



# VISION MISSION

NATION  
GROUP

Nation Multimedia Group Public Company Limited  
5-year **Vision** Statement

The **Multimedia Group**  
that reach every **household**



# Core Values.

- ↘ Credibility
- ↘ Integrity
- ↘ Synergy
- ↘ Customer Focus
- ↘ Innovation





Nation Multimedia Group Public Company Limited

## **Mission** Statement

To

**inform, educate, entertain and inspire  
in the most trustworthy, timely and creative manner**



# General Information

**Name**

Nation Multimedia Group Public Company Limited

**Head Office**

44 Moo 10, Bangna-Trad Road KM 4.5, Bangna, Bangkok 10260

**Telephone**

(02) 325-5555, (02) 317-0420, (02) 317-2131

**Fax**

(02) 317-1384, (02) 317-1413

**SET Listing Date**

June 9, 1988

**Public Company Registration**

December 14, 1993 (PLC no. 226)

**Business Line**

Owner of The Nation, Krungthep Turakij, Kom Chad Luek, Krungthep Turakij Bizweek and other publications of Nation Multimedia Group

**Registered Capital**

Baht 2,500,000,000 consisting of 250,000,000 Shares  
at Baht 10 par value

**Paid-up Share Capital**

Baht 1,623,812,830 consisting of 162,381,283 Shares  
at Baht 10 par value

**Chiang Mai Branch**

24/1 Soi 5 Kor, Nantaram Road, Haiya, Muang District,  
Chiang Mai 50100. Tel: (053) 271-831 Fax: (053) 282-110

**Khon Kaen Branch**

67 Moo 8, Lao Na Dee Road, Muang District, Khon Kaen 80000.  
Tel: (043) 324-170 Fax: (043) 324-186

**Hat Yai Branch**

88/9 Kanchanawanich Road, Baan Pru, Hat Yai, Songkhla 90250.  
Tel: (074) 210-035-8 Fax: (074) 210-039



# Summary of Financial Data and Investment

(in million baht)

1. Data from Consolidated Financial Statement	2004	2003	2002
• Sales and Service Income	3,206.75	2,839.61	2,627.94
• Total Revenues	3,388.97	3,146.54	2,896.06
• Gross Profit Margin	1,449.61	1,425.11	1,295.48
• Operating profit before gain on sales of fixed assets, provision for loss on impairment of investments, provision for doubtful accounts and provision for deteriorate of goods	179.73	243.32	180.82
• Net Profit (loss)	113.56	150.94	(239.87)
• Total Assets	6,472.60	6,477.24	6,475.40
• Total Shareholders' Equity	2,169.23	2,223.05	1,892.68
2. Financial Ratios	2004	2003	2002
• Total Debts to Equity (x)	1.98	1.91	2.42
• Gross Profit Margin (%)	5.30%	7.73%	49.30%
• Operating Profit before gain on sales of fixed assets, provision for loss on impairment of investments, provision for doubtful accounts and provision for deteriorate of goods on Total Revenues	5.30%	7.73%	6.24%
• Net Profit (Loss) on Total Revenues	3.35%	4.80%	(8.28)%
• Return on Equity	5.24%	6.79%	(12.67)%
• Return on Total Assets	1.75%	2.33%	(3.70)%
• Earning (Loss) per Share (Baht)	0.70	0.95	(1.51)
• Dividend per Share (Baht)	0.45	0.55	-
• Book Value per Share (Baht)	13.36	13.75	11.88
<b>Dividend Policy</b>			
• Dividend payment policy is not exceeding 65% of net profit			
<b>Investments in Subsidiaries of Nation Multimedia Group Public Company Limited as of December 31, 2004</b>			
	<b>Registered Capital (Million Baht)</b>	<b>Percentage of Investment</b>	
<b>PUBLISHING BUSINESS</b>			
Nation Books International Co, Ltd.	1.00	99.93	
Nation Edutainment Co, Ltd.	50.00	98.70	
Nation Egmont Edutainment Co, Ltd.	50.00	50.00	
<b>BROADCASTING BUSINESS</b>			
Nation Broadcasting Corporation Co, Ltd.	120.00	99.99	
Nation Radio Network Co, Ltd. (Invested by Nation Broadcasting Corporation)	3.00	99.98	
<b>OTHER BUSINESS</b>			
Nation Information Technology Co, Ltd.	80.00	99.99	
Nation Digital Media Co, Ltd.	100.00	99.99	
<b>Investments in Associates Companies of Nation Multimedia Group Public Company Limited as of December 31, 2004</b>			
	<b>Registered Capital (Million Baht)</b>	<b>Percentage of Investment</b>	
Yomiuri-Nation Information Service Co, Ltd.	4.00	44.98	



"the Multimedia Group  
that reaches every  
household"

# Chairman's Statement

## Chairman's Statement

*The year 2004 has been another outstanding year for the overall media industry and our group. Overall, the economy has seen significant growth, resulting in the media industry, printed media in particular, to expand by double-digit percentages. Our group's performance has been solid throughout the year with total revenue among the largest printed media companies in Thailand. As expected from last year, the year 2004 also saw several major developments, including existing major players embarking on initiatives to improve their printed offerings as well as a number of newcomers entering into the market. All of these resulted in intensified competition in the media industry.*

# Chairman's Statement



Despite such competition, our group's products remained strong. Kom Chad Luek has successfully maintained its number three position in the mass-market segment. Krungthepturakij has been, since its inception, market leader in the business daily segment. The Nation is firmly positioned as the second largest newspaper in the English daily market. Krungthepturakij Bizweek, our latest product, was launched in mid 2004 and has gained a substantial share in the marketplace.

On the non-printed front, our broadcasting business has extended its business offerings, not only focusing on the operations of Nation Channel but to provide content to other TV stations. A few initiatives are on the way to strengthen our foothold in digital and wireless media. Corporate efforts have been made to dilute our investments in non-core business as well as to improve the financial performance of various products in our portfolio.

Looking ahead, we are confident that the media industry will continue to expand through 2005. Nonetheless, we will remain cautious of a few factors that may have negative impacts on the pace of growth, including fluctuating paper prices, record-high oil prices and increasing interest rates.

With this in mind, our goal for the year 2005 will concentrate on maintaining the competitive position of NMG's core publications:

- \* To continue to be the dominant market leader in the Thai business daily category
- \* To retain the significant third largest position in the Thai mass market daily
- \* To narrow the gap between The Nation newspaper and the market leader

We will be prudent and will carefully evaluate new investments of core and non-core media business. We will continue our efforts to dilute or decrease exposure of non-core and non-profitable business.

We will continue our efforts to enhance our human capital capabilities and business efficiency. Actions by all levels will be made to enhance efficiency and to control operating costs. Primary focus will be on enhancing staff productivity through comprehensive training programs and career path development.

Another priority is to improve our management system. Corporate-wide business planning processes will be upgraded with targets clearly defined and results periodically reviewed for further action. Proper monitoring mechanisms will be established with support of up-to-date data for decision-making. Delegation of responsibilities and authority to management at all levels and departments will be pursued. Efforts will be made to establish a system of performance-based appraisal with linkage to remuneration.

Last, but not least, is our commitment to journalism excellence. We will strive towards preserving our core values - Credibility, Integrity, Synergy, Customer focus and Innovation - all of which are helping our group to grow steadily and firmly towards our ideal goal, which is to be impartial, which we have steadfastly maintained since the first day of operations.

(Thanachai Theerapattanavong)

Chairman & CEO

# Audit

## Committee's Report

### For 2004

The Audit Committee of Nation Multimedia Group Public Company Limited consists of 3 independent directors: Mr. Pakorn Borimasporn is committee chairman, Mr. Chavang Chariyapisuthi and Mr. Nivat Changariyavong are committee members.

In the year 2004, the Audit Committee had 4 meetings to fulfill its role and responsibilities in oversight of the financial reporting practices in order that the company's Financial reports are sufficient and fairly presented, in oversight of the internal control system in order that the system is adequate and efficient and in oversight of transactions that might cause conflict of interest. In addition, the Audit Committee has revised the " Audit Committee's Charter " and the " Internal Audit Department's Charter " to include the assessment of risk in order that management of risk is suitable, adequate and efficient.

In February 2005, the Audit Committee met with outside auditor to ask further information and discuss auditing process of the company financial reports. The Audit Committee is of the opinion that the company annual financial reports for the year 2004 are fairly presented and no transactions are found that might materially affect the financial reports.

The Audit Committee has considered the nomination of the outside auditor and proposed that the following persons be nominated as the auditors of the company for year 2005 : Mr. Winid Silamongkol, registration No. 3378 or Ms. Nittaya Chetchotiros, registration No. 4439 or Mr. Thiridthong Thepmongkorn registration No. 3787 of KPMG Poomchai Audit Co.,Ltd.



(Mr. Pakorn Borimasporn)  
Chairman of Audit Committee



# Board of Directors.



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1.  
Thanachai Theerapattanavong  
**CHAIRMAN**

2.  
Suthichai Yoon  
**DIRECTOR**

3.  
Thanachai Santichaikul  
**DIRECTOR**

4.  
Vanchai Sriherunrusmee  
**DIRECTOR AND SECRETARY OF THE BOARD**

5.  
Pakorn Borimasporn  
**OUTSIDE-DIRECTOR AND CHAIRMAN  
OF THE AUDIT COMMITTEE**

6.  
Chaveng Chariyapisuthi  
**OUTSIDE-DIRECTOR AND MEMBER  
OF THE AUDIT COMMITTEE**

7.  
Nivat Changariyavong  
**OUTSIDE-DIRECTOR AND MEMBER  
OF THE AUDIT COMMITTEE**

8.  
Pana Janviroj  
**DIRECTOR**

9.  
Adisak Limprungpatanakij  
**DIRECTOR**

10.  
Winnie Wong  
**OUTSIDE-DIRECTOR**

11.  
Nissai Vejajiva  
**OUTSIDE-DIRECTOR**

12.  
Yothin Nerngchamnong  
**OUTSIDE-DIRECTOR**

# Executive Management.

## Management and Marketing Executives

Thanachai Santichaikul

Vice Chairman / President

Vanchai Sriherunrusmee

Vice Chairman / CFO

Prasert Lekavanichkajorn

Chief Operating Officer - Krungthep Turakij, The Nation and Bizweek

Phimpakan Yansrisirichai

Chief Operating Officer - Kom Chad Luek

Kesery Kanjanavanich

Chief Operating Officer - Education, Children and International

Wongsiri Miyaji

Chief Operating Officer - Nation Books

## Editorial Executives

Thepchai Yong

Editor - Nation group

Adisak Limprungpatanakij

Group Managing Editor, Editor - Kom Chad Luek and Nation Channel

Pana Janviroj

Editor - The Nation

Duangkamol Chotana

Editor - Krungthep Turakij and Bizweek

Vithoon Pungprasert

Assistant Group Editor - Radio

Pongsak Srisod

Editor - Nation Weekender



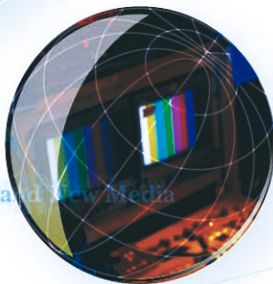


# Category of Information. **Nation Multimedia Group**

*Founded in 1971 as an English-language newspaper, Nation Multimedia Group is today one of Thailand's largest media organizations with a turnover of more than Bt3 billion and staff of more than 2,000.*

*Primarily a news-based organization, the company's expansion and success today have come along side the public trust's in our publications' credibility and insightful reporting. The multimedia nature of our business allows for news and information to be competitively distributed to a far-reaching audience.*

[www.nationgroup.com](http://www.nationgroup.com)



## **Printing Media** Business

### **Newspapers**

- The Nation - leading English-language newspaper
- Krungthepturakij - leader in business newspaper
- Kom Chad Luek - top three biggest mass circulation newspaper
- Bizweek - leading weekly business newspaper

### **Magazines**

- Nation Weekender - weekly news magazine
- Nation Junior - easy English magazine for students and new generation published fortnightly.
- MEI - variety of local and international titled magazines

### **Books and others**

- Nation Books - pocket books in Thai language from local authors and best-selling international authors
- Nation Egmont - comics from Japan and the US as well as children and education media

## **Broadcasting and New Media** Business

- National Channel, 24-hour news station on cable system
- Nation Radio: news on the hours
- Production services of various programs and documentaries
- Internet, mobile news and broadband services

## **Others Related** Business

- Printing complex - printing services for both in-house and external publishers
- Services - printing and distribution of leading international newspapers and magazines



# Printing Media Business



# PrintingMedia

## Business



### THE NATION

The Group's flagship publication with regional reach. In the past year, The Nation has excelled through insightful reports on economic and national affairs, colorful features as well as state-of-the-art presentations. The Nation has also played a pivotal role in Asia News Network, an alliance of 14 leading newspapers from 12 Asian countries, with Bangkok chosen as headquarters of the network.

[www.nationmultimedia.com](http://www.nationmultimedia.com)

[www.asianewsnet.net](http://www.asianewsnet.net)



### KRUNGTHEPTURAKIJ

The country's highest circulated business daily continues its role as the must-read newspaper for business people and investors.

[www.bangkokbiznews.com](http://www.bangkokbiznews.com)



### KOM CHAD LUEK

The third highest mass circulation daily which has become a daily menu for Thais nationwide. Its arrival has continues to shake the Thai mass circulation newspaper market with imaginative journalism.

[www.komchadluek.net](http://www.komchadluek.net)



### KRUNGTHEPTURAKIJ BIZWEEK

A new broadsheet weekly printed on quality bonded paper to capture additional readers at the weekends. Business owners and entrepreneurs have welcomed initiatives provided by Bizweek how they can each thrive in their particular endeavor.



### NATION WEEKENDER

A weekly news magazine with colorful photographs and columnists hard to resist.  
[www.nationweekend.com](http://www.nationweekend.com)



### NATION JUNIOR

A fortnightly publication, which has become one of the best selling magazines in the 17-18-year age group. Nation Junior is popularly used as an English language-learning tool in high schools.  
[www.nationjunior.com](http://www.nationjunior.com)

# Magazine Business



Media Expertise International (Thailand) Co, an affiliate, was recently established to publish foreign and local titled magazines. Varieties of magazine have been launched including **"Hair"**, a beauty magazine for all woman; **"Sport Illustrated Swimsuit"** a yearly swimsuit collection best seller from the US; **"Living etc"** on lifestyles for the trendies; and **"Flavor"** for people with chic lifestyles.

In 2005, the company will launch the Thai language version of **"Harper's Bazaar"**, a fashion and beauty magazine, as well as many other publications.

# Books and others



## NATION BOOKS

Nation Books has established itself as a leading Thai-language book publisher within a short time. Examples of top-selling pocket books from Thai authors include Por Son Luk Hai Ruay (Dad Teaches Kids: How to Get Rich) by Dr. Suwan Walaisathien, former Deputy Minister of Commerce and Tips from Stock Guru by Dr. Niwet Hemwachirawarakorn

Apart from publishing books by Thai authors, Nation Books also publishes best selling books translated from English, Korean and Japanese. Among recent best selling titles were the translated versions of Hillary Clinton's Living History, and Juan Enriguez's As the Future Catches You, Riyu by Miyuki Miyabe and My Sassy Girl by Kim Ho Sik.

[www.nationbook.com](http://www.nationbook.com)

## Popular Books and Comics from around the World -NATION EGMONT

Nation Group is the sole licensee for many books, magazines, encyclopedias, English-Thai dictionaries, educational materials etc., from Walt Disney, Warner Bros., Hit Entertainment, BBC, Chorion, Egmont Books, Kingfisher, with titles such as Scooby Doo, Bob the Builder, Animals in the Ancient World, etc.

[www.nationcomics.com](http://www.nationcomics.com)

## MAGAHIT MENGA COMICS

Japanese titles include Doraemon, Crayon Shinchan, HunterXHunter, Naruto, Digital Lady Chobits, Bleach, Eye Shiled 21, as well as Thai comic hits such as The 13th Knife, Apai Manee Saga. Nation Group also offers skill-enhancing activity & sticker books and coloring books

## ENGLISH LANGUAGE LEARNING PRODUCTS

Nation Group is the publisher of various people-oriented English self-learning material for all ages, such as Disney's Key World Series and BBC's English for You

## EDUCATIONAL SERVICE BUSINESS

With a master franchise from UK Direct English, Nation Group offers professional trainings in international communication skills to the public. Direct English, a revolutionary method of learning English, has its first center in Thailand at Nation Tower, Bangna Trad Road (KM 4.5) and three franchise centers in Bangkok and Chiang Mai with more outlets planned in Bangkok and major cities in Thailand



# Broadcasting and New Media

## BROADCASTING AND NEW MEDIA

Nation Group operates Thailand's first 24-hour TV news station, Nation Channel, with programs aired nationwide on different local cable systems, including Bangkok. The year has seen transmission of the news programs to audience in the United States, and a start of Nation Channel Chiang Mai with programs tailored for northern audience.

Nation Channel also carries news programs in the English-language for foreign audience at selected times throughout the day - TTV1, ABTV Satellites 1 & 3 (pls check), and provincial cable systems around the country.

Nation TV continues to produce separate programs in free TV stations in greater numbers. It has been entrusted with compiling preliminary votes on the national election to all free TV stations on the Election Day (Feb 6, 2005)

**[www.nationchannel.com](http://www.nationchannel.com)**

Nation Radio has been supplier of on-the-hour news and news features and analyses to several radio stations - 90.5 MHz and others.

This year, a new media division has been set up to work on contents for broadband channel once the infrastructure in Bangkok and nationally can be more accommodating. The division also operates news by SMS and Voice for the mobile users.

The classifieds sections from the group's daily newspapers are also available on the net as well as via mobile for selected services.

**[www.nationgroup.com](http://www.nationgroup.com)**

**[www.nationejobs.com](http://www.nationejobs.com)**





NATION BROADCASTING CORPORATION COMPANY LIMITED

NATION CHANNEL

Nation Channel produces news and other interesting TV programs, broadcasting 24 hours a day via TTV Channel 1. Officially, it has broadcast over Bangkok and surrounding areas since May 1, 2003. Nation Channel aims to be an independent media channel, reporting news and information continuously. Nation Channel reports up-to-the-minute local and international news at the same standard as other international 24-hour news stations. With its professional teamwork, breaking reports of the latest situations and intensive news analysis, Nation Channel has become widely accepted among Thai and foreign audiences. In regional areas, audiences can view the channel via local cable TV or the " Abtv channel ". Nation Channel currently boasts an audience of 200,000 nationwide.

The channel can also be watched online via hi-speed internet at **[www.nationchannel.com](http://www.nationchannel.com)**.

***Nation Channel in the USA via NATtv***

People who live in the United States can also watch Nation Channel via NATtv, the local cable TV for Thais. It broadcasts 6 hours of selected Nation Channel programs.

***Nation Channel Chiang Mai: News Station for Chiang Mai people***

The first and only 24-hour news channel for Chiang Mai residents. All programs are produced by Nation Channel in association with World Entertainment Television Limited. News is up-to-date for Chiang Mai people who want to keep up on the latest local information. It has broadcast via Channel 9 of WeTV since December 1, 2004.





## FREE TV MEDIA

Nation TV is a producer of television programs for various TV channels. In 2004, Nation TV produced the following TV programs:

- **" Morning News "**, in conjunction with Channel 7, is a news and current affairs program highlighting hot current issues with commentary, video and telephone interviews with people in the news. The program is broadcast Monday - Friday on Channel 7 from 6.15 am - 7.30 am and hosted by Kanok Ratwongsakul and Pisit Geeratikarnkul
- **" Keaw Yok Paeng "** is a TV program with advice on investing in the Stock Exchange of Thailand. The program broadcasts every weekday on Modern Nine TV at 1.00-1.30 pm, hosted by Yuthana Krabuansaeng and Jomkwan Laopetch.
- **" E-Life, E-Business "** introduces audiences to the world of IT, technology and the latest innovations that bring more convenience to our lives and work. It broadcasts every weekday on Modern Nine TV, at 10.30-11.00 am and is hosted by Wilasinee Limpornkul and Jirayu Kaschareon.
- **" Jor Reung Meung Thai "** is a variety program presenting interesting issues to the audience, especially about the country, the latest technology and exclusive interviews with persons in the news. It broadcasts every alternate Saturday on Channel 11, at 11.00-12.00 am, and is hosted by Theera Tanyapaibul.





## BROADBAND & MOBILE

### Biz Channel

Biz Channel provides timely business news via hi-speed Internet to suit audiences and investors' interests. The program also provides analysis on SET, money markets and local and international economics. Audiences can log on at [www.nationbizchannel.com](http://www.nationbizchannel.com), [www.hispeedworld.com](http://www.hispeedworld.com) and [www.bblife.com](http://www.bblife.com)

## NATION MOBILE NEWS

The mobile phone news station can quickly report the latest incidents in various kind of news. Mobile services include the Hot News Service, SET Analysis, and questions for the Nation Channel hosts. These can all be sent via AIS, DTAC and Hutch systems.





## RADIO

*Nation Radio is a main producer of FM 90.5 MHz 'Business Radio'. Nation News agency offers a combination of national regional news and foreign news. The information is well-accepted by the public for its fairness, timeliness and in-depth content both inside and outside the country.*

### • FM 90.5 MHz, Business Radio

Analysis of hot issues and movements of interest in politics, society, economics and marketing, both domestic and overseas, including in-depth interviews with people in the news. Coverage includes money market and stock market reports, trade and interviews with brokers. Acts as a third party between public and private organizations to solve the public's problems.

***From Monday to Friday 08.00-12.30, 13.00-15.00, 18.30-19.00, 19.30-20.30***

### • FM 89.5 MHz

Short reports broadcast every hour from Nation News Center, Mon. - Fri. 06.00 - 24.00.

### • KU Radio (Kasetsart University Bangkok)

76 networks throughout the country through 4 stations

KU Bangkok, AM 1107 KHz

KU Chiangmai, AM 612 KHz

KU Khon Khen, AM 1314 KHz

KU Songkhla, AM 1269 KHz

***Report news on the hour, every hour from Mon. to Fri. at 06.00-24.00***



# Others Related Business

## Services

Nation Group is the local distributor of the Asian Wall Street Journal and Yomiuri Shimbun, printed from the Bangkok printing office. The company is also the sales agent in Thailand for advertising in Yomiuri Shimbun, the daily newspaper with the world's largest circulation



# Printing complex

Nation Group operates one of Asia's most modern and efficient printing facilities. The Printing Complex, located on 20-rai land on Bangna Trad road KM 29, offers comprehensive printing services for both newspaper and commercial printing. Example customer portfolio includes Nation Group's publications, Asian Wall Street Journal, Yomiuri Shimbun and several leading magazines in Thailand.

Driven by management's vision, the Printing Complex continues to invest and upgrade its printing facilities including recent investment in state-of-art commercial press as well as ancillary printing machines in pre- and post-press operations to ensure highest printing quality and punctual delivery.



calendar of **activities** is all about...



# 2004calendar

25 2004 calendar | ANNUAL REPORT 2004



# Event Marketing

## 1. The Nation's 33<sup>rd</sup> Anniversary, Kom Chad Luek's 3<sup>rd</sup> Anniversary

Bangkok Wonderful City Fair "The Nation's 33<sup>rd</sup> Anniversary, Kom Chad Luek's 3<sup>rd</sup> Anniversary" was inaugurated by Bangkok Governor Apirak Kosayodhin at Hall 5-6, Impact Muang Thong Thani, on October 8, 2004. He was welcomed by Nation Multimedia Group's management, led by Thanachai Theerapattanavong, Chairman, and Suthichai Yoon, Editor in Chief, and witnessed a great line-up of activities. Highlights included an exhibition depicting the history of Nation Group, an arms exhibition, live stage shows by movie stars, artists and singers and Kom Chad Luek's vocational training project offering free training within the event.

## 2. Kom Chad Luek provides mobile vocational training courses

Kom Chad Luek arranged vocational training courses for members of the public and gave free subscriptions of Kom Chad Luek to trainees. The courses were conducted by instructors from various professions. Highlights included cooking demonstrations and supplementary income schemes. The project was first introduced in Bangkok and later expanded to other provinces including Nakorn Ratchasima and Phitsanulok. Its objectives were to increase the Thai people's income and widen subscriber bases.

## 3. 72<sup>nd</sup> Anniversary

Kom Chad Luek presented a gold-covered book to Her Majesty the Queen on the occasion of her 72<sup>nd</sup> birthday anniversary. The book cover was produced from 72 baht pure gold. It also organized the See Fah - Thong gala dinner to honor HM the Queen, which was presided over by Princess Ubonrataya Rajakanya.

## 4. Miss Thin Thai Ngarm Pageant 2004

Kom Chad Luek jointly organized the "Dokmai Ban Lanna Miss Thin Thai Ngarm Pageant 2004" to select the most beautiful lady as a representative to promote tourism in Chiang Rai province. Miss Kom Chad Luek, which was a special award, was also chosen to act as a representative to join numerous activities organized by Kom Chad Luek.

## 5. Nation HR Forum 2004 "Jobs by Nation Group"

emphasized the company's leadership as a complete job-application hub with a number of recruitment-related activities including "Nation HR Forum 2004", an event aiming to unleash the potential of Thailand's workforce in the international arena. In 2004, some 2,000 executives from many leading organizations in Thailand and other countries joined the activity.





#### 6. Bangkok Business Challenge 2003 (March 2004)

Annual English-language business plan contest jointly organized for three consecutive years by Krungthepturakij and Sasin Institute. Awarded a Royal Trophy from H.M. the King. The contest is open to postgraduate business students around Asia.

#### 7. Krungthepturakij Bizweek Launch Party

Nation Group launched Krungthepturakij Bizweek, a new weekly newspaper, on June 18, 2004. Under the slogan "A Companion for Entrepreneur Wannabes", the target group of the paper is young entrepreneurs who want to succeed in the new business arena.

#### 8. The World Film Festival of Bangkok

running between October 15-24, 2004 was organized to promote Bangkok as a gathering for top-quality films created by multinational independent film-makers as well as a regional center of "Contemporary Asian Film" and "International Film."



#### 9. Nation's Hole-in-One Hall of Fame Tournament 2004

proceeds into its second year. The project was organized to honor golfers who have succeeded in attaining holes-in-one. Golfers are invited to compete in Nation's Hole-in-One Monthly Golf Tournament and 10 winners in each month pass through to the tournament final, the Nation's Swing Challenge, which will be held in July 2005.

#### 10. " Jai Tid Dao Thao Tid Thay "

is a compilation of compositions from underprivileged students who won scholarships from the government. Part of the income was presented to the Fund for Impoverished Students.

# eventmarketing

## **11. Entrance Clinic No. 6**

Seniors and academic staff offered advice and guidelines to juniors at the 6<sup>th</sup> Entrance Clinic, which was held on April 7, 2004 at the MCC Hall, The Mall Ngamwongwan. A discussion " How to submit points for success ", talk shows with popular seniors, and an educational institute fair were held to guide budding students seeking to further their education.

## **12. nationejobs on Mobile**

On 13 May 2004 Nation Group's [www.nationejobs.com](http://www.nationejobs.com) presented the first and only innovative mobile service in Thailand " nationejobs on mobile ", which provides job information via mobile phone, in associated with AIS. The service helped confirm that Nation Group is a leading Job Application Service Network Provider in Thailand. On 15 November 2004, the service became available through the Orange mobile phone system.



### 13. Nation Junior Spelling Bee 2004

Nation Junior, Nation Group's English learning magazine for young people, held "Nation Junior Spelling Bee 2004", a contest designed to test proficiency in English language. High school students throughout the country, from the Central, Northern, Northeastern and Southern regions, joined in the activities. One student from each region was selected as a regional representative, winning a one-month scholarship to study English in Australia, as well as receiving a trophy from the Prime Minister and a certificate from the Ministry of Education. Event Schedule Northern region 8 August 2004 Chiang Mai, Southern region 15 August 2004 Songkhla, Northeastern region 22 August 2004 Nakhon Ratchasima, Central region 29 August 2004 Bangkok.



### 14. "Kid Sport 2004"

was arranged for children who are interested in sport and exercise, to promote health and fitness and also to support the family unit. Activities included various sports, cheerleading and parades.



#### 15. Bangkok Gubernatorial Election 2004

During May-August 2004, Nation Channel, in association with Channel 3, 5, 7 and AIS, introduced many of the candidates for Bangkok Governor to audiences, providing opportunities for candidates to deliver speeches, and convey their visions and policies. Nation Channel also set up public stages, and carried out election polls. It also became the first news station in Thailand to report election results in real time.

#### 16. 6<sup>th</sup> MAMA - Annual Intensive Tutoring for Entrance Exam Project

Nation Channel in cooperation with MAMA, a product of Saha Group, organized an Intensive Tutoring for Entrance Exam Project activity from September 30 - October 5, 2004. Tutoring activities were held before the entrance examination for Mattayom 6 students in both Science and Art majors, free of charge. The intensive tuition took 6 days in 6 subjects through the 4 regions of the country: Mae Joe University in the Northern region, Khon Kaen University in the Northeastern region, Valailuk University in the Southern region, and Thai Chamber of Commerce University in the Central region.

### Social Contribution Activities

1. Produced an exclusive, historical book with cover made from pure gold weighing 120 bht fashioned with diamonds, and presented to Her Majesty the Queen in celebration of her 72<sup>nd</sup> birthday anniversary.

2. Organized a charity golf competition to raise funds for the establishment of the Library for Family Foundation and the building of two mobile libraries which will move around districts and villages in the upcountry to provide opportunities for children, youth and the public to read beneficial and hard-to-find books.

3. Organized training on analytical reading for Thai-language teachers in the 4 regions, news writing techniques for Sub-district Administration Organizations countrywide as well as news writing and photographing techniques for mass communication students in 33 Ratchaphat universities across the country (2003).

4. Participated in the "Gathering of people in yellow shirts" campaign initiated by the Public Health Ministry to encourage the public to exercise regularly.

5. Organized community basketball competitions with the co-operation of the Bangkok Metropolitan Administration and 50 district offices to counter drug abuse. People in communities and youths residing in Bangkok were invited to form a team and apply to enter the competition.

6. Launched the "newspaper automatic vending machine" project, proceeds of which were donated to the Thai Red Cross Society.

7. Established the volunteer camp for development and provided budget support and materials to the camp. In 2004, the camp undertook the following activities:

- Constructed a library, flag pole and balcony, renovated kindergarten study rooms and donated educational materials to Baan Ong Than Ratchabumroong School, Phanuvorarakburi district, Kampaengpet province.
- Donated educational materials to Baan Koh Judsun School, Ruen Pae study room branch, Lee district, Lumphun province.
- Constructed a garbage incinerator and donated educational materials, children's food and milk to Baan Nong Pladoo Children Development Center, Chonburi province
- Donated medicines and clothes to the Mooseu, Seu Dum and Seu Leung hilltribes, Tak province.
- Donated educational materials, clothes and dried foods to Baan Huay Krapoh School, Lakdan sub-district, Namnao district, Petchaboon province
- Donated educational materials to Sinrae Siam School, Suanpeung district, Ratchaburi province.
- Donated educational materials to Baan Chalad School, Pa Mamuang sub-district, Muang district, Tak province.

8. Donated cash and consumer goods to Baan Feung Fah, which is an organization caring for retarded babies.

9. Provided 33 scholarships for undergraduate student trainees in celebration of The Nation's 33<sup>rd</sup> anniversary. Each scholar-

ship was worth 8,000 baht and the training period lasted for 3 months.

10. Donated consumer goods and necessary items to the tsunami victims in 6 southern provinces during December 2004.

11. Donated books, cassettes and music CDs to students and establishments as follows:

- Library of Arunpradith School.
- Library of Wat Dokbua, Suphanburi province.
- Chalerm Ratchagumaree Library.
- Library of Baan Pranee Training Center for children, youth and women, Nakorn Pathom province.
- Baan Maejark Community library, Chiang Mai province.
- Bangna - Trat Housing Office. The donations were forwarded to children to celebrate the national children's day.
- Klong Lum Luek school The donations were forwarded to

children to celebrate national children's day.

- Ratchakarun Center, the Thai Red Cross Society, Khao Lan, Trad province.
- Baan Nong Jik Yao School, Utaithani province
- 18 schools burnt in the south.
- Assumption school as a gift for students attending the love reading camp.
- Schools upcountry.
- Nine schools in Ayutthaya's municipal areas.
- Baan Pranee, Nakorn Pathom province.
- Child and Youth Protection Organization, Songkhla province
- Thammikachon Foundation for the blind and severely handicapped.
- Students at Doi Ang Kang.



# Internal activities.

## 1. Daycare Center

for employees' children during school holidays in October and between March-May every year. Care givers and edutainment materials are also provided.

## 2. Family Day

Annual activity with scholarship presentation ceremony, printing house tour, fun and feast.

## 3. Outing for employees with kids

## 4. Monthly Birthday Party

## 5. Annual Staff Outing

## 6. Merit-making

ceremony commemorating the company's Birthday Anniversary on July 1 of each year. Nation Sports Day: an annual event held during November-December.

## 7. Annual sports competitions

were held in November-December with activities including basketball, football, badminton and volleyball.

## 8. New year's Staff party

## 9. Gold necklaces

were presented to long-stay staff who have contributed to the company's success for 10 years or more.

## 10. Honorary rewards

for outstanding employees in each specific area of work such as Outstanding Photographer, Efficient Drivers, and more.



# Characteristics of the Business

## Structure of Sales and Service Income

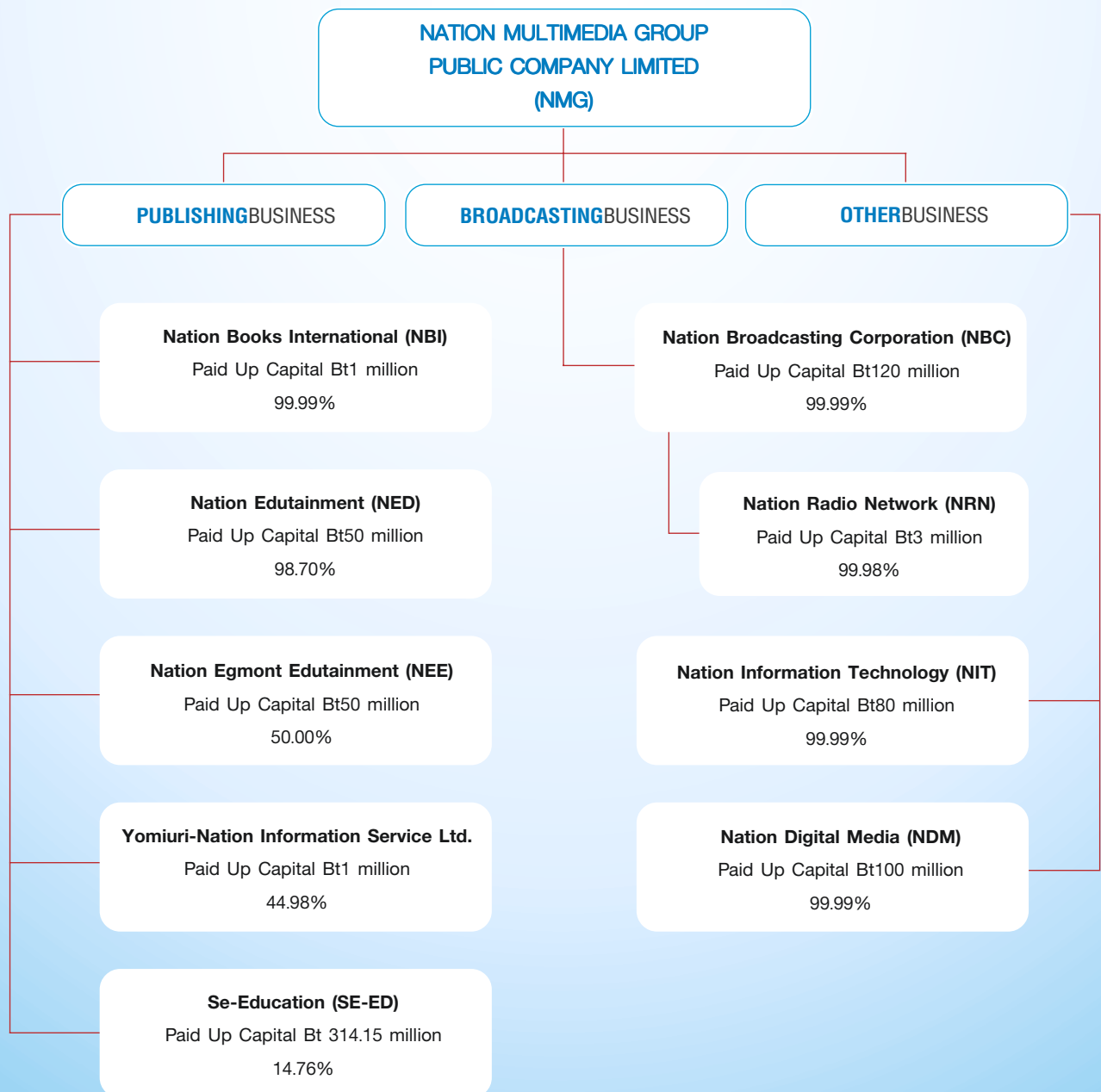
The structure of sales and service income grouped by products and services of Nation Multimedia Group Public Company Limited and Subsidiaries is as follows:

: Million Baht

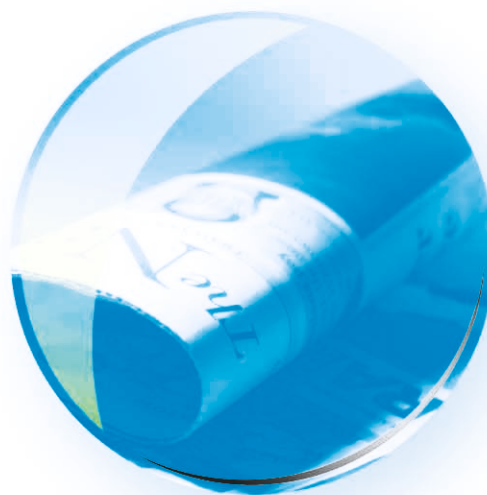
Products/ Services	Operated By	2004		2003		2002	
		Amount	%	Amount	%	Amount	%
Produce and distribute newspapers	Nation Multimedia Group	2,968	93%	2,647	93%	2,486	94%
Produce educational books and comics	Nation Edutainment						
Produce and distribute pocket books	Nation Egmont Edutainment						
	Nation Books International						
Television Programs	Nation Broadcasting Corporation	206	6%	157	5%	107	4%
Radio Programs	Nation Radio Network	30	1%	27	1%	18	1%
On-line news and Information services	Nation Information Technology	3	-	9	1%	17	1%
	Nation Digital Media						
	<b>Total</b>	<b>3,207</b>	<b>100%</b>	<b>2,840</b>	<b>100%</b>	<b>2,628</b>	<b>100%</b>



# Business Group Structure



# Industry Overview



## Overall economy

The year 2004 witnessed another year of solid economic performance. Driven by strong GDP growth, industry advertising expenditure, one of NMG's key revenue drivers, expanded by double-digit figures. The press, among all media, experienced the highest growth rate with 2004 advertising spent on Press media totaling around 18,000 million Baht.

Driven by continued economic expansion, we believe that the printed media industry will continue to grow in the year 2005. We have taken a conservative view however, as there are a few negative factors, including the cyclical paper price, the record-high oil price, as well as rises in the interest rate, that may have an impact on the pace of industry growth.

## Publishing business

The publishing business is NMG's major source of income, contributing almost 90 percent of total revenue. The company is the publisher and distributor of several daily Thai and English newspapers targeting every group of readers. NMG's major publications include "Kom Chad Luek", a mass-market daily newspaper, "Krunthepturakij", a daily business newspaper, "The Nation", an English language newspaper, and "Krunthepturakij Bizweek", a weekly business newspaper.

## Competitive environment

**The Nation newspaper's** only competitor is the Bangkok Post, each commanding an approximately equal market share in the daily English newspaper segment.

**Krunthepturakij newspaper** remains the leader among daily business newspapers with more market share than all the other competing newspapers combined.

**Kom Chad Luek's** competitors are Thai Rath, Daily News, Matichon and Kao Sod. Presently, Kom Chad Luek is the third largest newspaper in the mass-market segment.

**Krunthepturakij Bizweek** was launched in mid 2004 and has successfully captured a substantial share in the weekly business newspaper segment.



### Future trends

While advertising expenditure for the year 2005 is expected to increase, it is likely that competition in the publishing industry will intensify. This is driven by the fact that, as witnessed in 2004, there are several newcomers and major product repositioning of many existing players. Success will rely mainly on the ability to compete for advertising revenue through a solid readership base as well as maintaining cost levels through high operational efficiency.

### Broadcastingbusiness

The company, through subsidiary Nation Broadcasting Co., is one of the leading content providers and operates Thailand's first 24-hour news cable station, Nation Channel, with emphasis on news presentation with up-to-date, in-depth, and unbiased analyses. The company also supplies content to other free-to-air stations, provincial cable TV operators and radio stations nationwide.

### Competitive environment

Broadcasting, especially television, is the most popular medium with over 90% penetration to Thai households and, thus, commands a hefty share of overall advertising expenditure. The broadcasting business has long been regulated with only a handful of TV stations controlling a substantial portion of the audience, and, thus, advertising share. However, the year 2004 witnessed a few incidents that may alter the competitive landscape of the broadcasting industry. These include major upgrades of several existing TV stations as well as tangible progress toward broadcasting liberalization. All of these are likely to result in more dynamic competition in the industry.

### Future trends

As evident from the year 2004, competition in the broadcasting industry is likely to intensify. Those who will succeed will need to be able to capture target audiences with relevant content to win advertising share from other incumbents. Leveraged on content from NMG's publishing business, the company is in an advantageous position to capitalize on the opportunities presented by broadcasting deregulation.

### New mediabusinesses

Several new media have flourished in the year 2004. Mobile phone usage has penetrated well over a third of the Thai population. Broadband Internet has taken off with the subscriber base expanding at an impressive pace. Many other alternative media are emerging. The company has kept a close watch on these developments and launched several initiatives, such as mobile news and Internet-based job classifieds, along the way. These initiatives ensure that we have an established position in these markets and are able to tap into their potential when the time comes.



# List of Major Shareholders

The top ten shareholders as of August 27, 2003 are ranked as follows:

Name	Shares	%Holding
1. Mrs. Somporn Chuengrungrangkij	17,063,220	10.52
2. Mr. Thanachai Theerapattanavong	16,658,640	10.27
3. Mr. Suthichai Yoon	14,600,054	9.00
4. American International Assurance Co., Ltd. (2 accounts)	13,633,038	8.40
5. Dow Jones & Company, Inc., New York	12,000,000	7.40
6. Mr. Thaveechat Jurangkul	11,000,000	6.78
7. Ms. Waraporn Pongruengsri	4,883,300	3.01
8. Mr. Sumroeng Manoonpol	4,536,300	2.80
9. Mr. Nivat Changariyavont	4,485,878	2.76
10. Thai NVDR Co., Ltd.	3,789,018	2.33
Thailand Securities Depository Company Limited for Depository/ Other	59,600,920	36.73
<b>Total</b>	<b>162,250,368</b>	<b>100.00</b>

# Board of Directors' Information

Name	Position	No. of Shares Held as at Dec 31, 04	Qualifications	Year	Experience
1. Mr. Thanachai Theerapattanavong	Chairman	11.93%	- Honorary Doctorate in Business Administration, (General Management) South East Asia University, Thailand. - Honorary Doctorate in Business Administration, (Marketing) Rajabhat Institute Chiang Rai, Thailand. - BA in Political Science, Ramkhamhaeng University - Directors Certification Program from Thai Institute of Director Association	1976-Present	Nation Multimedia Group
2. Mr. Suthichai Yoon	Director	9.30%	Assumption Commercial College Bangkok (ACC)	1971-Present	Nation Multimedia Group
3. Mr. Thanachai Santichaikul	Director	0.21%	- MBA-Thammasat University - Directors Certification Program from Thai Institute of Director Association	1979-Present	Nation Multimedia Group
4. Mr. Vanchai Sriherunrusmee	Director and Secretary of The Board	0.19%	- MBA (Finance) Long Island University New York, USA - Directors Certification Program from Thai Institute of Director Association	1995-Present	Nation Multimedia Group
5. Mr. Chaveng Chariyapisuthi	Outside-Director and Member of the Audit Committee	None	Assumption Commercial College Bangkok (ACC)	1991-Present	Executive Director SST Holding
6. Mr. Nivat Changariyavong	Outside-Director and Member of the Audit Committee	2.76%	Honorary Doctorate in Business Administration, 1979-Present Rajabhat Institute Chiang Rai, Thailand.		Managing Director Green Siam Co., Ltd.
7. Mr. Pakorn Borimasporn	Outside-Director and Chairman of the Audit Committee	0.005%	- Master's Degree in Electrical Engineering, Chulalongkorn University - Directors Certification Program from Thai Institute of Director Association	1993-Present	Managing Director Lighting & Equipment Public Co., Ltd.
8. Mr. Pana Janviroj	Director	0.04%	Master's Degree, Tufts University, USA	1984-Present	Nation Multimedia Group
9. Mr. Adisak Limprungpatanakij	Director	0.06%	BA-Faculty of Commerce and Accountancy, Thammasat University	1985-Present	Nation Multimedia Group
10. Ms. Winnie Wong	Outside-Director	None	MBA University of Western Ontario, Canada	1998-Present	Managing Director The Asia Wall Street Journal, Hong Kong
11. Mr. Nissai Vejjajiva	Outside-Director	None	MBA (Political Economy) Stern School of Business New York University	2001-Present 2001-Present	Advisor to the Minister of Foreign Affairs President: TVT Co., Ltd.
12. Mr. Yothin Nerngchamnong	Outside-Director	1.85%	- Master's Degree in Political Science, Ramkhamhaeng University - BA in Political Science, Ramkhamhaeng University	1998-Present	Executive Director Modernform Public Co., Ltd.

**Remark** Number of shares held includes shares held by relatives



## Policy on Corporate Governance

The Company's Board of Directors is aware of the significance of good corporate governance in order to raise the transparency, competitiveness and credibility of the Company to the shareholders, investors, and related parties. The Board of Directors continuously performs according to the Code of Best Practices for the directors of a listed company under the supervision of the Stock Exchange of Thailand. In addition, the Board of Directors has authorities and duties to manage in accordance with the regulations of the Company under the criteria, notifications, and provisions of the law. The Board of Directors is also responsible for stating the policy and direction in operating the business, monitors the management to perform its duty transparently and conforms effectively to the Code of Best Practices. Furthermore, the Board of Directors has strengthened the Code of Best Practices by appointing the Audit Committee to monitor the quality and credibility of accounting reports, the audit system, and internal control systems, including the Company's financial report.

### Equitable Treatment to all Shareholders and Shareholders' Meetings

The Company strictly adheres to the principles of good corporate governance and guidelines as recommended by The Stock Exchange of Thailand on shareholders' rights by sending an invitation letter together with an annual report and proxy form to all shareholders whose names appeared in the shareholders' registration as at the registered closing date of the Company. In addition the company also publicized the meeting convention and meeting agendas in both Thai and English newspapers for 3 consecutive days before the meeting date.

In 2004 the Company held a shareholders meeting - the Annual General Meeting of Shareholders No. 1/2004 held on April 26, 2004, to which all 12 directors attended. The Board of Directors allowed the participants to express their opinions and ask questions pertaining to each agenda and recorded the details in the minutes of the meeting.

### Meeting of the Board of Directors

The company formally determines the schedule of the Board of Directors meetings in advance. For the year 2004 there were 6 Board of Directors' meetings and each meeting lasted about 3-4 hours. The company sent an invitation letter together with the meeting agenda and documents to each director 7 days before the meeting and recorded the minutes of the meeting. The minutes certified by the Board of Directors are kept for further verification by the Board and related persons.

The meeting attendance of the Board of Directors in 2004 was as follows:		
Name	Meeting Frequency	Attendance
1. Mr. Thanachai Theerapattanavong	6	6
2. Mr. Suthichai Yoon	6	6
3. Mr. Thanachai Santichaikul	6	6
4. Mr. Vanchai Sriherunrumsree	6	6
5. Mr. Chaveng Chariyapisuthi	6	6
6. Mr. Nivat Changariyavong	6	6
7. Mr. Pakorn Borimasporn	6	6
8. Mr. Pana Janviroj	6	6
9. Mr. Adisak Limprungpatanakij	6	6
10. Ms. Winnie Wong (appointment on April 21, 2004)	3	2
11. Mr. Nissia Vejajiva (appointment on April 21, 2004)	3	3
12. Mr. Yothin Nerngchamnong (appointment on April 26, 2004)	3	3

### Remunerations for Directors and Top Management

The Board of Directors has fixed the appropriate remuneration of directors, which were approved in the shareholders meeting. The remuneration of the 3 independent directors in 2004 totalled Bt 1 million, divided as follows:

Name	Position	Amount of Remuneration(Baht)
1.Mr.Pakorn Borimasporn	Independent Director and Chairman of Audit Committee	400,000
2.Mr.Chaveng Chariyapisuthi	Independent Director and Member of Audit Committee	300,000
3.Mr.Nivat Changariyavong	Independent Director and Member of Audit Committee	300,000
<b>Total</b>		<b>1,000,000</b>

In 2004, the remuneration related of salary and bonus for the directors was represented in form of employee and the top management totaling 24 persons and amounting to Bt 113 million as well as remuneration in terms of provident fund amounting to Bt. 6.4 million.

### Directors' Reporting

The Board of Directors are responsible for the consolidated financial state-

ments and financial information in the annual report. Such financial statements are formulated according to generally accepted accounting standards. In addition, the company has disclosed significant information, both financial and non-financial, based on the facts, constantly and extensively.

### Internal Control System and Internal Audit

The Company's Board of Directors has set up and maintains effective internal control systems by appointing the Audit Committee to monitor the quality and credibility of the accounting system, audit system, and internal control system, including the Company's financial report. In 2004, the Company's Board of Directors has acknowledged the reviewed report of the Audit Committee and the operating results of the internal audit department. Additionally, the Company's Board of Directors has judged that the internal control is sufficient and appropriate, and has no critical shortcomings, which affect the expression of the auditor's opinion in the financial statements.

*In 2004 there were 4 Audit Committee meetings and each meeting lasted about 3-4 hours. The meeting attendance of the Audit Committee members in 2004 was as follows:*

Name	Meeting Frequency	Attendance
1. Mr. Pakorn Borimasporn Chairman, Audit Committee	4	4
2. Mr. Chaveng Chariyapisuthi Audit Committee	4	4
3. Mr. Nivat Changariyavong Audit Committee	4	3

### Conflict of Interests

The Board of Directors acknowledged the conflict of interest and related transactions, including performing of the Stock Exchange of Thailand's regulations. The related transactions between the Company and its subsidiary or associated companies were carefully and appropriately reconsidered by using the price and conditions like normal business. On the other hand, the Company's related transactions are disclosed with details and necessary reasons in the Annual Disclosure Report (56-1 Form).

### Relations with Investors

The Board of Directors is aware of the significance of the correct, extensive and transparent disclosure and of the financial statements and information disclosure of the Company to investors, shareholders and related persons via the Web Site "nationgroup.com". The company holds an analyst meeting every quarter by joining with the Securities Analysts Association in order to disclose the operating results and new activities of the company to the investors, and other persons.

# Other Reference Persons

## (1) Security Registrar

Thailand Securities Depository Company Limited  
62 The Stock Exchange of Thailand Building, 4th , 6th -7th Floor,  
Rachadapisek Road, Klongtoey, Bangkok 10110 Tel: (02) 229-2800

## (2) Certified Public Accountant

1. Mr. Winid Silamongkol  
Registration No. 3378 and/or

2. Mr. Vairoj Jindamaneepitak  
Registration No. 3565 and/or

3. Mr. Thirdthong Thepmongkorn  
Registration No. 3787 and/or

4. Mr. Narong Luktharn  
Registration No. 4700

KPMG Phoomchai Audit Company Limited  
195 Empire Tower, 22 Floor, Sathorn Road, Sathorn, Yannawa, Bangkok 10120  
Tel: (02) 677-2000

## Audit Fee

1. The Company and subsidiaries payment fee for the year 2004 audit is Bt 3,088,130
2. Non-audit fee  
-None-

## (3) Financial Consultant

Asia Plus Securities Public Company Limited  
175 Sathorn City Tower, 11 Floor, South Sathorn Road, Sathorn, Bangkok 10120  
Tel: (02) 868-6000

## (4) Legal Consultant

Baker & McKenzie  
990 Abdulrahim Place, 22nd - 25th Floor, Rama IV Road, Silom, Bangrak, Bangkok 10110  
Tel: (02) 636-2000



# Risks Factors

Factors that are related and might have some effect on the companies are as follows:

1. Newsprint, which is the main raw material for the newsprint business and is classified as a commodity product whose price changes depending on market supply and demand, directly affects the business's cost of production. The management team closely monitors price movements and risk arising from volatility in newsprint prices. The company has a flexible policy for suitable ordering and stock control. In 2004, newsprint orders were placed in 2002 - 2003, at lower prices. In 2005, the company forecasts newsprint prices will be stable in the first half-year and decrease in the second half-year. However, the market price in 2005 may have some effect on production costs. The company is prepared to take measures to offset these effects by decreasing the number of newspaper pages or color pages, or increasing the circulation price. In importing newsprint, risks arising from the volatility of currency exchange transactions are covered by forward contract agreements.

2. The company established a standard policy on debt collection by setting aside provision on doubtful receivables based on the past and current performances of our customers. In addition, the group has policies to reduce the aging of receivables, over 12 months, as much as possible.

3. Policies on investment and solutions for impairment in investment have been carefully formulated and constantly adjusted to fit the current situation. The company has set a clear standpoint by not making additional investment in companies that produce lower than expected revenue within a pre-determined period.

4. Other sources of funds besides issuing working capital from earnings before interest and tax and depreciation and amortization of about 600 - 650 million baht in year 2004, were from increased credit lines from banks and financial institutions, private placements, exercise of warrants from shareholders and sales of non-performing assets.

5. In terms of the broadcasting business operated by our subsidiaries, where station rental fees are fixed but advertising revenues are varied, profits might not grow as anticipated. However, as the government plans to liberalize radio frequencies, which would allow the company to run its own radio station, rental fees will be reduced and can be fixed, thus increasing net profit.

6. The Internet business is expected to change and expand very rapidly. Income from this source is therefore very promising in the near future. In minimizing downside risks, the company has a clear policy of limiting investment if the loss continues.

**Legal Cases** - None -

# The Results of the Consolidated Financial Statements

The consolidated financial statements of Nation Multimedia Group Public Company Limited and its subsidiaries for the year ended December 31, 2004, represented an operating profit of Bt 179.73 million. An allowance for doubtful debts and an allowance for obsolete stock of Bt 66.17 million would result in a net profit of Bt 113.56 million, a decrease of Bt 37.39 million compared to 2003. The main reasons are described as follows:

1. Advertising revenue for the year 2004 increased by 13% compared to the year 2003. Advertising revenue from the publishing business grew by 12%. The display section, classified section, and supplement section grew by 13%, 7% and 11%, respectively. In the broadcasting business, revenue grew by 29%. This is due to the company's increase of co-production revenue in Free TV.

2. Circulation revenue for the year 2004 increased by 5% compared to the year 2003. This is due to growth in revenue from business newspapers of 4%. In pocket books and magazines, revenue grew by 19%, while comic book revenue grew 12%.

3. Cost of sales for the year 2004 increased by 24% compared to the year 2003, mainly due to increases in newsprint costs of 10% and increases in newsprint consumption by 7%, in accordance with the higher circulation revenue. Other reasons are the new weekly business newspaper named "Bizweek" which was launched in mid June 2004 together with increases in the newsprint price by 4% compared to last year. In addition, production costs of the broadcasting business and machine rental expenses also increased.

4. Selling and administrative expenses for the year 2004 increased by 6% compared to the year 2003. This was mainly attributable to increases in distribution and transportation expenses owing to the increment of the domestic petrol price. Another factor is due to expenses from special projects in the second half of the year, which support growth in advertising and circulation revenues such as the grand opening of "Bizweek" and activities to celebrate Her Majesty the Queen's 72nd birthday, etc.

**Conclusion:** The Group reported an operating profit of Bt 179.39 million for the year 2004. In combining the allowance on doubtful debts and the allowance on obsolete stock totaling Bt 66.71 million, this would result in a net profit of Bt 113.56 million, a decrease of Bt 37.39 million compared to the previous year.



**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED  
AND SUBSIDIARIES**

**Financial Statements**

**For each of the years ended December 31, 2004 and 2003**

**and**

**Report of Certified Public Accountant**

**KPMG Phoomchai Audit Ltd.**

Empire Tower, 22nd Floor  
195 South Sathorn Road  
Bangkok 10120, Thailand

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด

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www.kpmg.com

## REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To The Shareholders of Nation Multimedia Group Public Company Limited

I have audited the accompanying consolidated balance sheets of Nation Multimedia Group Public Company Limited and its subsidiaries as at December 31, 2004 and 2003, and the consolidated statements of income, changes in shareholders' equity and cash flows for each of the years then ended. I have also audited the balance sheets of Nation Multimedia Group Public Company Limited as at December 31, 2004 and 2003, and the statements of income, changes in shareholders' equity and cash flows for each of the years then ended. The management of the Company 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 opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nation Multimedia Group Public Company Limited and its subsidiaries and of Nation Multimedia Group Public Company Limited as at December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the years then ended in conformity with generally accepted accounting principles.

(Winid Silamongkol)  
Certified Public Accountant  
Registration No. 3378

KPMG Phoomchai Audit Ltd.  
Bangkok  
February 16, 2005

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**BALANCE SHEETS**  
**AS AT DECEMBER 31, 2004 AND 2003**

**ASSETS**

		In Baht				
		Consolidated		The Company Only		
Notes		2004	2003	2004	2003	
<b>CURRENT ASSETS</b>						
		169,302,733	157,865,308	100,618,466	89,441,523	
		1,085,478	781,959	377,237	373,460	
	5					
	- Subsidiaries, associated and related companies - net	4	388,402,239	335,520,526	408,160,002	381,873,297
	- Other companies - net		744,587,232	749,665,760	663,613,262	585,570,929
	Accrued income		354,165,274	240,926,730	345,871,104	214,694,687
	Short-term loans to subsidiaries and related companies	4, 6	445,720,000	445,720,000	520,170,000	490,720,000
	Inventories - net	7	215,248,694	400,137,039	118,018,946	295,708,725
	Other current assets	8	234,764,453	274,957,107	210,964,854	237,137,551
	<b>Total Current Assets</b>		<b>2,553,276,103</b>	<b>2,605,574,429</b>	<b>2,367,793,871</b>	<b>2,295,520,172</b>
<b>NON-CURRENT ASSETS</b>						
	Long-term investments in common shares of:					
	- Subsidiaries and associated companies - at equity method	4, 9	17,107,327	14,637,142	230,195,646	247,206,530
	- Related companies - net	4, 10	257,177,479	290,771,601	251,085,737	284,679,860
	- Other companies - net	11	8,740,985	15,251,149	8,740,985	15,251,149
	Property, plant and equipment - net	12	3,222,075,045	2,433,894,215	3,118,989,363	2,327,737,627
	Unused building		300,190,028	975,274,925	300,190,028	975,274,925
	Other non-current assets - net	9, 13	114,033,144	141,834,877	89,672,803	132,250,360
	<b>Total Non-Current Assets</b>		<b>3,919,324,008</b>	<b>3,871,663,909</b>	<b>3,998,874,562</b>	<b>3,982,400,451</b>
<b>TOTAL ASSETS</b>			<b>6,472,600,111</b>	<b>6,477,238,338</b>	<b>6,366,668,433</b>	<b>6,277,920,623</b>

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

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**BALANCE SHEETS**  
**AS AT DECEMBER 31, 2004 AND 2003**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		In Baht			
		Consolidated		The Company Only	
	Notes	2004	2003	2004	2003
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans from financial institutions	14	853,044,088	783,563,745	798,896,655	741,414,939
Trade accounts payable					
- Subsidiaries and related companies - net	4	4,917,791	4,350,490	82,037,711	29,493,438
- Other companies		213,112,062	131,710,456	194,039,497	118,233,035
Current portion of long-term liabilities on purchases of machinery and equipment		-	107,531,987	-	107,531,987
Current portion of long-term loans from financial institutions	16	217,714,150	365,253,983	170,000,000	317,000,000
Current portion of debentures	17	1,060,000,000	1,320,000,000	1,060,000,000	1,320,000,000
Short-term loans from subsidiaries and associated companies	4, 15	10,000,000	10,000,000	36,900,000	38,900,000
Accrued expenses		59,470,980	60,186,521	46,573,338	41,400,560
Income tax payable		23,210,492	35,477,144	21,699,255	27,792,376
Other current liabilities		74,561,680	60,374,707	58,490,351	50,256,581
<b>Total Current Liabilities</b>		<b>2,516,031,243</b>	<b>2,878,449,033</b>	<b>2,468,636,807</b>	<b>2,792,022,916</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term loans from financial institutions - net of current portion	16	187,343,490	286,003,544	140,000,000	190,000,000
Debentures - net of current portion	17	1,600,000,000	1,060,000,000	1,600,000,000	1,060,000,000
Long-term liabilities on purchase of machinery and equipment - net of current portion		-	29,733,033	-	29,733,033
<b>Total Non-Current Liabilities</b>		<b>1,787,343,490</b>	<b>1,375,736,577</b>	<b>1,740,000,000</b>	<b>1,279,733,033</b>
<b>Total Liabilities</b>		<b>4,303,374,733</b>	<b>4,254,185,610</b>	<b>4,208,636,807</b>	<b>4,071,755,949</b>

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



**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**BALANCE SHEETS**  
**AS AT DECEMBER 31, 2004 AND 2003**

**LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)**

		In Baht			
		Consolidated		The Company Only	
Notes		2004	2003	2004	2003
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	18				
- Authorized share capital, common shares 250,000,000 shares at Baht 10 par value (Baht 2,500,000,000)					
- Issued and paid-up share capital, common shares 162,381,283 shares in 2004 and 161,611,326 shares in 2003 at Baht 10 par value		1,623,812,830	1,616,113,260	1,623,812,830	1,616,113,260
Warrants	19	-	-	-	-
Premium on common shares	22	345,756,213	344,303,055	345,756,213	344,303,055
Unrealized gain from changes in fair value of investments in listed securities	10, 11	53,025,446	134,648,031	53,025,446	134,648,031
Retained earnings					
- Appropriated for legal reserve	21, 22	13,227,900	7,550,000	13,227,900	7,550,000
- Unappropriated	22	122,209,237	103,550,328	122,209,237	103,550,328
Shareholders' Equity of the Parent Company		2,158,031,626	2,206,164,674	2,158,031,626	2,206,164,674
Minority interests		11,193,752	16,888,054	-	-
<b>Total Shareholders' Equity</b>		<b>2,169,225,378</b>	<b>2,223,052,728</b>	<b>2,158,031,626</b>	<b>2,206,164,674</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
		6,472,600,111	6,477,238,338	6,366,668,433	6,277,920,623

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

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF INCOME**  
**FOR EACH OF THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	Notes	In Baht			
		Consolidated		The Company Only	
		2004	2003	2004	2003
<b>REVENUES</b>	4				
Sales and service income - net		3,206,753,625	2,839,611,833	2,830,183,062	2,530,335,443
Rental and service income - net		32,161,094	31,832,273	52,344,098	38,384,285
Interest income		2,582,713	8,588,900	6,475,946	11,094,663
Gain on sales of fixed assets	12	3,152,205	42,747,582	2,693,375	3,038,914
Gain on sales of available-for-sale-securities	10	47,395,419	125,662,051	47,395,419	91,132,051
Other income		94,673,047	94,662,758	90,808,989	83,562,845
Equity in net profit of subsidiaries and associated companies - net	9	2,245,827	3,439,422	-	22,297,862
<b>Total Revenues</b>		<u>3,388,963,930</u>	<u>3,146,544,819</u>	<u>3,029,900,889</u>	<u>2,779,846,063</u>
<b>EXPENSES</b>	4				
Cost of sales and services		1,757,149,360	1,414,500,064	1,484,012,415	1,192,452,843
Selling and administrative expenses		1,217,029,557	1,147,951,883	1,121,460,159	1,029,023,650
Provision for doubtful accounts and impairment loss of investments		52,315,630	135,109,368	48,787,520	130,109,368
Equity in net loss of subsidiaries and associated companies - net	9	-	-	15,567,812	-
<b>Total Expenses</b>		<u>3,026,494,547</u>	<u>2,697,561,315</u>	<u>2,669,827,906</u>	<u>2,351,585,861</u>
<b>Profit Before Interest Expense and Income Tax</b>					
		362,469,383	448,983,504	360,072,983	428,260,202
<b>Interest Expense</b>	4	(190,480,387)	(222,089,886)	(186,757,882)	(211,873,750)
<b>Income Tax</b>		<u>(64,124,631)</u>	<u>(75,349,126)</u>	<u>(59,756,434)</u>	<u>(65,447,250)</u>
<b>Profit After Income Tax</b>		107,864,365	151,544,492	113,558,667	150,939,202
<b>Net Loss (Profit) of Minority Interests</b>		<u>5,694,302</u>	<u>(605,290)</u>	<u>-</u>	<u>-</u>
<b>NET PROFIT</b>		<u>113,558,667</u>	<u>150,939,202</u>	<u>113,558,667</u>	<u>150,939,202</u>
<b>Basic Earnings per Share (Baht)</b>	23	<u>0.70</u>	<u>0.95</u>	<u>0.70</u>	<u>0.95</u>
<b>Diluted Earnings per Share (Baht)</b>	23	<u>0.69</u>	<u>0.94</u>	<u>0.69</u>	<u>0.94</u>

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

NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
 FOR EACH OF THE YEARS ENDED DECEMBER 31, 2004 AND 2003

		In Baht						
		Consolidated						
		Issued and	Premium	Unrealized		Retained	Minority	
		Paid-up	on Common	Gain (Loss)		Earnings	Interests	
		Share	Share	from Changes		(Deficit)		
		Capital		in Value of	Legal			Total
	Notes			Investments	Reserve			
				in Listed				
				Securities				
<b>Balance as at January 1, 2003</b>		1,592,389,560	607,144,250	(46,582,681)	39,036,980	(300,771,975)	1,463,865	1,892,679,999
Increase in common shares	18	23,723,700	(1,106,199)	-	-	-	-	22,617,501
Net profit for the year		-	-	-	-	150,939,202	-	150,939,202
Net profit of minority interests		-	-	-	-	-	605,290	605,290
The parent company sold investment in common shares of subsidiary company		-	-	-	-	-	14,818,899	14,818,899
Transfer of legal reserve and premium on share capital to offset with deficit	22	-	(261,734,996)	-	(39,036,980)	300,771,976	-	-
Increase in legal reserve		-	-	-	7,550,000	(7,550,000)	-	-
Changes in value of investments in listed securities		-	-	181,230,712	-	-	-	181,230,712
Dividend paid	20	-	-	-	-	(39,838,875)	-	(39,838,875)
<b>Balance as at December 31, 2003</b>		1,616,113,260	344,303,055	134,648,031	7,550,000	103,550,328	16,888,054	2,223,052,728
<b>Balance as at January 1, 2004</b>		1,616,113,260	344,303,055	134,648,031	7,550,000	103,550,328	16,888,054	2,223,052,728
Increase in common shares	18	7,699,570	1,453,158	-	-	-	-	9,152,728
Net profit for the year		-	-	-	-	113,558,667	-	113,558,667
Net profit of minority interests		-	-	-	-	-	(5,694,302)	(5,694,302)
Increase in legal reserve		-	-	-	5,677,900	(5,677,900)	-	-
Changes in value of investments in listed securities		-	-	(81,622,585)	-	-	-	(81,622,585)
Dividend paid	20	-	-	-	-	(89,221,858)	-	(89,221,858)
<b>Balance as at December 31, 2004</b>		1,623,812,830	345,756,213	53,025,446	13,227,900	122,209,237	11,193,752	2,169,225,378

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

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR EACH OF THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

		In Baht					
		The Company Only					
		Issued and	Premium on	Unrealized		Retained	
		Paid-up	Common	Gain (Loss)		Earnings	
		Share	Share	from Changes		(Deficit)	
		Capital	Share	in Value of			
	Notes			Investments	Legal		Total
				in Listed	Reserve		
				Securities			
<b>Balance as at January 1, 2003</b>		1,592,389,560	607,144,250	(46,582,681)	39,036,980	(300,771,975)	1,891,216,134
Increase in common shares	18	23,723,700	(1,106,199)	-	-	-	22,617,501
Net profit for the year		-	-	-	-	150,939,202	150,939,202
Net profit of minority interests		-	-	-	-	-	-
The parent company sold investment in common shares of subsidiary company		-	-	-	-	-	-
Transfer of legal reserve and premium on share capital to offset with deficit	22	-	(261,734,996)	-	(39,036,980)	300,771,976	-
Increase in legal reserve		-	-	-	7,550,000	(7,550,000)	-
Changes in value of investments in listed securities		-	-	181,230,712	-	-	181,230,712
Dividend paid	20	-	-	-	-	(39,838,875)	(39,838,875)
<b>Balance as at December 31, 2003</b>		1,616,113,260	344,303,055	134,648,031	7,550,000	103,550,328	2,206,164,674
<b>Balance as at January 1, 2004</b>		1,616,113,260	344,303,055	134,648,031	7,550,000	103,550,328	2,206,164,674
Increase in common shares	18	7,699,570	1,453,158	-	-	-	9,152,728
Net profit for the year		-	-	-	-	113,558,667	113,558,667
Net profit of minority interests		-	-	-	-	-	-
Increase in legal reserve		-	-	-	5,677,900	(5,677,900)	-
Changes in value of investments in listed securities		-	-	(81,622,585)	-	-	(81,622,585)
Dividend paid	20	-	-	-	-	(89,221,858)	(89,221,858)
<b>Balance as at December 31, 2004</b>		1,623,812,830	345,756,213	53,025,446	13,227,900	122,209,237	2,158,031,626

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



**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR EACH OF THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	In Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net profit	113,558,667	150,939,202	113,558,667	150,939,202
Adjustments to reconcile net profit to net cash provided by (used in) operating activities:				
Depreciation and amortization	233,793,332	213,294,206	202,943,424	182,821,822
Provision for doubtful accounts and allowance for goods returned	52,315,630	80,094,024	48,787,520	72,676,966
Provision for obsolete stocks	13,852,664	4,036,276	-	-
Equity in net loss (profit) of subsidiaries and associated companies - net	(2,245,827)	(3,439,422)	15,567,812	(22,297,862)
Provision for loss on impairment of investments	260,543	49,000,000	260,543	49,000,000
Gain on disposal of fixed assets - net	(3,152,205)	(42,472,771)	(2,693,375)	(2,786,914)
Gain on sales in available-for-sale-securities	(47,395,419)	(125,662,051)	(47,395,419)	(91,132,051)
Net profit (loss) of minority interests	(5,694,302)	605,290	-	-
Net profit provided by operating activities before changes in operational assets and liabilities	355,293,083	326,394,754	331,029,172	339,221,163
<b>Decrease (increase) in operational assets</b>				
Accounts receivable				
- Subsidiaries, associated and related companies	(52,881,713)	(59,574,256)	(26,286,706)	(62,944,487)
- Other companies	(47,237,102)	(105,680,048)	(126,829,853)	8,419,333
Accrued income	(113,238,543)	(21,888,626)	(131,176,416)	(27,252,619)
Inventories	171,035,681	229,478,047	177,689,779	232,104,378
Other current assets	40,192,654	(57,416,504)	26,172,697	(47,250,656)
Other non-current assets	21,756,654	56,041,512	41,725,922	13,768,466
<b>Increase (decrease) in operational liabilities</b>				
Trade accounts payable				
- Subsidiaries and related companies	567,302	2,313,644	52,544,274	(23,792,672)
- Other companies	81,401,606	7,388,996	75,806,461	6,220,612
Accrued expenses	(715,541)	485,532	5,172,777	(5,793,371)
Income tax payable	(12,266,652)	35,475,144	(6,093,121)	27,792,376
Other current liabilities	14,186,973	(2,965,065)	8,233,770	(24,718,546)
<b>Net Cash Provided by Operating Activities</b>	<b>458,094,402</b>	<b>410,053,130</b>	<b>427,988,756</b>	<b>435,773,977</b>

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

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**FOR EACH OF THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	In Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
<b>CASH FLOWS FROM INVESTING</b>				
<b>ACTIVITIES:</b>				
Decrease (increase) in short-term investments				
in fixed deposits	(303,518)	6,903,710	(3,777)	6,615,178
Decrease (increase) in short-term loans to				
subsidiaries, and related companies	-	20,000,000	(29,450,000)	(10,500,000)
Increase in long-term liabilities on purchases				
of machinery and equipment	-	81,746,408	-	81,369,484
Increase in available-for-sale-securities	(75,600,000)	(85,492,311)	(75,600,000)	(75,312,500)
Proceeds from sales of available-for-sale-securities	81,216,578	196,100,385	81,216,578	136,570,385
Proceeds from sales of fixed assets	3,393,813	582,392,978	2,780,575	513,253,097
Purchases of fixed assets	(341,310,155)	(710,311,188)	(316,902,756)	(675,772,706)
Proceeds from dividend income	-	33,786,617	-	33,786,617
<b>Net Cash Provided by (Used in)</b>				
<b>Investing Activities</b>	<u>(332,603,282)</u>	<u>125,126,599</u>	<u>(337,959,380)</u>	<u>10,009,555</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Increase (decrease) in bank overdrafts and short-term				
loans from financial institutions	69,480,343	(127,920,899)	57,481,717	(107,858,359)
Increase (decrease) in loans from subsidiaries,				
and associated companies	-	8,040,000	(2,000,000)	9,040,000
Increase in long-term loans from financial				
institutions	120,000,000	150,000,000	120,000,000	150,000,000
Repayment of long-term loans from financial				
institutions	(366,199,888)	(162,878,212)	(317,000,000)	(140,316,000)
Repayment of debentures	(1,320,000,000)	(120,000,000)	(1,320,000,000)	(120,000,000)
Proceeds from issuance of debentures	1,600,000,000	-	1,600,000,000	-
Repayment of long-term liabilities on purchases				
of machinery and equipment	(137,265,020)	(200,216,671)	(137,265,020)	(199,462,671)
Dividend paid	(89,221,858)	(39,838,875)	(89,221,858)	(39,838,875)
Proceeds from increase in share capital	9,152,728	22,617,501	9,152,728	22,617,501
<b>Net Cash Used in Financing Activities</b>	<u>(114,053,695)</u>	<u>(470,197,156)</u>	<u>(78,852,433)</u>	<u>(425,818,404)</u>

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

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**FOR EACH OF THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	In Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
<b>NET INCREASE IN</b>				
<b>CASH AND CASH EQUIVALENTS</b>	11,437,425	64,982,573	11,176,943	19,965,128
<b>CASH AND CASH EQUIVALENTS,</b>				
<b>BEGINNING OF YEAR</b>	157,865,308	92,882,735	89,441,523	69,476,395
<b>CASH AND CASH EQUIVALENTS,</b>				
<b>END OF YEAR</b>	169,302,733	157,865,308	100,618,466	89,441,523
<b>Supplemental Disclosures of Cash Flow</b>				
<b>Information:</b>				
Cash paid during the years for:				
- Interest expense	213,347,413	222,537,167	207,959,574	215,477,967
- Income tax (includes withholding income taxes				
deducted at sources)	80,504,002	44,031,696	65,935,976	37,868,590

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

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**Notes to Financial Statements**  
**December 31, 2004 and 2003**

**1. GENERAL**

Nation Multimedia Group Public Company Limited, “the Company”, is a company registered in Thailand on December 22, 1976 and listed on the Stock Exchange of Thailand on June 9, 1988. The registered office of the Company is at 44 Moo 10, Bangna-Trad Road (Km. 4.5), Kwang Bangna, Khet Bangna, Bangkok 10260, Thailand. The principal activities of the Company and its subsidiaries are publishers and distributors of newspapers, importers and producers of children’s books for education, television and radio program producers, and provide advertising services and on-line information and news services.

As at December 31, 2004 and 2003, the numbers of Company’s employees were 1,599 and 1,484, respectively. The employee costs of the Company for the years ended December 31, 2004 and 2003 were approximately Baht 658.0 million and Baht 641.1 million, respectively.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are presented in Thai Baht, in the Thai language, and in conformity with generally accepted accounting standards in Thailand. Accordingly, the financial statements are intended solely to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in Thailand.

The financial statements are prepared under the historical cost convention except as disclosed in the accounting policies.

For the convenience of the readers, an English language translation of the financial statements has been prepared from the Thai language financial statements which are issued for domestic reporting purposes.

The consolidated financial statements of the Company for the year ended December 31, 2004 and 2003 comprise the Company, its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates. Details of the Company’s subsidiaries are as follows:

			Percentage of Holdings (Compared to Registered Share Capital)			
			2004		2003	
	Nature of Business	Country of Registration	Direct	Indirect	Direct	Indirect
Nation Broadcasting Corporation Limited	Advertising media	Thailand	99.99	-	99.99	-
Nation Information Technology Co., Ltd.	Information services	Thailand	99.99	-	99.99	-
Nation Digital Media Co., Ltd.	Information services	Thailand	99.99	-	99.99	-
Nation International Co., Ltd.	Publishing	Thailand	99.94	-	99.94	-
Nation Edutainment Co., Ltd.	Publishing	Thailand	98.70	-	98.70	-
Nation Egmont Edutainment Co., Ltd.	Publishing	Thailand	50.00	-	50.00	-
Nation Radio Network Co., Ltd.	Advertising media	Thailand	-	99.97	-	99.97
Nation Books International Co., Ltd.	Publishing	Thailand	99.93	-	99.93	-



**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2004 and 2003**

**3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Basis of consolidation**

The consolidated financial statements of the Company comprise the Company and its subsidiaries, joint ventures (together referred to as the “Group”) and the Group’s interest in associates.

*Subsidiaries*

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

*Associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group’s share of the total recognized gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds its interest in an associate, the Group’s carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

**3.2 Use of estimates**

In order to prepare financial statements in conformity with generally accepted accounting standards in Thailand, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

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

**3.3 Foreign currency transactions**

Transactions in foreign currencies are translated at the foreign exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Thai baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement.

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Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Thai baht at the foreign exchange rates ruling at the date that fair value was determined.

**3.4 Foreign Currency Hedging**

The Company and subsidiaries enter into forward exchange contracts for hedging the foreign currency risk in connection with the settlement of foreign currency loans. The foreign currency loans covered by forward exchange contracts are translated into Baht for bookkeeping by using the forward rates as specified in each forward contract. Differences between the spot rates and forward contract rates, and hedging fees are included in "Other current assets" in the consolidated balance sheets and the Company's balance sheets. The deferred fees are amortized as an expense over the forward contract term.

**3.5 Property, plant and equipment**

*Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labor, the initial assessment of the costs of dismantling (if relevant) and an appropriate proportion of production overheads.

*Subsequent expenditure*

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

*Depreciation*

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

	<u>No. of Years</u>
Land improvements	20
Buildings and improvements	20
Leasehold improvements	20
Machinery and equipment	5 - 10
Furniture, fixtures and office equipment	5
Transportation equipment	5

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Assets under construction and installation represent plant and machinery and equipment under construction and installation are stated at cost. These include cost of plant construction, machinery and equipment and other direct costs. No depreciation is provided on freehold land or assets under construction until such time as the relevant assets are completed and ready for their intended use.

*Repair and Maintenance Expenses*

Repair and maintenance expenses are recorded as expenses in which they arise unless they are capitalized expenses of which they are recorded as part of the associated assets.

3.6 Intangible assets

*Goodwill*

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill is stated at cost less accumulated amortization and impairment losses. Goodwill arising on acquisition of shares in subsidiaries and associates in the Company's separate financial statements is included in investments.

The gain or loss on disposal of an entity includes the unamortized balance of goodwill relating to the entity disposed of.

*Other intangible assets*

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment losses.

*Amortization*

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill, negative goodwill and other intangible assets are amortized from the date they are available for use. The estimated useful lives are as follows:

Goodwill is amortized as an expense by the straight-line method over a period of five (5) years.

Deferred license fees for weekly published books are amortized as an expense by the quantity of publishing.

Deferred license fees for other types of books are amortized as an expense by the numbers of books sold.

Deferred production costs of television programs are amortized as an expense at the rate of fifty (50) percent on the first on air, and at the rate of fifty (50) percent on the second on air.

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Deferred right on using internet and golf memberships are amortized as an expense by the straight-line method over the useful lives for a period of ten (10) years and thirty (30) years, respectively.

*Subsequent expenditure*

Subsequent expenditure relating to an intangible asset is added to the carrying value of the asset only when it increases the future economic benefits embodied in the specific asset to which it relates. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

**3.7 Investments**

*Investments in subsidiaries and associates*

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted for using the equity method.

*Investments in other equity securities*

Marketable equity securities other than those securities held for trading are classified as being available-for-sale and are stated at fair value. Any resultant gains or losses are recognized in equity, except for impairment losses, until disposal whereupon the gain or loss is recognized in the income statement.

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

*Disposal of investments*

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

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

**3.8 Trade and Other Receivables**

Trade and other receivables (including balances with related parties) are stated at their invoice value less impairment losses.

Any impairment loss on doubtful receivables is assessed primarily on analysis of payment histories and future expectations of customer payments. Allowances made are based on historical write-off patterns and the aging of accounts receivables. Bad debts are written off when incurred.



**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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**3.9 Inventories**

Inventories including work-in-process are valued at the lower of cost and net realizable value and adjusted for provision for loss on obsolete items. For processed finished goods, costs include the applicable direct manufacturing costs and allocation of fixed and variable overhead costs.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Costs are determined by the following method:

Finished goods and work-in-process – books	- Average cost method
Raw materials	- Specific identification method
Store, supplies and others	- Average cost method

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

**3.10 Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**3.11 Impairment**

The carrying amounts of the Group's assets, other than inventories and investments in marketable securities, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

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

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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*Calculation of recoverable amount*

The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. All reversals of impairment losses are recognized in the income statement.

**3.12 Employee share options**

No compensation cost or obligation is recognized when share options are issued under employee incentive programmes. When options are exercised, equity is increased by the amount of the proceeds received.

**3.13 Provisions**

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, 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.

**3.14 Trade and Other Payables**

Trade and other payables (including balances with related parties) are stated at cost.

**3.15 Revenue**

Revenue excludes value added taxes or other sales taxes and is arrived at after deduction of trade discounts.

*Sale of goods and services rendered*

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs, the probable return of goods or the continuing management involvement with the goods.

As soon as the outcome of a contract for the rendering of services can be estimated reliably, revenue associated with the contract is recognized in the income statement in proportion to the stage of completion of the contract. When the outcome of the contract cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
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*Rental income*

Rental income from investment property is recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income.

3.16 Expenses

*Operating leases*

Payments made under operating leases are recognized in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognized in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

*Other income and expenses*

Interest income is recognized in the income statement as it accrues. Dividend income is recognized in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date

3.17 Income tax

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

3.18 Provident Funds

The Company and subsidiaries have established contributory registered provident funds to which the Company and subsidiaries, and the employees each contribute monthly an amount equivalent to 5% to 7.5% of the employees' basic salaries depending on the length of the employment. The Company's and subsidiaries' contributions to the provident funds are recorded as an expense in current operations.

3.19 Segment Financial Information and Allocation Basis of Intersegment Expenses

The segment financial information of the Company and subsidiaries is divided into four (4) major segments, which consist of:

1. Printing Materials Business - involvement as a publisher and distributor of newspapers, and importer and publisher of children's books for education.
2. Television Business - involvement as a producer of television programs and advertising media services through the television.
3. Radio Business - involvement as a producer of radio programs and advertising media services through the radio.
4. Information Services Business - involvement as an on-line information and news services provider.

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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Property, plant and equipment of each segment represents the joint operating assets, while other assets principally represent cash on hand and deposits at financial institutions, short-term investments in fixed deposits, accounts receivable, inventories, loans, investments in common shares and other assets.

**3.20 Financial Assets and Financial Liabilities**

Financial assets and financial liabilities carried on the consolidated balance sheets and the Company's balance sheets include cash and cash equivalents, trade and other accounts receivable and payable, loans, borrowings, investments, and debentures payable. The accounting policies on recognition and measurement of these items are disclosed in the respective Notes to financial statements.

**3.21 Basic Earnings per Share**

Basic earnings per share is determined by dividing the net profit for each of the years by the weighted average number of common shares outstanding during the years.

Diluted earnings per share is determined based on the net profit for each of the years divided by the above basic number of common shares plus the additional weighted average number of common shares issued during the years to the holders of common share equivalents, which are the warrants (considering the revised exercise ratio resulting from the stock dividends). For this computation, the Company assumes that the exercise of the diluted potential common shares has occurred at the later of the beginning of the year or the warrant issuance date.

**4. TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATED AND RELATED COMPANIES**

Related parties are those parties linked to companies in the Group by common shareholdings and/or directorships and key management, directors and employees, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Company, subsidiaries, associated and related companies.

The Company and subsidiaries formulate a pricing policy based on the following basis:

	Policy of Pricing
• Sales, Services and Other Income	General Market Price
• Interest Income on Loans	Negotiable Rate which approximates Market Rate
• Expenses	General Market Price
• Interest Expense on Borrowings	Negotiable Rate which approximates Market Rate

Account balances of assets and liabilities as at December 31, 2004 and 2003, arising from trade, loans, long-term investments in common shares, borrowings and other transactions with the subsidiaries, associated and related companies were shown separately in the consolidated balance sheets and the Company's balance sheets.



**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES****Notes to Financial Statements (Continued)****December 31, 2004 and 2003**

The balances of receivables from subsidiaries, associated and related companies as at December 31, 2004 and 2003 were as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
<b>Accounts Receivable</b>				
<b>Subsidiaries</b>				
- Nation Edutainment Co., Ltd. (net of provision for loss from investment accounted for under equity method of Baht 71.4 million in 2004 and Baht 67.2 million in 2003)	-	-	-	-
- Nation Digital Media Co., Ltd.	-	-	22,463	74,665
- Nation Egmont Edutainment Co., Ltd.	-	-	63,335	40,564
- Nation International Co., Ltd.	-	-	27,773	27,775
- Nation Radio Network Co., Ltd.	-	-	3,072	1,714
- Nation Books International Co., Ltd.	-	-	12,521	6,481
<b>Associated Companies</b>				
- Yomiuri-Nation Information Service Limited	615	506	615	506
<b>Related Companies</b>				
- NPG Training & Conference Resort Co., Ltd.	227,707	233,872	159,575	164,177
- Nation Printing Complex Co., Ltd.	35,696	35,543	35,696	35,543
- Nation Tuathai Co., Ltd.	34,899	34,534	34,899	34,534
- NPG Marketing Services Co., Ltd.	61,201	49,894	61,000	49,894
- Nation International Communication Co., Ltd.	81,485	66,480	81,481	66,480
- Media Magnet Co., Ltd.	12,182	36,203	12,182	36,203
- Thai Portal Co., Ltd.	24,641	34,032	128	-
- Media Expertise International (Thailand) Ltd.	49,252	-	46,052	-
- Others	30,624	14,356	17,268	13,237
<b>Total</b>	<b>558,302</b>	<b>505,420</b>	<b>578,060</b>	<b>551,773</b>
Less: Allowance for doubtful accounts	(169,900)	(169,900)	(169,900)	(169,900)
<b>Net</b>	<b>388,402</b>	<b>335,520</b>	<b>408,160</b>	<b>381,873</b>

The balances of payables to subsidiaries and related companies as at December 31, 2004 and 2003 were as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
<b>Trade Accounts Payable</b>				
<b>Subsidiaries</b>				
- Nation Broadcasting Corporation Limited	-	-	75,351	24,062
- Nation Information Technology Co., Ltd.	-	-	6,620	4,956
- Nation Egmont Edutainment Co., Ltd.	-	-	11,928	12,139
<b>Total</b>	<b>-</b>	<b>-</b>	<b>93,899</b>	<b>41,157</b>
Less: Allowance for purchase return under stipulated conditions	-	-	(11,928)	(12,139)
<b>Net</b>	<b>-</b>	<b>-</b>	<b>81,971</b>	<b>29,018</b>
<b>Related Companies</b>				
- Egmont Comic Creation A/S	2,558	1,707	-	-
- Meet World Trade (Thailand) Co., Ltd.	875	875	-	-
- Media Magnet Co., Ltd.	585	996	-	-
- Digital Wave Co., Ltd.	-	346	-	319
- Others	900	426	67	157
<b>Total</b>	<b>4,918</b>	<b>4,350</b>	<b>67</b>	<b>476</b>
<b>Grand Total</b>	<b>4,918</b>	<b>4,350</b>	<b>82,038</b>	<b>29,494</b>



**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES****Notes to Financial Statements (Continued)****December 31, 2004 and 2003**

Significant transactions with subsidiaries, associated and related companies for each of the years ended December 31, 2004 and 2003 were summarized as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
<b>Sales, Services and Other Income</b>				
Subsidiaries				
- Nation Egmont Edutainment Co., Ltd.	-	-	54,999	44,124
- Nation Book International Co., Ltd.	-	-	17,625	15,304
- Nation Broadcasting Corporation Limited	-	-	4,842	4,247
- Nation Radio Network Co., Ltd.	-	-	8,542	4,173
Associated Company				
- Yomiuri-Nation Information Service Limited	920	1,401	920	1,401
<b>Interest Income</b>				
Subsidiaries				
- Nation International Co., Ltd.	-	-	-	7,117
- Nation Broadcasting Corporation Limited	-	-	1,978	1,794
- Nation Edutainment Co., Ltd.	-	-	2,006	1,394
- Nation Book International Co., Ltd.	-	-	120	157
Related Companies				
- Others	1,976	304	1,976	304
<b>Expenses</b>				
Subsidiary				
- Nation Egmont Edutainment Co., Ltd.	-	-	-	23,702
- Nation Broadcasting Corporation Limited	-	-	12,000	-
Related Company				
- Nation Properties Co., Ltd.	36,697	28,127	35,371	28,127
<b>Interest Expense</b>				
Subsidiary				
- Nation Information Technology Co., Ltd.	-	-	1,648	1,805
Associated Company				
- Yomiuri-Nation Information Service Limited	228	-	228	-
Related Companies				
- Nation Printing Complex Co., Ltd.	-	31	-	31

**5. AGING ANALYSIS OF ACCOUNTS RECEIVABLE**

As at December 31, 2004 and 2003, the aging analysis of accounts receivable were detailed as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
<b>Subsidiaries, Associated and Related Companies</b>				
• Within credit-term	161,949	149,688	192,446	179,686
• Periods over credit-term				
- Not over 6 months	25,603	3,122	45,067	52,609
- Over 6 months to 12 months	31,204	8,232	35,769	7,993
- Over 12 months	<u>339,546</u>	<u>344,378</u>	<u>304,778</u>	<u>311,485</u>
Total	558,302	505,420	578,060	551,773
Less: Allowance for doubtful accounts	<u>(169,900)</u>	<u>(169,900)</u>	<u>(169,900)</u>	<u>(169,900)</u>
Net	<u>388,402</u>	<u>335,520</u>	<u>408,160</u>	<u>381,873</u>

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2004 and 2003**

	In Thousand Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
<b>Other Companies</b>				
• Within credit-term	625,595	635,448	555,188	493,265
• Periods over credit-term				
- Not over 6 months	97,647	59,813	71,523	42,929
- Over 6 months to 12 months	23,792	12,237	22,289	11,212
- Over 12 months	<u>177,923</u>	<u>172,299</u>	<u>155,997</u>	<u>144,179</u>
Total	924,957	879,797	804,997	691,585
Less: Allowance for doubtful accounts and reserve	<u>(180,370)</u>	<u>(130,131)</u>	<u>(141,384)</u>	<u>(106,014)</u>
For goods returned	<u>744,587</u>	<u>749,666</u>	<u>663,613</u>	<u>585,571</u>
Net				

**6. SHORT-TERM LOANS TO SUBSIDIARIES AND RELATED COMPANIES**

Consolidated (In Thousand Baht)						
	Terms of Collection	Interest Rate (% p.a.)	Balance as at	Movement During the Year		Balance as at
			January 1, 2004	Addition	Deduction	December 31, 2004
<b>Related Companies</b>						
- NPG Training & Conference Resort Co., Ltd. (non-interest bearing)	At Call	6.00	438,350	-	-	438,350
- Others	At Call	6.00	<u>7,370</u>	<u>-</u>	<u>-</u>	<u>7,370</u>
Total			<u>445,720</u>	<u>-</u>	<u>-</u>	<u>445,720</u>

The Company Only (In Thousand Baht)						
	Terms of Collection	Interest Rate (% p.a.)	Balance as at	Movement During the Year		Balance as at
			January 1, 2004	Addition	Deduction	December 31, 2004
<b>Subsidiaries</b>						
- Nation Edutainment Co., Ltd.	At Call	6.00	37,000	3,500	7,000	33,500
- Nation Broadcasting Corporation Limited.	At Call	6.00	-	87,000	47,000	40,000
- Nation Books International Co., Ltd.	At Call	6.00	8,000	4,950	12,000	950

<b>Related Companies</b>						
- NPG Training & Conference Resort Co., Ltd. (non-interest bearing)	At Call	6.00	438,350	-	-	438,350
- Others	At Call	6.00	<u>7,370</u>	<u>-</u>	<u>-</u>	<u>7,370</u>
Total			<u>445,720</u>	<u>95,450</u>	<u>66,000</u>	<u>520,170</u>

**7. INVENTORIES - Net**

	In Thousand Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
Finished goods – books	157,447	172,673	24,111	45,992
Raw materials	72,011	234,941	72,011	234,941
Stores, supplies and others	21,337	14,216	21,337	14,216
Raw materials in transit	<u>560</u>	<u>560</u>	<u>560</u>	<u>560</u>
Total	251,355	422,390	118,019	295,709
Less : Allowance for loss on obsolete books	<u>( 36,106)</u>	<u>( 22,253)</u>	<u>-</u>	<u>-</u>
Net	<u>215,249</u>	<u>400,137</u>	<u>118,019</u>	<u>295,709</u>

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2004 and 2003**

**8. OTHER CURRENT ASSETS**

	In Thousand Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
Other receivables	66,672	95,484	64,087	94,550
Advances to employees	14,011	10,054	12,358	8,142
Prepaid expenses	138,668	146,385	122,039	125,260
Others	15,413	23,034	12,481	9,185
Total	<u>234,764</u>	<u>274,957</u>	<u>210,965</u>	<u>237,137</u>

**9. LONG-TERM INVESTMENTS IN COMMON SHARES OF SUBSIDIARIES AND ASSOCIATED COMPANIES – At Equity**

			Consolidated					
			In Thousand Baht					
Business	Relationship	Percentage of Holding		Paid-up Shares		Equity Valuation		
		2004	2003	2004	2003	2004	2003	
Associated Companies								
- Yomiuri-Nation Information Service Limited	Publishing	Directorships	44.98	44.98	1,000	1,000	17,107	14,637
			The Company Only					
Business	Relationship	Percentage of Holding		Paid-up Shares		Equity Valuation		
		2004	2003	2004	2003	2004	2003	
Subsidiaries								
- Nation Broadcasting Corporation Limited	Advertising media	Directorships	99.99	99.99	120,000	120,000	86,706	103,338
- Nation Information Technology Co., Ltd.	Information services	Directorships	99.99	99.99	95,000	95,000	34,535	33,639
- Nation Digital Media Co., Ltd.	Information services	Directorships	99.99	99.99	100,000	100,000	26,938	28,828
- Nation International Co., Ltd.	Publishing	Directorships	99.94	99.94	1,000	1,000	43,405	43,485
- Nation Edutainment Co., Ltd.	Publishing	Directorships	98.70	98.70	50,000	50,000	-	-
- Nation Egmont Edutainment Co., Ltd.	Publishing	Directorships	50.00	50.00	50,000	50,000	12,090	17,806
- Nation Books International Co., Ltd.	Publishing	Directorships	99.93	99.93	1,000	1,000	9,414	5,473
Total							213,088	232,569
Associated Companies								
- Yomiuri-Nation Information Service Limited	Publishing	Directorships	44.98	44.98	1,000	1,000	17,107	14,637
Grand Total							230,195	247,205

On April 27, 1999, the Company invested in 99.99% of the common shares of Nation Information Technology Co., Ltd., a subsidiary company, at cost in excess of the fair value (goodwill) by approximately Baht 10.0 million. The Company amortizes the goodwill as an expense by the straight-line method over a period of five (5) years. The outstanding balance of the goodwill as at December 31, 2003 amounted to approximately Baht 0.7 million. and was presented under the caption "Other non-current assets" in the consolidated balance sheets and the Company's balance sheets.

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
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**10. LONG-TERM INVESTMENTS IN COMMON SHARES OF RELATED COMPANIES - Net**

		Consolidated							
		Percentage of Holding		Paid-up Share Capital		In Thousand Baht		Dividend	
Nature of Business	Relationship	2004	2003	2004	2003	2004	2003	2004	2003
<b>At Fair Value</b>									
Available-for-sale-security									
- Se-Education Public Company Limited	Publishing Directorships	14.76	18.41	314,152	255,071	153,996	107,042	21,783	5,577
(marketable securities)									
Add : Unrealized gain from changes in fair value						94,160	174,708	-	-
Net						248,156	281,750	21,783	5,577
<b>At Cost</b>									
General Investments									
(non-marketable securities)									
- Nation Properties Co., Ltd.	Real estate Directorships	18.00	18.00	300,000	300,000	54,000	54,000	-	-
- Thai Portal Co., Ltd.	Internet Services Directorships	19.00	19.00	100	100	6,092	6,092	-	-
- Others						2,930	2,930	-	-
Total						63,022	63,022	-	-
Less : Allowance for impairment loss						( 54,000)	( 54,000)	-	-
Net						9,022	9,022	-	-
Grand Total						257,178	290,772	21,783	5,577

		The Company Only							
		Percentage of Holding		Paid-up Share Capital		In Thousand Baht		Dividend	
Nature of Business	Relationship	2004	2003	2004	2003	2004	2003	2004	2003
<b>At Fair Value</b>									
Available-for-sale-security									
Se-Education Public Company Limited (marketable securities)	Publishing Directorships	14.76	18.41	314,152	255,071	153,996	107,042	21,783	5,577
Add : Unrealized gain from changes in fair value						94,160	174,708	-	-
Net						248,156	281,750	21,783	5,577
<b>At Cost</b>									
General Investments									
(non-marketable securities)									
- Nation Properties Co., Ltd.	Real estate Directorships	18.00	18.00	300,000	300,000	54,000	54,000	-	-
- Others						2,930	2,930	-	-
Total						56,930	56,930	-	-
Less : Allowance for impairment loss						( 54,000)	( 54,000)	-	-
Net						2,930	2,930	-	-
Grand Total						251,086	284,680	21,783	5,577

During 2004, the Company and a subsidiary had purchased and sold investments in marketable securities with a net gain of Baht 47.4 million, which were presented as a separated item in the consolidated statement of income and statement of income for the year ended December 31, 2004.

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2004 and 2003**

**11. LONG-TERM INVESTMENTS IN COMMON SHARES OF OTHER COMPANIES**

	In Thousand Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
<b>At Fair Value</b>				
Investments in available-for-sale securities (marketable securities)	45,687	47,395	45,687	47,395
Less : Unrealized loss from changes in fair Value	( 41,157)	( 40,060)	( 41,157)	( 40,060)
Net	<u>4,530</u>	<u>7,335</u>	<u>4,530</u>	<u>7,335</u>
<b>At Cost</b>				
General investments (non-marketable securities)	7,630	11,552	7,630	11,552
Less : Provision for impairment loss	( 3,419)	( 3,636)	( 3,419)	( 3,636)
Net	<u>4,211</u>	<u>7,916</u>	<u>4,211</u>	<u>7,916</u>
Grand Total	<u>8,741</u>	<u>15,251</u>	<u>8,741</u>	<u>15,251</u>

**12. PROPERTY, PLANT AND EQUIPMENT - Net**

	Consolidated (In Thousand Baht)				
	Balance as at January 1, 2004	Movement during the Year			Balance as at December 31, 2004
		Addition	Disposal	Transfer	
<b>At Cost</b>					
Land and improvements	597,103	2,231	-	-	599,334
Buildings and improvements	915,971	3,465	-	750,682	1,670,118
Leasehold improvements	13,643	4,100	-	6,023	23,766
Machinery and equipment	906,244	1,535	-	85,919	993,698
Furniture, fixtures and office equipment	776,116	53,388	2,790	19	826,733
Transportation equipment	88,869	8,955	6,517	-	91,307
Assets under construction and installation	141,464	209,313	-	( 109,236)	241,541
<b>Total</b>	<u>3,439,410</u>	<u>282,987</u>	<u>9,307</u>	<u>733,407</u>	<u>4,446,497</u>
<b>Accumulated Depreciation</b>					
Land improvements	1,433	1,430	-	-	2,863
Buildings and improvements	202,422	47,933	-	-	250,355
Leasehold improvements	8,998	2,604	-	-	11,602
Machinery and equipment	197,040	94,645	-	-	291,685
Furniture, fixtures and office equipment	552,738	66,626	2,550	-	616,814
Transportation equipment	42,885	14,733	6,515	-	51,103
<b>Total</b>	<u>1,005,516</u>	<u>227,971</u>	<u>9,065</u>	<u>-</u>	<u>1,224,422</u>
<b>Net</b>	<u>2,433,894</u>				<u>3,222,075</u>



**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2004 and 2003**

	The Company Only (In Thousand Baht)				
	Balance as at January 1, 2004	Movement during the Year			Balance as at December 31, 2004
		Addition	Disposal	Transfer	
<b>At Cost</b>					
Land and improvements	597,103	2,231	-	-	599,334
Buildings and improvements	915,971	3,465	-	750,682	1,670,118
Leasehold improvements	3,243	3,503	-	-	6,746
Machinery and equipment	906,244	1,535	-	85,918	993,697
Furniture, fixtures and office equipment	552,876	35,619	402	-	588,093
Transportation equipment	86,448	8,955	6,032	-	89,371
Assets under construction and installation	<u>141,464</u>	<u>203,271</u>	<u>-</u>	<u>( 103,193)</u>	<u>241,542</u>
<b>Total</b>	<u>3,203,349</u>	<u>258,579</u>	<u>6,434</u>	<u>733,407</u>	<u>4,188,901</u>
<b>Accumulated Depreciation</b>					
Land and improvements	1,433	1,430	-	-	2,863
Buildings and improvements	202,422	47,933	-	-	250,355
Leasehold improvements	2,361	437	-	-	2,798
Machinery and equipment	197,040	94,645	-	-	291,685
Furniture, fixtures and office equipment	431,230	41,650	315	-	472,565
Transportation equipment	<u>41,125</u>	<u>14,553</u>	<u>6,032</u>	<u>-</u>	<u>49,646</u>
<b>Total</b>	<u>875,611</u>	<u>200,648</u>	<u>6,347</u>	<u>-</u>	<u>1,069,912</u>
<b>Net</b>	<u>2,327,738</u>				<u>3,118,989</u>

The gross carrying amounts of machinery and equipment and furniture, fixtures and office equipment items totaling approximately Baht 383.7 million and Baht 387.0 million were fully depreciated as at December 31, 2004 and 2003, respectively, in consolidated balance sheets (Baht 337.4 million and Baht 349.3 million, respectively, in the Company's balance sheets), but these items are still in active use.

Depreciation charges for each of the years ended December 31, 2004 and 2003 included in the consolidated statements of income were approximately Baht 227.9 million and Baht 203.7 million, respectively (Baht 200.6 million and Baht 176.2 million, respectively, were included in the Company's statements of income).

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2004 and 2003**

**13. OTHER NON-CURRENT ASSETS - Net**

	In Thousand Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
Barter trade	24,399	46,768	23,593	46,768
Withholding tax deducted at source	43,889	36,119	27,154	27,154
Golf membership – net	8,489	8,853	8,489	8,853
Refundable deposits	12,890	14,990	12,464	14,613
Condominium units not used in operations	14,318	14,318	14,318	14,318
Deferred right on using internet - net	8,249	643	1,272	-
Goodwill – net	-	658	-	658
Others	<u>5,934</u>	<u>22,350</u>	<u>6,518</u>	<u>22,750</u>
Total	118,168	144,699	93,808	135,114
Less: Provision for loss on impairment of condominium units not used in operations	( 4,135)	( 2,864)	( 4,135)	( 2,864)
Net	<u>114,033</u>	<u>141,835</u>	<u>89,673</u>	<u>132,250</u>

Amortization charges included in the consolidated statements of income for each of the years ended December 31, 2004 and 2003 were approximately Baht 5.8 million and Baht 9.8 million, respectively and Baht 2.3 million and Baht 6.6 million, respectively, were included in the Company's statements of income.

**14. OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

	In Thousand Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
Bank overdrafts	25,178	4,837	11,031	2,688
Notes payable	745,000	700,000	705,000	660,000
Liabilities under trust receipts	<u>82,866</u>	<u>78,727</u>	<u>82,866</u>	<u>78,727</u>
Total	<u>853,044</u>	<u>783,564</u>	<u>798,897</u>	<u>741,415</u>

Interest rates of bank overdrafts, notes payable and liabilities under trust receipts as at December 31, 2004 and 2003 were detailed as follows:

	Interest Rate per Annum (%)			
	Consolidated		The Company Only	
	2004	2003	2004	2003
- Bank overdrafts	5.75-7.50	5.75-7.00	5.75-7.50	5.75-7.00
- Notes payable	2.60-3.55	2.50-2.70	2.60-3.35	2.50-2.70
- Liabilities under trust receipts	2.30-3.37	2.60-3.00	2.30-3.37	2.60-3.00

As at December 31, 2004 and 2003, the Company and subsidiaries had overdraft lines and other credit facilities totaling approximately Baht 3,173.1 million and Baht 3,397.4 million, respectively (Baht 2,841.0 million and Baht 3,062.3 million, respectively, for the Company) with certain local financial institutions.

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2004 and 2003**

Under the terms of trust receipts agreements, certain imported raw materials have been released to the Company in trust of the financial institutions. The Company, therefore, is accountable to the financial institutions for the trusted raw materials or their sales proceeds.

**15. SHORT-TERM LOANS FROM SUBSIDIARIES AND ASSOCIATED COMPANIES**

			Consolidated (In Thousand Baht)				
			Balance as at	Movement During the Year		Balance as at	
			January 1,	Addition	Deduction	December 31,	
			2004			2004	
Associated Company							
-	Yomiuri-Nation Information Service Limited	At Call	3.00	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
			The Company Only (In Thousand Baht)				
			Balance as at	Movement During the Year		Balance as at	
			January 1,	Addition	Deduction	December 31,	
			2004			2004	
Subsidiary							
-	Nation Information Technology Co., Ltd.	At Call	6.00	28,900	-	2,000	26,900
Associated Company							
-	Yomiuri-Nation Information Service Limited	At Call	3.00	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Total				<u>38,900</u>	<u>-</u>	<u>2,000</u>	<u>36,900</u>

**16. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS**

Details of the outstanding long-term loans from financial institutions as of December 31, 2004 and 2003 were as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
U.S. Dollar loans - at forward exchange stipulated in the contracts	67,057	102,258	-	-
Thai Baht loans	<u>338,000</u>	<u>549,000</u>	<u>310,000</u>	<u>507,000</u>
Total	405,057	651,258	310,000	507,000
Less: Portion due within one year	<u>(217,714)</u>	<u>(365,254)</u>	<u>(170,000)</u>	<u>(317,000)</u>
Net	<u>187,343</u>	<u>286,004</u>	<u>140,000</u>	<u>190,000</u>

Interest rates of long-term unsecured loans as at December 31, 2004 and 2003 were detailed as follows:

	Interest Rate per Annum (%)			
	Consolidated		The Company Only	
	2004	2003	2004	2003
- U.S. Dollar loans	2.44	1.62	-	-
- Thai Baht loans	4.30 - 6.25	3.85 - 6.25	4.30 - 6.25	3.85 - 6.25

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
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The outstanding long-term loans as at December 31, 2004 were repayable in various amounts and periods up to December 2006.

A subsidiary hedged its foreign currency loans with forward exchange contracts with certain local and foreign institutions to buy certain amounts of U.S. Dollars at the agreed rates.

Under the terms of the above loan agreements, the Company and its subsidiaries are required to strictly comply with certain conditions and restrictions specified in the agreements.

## **17. DEBENTURES**

	In Thousand Baht			
	Consolidated		The Company Only	
	2004	2003	2004	2003
Debentures	2,660,000	2,380,000	2,660,000	2,380,000
Less: Portion due within one year	(1,060,000)	(1,320,000)	(1,060,000)	(1,320,000)
Net	<u>1,600,000</u>	<u>1,060,000</u>	<u>1,600,000</u>	<u>1,060,000</u>

On March 29, 2000, the Company issued five-year-term amortized, registered name form, unsecured and non-subordinated debentures (the second issued debentures) of 500,000 debentures at Baht 1,000 face value, totaling Baht 500 million. The first repayment of debentures will be at the end of the third year (on March 29, 2003) and subsequently in semi-annual installments. The debentures bear interest at the rate of 8.125% per annum during the first three (3) years and at the rate of Minimum Loan Rate or at the rate of 8.125% per annum, whichever is higher, during the last two (2) years. Subsequently on December 27, 2000, the Company had repaid a portion of the said debentures amounting to Baht 200 million (divided into 200,000 debentures at Baht 1,000 face value) including the associated interest expenses to the debenture holders.

On March 12, 2001, the Company issued three-year-term unsecured, non-subordinated debentures and with the representative of debenture holders (the third issued debentures) of 1,200,000 debentures at Baht 1,000 face value, totaling Baht 1,200 million. These debentures due on March 21, 2004 and bear interest at the rate of 7.0% per annum. The main objectives of issuing the debentures are set for the partial repayment of debentures (the first issued debentures) due on October 26, 2001 and for the repayment of certain short-term loans, for maintaining the required financial ratios.

Subsequently on May 30, 2002, the Company issued three-year-term registered name form, non-subordinated, unsecured and with the representative of debenture holders (the fourth issued debentures) of 1,000,000 debentures at Baht 1,000 face value, totaling Baht 1,000 million. These debentures will be due on May 30, 2005 and bear interest at the rate of 5.5% per annum. The main objectives of issuing the debentures are set for the repayment of existing loans with high interest rates and for maintaining the required financial ratios in accordance with the conditions stipulated in the associated debentures.

In this connection, the Company must comply with the specified covenants principally pertaining to performance, dividend payment and maintenance of certain financial ratios in the consolidated financial statements through the terms of these debentures.



**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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On January 8, 2004, the Company filed the securities offering statement and prospectus to The Office of the Securities and Exchange Commission to offer the public the following debentures:

1. Debenture of Nation Multimedia Group Public Company Limited no. 1/2547 – the first lot, maturity on February 26, 2007 of 600,000 debentures at Baht 1,000 face value, totaling Baht 600 million, which has a three-year-term, registered name form, unsecured, non-subordinated, with the representative of debenture holders and interest at the rate of 4.5% per annum. This debenture was entirely sold on February 26, 2004.
2. Debenture of Nation Multimedia Group Public Company Limited no. 1/2547 – the second lot of 1,000,000 debentures at Baht 1,000 face value, totaling Baht 1,000 million, which has a five-year-term amortized (the first repayment of Baht 500 million will be on February 26, 2008 and the second repayment of Baht 500 million will be on February 26, 2009), registered name form, unsecured, non-subordinated, with the representative of debenture holders and interest at the rate of 5.25% per annum. This debenture was entirely sold on February 26, 2004.

In this connection, the Company must comply with the specified covenants principally pertaining to performance, dividend payment and maintenance of certain financial ratios in the consolidated financial statements through the terms of these debentures.

## 18. SHARE CAPITAL

	Consolidated/The Company Only			
	No. of Shares (Thousand Shares)		In Thousand Baht	
	2004	2003	2004	2003
Authorized share capital – Common shares	<u>250,000</u>	<u>250,000</u>	<u>2,500,000</u>	<u>2,500,000</u>
Issued and fully paid-up share capital as at January 1,	161,611	159,239	1,616,113	1,592,390
Increase during the year	<u>770</u>	<u>2,372</u>	<u>7,700</u>	<u>23,723</u>
Issued and fully paid-up share capital as at December 31,	<u>162,381</u>	<u>161,611</u>	<u>1,623,813</u>	<u>1,616,113</u>

## 19. WARRANTS

The Company's shareholders approved the issuance of the following warrants.

Description	Firstly	Secondly	Thirdly
Approved resolution	At the extraordinary shareholders' meeting held on January 28, 1999	At the ordinary shareholders' meeting held on April 7, 2000	At the ordinary shareholders' meeting held on March 25, 2002
Type of warrants	No Value	No Value	No Value
Propose to sell to	The Company's directors, who are also the Company's employees, and employees	The Company's directors, who are also the Company's employees, and employees	The Company's shareholders
Issued and sold quantities	3,535,000 units	4,351,744 units	39,426,525 units



**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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**December 31, 2004 and 2003**

Description	Firstly	Secondly	Thirdly
Exercise ratio	1 warrant to 1.05 common share (formerly was 1 warrant to 1 common share)	1 warrant to 1.05 common share (formerly was 1 warrant to 1 common share)	1 warrant to 1 common Share
Exercise price	Baht 9.52 per share (formerly was Baht 10 per share)	Baht 9.52 per share (formerly was Baht 10 per share)	Baht 14 per share
Term of warrants	Five years from the issuance date	Five years from the issuance date	Five years from the issuance date
Exercise period	Every 3 months on March 15, June 15, September 15 and December 15 through the term of warrants (The last day for the exercise is December 15, 2003.)	Every 3 months on March 15, June 15, September 15 and December 15 through the term of warrants (The last day for the exercise is June 15, 2005.)	Every 3 months on March 15, June 15, September 15 and December 15 through the term of warrants (The first exercise date is June 16, 2003.)

On August 21, 2002, the Company obtained an approval from the Stock Exchange of Thailand (SET) to offer the third warrants. (The Company's registration statement and draft prospectus would become effective on August 22, 2002.) On August 23, 2002, the Company issued and offered the said warrants to the existing shareholders in the registered records as of June 14, 2002. In this regard, the Company submitted for obtaining an approval from SET to accept the said warrants as listed securities and to be traded on September 5, 2002 onwards.

Up to December 31, 2004, the Company's employees exercised 4,696,502 units of warrants to purchase common shares (totaling Baht 48.6 million). As a consequence of the said exercises, the Company issued common shares of the Company to the Company's employees totaling 4,832,102 shares. In this regard, the Company incurred the net discount on share capital up to December 31, 2004 amounting to Baht 0.5 million and presented this as a deduction in the account "Premium on Share Capital" in the consolidated balance sheet and the Company's balance sheet.

To reserve for the outstanding exercisable warrants as at December 31, 2004, the Company provided 42,283,000 common shares at Baht 10 par value.

## **20. INTERIM DIVIDEND PAYMENT**

At the ordinary shareholders' meeting held on April 26, 2004, the shareholders unanimously approved the dividend payment for the year 2003 of Baht 0.55 per share. On September 8, 2003, the Company had already paid an interim dividend of Baht 0.25 per share (159,355,501 shares) totaling approximately Baht 39.8 million. Consequently, the Company made a dividend payment of Baht 0.30 per share for the operating results from July 1, 2003 to December 31, 2003 totaling approximately Baht 48.7 million (162,197,553 shares). The Company established the date of dividend payment to be on May 26, 2004 and the closing date of the Company's share register which determine the rights to get the dividend payment on May 4, 2004.

At the Board of Directors' meeting held on August 13, 2004, the Board of Directors approved the payment of first interim cash dividends totaling Baht 40.5 million (Baht 0.25 per share, 162,250,368 shares) out of earnings for the period ended June 30, 2004. Such dividends were paid on September 13, 2004.

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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**21. LEGAL RESERVE**

Under the provisions of the Limited Public Company Act B.E. 2535, the Company is required to set aside as reserve fund at least five (5) percent of its annual net profit (after deduction of the deficit brought forward, if any) until the reserve fund reaches ten (10) percent of the authorized share capital. The reserve fund is not available for dividend distribution.

**22. TRANSFER OF LEGAL RESERVE AND PREMIUM ON SHARE CAPITAL**

On March 28, 2003, the shareholders resolved the approval of transfer of the legal reserve of Baht 39.0 million and a portion of premium on share capital of Baht 261.7 million to set off all of the accumulated losses of the Company balance forward as at December 31, 2002 totaling Baht 300.7 million. The transfer of legal reserve and premium on share capital was made in accordance with Section 119 of the Limited Public Companies Act B.E. 2535.

**23. EARNINGS (LOSS) PER SHARE**

Basic earnings (loss) per share and diluted earnings (loss) per share for each of the years ended December 31, 2004 and 2003 were calculated as follows:

	Consolidated/The Company Only					
	Net Profit (Loss)		Number of Weighted		Earnings (Loss)	
	(In Thousand Baht)		Average Shares		per Share (In Baht)	
	2004	2003	2004	2003	2004	2003
Basic earnings per share	113,559	150,939	162,098	159,414	0.70	0.95
The effect of diluted equivalent common Shares	-	-	2,740	1,313	(0.01)	(0.01)
Diluted earnings per share	<u>113,559</u>	<u>150,939</u>	<u>164,838</u>	<u>160,727</u>	<u>0.69</u>	<u>0.94</u>

**24. REGISTERED PROVIDENT FUND PLAN**

The Company and subsidiaries have established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530 and received the approval from the Ministry of Finance. In addition, the Ministry of Finance also approved the transfer of the cumulative amount of the contributory provident fund in accordance with the Ministerial Regulation No. 162 (B.E. 2526) to the above registered provident fund.

Under the plan, each member contributes an amount equivalent to 5% of basic salary. The Company and subsidiaries contribute to the fund at 5% to 7.5% of the employees' basic salaries depending on the length of the employment. The Company and subsidiaries appointed a licensed fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

Provident fund expenses included in the consolidated statements of income for each of the years ended December 31, 2004 and 2003 were approximately Baht 27.6 million and Baht 24.2 million, respectively (Baht 23.9 million and Baht 20.9 million, respectively, were included in the Company's statements of income).

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
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## **25. DISCLOSURES OF FINANCIAL INSTRUMENTS**

As at December 31, 2004 and 2003, the Company and subsidiaries did not speculate in or engage in the trading of any derivative financial instruments.

### **25.1 Liquidity Risk**

Liquidity risk arises from the problem in raising funds adequately and in time to meet commitments as indicated in the financial statements. Management, based on the Company's and subsidiaries' current financial position and results of operations and their forecasted financial information, believes that at present the Company and subsidiaries have no such risk.

### **25.2 Credit Risk**

Credit risk is the risk that a counterparty is unable or unwilling to meet a commitment that they entered into with the Company and/or subsidiaries. This risk is controlled by the application of credit approvals, limits and monitoring procedures. The maximum credit risk exposure is the carrying amount of accounts receivable after deduction of allowance for doubtful accounts as presented in the consolidated balance sheets and the Company's balance sheets.

### **25.3 Interest Rate Risk**

Interest rate risk arises from the fluctuation of market interest risks, which may have effect to current and future operations of the Company and subsidiaries. As at December 31, 2004 and 2003, the Company and subsidiaries had financial assets and financial liabilities exposed to interest rate risk as follows:

	Consolidated						
	In Thousand Baht					Average Interest Rate (% p.a.)	
	Floating	Fixed Interest Rate Maturing in:			Total	Floating	Fixed
	Interest Rate	1 Year or Less	Over 1 to 5 Years	More than 5 Years		Rate	Rate
<b>2004</b>							
• <b>Financial assets</b>							
- Deposits at financial institutions	120,117	-	-	-	120,117	0.75 - 1.00	-
• <b>Financial liabilities</b>							
- Bank overdrafts	25,178	-	-	-	25,178	5.75 - 7.50	-
- Short-term loans from financial institutions	827,866	-	-	-	827,866	2.30 - 3.37	-
- Long-term loans from financial institutions	405,057	-	-	-	405,057	2.44 - 6.25	-
- Debentures	-	60,000	-	-	60,000	-	8.125
- Debentures	-	1,000,000	-	-	1,000,000	-	5.50
- Debentures	-	-	600,000	-	600,000	-	4.50
- Debentures	-	-	1,000,000	-	1,000,000	-	5.25

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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Consolidated							
In Thousand Baht							
Floating Interest Rate	Fixed Interest Rate Maturing in:			Total	Average Interest Rate (% p.a.)		
	1 Year or Less	Over 1 to 5 Years	More than 5 Years		Floating Rate	Fixed Rate	
<b>2003</b>							
• <b>Financial assets</b>							
- Deposits at financial institutions	80,754	-	-	80,754	0.25 - 0.75	-	
• <b>Financial liabilities</b>							
- Bank overdrafts	4,837	-	-	4,837	5.75 - 7.00	-	
- Short-term loans from financial institutions	778,727	-	-	778,727	2.50 - 3.00	-	
- Long-term loans from financial institutions	651,258	-	-	651,258	1.62 - 6.25	-	
- Debentures	-	120,000	60,000	180,000	-	8.125	
- Debentures	-	1,200,000	-	1,200,000	-	7.00	
- Debentures	-	-	1,000,000	1,000,000	-	5.50	
<b>The Company Only</b>							
In Thousand Baht							
Floating Interest Rate	Fixed Interest Rate Maturing in:			Total	Average Interest Rate (% p.a.)		
	1 Year or Less	Over 1 to 5 Years	More than 5 Years		Floating Rate	Fixed Rate	
<b>2004</b>							
• <b>Financial assets</b>							
- Deposits at financial institutions	52,597	-	-	52,597	0.75 - 1.00	-	
• <b>Financial liabilities</b>							
- Bank overdrafts	11,031	-	-	11,031	5.75 - 7.50	-	
- Short-term loans from financial institutions	787,866	-	-	787,866	2.30 - 3.37	-	
- Long-term loans from financial institutions	310,000	-	-	310,000	4.30 - 6.25	-	
- Debentures	-	60,000	-	60,000	-	8.125	
- Debentures	-	1,000,000	-	1,000,000	-	5.50	
- Debentures	-	-	600,000	600,000	-	4.50	
- Debentures	-	-	1,000,000	1,000,000	-	5.25	
<b>2003</b>							
• <b>Financial assets</b>							
- Deposits at financial institutions	25,392	-	-	25,392	0.25-0.75	-	
• <b>Financial liabilities</b>							
- Bank overdrafts	2,688	-	-	2,688	5.75-7.00	-	
- Short-term loans from financial institutions	738,727	-	-	738,727	2.50-3.00	-	
- Long-term loans from financial institutions	507,000	-	-	507,000	3.85-6.25	-	
- Debentures	-	120,000	60,000	180,000	-	8.125	
- Debentures	-	1,200,000	-	1,200,000	-	7.00	
- Debentures	-	-	1,000,000	1,000,000	-	5.50	



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**25.4 Foreign Currency Risk**

A portion of the Company's and subsidiaries' operations may give rise to significant exposure to market risk from changes in foreign exchange rates. Consequently, the Company and subsidiaries have entered into forward exchange contracts for hedging such exchange risk for all outstanding foreign currency loans.

**25.5 Fair Value of Financial Assets and Financial Liabilities**

Financial assets and financial liabilities held to maturity in the normal course of business are recorded at cost or redemption amount as appropriate.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The Company and subsidiaries use the following methods and assumptions to estimate the fair value of each significant class of financial assets and financial liabilities.

- Cash and cash equivalents, loans to subsidiaries, associated and related companies, trade and other receivables and payables

The carrying amounts stated in the consolidated balance sheets and the Company's balance sheets approximate fair value because of the short period to maturity of those financial instruments.

- Investments in securities

The fair value of investments in marketable securities is the current quoted market prices. Investments in non-marketable securities - a reasonable estimate of fair value, which has been calculated based on the underlying net asset base for such investments, approximates their carrying value stated in the consolidated balance sheets and the Company's balance sheets.

- Bank overdrafts and loans from financial institutions

The carrying amounts stated in the consolidated balance sheets and the Company's balance sheets approximate fair value because these financial instruments bear interest at a floating rate, which is considered to be the market rate.

- Long-term loans and debentures

The carrying amounts stated in the consolidated balance sheets and the Company's balance sheets of long-term loans approximate fair value because these long-term loans bear interest at a floating rate, which is considered to be the market rate.

The fair value of debentures is estimated using a discounted cash flow method based on the current market rate and the remaining period to maturity.



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**December 31, 2004 and 2003**

The carrying amounts and estimated net fair values of significant financial liabilities held at December 31, 2004 and 2003 are given below.

	2004 (In Thousand Baht)			
	Consolidated		The Company Only	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
Long-term loans from financial institutions	405,057	405,057	310,000	310,000
Debentures	2,660,000	2,691,542	2,660,000	2,691,542

	2003 (In Thousand Baht)			
	Consolidated		The Company Only	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
Long-term loans from financial institutions	651,258	651,258	507,000	507,000
Debentures	2,380,000	2,445,028	2,380,000	2,445,028

- Forward exchange contracts

The carrying amounts stated in the consolidated balance sheets and the Company's balance sheets of liabilities under forward exchange contracts approximate fair value, which is considered based upon marked to current market exchange rates.

## 26. SEGMENT FINANCIAL INFORMATION

The segment financial information of the Company and its subsidiaries for each of the years ended December 31, 2004 and 2003 were as follows:

	2004 (In million Baht)					
	Printing Materials and Advertising	Advertising Media through Television	Advertising Media through Radio	Information Services	Eliminate Transactions	Total
Sales and service income - net	3,048	206	30	3	( 79)	3,208
Costs of sales and services	(1,622)	( 189)	( 24)	( 2)	81	(1,756)
Gross profit (loss)	1,426	17	6	1	2	1,452
Rental and service income - net	52	-	-	-	( 20)	32
Interest income	7	-	3	1	( 8)	3
Other income	144	1	-	-	-	145
Selling and administrative expenses	(1,201)	( 25)	( 7)	( 3)	19	(1,217)
Provision for doubtful accounts - net	( 50)	( 3)	-	-	-	( 53)
Equity in net profit (loss) of subsidiaries and associated companies - net	( 16)	1	-	-	17	2
Interest expense	( 191)	( 8)	-	-	8	( 191)
Income tax	( 63)	-	( 1)	-	-	( 64)
Net profit (loss) of minority interests	-	-	-	-	5	5
Net profit (loss)	108	( 17)	1	( 1)	23	114

**NATION MULTIMEDIA GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
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	2003 (In Million Baht)					
	Printing Materials and Advertising	Advertising Media through Television	Advertising Media through Radio	Information Services	Eliminate Transactions	Total
Sales and service income - net	2,736	157	27	9	( 89)	2,840
Costs of sales and services	(1,325)	( 148)	( 16)	( 16)	90	(1,415)
Gross profit (loss)	1,411	9	11	( 7)	1	1,425
Rental and service income - net	38	-	-	-	( 6)	32
Interest income	15	-	2	2	( 10)	9
Other income	183	36	-	44	-	263
Equity in net profit (loss) of subsidiaries and associated companies - net	22	5	-	( 11)	( 13)	3
Selling and administrative expenses	(1,097)	( 28)	( 4)	( 24)	5	(1,148)
Provision for doubtful accounts - net	( 130)	( 4)	( 1)	-	-	( 135)
Interest expense	( 223)	( 9)	-	-	10	( 222)
Income tax	( 68)	-	( 3)	( 4)	-	( 75)
Net profit of minority interests	-	-	-	-	( 1)	( 1)
Net profit	151	9	5	-	( 14)	151

## **27. COMMITMENTS AND CONTINGENT LIABILITIES**

As at December 31, 2004,

- 27.1 The Company had commitments under two rental agreements of Web Off-set printing machine and related equipment with a local financial institution on a monthly basis up to June 2006 and September 2008 totaling approximately Baht 598.5 million.
- 27.2 The Company had unused letters of credit amounting to approximately Baht 85.2 million.
- 27.3 The Company and subsidiaries were contingently liable for letters of guarantee issued by local banks to government agencies totaling approximately Baht 14.9 million and Baht 12.3 million, respectively.

## **28. RECLASSIFICATION OF ACCOUNTS**

Certain accounts in the consolidated financial statements and the Company's financial statements for the year ended December 31, 2003 were reclassified to conform with the presentation of the consolidated financial statements and the Company's financial statements for the year ended December 31, 2004.