

**Information Memorandum on the Acquisition of Assets  
Of  
Nation Multimedia Group Public Company Limited (“ The Company”)**

Pursuant to the meeting of the Board of Directors No. 1/2014 on January 21, 2014, was approved the acquisition of the license to use allocated frequencies for national commercial digital television services (“**the Licenses**”) and the fulfillment of preconditions to be granted the Licenses which related two subsidiaries. The details are as follows;

**1. Transaction date**

Two subsidiaries of the company, Bangkok Business Broadcasting Co., Ltd. (“**BBB**”) and NBC Next Vision Co., Ltd. (“**NNV**”) (both companies call “**Subsidiaries**”), received a notification letter from the Office of the National Broadcasting and Telecommunications Commission (“**NBTC**”) on January 14, 2014, confirming that the company had won the auction for one of the digital TV licenses in the category of national business services (the “**License**”). The two subsidiaries made the first payment for the the license fee, to the National Broadcasting and Telecommunication Commission (the “**NBTC**”) on February 7, 2014.

**2. The relevant parties**

2.1 Transactions of BBB, in which NMG indirectly holds approximately 99.99 per cent of its total shares via Krungthep Turakij Media Co., Ltd.

| <b>No.</b> | <b>Type of Transaction</b>                                                                                            | <b>Related Parties</b>   | <b>Relationship</b>                        |
|------------|-----------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------------------------|
| 1          | The auction and acquisition of the License                                                                            | NBTC                     | They are not the Company’s related persons |
| 2          | The Standard Definition Terrestrial Digital Television NetworkServices Agreement                                      | The Royal Thai Army      | They are not the Company’s related persons |
| 3          | Initial investments for developing their production sites and studios as well as for procurement of related materials | Several trading partners | They are not the Company’s related persons |

2.2 Transactions of NNV, a subsidiary of Nation Broadcasting Public Company Limited (“NBC”) in which NBC (which the Company holds 71.30 per cent of its total paid up shares) holds 99.99% of its total shares

| No. | Type of Transaction                                                                                                   | Related Parties          | Relationship                               |
|-----|-----------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------------------------|
| 1   | The auction and acquisition of the License                                                                            | NBTC                     | They are not the Company’s related persons |
| 2   | The Standard Definition Terrestrial Digital Television Network Services Agreement                                     | The Royal Thai Army      | They are not the Company’s related persons |
| 3   | Initial investments for developing their production sites and studios as well as for procurement of related materials | Several trading partners | They are not the Company’s related persons |

### 3. General characteristics of the transactions

Two subsidiaries (BBB and NNV) which participated in and subsequently won the auction for the Licenses organized by the NBTC on 26 and 27 December 2013. In this regard, details of the result of such auction are set forth in the notification issued by the NBTC dated 10 January 2014 (which were received by the two subsidiaries on 14 January 2014) certifying that the two subsidiaries are the winning bidders in respect of the Licenses for two television channels at the total bid price of approximately Baht 3,538 million, a summary of which is as follows;

3.1 BBB, is a winning bidder for the License in Variety Category (Standard Definition) for 1 channel at the bid price of Baht 2,200 million; and

3.2 NNV is a winning bidder for the License in News Category for 1 channel at the bid price of Baht 1,338 million

In compliance with the Preconditions, pursuant to the Notification of the National Broadcasting and Telecommunication Commission (the “NBTC”) entitled Criteria, Procedures and Conditions on the Auction for Allocated Frequencies for National Commercial Digital Television Services B.E. 2556, each subsidiary has entered into the Standard Definition Terrestrial Digital Television Network Services Agreement with the Royal Thai Army for a total fee of approximately Baht 1,633.12 million. The services will be for both channels for a period of approximately 15 years (i.e. from 2014 to 2028).

In order to enable them to effectively carry on and provide their respective digital television services, it was estimated that the two subsidiaries’ initial investments for developing their production sites and studios as well as for procurement of related materials for production of their own television programs will be approximately Baht 350 million.

In light of the foregoing and considering the transaction size pursuant to the Notification of the Capital Market Supervisory Board No.ThorJor. 20/2551 entitled Rules on Entering into Material Transactions Deemed as Acquisition or Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand (the “SET”)entitled Disclosure of Information and Other Acts of the Listed Company Concerning the Acquisition or Disposition of Assets, 2004 (the “**Major Transaction Rules**”), the size of this transaction(which has an approximate value of Baht 5,521.12 million)is of the highest value when calculated from the total consideration paid(based on our consolidated financial statements ended 30September 2013) which equals to 101.89 per cent of the total assets of the Company. In addition, when consolidating the size of this transaction with another transaction entered into by the Company in the past six months, i.e. the establishment of a joint venture company between the Company and Eleven Media Group Company Limited in Myanmar, which has previously been approved by the meeting of the board of directors No. 7/2013 held on 8 November 2013 and is considered as an acquisition of assets with its highest value when calculated from the total consideration paid(based on our consolidated financial statements ended 30 September 2013) equaling approximately 0.36 per cent of the total assets of the Company, the size of these two transactions equals 102.25 per cent when calculated from the total consideration paid. Therefore, the proposed transaction falls under “Class 4 Transaction” which is regarded as a backdoor listing transaction pursuant to the Major Transaction Rules.

Nevertheless, the Company is exempted under the Major Transaction Rules from submitting their relisting applications to the SET due to the following reasons:

- (a) the digital television business acquired by the Company is in a similar line of business or a mutually supporting business to its ongoing businesses;
- (b) there is no material change in the composition of its board of directors or line of businesses, or the change of its control;
- (c) the Company has not increased its capital nor issued any securities which will affect its shareholders or result in any change in its shareholding proportion; and
- (d) the Company’s group will continue to hold suitable qualifications to be a listed company on the SET following the proposed acquisition of assets.

Consequently, the Company is required to disclose relevant information to the SET and hold its shareholders’ meeting to consider and ratify the proposed transaction with a vote of not less than three-fourths of the total votes of its shareholders attending and eligible to vote at the meeting (excluding those of interested shareholders) without having to submit any relisting application to the SET.

In addition, The Company must appoint as an independent financial advisor to give fairness opinions regarding the acquisition of assets for consideration by the board of directors and shareholders of the Company in accordance with the relevant regulations of the SET. The Company have approved the appointment of JayDee Partners Company Limited as an independent financial advisor for such asset acquisitions.

In addition, the entering into the above transaction is not considered as connected transactions pursuant to the Notification of the Capital Market Supervisory Board No. Thor Jor. 21/2551 entitled Rules on Connected Transactions and the Notification of the Board of Governors of the SET entitled Disclosure of Information and Act of Listed Company Concerning the Connected Transactions, 2003.

#### **4. Details of Acquired Assets**

4.1 The licenses and the right to use allocated frequencies for national commercial digital television services in accordance with the NBTC's policy for 2 channels, (a) variety channel in Standard Definition (SD) and (b) news channel, in 15 years term, total worth 3,538 million Baht.

4.2 Rights to the Standard Definition Terrestrial Digital Television Network Services for 2 channels, in 15 years term with The Royal Thai Army, related to details, conditions in the agreements. The objective is for broadcasting to different areas in Thailand, the total value of 1,633.12 million Baht.

4.3 Assets from initial investments for developing their production sites and studios as well as for procurement of related materials for production of their own television programs will be approximately Baht 350 million.

#### **5. Total value of the acquired assets**

5.1 The transactions of BBB for variety channel in Standard Definition (SD) are as follows:

##### **5.1.1 The Value of the assets**

|   | <b>Particulars</b>                                                                                                                                                       | <b>Value<br/>(Million Baht)</b> |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| 1 | The licenses and the right to use allocated frequencies for national commercial digital television services for variety channel in Standard Definition (SD) for 15 years | 2,200.00                        |
| 2 | The Standard Definition Terrestrial Digital Television Network Services fee for about 15 years                                                                           | 816.56                          |
| 3 | Initial investments for developing their production sites and studios as well as for procurement of related materials for production of their own television programs    | 150.00                          |
|   |                                                                                                                                                                          | <b>3,166.56</b>                 |

##### **5.1.2 Terms of payment**

(a) The licenses and the right to use allocated frequencies for national commercial digital television services for variety channel in Standard Definition (SD) for 15 years

Unit: Million Baht

| No. | Conditions                                                                                         | Minimal Fees  | Surplus Fees    | Total           |
|-----|----------------------------------------------------------------------------------------------------|---------------|-----------------|-----------------|
| 1   | In 30 days upon receiving a written notification the winning of the auction (within February 2014) | 190.00        | 182.00          | 372.00          |
| 2   | In 30 days after completion of one year of licensing,                                              | 114.00        | 182.00          | 296.00          |
| 3   | In 30 days after completion of two years of licensing,                                             | 38.00         | 364.00          | 402.00          |
| 4   | In 30 days after completion of three years of licensing,                                           | 38.00         | 364.00          | 402.00          |
| 5   | In 30 days after completion of four years of licensing,                                            | 0             | 364.00          | 364.00          |
| 6   | In 30 days after completion of five years of licensing,                                            | 0             | 364.00          | 364.00          |
|     | <b>Total</b>                                                                                       | <b>380.00</b> | <b>1,820.00</b> | <b>2,200.00</b> |

\* The first payment should be deducted the deposit of 10% of the minimal fees or Bt38 million which the company have paid in October 2013.

- (b) The Standard Definition Terrestrial Digital Television Network Services fee for about 15 years.

BBB will pay The Standard Definition Terrestrial Digital Television Network Services fee to The Royal Thai Army by monthly of THB 4.72 million per month, from January 16, 2014 to May 31, 2028, total amount in 15 years are 816.56 million Baht.

- (c) The investment in building improvement and equipments

BBB estimated to initial invest for developing their production sites and studios as well as for procurement of related materials for production of their own television programs total of 150 million Baht. The value and conditions of the transactions are on process of negotiation, for the Company's maximize benefit.

## 5.2 The transactions of NNV for news channel as follows:

### 5.2.1 The Value of the assets

|   | Particulars                                                                                                                                                           | Value (Million Baht) |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| 1 | The licenses and the right to use allocated frequencies for national commercial digital television services for news channel in Standard Definition (SD) for 15 years | 1,338.00             |
| 2 | The Standard Definition Terrestrial Digital Television Network Services fee for about 15 years                                                                        | 816.56               |
| 3 | Initial investments for developing their production sites and studios as well as for procurement of related materials for production of their own television programs | 200.00               |
|   | <b>Total</b>                                                                                                                                                          | <b>2,354.56</b>      |

### 5.2.2 Terms of payment

a) The licenses and the right to use allocated frequencies for national commercial digital television services for news channel in Standard Definition (SD) for 15 years

| No. | Conditions                                                                                         | Minimal Fees  | Surplus Fees    | Total           |
|-----|----------------------------------------------------------------------------------------------------|---------------|-----------------|-----------------|
| 1   | In 30 days upon receiving a written notification the winning of the auction (within February 2014) | 110.00        | 111.80          | 221.80          |
| 2   | In 30 days after completion of one year of licensing,                                              | 66.00         | 111.80          | 177.80          |
| 3   | In 30 days after completion of two years of licensing,                                             | 22.00         | 223.60          | 245.60          |
| 4   | In 30 days after completion of three years of licensing,                                           | 22.00         | 223.60          | 245.60          |
| 5   | In 30 days after completion of four years of licensing,                                            | 0             | 223.60          | 223.60          |
| 6   | In 30 days after completion of five years of licensing,                                            | 0             | 223.60          | 223.60          |
|     | <b>Total</b>                                                                                       | <b>220.00</b> | <b>1,118.00</b> | <b>1,338.00</b> |

\* The first payment should be deducted the deposit of 10% of the minimal fees or Bt 22 million which the company have paid in October 2013.

(b) The The Standard Definition Terrestrial Digital Television Network Services fee for about 15 years. NNV will pay The Standard Definition Terrestrial Digital Television Network Services fee to The Royal Thai Army by monthly of THB 4.72 million per month, from January 16, 2014 to May 31, 2028, total amount in 15 years are 816.56 million Baht.

(c) The investment in building improvement and equipments

NNV estimated to initial invest for developing their production sites and studios as well as for procurement of related materials for production of their own television programs total of 200 million Baht. The value and conditions of the transactions are on process of negotiation, for the Company's maximize benefit.

5.3 The total value and term of payments for 2 subsidiaries are as follows;

5.3.1 The Value of the assets

|   | Particulars                                                                                                                                                        | Value<br>(Million Baht) |          |          |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------|----------|
|   |                                                                                                                                                                    | BBB                     | NNV      | Total    |
| 1 | The licenses and the right to use allocated frequencies for national commercial digital television services for 2 channel in Standard Definition (SD) for 15 years | 2,200.00                | 1,338.00 | 3,538.00 |

|   | Particulars                                                                                                                                                           | Value<br>(Million Baht) |                 |                 |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------|-----------------|
|   |                                                                                                                                                                       | BBB                     | NNV             | Total           |
| 2 | The Standard Definition Terrestrial Digital Television Network Services fee for about 15 years                                                                        | 816.56                  | 816.56          | 1,633.12        |
| 3 | Initial investments for developing their production sites and studios as well as for procurement of related materials for production of their own television programs | 150.00                  | 200.00          | 350.00          |
|   | <b>Total</b>                                                                                                                                                          | <b>3,166.56</b>         | <b>2,354.56</b> | <b>5,521.12</b> |

### 5.3.2 Terms of payment

(a) The licenses and the rights to use allocated frequencies for national commercial digital television services 2 channels in about 15 years

| No. | Conditions                                                                                         | Minimal Fees  |               | Surplus Fees    |                 | Total           |
|-----|----------------------------------------------------------------------------------------------------|---------------|---------------|-----------------|-----------------|-----------------|
|     |                                                                                                    | BBB           | NNV           | BBB             | NNV             |                 |
| 1   | In 30 days upon receiving a written notification the winning of the auction (within February 2014) | 190.00        | 110.00        | 182.00          | 111.80          | 593.80          |
| 2   | In 30 days after completion of one year of licensing,                                              | 114.00        | 66.00         | 182.00          | 111.80          | 473.80          |
| 3   | In 30 days after completion of two years of licensing,                                             | 38.00         | 22.00         | 364.00          | 223.60          | 647.60          |
| 4   | In 30 days after completion of three years of licensing,                                           | 38.00         | 22.00         | 364.00          | 223.60          | 647.60          |
| 5   | In 30 days after completion of four years of licensing,                                            | 0.00          | 0.00          | 364.00          | 223.60          | 587.60          |
| 6   | In 30 days after completion of five years of licensing,                                            | 0.00          | 0.00          | 364.00          | 223.60          | 587.60          |
|     | <b>Total</b>                                                                                       | <b>380.00</b> | <b>220.00</b> | <b>1,820.00</b> | <b>1,118.00</b> | <b>3,538.00</b> |

(b) The The Standard Definition Terrestrial Digital Television Network Services fee for about 15 years.

BBB and NNV will pay the network service fees to The Royal Thai Army by monthly total of THB 9.44 million per month, from January 16, 2014 to May 31, 2028, total amount in 15 years are 1,633.12 million Baht.

(c) The investment in building improvement and equipments

BBB and NNV estimated to initial invest for developing their production sites and studios as well as for procurement of related materials for production of their own television programs total of 350 million Baht. The value and conditions of the transactions are on process of negotiation, for the Company's maximize benefit.

## **6. Criteria for value of the acquired assets**

- 6.1 The value of the license is in line with the NBTC's auction rules and process. The NBTC set the minimum bid price for the auction. Two subsidiaries joined the auction and won 2 licenses in 2 categories, with the bids of Bt2,200 million and Bt1,338 million for the standard definition category and the news channel category, respectively. The total license value is approximately Bt 3,538 million.
- 6.2 The digital TV network fee is specified under the network leasing contract. The fee shouldered by the two subsidiaries is Bt1,633.12 million for a 15-year period.
- 6.3 The investment in office and equipment is an initial sum. The two subsidiaries estimate the initial investment at Bt350 million. However, they are under the negotiation process to secure the best prices and conditions.

## **7. Expected benefits**

- 7.1 To boost the company's business scale and potential, as the digital TV licenses obtained by the two subsidiaries support the national broadcasting. This will allow the company's stations to reach a more diverse range of audience through all platforms. This is expected to boost the company's returns.
- 7.2 To strengthen the broadcasting-based revenue, this will stabilize the entire group's operations in the future.
- 7.3 To secure modern and fully-functional equipment as well as the appropriate operating office, this will support the production of various programmes in the future.

## **8. Sources of funds**

### **8.1 Source of fund for BBB to make the transactions**

NMG will support to BBB for the transactions by the following sources of funds:

- 8.1.1 Cash from business operation and capital increase since June 2013 and loans from existing credit facilities with financial institutions.
- 8.1.2 Since the terms of payment for the licensing fees are spread into 5 years after the completion date of licensing. Thus, the estimated source of funds in the future come from:
  - (a) Cash from the capital increase from warrant exercise by the warrant holders (NMG-W3), which can be exercise in June and December of each year start from December 2013 to June 2018, totaling Bt 1,647 million Baht.
  - (b) Cash from the capital increase from ESOP warrant exercise by Directors, Executives and/or Employee of the Nation Multimedia Group Public Co., Ltd. and its subsidiaries (NMG-WB), available every 6 months in November and December each year from November 2013 to May 2018, totaling Bt82 million.



- (c) Source of funds from debentures issuance (if required), which approved by shareholders in the AGM on April 25, 2013, worth of 1,500 million.

## **8.2 Source of fund for NNV to make the transactions**

NBC will support to NNV for the transactions by the following sources of funds:

### **8.2.1 Cash from business operation and capital increase since July 2013**

8.2.2 Since the terms of payment for the licensing fees are spread into 5 years after the completion date of licensing. Thus, the estimated sources of funds in the future come from:

- (a) Cash from the capital increase from warrant exercise by the warrant holders (NBC-W1), which can be exercise in June and December of each year start from December 2013 to June 2018, totaling Bt 530 million Baht.
- (b) Cash from the capital increase from ESOP warrant exercise by Directors, Executives and/or Employee of NBC and its subsidiaries (NBC-WB), available every 6 months in November and December each year from November 2013 to May 2018, totaling Bt 26 million.
- (c) Source of funds from debentures issuance (if required), which approved by shareholders in on April 24, 2013, worth of 500 million.

## **9. Opinion of the Board of Director on the transactions**

The Board of Directors considered that the transaction would benefit the company and shareholders, as it would support the company's future business expansion. It opens an opportunity to grow revenue and returns in the future. The Board of Directors resolved that this transaction should be endorsed and the executive board is authorized to proceed with related transactions.

## **10. Opinions of the Audit Committee and/or Directors different from those of the Board of Directors in Section 9 concerning those transactions**

-None.-

## **11. The responsibility of the Board of Directors regarding the information as appeared in the memorandum distributed to the shareholder**

The Board of Directors, with Mr.Suthichai Sae-Yoon and Ms.Duangkamol Chotana as its authorized representatives, had carefully reviewed the information as appeared in the memorandum and hereby certified that the information in the memorandum was correct, complete, without falsehood and did not mislead other persons in any important content or miss any important part that should have been given.

## **12. Liabilities**

### **12.1 The total amount of debt instruments having been issued and those not having been issued**

12.1.1 The 2013 Annual General Shareholders' Meeting was held on April 25, 2013, approved the issuance and offering of debentures in the amount not exceeding Baht 1,500 million at par value of Baht 1,000 per unit, the debentures would be offered in domestic and/or international by private placement, and/or investors, and/or institutional investors. The details and conditions related to the issuance and offering of the debentures will be determined by the Company's Board of Directors.

12.1.2 The 2013 Annual General Meeting of Shareholders of a subsidiary ("Nation Broadcasting Corporation Public Company Limited") was held on April 24, 2013, approved the issuance and offering of debentures in the amount not exceeding Baht 500 million at par value of Baht 1,000 per unit, the debentures would be offered in domestic and/or international by private placement, and/or investors, and/or institutional investors. The details and conditions related to the issuance and offering of the debentures will be determined by the Company's Board of Directors of a subsidiary.

However, as at December 31, 2013 the Board of Directors of NMG and NBC did not consider to approve any debenture offering.

### **12.2 The total amount of loans with specified repayment period, including the liability to place assets as collateral**

12.2.1 The company has entered into a 3 years long term- loans agreement with two financial institution in the amount of Bt300 million. This loan is repayable with monthly repayments starting from January 2014. Loan collateral includes land, printing machinery, some equipment and subsidiaries. As at December 31, 2013, the outstanding balance was Bt255 million, as repayment before the due date

12.2.2 A subsidiary, WPS (Thailand) Co., Ltd., entered into long term-loans agreement with a local financial institution in the amount of Bt70 million. This loan repayable in 36 monthly installments of varying amounts ending July 2014 and is secured by printing machinery. As at December 31, 2013 the outstanding balance was Bt20 million

**12.3 The total value of debts in other categories, including overdrafts, indicating the liability to place assets as collateral**

| Type of Debt                                                    | Outstanding<br>As December 31, 2013<br>(Million Baht) | Collateral |
|-----------------------------------------------------------------|-------------------------------------------------------|------------|
| Finance lease liabilities                                       | 13.62                                                 | -None-     |
| Bank overdrafts and short-term loans from financial institution | 293.92                                                | -None-     |
| Total                                                           | 307.54                                                |            |

In addition, the company entered into the Memorandum of Understanding with a local company for advertising services. The said company loaned to the company amount of THB 150 million and the company agreed to pay back loans to the said company by deducting from payments received for advertising after discount. As of December 31, 2013, the company's outstanding loan was THB 110.07 million.

**12.4 Liabilities that may arise in the future**

- 12.4.1 As at 31 December 2013 the credit limit of the Group and the company which has not been withdrawn was THB 1,161 million and THB 1,059 million, respectively.
- 12.4.2 As at 31 December 2013 the Group and the company had outstanding bank guarantees of THB 26.55 million and THB 10.86 million, respectively.
- 12.4.3 Three indirect subsidiaries (Bangkok Business Broadcasting Co.,Ltd, NBC Next Vision Co.,Ltd, Nation Kid Co.,Ltd.) entered the service agreement for satellite TV signaling with a local company amounted to USD 5.46 million.

**13. Business and Nature of Current Core Business**

**1.1 Type of Business**

Nation Multimedia Group Public Company Limited ("NMG") and its subsidiaries ("The Nation Group") run the business as an information and news broadcaster. As of today, The Nation Group is divided into 8 business lines which are:

| Business Unit                   | Operated by                                                                                                                                      | Type of Business                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) Business News Business Unit | <ul style="list-style-type: none"> <li>Krungthep Turakij Media Co., Ltd. (KTM)</li> <li>Bangkok Business Broadcasting Co., Ltd. (BBB)</li> </ul> | <ul style="list-style-type: none"> <li>Producer and distributor of "Krungthep Turakij Newspaper", a daily Thai newspaper, as well as administrating Krungthep Turakij's News Website, Workshops, Seminars, Extra Activities and Mobile News Service</li> <li>Produce of the business news TV channel "Krungthep Turakij" broadcasted through satellites and cable</li> </ul> |

| Business Unit                                 | Operated by                                                                                                                                                                                                                                                                                              | Type of Business                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                               |                                                                                                                                                                                                                                                                                                          | <p>TV</p> <ul style="list-style-type: none"> <li>▪ Bangkok Business Broadcasting Co., Ltd., which won digital TV bidding for a license of the SD Variety category under the NOW channel.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                        |
| (2) General News Business Unit                | Kom Chad Luek Media Co., Ltd. (KMM)                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>▪ Producer and distributor of “Kom Chud Luek”, a daily Thai newspaper that covers general topics, as well as “Nation Weekly”, a magazine that analyzes general news every week, as well as administrating News Website, Workshops, Seminars, Extra Activities and Mobile News Service</li> </ul>                                                                                                                                                                                                                                                                    |
| (3) English News Business Unit                | Nation News Network Co., Ltd. (NNN)                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>▪ Producer and distributor of “The Nation” newspaper, a daily newspaper published in English, and “NJ Magazine”, a periodically-released English teaching magazine for children, as well as administrating “The Nation” newspaper’s news website, Mobile News Service, Workshop/seminar and communication skill</li> </ul>                                                                                                                                                                                                                                          |
| (4) Edutainment & International Business Unit | <ul style="list-style-type: none"> <li>▪ Nation International Edutainment Public Company Limited (“NINE”)</li> <li>▪ Nation Edutainment Co., Ltd. (NED)</li> <li>▪ Nation Egmont Edutainment Co., Ltd. (NEE)</li> <li>▪ Nation Kids Co., Ltd. (NKD)</li> <li>▪ Nine Be Bright Co., Ltd. (NBB)</li> </ul> | <ul style="list-style-type: none"> <li>▪ Publisher, importer and distributor of pocketbooks, publications, foreign newspapers, foreign magazines, including administrating the copyrights of the stated publications through special activities</li> <li>▪ Produce cartoons and documentaries for kids via “Kid Zone” which is broadcasted through satellites and cable TV</li> <li>▪ Provide service of news and information through new media such as mobile phones, and portable devices.</li> <li>▪ To engage in tuition and training activities relating to education and academic affairs</li> </ul> |

| Business Unit                  | Operated by                                                                                                                                                                                                                                     | Type of Business                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (5) Broadcasting Business Unit | <ul style="list-style-type: none"> <li>▪ Nation Broadcasting Corporation Public Company Limited (NBC)</li> <li>▪ NBC Nextmedia Co., Ltd. (NNM)</li> <li>▪ NBC Next Vision Co., Ltd. (NNV)</li> <li>▪ NBC Next Screen Co., Ltd. (NNS)</li> </ul> | <ul style="list-style-type: none"> <li>▪ Produce satellite TV programs that relate to news and entertainment such as Nation Channel, as well as in related businesses, for example, stageplay, VCD and, workshop/seminar and other special activities.</li> <li>▪ NBC Next Vision Co., Ltd., which won digital TV bidding for a license of the SD News category under the Nation TV channel.</li> <li>▪ Collaborate with FM 90.5 MHz and FM 102 MHz to produce on-the-hour radio news and other radio programs</li> <li>▪ Provide service of news and information through new media such as website mobile phones, and portable devices.</li> </ul> |
| (6) Printing Business Unit     | WPS (Thailand) Co., Ltd. (WPS)                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>▪ Provide complete service for the publication of the Nation Group as well as external customers</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| (7) Logistics Business Unit    | NML Co., Ltd. (NML)                                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>▪ Provide service for nationwide delivery and shipping of publications and products of the Nation Group and external customer</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| (8) Education Business Unit    | Nation U Co., Ltd. (NU)                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>▪ Administrate and operate Nation University, which offers curriculum for Bachelor's and Master's Degree under two campus: Lampang and Bangkok</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

NMG is the major shareholder of all the companies stated in the table above. In addition, the Company is responsible for administrating sales, marketing, news editing, photography and sponsors to help support the companies in the Nation Group to be able to efficiently provide news and updates for the customers through various information channels

## **13.2 Industry and Competition Overview**

### **13.2.1 Overall Economy**

Overall, the Thai economy in 2013 witnessed an expansion at a rate of around 3%, compared to 6.5% of 2012, because of lower-than-expected and unrecovered export growth. In early 2013, the Thai economy gradually recovered to normal levels after the effects of the government's economic stimulus measures, including tax rebates for first-time car buyers and spending on flood recovery programs. However, sluggish domestic spending, coupled with prudent investment plans of the private sector, slow investment in government projects as well as a tense and unresolved political situation were the main factors behind the country's economic slowdown.

### **13.2.2 Advertising Industry**

In 2013, the advertising industry experienced a growth rate of just 3% compared to that of 2012. The slowdown in the economy and the political chaos brought down advertising expenditure. In 2014, it is anticipated that the advertising industry will experience only slight growth, as product owners and advertising agencies are likely to be more cautious on spending advertising budgets, as a result of the economic slowdown and falling consumer purchasing power. It is expected that the advertising industry will grow by around 4-6%, close to the GDP growth rate, with the start of digital TV broadcasting, expansion of cineplex and discount stores, as well as increases in advertising rates of some media.

### **13.2.3 Thai Economy**

In 2014, the Thai economy is anticipated to expand by around 4-5% (source: Office of the National Economic and Social Development Board) due to positive trends in the global economy and export and manufacturing sectors, and an expanding consumer income base. In addition, the switch to digital TV in 2014 will play a part in the growth of TV program production, with a more competitive industry in terms of content quality and unique and creative programs to attract viewers. It is expected that the TV production market will increase by around 14-16%, compared to that of 2013.

## **13.3 Directions and Trends of Print Media**

### **13.3.1 Paper Industry and Print Industry**

In 2014, it is anticipated that the pulp and paper industry and the print industry will continue to expand in the same direction as the previous year. Although digital media are very popular, paper is still in high demand as a daily commodity for consumers. These sectors might continue to grow against the economic trend of 2014, with a number of positive factors, despite the increasingly important social role played by electronic media.

### **13.3.2 Publishing Business**

The publishing business faced several challenges in 2013, as economic conditions lowered purchasing power, coupled with political problems, thereby bringing down overall revenue. These problems may continue into the first quarter of 2014. The print industry has become increasingly competitive, although the number of new titles launched each month was no different from the previous year. Each publisher tried to use productive strategies to boost its sales such as inking contracts with popular writers, creating stylishly-designed books and designing eye-catching book covers to attract reader interest on book shelves, offering complimentary gifts to lure target groups, launching public relations campaigns and promotions at bookshops and for readers, expanding sales networks and selecting distributors that suit each product.

The company has employed these strategies for several years. In 2014, with the successful bidding for two digital TV channels, the company will take advantage of this new media to publicize its books and broaden its audience base.

### **13.3.3 Advertising Industry**

In terms of advertising, the Media Agency Association Thailand (MAAT) estimated that the newspaper business is likely to grow by around 3% or equivalent to 21,400 million baht, due to the tense political situation. Newspapers, therefore, will receive the strong interest of both readers and advertisers. Making the paper business even more interesting is the World Cup 2014 in June, in which numerous marketing campaigns will be launched through the papers.

As for the first broadcasting of 24 digital TV channels in the commercial category in April 2014 under the “Must Carry” regulation, it is expected that audiences will mainly experience the new digital channels via cable and satellite TV, as these platforms can reach around 60-70% of the audience. This will lead to the segregation of the audience base into three platforms of free TV, cable/satellite TV and digital TV, driving up advertising budgets through the three platforms.

### 13.4 Summary of Financial Status and Operating Performance

#### 13.4.1 Summary of Financial Statements (Consolidated) for the year as at December 31, 2011 – 2013 (Shareholders are able to study the financial statements in full version from the Annual Report 2013)

Unit : (Thousand Baht)

| Statement of financial position                                                                                 | 2011             | %           | 2012             | %           | 2013             | %           |
|-----------------------------------------------------------------------------------------------------------------|------------------|-------------|------------------|-------------|------------------|-------------|
| Cash and cash equivalents and current investments                                                               | 181,820          | 5%          | 179,044          | 4%          | 1,606,169        | 30%         |
| Trade account receivables – net                                                                                 | 695,125          | 18%         | 768,633          | 19%         | 673,392          | 13%         |
| Accrued Income                                                                                                  | 106,918          | 3%          | 142,757          | 3%          | 165,421          | 3%          |
| Receivable from related parties                                                                                 | 61,372           | 2%          | 79,437           | 2%          | 97,987           | 2%          |
| Inventories - net                                                                                               | 248,423          | 6%          | 247,198          | 6%          | 274,048          | 5%          |
| Deposit guarantee for licencing auction                                                                         |                  | 0%          |                  | 0%          | 74,000           | 1%          |
| Other current assets - net                                                                                      | 319,177          | 8%          | 203,681          | 5%          | 183,644          | 3%          |
| <b>Total current assets</b>                                                                                     | <b>1,612,835</b> | <b>41%</b>  | <b>1,620,750</b> | <b>39%</b>  | <b>3,074,661</b> | <b>57%</b>  |
| Total long-term investments                                                                                     | 49,543           | 1%          | 56,515           | 1%          | 61,581           | 1%          |
| Property, plant and equipment – net from accumulated depreciation                                               | 1,855,045        | 48%         | 2,091,239        | 50%         | 1,861,979        | 35%         |
| Deferred tax assets                                                                                             | 139,160          | 4%          | 111,763          | 3%          | 98,775           | 2%          |
| Other non-current assets                                                                                        | 235,389          | 6%          | 272,032          | 7%          | 255,722          | 5%          |
| <b>Total assets</b>                                                                                             | <b>3,891,972</b> | <b>100%</b> | <b>4,152,300</b> | <b>100%</b> | <b>5,352,718</b> | <b>100%</b> |
| Bank overdraft and short-term loans from financial institutions                                                 | 762,580          | 20%         | 720,067          | 17%         | 293,916          | 5%          |
| Trade accounts payable                                                                                          | 167,572          | 4%          | 167,030          | 4%          | 119,760          | 2%          |
| Current portion of long-term loans from financial institutions and current portion of finance lease liabilities | 368,371          |             | 340,840          | 8%          | 128,157          | 2%          |
| Other payable                                                                                                   |                  | 0%          | 130,000          | 3%          | 0                | 0%          |
| Income tax payables                                                                                             | 8,082            | 0%          | 1,310            | 0%          | 2,795            | 0%          |
| Other current liabilities                                                                                       | 554,058          | 14%         | 594,772          | 14%         | 583,936          | 11%         |
| <b>Total current liabilities</b>                                                                                | <b>1,860,663</b> | <b>48%</b>  | <b>1,954,018</b> | <b>47%</b>  | <b>1,128,564</b> | <b>21%</b>  |
| Long-term loans from financial institutions and finance lease liabilities                                       | 375,150          | 10%         | 329,211          | 8%          | 158,017          | 3%          |
| Employee benefit obligations                                                                                    | 95,854           | 2%          | 81,987           | 2%          | 134,459          | 3%          |
| Other non-current liabilities                                                                                   | 120,566          | 3%          | 150,012          | 4%          | 147,049          | 3%          |
| <b>Total Liabilities</b>                                                                                        | <b>2,452,233</b> | <b>63%</b>  | <b>2,515,228</b> | <b>61%</b>  | <b>1,568,089</b> | <b>29%</b>  |
| Issued and paid-up share capital                                                                                | 1,647,740        | 42%         | 873,302          | 21%         | 1,751,121        | 33%         |
| Premium on ordinary shares                                                                                      | 4                | 0%          | 0                | 0%          | 784,501          | 15%         |
| Premium on ordinary shares of subsidiaries                                                                      | 75,590           | 2%          | 79,740           | 2%          | 94,372           | 2%          |
| Warrants                                                                                                        |                  |             |                  |             | 5,136            | 0%          |
| Other component of equity                                                                                       | 2,090            | 0%          | 10,587           | 0%          | 11,979           | 0%          |
| Retained earnings                                                                                               | -499,864         | -13%        | 443,628          | 11%         | 662,540          | 12%         |
| Non-controlling interests                                                                                       | 214,178          | 6%          | 229,815          | 6%          | 474,979          | 9%          |
| <b>Total equity</b>                                                                                             | <b>1,439,737</b> | <b>37%</b>  | <b>1,637,072</b> | <b>39%</b>  | <b>3,784,629</b> | <b>71%</b>  |



## Statement of comprehensive income

Unit : Thousand Baht

|                                                           | 2011             | %             | 2012             | %             | 2013             | %             |
|-----------------------------------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|
| <b>Statement of comprehensive income</b>                  |                  |               |                  |               |                  |               |
| Revenue from sale of goods and rendering of services      | 2,643,187        | 94.5%         | 2,936,869        | 94.7%         | 2,864,297        | 93.6%         |
| Rental and service income and others                      | 154,513          | 5.5%          | 165,006          | 5.3%          | 195,569          | 6.4%          |
| <b>Total income</b>                                       | <b>2,797,700</b> | <b>100.0%</b> | <b>3,101,875</b> | <b>100.0%</b> | <b>3,059,866</b> | <b>100.0%</b> |
| Cost of sales of goods and rendering of services          | 1,637,271        | 58.5%         | 1,840,736        | 59.3%         | 1,795,387        | 58.7%         |
| Selling and administrative expenses                       | 843,413          | 30.1%         | 882,956          | 28.5%         | 839,818          | 27.4%         |
| <b>Total operating expenses</b>                           | <b>2,480,684</b> | <b>88.7%</b>  | <b>2,723,693</b> | <b>87.8%</b>  | <b>2,635,205</b> | <b>86.1%</b>  |
| <b>Earning before interests and taxes</b>                 | <b>317,016</b>   | <b>11.3%</b>  | <b>378,182</b>   | <b>12.00%</b> | <b>424,661</b>   | <b>13.9%</b>  |
| Finance costs                                             | -119,996         | -4.3%         | -114,986         | -3.7%         | -76,674          | -2.5%         |
| Income tax expenses                                       | -46,326          | -1.7%         | -63,708          | -2.1%         | -71,157          | -2.3%         |
| Share of profit of equity-accounted investees - Associate | -68              | 0.0%          | 454              | 0.0%          | 806              | 0.0%          |
| <b>Net Profit</b>                                         | <b>150,626</b>   | <b>5.4%</b>   | <b>199,942</b>   | <b>6.4%</b>   | <b>277,636</b>   | <b>9.1%</b>   |
| Deduct : profit of non-controlling interests              | -42,379          | -1.5%         | -30,892          | -1.0%         | -25,914          | -0.8%         |
| <b>Net Profit of the Company</b>                          | <b>108,247</b>   | <b>3.9%</b>   | <b>169,050</b>   | <b>5.4%</b>   | <b>251,722</b>   | <b>8.2%</b>   |

## Summary statement of cash flow

Unit : Thousand Baht

|                                                                                        | 2011     | 2012     | 2013      |
|----------------------------------------------------------------------------------------|----------|----------|-----------|
| Cash flow from operating activities before changes in operating assets and liabilities | 554,294  | 638,080  | 678,658   |
| Net cash from (used in) operating activities                                           | 477,328  | 473,037  | 453,510   |
| Net cash from (used in) investing activities                                           | -154,449 | -237,136 | 61,858    |
| Net cash from (used in) financial activities                                           | -381,490 | -242,042 | 773,437   |
| Net increase (decrease) in cash and cash equivalents                                   | -58,611  | -6,141   | 1,288,805 |

## Summary Earning before interests, taxes, depreciation and amortization ( EBITDA )

Unit : Thousand Baht

|                                                                                | 2011           | 2012           | 2013           |
|--------------------------------------------------------------------------------|----------------|----------------|----------------|
| Net Profit attributable to the Company (after net of taxes and interests)      | 146,656        | 199,942        | 277,636        |
| Add Interest Expenses                                                          | 119,996        | 114,986        | 76,674         |
| Add Income tax expense                                                         | 46,325         | 63,708         | 71,157         |
| Add Depreciation and amortization                                              | 228,617        | 264,828        | 270,486        |
| <b>Earning before interests, taxes, depreciation and amortization (EBITDA)</b> | <b>541,596</b> | <b>643,464</b> | <b>695,952</b> |

## **Financial Ratio**

Financial ratio from consolidated financial statements

### **1. Liquidity Ratio**

|                                                                         | <b>2011</b> | <b>2012</b> | <b>2013</b> |
|-------------------------------------------------------------------------|-------------|-------------|-------------|
| 1.1 Current ratio (times)                                               | 0.87        | 0.83        | 2.72        |
| 1.2 Quick ratio (times)                                                 | 0.47        | 0.48        | 2.02        |
| 1.3 Operating cash flow ratio before changes in working capital (times) | 0.32        | 0.33        | 0.44        |
| 1.4 Account receivable turnover (times)                                 | 3.73        | 4.01        | 3.97        |
| 1.5 Account receivable period (days )                                   | 96          | 90          | 91          |
| 1.6 Inventory turnover (times)                                          | 6.84        | 7.43        | 6.89        |
| 1.7 Inventory period (days)                                             | 53          | 48          | 52          |
| 1.8 Account payable turnover (times)                                    | 5.26        | 5.32        | 5.86        |
| 1.9 Account payable period (days)                                       | 68          | 68          | 61          |
| 1.10 Cash Cycle (days)                                                  | 81          | 70          | 81          |

### **2. Profitabilities Ratio**

|                                                                    | <b>2011</b> | <b>2012</b> | <b>2013</b> |
|--------------------------------------------------------------------|-------------|-------------|-------------|
| 2.1 Gross profit margin (%)                                        | 38.06 %     | 37.32%      | 37.32%      |
| 2.2 Operating profit margin (%)                                    | 6.00 %      | 7.26%       | 8.00%       |
| 2.3 Operating cash flow before working capital to profit ratio (%) | 19.81 %     | 20.57%      | 22.17%      |
| 2.4 Net profit margin (%)                                          | 3.73 %      | 5.45%       | 8.22%       |
| 2.5 Return on equity (%)                                           | 7.24 %      | 10.33%      | 6.65%       |

### **3. Efficiency Ratio**

|                                | <b>2011</b> | <b>2012</b> | <b>2013</b> |
|--------------------------------|-------------|-------------|-------------|
| 3.1 Return on assets (%)       | 2.74%       | 4.20%       | 5.30%       |
| 3.2 Return on fixed assets (%) | 18.55 %     | 23.24%      | 27.74%      |
| 3.3 Asset Turnover (times)     | 0.74        | 0.77        | 0.64        |

### **4. Financial Policy Ratio**

|                                                                 | <b>2011</b> | <b>2012</b> | <b>2013</b> |
|-----------------------------------------------------------------|-------------|-------------|-------------|
| 4.1 Total liabilities to equity ratio (times)                   | 1.70        | 1.54        | 0.41        |
| 4.2 Interest-bearing debts to equity ratio (times)<br>D/E Ratio | 1.05        | 0.85        | 0.15        |
| 4.3 Interest coverage ratio (times)                             | 6.01        | 7.10        | 10.78       |
| 4.4 Earning before interests, taxes to interest paid (times)    | 2.61        | 3.29        | 5.54        |
| 4.5 Cash basis (times)                                          | 1.07        | 0.99        | 0.79        |

### **13.4.2 Summary of financial position of the company and its subsidiaries for the year ended December 31, 2013**

The consolidated financial statement of the Nation Multimedia Group PCL and its subsidiaries for the year ended December 31, 2013, a net profit was of THB 251.72 million, increased by 49 % as compared to last year; net profit of THB 169.05 million. In essence, the operating results of the Group can be summarized as follows.

1. Revenues from sales and services of the year 2013 decreased by 2 % as compared to last year, because the revenue from advertising sales increased by 4 % , advertising revenues from print media, TV, and radio revenue increased by 3 % and new media revenues 9 %. However, the sales of publications decreased by 8 %. In addition, revenues from education increased as compared to last year which recently began the operations in March 2012.
2. Costs of sales and operating expenses of the year 2012 was down 3 % compared to the same period last year, because the Group has managed all aspects of cost control continuously.

### **Operating Performance for Each Product Line in 2013**

#### **Printing and Publishing Business**

In printing and publishing business, it consists of three business lines as follows.

- Thai news business – under the operation of the Krungthep Turakij Media Company Limited. (NMG holds shares 99.99% shares).
- Thai general news business - under the operation of the Kom Chad Luek Media Company Limited (NMG holds 99.99% shares).
- English news business – under the operation of the Nation News Network Company Limited (NMG holds 99.99% shares).

#### **Income**

Printing and publishing revenues in 2013 consisted of income from the sale of advertising space, special events held, and distribution of the newspapers the Nation, Bangkok Post , Kom Chad Luek, and the Nation Weekends magazine, the Junior Nation , and revenue from the sale of the books in special edition. The revenue from Bangkok Business TV generated by the Q4 2012 by approximate 1.3 % of revenue from sales and services of the printing and advertising (while in 2013, revenue from Bangkok Business TV increased, and incorporated to revenues generated from broadcasting by approximate 13 % .

**Revenue from sales and services of the printing and publishing business** in 2013 (excluding inter-transactions) was THB 1,596 million or 56 % of revenue from sales and services as to the financial statements of the Group, decreased by 3% from the previous year, THB 1,649 million, mainly caused by advertising revenue in print and revenue from special events, THB 1,173 million, increased by 5% from

the previous year. Regarding to income from sales of publications in 2013, it valued of THB 423 million, decreased by 4 % from the previous year. However, if inclusive of the transactions among subsidiaries, the revenue from sales and services of the printing and publishing business in 2013 would be of THB 2,761 million, decreased by 5 % from last year, THB 2,908 million.

### **Revenue Structure of Printing and Publishing Business**

**Revenues from printing and special events** in 2013(excluding inter-transactions) was THB 1,173 million, decreased by 3 % from the previous year to THB 1,209 million as resulted of classified ads, THB 119 million, decreased by 6 % from last year, supplement ads of THB 46 million, decreased by 30 % from previous year, revenue from special events decreased from the previous year as well. However, in the Display newspapers, advertising revenue was THB 964 million, growth rate increased by 9 % from the previous year, thereby resulted that the total revenue decreased only slightly.

**Revenues from the distribution of publications** in 2556 was THB 423 million (excluding inter-transactions), decreased by 4% from a year earlier. In 2013, the company's selling price of newspapers remained the same to the previous year; the Nation retail price per copy is THB 30, subscription price THB 4,900, the Bangkok Business newspapers's retail price is THB 20 each, subscription price THB 5,475 per year, the Kom Chad Luek newspapers's retail price is THB 10, subscription price THB 3,650 per year.

### **Expenditure**

**Costs of sales in printing and publishing business** in 2013 was THB 1,967 million decreased by 4% from the previous year, THB 2,051 million, because the cost of paper and raw materials fell by 12% while the cost of editorial expenses increased by 6%. Cost of sales consists of variable costs by production volume of THB 986 million, and fixed cost of THB 981 million, accounted for 50% and 50%, respectively, compared to the total cost of sales of this business.

The total variable cost was THB 986 million, varying with revenue from the sale of publications and income from the sale of materials for printing the overseas publications only. (accounted for 33 % of revenue from sales and services, excluding revenue from advertising or special events). The structure of variable cost consists of cost of paper, cost of printing, and cost of producing the books.

Fixed costs amounted to THB 981 million, including payroll costs , welfare costs, story and news costs, editorial cost, travel expenses, and depreciation , etc.

Regarding to control of selling cost, if paper price increases, the company is necessary to control the production strictly. In doing so, the company will control volume of the return of goods, adjust news page and content appropriately with number of pages, and reduce the number of color pages. The paper and printing costs in 2013 totalled of THB 358 million (excluding inter-transactions), decreased by 7 % from

the previous year, THB 384 million, the consumption of raw materials decreased by 5%, and the price of paper decreased by 11%.

**Selling and administrative expenses of printing and publishing business** in 2013 was THB 1,081 million, decreased by 4% from the previous year, THB 1,130 million.

Selling and administrative expenses include payroll cost of Sales and Administrative by 37%, promotional cost by 22%, shipping and travel expenses by 17%, depreciation by 4%, which the cost in this section does not vary by income.

## **Operating Results**

**Gross profit of the printing and publishing business** in 2013 was THB 794 million or 28.8 % compared to revenues from sales and services, decreased by 0.7 % from the year 2012; 29.5 %, as resulted of the decreased ad revenues by 3 % .

**The net profit of printing and publishing business** in 2013 was THB 160 million, decreased by THB 10 million from the previous year with a net profit of THB 170 million owing to the declined gross profit. Although the selling cost and administrative expenses decreased 4 %, but because in 2013, the jurist person income tax expense increased from the prior year by THB 28.3 million, particularly from the NMG which incurred the income tax expense in 2013 by THB 24.3 million while there was none in the previous year owing to the accumulated deficits in taxes.

**Printing Services Business** under the operation of WPS (Thailand) Co., Ltd, (NMG hold 84.5% shares)

### **Income**

In 2013, **printing services revenue** consists of the total revenues of THB 460 million, decreased by 12 % from the previous year , mainly due to collecting charges from the parent company and affiliates approximately 80 % - 85 %. The declined revenue mainly resulted from the declined revenue in printing delivered to customers.

**Rental and service income** in 2013 amounted to THB 6 million, comprising the share of the printing area for rent to the affiliated companies for the storage of raw materials or storage awaiting for shipment, etc.

### **Expenditures**

Cost of sales in the publishing business in 2013 was THB 351 million, decreased by 6% from the previous year, THB 372 million. The structure of selling cost primarily consists of the cost of paper and raw material in production by 42% salary wages on production by 16% and depreciation by 30%, which such ratio was similar to that of the previous year.

**Selling and administrative expenses** of the publishing service business in 2013 was THB 43 million, accounting for 9% of revenues, such expenses decreased by 19% from the previous year, THB 53 million.

Regarding to the cost of sales and administrative cost, it consists of payroll cost of Sales and Administrative by 38%, depreciation 23%, travel and transportation expenses by 7% , this cost does not vary with income.

## **Operating Results**

**Gross profit of the publishing service business** in 2013 was THB 109 million or 24 % of revenue from sales and services. Gross profit decreased from the previous year by THB 41 million, mainly resulted of the declined income of external publishing. Cost of sales decreased at lower ratio than income, especially, the depreciation cost, a fixed cost, was similar to that of the past year.

**Net profit of the publishing business** in 2013 was THB 59 million, decreased by 28 % compared to that of the past year, THB 81 million; this resulted from the declined gross margin.

**Edutainment business** has been executed under the operation of four subsidiaries; including the Nation International Edutainment PCL (NINE) (NMG holds 83.7% shares), the Nation Edutainment Company Limited (NED) (NINE holds 99.99% shares) and jointly controlled entity; the Nation Egmont Edutainment Company Limited (NEE) (NINE holds 49.9 % shares), and the Nation Kids Company Limited (NINE holds 99.99% shares) .

## **Income**

A total income of the edutainment business in 2013 consisted of revenue from the sale of education-purposed publications and books, distribution of the overseas publications, income from children programs on the satellite TV. In 2013, total revenues of the four companies in this line of business amounted to THB 465 million, increased by 5% from the prior year , primarily generated from the satellite TV and KidsZone which launched the operation in 2013. The NEE's revenues, which is jointly controlled are calculated according to the investment ratio 49.9 %, main income consists of the following. .

**Revenue from sales** of comics and education-purposed books, the NEE's income in proportion to investment in the jointly controlled entities equated to THB 78 million, decreased by 16 % from the previous year, THB 93 million, as resulted of the declined cost of printing and the return of books.

**Revenue from sales of the book** in NINE was THB 74 million, decreased by 6% from the past year, THB 79 million. Although in recent years there are the newly interesting books such as biography of Einstein, but the sales of the Einstein biography was not as much as that of Steve Jobs biography in prior year.

**Income as distributor of the foreign publication** - NINE revenues decreased by 11% from THB 93 million to THB 83 million from the previous year,. This resulted from the control of printing of foreign newspapers.

## **Expenditures**

**Costs of sales in the edutainment business** in 2013 for total four companies amounted to THB 335 million, decreased by 8 % from the previous year, THB 309 million (calculated and compared by total cost of the NEE , which is jointly controlled entities as to the investment proportion 49.9 %). Cost of sales includes the cost of books, printing costs, production costs, copyright fees and writers' copyright, accounted for 86% of the cost of sales, which mostly varied with income. The payroll costs, editorial and production cost are fixed cost, accounted for 14 % of cost of sales.

**Selling and administrative expenses of the edutainment business** in 2013 was THB 93 million, decreased by 3 % from the previous year, THB 96 million. The cost structure comprises payroll costs of Sales and Administrative by 43% , promotional costs by 19%, transport and travel by 3 %, which this cost does not vary with income.

## **Operating Results**

**Gross profit of the edutainment business** in 2013 generated from serving as distributor of the foreign publication of THB 130 million. (separately expressed in rental and service income ) or 28 % of total revenues, decreased from the previous year by 30 % .

**Net profit ( loss) of the edutainment business** for four companies in 2013 totalled of THB 23 million or 5 % of total revenues, decreased by 1% from 6% of the previous year, compared with consolidated net income of NEE which is jointly controlled entities at investment ratio 49.9 %) .

The consolidated net profit for four companies was THB 23 million; that is to say; THB 20.5 million generated from the NINE's profit, decreased from the previous year, THB 28.8 billion as resulted fo the increasing costs of marketing and human resources spent to support character management business, and satellite TV Kid's Zone, which started broadcasting in the Q4 of the year 2012.

The NEE's net profit was THB 0.6 billion, decreased from the previous year, THB 9.1 billion (perceived by investment proportion 49.9% in the jointly controlled entities). The NED has a net profit of THB 1.3 billion, decreased from last year, THB 5.8 million, as resulted from the control of the production and distribution of books to the bookstores

## **Broadcasting and New Media Business**

Under the operations of the company Nation Broadcasting Corporation PCL, as of the year ended December 31, 2013, the NMG holds 71.3 % shares, the NBC Next Vision Ltd. (or "NNV") (NBC holds 99.99% shares) , operating the TV satellite programs business on the Nation Channel, and the NBC Next Screen Co.,Ltd (or "NNS") (NBC holds 99.99% shares).

## **Income**

Income from broadcasting and new media business was THB 696 million, decreased by 6 % from the previous year, THB 737 million. The revenues in the broadcasting and new media business in the NBC Group accounted for 23 % of revenue from the consolidated sales and service of the Group as to the consolidated financial statement, consisting of revenue from advertising sales, the satellite TV ; including the Nation Channel, Kom Chad Luek TV, Threat Watchful Channel, and production or co-production for television stations like the Channel 3 , Channel 5 , and revenue from radio FM 90.5, FM 102 etc. The proportion of income in TV business and special activities accounted for 71 %, radio business 5 % and the new media 23% as follows.

**Advertising revenues from television and related special activities** in 2013 amounted to THB 500 million, decreased by 11 % as compared to the previous year, THB 560 million, because in the previous the company's income from co-production rendered to the Ramathibodi Foundatio, revenue from the theater, and revenue from special events dropped as resulted of the political unres, consequently the special events during the Q4 slowed down However , the growing revenues came from satellite TV of THB 352 million, up 8 % from last year; the NBC has the popular programs aired on Nation Channel, for instances; KK the Nation News, the Morning News, etc.

**Radio revenue** in 2013 amounted to THB 33 million, similar to the previous year, the revenue from advertising on radio FM 102 and FM 90.5.

**Revenue from new media** – owing to news service via mobile phone and website business of the Group and its alliances in 2013, the company earned income of THB 163 million, increased by 12 % from last year; THB 145 million, because NBC has been undertaking as advertising agency on the website of the publishing business in the Group, together with the growing revenues from new media on new channels; for instances, the application via Smart Phone, iPad, Tablet, Playbook, TV Internet Digital TV and so on.

## **Expenditures**

Costs include variable expenses by income, including media/program production costs while the fixed expenses include the rental cost, salaries and benefits cost, and depreciation. Cost of services, selling and administrative expenses are divided as follows.

**The cost of the service in the broadcasting service business** in 2013 amoutned to THB 487 million, decreased by 10 % as compared to the prior year, THB 540 million, primarily due to the discontinuity of production on Kom Chad Luek Channel in the Q4 2013, and the discontinuity of production delivered to the Ramathibodi Foundation in mid 2013, and no TV series production in the past year. The main structure of the selling cost includes media/program production costs by 53 %, editorial and production payroll costs by 25% , depreciation by 9%, and travel cost by 2%.



**Selling and administrative expenses** in 2013 were THB 163 million, increased by 18% from the previous year, THB 138 million, including promotional cost in special events like Rice for King, etc.

The structure of the selling and administrative costs consisted of the fixed cost, including salary and fringe costs of Sales and Administrative expenses by 33 %, promotion 27 %, mainly the expense of special events which varied with income on the special projects.

### **Operating Results**

**Gross profit** in the TV and radio broadcasting and new media business on behalf of the NBC in 2013 was THB 184 million, or equal to 26 % of revenues, similar to that of the last year which gross profit was 27% .

**The net profit** of TV and radio broadcasting and new media business in 2013 was THB 45 million, decreased by 6 % from the previous year, THB 48 million. The ratio of the net profit of the NBC (company only ) was THB 51 million, increased by 6% from the previous year, THB 48 million, net loss of THB 7 million due to the transfer of the satellite TV recently from the parent company in early 2013.

### **Logistic Business**

Logistic business is under the operation of the NML Company Limited (“NML”) as of 31 December 2013, the NMG holds 99.99% shares.

#### **Income**

**The total income generated from the logistics business** in 2013 was THB 249 million, increased by 3% compared to last year due to the increasing external service. In particular, it considered only the clients that can make a profit at the satisfactory level. The structure of the income includes the revenue from the service rendered to the affiliated companies and external companies at ratio 70 % to 30%, respectively. When excluding transactions between the affiliates, the NML in 2013 would gain revenues from the external logistics services of THB 91 million, increased by 23 % from the previous year , THB 74 million, or accounting for 3% of revenue from consolidated sales and services in 2013. The customers continuing to use the services include True Vision; sending letters to members, Tesco Lotus; sending the leaflets, McDonald, and IKEA etc..

#### **Expenditures**

**Cost of sales in the logistics business** in 2013 amounted to THB 201 million, decreased by 12 % from last year due to control and decrease in fuel costs , and hiring the external vehicles reduced by 13%. The cost structure mainly includes car rental and fuel, accounting for around 64 % while salary and welfare cost for chauffeurs accounted for 29% of the cost of sales.

**Selling and administrative expenses** in 2013 was THB 25 million, increased by 31% from the previous year, THB 19 million, mainly due to increase in salary and welfare expenses, increased bonuses compensated to employees for their improved performance.

### **Operating Results**

**Gross profit of the logistics business** for the year 2013 was THB 48 million, higher than THB 269% the previous year's gross profit of THB 13 million due to an increased income of 3 % and cost reduced up to 12 %.

**The net profit** of the logistics business for the year 2013 was THB 20.1 million, while in the past year the net loss was THB 4.7 million. This resulted from the cost control of service continuously.

### **University Business**

Under the operation of the Nation University, and the license is held by the Nation Company Limited ("NU") (as at 31 December 2013, NMG holds 90.00% shares), transfer of license was initiated by March 2012.

### **Income**

**Income generated from university business** in 2013 was THB 81 billion totally, divided into revenue from learning and teaching of THB 57 million and revenue from special events of THB 24 million. Overall, the income increased by THB 45 million from THB 36 million of the previous year, because of the increased number of students, especially students in the the Faculty of Communication Arts, Bang Na Campus, enrolled for the 3<sup>rd</sup> year. In 2013, there were a total of 1,107 students; divided into Lampang Campus of 617 students, and Bang Na Campus of 490 students. The number of students increased from 2012 by approximate 37 %.

### **Expenditures**

**Costs of service in the university business** in 2013 was THB 38 million, decreased by 5% from the previous year, THB 40 million. The structure of sales cost mainly includes salary cost paid to instructors, teachers, and trainers, representing 71 % of the cost of service.

**Selling and administrative cost** in 2013 amounted to THB 55 million, increased by 31% from the previous year, THB 42 million (due to a prior year 's operating results of 10 months was calculated, when compared per annum, it would be equal to THB 50 million). Cost structure primarily consists of salaries and benefits of 36% and, depreciation of 26% .

## **Operating Results**

**Gross profit** of the university business for the year 2013 was THB 20 million or 34% of teaching and learning income while a prior year incurred a gross loss of THB 4 million, or -11%. This was because the increased revenue from the increasing number of the students and the controlled costs decreased by 5%.

**The net profit** of the the university business for the year 2013 was loss of THB 11 million, resulted of the decreased net losses of the previous year of THB 34 million. However, loss partly resulted from the depreciation in 2012 with the investment in equipments and renovation of the buildings in 2012. Consequently, the depreciation was quite high, about THB 14 million per year, when excluding the depreciation; the university business would have net profit before depreciation of about THB 3 million.

## **Financial Position as at December 31, 2013**

### **Consolidated Balance Sheet as at December 31, 2013 compared to the year 2012**

**Total assets** at 31 December 2013 was THB 5,353 million , increased by THB 1,201 million from the previous year, THB 4,152 million. Substantially, changing transactions are as follows.

**Cash and cash equivalents** at December 31, 2013 was THB 1,468 million, increased up to THB 1,289 million from the previous year, THB 179 million , divided into cash deposit at bank of NMG amounted THB 19 million, eductainment business of THB 303 million, TV business of THB 1,089 million. Primarily. It included bank deposits of the Group 's capital increase in mid-2013 and cash deposited at banks and financial institutions prior to the investment in the digital TV and related businesses in 2014.

**Current investment** was THB 138 million while no current investment incurred in the last year. During the year 2013, the subsidiaries, NBC and NINE had increased the capital, and allocated the deposit amount into 4-6 month investment. Of these, THB 118 million belongs to the NBC while THB 20 million belongs to the NINE.

**Trade Accounts Receivable - Net** (excluding accounts receivable in the related parties) was THB 673 million, decreased by 12% from last year, THB 769 million due to the revenue increases. The company's average collection period for the year 2013 was 107 days, similar to last year at 106 days.

**Receivables from subsidiaries, associated companies and affiliates – net** after allowance for doubtful accounts and the allowance for sales returns accounted for THB 84 million, increased by THB 5 million from the previous year, THB 79 million from trade receivables for the jointly controlled activities (NEE), which mainly included the overdue items in book production for the Nation Edutainment Company Limited (NED).

**Accrued income** was THB 165 million, increased by THB 23 million from the previous year, THB 143 million, mainly caused by the television business that has engaged in advertising contract overlapping between years and not yet invoiced. Also, it was caused by the project revenue from organizing special events which partly delivered the services; but invoiced upon completion of the project. Mostly customers include government agencies and state enterprise which require process and timing of the before getting the job.

**Inventories** amounted to THB 274 million, increased by THB 27 million from the previous year. It consists of the finished goods of the edutainment business by THB 147 million and raw materials of the publishing business by THB 78 million and materials of the printing business by THB 30 million. In calculating the storage period of raw materials for only the Newsprint at December 31, 2013 was 73 days. The cost of goods sold only for paper accounted for 22% of total cost of total sales. However, cost of sales and inventory calculated according to the consolidated financial statement, the period of selling the inventory was 52 days, increased by 4 days from the past year, 48 days.

**Deposit guarantee for licencing action in the digital TV** was THB 74 million, caused by three subsidiaries participated in bidding the TV digital according to the NBTC requirements, which the bid security must be paid at rate of 10 % of the minimum bid price, comprising general category with normal resolution by THB 38 million, auctioned by the Bangkok Business Broadcasting Company Limited (NMG holds indirectly 99.99 % shares), news and knowledge category by THB 22 million auctioned by the NBC Next Vision Company Limited (NMG holds indirectly 71.3 % shares) and the children category, youth and family category by THB 14 million auctioned by the Nation Kids Company Limited (NMG indirectly holds 83.75 % shares).

**Other current assets** amounted of THB 184 million, decreased by THB 20 million from the previous year, THB 204 million.

Other current assets consist of withholding income tax of THB 40 million, prepaid cost of THB 44 million, purchase tax which is not due of THB 67 million, employee's advance cash of THB 7 million, and other net receivables from the allowance for doubtful debts of THB 6 million. Other current assets decreased from the list of the withholding income tax for calculating the juristic person income tax.

**Investment in associated companies, a related parties, and other companies** totaled amount of THB 59 million, increased by THB 2 million from the previous year, THB 57 million, consisting of an investment in an associated company, Yomiuri Nations Information Service Co., Ltd., by THB 28 million, and investment in shares of many listed companies for the interest of access to the news sources by THB 31 million.

**Property, plant and equipment** – net amounted of THB 1,778 million, decreased by THB 209 million from the previous year, THB 1,987 million, mainly resulted of the depreciation of buildings and equipments during the year 2016 totalled of THB 215 million. Land, building, and equipments and leasehold premises improvement (office building), were a total of THB 537 million (30%) and the subsidiaries in the publishing service business (publishing houses) of THB 854 million (48%), television business of THB 111 million (6 %) and Nation University of THB 245 million (14%).

**Intangible assets** amounted of THB 84 million, decreased by 20 million from the previous year, THB 104 million, consisting of deferred royalties in the edutainment business, the application for accounting and finance, ads reservation system, circulation system, Work Flow system that supports new media business, and so on.

**Deferred tax assets** were of THB 99 million, decreased by THB 13 million from the previous year, THB 112 million owing to making use of the calculation of the juristic person income tax. Of these, it belongs to the NMG by THB 55 million, subsidiaries in publishing business by THB 14 million, subsidiaries in the edutainment business (Group NINE) by THB 15 million, and broadcasting media by THB 8 million.

**Other non-current assets** were THB 258 million, decreased by THB 14 million from the previous year, THB 272 million, mainly resulted of the transfer of the withholding income tax due and refunded more than one year from other current assets to non-current assets. The withholding tax was THB 218 million, reduced by THB 5 million from the previous year. In addition, it includes royalties for golf membership of THB 9 million, and deposit of THB 17 million, etc.

**Total liabilities** were THB 1,568 million, decreased by THB 947 million from the previous year, THB 2,515 million. The significantly changing transactions are summarized as follows.

**Bank overdrafts and short-term loans** from financial institutions amounted of THB 294 million, decreased by THB 426 million from the previous year, THB 720 million, because the increased capital was spent to repay short-term debt temporarily to reduce the interest expense before investing in 2014.

**Trade accounts payable** were THB 120 million, decreased from THB 167 million of the previous year. When calculating the repayment period in 2013, average repayment period was 61 days, decreased by 7 days from the previous year, 68 days.

**Long-term loans** from financial institutions were THB 273 million, decreased by THB 349 million from the previous year, THB 622 million due to repayment of long term loans during the year.

As at December 31, 2013, balance of the loan term loan and payment schedule are as follows.

- Loan agreement entered with two domestic financial institutions – signing the agreement on November 2012, amount limit of THB 300 million for 4-year period, and repayment is made on monthly basis from the year 2014 to 2016. Besides, the company has guaranteed the said loan by mortgaging the land and printing machines to the subsidiary, and following the terms and conditions and limitations stipulated in the loan agreement. In December 2013, the company made an early repayment owing to the receipt of the dividends from its subsidiaries and selling the unused land of THB 45 million totally. Thus, the remaining amount of THB 255 million shall be paid on monthly basis from January 2014 to July 2016.
- A subsidiary, WPS, at according to long-term loan agreement from a domestic financial institution, the outstanding principal was THB 21 million, payment is made on monthly basis of THB 2.85 million until July 2014.

**Finance lease liabilities** at December 31, 2013 were still outstanding THB 14 million, decreased by THB 34 million from the previous year, THB 48 million. Main particulars include machinery leases of the subsidiary, WPS, which rental payment is made on monthly basis of THB 2.7 million each, ended by February 2014. The amount due within 1 one year totaled THB 8 million and that amount due beyond one year totaled THB 5 million.

**Accrued expenses as** at December 31, 2013 was THB 237 million, increased by THB 32 million from the previous year, THB 205 million. The particulars in the NMG was THB 74 million and that of the subsidiaries of THB 163 million; mainly including the expenses incurred, but payment due after the end of the year, for examples, cost of special events held by the end of the year. It also includes the accrued social security fund, accrued provident fund.

**Other current liabilities** as at 31 December 2013 was outstanding of THB 347 million, decreased by THB 43 million from the previous year, THB 390 million, consisting of deferred receipt from annual membership fee of the publications and must be recorded over the period; the outstanding amount of THB 180 million. In addition, major particulars include sales tax which is not due of THB 122 million, other account payables of THB 20 million, and the Revenue Department payable of THB 11 million.

**Employee Benefit Obligations** as at December 31, 2013 was THB 134 million, increased by THB 52 million from the previous year, THB 82 million due to the calculation incorporated to the ESOP (Employee Stock Options Plan) which launched in 2013. However, the obligation of employee benefit belongs to the NMG of THB 36 million and its subsidiaries of THB 98 million, according to the Accounting Standard No.19 on Employee Benefits, which has been in force since January 1, 2011.

**Other non-current liabilities** as at December 31, 2013 were THB 147 million, decreased by THB 3 million from the previous year, THB 150 million baht. Main particulars include long-term loans from other companies of THB 110 million which the company entered into an agreement with a company in Thailand to deliver the services and advertising, giving the company a loan of THB 150 million and repayment will be deducted from the net advertising receipts. During the year 2013, repayment of loan totaled of THB 6 million.

**Shareholder's equity** was THB 3,785 million, increased by THB 2,148 million from the previous year, THB 1,637 million, resulting from

**Net profit** of the year 2013 was THB 252 million and profit of the non-controlling interests was THB 26 million profit , a total net profit was THB 278 million annually. Adjusting entries includes loss of employee benefit estimates of THB 45 million and reverting entries for income tax of THB 8 million.

During the year 2013, the NMG has sought shareholders approval to increase the capital of THB 1,647.74 million from exercising a right of existing shareholders at the ratio 1 warrant to 1 new share; par value of THB 1.00 to full amount of THB 1,647.74 million. The shareholders exercising the right of capital increase shall receive a warrant of one new share per one warrant for purchasing the shares at price of THB 1.00, 5-year period, exercise of right twice yearly; June and December of every year from December 2013 to June 2018.

In November 2013 , the exercise of the warrant by the directors, executives, employees and subsidiaries (ESOP) totaled 6.64 million units at a share price of Baht 1, totaling THB 6.64 million from overall THB 82.38 million warrants, and the outstanding units 75.74 million.

In December 2013, the exercise of warrant (NMG-W3) of 1.88 million units for the purchasing capital-increasing shares of 1.88 million shares at par value of THB 1.00 out of the total number of 1645.86 million units.

**Retained earning** was THB 659 million increased by THB 215 million from from the previous year, THB 444 million due to the net profit of the year 2013 including the non-controlling interest of THB 278 million and other comprehensive income of THB -41 million, and items acquiring the non-controlling interests by unchanging control power of THB 8 million.

**Structure of shareholder's equity** of THB 3,785 million consists of paid-up common stock of THB 1,751 million (amount of 1,751 million shares at par value of THB 0.53 each) , premium on common share of THB 785 million, and share premium of subsidiaries ( NINE, NBC) , totaling THB 94 million,

legal reserve of THB 12 million, and other components of shareholder's equity . (change in fair value of investments ) of THB 12 million, retained earnings of THB 659 million, and minority interest part of shareholder's equity of THB 477 million.

**Obligations** as of December 31, 2013, the Group had an obligation under the operating leases of THB 241 million, including lease and office service of the 2-3 year period ending in November 2014, and extension of the contract is allowed. The subsidiaries entering the contract for purchasing the international news for a period of 5 years, expiring on May 31, 2016, as well as the satellite TV service agreement for a 5-10 year period, totaling 5 contracts, which expiration will fall during the year 2016-2020.

In addition, the company also has the obligation from bank guarantees to the company and its subsidiaries totaled of THB 26.5 million.

#### **Long-term investments in shares of the associated companies as at 31 December 2013**

Unit: Thousand Baht

|     | Associated Companies                         | Share holding | Paid-up Capital | Investing Amount | Profit from investments for using the equity method | Investment Value 31 Dec 2013 |
|-----|----------------------------------------------|---------------|-----------------|------------------|-----------------------------------------------------|------------------------------|
| NMG | Yomiuri-Nation Information Service Co., Ltd. | 45.00%        | 4,000           | 1,800            | 25,991                                              | 27,791                       |
|     | <b>Total</b>                                 |               |                 |                  |                                                     | <b>27,791</b>                |

#### **Consolidated Statement of Cash Flows as at December 31, 2013**

Cash Flow Statement for the year ended December 31, 2013, the company had cash derived from the operating activities before changes in operating assets and liabilities of THB 679 million, increased by THB 41 million from the previous year, THB 638 million due to the business operation as whole earned the increased net profit by 39%.



**Net cash from operating activities** in 2013 included net profit of THB 278 million, affecting the non-cash items and non- operating items as follows.

- adding back non-cash expenses amounted to THB 295 million, including depreciation and amortization of THB 270 million, employee benefit obligation of THB 11 million, payment is based on share as criteria (ESOP) of THB 14 million.

- Update the list of non- operating activities amounted to THB 121 million, the adding back the financial cost of THB 77 million, deducting the interest received of THB 27 million, and plus income tax of THB 71 million.

- Deduct income or gains that are not derived from operations of THB 15 million, including the reversal of obsolete inventories loss of THB -8 million due during the year the products that have been set aside could be sold, profits from selling the equipments of THB -6 million, a share of net profit from investments in associates of THB -0.8 million.

Once adjusting the items above, the Group's cash flow from operations before changes in operating assets and liabilities was THB 679 million, when impacting on the changes in operating assets and liabilities in cash used totaled of THB -307 million and items gained of THB +131 million. Consequently, remaining cash from operations before interest and tax was THB 502 million, when deducting income tax of THB 48 million, net cash generated from operating activities was THB 454 million.

**Net cash from investing activities** in the year 2013 , the Company had cash from investing activities of THB 62 million. Main items include cash received from the repayment of the shares of minor shareholders of the subsidiaries of THB 401 million, cash received from the sale of the unused land, equipments and vehicles of total THB 51 million, while cash paid for acquisition and renovation of the buildings, studio, vehicles and equipments amounted to THB 45 million, purchasing the intangible assets which include royalty of subsidiaries by THB 31 million, and investment on capital increase of THB 130 million in the Nation U Co.,Ltd., investing in temporary investment for 4-6 month period by THB 138 million, and paying the security amount for bidding a license of the digital TV by THB 74 million .

**Net cash from financing activities** in 2013 , the company had net cash derived from financing activities amounted to THB 773 million. During the year, the company received cash from issuance of ordinary shares on capital increase; net expenses of THB 1,646 million, cash received from exercise of warrants of employees and shareholders amounted to THB 8 million baht. Meanwhile, the company spent money to repay the long-term loan under loan agreement to financial institutions amounted to THB 352 million, short term temporary loan of THB 426 million, repaying debt under the finance lease agreement of THB 36 million, repaying long-term loan to other companies amounted to THB 6 million, paying interest of THB 43 million, and paying dividends to non-controlling interest of its subsidiaries of THB 17 million.

A total of cash flows derived from operating activities, investing activities, and financing activities for the year 2013 increased by THB 1,289 million. Once adding cash and cash equivalents at beginning of the year 2013 of THB 179 million, the cash and equivalents at December 31, 2013 would be of THB 1,468 million.

**Changes in key financial ratios for the operating results as to the consolidated financial statement for the year ended December 31, 2013**

**1. Liquidity Ratio**

Liquidity ratio as at 31 December 2013 was 2.72 times, increased from the previous year, 1.89 times, due to an increase of current assets on cash and bank deposits which increased due to the increase in capital during the year 2013, and the same reason, quick ratio as at 31 December 2556 was 2.02 time, increased by 1.54 times from 0.48 times of the last year.

**Cash Cycle** in 2013, the company's revolving period of cash was 81 days, increased by 10 days from last year. **Collection period was 91 days**, close to a year ealirer, 90 days. The period for selling goods was 52 days, increased by 4 days from the prior year while the repayment period was 61 days, decreased by 7 days from last year.

**2. Profitabilities Ratio**

**Gross profit margin** in 2013 was 37.32%, equal to the previous year, although revenues declined by 2.5%, the percentage of reduction of cost of sales and services was greater, decrease of 2.6%.

**Operating profit margin** in 2013 was 8.00%, increased by 0.89 % from the prior year, the net profit margin was 8.22%, increased by 2.77 % from net profit of up to 49 % compared to revenue decreased by only 3%.

**Operating cash flow before working capital to profit ratio** was 22.17% , increased by 1.6 % from the prior year due to cash balance from operations in year 2013 increased by THB 41 million compared to last year.

**Return on equity** in 2013 was 6.65 %, decreased by 3.68 % from the prior year due to the base of the shareholders' equity increased 1.3 times over the previous year due to the increase in capital during the year 2013.

**3. Efficiency Ratio**

Return on assets was 5.30% in 2013, increased by 1.1 % from a year earlier , the rate of return on fixed assets was 27.74 %, increased by 4.5% from the previous year due to the increase in net profit. Asset turnover was 0.64 times, increased by 0.16 times from last year.

#### **4. Financial Policy Ratio**

**Total Liabilities to Equity Ratio** as at 31 December 2013 was 0.41 times, increased by 1.13 times from last year due to the shareholder's equity increased from the capital increase and net profit during the year. For the same reason, the company's **Interest bearing debts to equity ratio** was 0.15 time as at 31 December 2013.

**Interest coverage ratio** in 2013 was 10.78 times, increased by 3.43 times from the previous year due to in the year 2013, the company had a decreased interest expense of up to THB 34 million as resulted of loan repayment as scheduled, and had increased capital to repay short-term debt. For the same reason, the earnings before interest, tax to interest payable ratio was 5.54 times, increased by 2.16 times .

**Cash basis ratio** was 0.79 times, decreased by 0.2 times from last year, because in the past year the company repaid the short-term loan from the capital increase up to THB 426 million.

#### **Appropriateness of the Financial Structure**

As at December 31, 2013 the company has a paid-up capital of THB 1,751 million, retained earnings as legal reserve of THB 12 million, unappropriated retained earnings of THB 648 million and other components in shareholder's equity caused by the difference of the change in fair value of investment of THB 12 million, and excess of par value of the company of THB 785 million and its subsidiaries of THB 95 million, thereby resulting that as of December 31, 2556 the company's net shareholder's equity equated to THB 3,310 million, when incorporating the non-controlling shareholder's equity of THB 475 million, the shareholder's equity would total of THB 3,785 million.

**The structure of total assets** of THB 5,353 million; debt to equity ratio was 29% to 71 % or a total debt to total equity was 0.41 times, D/E Ratio ( interest bearing debts burden) was 0.15 times. This is considered a healthy capital structure, because shareholder's equity increases to reserve for expansion on investment in digital TV in 2014.

**The company had total liabilities** of THB 1,568 million; divided into current liabilities and long-term debt of THB 1,129 million and THB 440 million, respectively, representing 72 % to 28 %, decreased from last year. The ratio of current liabilities was relatively high due to the increased current liabilities; for examples, withholding tax, accrued expense while long-term debt has decreased from the scheduled repayment.

As of December 31, 2013, according to the consolidated financial statements, the company has bank overdrafts and loans from financial institutions of THB 295 million (decreased by THB 425 million from the previous year), long-term debt amounted of THB 272 million, liabilities under finance leases of THB 14 million; divided into part due within December 31, 2014 totaled THB 128 million and part due from the year 2015 to 2016 of THB 158 million.

## **13.5 Risk Factors**

There are a number of risk factors that may have a significant impact on NMG's operating performance. Such risk factors and NMG's corresponding measures to manage them are described as follows:

### **1 Business operation risk**

#### **1.1 Risk from advertising industry situation**

The major revenue of NMG comes from the newspaper business; mainly from advertisement sales. In 2013, the company generated advertising revenue of Bt1,952 million, an increase of 4% from last year's Bt1,882 million, accounting for 68% of total revenue. The company's cost structure is mostly comprised of fixed costs; its performance therefore largely relies on the situation within the advertising industry. Advertising costs are largely dependent on economic conditions; if the economy is buoyant, spending on media advertising is likely to increase. In contrast, if economic conditions domestically or internationally witness sluggish growth, the advertising industry might be severely affected. To minimize the impact from the instability of economic conditions, NMG has framed all the strategic plans of its subsidiaries in the same direction, aiming to maintain competitiveness and taking this competitive advantage to reduce risk by taking advantage of multimedia channels to publicize products and services, with the use of improved sales strategies and media synergy to efficiently satisfy market demands, transforming the company into a Total Media Solution for advertisers. The company has also tried to introduce new technologies to conventional media in every platform, mainly based on content suitability and business potential, in order to cover all of its target groups and to achieve a competitive edge over its competitors. The company also placed more emphasis on generating revenue through below-the-line activities created to serve customers both in the public and private sectors, such as organizing seminars for major customers, which helped maintain revenues. At the same time, the company concentrated on strict management of expenses.

The television media has a 58% share of revenue in the advertising industry of Bt1.19 billion, which is four times higher than that of print media. In the past, print media advertising has witnessed a constant slowdown and for this reason the group has shifted its focus to television, beginning with satellite television broadcasting and cable television with four channels - Nation Channel 24-hour news station, Krungthep Turakij TV business and investment station, Kom Chad Luek TV, and KidZone TV, a children's edutainment channel. The group has also expanded into digital TV following the opening of

bids for licenses at the end of December 2013. The group won licenses in two categories – Standard Definition Variety (SD Variety) and Standard Definition News (SD News). Digital TV is expected to witness high growth in the future and will attract greater advertising spending than satellite TV. The operation of these new channels will tend to minimize the anticipated impact of new media replacing print media in future. NMG also focuses on other types of digital media rather than relying on revenue from advertising, such as Isnap, E-Commerce, M-Commerce or S-Commerce (Social Media Commerce), E-Education or digital games and Entertainment.

## **1.2 Risk from subsidiaries management**

NMG has a clear business operation structure designed to achieve flexibility in management and has employed Target-Based Strategy assessment to be in line with its corporate policies and visions. The company focuses on maintaining competitive edges and competitive advantages in order to expand its business and create value. The company's business is divided into the following business units: Printing and Advertising Business including Krungthep Turakij Media Co., Ltd., with the main medium of Krungthep Turakij newspaper; Kom Chad Luek Media Co., Ltd., with the main medium of Kom Chad Luek newspaper and Nation News Network Co., Ltd., with the main medium of The Nation newspaper; Logistics Business; Printing House Business; Broadcasting Business - positioned as a content provider - and Edutainment and Foreign-Related Business; Education Business and Satellite Television Business. The company has also expanded into the digital TV business, winning a license for two categories comprising Standard Definition Variety (SD Variety), operated by Bangkok Business Broadcasting Co., Ltd. (a subsidiary of Krungthep Turakij Media Co., Ltd.) and Standard Definition News (SD News), operated by NBC Next Vision Co., Ltd. (a subsidiary of Nation Broadcasting Corporation Public Company Limited).

The company has established a number of subsidiaries in order to achieve optimal business performance and improved management efficiency. Without efficient and productive management and supervision of subsidiaries, there might be non-compliance within the company's directions and strategies, and conflicts of interest between subsidiaries, which would affect the overall performance of the company.

To minimize risk in business management, NMG has formulated strategic plans for all of its business units and the group companies to be in the same direction. The strategic plans emphasize maintaining competitiveness and using the group's competitive edges to expand business and create value addition to businesses, as well as adhering to good corporate governance to lay firm foundations for sustainable business. The company has appointed its top executives as members of the Board of its subsidiaries in order to synergize the Group's policies, strategies and business directions, as well as to supervise business expansion of subsidiaries to be in compliance with the Group's policies.

Registering the good performance business units as subsidiaries will open the door to new business opportunities and allow greater management flexibility. The strong quality media synergy will enable NMG to help build up and sustain a good society in Thailand. However, some subsidiaries are still incurring losses. For these subsidiaries, the company has to make improvements in cost management and operational efficiency to enable all of them to be stronger and support each other efficiently.

### **1.3 Risk from investment in the digital TV**

The allocation of digital TV broadcasting licenses by the Office of the National Broadcasting and Telecommunications Commission in 2013 represents a major turning point for the industry in Thailand. It signifies the start of a new licensing system following several decades of analog TV monopolization by the state or through state-administered contracts. The transition to a digital TV licensing system will bring more opportunities for new investors to join in the development of free-to-air TV. Digital TV is a medium that offers much greater consumer accessibility, with the potential for significant growth in future since TV remains the most popular media in the country, accessed by 98 percent of the population and offering major revenue streams from advertising.

The company plans to expand into the digital TV business by bidding for standard definition (SD Variety) licenses through group subsidiaries. This will transform the company into a fully integrated media organization with activities in every media type, enabling it to build upon its existing business lines and with the potential for long-term growth. However, risks are inherent in the investment in digital TV, arising from several factors including competition and high investment costs from the television license, network rental and television production costs. To mitigate the investment risks, the group companies have raised funds totaling Bt2,000 million for the investment and payment of the license fee is by gradual repayment over a period of five years, which will have no impact on the company's available cash flow. Besides, the company has prepared human resources, equipment and content so that it can commence operations without delay. The company believes that within 3-5 years, the television business will be able to generate significant revenues for the group.

## **2 Production risk**

### **2.1 Risk from content production**

For print media, content quality is a major factor in promoting consumer loyalty. NMG's major products are newspapers under the names The Nation, Krungthep Turakij and Kom Chad Luek. Apart from print media, content is broadcast on TV and radio, new media and educational media. Each newspaper has its own character of content presentation, so quality control of content plays a key role in consumer loyalty. Achieving quality content requires a systematic news production process, teamwork among news editorial teams and well-trained personnel to produce and present news, which are the heart of print media.

Therefore, the company does have some risk from content production. If the news content is of low-quality, it might affect the quality of the company's overall print media.

In order to produce quality content and facilitate the changing direction of the media industry and keep abreast of fast-changing global trends, NMG has developed its content into the Multi Channel Multi Platform format to serve today's multichannel news consumption. The company uses the "Convergent Newsroom" system and has upgraded its content production process by introducing new technologies to promote faster and more convenient work, while simultaneously cutting production costs. Training and personnel development is organized continuously to ensure that each editorial news staffer is equipped with "Multi-Platform" skills, meaning that they can work cross-media. No matter whether they are editorial staff for newspapers, TV or websites, they have to be able to produce news content of more than one platform, such as text, still photos and clips. Every editorial staffer is trained to be able to work as a substitute for others, to minimize risk from personnel loss, which might affect the quality of news content.

## **2.2 Key personnel retention risk**

NMG is publicly accredited for its media professionalism. Since personnel play a vital role in the quality of content production, the company is dedicated to develop a team of capable editorial staff instead of being dependent on individuals, to lower the risk of losing key editorial individuals and the subsequent impact on the company. Currently, the company has a total of 556 staff employed in the editorial departments of Nation News Network Co., Ltd., Krungthep Turakij Media Co., Ltd. and Kom Chad Luek Media Co., Ltd., comprising reporters, rewriters, editors, photographers and production staff. The Display departments of The Nation, Krungthep Turakij and Kom Chad Luek newspapers are under the respective above-mentioned subsidiaries, while the Central Sales Department holding key account customers and the Sales Department holding the accounts of government agencies are still under NMG. The news editorial centres, whose content are shared by the regional offices, photography team and Nation News Agency are also managed by NMG.

In addition to editorial staff, key management personnel from various departments including Sales, Marketing, Circulation and other supporting units, all play significant roles in the overall success of the company. These departments and personnel are under NMG management.

NMG has consistently emphasized human resource development. The company organizes both in-house and external training for staff to enhance their work skills and enable them to keep pace with the changes in business and technology. Personnel development training is designed to be in accordance with business policies. The company has paid great attention to personnel's wages and welfare to be comparable to that

of other companies in the media industry. Succession plans, in which senior management are encouraged to participate in key decision making and decentralize authority and responsibilities to sub-level management have been created, as part of the goal towards decentralization. The decentralization system aims to promote more effective operations, decrease work redundancy and prepare the new generation management to respond to external changes, highly competitive markets and diversified target groups in a timely manner. As well, it enables NMG to create new business opportunities towards sustainable growth, while retaining the core values of credibility, integrity, synergy, customer focus and innovation.

With such a system, in which work is passed from top executives and distributed to every management level, if the company loses a key employee, it will not pose a major impact to the company. At the same time, NMG also concentrates on the synergy of all business units to achieve maximum benefit.

### **2.3 Technology risk**

New innovations from technology development such as digital technology and wireless communications have changed the face of the communication and telecommunication industries and created borderless connections. News and information are presented through more diverse platforms widening choices of news and information accessibility for consumers. New media businesses have emerged, creating dramatic changes in media industry development, which will accordingly affect today's and future media business operations.

To lower the risk from business opportunity losses and boost its competitiveness, the company intends to continue the development of database development systems and news reporting by using new technologies to provide timely news content and satisfy the modern and growing trends of new media, as well as promote efficient management of costs and expenses. The company focuses on converging multimedia and technologies to fully serve consumer demands through all platforms. For example, the iSNAP application, which has overcome newspaper limitations in terms of space and brought the newspaper to life. Additionally, the company has initiated social TV, bridging broadcasting and new media technologies, which has been regarded as a new phenomenon in the media industry and marked a new era where people can stay updated with the latest news, regardless of prime times. NMG has consistently invested in the improvement of content for new media in order to understand consumer behaviour and accumulate experience to achieve advantages in penetrating target group markets in the future.

### **2.4 Risk from the volatility of raw material prices**

Newsprint, as one of NMG's major raw materials, represents 21% of the company's cost of goods sold and 67% of total raw material expenses. During the past year, the ratio between imported and domestic



newsprint was 81 : 19. Being a commodity product, newsprint prices are determined by the balance of global demand and supply, which is the main factor setting the reference price of newsprint in the world market. As a result, the company is exposed to any volatility in newsprint prices, which may subsequently have a direct impact on the company's production cost and bottom line profit.

NMG's management, with years of experience in newsprint procurement, has developed a comprehensive understanding of the newsprint price cycle. The company has placed orders for newsprint in advance to ensure sufficient stocks for production. It still stringently employs a paper-usage control policy and effective management of distribution points to lower newspaper returns. In addition, the company purchases forward contract agreements to hedge against foreseeable exchange risks. The price of newsprint is therefore not likely to have a major impact on the company's production costs. However, the company will continue to closely follow the newsprint price situation.

### **3 Management risk**

#### **3.1 Policy determination from management**

The media business is a significant medium to publicize news and information to the public. Considered as an opinion leader of society in politics and the economy, the media business requires management with lengthy experience and expertise in mass communications to operate the business ethically and transparently. Realizing that presenting news ethically and objectively is at the heart of the media profession, NMG's Board and major shareholders have never interfered in the editorial team's daily news presentation. Instead, they have outlined news presentation guidelines for the editorial teams of each NMG medium under its Corporate Governance policy and closely supervised operations to ensure they are in accordance with determined policy.

### **4 Financial risk**

#### **4.1 Debt obligation risk**

As of December 31, 2012, NMG and its subsidiaries had a loan liability from financial institutions of Baht 566 million, divided into a short-term loan for capital flow in the overdraft account, trust receipt and short-term promissory note of Baht 294 million, and a long-term loan of Baht 272 million. Debt repayment of Bt120.33 million will be made within one year, while the remaining Bt152 million will be repaid over the period 2014 - 2016.

If NMG fails to make debt repayments, or does not comply with the financial proportion requirement, or terms and conditions as specified in the loan contracts, creditors will have the right to request immediate repayment. The company has presented financial projection documents, completed on the basis of prudence, to creditors for consideration. Such documents inform the creditors of the tendency of the company's performance, current cash flow and the use of a strict investment policy.

## **4.2 Exchange rate risk**

Changes in the foreign exchange rate rely on demand and supply of the Thai currency against other currencies. Fluctuations in foreign exchange rates have an effect on the company's production costs. The company's major raw material is newsprint paper, 67% of which is imported using US\$ currency. The company is therefore exposed to foreign currency exchange risks through importing newsprint paper.

However, to help counteract this situation, the company has adopted a policy for hedging against foreign currency exchange risks, by placing forward contracts on orders for newsprint paper. As of December 31, 2012, the cost of imported newsprint amounted to 6% of total debts, but it did not affect the financial statements, although the foreign exchange rate was fluctuating.

## **4.3 Risk from external financial sources**

The company has various external financial sources, such as loan credit limits from many banks and financial institutes. As of 31 December 2013, the company and its affiliated companies had a total loan credit limit of Bt1,475 million and used credit of Bt589 million. Thus, the available credit line stands at Bt1,161 million, or 79% of total loan credit and current external financial sources are sufficient to meet the company's operations.

The company's business operations concentrate on creating sustainable growth, so its performance is likely to grow continuously. Moreover, the company plans to expand business prudently and outlines a capital structure that maintains a proper financial ratio. The company is confident that there will be enough capital to facilitate business expansion, with appropriate financial costs. The company has additional external financial sources as follows:

- From holders of warrants to purchase the company's ordinary shares who exercised their rights to increase shares at the company's third offering (NMG-W3) when the company provided a rights offering to existing shareholders in mid 2013, with a total of 1,647,740,300 units in the ratio of 1 existing ordinary share per 1 warrant unit at the exercised price of 1 baht per share. Warrant holders can exercise their rights to purchase shares over a period of 5 years, every 6 months, in June and December of each year. They can exercise their rights for the first time on December 15, 2013 and for the final time on June 19, 2018. If all units are sold, the company will have increased its capital by 1,647.74 million baht. As of December 31, 2013, warrant holders exercised their rights to purchase 1,881,570 units, with the remaining unsold units of 1,645,858,730.
- From holders of warrants to purchase the company's ordinary shares which the company allocated for its directors, management and/or employees and/or its subsidiaries at the company's

second offering (NMG-WB) in August 2013, with a total of 82,387,015 units. Warrant holders can exercise their rights to purchase ordinary shares at 1 baht per share every 6 months for a period of 5 years. They can exercise their rights for the first time on November 15, 2013 and for the last time on August 14, 2018. If all units are sold, the company will have increased its capital by 82.37 million baht. As of December 31, 2013, warrant holders exercised their rights to purchase 6,639,400 units, with the remaining unsold units of 75,747,615.

In this period, it is expected that warrant holders of both categories will exercise their rights to purchase shares at the permitted maximum amount, enabling the company to use this additional source of finance to further facilitate new investments.

#### **4.4 Risk from impairment of accounts receivable**

The company acknowledges the risk from the prevention of doubtful debts, as remarked in the financial statement, whereby the company has established policies for debt collection and allowances for doubtful accounts. The company considers the amount of doubtful accounts by estimating the current financial status of debtors, combined with its past experience of debt collection. In addition, the company has a policy to set an allowance for doubtful accounts using an income margin. The company set the allowance for doubtful accounts standing at 1% of advertising income. As for the income from agents, it stands at 30% of returned domestic books and 65% of returned foreign books. The company also has a policy for a maximal decrease margin of 12-month debts. As of December 31, 2012, the over 12-month debts (total financial statements) stood at Bt85 million, and 6-12 month debts stood at Bt37 million. As of December 31, 2012, the company has already set the allowance for doubtful debts (total financial statement) of Bt98 million and the allowance for returned goods of Bt21 million. However, the company has a Debt Collection Unit to continuously collect all debts and set allowances.

### **5 Risk factors of investors**

#### **5.1 Dilution Effect on shareholders from the rights exercise of NMG-W3 warrants**

In June 2013, the company issued the NMG-W3 warrants and right offering for existing shareholders with the intention to boost ordinary share capital with a total of 1,647,740,300 units, lasting 5 years, in the ratio of 1 existing ordinary share per 1 warrant unit. As of December 31, 2013, there were unexercised warrants of 1,645,858,730 units.

In the event that each warrant holder exercises their right to purchase ordinary shares at the maximum amount, the company's ordinary shareholders might receive a dilution effect in the form of a decreased share price in the stock market and reduced shareholding proportions as follows:

**Prior to exercising the right of NMG-W3 warrant (December 31, 2013)**

|                                                                  |                      |
|------------------------------------------------------------------|----------------------|
| Paid-up ordinary shares                                          | 3,304,001,570 shares |
| Shareholding proportion prior to exercising the right of warrant | 100%                 |

**After exercising the right of NMG-W3 warrant**

|                                                               |                      |
|---------------------------------------------------------------|----------------------|
| Paid-up ordinary shares                                       | 4,949,860,300 shares |
| Shareholding proportion after exercising the right of warrant | 66.75%               |
| Decreased Shareholding proportion                             | 33.25%               |

**5.2 Dilution effect on shareholders from the exercise of right of NMG-WB warrant**

In August 2013, the company issued warrants to purchase the company's ordinary shares for its directors, management and/or employees and/or its subsidiaries (NMG-WB) with a total of 82,387,015 units, in the category of non-value shares, lasting 5 years, in the ratio of 1 warrant unit per 1 ordinary share at the exercised price of 1 baht per 1 ordinary share. As of December 31, 2013, there were unexercised warrants of 75,747,615 units.

In the event that each warrant holder exercises their right to purchase ordinary shares at the maximum amount, the company's ordinary shareholders might receive a dilution effect in the form of a decreased share price in the stock market and reduced shareholding proportions as follows:

**Prior to exercising the right of NMG-WB warrant (December 31, 2014)**

|                                                                  |                      |
|------------------------------------------------------------------|----------------------|
| Paid-up ordinary shares                                          | 3,304,001,570 shares |
| Shareholding proportion prior to exercising the right of warrant | 100%                 |

**After exercising the right of NMG-WB warrant**

|                                                               |                      |
|---------------------------------------------------------------|----------------------|
| Paid-up ordinary shares                                       | 3,379,749,185 shares |
| Shareholding proportion after exercising the right of warrant | 97.75%               |
| Decreased Shareholding proportion                             | 2.25%                |

### 13.6 Shareholders and Management of Nation Multimedia Group Public Company Limited

13.6.1 The top ten shareholders as of December 27, 2013 are ranked as follows:

| Name                                   | Shares               | % Holding     |
|----------------------------------------|----------------------|---------------|
| 1. Mr.Suthichai Sae-Yoon               | 304,101,742          | 9.20          |
| 2. Mr.Sermisin Samalapa                | 300,000,000          | 9.08          |
| 3. Mr.Chetsada Lertnanthapanya         | 164,837,200          | 4.99          |
| 4. Dow Jones & Company, Inc., New York | 120,000,000          | 3.63          |
| 5. Green Siam Co., Ltd.                | 81,588,411           | 2.47          |
| 6. Ms.Varunee Tantasuralerk            | 73,000,000           | 2.21          |
| 7. Ms.Supasri Khunprapakorn            | 71,805,404           | 2.17          |
| 8. Thai NVDR Co., Ltd.                 | 63,243,277           | 1.91          |
| 9. Ms.Sirima Chanjindavong             | 47,986,600           | 1.45          |
| 10. Mr.Prasit Pruksapornpong           | 40,000,000           | 1.21          |
| Others                                 | 2,037,438,936        | 61.67         |
| <b>Total</b>                           | <b>3,304,001,570</b> | <b>100.00</b> |

#### 13.6.2 Board of Directors

As February 17, 2014, the Board of Directors are as follows:

| Name                          | Position                                                 |
|-------------------------------|----------------------------------------------------------|
| Mr. Suthichai Sae-Yoon        | Chairman                                                 |
| Mr. Sermisin Samalapa         | Vice Chairman                                            |
| Ms. Duangkamol Chotana        | Director / President                                     |
| Mr. Adisak Limprungpatanakij  | Director                                                 |
| Mr. Pana Janviroj             | Director                                                 |
| Mr. Nivat Changariyavong      | Director                                                 |
| Mr. Thepchai Sae-Yong         | Director                                                 |
| Mr. Pakorn Borimasporn        | Independent Director and Chairman of The Audit Committee |
| Mr. Chaveng Chariyapisuthi    | Independent Director and Audit Committee                 |
| Ms. Kaemakorn Vachiravarakarn | Independent Director and Audit Committee                 |

### 13.6.3 Management

As of February 17, 2014, the management are as follows

| Name                         | Position                                                             |
|------------------------------|----------------------------------------------------------------------|
| Mr. Suthichai Sae-Yoon       | Chairman of the Executive Board                                      |
| Mr. Sermsin Samalapa         | Vice Chairman of the Executive Board                                 |
| Ms. Duangkamol Chotana       | President                                                            |
| Mr. Thepchai Sae-Yong        | Group Editor-in-Chief                                                |
| Mr. Adisak Limprungpatanakij | President – Broadcasting Business Unit                               |
| Mr. Pana Janviroj            | President - International Business Affairs                           |
| Ms. Nutvara Seangwarin       | Executive Vice President - Marketing and Public Relations Department |
| Mr. Supoth Piansiri          | Senior Vice President - Accounting                                   |
| Ms. Mathaya Osathanond       | Senior Vice President – Finance and Secretary of the Company         |

### 14. Board of Director's opinion on the sufficiency of working capital

The Board of Directors considered that the financial status as disclosed in Item 8 (source of funds) was sufficient in acquiring the said assets at this time and would not affect the sufficiency of the working capital and the business operation of the company.

### 15. Pending material lawsuits or claims

-None

### 16. Interests or connected transactions between the listed company and directors, management and shareholders directly or indirectly holding shares amounting to 10 percent to more, including the nature of the transaction or the interests

-None

### 17. Summary of material contracts during the past 2 years

| Detail                                                                                                                                                                                                                                                           | Parties                          | Value                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------------------------------------------|
| In 2012 the company entered in to a Sydicate agreement Long-term loan to plan for expanding the media business investment in the satellite TV,licences of Nation University including improvement of office space of the company and subsidiaries                | Two local financial institutions | Bt300 million<br>As at December 31, 2013, balance was Bt245 million  |
| In 2012 the company and its subsidiaries entered into lease and service agreement for their office premises and facilities with a local company for the period of 2-3 years, expiring in various periods up to November 30, 2014 with an option to be renewable. | A thai property Fund             | Bt17.90 million                                                      |
| A subsidiary (“WPS (Thailand) Co., Ltd.”) entered into a long term-loan                                                                                                                                                                                          | A local financial institution    | Bt70 million<br>As at December 31, 2013, balance was Bt19.75 million |
| In 2013 three indirect subsidiaries entered into service agreements covering television broadcasting Satellite services over a period of 3-6 years.                                                                                                              | Two local companies              | US\$5.46 million                                                     |

### 18. Proxy form

Detail of which are provided in Enclosure No. 14 (Proxy form B.)

