

## Minutes of the year 2005 Annual General Meeting of Shareholders

### GMM Grammy Public Company Limited

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The Meeting convened on Monday, 25<sup>th</sup> April, 2005 at 16.00 hours at the Auditorium located on 21<sup>st</sup> Floor, GMM Grammy Place, 50 Sukhumvit 21 (Asoke), Klongtoei-nuea, Wattana, Bangkok 10110.

#### **Meeting Commenced**

Ms.Boosaba Daorueng, Chief Executive Officer, was appointed by the Chairman of the Company to act as the Chairman of the Meeting ("the Chairman"), opened the Meeting and welcomed the shareholders to be in the Annual General Meeting of Shareholders for the Year 2005. After that the Chairman informed the Meeting that the Board of Directors, Executive Committee, Audit Committee member, Executive Officer and the Auditor of the Company presented at the Meeting were as follows;

#### **The Directors, Executive Director, Audit Committee member**

present at the Meeting total of 7 persons;

1. Mr.Paiboon	Damrongchaitham	Chairman of the Company
2. Mr.Banyong	Pongpanich	Independent Director and Chairman of the Audit Committee
3. Mr.Chai	Nasyvanta	Independent Director and Audit Committee member
4. Mr.Dej	Bulsuk	Independent Director and Audit Committee member
5. Ms.Boosaba	Daorueng	Director and Chief Executive Officer
6. Mrs.Saithip	Montrikul na Audhaya	Director and Executive Director
7. Mr.Sumeth	Damrongchaitham	Director and Executive Director

**The Directors and Executive Director** not present at the Meeting total of 1 person;

Mr.Kittisak	Chuang a-roon	Director and Executive Director
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**Executive Officer** present at the Meeting total of 2 persons;

1. Mrs.Thitima	Rungkwansiroj	Chief Financial Officer
2. Mrs.Jutatip	Adulbhan	Director, Office of the Chairman

**Auditor** present at the Meeting total of 1 person;

Mr.Narong	Puntawong	Certified Public Accountant No. 3315, representative from Ernst & Young Office Limited
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#### **Informed the quorum;**

The Chairman informed the Meeting that there were the shareholders who present at the Meeting themselves totalling 37 persons, representing 285,916,729 shares and represented by proxies totalling 24 persons, representing 59,195,873 shares (there were the shareholders assigned a proxy to the Independent Director totalling 6 person, representing 6,196,900 shares). Therefore sum of the shareholders and represented by proxies totalling 61 persons, representing 345,112,602 shares, equivalent to 70.43 percent of the total issued shares amount of 490 million shares (equivalent to registered capital of 500 million shares less treasury shares of 10 million shares, which are not constituted a quorum). The said amount constituted a quorum.

After that, the Chairman requested Mr.Sumeth Damrongchaitham, Director and Chief Operating Officer of the Company, to be the Conductor of the Meeting ("the Conductor") to propose the Meeting to consider the agendas.

Before the commencing of the Meeting, the Conductor explained the voting procedures will be obtained by each agenda basis. The Conductor will ask shareholders attending the meeting themselves in each of the agenda whether there is anyone who disagrees or abstains. If there is none, the meeting is considered unanimously passed for such agenda. For shareholders that submitted proxies, the vote for each agenda as appeared in the proxies is taken into consideration. Only for Agenda 4, regarding the approval for the reelection of directors whose terms are due to retire, the shareholders are requested to vote for reelection of each director, in order to be complied with the Company's good corporate governance policy.

The Conductor then proposed the Meeting to consider the following agenda;

**Agenda 1**      **To certify the minutes of 2004 Annual General Meeting of Shareholders held on April 26, 2004.**

The Conductor proposed the Meeting to certify the minutes of the year 2004 Annual General Meeting of Shareholders held on April 26, 2004 of which details are shown in a copy of the said minutes circulated to each shareholder prior to this Meeting.

From counting votes of all persons entitles to vote amount of 345,112,602 votes, it was apparent as follows;

Agreed (votes)	Disagreed (votes)	Abstained (votes)
344,076,905	0	1,035,697

**Resolution**      The Meeting considered and by majority of the votes certified the minutes of 2004 Annual General Meeting of Shareholders.

**Agenda 2**      **To acknowledge the operation results for the year 2004 and approve the Company's Financial Statements of the Company for the fiscal year ended December 31, 2004.**

The Conductor reported the operational results for the Year 2004 to the Meeting as described in details in the 2004 annual report submitted to each shareholder prior to this Meeting.

In addition, the Conductor proposed the Meeting to consider financial statements, including the consolidated financial statements, of the Company for the fiscal year ended December 31,2004, as duly audited and certified by the auditor of Ernst and Young Office Limited in addition of being reviewed by the Board of Directors and the Audit Committee. Details are illustrated as table below;

(Unit ; Baht Million)	Consolidated		
	2004	2003	increase/ (decrease)
Total revenues	6,671	5,986	11%
Revenue from sales and services	6,641	5,956	12%
Total costs	3,772	3,325	13%
Gross Profit	2,869	2,631	9%
Earnings before minority interest	750	605	24%
<b>Net earnings for the year</b>	<b>700</b>	<b>525</b>	<b>33%</b>
<b>Dividend paid</b>	<b>613</b>	<b>539</b>	<b>14%</b>
Total assets	5,907	5,026	18%
Total liabilities	2,296	1,654	39%
Minority interest	408	280	46%
Equity attributable to the Company's shareholders	3,204	3,091	4%
Number of ordinary shares (Million shares)	490	490	0%
Net earning per share (Baht)	1.43	1.07	34%
Dividend paid per share (Baht)	1.25	1.10	14%
Book value per share (Baht)	6.54	6.31	4%
Net profit margin	10%	9%	11%
Return on equity	20%	14%	43%
Return on assets	13%	10%	30%

The Conductor gave the opportunity to shareholders and proxy holders to ask about the Company's operations. All the questions raised by the Meeting with explanations from relevant Directors or management was summarized under the Attachment 1 of this minutes of meeting.

The Conductor proposed the Meeting to acknowledge the operation results for the year 2004 and approve the financial statements of the Company for the fiscal year ended December 31, 2004.

From counting votes of all persons entitles to vote amount of 345,112,602 votes, it was apparent as follows ;

Agreed (votes)	Disagreed (votes)	Abstained (votes)
344,076,905	0	1,035,697

### Resolution

The Meeting by majority of the votes acknowledged the operation results for the year 2004 as described in the annual report of the Company and approved the financial statements, including consolidated financial statements, of the Company for the fiscal year ended December 31,2004, as the Conductor proposed above.

### **Agenda 3 To consider and approve the appropriation of the Profit for the Year 2004 for legal reserve and distribution of Dividend to Shareholders.**

- 1) The Conductor declared that the Company had fully appropriated the legal reserve, in compliance with the applicable laws and the Company's Regulations where a reserve for not less than 10 percent of the registered capital is required. The Board of Directors therefore proposed not to appropriate addition legal reserve.
- 2) The Conductor proposed the Meeting to approve the appropriation of retained earning for the reserve of treasury shares. According to the notification of the Securities and Exchange Commission reference no.Kor Lor Tor Chor Sor (Vor) 2/2005, a public limited company, which buys back its treasury shares, should appropriate an equal amount of retained earnings to a reserve for treasury shares. Therefore, as of December 31,2004, the Company has appropriated retained earnings of Baht 156.6 million as a full reserve of its total treasury shares amount to Baht 156.6 million. The retained earning before reserve of treasury shares amount of Baht 564.7 million. As a result, the Company's unappropriated retained earning, after reserve for treasury shares, is Baht 408.1 million.
- 3) The Conductor proposed the Meeting to consider distribution of Dividend to Shareholders as follows;
  1. The Conductor informed the Meeting of the interim dividend payment. According to the resolution of the Board of Directors Meeting No. 4/2004, held on August 11, 2004, it was approved the interim dividend payment of Baht 0.60 per share, for the total common stock of 490 million shares, excluding of 10 million shares of treasury share, totalling Baht 294 million, which was already paid out to shareholders on September 10, 2004.
  2. The Conductor proposed the Meeting to approve the Annual Dividend payment of the year 2004 operational result of Baht 0.65 per share, for the total common stock of 490 million shares which equivalent to the total amount of Baht 318.5 million and will be paid out on Wednesday, May 25, 2005.

Therefore, the total dividend for the whole year of 2004 operational result is Baht 1.25 per share, totalling Baht 612.5 million.

From counting votes of all persons entitles to vote amount of 345,112,602 votes, it was apparent as follows,

Agreed (votes)	Disagreed (votes)	Abstained (votes)
344,076,905	0	1,035,697

### **Resolution**

The Meeting considered and by majority of the votes approved no appropriation of addition legal reserve, approved the appropriation of retained earning for the reserve of treasury shares of Baht 156.6 million in full amount, acknowledged of the interim dividend payment of Baht 0.60 per share and approved the Annual Dividend payment of the year 2004 operational result of Baht 0.65 per share that will be paid out on Wednesday, May 25, 2005, as the Conductor proposed above.

**Agenda 4**      **To approve the reelection of directors to replace those who are due to retire on rotation and consider the remuneration of the Board of Directors.**

- 1) The Conductor declared that in order to be complied with the Public Limited Company Act B.E.2535 and Clause 14 of the Company's Regulations that one-third of Directors shall be retired, in this year the three directors are due to retire on rotation namely 1) Mr.Paiboon Damrongchaitham 3) Mr.Chai Nasylvanta and 3) Mr.Dej Bulsuk. The Nomination and Remuneration Committee agreed that the said three retiring directors are of knowledgeable, competency, experiences and deemed beneficial to the Company, having far-sighted vision and well performed their duties as Directors. The Board of Directors has agreed with The Nomination and Remuneration Committee thus proposed the Meeting to reelect the said three Directors to assume the directorship of the Company for another term.

From counting votes of all persons entitles to vote amount of 345,112,602 votes, it was apparent reelected the director by individual person as follows,

Director	Agreed (votes)	Disagreed (votes)	Abstained (votes)
Mr.Paiboon Damrongchaitham	344,076,905	0	1,035,697
Mr.Chai Nasylvanta	344,076,905	0	1,035,697
Mr.Dej Bulsuk	344,076,905	0	1,035,697

- 2) The Conductor proposed the Meeting to approve the Board of Directors' remuneration for the year 2005. The Conductor informed that the Nomination and Remuneration Committee agreed to propose the Board of Directors' remuneration for the year 2005 to be not exceeding Baht 6,000,000 (excluding the Audit Committee's remuneration for the year 2005 amount of Baht 500,000), taking into consideration the duties, responsibilities and benefit expected to receive from the directors, and comparison of similar business, to be allocated by the Conductor of the Nomination and Remuneration Committee. The Board of Directors agreed with the Nomination and Remuneration Committee thus proposed the Meeting to approve the said the Board of Directors' remuneration.

From counting votes of all persons entitles to vote amount of 345,112,602 votes, it was apparent as follows,

Agreed (votes)	Disagreed (votes)	Abstained (votes)
343,150,605	926,300	1,035,697

**Resolution**      The Meeting considered and by majority of the votes approved the reelection Mr.Paiboon Damrongchaitham, Mr.Chai Nasylvanta and Mr.Dej Bulsuk to be Director of the Company for another term and approved the Board of Directors' remuneration for the year 2005 to be not exceeding Baht 6,000,000, as the Conductor proposed above.

**Agenda 5**      **To approve the appointment of the Company's auditor and consider audit fees.**

The Conductor declared the Meeting that the Board of Director agreed to propose the appointment of the Company's auditors as auditors of Ernst & Young Office Limited, to be the Company's External Auditor for the fiscal year ending December 31, 2005, who have been the Company's auditor since 1995 as follows;

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|--------------|---------------|------------------|
| 1. Mr.Narong | Puntawong,    | CPA No. 3315, or |
| 2. Mr.Ruth   | Chaowanagawi, | CPA No. 3247     |

The said auditors have no relationship in any circumstances such as being shareholders or advisors and quality of the external auditor's work in the past year has been in the satisfactory level. It is recommended to propose the Meeting to approve the audit fees for GMM Grammy Plc. in the amount not exceeding Baht 1,350,000, which will be an increase of 18% from 2004, because of the expansion of business activities, and the consolidation of business conducted under its subsidiaries to the Company in order to enhance management efficiency. In comparison to the audit fee of companies in the same industry, the audit fee of the company is appropriated. The comparison of the audit fees between the year 2005 and 2004 are shown as follows;

Company	2005	2004	Increase
GMM Grammy Plc *	1,350,000	1,140,000	18%
The Company and its subsidiaries *	6,650,000	6,033,500	10%

\* excluding the audit fees of 1) the Company's subsidiaries, GMM 8866 Co.,Ltd. in Taiwan, at the amount of NTD 480,000, 2) its two subsidiaries in Hong Kong at the amount of HK 20,000 and 3) the audit fees of the new entities that may be acquired and consolidated in the future.

From counting votes of all persons entitles to vote amount of 345,112,602 votes, it was apparent as follows,

Agreed (votes)	Disagreed (votes)	Abstained (votes)
344,076,905	0	1,035,697

**Resolution**

The Meeting considered and by majority of the votes approved the appointment of the Company's auditors of Ernst & Young Office Limited as above mentioned, to be the Company's External Auditor for the fiscal year ending December 31, 2005 and approved the audit fees of GMM Grammy Plc. for the year 2005 in the amount not exceeding Baht 1,350,000 and acknowledged the audit fees of the Company's subsidiaries as the Conductor proposed above.

**Agenda 6 To consider other matter (if any)**

- No shareholders proposed other matters for consideration. The Conductor expressed gratitude to all shareholders attending this Meeting and declared that the Meeting was adjourned at 18.00 hours.

Signed

Chairman of the Meeting

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(Ms.Boosaba Daorueng)  
Chief Executive Officer

Signed

Conductor

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(Mr.Sumeth Damrongchaitham)  
Director

**Attachment of Agenda 2**  
**Questions and Explanations about the Company's operations**

- Question 1** Refer to the 2004 Annual Report, page 4; what the restructuring that conducted in 2004?
- Answer** Mr.Sumeth Damrongchaitham, Company's Director, explained that the company has undergone the major restructuring by classifying the company's business segmentation into music business, film & movie business, E-business, media business (conducted under GMM Media) and others.
- Question 2** Details of revenue and gross profit margin generated from E-Business in 2004.
- Answer** Mrs.Thitima Rungkwansiroj, Company's Chief Financial Officer, explained that in year 2004 E-Business has generated revenue of Baht 290 million with gross profit margin of 30%-40% in approximate.
- Question 3** Refer to 2004 Annual Report page 108; to describe objectives and detail of Long-Term loans of Baht 500 million.
- Answer** Mrs.Thitima Rungkwansiroj, Company's Chief Financial Officer, explained that in July 2004 has entered into the Credit facilities agreement totaling Baht 1,000 million with the Siam Commercial Bank Plc. for the purpose of funding support the business expansion of the group. As of December 31,2004, the Company has drawn down the first tranche of the loans of Baht 500 million, which the portion of Baht 250 million is due for repayment in third quarter of 2005.
- Question 4** To describe the plan for Treasury share of Baht 156.6 million.
- Answer** Mr.Sumeth Damrongchaitham, Company's Director, explained that the company plan to dispose treasury shares by selling via the stock exchange of Thailand within October 1, 2005 with according to the resolutions of the Board of Directors on November 13, 2003.
- Question 5** To describe the Company's measures towards the piracy problem apart from the authorities' measures.
- Answer** Mr.Sumeth Damrongchaitham, Company's Director, explained that the piracy problem is the major problem that affect the overall music business, which required high attempt to entirely wipe out such issue. In addition, new forms of piracy have emerged with the development of the technology and cause the spreading of piracy. However, the government has currently issued the comprehensive measures in an attempt to improve the protection and reduction of the piracy problem. The Company has developed the on-going policy to provide full support and corporation to the authorities in wiping out the piracy. The Company has also planned to invest in DRP (Digital Right Protection) system in order to protect the production of pirate products.



- Question 6** To describe the utilization of the contents in the Company's Music Library.
- Answer** Mr.Sumeth Damrongchaitham, Company's Director, explained that by the large amount of Group's content of quality music in the Music Library providing the great business opportunity for the Company to expand its distribution channel in either existing or new business model.
- Question 7** Due to the spinning of Music production units into several Music Labels, does it cause the shortage of resources?
- Answer** Ms.Boosaba Daorueng, Company's Director, explained that the Group's policy has emphasized on creativity enhancement. Therefore, the spinning of Music Production Unit into several Music Labels been implemented according to the group's policy with no obstacle caused by the shortage of resources.
- Question 8** Refer to 2004 Annual Report, Page 40 ; To explain the rationale of returning the concession of F.M. 103.0 MHz. FMM on February 16,2005 after commencing from January 1,2005.
- Answer** Mrs.Saithip Montrikul na Audhaya, Company's Director, explained that the F.M. 103.0 MHz. FMM was obtained to replace the F.M. 94.5 MHz. in January, 2005, with the format remaining as FMM (For Music Mania). As the F.M. 103.0 MHz. was the main Military Radio Station, and therefore in addition to the normal news broadcasting time, about additional 4 hours, mainly during the prime time of each day, was reserved for the military's programs. With such limited broadcasting time, it is difficult for the Company to succeed in building our listener base and eventually make this radio station commercially viable, and therefore decided to return the radio concession on February 16, 2005.
- Question 9** To describe the consequential impact in regard to the 20% incremental rate of advertising of radio.
- Answer** Mrs.Saithip Montrikul na Audhaya, Company's Director, explained that the incremental of advertising rate was in line with the overall industry, which has been seized for more than 4 years.
- Question 10** Refer to 2004 Annual Report, page 121; to describe the details of capital expenditure.
- Answer** Mr.Sumeth Damrongchaitham, Company's Director, explained that the capital expenditure of the company consisted of the following ;
1. Leasehold improvement of Baht 60 million, approximately, due to space expansion and new business establishment.
  2. Invest in new production equipment of Baht 64 million, approximately.
  3. Invest in transportation and office equipments Baht 76 million, approximately.
- Other investment of Baht 10 million, approximately.