

**ITV Public Company Limited
and its Subsidiary**

Annual financial statements
and
Audit Report of Certified Public Accountant

For the years ended
31 December 2010 and 2009

Report of Certified Public Accountant

To the Shareholders of ITV Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2010 and 2009, and the related statements of income, changes in 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 presented 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 the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my report.

As mentioned in notes 2 (b) and 16 to the financial statements as at 31 December 2010, the Company's current liabilities exceed its current assets by an amount of Baht 3,476 million and there is a deficit in excess of the share capital of an amount of Baht 3,476 million and the Company's Television Broadcasting Station under a UHF Radio-Television Broadcasting Agreement ("Operating Agreement") was revoked by the Office of the Permanent Secretary of the Office of the Prime Minister ("PMO") as the Company did not pay the unpaid Operating Agreement fee totaling Baht 2,210 million and the interest on the total unpaid Operating Agreement fee at 15% per annum including the penalty arising from the alteration of television programming of Baht 97,760 million and adjust television programs fee. Subsequently, the Company ceased its operations and delivered their assets under the Operating Agreement to PMO. The Company has filed statements of claim regarding the unpaid Operating Agreement fee totaling Baht 2,210 million plus the interest and adjust television programs fee to the arbitration process. These events indicate a material uncertainty which may cast significant doubt on ITV's ability to continue as a going concern.

Because of the significance of the matters discussed in the preceding paragraph to the consolidated and separate financial statements for the years ended 31 December 2010 and 2009 of ITV Public Company Limited and its subsidiaries and of ITV Public Company Limited, I am unable to express an opinion on the aforementioned financial statements.

(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
14 February 2011

ITV Public Company Limited and its Subsidiary

Balance sheets

As at 31 December 2010 and 2009

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
		<i>(in Baht)</i>			
Current assets					
Cash and cash equivalents	5	30,340,789	19,681,400	29,264,511	18,526,067
Current investments	6	1,087,814,709	1,108,432,033	1,087,814,709	1,108,432,036
Trade accounts receivable	7	-	-	-	-
Programming rights and production costs	8	-	-	-	-
Withholding tax receivable		51,552	454,083	49,884	452,444
Other current assets		3,555,874	2,632,272	3,545,631	2,622,029
Total current assets		1,121,762,924	1,131,199,788	1,120,674,735	1,130,032,576
Non-current assets					
Investments in a subsidiary	9	-	-	1,146,366	1,225,392
Equipment	10	13,921	19,497	13,921	19,497
Other assets		152,300	147,300	152,300	147,300
Total non-current assets		166,221	166,797	1,312,587	1,392,189
Total assets		1,121,929,145	1,131,366,585	1,121,987,322	1,131,424,765

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

ITV Public Company Limited and its Subsidiary

Statements of income

For the years ended 31 December 2010 and 2009

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
		<i>(in Baht)</i>			
Revenues					
Return on investment		27,284,149	31,863,929	27,284,149	31,863,929
Interest income		426,110	1,468,001	423,316	1,509,947
Other income		-	118,051	-	118,053
Total revenues		27,710,259	33,449,981	27,707,465	33,491,929
Expenses					
Loss on provision for interest of unpaid operating fee	16	433,417,808	433,417,808	433,417,808	433,417,808
Administrative expenses	12	21,119,276	26,389,671	21,039,276	26,254,698
Impairment loss on assets		-	-	79,026	177,938
Management benefit expenses	4	4,800,000	4,800,000	4,800,000	4,800,000
Total expenses		459,337,084	464,607,479	459,336,110	464,650,444
Loss before financial costs		(431,626,825)	(431,157,498)	(431,628,645)	(431,158,515)
Financial costs		(7,995)	(7,648)	(6,175)	(6,705)
Loss for the year		(431,634,820)	(431,165,146)	(431,634,820)	(431,165,220)
Basic loss per share	14	(0.36)	(0.36)	(0.36)	(0.36)

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

ITV Public Company Limited and its Subsidiary

Balance sheets

As at 31 December 2010 and 2009

Liabilities liabilities net of capital deficiency	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
		<i>(in Baht)</i>			
Current liabilities					
Provision for unpaid operating agreement fee and interest	16	4,589,742,578	4,156,324,770	4,589,742,578	4,156,324,770
Accrued expenses		7,436,513	10,770,439	7,395,512	10,729,439
Other current liabilities		574,910	567,658	574,910	567,660
Total liabilities		4,597,754,001	4,167,662,867	4,597,713,000	4,167,621,869
Capital deficiency					
Share capital	11				
Authorised share capital					
- ordinary shares		7,800,000,000	7,800,000,000	7,800,000,000	7,800,000,000
Issued and paid-up share capital		6,033,487,000	6,033,487,000	6,033,487,000	6,033,487,000
Deficiency on share capital	11	(174,296,959)	(174,296,959)	(174,296,959)	(174,296,959)
Unrealised gain (loss) on securities available for sale	6	(705,964)	7,187,790	(705,964)	7,187,790
Deficit		(9,334,308,933)	(8,902,674,113)	(9,334,209,755)	(8,902,574,935)
Capital deficiency		(3,475,824,856)	(3,036,296,282)	(3,475,725,678)	(3,036,197,104)
Total liabilities net of capital deficiency		1,121,929,145	1,131,366,585	1,121,987,322	1,131,424,765

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

ITV Public Company Limited and its Subsidiary

Statements of changes in equity

For the years ended 31 December 2010 and 2009

	Consolidated financial statements				
	Share capital	Deficiency on share capital	Fair value changes <i>(in Baht)</i>	Deficit	Capital defficiency
Balance at 1 January 2009	6,033,487,000	(174,296,959)	4,566,483	(8,471,508,967)	(2,607,752,443)
Unrealised gain on securities available for sale	-	-	2,621,307	-	2,621,307
Net income recognised directly in equity	-	-	2,621,307	-	2,621,307
Loss for the year	-	-	-	(431,165,146)	(431,165,146)
Balance at 31 December 2009 and 1 January 2010	6,033,487,000	(174,296,959)	7,187,790	(8,902,674,113)	(3,036,296,282)
Unrealised loss on securities available for sale	-	-	(7,893,754)	-	(7,893,754)
Net expense recognised directly in equity	-	-	(7,893,754)	-	(7,893,754)
Loss for the year	-	-	-	(431,634,820)	(431,634,820)
Balance at 31 December 2010	6,033,487,000	(174,296,959)	(705,964)	(9,334,308,933)	(3,475,824,856)

	Separate financial statements				
	Share capital	Deficiency on share capital	Fair value changes <i>(in Baht)</i>	Deficit	Capital defficiency
Balance at 1 January 2009	6,033,487,000	(174,296,959)	4,566,483	(8,471,409,715)	(2,607,653,191)
Unrealised gain on securities available for sale	-	-	2,621,307	-	2,621,307
Net income recognised directly in equity	-	-	2,621,307	-	2,621,307
Loss for the year	-	-	-	(431,165,220)	(431,165,220)
Balance at 31 December 2009 and 1 January 2010	6,033,487,000	(174,296,959)	7,187,790	(8,902,574,935)	(3,036,197,104)
Unrealised loss on securities available for sale	-	-	(7,893,754)	-	(7,893,754)
Net expense recognised directly in equity	-	-	(7,893,754)	-	(7,893,754)
Loss for the year	-	-	-	(431,634,820)	(431,634,820)
Balance at 31 December 2010	6,033,487,000	(174,296,959)	(705,964)	(9,334,209,755)	(3,475,725,678)

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

ITV Public Company Limited and its Subsidiary

Statements of cash flows

For the years ended 31 December 2010 and 2009

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Loss for the year	(431,634,820)	(431,165,146)	(431,634,820)	(431,165,220)
<i>Adjustments for</i>				
Depreciation and amortisation	5,577	5,575	5,575	5,577
(Reversal of) allowance for doubtful debt	(20,381)	21,307	(20,381)	(4,357,835)
Interest income	(426,110)	(1,468,001)	(423,316)	(1,509,947)
Impairment loss on investment	-	-	79,026	3,774,608
	<u>(432,075,734)</u>	<u>(432,606,265)</u>	<u>(431,993,916)</u>	<u>(433,252,817)</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	20,381	58,694	20,381	761,165
Withholding tax receivable	402,531	344,750	402,559	(43,301)
Other current assets	(1,068,461)	471,408	(1,068,461)	468,180
Other assets	(5,000)	(56,100)	(5,000)	(56,100)
Provision for unpaid operating fee and interest	433,417,808	433,417,808	433,417,808	433,417,808
Accrued expenses	(3,333,927)	4,244,219	(3,333,926)	4,351,883
Other current liabilities	7,252	10,056	7,253	10,055
	<u></u>	<u></u>	<u></u>	<u></u>
Net cash flows provided by (used in)				
operating activities	<u>(2,635,150)</u>	<u>5,884,570</u>	<u>(2,553,302)</u>	<u>5,656,873</u>
<i>Cash flows from investing activities</i>				
Interest received	570,969	2,951,077	568,176	3,043,023
Sale (purchases) of debt securities	40,000,000	(596,000,000)	40,000,000	(596,000,000)
Increase in debt securities	(27,276,430)	(31,799,525)	(27,276,430)	(31,799,525)
Cash inflow on liquidation of jointly-controlled entity	-	-	-	3,536,223
Increase in share capital of subsidiary	-	-	-	(5,000,000)
	<u></u>	<u></u>	<u></u>	<u></u>
Net cash flows provided by (used in)				
investing activities	<u>13,294,539</u>	<u>(624,848,448)</u>	<u>13,291,746</u>	<u>(626,220,279)</u>

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

ITV Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2010 and 2009

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2010	2009	2010	2009
	<i>(in Baht)</i>			
<i>Cash flows from financing activities</i>				
Proceeds from loan to subsidiary	-	-	-	5,000,000
Net cash flows provided by financing activities	-	-	-	5,000,000
Net increase (decrease) in cash and cash equivalents	10,659,389	(618,963,878)	10,738,444	(615,563,406)
Cash and cash equivalents at beginning of year	19,681,400	638,645,278	18,526,067	634,089,473
Cash and cash equivalents at end of year	30,340,789	19,681,400	29,264,511	18,526,067

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

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related party transactions and balances
5	Cash and cash equivalents
6	Current investments
7	Trade accounts receivable
8	Programming rights and production costs
9	Investments in a subsidiary
10	Equipment
11	Share capital and deficiency
12	Administrative expenses
13	Income tax
14	Basic loss per share
15	Financial instruments
16	Commitments and contingencies
17	Significant agreements with the third parties
18	Events after the reporting period
19	Thai Accounting Standards (TAS) not yet adopted

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

These notes form an integral part of the financial statements.

These financial statements were authorised for issue by the Board of directors on 14 February 2011

1 General information

ITV Public Company Limited (the “Company”) is a public limited company and is incorporated and domiciled in Thailand. The address of its registered office is 1010 Shinawatra Tower 3, Viphavadi Rangsit Road, Chatuchak, Bangkok 10900.

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

On 4 June 2009, the Stock Exchange of Thailand (“SET”) withdrawn the Company’s stock from trading board and moved to Non-Performing Group (“NPG”). However, the Company still maintains its status as a listed company which has to comply with the SET’s regulation. In accordance with the reviewed financial statements for the first quarter ended 31 March 2009, equity of the Company was below zero and the Company incurred net operating loss for two consecutive years. The Company is in the process of preparing development plans to resolve the cause of delisting and a plan to undertake new business and rehabilitation of the Stock Exchange of Thailand.

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

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

The Operating Agreement is a Build Transfer Operate operating agreement according to which the Company has to transfer ownership of certain property and equipment that it procures to the PMO, upon completion of equipment installation.

The Company has explained about the progress of lawsuit and judgment of the Supreme Administrative Court relating to the Agreement for the Operation of Television Station in note 16 to the financial statements. On 7 March 2007, the letter of revocation of the Operating Agreement was sent by the PMO requesting the Company to repay the debt and return all operations assets under the Operating Agreement back to the PMO within the period specified by the PMO in accordance with the Cabinet resolution passed on 6 March 2007. Such termination caused the Company to cease carrying on the business of the UHF television broadcasting station.

Details of the Company’s subsidiary as at 31 December 2010 and 2009 are as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest	
			2010	2009
Subsidiary				
Artware Media Company Limited	Principal business is the lease of equipment for television programs and movies and arranging related marketing events. (At present, the company ceased its operation)	Thailand	99.99	99.99

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

2 Basis of preparation of financial statements

(a) Basis of preparation

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

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand. They are prepared on the historical cost basis except as stated in the accounting policies.

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

During 2010, the FAP announced the re-numbering of the following TFRS.

Former no.	Revised no.	Topic
TAS 11	TAS 101	Doubtful Account and Bad Debts
TAS 34	TAS 104	Accounting for Troubled Debt Restructuring
TAS 40	TAS 105	Accounting for Investment in Debt and Equity Securities
TAS 48	TAS 107	Financial Instruments Disclosure and Presentation

The Group has adopted the revised Framework for the Preparation and Presentation of Financial Statements (revised 2009), which was issued by the FAP during 2010 and effective on 26 May 2010. The adoption of the revised framework does not have any material impact on the consolidated and separate financial statements.

The FAP has issued during 2010 a number of new and revised TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised standards and interpretations are disclosed in note 19.

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

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

- Note 13 Utilisation of tax losses
- Note 16 Provisions and contingencies

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

(b) Financial status

As at 31 December 2010, the Company's current liabilities exceed its current assets by an amount of Baht 3,476 million and deficit in excess of its share capital by an amount of Baht 3,476 million (31 December 2009 ITV's current liabilities exceed its current assets by an amount of Baht 3,036 and deficit in excess of its share capital by an amount of Baht 3,036 respectively). In addition, as discussed in note 16 to the financial statements, in consequence of the ruling of the Supreme Administrative Court on 13 December 2006 the Company is liable for unpaid operating agreement fee totaling Baht 2,210 million and the interest on the total unpaid operating agreement fee at 15% per annum including the penalty arising from the alteration of television programming of Baht 97,760 million. The Company has not yet paid these unpaid operating agreement fee including interest and penalty. The Company's agreement for the operation was revoked on 7 March 2007 by the PMO. Therefore, the Company ceased its operation at that date. In addition, the PMO claimed the undelivered value of assets under the Operation Agreement amounting to Baht 656 million plus interest on 30 March 2007. In addition, the Company is still in the arbitral proceeding regarding the unpaid operating agreement fee including interest, penalty arising from the alteration of television programming of Baht 97,760 million and value of undelivered assets including its interest. These events indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

3 Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiary.

Subsidiary

Subsidiary is entity controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiary have been changed where necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, current investments, trade accounts receivable, loans to a subsidiary, withholding tax receivable, provision for unpaid operating agreements and interest, accrued expenses and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group is a party to financial instruments that manage exposure to fluctuations in foreign currency exchange and interest rates. These instruments mainly comprise:

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The changes in the fair value are recognised immediately in the statement of income.

Fair value estimation

The fair values of foreign currency forward contracts are determined using forward exchange market rates at the reporting date, cross currency and interest rate swap contract are determined by using reference rate from broker.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at banks and other short-term highly liquid investments with original maturities of three months or less.

(d) Trade and other accounts receivable

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

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

(e) Investments

Investments in subsidiary

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

Investments in other debt and equity securities

Marketable equity securities which are classified as available-for-sale securities are carried at fair value. Fair value of marketable equity securities is calculated by reference to the purchasing prices quoted by the Stock Exchange at the close of business on the reporting date. Increases/decreases in the carrying amount are credited/charged against unrealised gains/losses from revaluation of investment in shareholders' equity.

Investments in non-marketable equity securities are classified as general investments, presented in balance sheet at cost. Current investments represent time deposits, bills of exchange and promissory notes with original maturities of more than 3 months but less than 12 months.

Investment in held to maturity bond is presented at amortised cost.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statements of income.

When disposing, the difference between the receipt from disposal and the book value of such investments is recognised in the statement of income. When disposing of part of the Group's holding of a particular investment in equity securities the carrying amount of the disposed part is determined by reference to the average carrying amount of the total holding of the investment.

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

(f) Equipment

Equipment is stated at historical cost less accumulated depreciation.

Depreciation

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

Office equipment	5 years
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In case that a book value is higher than realizable value, the book value will be adjusted to be realisable value.

(g) Programming rights and production costs

Programming rights

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

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

Production costs

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

(h) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

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

(i) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

(j) Provisions

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

(k) Revenue

Interest income and return on investments are recognised in the statement of income as they accrue unless collectibility is in doubt.

(l) Expense

Finance costs

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

(m) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly in equity.

Current tax

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted at the reporting date.

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

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

4 Related party transactions and balances

The Company is controlled by Shin Corporation Public Co., Ltd. (“Shin Group”), incorporated in Thailand, which owns 52.92 % of the Company’s shares as at 31 December 2010 (*31 December 2009: 52.92%*). The remaining 47.08% of the shares (*31 December 2009: 47.08%*) are widely held.

Transactions related to the Group within the Shin Group, such as subsidiaries, associates, management, and related parties, including transactions related to companies of Cedar and Aspen and the Temasek group are recognised as related party transactions to the Group.

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

Significant transactions for the years ended 31 December 2010 and 2009 with related parties were as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Subsidiary				
Interest income	-	-	-	46
Related parties - Shin Group				
Return on investments through private funds, managed by independent fund manager	2,220	1,732	2,220	1,732
Management benefit expenses	4,800	4,800	4,800	4,800

Balances as at 31 December 2010 and 2009 with related party were as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2009	2008	2009	2008
	<i>(in thousand Baht)</i>			
<i>Accrued interest receivable from debenture through private funds, managed by independent fund manager</i>				
Related party - Shin Group	574	574	574	574
<i>Current investments in debenture through private funds, managed by independent fund manager</i>				
Related party - Shin Group	47,114	48,131	47,114	48,131

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Cash on hand	8	8	8	8
Cash at banks - saving accounts	30,333	19,673	29,257	18,518
Total	<u>30,341</u>	<u>19,681</u>	<u>29,265</u>	<u>18,526</u>

The weighted average effective interest rate of savings deposits and highly liquid short-term investments was 1.77% per annum (2009: 1.67% per annum).

Cash and cash equivalents of the Group and the Company as at 31 December 2010 and 2009 were denominated entirely in Thai Baht.

6 Current investments

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Securities available for sale	1,088,521	1,061,244	1,088,521	1,061,244
Unrealised gain(loss) on securities available for sale	(706)	7,188	(706)	7,188
Promissory Note	-	40,000	-	40,000
Total	<u>1,087,815</u>	<u>1,108,432</u>	<u>1,087,815</u>	<u>1,108,432</u>

Current investments of the Company as at 31 December 2010 and 2009 were denominated entirely in Thai Baht.

The return on investments was 2.51% per annum (From starting date of investment until 31 December 2009: was 3.47%)

The weighted average effective interest rate of Promissory Note was 1.50% per annum (2009: 1.50%)

In 2010 and 2009, the Company has hired a 2 security institutions to manage portfolio of investments as describe in note 17

7 Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Other parties	10,448	10,467	10,448	10,467
	10,448	10,467	10,448	10,467
Less Allowance for doubtful accounts	(10,448)	(10,467)	(10,448)	(10,467)
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Trade accounts receivable of the Group as at 31 December 2010 and 2009 were denominated entirely in Thai Baht.

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Other parties				
Overdue:				
Over 12 months	10,448	10,467	10,448	10,467
	<u>10,448</u>	<u>10,467</u>	<u>10,448</u>	<u>10,467</u>
<i>Less</i> Allowance for doubtful accounts	<u>(10,448)</u>	<u>(10,467)</u>	<u>(10,448)</u>	<u>(10,467)</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

8 Programming rights and production costs

	Consolidated and separate financial statements	
	2010	2009
	<i>(in thousand Baht)</i>	
At 1 January	103,199	103,199
<i>Less</i> Allowance for impairment	<u>(103,199)</u>	<u>(103,199)</u>
At 31 December	<u>-</u>	<u>-</u>

9 Investments in a subsidiary

	Separate financial statements	
	2010	2009
	<i>(in thousand Baht)</i>	
At 1 January	25,000	27,500
Allowance for impairment	(23,854)	(23,775)
Decrease in share capital	-	(7,500)
Increase in share capital	-	5,000
At 31 December	<u>1,146</u>	<u>1,225</u>

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

Investment in a subsidiary as at 31 December 2010 and 2009 and dividend income for the years ended 31 December 2010 and 2009 were as follows:

<i>Subsidiary</i>	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income for the years	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	(%)						<i>(in thousand Baht)</i>					
Artware Media Company Limited	99.99	99.99	25,000	25,000	25,000	25,000	(23,854)	(23,775)	1,146	1,225	-	-
Total			25,000	25,000	25,000	25,000	(23,854)	(23,775)	1,146	1,225	-	-

Consideration of impairment loss on investments in a subsidiary.

Investment in Artware Media Company Limited (“Subsidiary”)

On 18 March 2009, The Board of Directors resolved a capital increase in Artware Media Co., Ltd. The capital increase from the original paid-up amount of Baht 20 million to Baht 25 million. As a result, there is an increase in the total shares outstanding of 200,000 shares, at a per share par value of Baht 100 to 250,000 shares of the same par value.

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

10 Equipment

	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
Cost		
At 1 January 2009	97,291	206
Disposals	(97,085)	-
At 31 December 2009 and 1 January 2010	206	206
Disposals	-	-
At 31 December 2010	206	206
Depreciation		
At 1 January 2009	97,266	181
Depreciation charge for the year	6	6
Disposals	(97,085)	-
At 31 December 2009 and 1 January 2010	187	187
Depreciation charge for the year	6	6
Disposals	-	-
At 31 December 2010	192	192
Net book value		
At 1 January 2009	25	25
At 31 December 2009 and 1 January 2010	19	19
At 31 December 2010	14	14

The Group has not fully depreciated equipment that is still in use as at 31 December 2010 and 2009.

11 Share capital and deficiency

	Number of registered share capital	Issued and Paid-up	Ordinary shares	Deficiency	Total
	<i>(in thousand shares)</i>		<i>(in thousand Baht)</i>		
At 1 January 2009	1,560,000	1,206,697	6,033,487	(174,297)	5,859,190
Issue of shares	-	-	-	-	-
As at 31 December 2009 and 1 January 2010	1,560,000	1,206,697	6,033,487	(174,297)	5,859,190
Issue of shares	-	-	-	-	-
As at 31 December 2010	1,560,000	1,206,697	6,033,487	(174,297)	5,859,190

As at 31 December 2010, the total authorised number of ordinary shares was 1,560 million shares (2009: 1,560 million shares) with a par value of Baht 5 per share (2009: Baht 5 per share).

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

12 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Consult and management fees	14,059	15,647	13,979	15,621
Lawyer and finance fees	5,757	10,011	5,757	10,011
Others	1,303	732	1,303	623
Total	21,119	26,390	21,039	26,255

13 Income tax

The income tax on the Group's loss before tax for the years ended 31 December 2010 and 2009 differ from the theoretical amount that would arise using the basic tax rate of the Group as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
For the years ended 31 December				
Loss before income tax	(431,635)	(431,165)	(431,635)	(431,165)
Tax rate	30%	30%	30%	30%
The result of the accounting loss multiplied by the income tax rate	(129,491)	(129,350)	(129,491)	(129,350)
Tax losses in current period not recognised as deferred tax assets	129,490	129,238	129,490	129,238
Expenses not deductible for tax purpose	1	112	1	112
Tax charge	-	-	-	-

14 Basic loss per share

The calculations of basic loss per share for the years ended 31 December 2010 and 2009 were based on the loss for the years attributable to equity holders of the Company and the number of ordinary shares outstanding during the year as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht / thousand shares)</i>			
Loss for the year	(431,635)	(431,165)	(431,635)	(431,165)
Basic loss attributable to equity holders of the Company	(431,635)	(431,165)	(431,635)	(431,165)
Number of ordinary shares outstanding	1,206,697	1,206,697	1,206,697	1,206,697
Basic loss per share (in Baht)	(0.36)	(0.36)	(0.36)	(0.36)

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

15 Financial instruments

As at 31 December 2010 and 2009, the Group has the following risks relating to significant financial instruments:

Credit risk

The Group has no significant concentrations of credit risk.

Fair values

The carrying amounts of the following financial assets and financial liabilities approximate their fair value: cash and cash equivalent, trade receivables, related party balances, withholding tax receivable, provision for unpaid operating agreement fee and interest, accrued expenses and other current liabilities. Fair value of current investments are determined in note 6 to the financial statements.

16 Commitments and contingencies

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

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

1. A case of the arbitration institution dispute No. 46/2550 in which the Company is the plaintiff regarding the PMO's unduly termination of the Operating Agreement which was wrongfully performed in breach of the Operating Agreement and against the law, including the arbitration institution dispute No. 1/2550 on 4 January 2007 which disputes payment of the program penalty fee and interest approximately totaling Baht 100,000 million. Both disputes are currently under the consideration of the arbitration institution, under the arbitration proceedings.
2. A case in which the Company is the defendant whereby the PMO demanded that the Company make the payment of the program penalty fee, interest, approximately totaling Baht 100,000 million to Supreme Administrative Court in Black Case No. 640/2550. Later, on 19 December 2007, the Supreme Administrative Court upheld the Central Administrative Court's verdict for the dismissal of the aforesaid case in order to allow the parties to Operating Agreement to use the arbitration proceeding for Cases No. 1/2550 and No. 46/2550.

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

16.2 Contingencies in respect of other legal cases

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

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

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

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

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

1. The PMO shall indemnify the Company in the amount of Baht 20 million.
2. The Operating Agreement fee to be paid shall be reduced and adjusted by reducing the fee to 6.50% (from the original rate of 44%) of gross revenue or the minimum guarantee of Baht 230 million (reduced and adjusted from the original Operating Agreement of the 8th year of Baht 800 million, the 9th year of Baht 900 million, and the 10th - 30th year of Baht 1,000 million each year), whichever is higher, starting from 3 July 2002.
3. The PMO shall return parts of the minimum guarantee of Baht 800 million paid by the Company subject to conditions during the arbitration proceedings on 3 July 2003. The amount to be returned is Baht 570 million.
4. The Company is eligible to broadcast its television programmes during the prime time (7.00 p.m. - 9.30 p.m.) without being restricted to news, documentaries and social benefit items. The Company must, however, broadcast news, documentaries and social benefit programmes for not less than 50% of its total airtime, subject to the rules and regulations issued by governmental agencies applicable in general to all television stations.

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

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

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

On 13 December 2006, the Supreme Administrative Court ruled to uphold the judgment of the Central Administrative Court regarding revocation of the arbitral award dated 30 January 2004. As a consequence of that ruling, the Company has to follow the previous terms and conditions as specified in the Operating Agreement on the following;

1. The Company is required to change its television programmes to be in line with Clause 11 of the Operating Agreement which covers the combination of news, documentaries and social benefit programmes which shall not be less than 70% of total air-time, and all programmes broadcasted during the prime time (7.00 p.m. - 9.30 p.m.), have to be these kinds of programmes.
2. The Company is required to follow Clause 5 (the Operating Agreement fee to be rate of 44% and the minimum guarantee of Baht 1,000 million) of the Operating Agreement in respect of payment of Operating Agreement fee to the PMO.

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

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

1. The Company is required to alter the television programming in order to comply with Clause 11 of the agreement for the operation.
2. The Company is required to pay the unpaid Operating Agreement fee totalling Baht 2,210 million, for the 9th operating year (the Seventh Payment) in the amount of Baht 670 million, the 10th operating year (the Eighth Payment) in the amount of Baht 770 million and the 11th operating year (the Ninth Payment) in the amount of Baht 770 million plus 15% interest per annum on the unpaid Operating Agreement fee, calculated on a daily basis from the date the payment become overdue.
3. The Company is required to pay the penalty fee in accordance with Clause 11, second paragraph, of the Operating Agreement from 1 April 2004 to 13 December 2006 at the rate of 10% of the annual Operating Agreement fee, calculated on a daily basis from the date the payment become overdue. As the Company had not scheduled programmes following Clause 11, first paragraph, the penalty fee for breach determined by the PMO is in the amount of Baht 97,760 million (The Company changed its programming schedule following the Supreme Administrative Court's judgment on 14 December 2006).

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

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

1. The Company has altered the television programming in compliance with Clause 11 of the Operating Agreement since 14 December 2006.
2. The Company was not in default for the payment of the Operating Agreement fee since the Operating Agreement fee amounting to Baht 230 million was paid to the PMO in accordance with the arbitral award. Since the arbitral award was bound to both parties under Clause 15 of the Operating Agreement, the Company had no liability on interest of the Operating Agreement fee during the period that the arbitral award was granted until the Supreme Administrative Court's judgment was handed down.
3. The Company disagreed with the PMO on the issue of the penalty fee amounting to Baht 97,760 million with the 45 days payment period as follows;
 - 3.1 The Company has not breached the Operating Agreement because the Company has complied with Clause 15 of the Operating Agreement which states that "The arbitral award shall be bound to both parties.", the last paragraph in Clause 30 of the Arbitration rules of Judiciary Office and the second paragraph of Section 70 of Act on Establishment of Administrative Courts and Administrative Court Procedure, B.E. 2542. Consequently, the alteration of television programming from 1 April 2004 to 13 December 2006 (the date that the Supreme Administrative Court's judgment was handed down) has duly complied with the Operating Agreement and law.
 - 3.2 As to the Operating Agreement regarding the penalty fee incurred on the alteration of television programming, the PMO has the right to terminate the Operating Agreement. However, in order to comply with the arbitration proceeding as stated in section 3.1, if it is apparent that the Company breaches the Operating Agreement, the PMO shall be entitled to terminate the Operating Agreement if the process of settlement of dispute becomes final.

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

- 3.3 The Supreme Administrative Court gazette No. 78/2549 dated 13 December 2006 stated that “Regarding the matter of the penalty, the parties have to resolve these themselves, and if the dispute cannot be resolved, the statement of claims is required to be filed in accordance with the procedure defined in the Operating Agreement”.
- 3.4 The issue of interest and the penalty incurred from the alteration of television programming had not been finalised since it was not an issue raised for consideration by the Supreme Administrative Court. Therefore, if the parties had any controversy thereon and it cannot be resolved, the statement of claims shall then enter into arbitration proceeding in accordance with Clause 15 of the Operating Agreement stating that “If any dispute or controversy arises in connection with this Operating Agreement, both parties shall agree to submit the said dispute for arbitration, and the Arbitration Committee’s award shall be final and binding”.

The Company and its legal consultant viewed that the calculation of the penalty of the PMO was not in compliance with the objective of the Operating Agreement. The penalty should be calculated at Baht 274,000 per day as a maximum amount, not Baht 100 million per day as stated by the PMO. However, if the penalty fees are charged, the penalty for the period from 1 April 2004 to 13 December 2006 should be Baht 268 million, not Baht 97,760 million as claimed to be paid and led to cancellation of agreement by the PMO.

With regard to the interest on the unpaid Operating Agreement fee claimed by the PMO, the Company and its legal consultant is of the opinion that during the period that the Company complied with the arbitral award, the Company neither had a liability to settle the debt nor was at default to pay the Operating Agreement fee since the Operating Agreement fee of Baht 230 million was paid in accordance with the arbitral award. The arbitral award become binding on both parties under Clause 15 at the time it comes into force, since the Company was not at default in the payment of the Operating Agreement fee or makes the delay payment. In addition, the PMO has not requested provisional remedial measures from the Court to order the Company not to comply with the arbitral award in such period of time. Consequently, the Company has no liability for the interest of the Operating Agreement fee and the PMO has no right to claim for the unpaid Operating Agreement fee during the period that the arbitral award was valid and the judgment of the Central Administrative Court was not enforceable during the period that the appeal was submitted to the Supreme Administrative Court.

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

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

On 13 February 2007, the PMO did not accept the said proposal. As a result, the Company’s proposal shall not be enforceable from the date that the PMO rejected the Company’s proposal in writing and the Company had no onward liability on its proposal onward in accordance with Section 357 of the Civil Code. Thereafter, the Central Administrative Court made an order striking out the case, Black Case number 640/2550 dated 22 June 2007 from the Case List. The Court ruled that the PMO’s claimant stating that the Company accepted the unpaid debts of Baht 2,210 million cannot be

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

viewed as the Company accepting liability because it was an option proposed by the Company which it had not become final, and thus considered as a dispute to be entered into arbitration proceedings.

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

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

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

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

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

On 30 March 2007, the PMO requested the Central Administrative Court in the Black Case number 640/2550 to order the Company to pay unpaid Operating Agreement fee of Baht 2,210 million, the 12th Operating Agreement fee of Baht 677 million (counted from the date the arbitration panel judged the arbitral award to 7 March 2007), interest of overdue Operating Agreement fee of Baht 562 million (counted from the date the arbitration panel judged the arbitral award to the date of requesting of the order, 30 March 2007), adjusting of television program fee of Baht 97,760 million, and the undelivered value of assets under Operating Agreement of Baht 656 million with 7.5% of the interest of the undelivered value of assets counted from the requested date until the Company repays in full.

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

The undelivered value of assets fee is a new issue that the PMO has previously not raised. The aggregated amount is Baht 101,865 million.

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

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

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

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

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

On 24 July 2007, the PMO filed an appeal against the verdict of the Central Administrative Court (of the First Instance) with the Supreme Administrative Court regarding revocation of Black Case number 640/2550 by the Central Administrative Court. In addition, the PMO also issued a complaint to prescribe provisional remedial measures in order to stop arbitration proceedings and await for order of the Supreme Administrative Court.

On 29 October 2007, the Company filed a complaint to the Central Administrative Court to prescribe provisional remedial measures and the complaint in the case of compelling urgency filed. The complaint was to request the Court to order that the Public Television Bill shall not become effective. The said Bill was approved in principle by the Cabinet and shall be brought to be considered by rules to drop the draft bill on the Thai Public Television Broadcasting Station Act ("TPBS") which was approved by the Cabinet on 24 April 2007 and shall be submitted to the National Legislative Assembly ("NLA") on 31 October 2007. The Company contested that if the Bill is approved and becomes enforceable, neither the award granted by the Arbitration Committee nor the judgment given by the Administrative Court on the dispute or case arisen between the Company and the PMO after 31 October 2007, which one of the claims that the Company claimed against the PMO to indemnify for damages and/or grant the Company of the operating right to re-operate the UHF Broadcasting Television Station for the remaining period as specified in the Operating Agreement, shall not be effective for final approval before its effective announcement. The reason is that all business including

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

rights, obligations, assets, budget, debt, frequency rights and encumbrance of the Company shall be transferred to the government subject to Section 57, Transitory Provisions of the Bill. Consequently, the Company then requested the Central Administrative Court to commence urgent proceedings and rule that the Bill shall not be brought for the NLA's consideration in accordance with any method that the Court shall deem appropriate until the case becomes final or the Court passes other judgment.

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

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

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

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

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

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

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

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

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

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

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

The said liability has not been recorded in the company's financial statements as the Black Case number 640/2550 filed by the PMO demanding that the Company pay the operating fee, interest, the penalty fee and value of undelivered assets was dismissed by the Central Administrative Court which shall await the arbitral award the Black Case number 1/2550 granted by the arbitration panel and the final legal proceeding.

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

Since quarter ended 31 December 2006, the provision for unpaid operating fee amounting to Baht 2,210 million plus 15% interest from the date that the arbitral award was revoked by the Supreme Administrative Court as of 13 December 2006 was recorded in the consolidated financial statements. The reason is that the Company proposed condition to pay such amount to the PMO and brought the issue of the penalty fee and interest into the arbitral proceeding under the Operating Agreement. Thereafter, in the first quarter of 2007, the PMO did not accept the said payment, it shall be deemed that the Company's proposal was not mutually accepted. The Company thus had no liability on the operating fee amounting to Baht 2,210 million plus 15% interest per annum. In addition, the Supreme Administrative Court made the order striking out the case No 640/2550 in which the PMO demanded that the Company pay the operating fee, interest, the penalty fee and value of undelivered assets out of the Case List, so that the disputes shall be brought into the arbitration proceeding and legal process by the Operating Agreement to be finalised.

3. Value of undelivered assets

The undelivered asset in the amount of Baht 656 million plus 7.50% interest per annum of the undelivered asset from the date that the case was filed to the Court until the said amount is fully paid since 1995. The PMO has not requested the Company to pay such amount. Consequently, the Company has no liability to further deliver such asset. In addition, the Central Administrative Court made the order striking out the said case out from the Case List, therefore, the said items have not been recorded by the Company. Since the value of asset claimed by the PMO is only the business estimation comprising income, expense, profit, tax and investment asset, which terms regarding the asset only stated that the Company is required to procure the asset for the undertaking of UHF Television Broadcasting Station to cover the population at the rate of 96.72% of the population in the country without the condition of value of required asset and the Company has complied with such requirement, therefore, the Company has neither liability to procure asset nor indemnify to the PMO.

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

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

However, the Company has already recorded provision for unpaid operating fee amounting to Baht 2,891 million and interest from the date that the arbitral award was revoked by the Supreme Administrative Court amounting to Baht 1,699 million in these financial statements, of which of the amount of Baht 433 million was provision for interest on unpaid operating fee for the year ended 31 December 2010 (2009: Baht 433 million).

17 Significant agreements with third parties

a) On 27 June 2008, the Company entered into a contract with a body of persons for an administrative management as follow;

- 1 Undertaking the rehabilitation plan and preparing documents of the disputes with PMO,
- 2 Administrative management of accounting and financing affair,
- 3 Administrative management of business according to the guidelines and procedures of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC),
- 4 Administrative management of general affair of the office,
- 5 Administrative management of filing important documents both financial and legal documents and handling company assets and
- 6 Administrative management of filing financial and legal documents.

The Company is committed to pay a service fee of Baht 9.6 million per annum. The agreement has a term of five years. The Company has the right to terminate the agreement by 30 days advance notice.

b) On 1 November 2010 the Company entered into a contract with a body of persons for advising and undertaking legal. The Company is committed to pay the advisory fee of Baht 3.36 million. The contract has a term of one year. The Company has the right to terminate the agreement by 7 days advance notice.

c) On 20 November 2008, the Company engaged an asset management company for managing bond investment according to the Company policy. The agreement has a term of one year and shall be automatically renewed for another one year. The Company will pay the management fee annually of net asset calculated daily. The asset management company will deduct the fee from fund quarterly within 15 days of ended quarter. The Company has the rights to terminate the agreement by 60 days advance notice.

d) On 20 November 2008, the Company engaged a bank for bond investment deposition. The agreement has a term of one year and shall be automatically renewed for another one year. The Company has paid service fee annually of net asset of last working day of week and last day of month by weekly calculated. A bank will deduct the fee from fund quarterly within 10 days of ended quarter. The Company has the rights to terminate the agreement by 60 days advance notice.

e) On 22 November 2010, the Company engaged an asset management company for managing bond investment according to the Company policy. The agreement has a term of one year and shall be automatically renewed for another one year. The Company will pay the management fee annually of net asset calculated daily. The asset management company will deduct the fee from fund quarterly within 15 days of ended quarter. The Company has the rights to terminate the agreement by 60 days advance notice.

ITV Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2010 and 2009

- f) On 22 November 2010, the Company engaged a bank for bond investment deposition. The agreement has a term of one year and shall be automatically renewed for another one year. The Company has paid service fee annually of net asset of last working day of week and last day of month by weekly calculated. A bank will deduct the fee from fund quarterly within 10 days of ended quarter. The Company has the rights to terminate the agreement by 60 days advance notice.

18 Events after the reporting period

On 19 January 2011, the Stock Exchange of Thailand (SET) announced the amendment to SET regulations on procedures and guidelines for companies facing possible delisting due to operations or financial conditions. Under the guidelines, the SET will allow the company 3 years for rehabilitation to resolve the delisting grounds, going through 3 stages (each of 1 year), starting from 10 March 2011. If the company is unable to resolve its delisting ground within the given period, the SET will consider approving delisting the company's securities.

The Company is aware of the aforementioned announcement and will comply with regulations and announcements from SET.

19 Thai Accounting Standards (TAS) not yet adopted

The Group has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are anticipated to become effective for annual financial periods beginning on or after 1 January.

TFRS	Topic	Year effective
		2011
TAS 1 (revised 2009)	Presentation of Financial Statements	2011
TAS 7 (revised 2009)	Statement of Cash Flows	2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	2011
TAS 10 (revised 2009)	Events after the Reporting Period	2011
TAS 12	Income Tax	2013
TAS 16 (revised 2009)	Property, Plant and Equipment	2011
TAS 17 (revised 2009)	Leases	2011
TAS 23 (revised 2009)	Borrowing Costs	2011
TAS 24 (revised 2009)	Related Party Disclosures	2011
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements	2011
TAS 33 (revised 2009)	Earnings per Share	2011
TAS 34 (revised 2009)	Interim Financial Reporting	2011
TAS 36 (revised 2009)	Impairment of Assets	2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	2011
TAS 38 (revised 2009)	Intangible Assets	2011