying out executive succession guidelines.
- Performing any other tasks assigned by the Board of Directors.

In 2005 the Nomination Committee considered the nomination of three new directors to replace formers directors whose term ended and prescribed their authority as per the Company's Objective.

## THE EXECUTIVE COMMITTEE

The Executive Committee consists of the Chairman of the Group Executive Committee, the President, the Managing Director and qualified individuals appointed by the Board.

Name	Position	Meetings (times)	Attendances (times)
1. Mr. Niwattumrong Boonsongpaisan	The Chairman of the Executive Committee	12	12
2. Mr. Somprasong Boonyachai	Member of the Executive Committee	12	11
3. Dr. Dumrong Kasemset	Member of the Executive Committee	12	12
4. Mrs. Siripen Sitasuwan	Member of the Executive Committee	12	10
5. Mr. Songsak Premasuk	Member of the Executive Committee	12	12

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The scope of duties and responsibilities of the Executive Committee, assigned by the Board, are :

- Approving any lending or borrowing activities, requesting any line of credit from financial institutions, engaging the Company as a guarantor, paying or spending money in the normal courses of the Company's business; such as paying money for investments and operations, for any amount per transaction not exceeding assigned and approved by Board of Directors ;
- Appointing , removing any staff in positions no higher than the Managing Director ;
- Preparing and suggesting corporate policies and strategies to be presented to the Board for approval ;
- Establishing organization structure, as well as management and administrative structure which covers all details regarding recruitment, training, employment and dismissal of staff ;
- Forming business plans, defining framework of administrative authority, approving annual budgets and expenditure plans, and managing corporate business towards the targeted business plans and strategies by adhering to the policies and directions presented to the Board ;
- Performing other assigned tasks, duly assigned by the Board ;

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

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

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

## MANAGEMENT TEAM

As of December 31st, 2005, the executives of the Company, as defined by the Securities and Exchange Commission, are :

Name	Position
1. Mr. Songsak Premasuk (**)	Managing Director, Marketing Director (Acting)
2. Mr. Ajsha Suwonpakprak (*, **)	Station Director
3. Mr. Anusorn Yuktanan	Sales Department Director
4. Mrs. Nima Rasidee (*)	Program Department Director
5. Mr. Anant Asvanont (*)	News Department Director
6. Mr. Chaiwat Boonyahbhiwat (*)	Engineering Department Director
7. Mr. Boonchai Siripoksup	Production Department Director
8. Mrs. Suporn Tanviruch	Chief Finance Officer

(\*) Retired on December 31st, 2005, and the Company announced new executives as follow ;

- Mrs. Puangrat Songmuang was appointed to be a Program Department Director on January 1st, 2006, replacing Mrs. Nima Rasidee,
- Mr. Ajsha Suwonpakprak was appointed to be a News Department Director on January 1st, 2006, replacing Mr. Anant Asvanont,
- Mr. Kobsin Tanapalin was appointed to be an Engineering Department Director on January 1st, 2006, replacing Mr. Chaiwat Boonyahbhiwat,

(\*\*) Mr. Songsak Premasuk was appointed to be a Station Director on February 1st, 2006, replacing Mr. Ajsha Suwonpakprak.

## DIRECTORS' AND MANAGEMENT'S REMUNERATION

It is the Company's policy to set directors' remunerations within the comparative range of the industry. Payments of the executives' compensations are in accordance with corporate performance and individual achievement. Compensations paid in 2005 were :

### 1. Cash compensation

- 1.1 Total directors' remunerations of Baht 1.83 million, according to the resolutions of Annual General Meeting of Shareholders for 2005, the directors' remuneration was comparable to industry, up to Baht 5,000,000, were paid to the 3 independent directors for meeting fees and bonus

Name	Directors' Remunerations (Baht)
1. Mr. Anan Leetrakul	655,000
2. Mr. Weerawong Chittmittrapap	575,000
3. Mrs. Sarita Bunnag	600,000
<b>Total</b>	<b>1,830,000</b>

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

- 1.2 Total executives' remunerations of Baht 18.03 million for 7 executives for salaries, bonus, provident fund contribution and other benefits. These payments were made to management team, excluding the Chairman of the executive committee, three executive committee and chief finance officer, who receive the remunerations from SHIN.

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## 2. Non-cash compensation

A resolution was passed by the 2003 Annual General Shareholder Meeting held on 28 April 2003 to approve an issuance and allocation of warrants to directors and employees under the Employee Stock Options Plan (ESOP) to motivate and remunerate the Company's directors and employees for their contributions in maximizing the long-term corporate benefits. The plan is a 5 year scheme with a provision of 60 million common shares at a par value of Baht 5.- each to be set aside in supporting for the exercise of such warrants. Approval shall be sought from the Company's General Annual Shareholder Meeting for the issuance and allocation of such warrants on an annual basis. Details of the plan are as follows :

The 1st ESOP Plan	<p>At the 2003 Annual General Shareholder Meeting held on 28 April 2003 a resolution was passed to approve the issuance and the offering of 16,769,000 units of the said warrants and the allocation of 16,769,000 common shares at a par value of Baht 5.- each, which accounted for 1.46% of the Company's total paid up capital, to support the exercise of such warrants.</p> <p>On 30 May 2004 the Company allocated and offered 16,769,000 units of the said warrants to directors and employees of the Company. As of 31 December 2005, 6,351,300 units of the said warrants were exercised, whereas 10,387,700 units thereof remained unexercised.</p>
The 2nd ESOP Plan	<p>At the 2004 Annual General Shareholder Meeting held on 21 April 2004 a resolution was passed to approve the issuance and the offering of 9,173,600 units of the said warrants and the allocation of 9,173,600 common shares at a par value of Baht 5.- each, which accounted for 0.76% of the Company's total paid up capital, to support the exercise of such warrants.</p> <p>On 31 May 2004 the Company allocated and offered 9,173,600 units of the said warrants to directors and employees of the Company. As of 31 December 2005, the exercise rights of the said amount of warrants were not yet exercised, thus 9,173,600 units thereof remained unexercised.</p>
The 3rd ESOP Plan	<p>At the 2005 Annual General Shareholder Meeting held on 28 March 2005 a resolution was passed to approve the issuance and the offering of 9,653,900 units of the said warrants and the allocation of 9,653,900 common shares at a par value of Baht 5.- each, which accounted for 0.80% of the Company's total paid up capital, to support the exercise of such warrants.</p> <p>On 31 May 2005 the Company allocated and offered 9,653,900 units of the said warrants to directors and employees of the Company. As of 31 December 2005, the exercise rights of the said amount of warrants were not yet eligible, thus 9,653,900 units thereof remained unexercised.</p>

Total number of allocation capital grant 1-3 accounted for 3.02% of the company's total paid up capital.

#### Details of the ESOP Program

Details	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3
Type of Warrants	Warrants to purchase the Company's ordinary shares, in registered form and non-transferable unless by hereditary or beneficiary transfer		
Total Number of Warrants to be Offered	16,769,000 units	9,173,600 units	9,653,900 units
Offering Price per Unit	No price (zero)		
Terms	Not exceeding five years from the issuance and offering date.		
Exercise Ratio	1 unit of warrant per 1 ordinary shares		
Exercise Price	Baht 5.38 per share	Baht 17.81 per share	Baht 13.79 per share
Issuance and Offering Date	May 30, 2003	May 31, 2004	May 31, 2005
Exercise Period	The Company's directors and employees could exercise the warrants to purchase the Company's ordinary shares as shown in the following details :		
	<b>First Year</b>	Directors and employees are entitled to exercise one-third of their allocated warrants to purchase ordinary shares one year after the warrants are issued to them, until the warrants are expired.  In case the exercise of warrants creates a fraction of share(s) less than the board lot determined by the Stock Exchange of Thailand (the "SET"), such fraction will be exercisable at the last exercise of warrants.	
	<b>Second Year</b>	Directors and employees are entitled to exercise one-third of their allocated warrants to purchase ordinary shares two years after the warrants are issued to them, until the warrants are expired.  In case the exercise of rights pursuant to warrants creates a fraction of share(s) less than the board lot determined by the SET, such fraction will be exercisable at the last exercise of warrants.	
	<b>Third Year</b>	Directors and employees are entitled to exercise the remaining of their allocated warrants to purchase ordinary shares three years after the warrants are issued to them, until the warrants are expired.  In case the exercise of rights pursuant to warrants creates a fraction of share(s) less than the board lot determined by the SET, such fraction will be exercisable at the last exercise of warrants.	



**Exercise Period  
of Warrants**

Directors and employees of the Company have to submit their intention to exercise their warrants within the last five business days of each month during the Exercise Period, provided that for the last Exercise Period, the intention will be made 15 days prior to the last Exercise Period and can be made until the last day of the last Exercise Period.

At least 7 days each exercise period, the Company will inform the exercise period, exercise ratio and exercise price of the warrants by notifying the directors, employees and advisors, in advanced at the head office. Except for the last exercise, the Company will inform them for those information by delivering registered letter to their post address or by hand at their offices at least 7 days prior to the last exercise period.

**Exercise Date**

Between 9.00 a.m. to 4.00 p.m. of the last business day of the month all time of exercise period.

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

Name	Position	ESOP Grant 1		ESOP Grant 2		ESOP Grant 3	
		Warrant (Unit)	% of Program	Warrant (Unit)	% of Program	Warrant (Unit)	% of Program
1. Mr. Niwattumrong Boonsongpaisan	Director and Chairman of the Executive Committee	3,953,700	23.58	1,982,700	21.61	1,618,900	16.77
2. Mr. Sanchai Thiewprasertkul*	Director and Vice Chairman of the Executive Committee	2,902,400	17.31	-	-	-	-
3. Mr. Songsak Premasuk	Managing Director	2,121,500	12.65	2,068,100	22.54	2,423,600	25.10

\* Mr. Sanchai Thiewprasertkul resigned from the Company on February 3rd, 2004 and his ESOP warrants were expired.

## SHAREHOLDER'S RIGHTS AND EQUITABLE TREATMENT

The Company follows a policy which supports arrangements of shareholders' meeting in accordance with the applicable laws and regulations.

In a shareholders' meeting, all shareholders will have equal rights and receive equal treatment as regards to obtaining of information, expressing of opinions, and posing of questions. These actions, however, need to comply with rules and regulations of the meeting and be according to the order of their agenda. In a meeting, the Chairman of such meeting is responsible for an allocation of sufficient agenda time and an encouragement of shareholders' participations in posing questions or expressing opinions.

It is the Company's policy to regularly assign, at least one independent director to assist shareholders, who are not able to attend any shareholders' meetings, to act as their proxy. The procedure is explained in related meeting notifications.

<b>Name</b>	<b>Position</b>	<b>Annual General Shareholder Meeting of 2005</b>
1. Mr. Boonklee Plangsiri	The Chairman of the Board	Attend
2. Mr. Anan Leetrakul	Independent Director and the Chairman of the Audit Committee	Attend
3. Mr. Weerawong Chittmittrapap	Independent Director and Member of the Audit Committee	Attend
4. Mrs. Sarita Bunnag	Independent Director and Member of the Audit Committee	Attend
5. Mr. Niwattumrong Boonsongpaisan	Director	Attend
6. Mr. Somprasong Boonyachai	Director	Attend
7. Dr. Dumrong Kasemset	Director	Attend
8. Mrs. Siripen Sitasuwan	Director	Attend
9. Mr. Songsak Preamsuk	Director	Attend

#### IMPORTANT STAKEHOLDERS' ROLES IN GOVERNANCE RESPONSIBILITY

The Company recognizes the importance of stakeholders' rights, and maintains a policy which assures recognitions of fair and proper ranking of rights among shareholders, staff, executives, customers, counterparts, creditors and the public. It also promotes cooperation among various stakeholders groups, according to the framework of their roles and duties, in order to enhance sound corporate operations and fair returns to all party.

#### CONFLICTS OF INTEREST AND RELATED TRANSACTIONS

The Company applies an arm's length basis pricing and requires the Board's authorization for related transactions. In any case that the arm's length basis pricing does not exist, the Company uses comparative pricing ranges quoted by outsiders or prices quoted by contracted independent appraisers for judgment. This application is aimed to ensure fair treatment and protection of corporate interest. In line with authorization of other transactions, related transactions require clear authorization criteria such as authorization scopes and limits of approvers.

Executives who may have conflicts of interest in such transactions are refrained from its authorization process. The Audit Committee is also involved in quarterly reviews of major related transactions in order to countercheck any possible conflicts of interest and to protect minority shareholders' interest. The Company complies with the rules and regulations of the Securities and Exchange Commission of Thailand which governs related transactions.

#### Inside Information

The Company has laid down policies prohibiting any misuse of material inside information prior to its public disclosure by the Board members, executives and staff for their own benefits or for the benefit of others. The policy also discourages or refrains them from any share trading activities linking to the shares of the Company and its Group during a one month period prior to the official public release of their financial statements.

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The Board assigns duties to the Compliance Office to quarterly report any changes in holding and trading positions of the Company's shares held by the Board members and the Company's executives to the Board.

Any violation will be construed an impediment of corporate policy and is considered as a serious offense as well as a crime against law under Articles 241 and 242 of the Securities and Security Exchange Act B.E. 1992.

## DISCLOSURE AND TRANSPARENCY

The Company recognizes the importance of full, accurate, honest and prompt disclosure of financial information and operational results to investors and concerned parties, which are essential for their investment decision-making. The Company also establishes various communication and distribution channels for this information such as through the Stock Exchange of Thailand, the Company's website, and the Company's Investor Relation Office. The Office is in charge of public relations and distribution of useful information to shareholders and investors. The Company also applies the use of internal policy plans and guideline manuals for investor relationship and disclosure tasks to assure the full compliance of law, rules, and regulations.

Other than its obligation to lawful disclosure, the Company also hosts quarterly briefing of corporate performances to investors and analysts. Members of the Board also attend this gathering and offer the participants chances to question them.

Interested public can obtain information about the Company through the Investor Relation Office (Tel. 0-2791-1000) or from [www.itv.co.th](http://www.itv.co.th)

## INTERNAL CONTROLS AND RISK MANAGEMENT

### INTERNAL CONTROLS

The Board and the management have direct duties & responsibility to provide and maintain the internal control system and to regularly review the efficiency of the system in order to ensure that the ongoing operation will equitably yield maximized benefits to all shareholders and stakeholders. Internal controls include financial control, operational control and compliance and risk management.

The Board realizes that internal controls are essential and important. In order to fulfill its governance responsibility in maximizing shareholders' benefits while keeping equitable concerns over stakeholders' interest, an adequate and proper internal control system can support the Board's role, under current business dynamics and intense competition in leading the Company towards the achievement targets, and protect the Company's important assets and information from any damage or mishandling.

The Board clearly and properly sets and forms operating targets, administrative plans, strategic guidelines, corporate missions and key success indicators for performance measurement. In addition, it also ensures that there is adequate internal balance of power among key positions within the corporate administrative structure to ensure good governance practices. In addition, the Board oversees that the Company's internal control system is suitable and efficient enough to hedge and mitigate major risks incurred from the changing operational environment.

The Board of Directors prescribed 2005, as the commencement year of the corporate culture campaign as it viewed that corporate culture is the major driver that renders efficient support for a possible achievement of desired corporate goals. Prerequisite courses are also assigned to train every employee to understand and be aware of its significance. All through the year, numerous media campaigns were applied to stimulate this awareness. Quantitative assessment was applied to measure the campaign success

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whilst the assessment result was used as an indicator to benchmark the Company's achievements for the year.

The Board recognizes the importance of the Company's human resources, key success factor to operate under fierce and dynamic competition, also prescribed 2005 as people year of the corporate. Thus it arranged to have training in professional expertise and business ethics, general management skills, advanced knowledge and work cooperation. It also encourages the Company's staff to participate in social responsive activities, with aims to cultivate the corporate morale regarding efficiency, transparency and accountability and to undertake professional duties to protect corporate benefits and equitable interests of shareholders, clients, employees and society.

The Board has assigned the Audit Committee, which comprising three independent professionals and numbers to one third of the total Board members, to review the appropriateness and adequacy of the internal control system and directly report the findings to the Board. The Internal Audit Office is also reviewing, assessing and auditing the appropriateness and adequacy of the internal control system. The Compliance & Legal Office is overseeing the corporate compliance with the applicable laws and regulations. The Audit Committee holds meetings with the Company's external and internal auditors at least once every quarter to monitor significant key work issues and internal control framework in order to accurately assess the system. The Audit Committee regularly reports its assessment results to the Board and also highlights issues of concerns or recommendations which will help improve the system.

At the Board meeting No. 2/2006 on February 23rd, 2006 which was also attended by the members of the Audit Committee, the Board assessed the adequacy of the internal control system and concluded that the Company's internal controls are sufficiently equipped according to the five COSO guidelines encouraged by the Securities and Exchange Commission, which are

1. Organization & Control Environment
2. Risk Management
3. Management Control
4. Information & Communication
5. Monitoring

In addition, the Company's external auditor, PricewaterhouseCoopers ABAS Limited, who audited the Company's 2005 financial statements expressed its opinion that there are no material deficiency in the Company's internal control systems.

## INTERNAL AUDIT

The Internal Audit Office directly reports to the Audit Committee. The "Office" duties include providing advisory and auditing services; assessing internal control system, risk management system and corporate governance practices, to ensure that these systems together with the corporate governance practices are adequate, appropriate and efficient enough to meet their objectivity.

## AUDITOR

The Audit Committee is responsible for the initial selection of an external auditor by reviewing auditor's qualifications, independency, ability to punctually complete the financial statement audit as scheduled, professional knowledge and comprehension of the Group's business and activities. The Committee then presents its review and opinion to the Board of Directors for consideration and then submits the selected auditors to the general shareholder meeting for appointment.

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The Company has used the PricewaterhouseCoopers ABAS Limited as its auditor in the past. However, in 2006, the Company's will change its external auditor in order to comply with the notification of the Stock Exchange of Thailand that requires Thai listed companies, which have used the same auditor to review or audit its financial statements for five consecutive years, to rotate and change its auditor.

Additionally, in order to assure the auditor's independent status, the Audit Committee annually reviews its independency as well as its other non-audit works and services to ensure that there are no possible circumstances that might prohibit such auditor to express its independent opinion about the financial statements.

#### AUDIT FEE

As per the resolution of the 2005 Annual General Shareholders' Meeting, appointing PricewaterhouseCoopers ABAS Limited as the Company's auditor, the Company paid Baht 1.47 million in audit fees for the auditing of the Company's annual financial statements. No other services charges were made.

#### RISK MANAGEMENT

The Board is aware that risk management is a valuable and important management tool that supports the practices of good governance. Thus, the Company has set its risk management policies aiming to cover uncertain factors that may affect its achievement of the corporate performance targets. The policies emphasize both external and internal risk factors as well as the mitigation of such risks within a reasonable and acceptable level. In addition, the Board also includes and defines major risk factors as a key component of the Company business plan and uses them as an indicative element in evaluating the Company's success.

The management team, the Risk Executive Committee and the Internal Audit Office are assigned to oversee the risk management outcomes and to report such outcomes to the Audit Committee for assessment of the system's efficiency.

### CORPORATE PHILOSOPHY AND ETHICS

#### BUSINESS ETHICS

In order to maintain good operational standards, the Company enforces its "Codes of Business Ethic" as practice guidelines and professional principles for its Board members, executives, and staff. The ethics involve the oversight of stakeholders' interests, related transactions, compliance with the law, assets protections, governance of insider information and trading of the Company's shares, public interviews, and protection against conflicts of interest, including the duties as mass media, the Company laid down business ethics guidelines for news presentation and broadcasting, which applies to its management and staff. This guideline is intended to establish professional conscience over justice and awareness of public interest.

#### DIVIDEND POLICY

The company's dividend policy is to pay dividend approximately 40 percent of net profit after tax unless the Company has other financial needs and the payment materially affect the Company's normal operations.



## RELATED TRANSACTIONS

Related Parties	1. Shin Corporation Plc. (SHIN)												
Relation to the Company	the major shareholder of the Company with 52.93% ownership and has some similar directors sitting on the Company's Board.												
Nature of Transaction/ Related Transactions as of year-end 31 December 2005 (Baht)	<p>SHIN advertises with the Company. The Company has contracted SHIN to work as its advisor and management and paid Baht 920,000 per month in advisory and management fees. Financial management and internal audit services are charged upon actual use of services.</p> <table> <tr> <td>1. Advertising income</td><td>2,300,000</td></tr> <tr> <td>2. Advisory and management fees</td><td>16,081,352</td></tr> <tr> <td>3. Other Service expenses</td><td>854,537</td></tr> <tr> <td>4. Related Receivable</td><td>2,461,000</td></tr> <tr> <td>5. Related Payable</td><td>570,903</td></tr> </table>	1. Advertising income	2,300,000	2. Advisory and management fees	16,081,352	3. Other Service expenses	854,537	4. Related Receivable	2,461,000	5. Related Payable	570,903		
1. Advertising income	2,300,000												
2. Advisory and management fees	16,081,352												
3. Other Service expenses	854,537												
4. Related Receivable	2,461,000												
5. Related Payable	570,903												
Rationality and necessity of the transactions	<ul style="list-style-type: none"> <li>• The advertising services purchased by SHIN are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis.</li> <li>• The Company used these advisory and management services for corporate ultimate benefits. Shin contracted Boston Consulting Group (Thailand)-BCG to assess the calculation method that was applied for this advisory fee.</li> <li>• The advisory and management services are considered being a connected transaction which has already been reviewed by both the Audit Committee and the Board of Directors. Disclosure of such was already made to the Stock Exchange of Thailand.</li> </ul>												
Related Parties	2. SC Matchbox Co., Ltd. (SMB)												
Relation to the Company	has some similar directors sitting on the Company's Board and is a subsidiary of the SHIN Group. SHIN holds 99.96% of its shares.												
Nature of Transaction/ Related Transactions as of year-end 31 December 2005 (Baht)	<p>SMB advertises with and purchases station airtime from the Company. SMB also purchases right to use of exhibition space. The Company contracts SMB to produce programs, design and decorate on studio backdrop for its station on a case to case basis.</p> <table> <tr> <td>1. Advertising income and air-time rental</td><td>180,009,771</td></tr> <tr> <td>2. Right to use Exhibition Space Revenue</td><td>1,700,000</td></tr> <tr> <td>3. Advertising commissions</td><td>10,084,168</td></tr> <tr> <td>4. Advertising &amp; Public relations fees</td><td>4,174,714</td></tr> <tr> <td>5. Related Receivable</td><td>39,796,550</td></tr> <tr> <td>6. Related Payable</td><td>1,462,079</td></tr> </table>	1. Advertising income and air-time rental	180,009,771	2. Right to use Exhibition Space Revenue	1,700,000	3. Advertising commissions	10,084,168	4. Advertising & Public relations fees	4,174,714	5. Related Receivable	39,796,550	6. Related Payable	1,462,079
1. Advertising income and air-time rental	180,009,771												
2. Right to use Exhibition Space Revenue	1,700,000												
3. Advertising commissions	10,084,168												
4. Advertising & Public relations fees	4,174,714												
5. Related Receivable	39,796,550												
6. Related Payable	1,462,079												
Rationality and necessity of the transactions	<ul style="list-style-type: none"> <li>• These are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis.</li> </ul>												

Related Parties	3. Shin Satellite Plc. (SATTEL)						
Relation to the Company	has some similar directors sitting on the Company's Board and is a subsidiary of the SHIN Group. SHIN holds 41.34% of its shares.						
Nature of Transaction/ Related Transactions as of year-end 31 December 2005 (Baht)	<p>SATTEL advertises with and purchases station airtime from the Company. The Company rents a satellite transponder from SATTEL and pays a monthly fee of Baht 3,046,950.</p> <table> <tr> <td>1. Advertising income and air-time rental</td><td>2,240,000</td></tr> <tr> <td>2. Transponder Rental</td><td>36,070,283</td></tr> <tr> <td>3. Related Receivable</td><td>1,070,000</td></tr> </table>	1. Advertising income and air-time rental	2,240,000	2. Transponder Rental	36,070,283	3. Related Receivable	1,070,000
1. Advertising income and air-time rental	2,240,000						
2. Transponder Rental	36,070,283						
3. Related Receivable	1,070,000						
Rationality and necessity of the transactions	<ul style="list-style-type: none"> <li>• Advertising Revenue and Airtime Rental Revenue from SATTEL are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis.</li> <li>• It is essential for the Company to rent a satellite or a transponder for its network connections and broadcasting activities. These are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis. A 10 year contract was signed on May 16th, 1997 (prior to the acquisition of the Company's shares by SHIN) and will be valid until May 15th, 2007.</li> </ul>						
Related Parties	4. CS LoxInfo Plc. (CSL)						
Relation to the Company	has some similar directors sitting on the Company's Board and is also an affiliated company in the SHIN Group. SHIN holds 41.34% of SATTEL shares, whereas SATTEL holds 99.99% in SBI shares, and SBI holds 40.02% in CSL shares.						
Nature of Transaction/ Related Transactions as of year-end 31 December 2005 (Baht)	<p>The Company uses the CSL internet services and pays its monthly service fees.</p> <table> <tr> <td>1. Rental fee paid for lease lines</td><td>1,795,554</td></tr> <tr> <td>2. Related Payable</td><td>123,050</td></tr> </table>	1. Rental fee paid for lease lines	1,795,554	2. Related Payable	123,050		
1. Rental fee paid for lease lines	1,795,554						
2. Related Payable	123,050						
Rationality and necessity of the transactions	<ul style="list-style-type: none"> <li>• CSL possesses expertise in the internet field and service fees are charged on an arm's length basis.</li> </ul>						

Related Parties	5. SC Assets Corporation Plc.(SC)														
Relation to the Company	is a company in which the Shinawatra family holds 60.82% of its shares under both individual and corporate names. The Shinawatra family is also the major shareholder of SHIN and holds 49.60% of its shares, whereas SHIN is the major shareholder of ITV.														
Nature of Transaction/ Related Transactions as of year-end 31 December 2005 (Baht)	<p>The Company signed rental and service contract for renting of its office space 8,469 square meter in Shinawatra Tower 3</p> <table> <tr> <td>1. Other revenue</td><td>20,900</td></tr> <tr> <td>2. Space rental &amp; service fees</td><td>60,255,583</td></tr> <tr> <td>3. Utilities fees</td><td>7,589,348</td></tr> <tr> <td>4. Telephone fees</td><td>6,820,318</td></tr> <tr> <td>5. Other fees</td><td>480,355</td></tr> <tr> <td>6. Related Receivable</td><td>11,006</td></tr> <tr> <td>7. Related Payable</td><td>780,921</td></tr> </table>	1. Other revenue	20,900	2. Space rental & service fees	60,255,583	3. Utilities fees	7,589,348	4. Telephone fees	6,820,318	5. Other fees	480,355	6. Related Receivable	11,006	7. Related Payable	780,921
1. Other revenue	20,900														
2. Space rental & service fees	60,255,583														
3. Utilities fees	7,589,348														
4. Telephone fees	6,820,318														
5. Other fees	480,355														
6. Related Receivable	11,006														
7. Related Payable	780,921														
Rationality and necessity of the transactions	<ul style="list-style-type: none"> <li>The Company extended a rental &amp; service contract by 3 years covering the period from January 1st, 2005 to December 31st 2007. This transaction is a connected transaction which has already been reviewed by both the Audit Committee and the Board of Directors. Disclosure of such has already been made to the Stock Exchange of Thailand.</li> </ul>														
Related Parties	6. Advanced Info Service Plc. (ADVANC)														
Relation to the Company	has some similar directors sitting on the Company's Board and is also an associated company in the SHIN Group. SHIN holds 42.80% of its share.														
Nature of Transaction/ Related Transactions as of year-end 31 December 2005 (Baht)	<p>ADVANC advertises with and purchases station airtime from the Company, also shares the SMS Revenue sharing to the company and purchase right to use exhibition space. The Company uses the ADVANC mobile phone services and purchases mobile unit.</p> <table> <tr> <td>1. Advertising income and air-time rental</td><td>2,896,168</td></tr> <tr> <td>2. SMS sharing revenue</td><td>26,840,624</td></tr> <tr> <td>3. Right to use exhibition space revenue</td><td>562,500</td></tr> <tr> <td>4. Mobile phone service fees.</td><td>2,870,047</td></tr> <tr> <td>5. Mobile unit and accessories</td><td>3,020,757</td></tr> <tr> <td>6. Related Receivable</td><td>5,000,551</td></tr> </table>	1. Advertising income and air-time rental	2,896,168	2. SMS sharing revenue	26,840,624	3. Right to use exhibition space revenue	562,500	4. Mobile phone service fees.	2,870,047	5. Mobile unit and accessories	3,020,757	6. Related Receivable	5,000,551		
1. Advertising income and air-time rental	2,896,168														
2. SMS sharing revenue	26,840,624														
3. Right to use exhibition space revenue	562,500														
4. Mobile phone service fees.	2,870,047														
5. Mobile unit and accessories	3,020,757														
6. Related Receivable	5,000,551														
Rationality and necessity of the transactions	<ul style="list-style-type: none"> <li>These are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis.</li> <li>The revenue from right to use exhibition space transaction is a connected transaction which has already been reviewed by both the Audit Committee and the Board of Directors. Disclosure of such has already been made to the Stock Exchange of Thailand.</li> </ul>														

	<ul style="list-style-type: none"> <li>The Company uses the mobile phone services for its news program production. The system offers a fairly wide service coverage area. The transactions are normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis, on conditions similar to any transactions with other outsiders.</li> </ul>						
Related Parties	7. Digital Phone Co., Ltd. (DPC)						
Relation to the Company	has some similar directors sitting on the Company's Board and is an affiliated company in the SHIN Group. SHIN, which is the major shareholder of ITV holds 42.80% of ADVANC. Whereas ADVANC also holds 98.55% of DPC.						
Nature of Transaction/ Related Transactions as of year-end 31 December 2005 (Baht)	<p>DPC shares the SMS sharing revenue and the Company purchases mobile phones and accessories from DPC.</p> <table> <tr> <td>1. Sharing Revenue</td><td>300,523</td></tr> <tr> <td>2. Mobile phones purchases</td><td>102,944</td></tr> <tr> <td>3. Related Receivable</td><td>36,920</td></tr> </table>	1. Sharing Revenue	300,523	2. Mobile phones purchases	102,944	3. Related Receivable	36,920
1. Sharing Revenue	300,523						
2. Mobile phones purchases	102,944						
3. Related Receivable	36,920						
Rationality and necessity of the transactions	<ul style="list-style-type: none"> <li>The services purchased by DPC are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis.</li> <li>The Company uses mobile phone services for its news program production. The transactions are normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis, on conditions similar to any transactions with other outsiders.</li> </ul>						
Related Parties	8. Data Network Solutions Co., Ltd. (DNS)						
Relation to the Company	has some similar directors sitting on the Company's Board and is an affiliated company in the SHIN Group. SHIN, which is the major shareholder of ITV holds 42.80% of ADVANC. Whereas ADVANC also holds 49% of DNS.						
Nature of Transaction/ Related Transactions as of year-end 31 December 2005 (Baht)	<p>The company rent DNS's network and use DNS's service.</p> <table> <tr> <td>1. Service Fee and rental</td><td>215,608</td></tr> <tr> <td>2. Related Payable</td><td>18,226</td></tr> </table>	1. Service Fee and rental	215,608	2. Related Payable	18,226		
1. Service Fee and rental	215,608						
2. Related Payable	18,226						
Rationality and necessity of the transactions	<ul style="list-style-type: none"> <li>These are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis.</li> </ul>						

Related Parties	9. Shineedotcom Co., Ltd. (SNDC)
Relation to the Company	is a subsidiary of SHIN. SHIN holds 90.91% in AD Venture Co., Ltd. (ADV) and ADV holds 70.00% in SNDC.
Nature of Transaction/ Related Transactions as of year-end 31 December 2005 (Baht)	SNDC shares its I-NEWS service income. The Company shares revenue from Hotnews on Mobile to SNDC. <ol style="list-style-type: none"> <li>1. Revenue sharing from the I-NEWS 1,238,780</li> <li>2. Revenue sharing to Hotnews on Mobile 861,935</li> <li>3. Related Receivable 59,440</li> <li>4. Related Payable 93,979</li> </ol>
Rationality and necessity of the transactions	<ul style="list-style-type: none"> <li>• SNDC signed a revenue sharing agreement with the Company to offer 40% of its I-NEWS service income after deduction of expenses to the Company. The Company signed a Hot News on mobile revenue sharing agreement with SNDC. The transactions are normal business activities on conditions similar to any transactions with other outsiders.</li> </ul>
Related Parties	10. National Insurance Co., Ltd. (NATIN)
Relation to the Company	is a company in which a director of SHIN is a major shareholder.
Nature of Transaction/ Related Transactions as of year-end 31 December 2005 (Baht)	The Company purchases various NATIN insurance schemes <ol style="list-style-type: none"> <li>1. Insurance premiums 2,610,021</li> <li>2. Prepaid expenses 48,456</li> <li>3. Related Payable 15,369</li> </ol>
Rationality and necessity of the transactions	<ul style="list-style-type: none"> <li>• The Company purchases insurance schemes to insure its equipment. Premiums are agreed and paid on a market price with an arm's length basis.</li> </ul>
Related Parties	11. CaptitalOK Co., Ltd. (OK)
Relation to the Company	is a subsidiary of SHIN. SHIN holds 60% in OK.
Nature of Transaction/ Related Transactions as of year-end 31 December 2005 (Baht)	OK advertises with the Company <ol style="list-style-type: none"> <li>1. Advertising income 140,000</li> <li>2. Related Receivable 149,800</li> </ol>
Rationality and necessity of the transactions	<ul style="list-style-type: none"> <li>• These are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis.</li> </ul>



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## RELATED TRANSACTION MEASURES

In the past year the Company and its subsidiaries undertook some transactions with other, third parties that may have caused possible conflicts of interest. However, the prices charged for these transactions were subject to normal trading terms and comparable to those charged to other outsiders. Conditions applied to these transactions were also made in the ordinary course of business. The Company disclosed these related party transactions in the notes to financial statements attached to its financial reports for the year ending December 31st, 2005, which has been prepared under generally accepted accounting principles. Besides the applications of the general practice guidelines, additional disclosures were made to comply with these transactions with the approval process prescribed by the Stock Exchange of Thailand. The Company clearly outlines authorization criteria for these transactions, especially regarding authorization scopes and approval limits. The Audit Committee is also responsible for reviewing related party transactions and inter-company transactions to ensure that there are no conflicts of interest. As these transactions have been, and are being, undertaken in the normal course of business, continued occurrences thereof will still exist in the future. Pricing of these transactions will be on normal terms and conditions.

## POLICY AND POTENTIALITY OF RELATED TRANSACTIONS

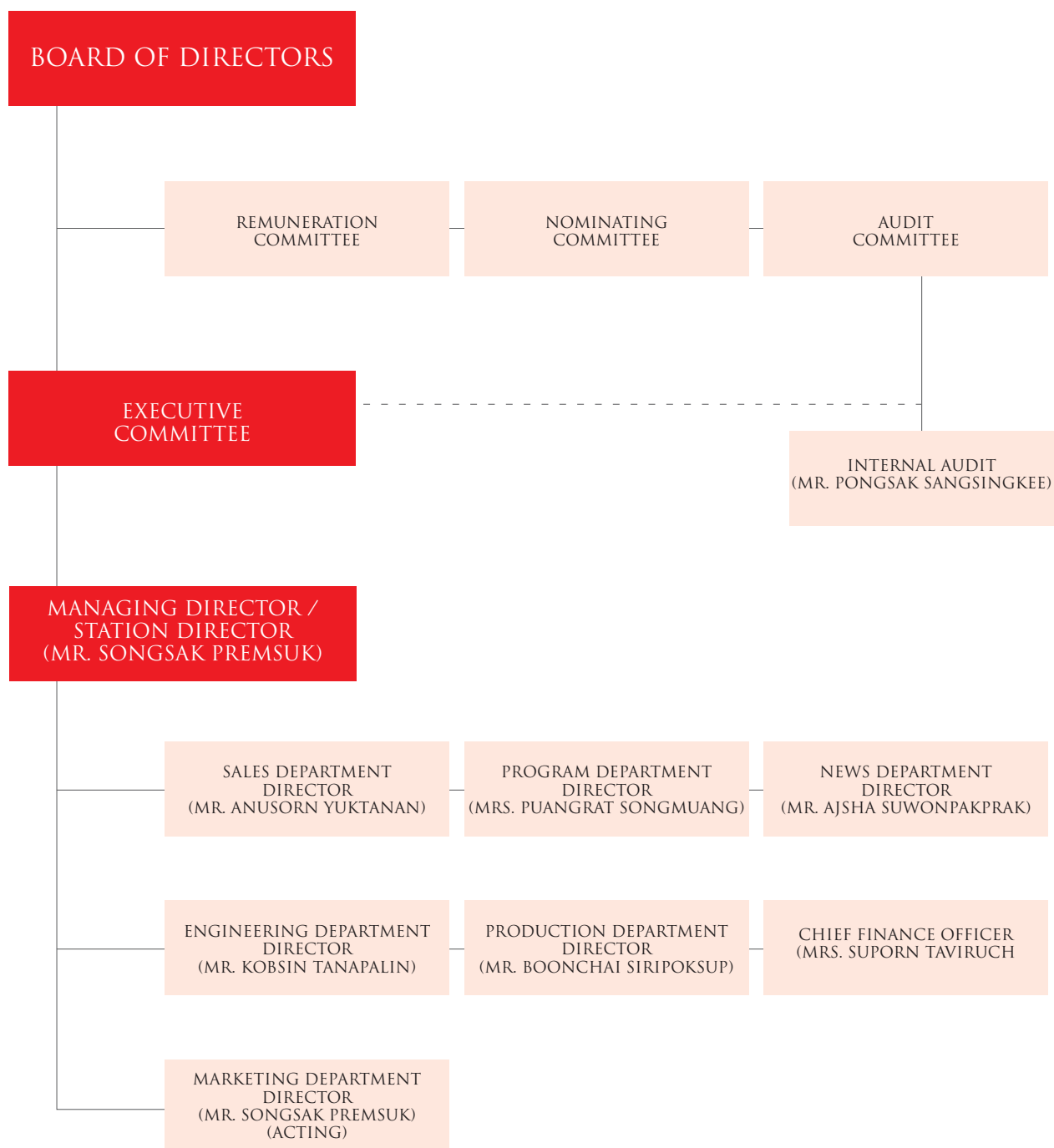
The company lays out policies governing related transactions that may have caused possible conflicts of interest and applies general terms and conditions similar to normal trading activities to them. The Company will assign the Audit Committee or the Company's external auditor or independent experts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

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

Related Parties	12. The Amazing Fun Park Joint Venture (AFP)
Relation to the Company	is the joint venture of the Shinawatra family's company. The Shinawatra family holds 36% shares of Howcome Entertainment Co., Ltd. (HC) where as HC holds 45% shares of Howcome AV Co., Ltd (HCAV) and HCAC invests 50% in the joint venture of AFP.
Nature of Transaction/ Related Transactions as of year-end 31 December 2005 (Baht)	AFT advertises with the Company Advertising income 447,500
Rationality and necessity of the transactions	<ul style="list-style-type: none"> <li>The services purchased by AFP are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis.</li> </ul>
Related Parties	13. Howcome Entertainment Co., Ltd. (HC)
Relation to the Company	The Shinawatra family holds 36% shares of HC
Nature of Transaction/ Related Transactions as of year-end 31 December 2005 (Baht)	HC advertises with and purchases station airtime from the Company. 1. Advertising and Airtime Rental income 4,311,250 2. Related Receivable 1,615,484
Rationality and necessity of the transactions	<ul style="list-style-type: none"> <li>These are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis.</li> </ul>
Related Parties	14. Praram9 Hospital Co., Ltd. (RM9)
Relation to the Company	The Shinawatra family holds 50.28% shares of RM9.
Nature of Transaction/ Related Transactions as of year-end 31 December 2005 (Baht)	The Company use annual check up service and other health service from RM9 with advertising barter agreement 1. Advertising income 1,371,577 2. Health service fee 1,069,677 3. Related Payable 582,528
Rationality and necessity of the transactions	<ul style="list-style-type: none"> <li>These are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis.</li> </ul>
Related Parties	15. Other companies in the SHIN Group
Relation to the Company	The Company uses services from other companies in the SHIN Group.
Nature of Transaction/ Related Transactions as of year-end 31 December 2005 (Baht)	1. Lease line service fees-for information on securities 42,289 2. Related Payable 3,724
Rationality and necessity of the transactions	<ul style="list-style-type: none"> <li>The services are the Company's normal business activities of which market pricing references exist. Service fees are charged on an arm's length basis.</li> </ul>

# MANAGEMENT STRUCTURE

## ITV PUBLIC COMPANY LIMITED



As of February 1<sup>st</sup>, 2006

## MAJOR SHAREHOLDERS

### 1. Major shareholders of ITV Public Company Limited as of March 8, 2005.

No.	Name	No. of Shares	% of Investment
1	SHIN CORPORATION PUBLIC COMPANY LIMITED	638,602,846	53.00
2	SCB THAILAND RECOVERY OPEN END FUND	110,000,000	9.13
3	MR. AMNUEY PIJITPONGCHAI	14,363,500	1.19
4	CHASE NOMINEES LIMITED 1	10,054,000	0.83
5	SANG ENTERPRISE CORPORATION COMPANY LIMITED	10,000,000	0.83
6	THAI NVDR COMPANY LIMITED	6,024,800	0.50
7	SOMERS (U.K.) LIMITED	5,950,000	0.49
8	LITTLEDOWN NOMINEES LIMITED 16	5,757,000	0.48
9	AYUDHYA EQUITY FUND	5,198,800	0.43
10	MR. YUTHANA PANTHRATTANAMONGKOL	4,250,000	0.35
		810,200,946	67.24

Note : A report as of the last closing book registrar prepared by Thailand Securities Depository Co., Ltd.

### 2. Major Shareholder whose behavior can influence when determining policy or handling operation is Shin Corporation Public Company Limited.

Top Ten Major Shareholders of Shin Corporation Public Company Limited as of January 30, 2006

No.	Name	No. of Shares	% of Investment
1.	CEDAR HOLDINGS LIMITED	1,008,548,449	33.62
2.	ASPEN HOLDINGS LIMITED	479,191,671	15.97
3.	THAI NVDR COMPANY LIMITED	148,809,011	4.96
4.	UBS AG SINGAPORE, BRANCH- PB SECURITIES CLIENT CUSTODY	111,178,400	3.71
5.	CHASE NOMINEES LIMITED 42	72,831,720	2.43
6.	NORBAX INC.,18	68,995,400	2.30
7.	AMERICAN INTERNATIONAL ASSURANCE COMPANY, LIMITED-DI-LIFE	63,753,500	2.13
8.	MORGAN STANLEY & CO INTERNATIONAL LIMITED	47,527,938	1.58
9.	HSBC (SINGAPORE) NOMINEES PTE LTD	47,232,719	1.57
10.	STATE STREET BANK AND TRUST COMPANY	43,023,006	1.43

Note : A report as of the last closing book registrar prepared by Thailand Securities Depository Co., Ltd.

# ITV PUBLIC COMPANY LIMITED

## DIRECTOR INFORMATION

NAME-SURNAME	<b>MR. BOONKLEE PLANGSIRI</b>
AGE YR	54
POSITION	CHAIRMAN OF THE BOARD OF DIRECTORS
Share Ratio (%) (31/12/05)	None
Relationship with Management	None
Highest Education	Master Degree in Computer Engineering, University of Illinois (Urbana Champaign), U.S.A.
Related Training Program help by IOD	Directors Accreditation Program Class 40/2005
Working Experiences Over Past 5 Years	2004-Present Chairman of the Board of Directors, CS LoxInfo Plc. 2001-Present Chairman of the Board of Directors, ITV Plc. 1999-Present Chairman of the Group Executive Committee, Shin Corporation Plc. 1997-Present Director of Shin Corporation Plc., Advanced Info Service Plc. and Shin Satellite Plc. 2001-2002 Chairman of the Executive Committee, ITV Plc.
Illegal Record in past 10 years	None
NAME-SURNAME	<b>MR. ANAN LEETRAKUL</b>
AGE YR	64
POSITION	DIRECTOR, CHAIRMAN OF THE AUDIT COMMITTEE AND INDEPENDENT DIRECTOR
Share Ratio (%) (31/12/05)	None
Relationship with Management	None
Highest Education	Bachelor Degree, Faculty of Commerce and Accountancy, Chulalongkorn University
Related Training Program help by IOD	Directors Certification Program Class 22/2002
Working Experiences Over Past 5 Years	2001-Present Director and Chairman of the Audit Committee, ITV Public Company Limited 2000-Present Director, Chiang Mai University Council 1995-Present Vice Chairman of Board of Directors, Metro Systems Corporation Public Company Limited
Illegal Record in past 10 years	None
NAME-SURNAME	<b>MR. WEERAWONG CHITTMITTRAPAP</b>
AGE YR	47
POSITION	DIRECTOR, MEMBER OF THE AUDIT COMMITTEE AND INDEPENDENT DIRECTOR
Share Ratio (%) (31/12/05)	None
Relationship with Management	None
Highest Education	Barrister-at-law The Thai Bar, Master Degree in Law University of Pennsylvania
Related Training Program help by IOD	Directors Certification Program Class 0/2000
Working Experiences Over Past 5 Years	2001-Present Director and Audit Committee Member, ITV Public Company Limited 1993-Present Managing Director, White & Case (Thailand) Company Limited
Illegal Record in past 10 years	None



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NAME-SURNAME	<b>MRS. SARITA BUNNAG</b>
AGE YR	58
POSITION	DIRECTOR, MEMBER OF THE AUDIT COMMITTEE AND INDEPENDENT DIRECTOR
Share Ratio (%) (31/12/05)	None
Relationship with Management	None
Highest Education	Master Degree Finance, Western New Maxico University, U.S.A.
Related Training Program help by IOD	Audit Committee Program Class 1/2004, Directors Certification Program Class 22/2002
Working Experiences Over Past 5 Years	2001-Present Director and Audit Committee Member, ITV Public Company Limited 2000-Present Director and Audit Committee Member, Asian Seafood Refrigerator Public Company Limited 1999-Present Audit Committee Member, Pranda Jewelry Public Company Limited 1971-Present Asso. Prof Level 9, Faculty of Commerce and Accountancy, Chulalongkorn University
Illegal Record in past 10 years	None

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NAME-SURNAME	<b>MR. NIWATTUMRONG BOONSONGPAISAN</b>
AGE YR	57
POSITION	DIRECTOR AND CHAIRMAN OF THE EXECUTIVE COMMITTEE
Share Ratio (%) (31/12/05)	None
Relationship with Management	None
Highest Education	Master Degree Course Work in Computer Sciences, Chulalongkorn University Beachelor's Degree in Education, Srinakarintrawiro University
Related Training Program help by IOD	Directors Certification Program Class 38/2003
Working Experiences Over Past 5 Years	2002-Present Director and Chairman of the Executive Committee ITV Plc. 2001-Present Director and Executive Committee, Shin Corporation Plc. 2000-Present Group Vice Chairman of the Group Executive Committee, Shin Corporation Plc. 1995-Present Chairman of the Executive Committee-Media and Advertising Business, Shin Corporation PLC. 2001-2002 Director and Vice Chairman of the Executive Committee ITV Plc.
Illegal Record in past 10 years	None

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NAME-SURNAME	MR. SOMPRASONG BOONYACHAI
AGE YR	50
POSITION	DIRECTOR AND MEMBER OF THE EXECUTIVE COMMITTEE
Share Ratio (%) (31/12/05)	None
Relationship with Management	None
Highest Education	Master Degree in Engineering, Asian Institute of Technology (AIT)
Related Training Program help by IOD	Directors Certification Program Class 65/2005, Directors Accreditation Program Class 30/2004
Working Experiences Over Past 5 Years	2004-Present Member of the Executive Committee, CS LoxInfo Plc. Director and Member of the Executive Committee, ITV Plc. 2000-Present Member of the Executive Committee, Shin Satellite Plc. Group Vice Chairman of the Group Executive Committee, Shin Corporation Plc. 1999-Present Director and Chairman of the Executive Committee-Wireless Communications Business, Shin Corporation PLC.
Illegal Record in past 10 years	None
NAME-SURNAME	DR. DUMRONG KASEMSET
AGE YR	51
POSITION	DIRECTOR AND MEMBER OF THE EXECUTIVE COMMITTEE
Share Ratio (%) (31/12/05)	None
Relationship with Management	None
Highest Education	Doctorate Degree in Electrical Engineering, Massachusetts Institute of Technology, U.S.A.
Related Training Program help by IOD	Directors Certification Program Class 2/2003
Working Experiences Over Past 5 Years	2004-Present Member of the Executive Committee, ITV Plc. Director and Chairman of the Executive Committee, CS LoxInfo Plc. 2000-Present Member of the Executive Committee, Advanced Info Service Plc. Group Vice Chairman of the Group Executive Committee, Shin Corporation Plc. 1999-Present Director and Member of the Executive Committee, Shin Satellite Plc. 1997-Present Chairman of the Executive Committee-Satellite and International Business, Shin Corporation Plc.
Illegal Record in past 10 years	None

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NAME-SURNAME	<b>MRS. SIRIPEN SITASUWAN</b>
AGE YR	57
POSITION	DIRECTOR AND MEMBER OF THE EXECUTIVE COMMITTEE
Share Ratio (%) (31/12/05)	None
Relationship with Management	None
Highest Education	Master of Business Administration Wichita State University, Wichita, Kansas, U.S.A.
Related Training Program help by IOD	Directors Certification Program Class 33/2003
Working Experiences Over Past 5 Years	2004-Present Director and Member of the Executive Committee, CS LoxInfo Plc. 2001-Present Director and Member of the Executive Committee, ITV Plc. 2000-Present President, Group Chief Finance Officer, Shin Corporation Plc., 1998-Present Director and Member of the Executive Committee, Shin Corporation Plc., Advanced Info Service Plc., Shin Satellite Plc.
Illegal Record in past 10 years	None

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NAME-SURNAME	<b>MR. SONGSAK PREMSUK (**)</b>
AGE YR	47
POSITION	DIRECTOR, MEMBER OF THE EXECUTIVE COMMITTEE AND MANAGING DIRECTOR
Share Ratio (%) (31/12/05)	None
Relationship with Management	None
Highest Education	Diploma in Strategic Marketing Program Harvard Business School, Harvard University, Bachelor Degree Architecture, King Monkut's Institute of Technology Ladkrabang
Related Training Program help by IOD	Directors Accreditation Program Class 9/2004
Working Experiences Over Past 5 Years	2002-Present Director and Managing Director, ITV Public Company Limited 2001-2002 Executive Vice President-Marketing, Advanced Info Service Public Company Limited
Illegal Record in past 10 years	None

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NAME-SURNAME	<b>MRS. NIMA RASIDEE *</b> (RETIRED ON DECEMBER 31, 2005)
AGE YR	60
POSITION	PROGRAM DEPARTMENT DIRECTOR
Share Ratio (%) (31/12/05)	0.0003
Relationship with Management	None
Highest Education	Master Degree of Social Development, The National Institute of Development Administration
Related Training Program help by IOD	-
Working Experiences Over Past 5 Years	1995-2005 Program Department Director, ITV Public Company Limited
Illegal Record in past 10 years	None

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NAME-SURNAME	<b>MR. BOONCHAI SIRIPOKSUP</b>	
AGE YR	56	
POSITION	PRODUCTION DEPARTMENT DIRECTOR	
Share Ratio (%) (31/12/05)	0.0095	
Relationship with Management	None	
Highest Education	Diploma in Television Production Don Martin School of Radio and Television Arts and Sciences, Hollywood California, U.S.A.	
Related Training Program help by IOD	-	
Working Experiences Over Past 5 Years	1995-Present	Production Department Director, ITV Public Company Limited
Illegal Record in past 10 years	None	
NAME-SURNAME	<b>MR. ANUSORN YUKTANAN</b>	
AGE YR	49	
POSITION	SALE DEPARTMENT DIRECTOR	
Share Ratio (%) (31/12/05)	0.0029	
Relationship with Management	None	
Highest Education	Bachelor Degree of Economic, University of Thai Chamber of Commerce, Bangkok	
Related Training Program help by IOD	-	
Working Experiences Over Past 5 Years	2002-Present	Sale Department Director, ITV Public Company Limited
	2000-2002	Sale Section Manager, ITV Public Company Limited
Illegal Record in past 10 years	None	
NAME-SURNAME	<b>MR. AJSHA SUWONPAKPRAK (*, **)</b>	
AGE YR	53	
POSITION	STATION DIRECTOR AND NEWS DEPARTMENT DIRECTOR	
Share Ratio (%) (31/12/05)	0.0116	
Relationship with Management	None	
Highest Education	Bachelor Degree of Mass Communication Chulalongkorn University	
Related Training Program help by IOD	-	
Working Experiences Over Past 5 Years	2006-Present	News Department Director
	2000-2006	Station Director, ITV Public Company Limited
	2004-2005	Public Relations Manager, ITV Public Company Limited
Illegal Record in past 10 years	None	

NAME-SURNAME	<b>MR. ANANT ASVANONT *</b> (RETIRED ON DECEMBER 31, 2005)
AGE YR	60
POSITION	NEWS DIRECTOR
Share Ratio (%) (31/12/05)	None
Relationship with Management	None
Highest Education	Mor Sor 5, Triam Udom Suksa School
Related Training Program help by IOD	None
Working Experiences Over Past 5 Years	2003-Present News Director ITV Plc. 2000-2003 Exective Editor Baan Muang Newspaper
Illegal Record in past 10 years	None

NAME-SURNAME	<b>MR. CHAIWAT BOONYABHIWAT *</b> (RETIRED ON DECEMBER 31, 2005)
AGE YR	60
POSITION	ENGINEERING DIRECTOR
Share Ratio (%) (31/12/05)	0.0008
Relationship with Management	None
Highest Education	Bachelor Degree of Radio & Electronics Engineering, FEATI University, Philippines
Related Training Program help by IOD	-
Working Experiences Over Past 5 Years	1997-Present Engineering Director, ITV Public Company Limited
Illegal Record in past 10 years	None

NAME-SURNAME	<b>MRS. SUPORN TANVIRUCH</b>
AGE YR	39
POSITION	CHIEF FINANCE OFFICER
Share Ratio (%) (31/12/05)	0.0000
Relationship with Management	None
Highest Education	Master Degree, Faculty of Commerce and Accountancy, Thammasat University
Related Training Program help by IOD	-
Working Experiences Over Past 5 Years	2000-Present Chief Finance Officer, ITV Public Company Limited 1999-2000 Assistant Vice-President Portfolio Management Department, Shin Corporation Public Company Limited
Illegal Record in past 10 years	None

NAME-SURNAME	<b>MRS. PUANGRAT SONGMUANG *</b> (APPOINTED ON JANUARY 1, 2006)	
AGE YR	49	
POSITION	PROGRAM DIRECTOR AND ACT. AIRTIME RENTAL & LIVE BROADCAST MANAGER	
Share Ratio (%) (31/12/05)	None	
Relationship with Management	None	
Highest Education	Bachelor Degree Liberal Arts Major in English, Thammasat University	
Related Training Program help by IOD	-	
Working Experiences Over Past 5 Years	2006-Present	Program Department Director, ITV Plc.
	2002-2005	Air Time 2 Live Broadcast Manager, ITV Plc.
	1996-2001	Asst. to Program Department Director, ITV Plc.
Illegal Record in past 10 years	None	
NAME-SURNAME	<b>MR. KOBSIN TANAPALIN *</b> (APPOINTED ON JANUARY 1, 2006)	
AGE YR	53	
POSITION	ENGINEERING DIRECTOR	
Share Ratio (%) (31/12/05)	None	
Relationship with Management	None	
Highest Education	Bachelor Degree of Electronic Engineering, King Monkut's Institute of Technology Ladkrabang	
Related Training Program help by IOD	-	
Working Experiences Over Past 5 Years	2006-Present	Engineering Director, ITV Plc.
	1997-2005	Section Manager, ITV Plc.
Illegal Record in past 10 years	None	

\* Since January 1, 2006 ITV Public Company Limited has appointed the new managements to replace the old managements who were retired as follow:

- Mrs. Puangrat Songmuang was appointed to be Program Director replace Mrs. Nima Rasidee.
- Mr. Ajsha Suwonpakprak was appointed to be News Department Director to replace Mr. Anant Asvanont.
- Mr. Kobsin Tanapalin was appointed to be Engineering Director to replace Mr. Chaiwat Boonyabhiwat.

\*\* Since February 1, 2006 Mr. Songsak Prensuk was appointed to be Station Director to replace Mr. Ajsha Suwonpakprak.



# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

Net profit in 2005 was Baht 679 million. Prime Time Ad. Spending was 2nd in the industry

Year 2005 is the year that the company has succeeded in operating, such net profit, revenue and advertising spending share. Net profit of year 2005 of Baht 679 million increased by Baht 474 million from net profit of year 2004 of Baht 205 million or 232% growth.

Furthermore the company also had other improvement as followed ;

- Prime Time advertising spending share increased from 15.3% in 2004 to 19.5% in 2005, which is the 2nd rank in the industry
- Advertising spending share increased from 15.6% in 2004 to 18.5% in 2005, which is the 3rd rank in the industry; especially in July 2005 the company was the second rank of the industry.
- The company's Prime Time TV Rating increased from 2.82 in 2004 to 2.85 in 2005.
- Prime Time Audience share increased from 11.9% in 2004 to 12.2% in 2005.

## ANALYSIS OF OPERATION RESULTS (CONSOLIDATED FINANCIAL STATEMENTS)

Financial Highlight :

	Unit : Baht Million		
	Y 2005	Y 2004	% Change YoY
Total Revenues	2,343	1,839	27.4%
Cost of Services	941	949	(0.8%)
SG&A Expenses	474	419	13.2%
Concession Fee	230	230	0.0%
Interest Expenses	19	36	(47.0%)
Net Profit	679	205	232.0%
EPS (Baht)	0.56	0.17	0.39

2005 Total Revenue Baht 2,343 Million Growth 27.4%, Industrial Growth 6.0%

### Total Revenue

Total Revenue amounted Baht 2,343 Million increased by Baht 504 Million (27.4% Growth) due to ITV program's Rating improvement especially Prime Time Rating and sale performance had improved.

### Cost of Service and SG&A Expenses

#### • Cost of Service

Cost of service of Baht 941 Million reduced by 0.8 % from previous year due to program reschedule in 2Q04 effected ITV's hired production program in 1Q04 portion which was more than ITV's hired production program portion in 2Q04-4Q05. Term of conditions were changed from ITV's hired production program to "Time Sharing Basis" and "Revenue Sharing Basis" help reduced program cost and license fees.

The Company had managed production cost and program rights by sharing model

- SG&A Expenses

SG&A of Baht 474 Million increased by Baht 55 Million from previous year or 13.2% growth due to Agency Rebate that vary to advertising revenue Baht 29 Million and the 21 employees compensation under the judgment of the Supreme Court amount Baht 25 Million in 1Q05.

- Interest Expenses

Interest Expenses decline by Baht 17 Million or 47% because of repayment of outstanding long-term loan in 2005, which reduced from Baht 640 Million at the end of 2004 to Baht 370 Million at the end of 2005

## FINANCIAL POSITION (CONSOLIDATED FINANCIAL STATEMENTS)

### 1. ASSETS

Cash and Cash equivalents rose by Baht 674 Million from operating income increasing

At the end of 2005, a total asset of Baht 3,452 Million was increased by Baht 477 Million (16.0% growth rate). Current Assets and Non-Current Assets portions were 38.5% and 61.5% respectively, assets comprise;

Asset	4Q05		4Q04	
	Baht Mil.	% Com.size	Baht Mil.	% Com.size
Cash and Equivalent	826	23.9	152	5.1
Receivable-Net	354	10.3	340	11.4
Other Current Assets	149	4.3	183	6.1
Concession Assets-Net	2,112	61.2	2,288	76.9
Other Assets	11	0.3	12	0.4

#### Current Assets

At the end of 2005, Current assets substantially increased by Baht 654 Million due to Cash and Equivalent from increased collection of increasing revenue.

#### Non-Current Assets

Non-Current assets reduced by Baht 177 Million mainly due to depreciation and amortization, meanwhile have no more invest in broadcasting network. 52 ITV's broadcasting stations covered 98% of population.

### 2. LIABILITIES

Liabilities reduced by 15.8% from 4Q04 due to early debt repayment

A 4Q05 liability of Baht 1,117 Million was reduced by Baht 210 Million or 15.8% reduction from previous year, due to long term debt repayment caused by cash surplus. 4Q05 Liabilities comprise ;

Liabilities	4Q05		4Q04	
	Baht Mil.	% Com.size	Baht Mil.	% Com.size
Current Liabilities	81	2.3	72	2.4
Accrued concession	450	13.0	450	15.1
Other current liabilities	296	8.6	238	8.0
Long term Liabilities	290	8.4	568	19.1

### 3. SHAREHOLDER'S EQUITY

D/E Ratio 4Q05 reduced to 0.48 times, compared to 0.81 times in 4Q04

4Q05, shareholder equity amounted Baht 2,335 Million increased by Baht 687 Million from previous year mainly increased by net profit of Baht 679 Million and ESOP's warrant usage in 2005. Debt to Equity Ratio at the end of 2005 was 0.48 times compared with 0.81 times of 4Q04.

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#### 4. LIQUIDITY

Net cash flow in 2005 increased by Baht 674 Million caused by

- Cash flow from operation of Baht 1,140 Million increased by Baht 367 Million due to improvement of operation and revenue.
- Cash flow from investing of Baht 203 Million comprised programming rights, program production cost and fixed assets purchased. Investing activities reduced from last year due to program schedule changing in 2Q04, “Time Sharing Program” and “Revenue Sharing Program” were replaced “Hired Production Program” caused reduction of program investment.
- 2005 Cash flow to financing amount Baht 263 Million mainly was early long-term debt repayment.

## THE BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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The Board of Directors ("the Board") is responsible for the consolidated financial statements of ITV Public Company Limited ("the Company"), as well as the financial data and information which appear in the Company's annual report. The Board considers that, in preparing the financial statements, it has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that generally accepted accounting principles have been followed. Material information is also disclosed with reasonable accuracy in the notes to financial statements for the benefits of shareholders and investors.

In order to ensure that accounting records are complete and accurate, the Board has monitored that the Company applies and maintains appropriate risk management and internal control systems; and that such systems are adequate and efficient enough to safeguard the assets of the Company and to prevent and detect fraud and other material irregularities.

The Board also appointed the Audit Committee to review the Company's accounting policies, oversee the quality of its financial reporting, and assess the internal control, internal audit, and risk management systems. The opinions of the Audit Committee regarding these matters are shown in the "Report of the Audit Committee" of this annual report.

The Company's consolidated financial statements were audited by the Company's auditor, PricewaterhouseCoopers ABAS Limited. The Board supported such auditor with relevant information and documents to enable the auditor to perform its auditing task and to express its opinion according to generally accepted accounting standards. The auditor's opinions is also shown in this annual report.

The Board has the opinion that the Company's overall internal control system is acceptable and that the Company's financial statements and consolidated financial statements as of December 31st, 2005 are reliably prepared in accordance with the generally accepted accounting principles and other applicable laws and regulations.



(Mr. Boonklee Plangsiri)  
Chairman of the Board of Director



(Mr. Niwattumrong Boonsongpaisan)  
Chairman of the Executive Committee



# AUDITOR'S REPORT

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## TO THE SHAREHOLDERS OF ITV PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and company balance sheets as at 31 December 2005 and 2004, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the years then ended of ITV Public Company Limited and its subsidiary and of ITV Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2005 and 2004, and the consolidated and company results of operations, and cash flows for the years then ended of ITV Public Company Limited and its subsidiary and of ITV Public Company Limited, respectively, in accordance with generally accepted accounting principles.

Without qualifying my report, I draw attention to Note 22 to the financial statements on the award of the arbitration panel relating to the agreement for the operation of a television station in relation to the concession fee and the appeal entered by the Prime Minister's Office in order to revoke the awards made by the arbitration panel. Currently, the appeal result is under the consideration by the Court.



PRASIT YUENGSRKUL  
Certified Public Accountant  
(Thailand) No. 4174  
PricewaterhouseCoopers ABAS Limited

Bangkok  
23 February 2006



# BALANCE SHEETS

ITV PUBLIC COMPANY LIMITED  
AS AT 31 DECEMBER 2005 AND 2004

		Consolidated		Company	
		2005	2004	2005	2004
	Notes	Baht	Baht	Baht	Baht
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	825,934,336	152,276,597	822,939,961	150,183,803
Trade accounts receivable, net	5	353,983,622	339,869,834	353,919,152	339,675,633
Loan to a subsidiary	6 d)	-	-	21,000,000	33,000,000
Programming rights and production costs, net	7	68,498,665	105,204,257	68,498,665	105,204,257
Other current assets	8	80,731,674	77,408,247	79,914,172	73,952,496
Total current assets		1,329,148,297	674,758,935	1,346,271,950	702,016,189
<b>Non-current assets</b>					
Investment in a subsidiary	9	-	-	5,788,222	5,369,378
Equipment, net	10	104,776,579	121,490,033	82,046,698	89,188,512
Concession assets, net	11	2,006,774,079	2,166,951,941	2,006,774,079	2,166,951,941
Other assets	12	11,355,615	11,475,993	11,355,615	11,475,993
Total non-current assets		2,122,906,273	2,299,917,967	2,105,964,614	2,272,985,824
<b>Total assets</b>		<b>3,452,054,570</b>	<b>2,974,676,902</b>	<b>3,452,236,564</b>	<b>2,975,002,013</b>

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

## BALANCE SHEETS (CONTINUED)

ITV PUBLIC COMPANY LIMITED  
AS AT 31 DECEMBER 2005 AND 2004

	Notes	Consolidated		Company	
		2005 Baht	2004 Baht	2005 Baht	2004 Baht
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable	13	32,087,666	22,314,755	32,085,718	22,268,416
Current portion of long-term loan	14	80,485,769	72,013,583	80,485,769	72,013,583
Concession payable		450,000,000	450,000,000	450,000,000	450,000,000
Accrued expenses	6 g)	234,211,783	185,077,733	234,468,783	185,471,983
Other current liabilities	15	30,102,177	30,157,244	30,029,119	30,134,444
Total current liabilities		826,887,395	759,563,315	827,069,389	759,888,426
Non-current liabilities					
Long-term loan, net	14	289,845,489	567,718,807	289,845,489	567,718,807
Total non-current liabilities		289,845,489	567,718,807	289,845,489	567,718,807
Total liabilities		1,116,732,884	1,327,282,122	1,116,914,878	1,327,607,233
Shareholders' equity					
Share capital					
Authorised share capital - ordinary shares	16	7,800,000,000	7,800,000,000	7,800,000,000	7,800,000,000
Issued and paid-up share capital					
- ordinary shares	16	6,031,906,500	6,023,713,500	6,031,906,500	6,023,713,500
Deficiency in share capital	16	(174,417,077)	(175,039,745)	(174,417,077)	(175,039,745)
Deficit		(3,522,167,737)	(4,201,278,975)	(3,522,167,737)	(4,201,278,975)
Total shareholders' equity		2,335,321,686	1,647,394,780	2,335,321,686	1,647,394,780
Total liabilities and shareholders' equity		3,452,054,570	2,974,676,902	3,452,236,564	2,975,002,013

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

# STATEMENTS OF INCOME

ITV PUBLIC COMPANY LIMITED  
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

	Notes	Consolidated		Company	
		2005 Baht	2004 Baht	2005 Baht	2004 Baht
<b>Revenues</b>	6 a)				
Service income	17	2,332,832,264	1,836,447,448	2,330,086,138	1,833,677,548
Share of net result of investment - equity method	9	-	-	418,844	-
Interest income		8,413,429	942,636	9,839,442	2,920,011
Other income		2,158,767	1,398,778	2,886,267	2,603,778
<b>Total revenues</b>		<b>2,343,404,460</b>	<b>1,838,788,862</b>	<b>2,343,230,691</b>	<b>1,839,201,337</b>
<b>Expenses</b>	6 b)				
Cost of services	18	940,802,238	948,859,386	929,804,172	938,626,796
Concession expenses	22	230,000,000	230,000,000	230,000,000	230,000,000
Selling and administrative expenses	18	472,349,353	417,381,875	483,173,650	423,815,848
Directors' remuneration		1,830,000	1,550,000	1,830,000	1,550,000
Share of net result of investment - equity method	9	-	-	-	4,211,092
<b>Total expenses</b>		<b>1,644,981,591</b>	<b>1,597,791,261</b>	<b>1,644,807,822</b>	<b>1,598,203,736</b>
<b>Profit before interest</b>		<b>698,422,869</b>	<b>240,997,601</b>	<b>698,422,869</b>	<b>240,997,601</b>
Interest expenses		(19,311,631)	(36,435,252)	(19,311,631)	(36,435,252)
<b>Net profit for the year</b>		<b>679,111,238</b>	<b>204,562,349</b>	<b>679,111,238</b>	<b>204,562,349</b>
<b>Basic earnings per share (Baht)</b>	19				
Net profit for the year		0.56	0.17	0.56	0.17
<b>Diluted earnings per share (Baht)</b>	19				
Net profit for the year		0.56	0.17	0.56	0.17

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

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

ITV PUBLIC COMPANY LIMITED  
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

		Consolidated			
		Premium/ (Deficiency) in			
		Share capital	share capital	Deficit	Total
Note		Baht	Baht	Baht	Baht
<b>Opening balance as at 1 January 2004</b>		6,000,000,000	(176,841,971)	(4,405,841,324)	1,417,316,705
Issue of ordinary shares	16	23,713,500	1,802,226	-	25,515,726
Net profit for the year		-	-	204,562,349	204,562,349
<b>Closing balance as at 31 December 2004</b>		<u>6,023,713,500</u>	<u>(175,039,745)</u>	<u>(4,201,278,975)</u>	<u>1,647,394,780</u>
<b>Opening balance as at 1 January 2005</b>		6,023,713,500	(175,039,745)	(4,201,278,975)	1,647,394,780
Issue of ordinary shares	16	8,193,000	622,668	-	8,815,668
Net profit for the year		-	-	679,111,238	679,111,238
<b>Closing balance as at 31 December 2005</b>		<u>6,031,906,500</u>	<u>(174,417,077)</u>	<u>(3,522,167,737)</u>	<u>2,335,321,686</u>
		Company			
		Premium/ (Deficiency) in			
		Share capital	share capital	Deficit	Total
Note		Baht	Baht	Baht	Baht
<b>Opening balance as at 1 January 2004</b>		6,000,000,000	(176,841,971)	(4,405,841,324)	1,417,316,705
Issue of ordinary shares	16	23,713,500	1,802,226	-	25,515,726
Net profit for the year		-	-	204,562,349	204,562,349
<b>Closing balance as at 31 December 2004</b>		<u>6,023,713,500</u>	<u>(175,039,745)</u>	<u>(4,201,278,975)</u>	<u>1,647,394,780</u>
<b>Opening balance as at 1 January 2005</b>		6,023,713,500	(175,039,745)	(4,201,278,975)	1,647,394,780
Issue of ordinary shares	16	8,193,000	622,668	-	8,815,668
Net profit for the year		-	-	679,111,238	679,111,238
<b>Closing balance as at 31 December 2005</b>		<u>6,031,906,500</u>	<u>(174,417,077)</u>	<u>(3,522,167,737)</u>	<u>2,335,321,686</u>

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

# STATEMENTS OF CASH FLOWS

ITV PUBLIC COMPANY LIMITED  
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

	Notes	Consolidated		Company	
		2005 Baht	2004 Baht	2005 Baht	2004 Baht
<b>Cash flows from operating activities</b>					
Net profit for the year		679,111,238	204,562,349	679,111,238	204,562,349
Adjustments for:					
Amortisation of concession assets	11	221,707,763	222,247,184	221,707,763	222,247,184
Depreciation	10	22,457,640	22,192,684	12,001,701	11,826,432
Gain on foreign exchange rate		(29,577)	(126,173)	(29,577)	(126,173)
Amortisation and allowance for impairment of programming rights and production costs	7	168,264,046	242,116,333	168,264,046	242,116,333
Reversal for doubtful debt accounts		(19,514,315)	(4,371,943)	(19,514,315)	(4,371,943)
Gain on devaluation of barter assets		(37,728)	(531,718)	(37,728)	(531,718)
Amortisation of front end fee	14	2,612,451	1,455,000	2,612,451	1,455,000
Share of net results from investment in a subsidiary	9	-	-	(418,844)	4,211,092
Changes in operating assets and liabilities					
Trade accounts receivable		5,400,527	48,606,968	5,270,796	48,710,056
Other current assets		(3,285,699)	408,883	(5,923,948)	5,381,365
Other assets		120,378	2,869,132	120,378	2,869,132
Trade accounts payable		9,802,488	(14,157,927)	9,846,879	(14,780,810)
Accrued expenses		53,093,247	60,985,305	52,955,997	61,301,460
Other current liabilities		(55,067)	(13,926,271)	(105,325)	(16,879,164)
<b>Cash generated from operating activities</b>		<b>1,139,647,392</b>	<b>772,329,806</b>	<b>1,125,861,512</b>	<b>767,990,595</b>
<b>Cash flows from investing activities</b>					
Purchases of programming rights and production costs	7	(135,517,651)	(251,430,072)	(135,517,651)	(251,430,072)
Purchases of concession assets	11	(61,529,901)	(81,942,851)	(61,529,901)	(81,942,851)
Purchases of equipment	10	(5,744,186)	(3,490,351)	(4,859,887)	(3,490,351)
Receipt of loan to a subsidiary	6 d)	-	-	12,000,000	3,000,000
<b>Net cash used in investing activities</b>		<b>(202,791,738)</b>	<b>(336,863,274)</b>	<b>(189,907,439)</b>	<b>(333,863,274)</b>

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

# STATEMENTS OF CASH FLOWS (CONTINUED)

ITV PUBLIC COMPANY LIMITED  
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

		Consolidated		Company	
		2005	2004	2005	2004
	Notes	Baht	Baht	Baht	Baht
<b>Cash flows from financing activities</b>					
Proceeds from short-term loan from banks		-	400,000,000	-	400,000,000
Repayment of short-term loan from banks		-	(700,000,000)	-	(700,000,000)
Repayment of long-term loan from bank	14	(272,013,583)	(167,777,490)	(272,013,583)	(167,777,490)
Proceeds from increase in share capital from exercising warrants	16	8,815,668	25,515,726	8,815,668	25,515,726
<b>Net cash used in financing activities</b>		<b>(263,197,915)</b>	<b>(442,261,764)</b>	<b>(263,197,915)</b>	<b>(442,261,764)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>673,657,739</b>	<b>(6,795,232)</b>	<b>672,756,158</b>	<b>(8,134,443)</b>
Opening balance		152,276,597	159,071,829	150,183,803	158,318,246
Closing balance		<b>825,934,336</b>	<b>152,276,597</b>	<b>822,939,961</b>	<b>150,183,803</b>
<b>Cash and cash equivalents as at 31 December comprise:</b>					
Cash on hand		615,532	605,000	615,532	605,000
Cash at banks		825,318,804	151,671,597	822,324,429	149,578,803
Total cash and cash equivalents		<b>825,934,336</b>	<b>152,276,597</b>	<b>822,939,961</b>	<b>150,183,803</b>
<b>Supplementary information for cash flows</b>					
Interest paid		19,326,090	36,489,438	19,326,090	36,489,438
<b>Non-cash transactions</b>					
Increasing in programming rights and production costs by liabilities		4,116,285	8,075,481	4,116,285	8,075,481

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



# NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

ITV PUBLIC COMPANY LIMITED  
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

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## 1 General information

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

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

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

The Company operates a television broadcasting station under a UHF radio-television broadcasting agreement (the concession agreement) provided by the Prime Minister’s Office on 3 July 1995, and amended on 25 April 2000. The agreement term is 30 years, and will expire on 3 July 2025. ITV has to comply with the conditions of the concession agreement. The Company has to broadcast news, together with features and educational programs amounting to 70 percent, or more, of total broadcasting time. In addition, the Company has to pay minimum fees to The Prime Minister’s Office based on a percentage of service income, or at the rates specified in the agreement, whichever is higher. The Company has explained about the award of the arbitration panel relating to the Agreement for the Operation of Television Station in Note 22.

The concession is a Build Transfer Operate concession according to which the Company has to transfer ownership of certain property and equipment that it procures to the Office of the Permanent Secretary, the Prime Minister’s Office, upon completion of equipment installation.

## 2 Accounting policies

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

### 2.1 Basis for preparation

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

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

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

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## **2 Accounting policies (continued)**

### **2.1 Basis for preparation (continued)**

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

As a result of the Federation of Accounting Profession (FAP) approval of three new accounting standards on 12 May 2005, the Company has adopted TAS 52, 'Events After Balance Sheet Date', TAS 53, 'Provisions, Contingent Liabilities, and Contingent Assets' and TAS 54, 'Discontinuing Operations' in the second quarter of 2005 which have not effected to these financial statements.

These consolidated and company financial statements have been approved for issue by the Board of Directors on 23 February 2006.

### **2.2 Investment in subsidiaries**

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which its control is transferred to the Group. They are de-consolidated from the date that the control ceases.

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

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

In the Company's separate financial statements, investments in subsidiaries are reported by using the equity method of accounting.

A list of the Group's principal subsidiaries is set out in Note 9.

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

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## **2 Accounting policies (continued)**

### **2.2 Investment in subsidiary (continued)**

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

### **2.3 Related parties**

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

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

### **2.4 Foreign currency translation**

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

### **2.5 Financial instruments**

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

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

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## **2 Accounting policies (continued)**

### **2.5 Financial instruments (continued)**

#### **Foreign currency forward contracts**

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

Disclosures about the financial instruments to which the Company is a party are provided in Note 21.

### **2.6 Cash and cash equivalents**

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

### **2.7 Trade receivables**

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

### **2.8 Programming rights and production costs**

#### **Programming rights**

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

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

#### **Production costs**

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

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## **2 Accounting policies (continued)**

### **2.9 Equipment**

Equipment is stated at historical cost less accumulated depreciation.

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

Land and building improvement	Lease period or the estimated useful life, whichever is shorter
Vehicles	5 years
Office equipment	5 years

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

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

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

### **2.10 Concession assets**

Concession assets comprise equipment and intangible assets, technician and consulting fees as set out in the concession agreement. Under the concession agreement, the Company has to transfer the ownership of equipment and intangible assets to the Prime Minister's Office within the negotiated period. Concession assets are amortised using the straight-line basis over their estimated useful life or the period of the concession, whichever is shorter as follows:

Land	The remaining period of the concession agreement
Network station	20 years or the remaining period of the agreement
Transmission equipment	5 - 20 years or the remaining period of the agreement
Furniture, fixtures and office equipment	5 years or the remaining period of the agreement
Technician and consulting fees	20 years or the remaining period of the agreement

Borrowing costs to finance construction assets are capitalised as part of the cost of the assets during the period of time that is required to complete and prepare the assets for their intended use. No borrowing costs were capitalised in 2005 and 2004.

### **2.11 Leases - where the company is the lessee**

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

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## **2 Accounting policies (continued)**

### **2.11 Leases - where the company is the lessee (continued)**

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

### **2.12 Long-lived assets**

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

### **2.13 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

### **2.14 Employee benefits**

The Company operates a provident fund, being a defined contribution plan, the assets of which are held in a separate trustee-administered fund. The provident fund is funded by payments from employees and the Company. Current contributions to the provident funds operated for employees are charged to the statement of income as incurred.

### **2.15 Revenue recognition**

The revenues are recognised as follows:

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

### **2.16 Income tax**

The Company calculates income tax according to the Revenue Code and records it on the accrual basis. The Company does not recognise income tax payable or receivable in future periods in respect of temporary differences. The principal temporary differences arise from tax losses carried forward and the amortisation of concession assets.

### **2.17 Earnings per share**

Basic consolidated earnings per share is calculated by dividing the consolidated earnings after considering minority interest in subsidiaries, attributable to shareholders by the weighted average number of ordinary shares in issue during the year.



## 2 Accounting policies (continued)

### 2.17 Earnings per share (continued)

Basic Company earnings per share is calculated by dividing the Company's earnings by the weighted average number of ordinary shares in issue during the year.

### 2.18 Presentation of comparative information

The comparative figures have been amended to conform with the reclassification of certain items in the financial statements for the year ended 31 December 2005.

## 3 Segment information

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

## 4 Cash and cash equivalents

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Cash on hand	615,532	605,000	615,532	605,000
Savings deposits	110,318,804	91,651,115	107,324,429	89,558,321
Time deposit	715,000,000	60,020,482	715,000,000	60,020,482
Total cash and cash equivalents	825,934,336	152,276,597	822,939,961	150,183,803

The weighted average effective interest rate of savings deposits and time deposit was 3.61% per annum (2004: 0.86% per annum). The time deposit has an original maturity of 1-3 months.

## 5 Trade accounts receivable, net

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Trade accounts receivable and income receivable				
- Third parties	316,870,297	329,228,978	316,751,158	328,028,977
- Related parties (Note 6 c)	50,237,211	41,530,467	50,291,880	42,536,267
Total trade accounts receivable and income receivable	367,107,508	370,759,445	367,043,038	370,565,244
<u>Less</u> allowance for doubtful accounts	(13,123,886)	(30,889,611)	(13,123,886)	(30,889,611)
Trade accounts receivable, net	353,983,622	339,869,834	353,919,152	339,675,633

## 5 Trade accounts receivable, net (continued)

Outstanding trade accounts receivable - third parties as at 31 December can be analysed as follows:

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Current - 3 months	296,329,861	289,191,760	296,210,722	287,991,759
3 - 6 months	7,675,124	9,149,960	7,675,124	9,149,960
6 - 12 months	124,501	2,341,655	124,501	2,341,655
Over 12 months	12,740,811	28,545,603	12,740,811	28,545,603
Total	316,870,297	329,228,978	316,751,158	328,028,977
<u>Less</u> allowance for doubtful accounts	(13,123,886)	(30,889,611)	(13,123,886)	(30,889,611)
Trade accounts receivable - third parties, net	303,746,411	298,339,367	303,627,272	297,139,366

## 6 Related party transactions

The company is controlled by Shin Corporation Public Co., Ltd. ("Shin"), which is incorporated in Thailand and owns 52.94% (2004: 53.01%) of the Company's shares. The remaining 47.06% (2004: 46.99%) of the shares are widely held.

Transactions with companies within the Shin Group, such as subsidiaries, associates, management and related parties, including transactions with companies of which Shinawatra family members are the principal shareholders or directors are recognised as related party transactions to the Company.

During the year, the Company entered into a number of transactions with its parent company and related companies, the terms of which are negotiated on an arm's length basis in the ordinary course of business and according to normal trade conditions.

Consulting and management service fees are charged by the parent company on a mutually agreed basis as a percentage of assets, but not less than the agreed amount. Treasury fees, which are included in consulting and management service fees, are charged as a percentage of the transaction amount.

## 6 Related party transactions (continued)

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

### a) Service income

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
<b>Advertising income</b>				
Parent company - Shin	2,000,000	2,500,000	2,000,000	2,500,000
Subsidiary	-	-	2,820,000	4,783,100
Other related parties - Shin Group	217,426,890	177,998,696	217,426,890	177,998,696
	219,426,890	180,498,696	222,246,890	185,281,796
<b>Other income</b>				
Parent company - Shin	300,000	-	300,000	-
Subsidiary - Interest income	-	-	1,436,027	2,256,164
Subsidiary - Other income	-	-	1,200,000	1,205,000
Other related parties - Shin Group	4,659,222	3,000	4,634,607	3,000
	4,959,222	3,000	7,570,634	3,464,164
<b>Total income</b>	224,386,112	180,501,696	229,817,524	188,745,960

## 6 Related party transactions (continued)

### b) Purchased goods and services

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
<b>Parent company - Shin</b>				
Consulting and management fee	16,081,352	13,075,693	16,081,352	13,075,693
Other expenses	854,537	-	854,537	-
	16,935,889	13,075,693	16,935,889	13,075,693
<b>Subsidiary</b>				
Expenses				
Advertising expenses	-	-	9,504,000	6,216,000
Equipment rental	-	-	1,792,500	1,440,000
Commission expenses	-	-	282,000	239,155
Other expenses	-	-	1,071,875	-
	-	-	12,650,375	7,895,155
<b>Other related parties - Shin Group</b>				
Expenses				
Building rental and service charge	67,844,931	67,377,877	66,706,741	66,237,204
Transponder rental	36,070,283	36,563,404	36,070,283	36,563,404
Commission expenses	10,084,168	14,305,995	10,084,168	14,305,995
Advertising expenses	1,701,862	7,482,759	1,701,862	7,482,759
Program production costs	-	410,114	-	410,114
Telephone expenses	9,580,365	15,353,891	9,580,365	15,353,891
Other expense	11,180,994	5,431,631	11,046,594	5,297,231
	136,462,603	146,925,671	135,190,013	145,650,598
<b>Total service expenses</b>	153,398,492	160,001,364	164,776,277	166,621,446
Purchases of assets	3,144,402	-	3,144,402	-

## 6 Related party transactions (continued)

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

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
<b>Receivables from related parties:</b>				
Parent company - Shin	2,461,000	-	2,461,000	-
Subsidiary	-	-	107,000	1,005,800
Other related parties - Shin Group	47,776,211	41,530,467	47,723,880	41,530,467
<b>Total receivables from related parties</b>	<b>50,237,211</b>	<b>41,530,467</b>	<b>50,291,880</b>	<b>42,536,267</b>
<b>Payables to related parties:</b>				
Parent company - Shin	570,903	207,487	570,903	207,487
Subsidiary	-	-	266,555	-
Other related parties - Shin Group	3,079,877	1,258,120	3,040,044	1,204,771
<b>Total payables to related parties</b>	<b>3,650,780</b>	<b>1,465,607</b>	<b>3,877,502</b>	<b>1,412,258</b>

### d) Loan to a subsidiary as at 31 December

Loan to a subsidiary bears interest rate at 6.5% per annum (2004: 5.0% per annum). The term of repayment is at call.

### e) Other current assets as at 31 December

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
<b>Prepaid Expense</b>				
Other related parties - Shin Group	88,456	506,382	88,456	506,382
<b>Interest Receivable</b>				
Subsidiary	-	-	-	149,178
<b>Total other current assets</b>	<b>88,456</b>	<b>506,382</b>	<b>88,456</b>	<b>655,560</b>

### f) Other assets as at 31 December

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
<b>Deposit</b>				
Other related parties - Shin Group	9,463,472	9,443,071	9,463,472	9,443,071
<b>Total other assets</b>	<b>9,463,472</b>	<b>9,443,071</b>	<b>9,463,472</b>	<b>9,443,071</b>

## 6 Related party transactions (continued)

### g) Accrued expenses to related parties as at 31 December

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
<b>Accrued expenses to related parties:</b>				
Parent company - Shin	2,316,000	29,162	2,316,000	29,162
Subsidiary	-	-	282,000	411,250
Other related companies- Shin Group	13,783,856	14,538,422	13,783,856	14,538,422
<b>Total accrued expenses to related parties</b>	<b>16,099,856</b>	<b>14,567,584</b>	<b>16,381,856</b>	<b>14,978,834</b>

### h) Warrants issued and offered to directors

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

	Issued date	Issued units (Million)	Percentage *	Exercise price (Baht/unit)	Exercise period	
					Start	End
ESOP - Grant I	27 March 2002	24.65	0.84	17.337	27 March 2003	26 March 2007
ESOP - Grant II	30 May 2003	14.65	0.49	13.314	31 May 2004	30 May 2008
ESOP - Grant III	31 May 2004	10.56	0.36	35.314	31 May 2005	30 May 2009
ESOP - Grant IV	31 May 2005	10.05	0.34	41.214	31 May 2006	30 May 2010

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

Since the issuing date of ESOP until 31 December 2005, Shin approved the declaration of the dividend payment, for which the amount paid was greater than 50% of net profit after tax. Consequently, this affected the exercise ratios and exercise prices of warrants. Therefore, the Company changed the exercise ratios and exercise prices of warrants are as follows:

	Exercise Ratio (Unit/ share)		Exercise price (Baht/unit)	
	Old	New	Old	New
ESOP - Grant I	1:1	1:1.02671	17.800	17.337
ESOP - Grant II	1:1	1:1.02671	13.670	13.314
ESOP - Grant III	1:1	1:1.02671	36.410	35.314
ESOP - Grant IV	1:1	1:1.01326	41.760	41.214

During the year 2003 and 2004, the Company's directors exercised 13,775,200 warrants under the Employee Stock Option Plan (ESOP). For the year ended 31 December 2005, the Company's directors exercised 3,652,200 warrants. As at 31 December 2005, the outstanding rights of warrants of directors of the Company under the Employee Stock Option Plan (ESOP) stand at 42,481,500 units.



## 6 Related party transactions (continued)

### i) Special reward program

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

From the year 2003 until the year 2005, the Company’s directors exercised their rights to 5,782 units. As at 31 December 2005, the outstanding rights of the Company’s directors stand at 1,310 units.

## 7 Programming rights and production costs, net

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Opening net book amount	105,204,257	107,099,072	105,204,257	107,099,072
Additions	131,558,454	240,221,518	131,558,454	240,221,518
<u>Less</u> Amortisation (Allowance for impairment)/ reverse allowance for impairment	(171,127,067)	(227,522,500)	(171,127,067)	(227,522,500)
	2,863,021	(14,593,833)	2,863,021	(14,593,833)
Closing net book amount	68,498,665	105,204,257	68,498,665	105,204,257
Cost, net	102,362,227	141,930,840	102,362,227	141,930,840
<u>Less</u> Allowance for impairment	(33,863,562)	(36,726,583)	(33,863,562)	(36,726,583)
Closing net book amount	68,498,665	105,204,257	68,498,665	105,204,257

## 8 Other current assets

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Withholding tax deducted at source	52,275,800	47,757,616	51,458,297	47,299,880
Prepaid expenses	12,024,356	13,968,938	12,024,356	13,942,314
Other receivables	10,326,950	11,133,673	10,326,950	11,131,365
Accounts receivable				
- Revenue Department	412,913	3,472,118	412,913	353,856
Assets for sale	1,563,898	472,257	1,563,898	472,257
Others	4,127,757	603,645	4,127,758	752,824
<b>Total</b>	<b>80,731,674</b>	<b>77,408,247</b>	<b>79,914,172</b>	<b>73,952,496</b>

## 9 Investment in a subsidiary

a) Movements in investment in a subsidiary for the years ended 31 December comprise:

	Company	
	2005 Baht	2004 Baht
Opening net book value	5,369,378	9,580,470
Share of net results from investment in a subsidiary	418,844	(4,211,092)
Closing net book value	<u>5,788,222</u>	<u>5,369,378</u>

b) Carrying value of investment in a subsidiary

Company - 31 December 2005 (Baht)						
	Paid-up Capital	Investment portion (%)	Cost	Share of net results from investment	Equity	Dividend
Artware Media Company Limited	20,000,000	99.99	20,000,000	(14,211,778)	5,788,222	-

Company - 31 December 2004 (Baht)						
	Paid-up Capital	Investment portion (%)	Cost	Share of net results from investment	Equity	Dividend
Artware Media Company Limited	20,000,000	99.99	20,000,000	(14,630,622)	5,369,378	-

Artware Media Company Limited is incorporated under Thai law. Its principal business is to lease equipment for TV programs and movies, produce TV programs and arrange related marketing events.

## 10 Equipment, net

	Consolidated			
	Building improvement Baht	Vehicles Baht	Office equipment Baht	Total Baht
<b>At 31 December 2004</b>				
Cost	112,802,445	2,284,159	51,968,339	167,054,943
<u>Less</u> Accumulated depreciation	(25,143,430)	(814,670)	(19,606,810)	(45,564,910)
Net book amount	87,659,015	1,469,489	32,361,529	121,490,033
<b>Transactions during the year ended 31 December 2005</b>				
Opening net book amount	87,659,015	1,469,489	32,361,529	121,490,033
Additions	1,791,625	-	3,952,561	5,744,186
Depreciation charge	(11,335,904)	(431,194)	(10,690,542)	(22,457,640)
Closing net book amount	78,114,736	1,038,295	25,623,548	104,776,579
<b>At 31 December 2005</b>				
Cost	114,594,070	2,284,159	55,920,900	172,799,129
<u>Less</u> Accumulated depreciation	(36,479,334)	(1,245,864)	(30,297,352)	(68,022,550)
Net book amount	78,114,736	1,038,295	25,623,548	104,776,579
	Company			
	Building improvement Baht	Vehicles Baht	Office equipment Baht	Total Baht
<b>At 31 December 2004</b>				
Cost	112,802,445	2,284,159	137,079	115,223,683
<u>Less</u> Accumulated depreciation	(25,143,430)	(814,670)	(77,071)	(26,035,171)
Net book amount	87,659,015	1,469,489	60,008	89,188,512
<b>Transactions during the year ended 31 December 2005</b>				
Opening net book amount	87,659,015	1,469,489	60,008	89,188,512
Additions	1,791,625	-	3,068,262	4,859,887
Depreciation charge	(11,335,904)	(431,194)	(234,603)	(12,001,701)
Closing net book amount	78,114,736	1,038,295	2,893,667	82,046,698
<b>At 31 December 2005</b>				
Cost	114,594,070	2,284,159	3,205,341	120,083,570
<u>Less</u> Accumulated depreciation	(36,479,334)	(1,245,864)	(311,674)	(38,036,872)
Net book amount	78,114,736	1,038,295	2,893,667	82,046,698

**Concession assets, net**

The Company has an obligation to provide certain assets for its operations under its concession agreement. The Office of the Permanent Secretary, the Prime Minister's Office, also provides certain rights to ITV to use the assets. The details of the concession assets for which legal title has been or will be transferred to the Prime Minister's Office under these agreements are as follows:

	Consolidated and Company						
	Land Baht	Network station Baht	Transmission equipment Baht	Furniture, fixtures and office equipment Baht	Construction in progress Baht	Technician and consulting fee Baht	Total Baht
<b>At 31 December 2004</b>							
Cost	48,719,349	173,257,673	3,004,766,436	180,497,499	1,018,345	166,646,439	3,574,905,741
Less Accumulated amortisation	(8,066,421)	(52,884,033)	(1,157,499,953)	(124,838,218)	-	(64,665,175)	(1,407,953,800)
Net book amount	40,652,928	120,373,640	1,847,266,483	55,659,281	1,018,345	101,981,264	2,166,951,941
<b>Transactions during the year ended</b>							
<b>31 December 2005</b>							
Opening net book amount	40,652,928	120,373,640	1,847,266,483	55,659,281	1,018,345	101,981,264	2,166,951,941
Additions	-	307,625	33,399,260	4,936,870	22,886,146	-	61,529,901
Transfer, net	-	-	978,000	1,583,353	(2,561,353)	-	-
Amortisation charge	(1,948,774)	(8,673,125)	(181,283,647)	(21,469,895)	-	(8,332,322)	(221,707,763)
Closing net book amount	38,704,154	112,008,140	1,700,360,096	40,709,609	21,343,138	93,648,942	2,006,774,079
<b>At 31 December 2005</b>							
Cost	48,719,349	173,565,298	3,039,143,696	187,017,722	21,343,138	166,646,439	3,636,435,642
Less Accumulated amortisation	(10,015,195)	(61,557,158)	(1,338,783,600)	(146,308,113)	-	(72,997,497)	(1,629,661,563)
Net book amount	38,704,154	112,008,140	1,700,360,096	40,709,609	21,343,138	93,648,942	2,006,774,079

## 12 Other assets

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
<b>Deposits</b>				
- Third parties	625,476	566,255	625,476	566,255
- Related parties (Note 6 f)	9,463,472	9,443,071	9,463,472	9,443,071
<b>Leasehold right</b>				
- Third parties	1,266,667	1,466,667	1,266,667	1,466,667
<b>Total</b>	<b>11,355,615</b>	<b>11,475,993</b>	<b>11,355,615</b>	<b>11,475,993</b>

## 13 Trade accounts payable

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
<b>Trade accounts payable</b>				
- Third parties	28,436,886	20,849,148	28,208,216	20,856,158
- Related parties (Note 6 c)	3,650,780	1,465,607	3,877,502	1,412,258
<b>Total</b>	<b>32,087,666</b>	<b>22,314,755</b>	<b>32,085,718</b>	<b>22,268,416</b>

## 14 Borrowings

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Current portion of long-term loan from bank	80,485,769	72,013,583	80,485,769	72,013,583
Long-term loan from bank	293,053,038	573,538,807	293,053,038	573,538,807
Total borrowings	373,538,807	645,552,390	373,538,807	645,552,390
Less Deferred front end fee	(3,207,549)	(5,820,000)	(3,207,549)	(5,820,000)
<b>Total borrowings, net</b>	<b>370,331,258</b>	<b>639,732,390</b>	<b>370,331,258</b>	<b>639,732,390</b>

The movements in the borrowings can be analysed as follows:

	Consolidated and Company Baht
<b>For the year ended 31 December 2005</b>	
Opening balance	639,732,390
Repayments	(272,013,583)
Amortisation of deferred front end fee	2,612,451
Closing balance	<b>370,331,258</b>

## 14 Borrowings (continued)

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

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
<b>Total borrowings:</b>				
- at floating rates	373,538,807	645,552,390	373,538,807	645,552,390

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

Borrowings carry interest at rates as follows:

	Consolidated		Company	
	2005	2004	2005	2004
- Long-term loan (%)	5.50	4.00	5.50	4.00

### Debt restructuring in year 2000

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

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

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

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

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

#### 14 Borrowings (continued)

Maturity of non-current borrowings is as follows:

	Consolidated and Company Baht
2006	80,485,769
2007	93,194,049
2008	114,374,514
2009	85,484,475
<b>Total</b>	<b>373,538,807</b>

#### 15 Other current liabilities

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Payable to Revenue Department	12,319,408	11,770,491	12,246,469	11,747,691
Advances received from customers	17,216,250	13,057,089	17,216,250	13,057,089
Other payables	566,519	5,329,664	566,400	5,329,664
<b>Total</b>	<b>30,102,177</b>	<b>30,157,244</b>	<b>30,029,119</b>	<b>30,134,444</b>

#### 16 Share capital and premium (deficiency) on share capital

	Number of registered share capital shares	Issued and paid up Shares	Ordinary shares Baht	Premium/ (deficiency) on share capital Baht	Total Baht
As at 31 December 2003	1,260,000,000	1,200,000,000	6,000,000,000	(176,841,971)	5,823,158,029
Decrease of shares	(43,231,000)	-	-	-	-
Issue of shares	343,231,000	4,742,700	23,713,500	1,802,226	25,515,726
As at 31 December 2004	1,560,000,000	1,204,742,700	6,023,713,500	(175,039,745)	5,848,673,755
Issue of shares	-	1,638,600	8,193,000	622,668	8,815,668
As at 31 December 2005	1,560,000,000	1,206,381,300	6,031,906,500	(174,417,077)	5,857,489,423

As at 31 December 2005, the total authorised number of ordinary shares was 1,560 million shares (31 December 2004: 1,560 million shares) with a par value of Baht 5 per share (31 December 2004: Baht 5 per share).



## 16 Share capital and premium (deficiency) on share capital (continued)

### Warrants

Movement of warrants is as follows:

For the Years ended 31 December 2005 ('000 units)										
	ESOP - Grant 1			ESOP - Grant 2			ESOP - Grant 3			Total
	Directors	Employees	Total	Directors	Employees	Total	Directors	Employees	Total	
Opening										
balance	5,538	6,488	12,026	1,983	7,191	9,174	-	-	-	21,200
Issue of shares	-	-	-	-	-	-	4,043	5,611	9,654	9,654
Exercised	(100)	(1,539)	(1,639)	-	-	-	-	-	-	(1,639)
Closing										
balance	5,438	4,949	10,387	1,983	7,191	9,174	4,043	5,611	9,654	29,215

The Company issued and offered three grants of warrants to directors, employees and advisors who are eligible for such allocation. The warrants are in registered form and non-transferable. The term of the warrant is not exceeding 5 years and there is no offering price. The exercise ratio is 1 unit of warrant to 1 ordinary share. The details of warrants are shown belows:

	Issued date	Issued units (Million)	Percentage *	Exercise price (Baht/unit)	Exercise period	
					Start	End
ESOP - Grant I	30 May 2003	16.769	1.46	5.38	30 May 2004	29 May 2008
ESOP - Grant II	31 May 2004	9.174	0.76	17.81	31 May 2005	30 May 2009
ESOP - Grant III	31 May 2005	9.650	0.80	13.79	31 May 2006	30 May 2010

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

### New strategic partners

Regarding the Extraordinary General Meeting of Shareholders on 19 January 2004; which approved the allocation of the newly issued share capital as a private placement to two strategic partners, Kantana Group Public Company Limited and Mr. Tripop Limpapath amounting to 300 million shares, as at 31 October 2005, the Company and its strategic partners could not reach an agreement over the share offering. However, the two strategic partners are still TV producers for the Company.

## 17 Service income

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
<b>Analysis of service income</b>				
Advertising income	1,892,792,099	1,418,531,637	1,890,222,099	1,415,761,737
Airtime rental	432,485,457	402,984,330	432,485,457	402,984,330
Production income	7,554,708	14,931,481	7,378,582	14,931,481
Total	2,332,832,264	1,836,447,448	2,330,086,138	1,833,677,548

## 18 Operating profit

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

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
<b>Cost of services</b>				
Amortisation and impairment of programming rights (Note 7)	168,264,046	242,116,333	168,264,046	242,116,333
Production costs	112,540,377	87,166,342	112,465,063	87,787,942
Depreciation of equipment (Note 10)	10,455,939	10,366,252	-	-
Amortisation of concession assets (Note 11)	198,812,311	199,613,504	198,812,311	199,613,504
Network costs	114,591,984	110,149,197	114,125,170	109,661,261
Staff costs	229,823,909	240,114,089	229,823,909	240,114,089
Other costs	106,313,672	59,333,669	106,313,673	59,333,667
<b>Total</b>	<b>940,802,238</b>	<b>948,859,386</b>	<b>929,804,172</b>	<b>938,626,796</b>
<b>Selling and administrative expenses</b>				
Depreciation of equipment (Note 10)	12,001,701	11,826,432	12,001,701	11,826,432
Amortisation of concession assets (Note 11)	22,895,452	22,633,680	22,895,452	22,633,680
Staff costs	152,054,542	108,119,514	153,018,417	108,119,514
Administrative expenses	107,084,720	116,238,336	107,159,142	116,217,154
Marketing expenses	178,342,515	158,690,086	188,128,515	165,145,241
Gain(Loss) on exchange rates	(29,577)	(126,173)	(29,577)	(126,173)
<b>Total</b>	<b>472,349,353</b>	<b>417,381,875</b>	<b>483,173,650</b>	<b>423,815,848</b>

As at 31 December 2005, the Company has 938 employees (2004: 903 employees).

## 19 Earnings per share

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

	For the years ended 31 December (Consolidated and Company)					
	Net profit Baht		Weighted number of shares Shares		Earnings per share Baht	
	2005	2004	2005	2004	2005	2004
Basic earnings per share	679,111,238	204,562,349	1,205,669,561	1,202,417,961	0.56	0.17
The effect of dilutive potential shares	-	-	5,814,758	8,153,379	-	-
Diluted earnings per share	679,111,238	204,562,349	1,211,484,319	1,210,571,340	0.56	0.17

Diluted earnings per share for the year ended 31 December 2005 included the effect of 10.387 million warrants - ordinary share (2004: exclude the effect of 16.769 million warrants - ordinary share), on an as-if-converted method, as the effect of its inclusion is anti-dilutive.

## 20 Provident fund

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

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

## 21 Financial Instruments

As at 31 December 2005, the Company has the following risks relating to significant financial instruments:

### Credit risk

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

### Exchange rate risk

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

There were no outstanding forward foreign currency contracts at 31 December 2005 and 2004.

## 21 Financial Instruments (continued)

### Fair values

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

## 22 Commitments and contingencies

### Contingent liabilities

	Consolidated		Company	
	2005 Million Baht	2004 Million Baht	2005 Million Baht	2004 Million Baht
Bank guarantees for operating performance under the concession agreement	25	25	25	25
Bank guarantees in respect of the normal course of business	57	56	57	56
	82	81	82	81

The Company is a defendant in various legal actions. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss.

### Commitment

#### Concession agreement

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

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

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## 22 Commitments and contingencies (continued)

### Concession agreement (continued)

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

### Report on the award of the arbitration panel relating to the Agreement for the Operation of Television Station of the Company

The Company submitted a dispute to the Arbitration Institute on 17 September 2002 demanding that the Office of the Permanent Secretary, the Prime Minister's Office pay compensation to the Company under the Agreement.

The arbitration panel issued its award dated 30 January 2004 and the Company was notified of the award, the important contents of which could be summarised as follows:

- The Prime Minister's Office shall pay compensation to the Company in the amount of Baht 20 million;
- The concession fee to be paid shall be reduced and adjusted, by reducing the minimum guarantee to Baht 230 million per year and cancelling the annual increase in the minimum guarantee, and reducing the concession fee to 6.5% of gross revenue. The Company shall pay a concession fee at the rate of 6.5% of gross revenue or the minimum guarantee of Baht 230 million, whichever is higher as from 3 July 2002;
- The Prime Minister's Office shall return part of the minimum guarantee of Baht 800 million paid by the Company subject to conditions during the arbitration proceedings on 3 July 2003 to the Company. The amount to be returned to the Company is Baht 570 million;
- The Company may broadcast its television programs during prime time (7.00 p.m. - 9.30 p.m.) without having to restrict its programs to news, documentaries and social benefit items. The Company must; however, broadcast news, documentaries and social benefit programs for not less than 50% of its total airtime, subject to the rules and regulations issued by governmental agencies applicable in general to all television stations.

The Company recorded the accrued concession fee for the year ended 31 December 2005 and changed its television program schedules from 1 April 2004 according to the arbitration panels' ruling as mentioned above. The Company did not adjust the impact of the above ruling retrospectively in its 2003 financial statements.

The Prime Minister's Office entered into the appeals process at the Trial Court and Supreme Court level in April 2004. If the Trial Court and Supreme Court judge that the awards ruled by the arbitration panel are unfair and do not comply with the law, they are not able to amend the awards judged by the arbitration panels by themselves. Courts have to submit this dispute to the formal arbitration panel to settle the causes of dispute. However, the Legal Division of the Company is of the opinion that the judgement of the said courts shall not result in any significant damages to the Company since the arbitral tribunal has ruled either within the scope of the arbitration agreement or the settlement of the disputes presented to the arbitral tribunal, which were mutually determined and approved by the Company and the PMO. Consequently, management has not recorded the accrued concession fees in accordance with the terms and conditions of the concession agreement.

## 22 Commitments and contingencies (continued)

### Report on the award of the arbitration panel relating to the Agreement for the Operation of Television Station of the Company (continued)

If the company had recorded accrued concession according to the original concession agreement, the Company's liabilities as at 31 December 2005 and net profit for the year then ended would have increased and decreased by Baht 1,490 million. In addition, the Company may have the liability to pay the interest at 15% per annum for the difference of concession fees of Baht 205.64 million. As a result, the Company's basic earnings per share and diluted earnings per share would have decreased from the reported net profit of 0.56 Baht per share to net loss of Baht 0.84 per share.

### Operating lease commitments - where a company is the lessee

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

	Consolidated		Company	
	2005 Baht	2004 Baht	2005 Baht	2004 Baht
Not later than 1 year	99,066,608	82,440,373	98,895,608	81,756,373
Later than 1 year and not later than 5 years	82,466,580	122,721,612	81,902,280	122,721,612
Later than 5 years	45,730,000	49,090,000	45,730,000	49,090,000
	<u>227,263,188</u>	<u>254,251,985</u>	<u>226,527,888</u>	<u>253,567,985</u>

## 23 Subsequent event

### a) Changes in major shareholders of the parent company

On 23 January 2006, the Shinawatra family, the principal shareholders of Shin, sold all their shares, representing 49.60% of the paid-up capital of Shin, to Cedar Holdings Limited ("Cedar") and Aspen Holdings Limited ("Aspen") incorporated in Thailand, part of the Temasek Holdings (Pte) Ltd. ("Temasek ") group. As a result, the Shinawatra family ceased to be the major shareholders of Shin and related parties of the Company's from the date of the sale.

### b) Warrants granted to directors and employees - exercised

At the end of January 2006, 80,000 units of the Company's warrants were exercised at Baht 5.38 each. The Company presents this transaction as the advance receipt for subscription in shareholders' equity. The Company registered the increase in the share capital with the Ministry of Commerce on 2 February 2006. As a result, the total issued and paid-up share capital and deficiency in share capital of the Company will increase and decrease from Baht 6,03.91 million to Baht 6,032.31 million, and from Baht 174.42 million to Baht 174.07 million, respectively.

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## **23 Subsequent event (continued)**

### **c) Establishment of a joint venture**

In January 2006, the Company invested in share capital of Media Connex Company Limited at 60% of issued and paid up capital, in the amount of Baht 50 million. Media Connex Company Limited is conducting business to produce contents and advertising media on mobile phone by accompanying computer technologies, television and mobile phone