



Annual Report 2006

Nation Multimedia Group Public Company Limited

Vision Statement

The Multimedia Group that reaches every household



Mission Statement

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

Core Values

Credibility

Integrity

Synergy

Customer Focus

Innovation

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General Information

tead Office 44 Moo 10, Bangna-Trad Road KM 4.5, Bangna, Bangkok 10260 Telephone (66) 2317-1384 June 9, 1988 June 10 December 14, 1993 (PLC no. 226) June 10 December	Name	Nation Multimedia Group Public Company Limited			
Fax (66) 2317-1384 Intertising Date June 9, 1988 Intertising Date June 9, 1988 Intertising Date The Company and Subsidiary Companies operate seven business units as follows: That News Business Unit Production of Krungthep Turakij, Krungthep Turakij Bizweek, Bizbooks Publisher General News Business Unit Production of Kom Chad Luek and Nation Weekender English News Business Unit Production of Fom Chad Luek and Nation Weekender English News Business Unit Production of The Nation and Nation Junior Broadcasting Business Unit Production of The Nation and Nation Junior Broadcasting Business Unit Owner and producer of Nation News Channel and broadcasting programs to other TV channels Production of radio programs and new media business Edutainment & International Business Unit Publishing under Nation Books Production and distribution of education and entertainment media for children Providing foreign language and communication training Providing distribution and media representation services to foreign language publications Providing distribution and media representation services to foreign language publications Printing Service business Special Events and Special Publications Business Unit Printing service business Printing Service December 31, 2006 the Company has paid-up capital of Baht 1,647,729,960 consisting of 164,772,996 Shares at Baht 10 par value Pale (34) 324-170 Fax: (053) 200-151 Chang Mai Branch 47 Moo 8, Lao Na Dee Road, Muang District, Khon Kaen 80000. Tel: (043) 324-170 Fax: (043) 324-243 Lat Yai Branch 88/9 Kanchanawanich Road, Baan Pru, Hat Yai, Songkhla 90250.	Head Office				
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lat Yai Branch 88/9 Kanchanawanich Road, Baan Pru, Hat Yai, Songkhla 90250.	Khon Kaen Branch	67 Moo 8, Lao Na Dee Road, Muang District, Khon Kaen 80000.			
<u> </u>		Tel: (043) 324-170 Fax: (043) 324-243			
Tel: (074) 210-035-8 Fax: (074) 210-039	Hat Yai Branch	88/9 Kanchanawanich Road, Baan Pru, Hat Yai, Songkhla 90250.			
		Tel: (074) 210-035-8 Fax: (074) 210-039			

Nation Group History



Nation Multimedia Group was founded in 1971 to publish the country's first Thai-owned and run English newspaper. Throughout the 36 years since establishment, the Group is committed to maintaining highest standard of journalism with our ideal goal to help facilitating the Thais toward knowledge-based society. Nation Multimedia Group has continually expanded our operations and currently is one of the largest multimedia companies in Thailand.

- 1971 The Voice of the Nation was founded as the country's first Thai-owned and run English-language newspaper on July 1, 1971.
- 1976 Business Review Co. was established to publish The Nation Review newspaper, forerunner of The Nation.
- Krungthep Turakij was launched as a daily business newspaper by a group of experienced journalists from The Nation's business news desk. Krungthep Turakij is currently the best-selling daily business newspaper in Thailand.
- 1988 The company changed its name from "Business Review Co., Ltd." to "Nation Publishing Group Co., Ltd." in preparation for listing on the Thai stock market.
 - Following listing on the Thai stock exchange, the company was awarded one of the top ten leading companies in Thailand and one of the top 200 leading companies in Asia in 1998 by Far Eastern Economic Review magazine.

Nation Group History

- 1990 The company received the license to locally print and distribute The Asian Wall Street Journal and Yomiuri Shimbun newspapers.
- Nation Radio was established to serve consumer demand for timely, accurate news in this growing media channel, drawing on the existing professional journalistic resources of The Nation and Krungthep Turakij.
 Two new publications were also launched in this year: Nation Weekender and Nation Junior.
- 1996 In line with the company's growing media diversification, Nation Publishing Group was renamed "Nation Multimedia Group Public Company Limited".
- 1998 Nation Egmont Edutainment Co., Ltd. was established as a joint venture with Egmont International Holding AS of Denmark to produce and distribute foreign educational and entertaining publications under license, including several highly popular comic books from Japan.
- Nation Channel, Thailand's first 24-hour news station, began broadcasting through UBC and subsequently TTV. Nation Channel currently enjoys the top audience ratings of any channel in Thailand.
- With strong demand in the newspaper market, the daily newspaper Kom Chad Luek was launched as the newest alternative for Thai readers. Kom Chad Luek, now the third best-selling newspaper in Thailand, was named "The Best Newspaper of 2005" by the World Association of Newspapers (WAN) in Seoul, Korea.
- Nation Books was established to meet the needs of readers and support rising demand in the pocketbook market. Nation Books publications include collections of articles by new and well-known columnists from the group's diverse media network as well as works translated from other languages.
- The weekly news publication Krungthep Turakij BizWeek was launched to cater to a new generation of Thai business entrepreneurs.
- 2005 The printing business was spun off with the establishment of WPS (Thailand) Co., Ltd. on July 1, 2005.
- NMG had reviewed Edutainment Business Unit's internal structure as well as revised overall corporate structure to ensure effective organizational management. Such reorganization resulted in 7 Business Units (from previously 6) with Special Event Business Unit as new business unit to ensure clear management accountabilities as well as to promote responsiveness to external demands and flexibility to capture any emarging opportunity on the sustainable basis.

In addition, the company is fully aware of corporate responsibilities to Thai society at large and has commenced several projects to promote the development of the Kingdom as a whole. Some of the projects include

- "Plik Fuen Kuen Fun Karn Suk Sa project": The project was originally set up to support the Thais who suffered from Tsunami in Southern Thailand. Currently the project has expanded its scope to help Thai people, with focus on educational assistance, recover from all natural disaster throughout the Kingdom.
- "Mobile Library project": Using an innovative mobile study transport, the foundation was set up with support from Thai Red Cross to promote non-formal education and a reading culture throughout Thailand.

Summary of Financial Data and Investment

(in million Baht)

1. Data from Consolidated Financial Statement	2006	2005	2004
Sales and Service Income	2,914.21	2,878.31	3,206.75
Total Revenues	3,087.85	3,474.18	3,388.97
Gross Profit Margin	1,148.72	1,008.36	1,449.61
Earning Before Interest, Taxes, Depreciation and			
Amortization and Extraordinary items * (see note) : EBITDA	374.25	259.36	617.84
Net Profit (loss)	(154.22)	(332.07)	113.56
Total Assets	5,115.29	5,452.74	6,472.60
Total Shareholders' Equity	1,675.04	1,816.41	2,169.23
2. Financial Ratios	2006	2005	2004
Total Debts to Equity (x)	2.05	2.00	1.98
Gross Profit Margin (%)	39.42%	35.03%	45.20%
Net Profit (Loss) on Total Revenues	(4.99%)	(9.56%)	3.35%
Return on Equity	(9.21%)	(18.28%)	5.24%
Return on Total Assets	(3.01%)	(6.09%)	1.75%
Earning (Loss) per Share (Baht)	(0.94)	(2.03)	0.70
Dividend per Share (Baht)	-	-	0.45
Book Value per Share (Baht)	10.17	11.03	13.36

Note *: Extraordinary items are gain on sales of equipment, Gain on sales of investments, Allowance for doubtful accounts, Allowance for obsolete stocks, Allowance for loss on impairment of investments, Allowance for impairment of other non-current assets, Accounts receivable and accrued income written-off, Employee retirement benefits, and related corporate taxes adjustment.

Dividend Policy

Dividend payment policy is not exceeding 65% of net profit

Investments in Subsidiaries of Nation Multimedia Group Public Company Limited As of December 31, 2006

Re	Registered Capital Pe		Percentage
(M		of	Investment
EDUTAINMENT & INTERNATIONAL BUSINESS UNIT			
Nation Books International Co, Ltd.	70.00		99.99
Nation Edutainment Co, Ltd.	41.25		99.98
(Invested by Nation Books International Co, Ltd.)			
Nation Egmont Edutainment Co, Ltd.	50.00		50.00
(Invested by Nation Books International Co, Ltd.)			
BROADCASTING BUSINESS UNIT			
Nation Broadcasting Corporation Co, Ltd.	140.00		99.99
Nation Radio Network Co, Ltd.			
(Invested by Nation Broadcasting Corporation)	3.00		99.97
PRINTING BUSINESS UNIT			
WPS (Thailand) Co, Ltd.	500.00		84.50

Investments in Associates Companies of Nation Multimedia Group Public Company Limited as of December 31, 2006

	Registered Capital Percentage
	(Million Baht) of Investment
Yomiuri-Nation Information Service Co, Ltd.	4.00 44.98



...Our prime objectives, in addition to cost control measures, are to maintain our leadership in the newspaper business and to secure additional revenue from related value-added products and services...

Message

from the Chairman
Thanachai Theerapattanavong

The year 2006 proved to be yet another challenging era for both Nation Multimedia Group and the publishing industry as a whole. Political uncertainty and an economic slowdown both contributed towards a severe negative impact on the country's advertising expenditure, one of our key sources of revenue. On the cost side, the price of newsprint paper, a major cost component, has continued to rise to a record high level. In addition, increasing interest rates, as well as fluctuating oil prices, have also had a serious effect on our cost structure.

Throughout 2006, we strongly emphasized prudent management in all aspects of our business with strict control of all cost levels. Several pertinent measures were adopted, including control of returned paper from our circulation system, early retirement program and reduction of waste in our printing process, to ensure we maintained our costs at an appropriate level.

Looking ahead, despite the political situation since the end of last year, we anticipate stability will resume with the upcoming general election, which should improve investors' confidence, as well as encouraging a positive surge in business and economic activities. In addition, interest rates and fuel prices are likely to continue their downward trend from the previous year,

which will help boost overall economic activities and, subsequently, regenerate Thailand's advertising expenditure. The continued fall of these two major factors should also be instrumental in reducing the cost of newsprint paper.

Although we believe the economic outlook will be more positive this year, we will nevertheless continue our cost control measures, adopted last year. Our prime objectives, in addition to cost control measures, are to maintain our leadership in the newspaper business and to secure additional revenue from related value-added products and services. We will also concentrate on adjusting our corporate structure to fully utilize our content and personnel to achieve increased revenue and foster sustainable growth in the future.

Besides our newspaper business, strategies for our other business units will be as follows:

- Broadcasting: In addition to Nation Channel through TTV, we will leverage our strength in news reporting to supply more news-related content to free TV stations.
- Edutainment: With support from various government and private entities, the book market has enjoyed double digit growth for many years. To capitalize on this growing market, we will focus on increasing revenue from sales of pocket books and comics. We will also explore opportunities to expand our educational service business.
- Printing: Priority will be on generating additional revenue by leveraging further the partnership with our alliance, a leading Japanese printing company.

In addition to conventional media, we are also well aware of the development and future potential of new media, such as mobile phones and the Internet. Our income from new media channels experienced tremendous growth in 2006. With this in mind, we will continue to develop new products and services, such as SMS news on mobile phones, to ensure coverage of this emerging market.

Regarding organizational development, we will continue our emphasis on personnel development to ensure our company becomes a strategic component in a knowledge-based society. Effort will also be put into

establishing a performance-based pay structure, ensuring ample opportunities to develop successors for our new leadership generation.

The year 2007 is also a very important milestone for our company, as it marks the 36th anniversary of our flagship newspaper, The Nation, and the 20th anniversary of our leading Thai-language business daily, Krungthep Turakij. To celebrate both events, we will launch a year-long project, under the theme "Thailand's Tomorrow". The project will consist of nationwide seminars and events, with the objective to provide useful information and knowledge to Thais across the country. Subjects covered will include various important and interesting subject matters, such as the 60th Anniversary of His Majesty the King's Accession to the Throne, plus items on politics, business, banking and technology.

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

(Thanachai Theerapattanavong)

Chairman





Name Mr.Thanachai Theerapattanavong

Position Chairman Age 62 years Education Background

MA. in Political Science, Ramkamhaeng University
 BA in Political Science, Ramkamhaeng University
 Assumption Commercial College Bangkok (ACC)

Training Course (IOD)

- Directors Certification Program (DCP)

No.of Shares Held as at Dec 31,06

- 16,158,640 Share (9.81%)

Relationship with NMG's Executive

- N/A

Experience - 1976-Present: Chairman, Nation Multimedia Group

Director of other listed companies

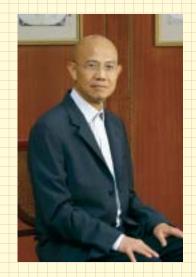
- Independent Director & Chairman of Audit Committee Modernform Group Pcl

Being a director of a competing or a related business company

- N/A

The Meeting attendance/Meeting Held (Frequency)

Board of Directors : 6/6Annual General Meeting of Shareholders : 1/1



Name Mr. Suthichai Yoon

Position Director
Age 61 years
Education Background

- Assumption Commercial College Bangkok (ACC)

- Saengthong School , Had Yai Songkhla

Training Course(IOD)

- Directors Accreditation Program (DAP)

No. of Shares Held as at Dec 31,06

- 14,60,054 Share (8.86%)

Relationship with NMG's Executive

- Brother of Mr.Thepchai Yong

Experience - 1971-Present: Editor in Chief, Nation Multimedia Group

Director of other listed companies

- N/A

Being a director of a competing or a related business company

- N/A

The Meeting attendance/Meeting Held (Frequency)

- Board of Directors : 6/6

- Annual General Meeting of Shareholders: 1/1



Name Mr. Thanachai Santichaikul

PositionVice ChairmanAge53 YearsEducation Background

- MBA-Thammasat University

- BA Accountancy, Chulalongkorn University

Training Course (IOD)

- Directors Certification Program (DCP)

Training Course - Capital Market Academy (SET)

- Capital Market Academy Leadership

No.of Shares Held as at Dec 31,06

- 307,966 share (0.18%)

Relationship with NMG's Executive

- N/A

Experience - 1979-Present: Group President, Nation Multimedia Group

Director of other listed companies

N/A

Being a director of a competing or a related business company

- N/A

The Meeting attendance/Meeting Held (Frequency)

Board of Directors : 6/6Annual General Meeting of Shareholders : 1/1



Name Mr. Pakorn Borimasporn

Position Independent Director and Chairman of The Audit Committee

Age 60 years Education Background

- MA. in Electrical Engineering, Chulalongkorn University

Training Course (IOD)

- Directors Certification Program (DCP)

Training Course - Capital Market Academy (SET)

- Capital Market Academy Leadership Program

No. of Shares Held as at Dec 31,06

- 8,000 share (0.00%)

Relationship with NMG's Executive

- N/A

Experience - 1993-Present: Chief Executive Officer, Lighting & Equipment Public Co., Ltd.

- 2004-Present: Chairman & Chairman of The Audit Committee,

Porn Prom Metal Public Co., Ltd.

- 1997-Present: Chairman, T.S.Trungking Co., Ltd.

Director of other listed companies

- Chief Executive Officer, Lighting & Equipment Public Co., Ltd.

- Chairman & Chairman of The Audit Committee,

Porn Prom Metal Public Co., Ltd.

Being a director of a competing or a related business company

- N/A

The Meeting attendance/Meeting Held (Frequency)

Board of Directors : 6/6
Audit Committee : 4/4
Annual General Meeting of Shareholders : 1/1



Name Mr. Nivat Changariyavong

Position Independent Director and Member of The Audit Committee

Age 64 years Education Background

- Honorary Doctorate in Business Administration, Rajabhat Institute

Chiang Rai, Thailand

- Assumption Commercial College Bangkok (ACC)

Training Course(IOD)

- Directors Accreditation Program(DAP)

No.of Shares Held as at Dec 31,06

- 4,485,878 Share (2.72%)

Relationship with NMG's Executive

- N/A

Experience - 1979-Present: Managing Director, Green Siam Co., Ltd.

Director of other listed companies

- N/A

Being a director of a competing or a related business company

N/A

The Meeting attendance/Meeting Held (Frequency)

Board of Directors : 6/6
Audit Committee : 3/4
Annual General Meeting of Shareholders : 1/1



Name Mr. Chaveng Chariyapisuthi

Position Independent Director and Member of The Audit Committee

Age 62 Years Education Background

- Assumption Commercial College Bangkok (ACC)

Training Course (IOD)

- Directors Accreditation Program(DAP)

- Understanding Fundamental Statement (UFS)

- Finance for Non-Finance Director (FN)

No.of Shares Held as at Dec 31,06

- N/A

Relationship with NMG's Executive

- N/A

Experience - 1991-Present: Executive Director, Siam Syndicate Co., Ltd.,

SST Holding, Siam Steel Works Co., Ltd.

Director of others listed company

- N/A

Being a director of a competing or a related business company

- N/A

The Meeting attendance/Meeting Held (Frequency)

Board of Directors : 6/6
Audit Committee : 4/4
Annual General Meeting of Shareholders : 1/1



Name Mr. Nissai Vejjajiva
Position Independent Director

Age 75 years Education Background

- MBA (Political Economy) Stern School of Business, New York University

- BA (Economic), Boston University

- Certificate of Natinal Defence College of Thailand

Training Course(IOD)

- Directors Certification Program (DCP)

No. of Shares Held as at Dec 31,06

- N/A

Relationship with NMG's Executive

- N/A

Experience - 1998-Present: President of the Board of Rajabhat

MahaSarakham University

Director of other listed companies

- N/A

Being a director of a competing or a related business company

- N/A

The Meeting attendance/Meeting Held (Frequency)

Board of Directors : 6/6Annual General Meeting of Shareholders : 1/1



Name Mr. Yothin Nerngchamnong

Position Independent Director

Age 57 years Education Background

MA. in Political Science, Ramkamhaeng UniversityBA. Political Science Ramkamhaeng University

Assume the Common residual College Branch (ACC

- Assumption Commercial College Bangkok (ACC)

Training Course (IOD)

- Directors Certification Program (DCP)

No. of Shares Held as at Dec 31,06

- 2,500,000 Share (1.52%)

Relationship with NMGis Executive

- N/A

Experience - 1989-Present: Executive Director, Modernform Group Public Co., Ltd.

Director, MFEC Public Co., Ltd.

Director of other listed companies

Executive Director - Modermform Group Public Co., Ltd.

Director - MFEC Public Co., Ltd.

Being a director of a competing or a related business company

- N/A

The Meeting attendance/Meeting Held (Frequency)

Board of Directors : 6/6Annual General Meeting of Shareholders : 1/1



Name Mr. Narongsak Opilan

PositionDirectorAge31 YearsEducation Background

- BA. Architectural Design, Rangsit University, Thailand

- Certificate in English for International Business, University of California,

Barkeley San Francisco, USA

Training Course (IOD)

- Directors Certification Program (DCP)

No. of Shares Held as at Dec 31,06

- 2,060,000 share (1.25%)

Relationship with NMG's Executive

- N/A

Experience - 2002-Present: General Manager, Administration and Marketing,

TS Interseats Co., Ltd.

- 2004-Present: Managing Director, Thai Summit Eastern Seaboard

Auto Part Co., Ltd.

Director of other listed companies

- N/A

Being a director of a competing or a related business company

N/A

The Meeting attendance/Meeting Held (Frequency)

Board of Directors : 4/6Annual General Meeting of Shareholders : 1/1

Name Position Mr. Pana Janviroj

Position Director Age 48 years Education Background

- MA., Tuffs University, USA Training Course (IOD)

Training Course (IOD)

- Directors Certification Program (DCP)

No. of Shares Held as at Dec 31,06

- 12,450 share (0.01%)

Relationship with NMG's Executive

- N/A

Experience - 1984-Present: President of English News Business Unit

Nation Multimedia Group Plc.

Director of other listed companies

- N/A

Being a director of a competing or a related business company

- N/A

The Meeting attendance/Meeting Held (Frequency)

- Board of Directors : 6/6

- Annual General Meeting of Shareholders: 1/1





Name Mr. Adisak Limprungpatanakij

Position Director Age 46 years Education Background

- BA. Faculty of Commerce and Accountancy, Thammasat University

Training Course(IOD)

- Directors Certification Program (DCP)

No.of Shares Held as at Dec 31,06

- 70,000 share (0.04%)

Relationship with NMG's Executive

N/A

Experience - 1985-Present: President of Broadcasting Business Unit,

Nation Multimedia Group

Director of other listed companies

N/A

Being a director of a competing or a related business company

- N/A

The Meeting attendance/Meeting Held (Frequency)

Board of Directors : 6/6Annual General Meeting of Shareholders : 1/1

Executive Board







Name Mr.Thanachai Theerapattanavong

Position Chairman of Executive Board Age 62 years

Education Background

MA. in Political Science, Ramkamhaeng University
 BA in Political Science, Ramkamhaeng University
 Assumption Commercial College Bangkok (ACC)

Training Course (IOD)

- Directors Certification Program (DCP)

No. of Shares Held as at Dec 31,06

- 16,158,640 Share (9.81%)

Relationship with NMG's Executive

N/A

Experience - 1976-Present: Chairman, Nation Multimedia Group

The Meeting attendance/Meeting Held (Frequency)

- Annual General Meeting of Shareholders: 1/1

Name Mr. Suthichai Yoon
Position Editor In Chief

Age 61 years
Education Background

- Assumption Commercial College Bangkok (ACC)

- Saengthong School, Had Yai Songkhla

Training Course(IOD)

- Directors Accreditation Program(DAP)

No.of Shares Held as at Dec 31,06

- 14,600,054 Share (8.86%)

Relationship with NMG's Executive

- Brother of Mr. Thepchai Yong

Experience - 1971-Present: Editor in Chief, Nation Multimedia Group

The Meeting attendance/Meeting Held (Frequency)

- Annual General Meeting of Shareholders: 1/1

Name Mr. Thanachai Santichaikul

Position Group President

Age 53 Years Education Background

- MBA., Thammasat University

BA. Accountancy, Chulalongkorn University

Training Course (IOD)

- Directors Certification Program (DCP)

Training Course - Capital Market Academy (SET)

Capital Market Academy Leadership

No. of Shares Held as at Dec 31,06

- 307,966 share (0.18%)

Relationship with NMG's Executive

N/A

Experience - 1979-Present: Group President, Nation Multimedia Group

The Meeting attendance/Meeting Held (Frequency)

- Annual General Meeting of Shareholders: 1/1



Name Mr. Thanachai Santichaikul

Position Group President Age 53 Years

Education Background

- MBA., Thammasat University

- BA. Accountancy, Chulalongkorn University

Training Course (IOD)

- Directors Certification Program (DCP)

Training Course - Capital Market Academy (SET)

- Capital Market Academy Leadership

No. of Shares Held as at Dec 31,06

- 307,966 share (0.18%)

Relationship with NMG's Executive

- N/A

Experience - 1979-Present: Group President, Nation Multimedia Group

The Meeting attendance/Meeting Held (Frequency)

- Annual General Meeting of Shareholders: 1/1

Name Mr. Pana Janviroj

Position President of English News Business Unit

Age 48 years Education Background

- MA., Tuffs University, USA

Training Course (IOD)

- Directors Certification Program (DCP)

No. of Shares Held as at Dec 31,06

- 12,450 share (0.01%)

Relationship with NMG's Executive

- N/A

Experience - 1984-Present: President of English News Business Unit,

Nation Multimedia Group

The Meeting attendance/Meeting Held (Frequency)

- Annual General Meeting of Shareholders: 1/1



Name Mr. Adisak Limprungpatanakij

Position President of Broadcasting Business Unit

Age 46 years Education Background

- BA. Faculty of Commerce and Accountancy,

Thammasat University

Training Course(IOD)

- Directors Certification Program (DCP)

No.of Shares Held as at Dec 31,06

- 70,000 share (0.04%)

Relationship with NMG's Executive

N/A

Experience - 1985-Present: President of Broadcasting Business Unit,

Nation Multimedia Group

The Meeting attendance/Meeting Held (Frequency)

- Annual General Meeting of Shareholders: 1/1

Name Mr.Thepchai Yong
Position Group Executive Editor

Age 52 years Education Background

- Assumption Commercial College Bangkok (ACC)

- Saengthong School , Had Yai Songkhla

Training Course(IOD)

- Scholarship from Nieman Foundation for Journalism at

Harvard University

- Understanding Fundamental Statement (UFS)

- Finance for Non-Finance Director (FN)

No. of Shares Held as at Dec 31,06

- 100,969 share (0.06%)

Relationship with NMG's Executive

- Brother of Mr. Suthichai Yoon

Experience - 1975-Present: Group Executive Editor,

Nation Multimedia Group

The Meeting attendance/Meeting Held (Frequency)

- Annual General Meeting of Shareholders : N/A



Name Mr. Prasert Lekavanichkajorn
Position President of Thai News Business Unit

Age 55 years Education Background

- MA. in Teaching Portland State University.

Training Course(IOD)

Understanding Fundamental Statement (UFS)

- Finance for Non-Finance Director (FN)

No. of Shares Held as at Dec 31,06

N/A

Relationship with NMG's Executive

N/A

Experience - 1996-Present: President of Thai News Business Unit,

Nation Multimedia Group

The Meeting attendance/Meeting Held (Frequency)

Annual General Meeting of Shareholders : 1/1

Name Miss Phimpakan Yansrisirichai

Position President of General News Business Unit

Age 48 years Education Background

- BA in the Faculty of Humanities, Ramkamhaeng University

- Certificate in English with Business Studies, London Guildhall

University, Australia

Training Course (IOD)

- Directors Certification Program (DCP)

No.of Shares Held as at Dec 31,06

- 89,825 share (0.05%)

Relationship with NMG's Executive

- N/A

Experience - 1997-Present: President of General News Business Unit,

Nation Multimedia Group

The Meeting attendance/Meeting Held (Frequency)

- Annual General Meeting of Shareholders: 1/1





Name Mrs. Kesery Kanjana-vanit

Position President of Edutainment & International Business Unit

Age 48 Years Education Background

> MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn, University in Cooporation with Northwestern

University

- BA. Science, Duke University USA.

Training Course(IOD)

- Directors Certification Program (DCP)

No. of Shares Held as at Dec 31,06

- 53,050 share (0.03%)

Relationship with NMG's Executive

- N/A

Experience - 1980-Present: President of Edutainment & International

Business Unit, Nation Multimedia Group

The Meeting attendance/Meeting Held (Frequency)

- Annual General Meeting of Shareholders: 1/1

Name Miss Aeumsree Boonhachairat

Position President of Special Events & Special Publications Business Unit

Age 48 years Education Background

- BA. Assumption University

Training Course (IOD)

- Directors Certification Program (DCP)

No.of Shares Held as at Dec 31,06

- 1,200 share (.00%)

Relationship with NMG's Executive

- N/A

Experience - 1984-2003: Chief Operation Officer,

Nation Multimedia Group

- 2003-May 2006: Chief Opeation Officer,

Inspire Entertainment Co., Ltd.

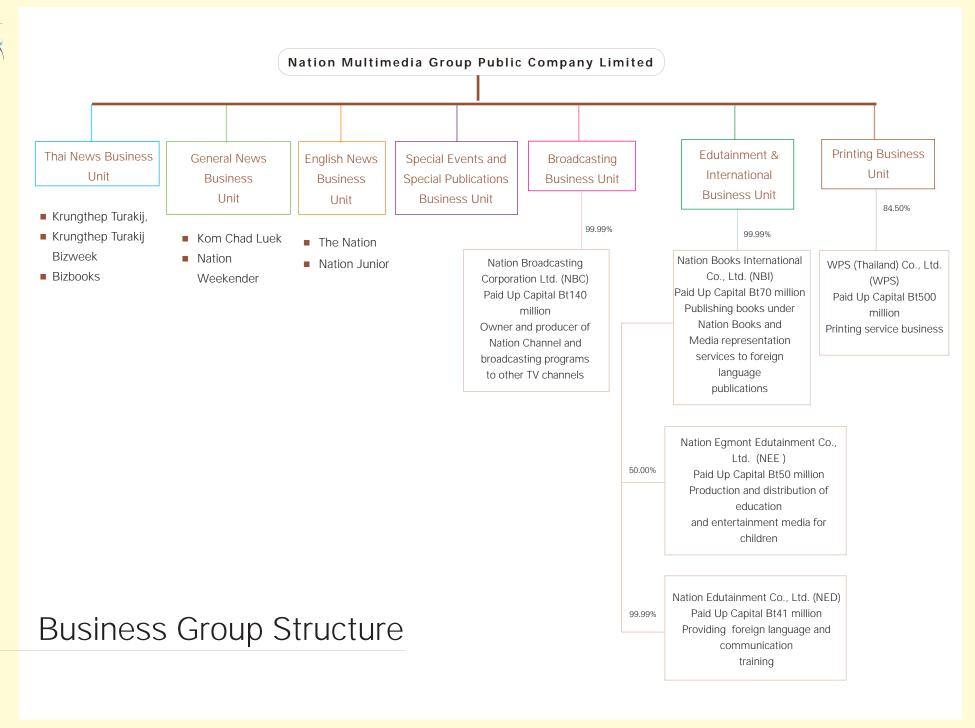
- June 2006-Present: President of Special Events & Special

Publications Business Unit, Nation

Multimedia Group

The Meeting attendance/Meeting Held (Frequency)

- Annual General Meeting of Shareholders: N/A



Broadcasting and New Media

House Market Publication

House Market Publication

Business Publication

Business Publication

Business Publication

Thai News Business Unit

Krungthep Turakij:

The country's largest circulation Thai business daily continues its role as the must-read newspaper for business people, investors and anyone interested in today's dynamic business world with its wealth of diverse and independent coverage about business, economic, financial, and political news with in-depth analyses on future trends for business readers to make accurate decisions for their businesses. Backed by high-standard, prudent, up-to-the-minute and insightful news reporting, Krungthep Turakij has enjoyed overwhelming success over two decades.

www.bangkokbiznews.com

Krungthep Turakij Bizweek:

A new broadsheet printed weekly on quality, bonded paper in a colorful format to capture additional readers on the weekends. A weekly business newspaper with practical and easy-to-understand content aimed to help decision makers in real-life situations. Bizweek also creates business opportunities and answers the needs of the new generation, active business persons and entrepreneurs at all levels who dare to think differently and act in new ways.

www.bangkokbizweek.com

General News Business Unit

Kom Chad Luek:

The third highest mass circulation daily with emphasis on "creative difference" by offering high standard and socially responsible content that is appropriate for family readers and, also, the break-through ideas presented through content and new form of advertising, eg, Kom Chad Luek - shopping guide, etc.

Since its inception in 2001, Kom Chad Luek was an instant success, commanding 3rd largest market share in the mass market segment. The success of Kom Chad Luek has defied conventional wisdom in newspaper business and led to Kom Chad Luek being awarded "Newspaper of the Year" from World Association of Newspaper (WAN) in 2005 in recognition of its journalistic and graphic quality and its ability to combine excellence with economic viability, winning the trust and support of readers and advertisers alike.

www.komchadluek.net

Nation Weekender:

A weekly news magazine with colorful photographers and columnists hard not to miss.

www.nationweekend.com

English News Business Unit

The Nation:

The Group's flagship publication with regional reach. With over three and a half decades, The Nation is determined to deliver impartial and multi facet news reporting on major national events, business, lifestyle, as well as insightful analysis. The Nation is also active on the internet with www.nationmultimedia.com becoming Thailand's number one English-language news website. Regionally, Asia News Network, which The Nation helped founded, now has 16 members from 14 countries - becoming the world's most active newspaper alliance.

www.nationmultimedia.com www.asianewsnet.net

Nation Junior:

A fortnightly magazine which has become one of the best selling magazines in the 17-18 year age group. Nation Junior is popularly used as an English-learning material in high schools and operates a successful website with features including VDO and photos.

www.nationjunior.com

Broadcasting Business Unit

Nation Broadcasting Co., Ltd.:

operates Thailand's first 24-hour independent TV news station, Nation Channel, which was launched in 2000 in order to provide upto-the-minute news reporting to viewing customers. Nation Channel is currently aired in MMDS thru TTV Channel I covering Bangkok metropolitan area. Content is also re-broadcasted via provincial cable TV operators throughout the country, reaching over 1 million households nationwide.

In addition, Broadcasting Business Unit also supplies various popular news and news analysis programs to many free TV stations such as

- (1) Cheep pa jorn lok kub Suthichai Yoon: Monday 22:00 23:00 pm, Modern Nine TV
- (2) Cheep pa jorn lok wan nee: Monday Friday 8:00 8:30 am, Modern Nine TV
- (3) Khoa kon kon khao: Monday Friday 21:30 22:00 pm, Modern Nine TV
- (4) E-Life E-Business: Monday Friday 9:30 10:00 am, Modern Nine TV
- (5) Chud cha nuan kwam kid: Tuesday 23:00 24:00 am, Modern Nine TV
- (6) Siam chao nee: Monday Friday 6:15 7:25 am, Channel 5

Nation Radio Network Co., Ltd.:

was founded in 1992 to supply news content to radio stations. Currently, Nation Radio has been key supplier of on-the-hour news and news features and analyses to FM 90.5 MHz Business Radio in Bangkok metropolitan area as well as re-broadcast in many major provinces nationwide.

New media:

In order to respond to emerging channel of news consumption and consumer behavior, a new media division has been set up with the objective to customize content for new media channels such as TV broadcast via broadband Internet, SMS news on Mobile as well as weblog to promote community of journalist on the Internet.

Edutainment & International Business Unit

Nation Books

Nation Books International was established by Edutainment & International Business group. With aims to provide knowledge and entertainment to readers, Nation Books International has published wide range of books in various categories written by well known Thai authors such as Teach to Be Rich series by Dr. Suwan Walaisathien and English language teaching series by Christopher Wright.

Apart from books by Thai authors, Nation Books International also publishes a lot of top-selling books translated from international best-selling titles including worldwide novels, business & management books; i.e., Blue Ocean Strategy, Brand Failure, Now Discover Your Strengths, and etc.

www.nationbook.com

Books and Media for Children and Youths

Edutainment & International Business Group is granted rights by well known international publishers such as Walt Disney and Warner Brothers to publish books for young children and youths such as story books, skills-enhancing activity books, comics, magazines, novels, etc. Children's books published by Nation Egmont Edutainment Co., Ltd. are well known for high quality and popularity such as the Disney's Classic Tales, Scooby-Doo: and You, The Adventures of Tintin, Barney, Enid Blyton's series, etc.

Another subsidiary of the Group, Nation Edutainment Co., Ltd. is appointed by Japanese leading publishers such as Shueisha, Shogakukan, and Kodansha to translate and publish high quality children's comics; i.e., Doraemon series, Crayon Shinchan, Naruto, Death Note, and weekly comic magazine "Boom". Moreover, Nation Edutainment also publishes wide

range of Thai best-selling comics such as The 13th Knife, Apai Manee Saga, comics collection books, literature comics, coloring books, skill-enhancing activity books, sticker books, etc.

Educational Services

Edutainment & International Business Group provides effective professional training to enhance working, communication and foreign language skills for the public, corporations, students under the brand name of Nation Educational Services and Direct English.

Nation Educational Services focuses in 3 main areas as follows:

- Business-related training courses providing various useful techniques, strategies and business skills for corporations and public to apply into their work.
- Study tour for youths who want to expose to English language learning through overseas travel experience during school holidays.
- Examination preparation courses for those who are preparing to further their studies in Bachelor, Master and Ph.D. levels in Thailand and abroad.

www.nation-education.com

Furthermore, Edutainment and International Business Group is the Master Franchisee of Direct English in Thailand and Indochina. Linguaphone Co., Ltd., the owner of Direct English from the UK, has developed the "New Approach" of English language training courses now available at Direct English centers in Bangkok and Chiangmai.

www.directenglish.co.th

Printing and Distribution Services

Edutainment & International Business Group prints the Asian Wall Street Journal Asia and the Yomiuri Shimbun through satellite system and distributes the papers in Thailand and other countries in Southeast Asia.

Edutainment & International Business Group also provides distribution and subscription services to various leading international magazines such as Time, Fortune, Forbes Asia, Business Traveler, Destine Asian, etc. The company is also the media representative in Thailand for the Yomiuri Shimbun.

Printing Business Unit

World Printing Services C do., Ltd. (WPS): operates one of Asia's most modern and efficient printing facilities. WPS, located on 20-rai land on Bangna Trad Road KM 29, offers comprehensive printing services for both newspaper and commercial printing. Example customer portfolio includes Nation Group's publications, Asian Wall Street Journal, Yomiuri Shimbun and several leading magazines in Thailand.

With 30 years of accumulated printing experience and management's determination for continuous improvement, WPS has been widely recognized for its outstanding printing quality. In 2006, WPS has been honored to receive several printing awards from Thai Print Association institute as well as from the 4th Asian Print Award 2006 in Shanghai.

In 2006, WPS also embarked on another groundbreaking milestone for Thai printing industry to form a joint venture with Kyodo Printing, one of the largest printing companies in Japan. The joint venture company will focus on commercial printing such as books and magazines both domestic and export markets. This cooperation will help increasing machine utilization and allow transfer of technology and management know how for the Thai printing industry.

Special Events and Special Publications Business Unit

Special Publications

For special occasions, many companies and organizations seek a novel way of promoting their activities, in addition to normal PR channels. Occasions such as anniversaries, grand openings, new product launches and more can be presented in a variety of attractive and outstanding publication formats, including company profiles, information on products and services, management and human resources and more. Special publications can be presented in three languages and inserted into The Nation, Krungthep Turakij and Yomiuri Shimbun newspapers for a broad target coverage. With the latest publishing technology in Thailand, Nation Group's special publications can be produced in various formats and sizes with four-colour printing. The company is now also ready to offer an e-supplement service for customers, as a new media channel via

www.nationmultimedia.com.

Special Events

While Nation Group is the established leader in producing quality publications in both Thai and English languages, the company also provides high-quality telecast services through Nation Channel, a 24-hour news station broadcasting via TTV 1 that commands the highest number of news viewers. To effectively utilize this media channel, we organize a large number of special events for our customers and company to present beneficial activities to the public and to reach large target audiences. Previous special events organized by Nation Group include the World Film Festival; Hole in One Hall of Fame Golf Tournament; various educational events, including knowledge reviews for the university entrance examinations; and international seminars such as the recent "Asia Back to Basics", Thailand opportunity with BOI, etc.

Industry Overview

Overall economy

Thailand's economy in 2006 experienced a slowdown, primarily because of political factor throughout the year. Political uncertainty was a result of the political gatherings and the coup in September. In spite of positive factors such as the drop in oil prices and the downward trend in interest rates, several companies were still cautious in their expenditures, including their advertising budget which is a main source of the revenue for publishers. Nielsen Media Research indicated that in 2006, the overall advertisement revenue of the print media dropped by 5 percent from the previous year.

In addition, the newsprint prices in the world market were still at high level. It was another factor that directly affected the publishers in terms of operation costs and had an impact on the overall industry.

In 2007, the Company anticipates a positive outlook in Thai economy. Political factor will continue to be a key determinant. Nonetheless, it is likely to be resolved. Moreover, several external factors show positive signs since late 2006. Oil prices are likely to adjust downward to be at the range of 50 to 60 US dollar per barrel. The interest rates are set to be lower. The newsprint price should go down from the peak level in the past year. Moreover, the continuous expansion of the export sector will be a major factor in driving the Thai economy in 2007.

Publishing business

The Company's publishing business consists of 5 key areas.

1 The Company operates Thai-language business publications by publishing and distributing "Krungthep Turakij" Thai-language business daily and "Krungthep Turakij BizWeek" weekly business magazine. "Bizbook" publishing house publishes business pocket books. The targeted customers are business people, young generation executives, academics, government officials, marketing executives, university students and educated readers.

2 The Company operates Thai-language general news publications by publishing and distributing "Kom Chad Luek", mass-circulation daily, and "The Nation Weekender", a weekly news analysis magazine. The targeted customers are general readers.

3 The Company operates English-language news publications business by publishing and distributing "The Nation", an English-language daily newspaper, and "Nation Junior", fortnightly English-language magazine for young readers. The targeted readers are Thais who follow the political and economic situations, foreigners living in Thailand, young readers and high school students.

4 The Company operates special activity and special publication business. The Company is a leading provider of print media both in Thai and English and operates Nation Channel news network broadcast via Channel 1 of TTV, which is popular among the audience who are interested in news and information. Thus, the Company is well-equipped to present various kinds of activities to support the customers' goods and services to promote the useful activities to the public and effectively communicate with the targeted groups of customers through a variety of activities such as books or special publications with distinctive covers. The special publications can be presented in three languages; Thai, English and Japanese, to be inserted in "Krungthep Turakij", "The Nation" and "The Yomirui Shimbun".

The above-mentioned four areas of businesses are under the management of Nation Multimedia Group Public Company Limited.

5 The Company's edutainment unit and foreign-related business are under the management of Nation Books International Company Limited, Nation Edutainment Company Limited and Nation Egmont Edutainment Company Limited. Nation Books publishes pocket books with copyrights from both domestic and international sources and acts as the agent to sell the advertisement for foreign publications and distributes international newspapers, including "The Asian Wall Street Journal" and "The Yomiuri Shimbun" in Thailand and Asean region, as well as leading international magazines such as "Fortune", "Time" and "Business Week". The Company also publishes, imports and distributes edutainment books for children, the educational medium from both domestic and international sources. The Company also provides training services through "Direct English" and management workshops.

Competition

"Krungthep Turakij" is a leading business daily with more than half of the market share in this segment which includes "Manager" and "Post Today".

"Krungthep Turakij BizWeek", the weekly business newspaper, ranks third in its segment after "Thansettakij" and "Prachachat Turakij", both are the business newspapers which hit the newsstands every three days.

"Kom Chad Luek" general newspaper is the third largest Thai language mass-circulation dailies after "Thai Rath" and "Daily News".

"The Nation", the English-language newspaper, has the only one competitor: "Bangkok Post". "The Nation" has the market share of around 35 to 40 per cent.

"Nation Books" is facing strong competition due to an increasing number of pocket book publishers on the market. Quality and variety of content are thus key factors to determine the readers' choices. The book publishing industry is rather fragmented with key players such as Amarin Printing, Nanmee Books and Matichon.

Edutainment products/comics segment is growing. New edutainment publishers have entered the market. Pricing is the key factor for the customers because most of the customers are not financially independent. Nonetheless, the market in the future is set to grow because the new generation with high education will pay more attention to the education of their children. The Company's competitors vary according to each product. Disneyis licensed books face the competition from Aksara Pipat while the Japanese comic books compete directly with products from Vibulkit and Siam Sport Publishing.

The fourth line of business: Broadcasting business.

Nation Group is a content provider or the producer of content, news and information to the public through a variety of mediums. In publishing segment, Nation Group has products in form of newspapers and magazines. Moreover, Nation Group provides content through another mediums such as TV, radio,

mobile phone, internet and indoor & outdoor. Nation Group provides information and news via its subsidiary; Nation Broadcasting Corporation.

Nation TV operates and manages Nation Channel, a news station broadcast via Channel 1 of TTV. The news network reports local and international news events which are related to politics, economics, social issues, art and culture, well-being and health. News stories are presented with in-depth analyses, explanations and anticipations of the future consequences to keep the public informed and better prepared. Nation Channel emphasizes on the up-to-date and unbiased news reporting under the slogan "We are the real one". In addition, the Company also produces, customizes and jointly produces the programmes with business allies to serve various channels such as free TV, cable TV, internet broadband and shows the programmes for Thais living overseas through NAT TV and Global Network.

Nation Radio produces and provides news and information through radio, focusing on those who donft have time to watch TV and listen to the ratio on the way to school or to work.

Competition

Due to domestic and international economic situations in the era of globalization, several changes that happen have immediate impacts on the society. Moreover, the uncertain political situation has stirred the public's appetite to be informed of updated news. Every TV station and several radio stations adjusted their strategies to focus more on news reporting. Some stations adopt new slogan to turn towards being news stations. The competition among news programme and news talks programmes, both in the morning and evening, becomes highly intensified.

Nonetheless, the Company has realized the importance of quality, speed, accuracy, credibility, fairness and objectivity of news reporting. The Company has a policy to maintain and upgrade the quality of the TV programmes as well as highlight on the readiness of the personnel and information base of the Company, which has earned the reputation as a leader in TV news producing. The essential elements of quality news programmes are the credibility of qualified human resource, an independence

Industry Overview

of the editorial department without political interference nor interests. Therefore, the news stories are presented objectively through a variety of formats, can be examined, recognized and accepted by the general public.

Future trends

Nielsen Media Research (Thailand)'s survey on the expenditure via various types of mediums in 2006 shows that the combined TV advertisement was Bt53 billion, or more than 59 per cent of the total market share. The advertising spending on TV grew by around 6.5 per cent compared to 2005. The growth rate is in line with the expansion of advertising industry which grew by 4.95 per cent from the previous year. If the economy grows, the advertisement via TV is set to expand accordingly because the producers will use the advertisement budget to promote goods and services through the medium that effectively connect with the targeted customers.

News programme and news talk programmes, on free TV and pay TV, have seen a steady increase of audience. This has increased the opportunity for the news and documentary producers to produce more programmes to supply to various station networks. This may lead to new types of TV programmes and new stations. Nonetheless, since there are a number of producers of news talk programme, each producer has to find the unique format to ensure the audience will receive the complete information through the quality analyses to help upgrade the Thai TV and producers to the world-class level, paving the way to the exports of Thai documentary and news documentary. Moreover, in the future, the TV programme should be able to better connect with the specific group of audience, who should have better opportunity in getting interactive with the programme via new media.

New media

New media marks a new technology to transmit news and information to serve the needs of the customers who require speedy information through the convenient mediums such as internet broadband and mobile phone by providing news content both in Thai and English through the mobile phone in form of SMS of all networks under the title "Nation News on Mobile". Moreover, the news reporting in the format of MMS is set to happen in the future when technology and basic infrastructure of the country are ready.

Over the past 2-3 years, the new media saw the highest growth. Nonetheless, compared to the revenue from the original core media, the revenue from new media is considered very small. The Company has nonetheless concentrated on developing the technology and the potential of the personnel to distribute news and information to new mediums. This should respond to the demand of the new generation customers who pay higher attention to the new media, which has a potential to be developed into a business that generates major source of revenue to the Company in the future.

Risk factors

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

1. Operation risk

1.1 Raw material risk

Newsprint, as one of NMG's major raw materials, represents between 41 - 43% of the company's cost of sale of goods and rendering of services and between 76 - 80% of total raw material expenses. During the past year, the ratio between imported and domestic newsprint was around 65 - 70% to 35 - 30%. Being a commodity product, newsprint prices are determined by the balance of global demand and supply and are consequently beyond the company's control. As such, 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 management, with over 35 years' experience in newsprint procurement, has developed a comprehensive understanding of the newsprint price cycle. For example, when the newsprint price is expected to increase, NMG management will consider stocking more newsprint inventory and establish a more stringent policy on paper usage, such as a curb on the total number of newspaper pages published without compromising the quality of our newspapers.

Newsprint prices continued to increase throughout 2006, but did not pose a significant impact on the company's operation, due to its paper-usage control policy. This includes effective management of distribution points to lower newspaper returns, as well as the control of the numbers of newspaper pages and proportion of color printing.

In 2007, the company expects newsprint prices to remain at a high level. Consequently, NMG will continue the same policy of the previous year to closely control paper usage. We believe that the Thai Baht appreciation will, to a certain extent, alleviate the impact of high newsprint prices. NMG also managed to purchase forward contract agreements to hedge against foreseeable exchange risks with regard to all paper planned for delivery during 2007.

1.2 Key personnel retention risk

NMG is widely accredited for its editorial excellence. This can be mainly attributed to our dedication to persistently invest in and develop a team of professional editorial staff. Our commitment to such development ensures a pool of capable staff which currently numbers a total 646, employed in editorial departments of The Nation, Krungthep Turakij, Krungthep Turakij BizWeek and Kom Chad Luek.

With such a large pool of talented staff, the impact of losing any key editorial individuals is minimized. In addition to editorial staff, key management personnel from various departments, including Sales, Marketing, Circulation and other supporting units, all play important roles in the overall success of the company.

NMG has consistently emphasized human resource development, especially its succession plan. Senior management are encouraged to participate in key decision making, which, in turn, is part of our goal towards decentralization and ensures an appropriate response to any external changes. To achieve such objectives, NMG has been restructured into 7 Business Units to provide ample opportunity to develop new management gen-



erations, as well as to capitalize on any emerging opportunity. The 7 Business Units include Thai Business Daily, Thai Mass Market Daily, English language Daily, Special Publications, Broadcasting, Edutainment and Printing Services.

We are confident that the above measures will help develop a suitable pool of talent and thus, alleviate any serious impact on NMG(s performance through the loss of any key individual.

1.3 Collection risk

Bad debt is a prominent risk for any business and in accordance with company policy (stated in the note to our financial statement), NMG has set aside provisions to manage bad debt, based on each customerís financial standing, as well as our own past debt collection experience. In addition, the company has also set allowance for doubtful accounts in proportion to revenue, e.g. 0.75% of advertising revenue is set aside for allowance for doubtful account. The company has also set a target to minimize any outstanding receivables beyond 12 months. As per the company's consolidated financial statement ending 31 December 2006, the total amount of receivables beyond 12 months was approximately 198 million Baht, with a total bad debt provision of 244 million Baht, which fully covers all receivables older than 12 months. Although NMG has written-off total bad debt, the company, via its Credit Department, continues to follow up accounts with outstanding bad debt issues.

1.4 Risk from subsidiary's financial performance

1.4.1 NMG holds 99.99% ownership in Nation Broadcasting Company (NBC), which is a broadcasting business. In 2006, revenue from its television business was 6% of NMG's total revenue. Television revenue consists of advertising revenue from TV programs that NBC produces, or jointly produces with free TV stations, such as TV Channels 3, 5, 7, 9 as well as Nation Channel (TTV1). In addition, NBC also supplies TV programs to other TV channels, such as WE TV9 (Chiang Mai local TV station), TGN (Thai Global Network) and IPTV through Broadband Internet, with the object of expanding NBC's viewing audience.

Consequently, NBC is exposed to the risk of access to airtime restrictions, especially with free TV stations. However, political developments in 2006 have resulted in more open access to the provision of impartial news and information to the public at large. As a result, all free TV stations have put emphasis on improving their in-house TV programs, as well as setting up partnerships with leading content producers, including NBC,



to expand their viewer base. Through this development, NBC has increased the proportion of its revenue from free TV vs other channels, from 23:77 in 2005, to 35:65 in 2006. By further leveraging this synergy with other NMG media, NBC expects to be able to increase its content production to supply additional free TV stations.

1.4.2 NBC holds a 99.99% ownership interest in Nation Radio Network (NRN). NRN has a contract to rent airtime from a third-party company with a broadcast licence in Thailand. As such, NRN is exposed to the risk of the third-party company canceling such contract. Revenue from NRN accounts for 1% of NMG's total revenue.

The Thai Government has established a policy to set up a National Broadcasting Committee as a central body to deregulate the Thai broadcasting industry. This Committee will promote broader access to broadcasting frequencies for public interest. Such a development is likely to permit NMG, as a well-regarded news producer and documentary program provider, a greater opportunity to supply content to the Thai general public at a lower cost.

NMG also supplies news content through various new media channels, such as

- "Nation News on Mobile": SMS-based news reporting via mobile phone
- IPTV Broadband Internet (TV on Demand):
 news reporting TV program in cooperation with True

1.5 Technology Risk

NMG always focuses in providing quality content to consumers, regardless of the medium (e.g. print, radio, TV, Internet and other new media) and has currently no policy to invest in Network and Hardware infrastructure.

Despite changing technology, consumers will still have a demand for news reporting. NMG is suitably equipped to meet the demand with a comprehensive database of news content, ready to feed to various media. Even though revenue from new media is currently not substantial, the company intends to continue the development of such a database management system in preparation for the migration from a traditional to a digital medium in the future. NMG has persistently invested in the development of content for new media formats, such as weblog (www.oknation.net/blog) to promote the news community. At the same time, NMG will continue the development of new advertising products, by leveraging existing media, such as print, TV, radio and Internet, to enable our advertising clients to each their target customers in the most effective manner.

2. Financial risk

2.1 Exchange risk

The Thai currency exchange system is a managed float system with an exchange rate dependent on demand and supply of Thai currency against other currencies. NMG's major material is newsprint, 65 - 70% of which is imported using US\$ currency. NMG is therefore exposed to currency exchange risk. To mitigate this risk, NMG has a policy of hedging against currency exchange risk by placing a forward purchasing contract upon an order for newsprint. With Thai Baht appreciation since December 2006, the company has arranged a forward purchasing contract to cover all newsprint paper purchased throughout 2007.

2.2 Borrowing risk

As of 31 December 2006, NMG and subsidiaries' outstanding debt of 2,865 million Baht may be divided as follows:

- 760 million Baht from short-term loans, overdrafts, trust receipts, and short-term promissory notes.
- 385 million Baht long-term loan from 2 financial institutions payable from 2007 to 2011
- 120 million Baht bill of exchange due in December 2007
- 1,600 million Baht outstanding debenture including 600



million Baht due on 26 February 2007 (already paid) and 1,000 million Baht due in February 2008 and 2009 (500 million Baht on each date).

NMG has an agreement with debtors to maintain a debt:equity ratio at no more than 2:5:1 throughout the borrowing period. At present, NMG's debt:equity ratio is 2:19. If the company is unable to maintain this ratio, debtors will have the right to suspend borrowing as well as to change the borrowing conditions, all of which may have an impact on NMG's liquidity status and financial performance.

2.3 Funding risk

As of 31 December 2006, NMG received credit lines from various financial institutes, totaling 2,838 million Baht. Outstanding lending amounts to 1,253 million Baht with an unused credit line of 1,585 million Baht.

Additional potential sources of funds include:

- 38.99 million warrants to purchase company stock
- The issue of 30.23 million new shares for private placement, already approved by NMG shareholders.
 It is estimated that funding from the new share issue will amount to 300 - 360 million Baht
- 500 million Baht B/E (270 days), approved by NMG Board of Directors on 11 August 2006

In addition, the company may seek partnerships, as well as exploring the potential for the public listing of its subsidiaries,

which would provide NMG with additional funding. The company is also considering sales of unused assets (e.g. land plots) as another source of funds.

2.4 Risk from depreciation of receivables, leading to affiliated companies

NPG Training and Conference Resort (NTR), an affiliated company of NMG, currently operates the Majestic Beach Resort Hotel, a 4-star hotel in Hua Hin, Prajuab Kirikhan. The hotel has 124 guestrooms and other facilities, such as a conference hall and meeting rooms.

As of 31 December 2006, outstanding receivables and borrowings from NPG amounted to 663.9 million Baht, which is divided as follows:

- 438.35 million Baht borrowings (1996 1998)
- 158.38 million Baht accrued interest (1996 2002)
- 67.17 million Baht receivables from exchange loss (1997 1998)

NMG set a provision during 1997 - 2005 of 337.4 million Baht out of the amount above, with 326.5 million Baht still outstanding. During 2006, this outstanding amount was further reduced by 4 million Baht, as NMG and NTR brokered an agreement for NTR to pay NMG at least 1 million Baht per month, starting September 2006.

Management believes the provision for the NTR account as of 31 December 2006 is sufficient, based on the NTR assets value of 356 million Baht (independent appraisal in October 2005); 351 million Baht (independent appraisal in September 2005) and 351 million Baht (independent appraisal in February 2007). In addition, on 21 February 2007, NTR pledged its assets as collateral for the outstanding amount to NMG.

NMG appointed a financial advisor to facilitate the sale of the hotel assets to potential buyers. In the meantime, the company also promotes the use of such assets for corporate meetings and seminars to ensure a continued cashflow stream during the low season.

NTR's financial statement ending December 31, 2007 is as follows:

- Total revenue	77.98	million Baht
- COGS	20.19	million Baht
- SG&A	15.10	million Baht
- EBITDA	42.69	million Baht
- Depreciation	24.36	million Baht
- Operating profit	18.33	million Baht
- Interest	4.62	million Baht
- Net profit	13.71	million Baht

Based on the statement above, NTR will be able to repay the outstanding amount to NMG as per the re-negotiated terms discussed above.

3. Legal risk and others

3.1 Shareholder risk

NMG has allocated 39,426,535 shares for the exercise of warrants. As of 31 December 2006, 436,815 warrants have been exercised, with the other 38,989,710 warrants still outstanding.

The proportion of NMG shareholders may change in the future with the exercise of these outstanding warrants.

3.2 Risk from Government policy to abolish advertisement of alcoholic beverages

The Government has announced a review of its policy on the advertisement of alcoholic beverages, such as whisky and beer. While, presently, there is no clear resolution, such a policy may have a slight impact on NMG revenue. In 2006, advertising revenue from such accounts amounted to 25 million Baht (0.8% of total revenue). If such policy becomes effective, NMG may need to develop other measures to compensate the potential loss caused by this policy.



List of Major Shareholders

The top ten shareholders as of January 5, 2007 are ranked as follows:

Name	Shares	% Holding
1. Mrs. Somporn Cheungrungruangkij	26,550,000	16.11
2. Mr. Thanachai Theerapattanavong	16,158,640	9.81
3. Mr. Suthichai Yoon	14,600,054	8.86
4. American International Assurance Co., Ltd.	13,633,038	8.27
5. Dow Jones & Company, Inc., New York	12,000,000	7.28
6. Mr. Thaveechat Jurangkul	11,689,900	7.09
7. Mr. Sumroeng Manoonpol	5,770,500	3.50
8. Mr. Nivat Changariyavont	4,485,878	2.72
9. Mrs. Supaporn Chuenvichitr	3,641,911	2.21
10. Thai NVDR Co., Ltd.	3,304,021	2.01
11. Thailand Securities Depository Company Limited For Depository / Others	52,939,054	32.14
Total	164,772,996	100.00

Remark

The following are shareholders in the same group and will cast their votes in the same direction:

- Thanachai Theerapattanavong
- Suthichai Yoon
- Dow Jones & Company, Inc., New York

These shareholders hold total of 42,758,694 shares, representing 25.95% of paid up capital.

Corporate Governance

1. Policy on Corporate Governance

The Company's Board of Directors is aware of the significance and intention that good corporate governance reflects on the strength and efficiency of an organization by raising the levels of transparency, credibility and confidence in the Company as perceived by shareholders, investors interested persons and related parties. Corporate governance also promotes sustainable growth, which will contribute to the company's success, and enables the company to achieve its primary goal of rendering the best interests to shareholders. The Board of Directors states the policy and the Code of Conduct in which the Board, management and employees have to uphold and conform to in performing their duties to achieve the company's vision and commitment.

Vision

The Multimedia Group that reaches every household.

Mission

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

The principles of corporate governance reflect the company's core values and guidelines as follows:

Credibility: Credibility in business operation and news

reporting.

Integrity: Honesty to media profession and perform

business ethically.

Synergy: Recognize the value of multimedia and

synergy of various parties, both internally and externally, to provide utmost interests for customers, shareholders and employees.

Customer Focus: To provide excellent services to

maximize customer satisfaction.

Innovation: Innovation in products, marketing, sales,

services and management system.

The Board of Directors is in charge of enforcing strict compliance to corporate governance policy, and periodically adjusting the policy to suit circumstances and meet shareholders' expectations, ensuring shareholders' interests are well protected. The good corporate governance policy and the guidebook on business ethics for board members, management and employees were approved by the Board of Directors on November 10, 2006.

2. Rights of Shareholders

Shareholders have the rights to indirectly manage the company by appointing the Board of Directors, who will act as their proxies. They are able to make decisions on the company's major changes by proxy. They have the rights to trade or transfer shares, receive part of the profits earned by the company, receive sufficient information about the company's business, and have the right to attend meetings to cast their vote.

In 2006, the Annual General Meeting of Shareholders (No.1/2549) was held on April 24, 2006, at the company's head office. The company sent an invitation together with meeting agendas and relevant information to shareholders in advance as stipulated by Securities and Exchange Commission and the Stock Exchange of Thailand. In addition, each agenda contains the Board of Directors opinions for the consideration of shareholders. The company also offers alternatives to shareholders by enabling the Chairman of the Audit Committee to act as proxies for shareholders unable to attend the meeting.

In 2007, the company has a policy to highlight the rights of stakeholders and provide equitable treatment to all shareholders, it will then make the following improvements:

- Prepare more detailed relevant information used in shareholders' meetings.
- Details in the minutes of the meeting will be recorded in each meeting attended by the Board of Directors and Management.
- Encourage shareholders to vote freely.

The company provides shareholders with opportunities to propose additional meeting agendas to the Board of Directors. Shareholders are required to fill in their proposed agendas with principles and reasons in a form which can be downloaded from http://www.nationgroup.com and send it to the company within 14 days after the company notifies the shareholders' meeting date and agendas to the Stock Exchange of Thailand.

Shareholders can send questions in advance of a meeting by writing down questions in a form the company provides together with the invitation, and sending it back to the company via fax or postal mail to the company address shown in the form, or to the company's website.

The company provides opportunities for at least 25 shareholders with combined shares of at least 10 percent of sold shares, to nominate members of the Committee through the Board of Directors three months in advance of the Annual General Meeting of Shareholders.

The Board of Directors recognizes the importance of communication with shareholders and investors. Information about the company has therefore been publicized through the company website http://www.nationgroup.com.

3. Rights of Interested Persons

The rights of interested persons will be protected in compliance with relevant laws. The Board of Directors will foster cooperation between interested persons and the company to enhance wealth, financial strength and sustainable business for the company.

Interested persons in the corporate governance system are classified in several groups such as employees, customers, shareholders, investors, suppliers, creditors, competitors, society, neighboring communities and independent auditors. The Board of Directors has maintained a policy to protect the rights of each group of interested persons in accordance with related laws or agreements shareholders have made with the company, and aims to boost cooperation between interested persons and the company to ensure a more productive performance and sustainable growth. At the same time, important related information is disclosed to interested persons and business ethics in various aspects are determined:

- Ethics on responsibilities to shareholders
- Ethics on relations with customers and members of the public
- Ethics on responsibilities to the media profession
- Ethics on relations with suppliers, competitors and creditors
- Ethics on responsibilities to employees
- Ethics on responsibilities to society and environment

4. Shareholders' Meeting

The Annual General Meeting of Shareholders No.1/2549 on April 24, 2006, was fully attended by all 11 directors including the Chairman, Chairman of the Audit Committee, Directors and senior executives. The Board of Directors allowed participants to express their opinions freely and ask questions pertaining to each agenda and recorded the details in the minutes of the meeting.

5. Leadership and Vision

The Board of Directors has participated in the determination of strategies, business plans and budgets, as well as supervision of management to comply with specified business plans effectively and efficiently. It possesses independent decision-making capabilities.

In 2006, the company added one more business unit to its organization structure:

- 1. Thai News Business Unit
- 2. Thai General News Business Unit
- 3. English News Business Unit
- 4. Broadcasting Business Unit
- 5. Edutainment & International Business Unit
- 6. Printing Services Business Unit
- 7. Special Events and Special Publications Business Unit

The objectives of this structural re-organization are to decentralize management authority, empower the new generation management teams and foster independence and efficiency of administrative management. Above all, new and diverse business opportunities will be fruitfully pursued by each of the business units to ensure their continuous growth.

The Board of Directors sets clearly the duties and responsibilities of Directors, Subcommittee Members and the Management to comply with regulation 9.1.

The Board of Directors supervises management to ensure compliance with the Company's policies. Management has the authority to approve business plans and budgets which comply with the Corporate Index. This will not include areas of conflict or benefit, or areas that are awaiting confirmation from shareholders meetings, according to the rules of the SET.

6. Conflicts of Interests

The Board of Directors acknowledges conflicts of interest and related transactions, including performing in accordance with the Stock Exchange of Thailand's regulations. Related transactions between the Company and its subsidiaries, or associated companies are carefully and appropriately considered, using the same prices and conditions applicable to normal business procedures. The Company's related transactions are disclosed with details and necessary reasons in the Annual Disclosure Report (56-1 form).

7. Business Ethics

The Board of Directors approved the policy and enforcement of business ethics on November 10, 2006 for directors, management and all employees to uphold as a guideline in performing their various duties in accordance with their duty, loyalty, honesty and justice.

As a multimedia producer, Nation Group has concentrated on quality, credibility and trust of news presentation. Fostering of mass communication ethics affects all reporters of Nation Group in order to gain the confidence and trust of Thai society, even during critical circumstances or under political pressure.

8. Balance of Power for Non-Executive Directors

At present, February 2007, the Board of Directors consists of 11 members as follows:

- 5 Directors Management
- 5 Directors Independent Directors
- 1 Director Outside-Director, but not Management

There are 5 Independent Directors, or 45.46% of total Directors.

9. Position Integration and Separation

At present, the Chairman does not hold a position as CEO. The Group President is responsible for day-to-day operations. To facilitate smooth succession, the Chairman will act as President to assist the Group President for a period of time.

To comply with corporate governance, that ensures effective balance in management, the Board of Directors meeting 1/2550 on February 23, 2007 additionally appointed 2 Indepen-

dent Directors, bringing the total to 5 persons, or 45.46%, and 1 Outside-Director. The total number of Outside-Directors who are not Management is 6 persons, or 55% of total Directors.

In 2006, the Company added one additional business unit - Special Events and Special Publications Business Unit, bringing the total to 7 business units: 1. Thai News Business Unit 2. Thai General News Business Unit 3. English News Business Unit 4. Broadcasting Business Unit 5. Edutainment & International Business Unit 6. Printing Services Business Unit 7. Special Events and Special Publications Business Unit. The expansion of the business units will create personnel and disseminate responsibility to a new generation of management. At the same time, it supports the change, competition and variety of target groups. It also creates an opportunity for new business and further growth for Nation Group. Each of the business units has a President as the highest executive, reporting to the Group President

10. Remunerations for Directors and Management

The Company sets a clear and transparent policy regarding remunerations of Directors and Management. Set at competitive rates for this economic sector, remunerations are high enough to attract Directors who have the required qualifications. Remunerations are approved at the shareholders' meetings, and assigned Directors are required to carry out their duties with high levels of responsibility.

Remunerations for the top executives comply with the principles and policies set by the Board of Directors, and related to the Company's overall operations. The Board of Directors has assigned Management to consider remuneration for the top executives.

In 2005 and 2006, remunerations for

Directors and Management are as follows:

	Year	2005	Year 2007		
	Number of Persons	Amount (Baht)	Number of Persons	Amount (Baht)	
Annual remuneration	6	1,6000,000	6	1,6000,000	
Other remuneration	None	None	None	None	

Managing Directors and Management

	Year	r 2005	Year 2007		
	Number of Persons	Amount (Million Baht)	Number of Persons	Amount (Million Baht)	
Salary + Bonus	24	113.81	25	107.44	
Other remuneration*	24	5.19	23	4.59	

^{*} Other remuneration includes Provident Fund, etc.

Non-cash remuneration

- Directors -none-
- Managing Directors and Management -none-

11. Board of Directors Meeting

Board of Directors meetings for each year are held at least once every 3 months. Other special meetings are held as required. Agendas are clearly stated before the meetings. There are also regular agendas for following up on operational results, for which the company's secretary sends out invitations attached with agenda documents to all directors, 7 days in advance, allowing the directors to review the information in advance of the meetings. Generally, each meeting takes 3-4 hours. In 2006, six Board of Directors meetings were held, with the minutes of each meeting recorded in writing. Meeting reports were approved by the Board of Directors and are available for inspection by directors and other concerned persons.

Attendance for each director in 2006 are as follows:

12. Audit Committee

The Board of Directors has appointed an Audit Committee to help supervise the company's operations. The Audit Committee includes at least 3 independent directors with a tenure of three years or more each. Audit Committee members who ended their tenure can be re-appointed. The Audit Committee is responsible for monitoring the quality and creditability of the accounting system, audit system, internal control system and the company's financial reports. The details or objectives, roles and responsibilities of the Audit Committee are specified in the "Audit Committee" page.

In 2006, four Audit Committee meetings were held. Each meeting took around 3-4 hours.

Attendance for each Audit Committee member in 2006 are as follows:

Name	No. of meetings	Attendance
1. Pakorn Borimasporn		
Chairman of the Audit Committee	4	4
2. Chaveng Chariyapisuthi		
Audit Committee Member	4	4
3. Nivat Changariyavong		
Audit Committee Member	4	3

Name	No. of meetings	Attendance
Thanachai Theerapattanavong	6	6
Suthichai Yoon	6	6
Thanachai Santichaikul	6	6
Chaveng Chariyapisuthi	6	6
Nivat Changariyavong	6	6
Pakorn Borimasporn	6	6
Pana Janviroj	6	6
Adisak Limprungpatanakit	6	6
Nissai Vejjajiva	6	6
Yothin Nerngchamnong	6	6
Narongsak Opilan	6	4

13. Internal Control System

The company realizes that a good internal control system will lessen the loss of resources, time and business opportunities. It also helps in increasing efficiency in operations in order to offer the utmost benefits to interested parties. The company stresses the importance of internal control at both managerial and non-managerial level. It clearly designates roles, responsibilities and authorizations of staff and sets a Corporate Index. The use of the company's assets is also carefully monitored. The responsibilities of each staff member are divided between supervisors and evaluators to ensure a proper system of balance and checks. Moreover, the company maintains an internal control system over finance.

The company provides Internal Auditors to assist the Audit Committee and the Board of Directors. The Internal Auditors assure that the main operations and key financial activities of the company maintain the designated directions. They also handle Compliance Control and check on the conciseness of the internal control system, staff operations, and adherence to the company's rules. These regulatory checks are made in order to find improvements that best suit current circumstances, as well as to create a complete independent balance. The Board of Directors requires the Internal Auditors to report directly to the Audit Committee. In 2006, the Audit Committee consulted with KPMG Phoomchai Holdings Co., Ltd. every three months.

The Board of Directors has acknowledged Audit Committee reports on financial statements, financial reports and operational results of the Audit Department. No significant errors that might affect the company's financial statements have been found. Operations proceeded as planned, with strict and proper internal control and protection of asset misuse by management and staff.

The Board of Directors realizes the importance of risk management that helps lessen the possibility of loss and also guarantees the existence and longevity of the organization. The company promotes knowledge of risk management to the management team in accordance with the procedures of Good Corporate Governance. The company aims to make risk management part of its organizational culture, to be upheld by employees at all times.

14. The Board of Directors' Report

The Board of Directors realizes the roles and responsibility of the directors as a listed company in the Stock Exchange of Thailand. They are to supervise and oversee the 2006 Financial

Report to contain correct and complete accounting information. The information must be sufficiently transparent to maintain the company's assets and prevent corruption and malpractice. The Board has implemented a general standard practice of accounting and continually uses proper accounting policy. The company has also considered the rationale and prudence of the financial statements and consolidated the financial statements of the company and its subsidiaries, as well as financial information that appears in the company's 2006 Annual Report.

To assure the confidence of concerned parties, the Board of Directors appointed an Audit Committee, including independent members, who satisfy all the requirements of the Stock Exchange of Thailand, to check the financial statements. The Audit Committee's work includes: checking the correctness of the company's financial reports and operations; checking how the company reveals related information or issues that might create conflicts of interest, and ensuring transparency, correctness and completeness; checking the adequacy of the risk management system; checking internal controls and inspections; checking if the company has proper and effective supervision; checking the completeness and appropriation of operational follow-up process; checking how the company follows the laws, rules, disciplines, related policies and regulations of the Stock Exchange of Thailand.

The financial statements and consolidated financial statements of the company and its subsidiaries for 2006 (ended on 31 December 2006 detailing financial status, operational results and cash flow) were checked by the Audit Committee, the management and the auditors. The Board of Directors gave the opinion that they are correct, complete, reliable, rational, and follow general accounting standards.

15. Relationships with Investors

The Board of Directors realizes the importance of revealing correct, complete and transparent information. The company has established an Investor Relations office (investor@nationgroup.com) to provide company information, news and activities services to investors. This includes all essential information that might affect the share price. This information is available online, on the Stock Exchange of Thailand's online media and at www.nationgroup.com. In addition, the company cooperates with the Securities Analysts Association to host meetings for investors and securities analysts to continually disseminate information relating to operational results, at present and anticipated in the future.

Social Contribution Activities

Over the past 36 years, the Nation Group has successfully operated a vibrant multimedia operation, which began originally with The Nation, the Group's English language daily newspaper and flagship publication. Today, Nation Group's multimedia operation appeals to a wide spectrum of the public, catering to all sectors of the social structure, in different age groups, gender, education, occupation, and location. Nation Group continues to maintain its core value of providing the true facts, news and information, together with insightful and unbiased opinions and commentaries on current events that are its hallmark and strength of its commitment to maintain the trust of the people.

Nation Group is also committed to contributing to the social fabric of the country by ensuring its multimedia sources provide the people with essential, or useful information, news, knowledge and skills that have an impact on people's daily way of life. In addition, the Group supports and encourages all people in the pursuit of honest livelihoods, competent competition, merit-making activities, understanding and respect for other people's perceptions and beliefs and clarification of situations affecting people as early as possible.

Nation Group is also firmly committed to promote and support the strength and steady growth of societies, communities and youngsters' organizations, by organizing and sponsoring various activities and events. These include education and sports oriented events, as well as artistic and literature related activities, all of which are held annually, or on special occasions.

Nation Group's social contribution activities in the year 2006, were as follows:

Annual activities

1. Educational Activities

1.1 Family Library Foundation

The Foundation has been established for more than two years with the objective of promoting non-formal education and a reading culture among children, youngsters and members of the public in remote areas. In cooperation with the Thai Red Cross Society, it provides two bus mobile libraries containing large stocks of many thousands of quality, up-to-date books, modern audio-visual equipment and a wireless Internet system, for the benefit of people and youngsters isolated in the prov-





inces. The Foundation also participated in many other activities throughout 2006, such as Children's Day at Songkhla, Nation on Tour at Khon Kaen, an event to honor His Majesty the King at Phitsanulok, Thai Red Cross Museum Exhibition, etc.

On 22 May 2006, HRH Princess Maha Chakri Sirindhorn graciously named the family mobile library - "Bannathorn" which means a mobile vehicle transporting many books to share with others.

1.2 The 2nd Gifts for Children Project

Kom Chad Luek newspaper held a "Gifts for Children" project on the occasion of the national Children's Day celebration, presenting numerous gifts, such as books, toys, clothes, sports equipment and other useful educational materials from donors to children in remote country areas.

In 2006, Kom Chad Luek donated a variety of useful educational materials, under the same project, to the following 9 schools in rural areas: 1. Ban Wangkomkai School, Chaiyapoom;

Social Contribution Activities













2. Nong Lamang School, Nakorn Rajsima; 3. Ban Krokluek School, Nakorn Rajsima; 4. Ban Thungpho School, Sonkhla; 5. Lampao School, Songkhla; 6. Omkoy Pittaya School, Chiang Mai; 7. Maetuen Pittayakom School, Chiang Mai; 8. Ban Nonchik School, Ubon Rajthani; 9. Wat Bangplee Klang School, Samut Prakarn.

1.3 The 2nd & 3rd Education Recovery Project

This project was a joint effort between Kom Chad Luek Newspaper and My School Club to act as a medium and deliver assistance and support from private organizations and donors to pupils and teachers recovering from flood disasters, under the "Education Recovery Project". The project also obtained cooperation from Nation Multimedia Group's Social Volunteer Club, founded by staff, to provide useful articles and educational materials to deprived schools and pupils in the provinces.

In 2006, the project provided assistance to many academic institutions in the provinces on two occasions.

At the end of July 2006, the 2nd Project, donated construction equipment to rebuild schools damaged by floods in the north, including Ban Tuek Wittaya School, Sukhothai; Ban Natong School and Ban Namkrai School, Prae; Ban Namta School, Uttraradit, and also included a donation of books for inmates of Uttraradit Prison.

The 3rd Project, at the end of December 2006, provided donations and assistance to Krungkrak School and Wat Phothong Chareanphol School, Phitsanulok; Ban Maeku School, Sukhothai; Wat Tarko, Nakhon Sawan; Ban Kokkwaiyai and Wang Plasroi

Child Development Centers, Nakhon Sawan, etc. The Project was generously supported by the cooperation of members of the Nation Voluntary Club in providing assistance to the many needy persons in all activities.

1.4 Brighten Your Future with Reading

This program was supported by Siam Cement Group and Nation Group, which joined forces to found Siam Cement Group's Social Foundation Nation Group, to promote a reading culture among Thai youth and to steer them away from drug abuse. Ultimately this will help create a knowledge-based, learning society, which is important to attain sustainable national development. The project distributed English educational media and world-class edutainment products to many schools in all regions of Thailand.

1.5 The 9th Annual Intensive Tutoring for Entrance Exam Project

This project, in a cooperation between Nation Group and MAMA products under the "Intensive Tutoring for Entrance Exam" project, was set up to encourage and help senior high school students nationwide to prepare for the university entrance exams. Suitably qualified teachers in all subjects provide intensive tuition in accordance with the requirements of the "Admissions" system. Tutoring was organized in the four regions of the country, at the same time, to enhance equal educational opportunities for all students, both in Bangkok and the













provinces, between October 2-7, 2006: Central region, at the Thai Chamber of Commerce University, Bangkok; Northern region, at Chiang Mai University, Chiang Mai; Northeastern region, at Khon Kaen University, Khon Kaen; and Southern region, at Valailuk University, Nakorn Sri Thammarat.

To cater to students unable to attend the venues, tutoring activities were also broadcast via broadband Internet to more than 20 schools nationwide.

1.6 Nation HR Forum 2006

Seminar activities in human resource management were organized for top executives and management in human resources to share ideas and information to encourage prompt, correct and efficient interpretation of "human resource" management in accordance with their companies' business strategies. The project was organized by "Jobs by Nation Group", in collaboration with the National Institute of Development Administration. It has received a positive response from executives and representatives of prestigious Thai and foreign companies for three consecutive years. About 700 persons have attended each seminar.

2. Sports Activities

2.1 Dunk Anti Drugs # 13

BOOM, a weekly comic magazine from one of Japan's most prestigious publishers, with a top volume in Thailand, staged

"Dunk Anti Drugs" a Street Basketball Contest for the 13th consecutive year, on Saturday, November 18, 2006, at a multi-purpose area in front of the Nimibutra Building. The intention of this project is to promote the beneficial use of free time in various sporting activities among young people, to encourage them to stay away from drugs.

3. Literature Activities

3.1 Science fiction and fantasy short stories contest project

The 3rd Nation Book Awards was organized in cooperation with DuPont (Thailand) Co., Ltd., the National Science and Technology Development Agency and Nation Books Publishing, to explore the subject of "Sci-Trek: A Journey of Discovery", a journey to discover a "new home" for humans. The project was held to promote and encourage Thai people and youth to adopt a scientific interest, creative thinking and imagination, which are fundamentals of scientific development. This project was also held to encourage a reading and writing culture within Thai society to boost Thailand's development and also enhance opportunities for new writers to present their talents to the public. The project was held between April-December 2006.



4. Entertainment Activities

4.1 3rd Kom Chad Luek Awards

"Kom Chad Luek Awards" are annual awards extolling quality and presented to individuals, both stars and behind-the-scenes people, who have accomplished outstanding achievements in the field of entertainment. It is also held to support and raise the morale of individuals in showbiz and encourage the creation of quality productions, as well as to promote improvements in the standards of the Thai entertainment industry. The Kom Chad Luek Awards ceremony takes place annually at the beginning of the Year.

4.2 Music Club

A Music Club has been founded to promote participation in a variety of activities among employees and encourage employees to express their capabilities in a responsible manner through a variety of social activities for the benefit of society. The Club organizes musical performances at public venues and income from these performances has so far been donated to the following charitable organizations:

December 11, 2006 - Bt17,100 to Wat Phrabat Nampu, caring for HIV-infected and underprivileged children

October 9, 2006 - Bt11,200 to "Baan Pheung Pha", shelter for mentally retarded newborn babies

October 14, 2006 - Bt11,911 to Wat Phrabat Nampu, caring for AIDS patients/orphans whose parents died from AIDS

4.3 4th World Film Festival

The World Film Festival is organized to support the Thai film industry and international cultural exchanges, in addition to obtaining recognition of Thailand as the hub of the film industry in the Asean region. The event was a cooperative effort by The Nation newspaper, Tourism Authority of Thailand, Thai Airways International Pcl. and Major Group. Over 80 quality films were screened, featuring Asian films, international films, documentaries, short films and classic films. Movie posters created by many of the world's renowned designers were also on display and a film-producers' workshop was organized to promote better understanding of the process of film making.

5. Social Contribution Activities

Flood Victims Donation Project

Nation Group, in association with the Bangkok Metropolitan Administration (BMA), initiated a Flood Victims Donation project to lend support to flood victims in six northern provinces. Members of the public were invited to donate necessary items for daily living, such as rice, dried foods, clothing, medicines and cash to flood victims. BMA assisted in sending its officers to help classify donated items and provided trucks for transporting donated items directly to victims affected.

Characteristics of the Business

Structure of Sales and Service Income

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

: Million Baht

Products/ Services	Operated by	2000	6	200	5	2004	
		Amount	%	Amount	%	Amount	%
Produce and distribute newspapers Produce educational books and comics Produce and distribute pocket books Printing services	 * Nation Multimedia Group * Nation Edutainment * Nation Egmont Edutainment * Nation Books International * WPS (Thailand) 	2,710	93%	2,697	94%	2,971	93%
Advertising media and Production Programs through Television	* Nation Broadcasting Corporation	164	6%	149	5%	206	6%
Advertising media and Production Programs through Radio	* Nation Radio Network	40	1%	33	1%	30	1%
	Total	2,914	100%	2,879	100%	3,207	100%

Audit Committee's Report for 2006

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

In 2006, the Audit Committee had 4 meetings to carry out its duty and responsibility as assigned by the Board of Directors and outlined in the Audit Committee's Charter. The duty and responsibility included the review of financial reports, the review of internal control system, the review of the compliance with relevant laws and regulations, the review of the disclosure of connected transactions and the appointment of the independent auditor, etc. With regard to the internal control system, the Audit Committee had 4 meetings with the Internal Audit Manager to review and to improve the internal control system of the company. The Audit Committee had also several meetings with the management to review the company's strategic direction as well as the company's business plan. In February 2007, the Audit Committee had a meeting with the company's secretary, the Company's legal department and the management to review the company's compliance with relevant laws and regulations. In August 2006, November 2006 and February 2007, the Audit Committee had meetings with the Independent Auditor to review the details of the financial reports as well as the connected transactions. The Audit Committee has opinion that the company's annual financial reports for the year 2006 are fairly presented and no transactions are found that might materially affect the financial reports.

As for the appointment of the company's Independent Auditor for the year 2007, the Audit Committee propose the following persons from KPMG Poomchai Audit Co.,Ltd.: Mr. Winid Silamongkol, registration No. 3378 or Mr. Thirdthong Thepmongkorn registration No. 3787 or Ms. Wilai Buranakittisopon registration No. 3920 to be the company's Independent Auditor for the year 2007.

(Mr. Pakorn Borimasporn) Chairman of Audit Committee

eport on Responsibilities of the Board of Directors towards the Financial Report for the year 2006

The Company's Board of Directors recognizes the significance of its duties and responsibilities, as directors of a listed company under the supervision of the Stock Exchange of Thailand. The Board of Directors ensures that the Company's financial report contains accurate, transparent and full accounting records that reflect the Company's actual financial status and operational results. The Company's financial statements are adequately disclosed to prevent any fraud or mismanagement of the company's assets. The Company adheres to conform with recognized accounting standards that are fair and circumspect in the financial reporting processes of the Company and its Subsidiaries in the year ended 31 December 2006.

In order to strengthen the confidence of the shareholders, investors and other related parties, the Board of Directors establishes the Audit Committee comprising independent directors fully qualified in accordance with the requirements of the Stock Exchange of Thailand to review and ensure accuracy and sufficiency of the financial report, including transparent and complete disclosure of connected transactions or transactions with possible conflict of interest. The Audit Committee ensure the Company's risk management system, internal control, internal audit systems and corporate governance are appropriate and effective in compliance with laws of securities and exchange, regulations of the Stock Exchange of Thailand and relevant rules and regulations.

The Board of Directors is of the opinion that the financial statements for the year ended 31 December 2006 of the Company and the Subsidiaries, which have been reviewed by the Audit Committee in conjunction with the management and audited by the Company's auditor, reflect accurate and complete financial status, operational results and cash flow in accordance with generally accepted accounting standards, rules, regulations and laws relating to the Company's businesses.

Thanachai Theerapattanavong Chairman Thanachai Santichaikul Vice Chairman & Group President

The Results of the Consolidated Financial Statement

The consolidated financial statement of Nation Multimedia Group Public Company Limited and its subsidiaries for the year ended December 31, 2006, represented a net loss from operating before allowance of Bt 7.88 million. An inclusion of allowance for doubtful debt of trade accounts receivable with related companies, write off for accounts receivable and accrued income total of Bt 68.24 million, allowance for obsolete stock of Bt 9.43 million, allowance for impairment of assets of Bt 9.64 million and compensation for early retirement of Bt 59.03 million would be resulted in net loss after extra ordinary items of Bt 154.22 million, compared to the same period of last year which showed net loss before allowance and extra ordinary items of Bt 252.45 million. The main reasons are as the following substances.

- 1. Sales and services revenue for the year 2006 increased by 1 percent compared to the same period of 2005. This is due to 16 percent growing of circulation revenue, which is from the increasing of newspaper 11 percent, pocket books, cartoons and magazines 22 percent, and printing services along with international magazine 9 percent. On the other hand, advertising revenue from publishing dropped 8 percent while advertising revenue from broadcasting increased by 15 percent. Since business expansion in logistic with exterior customers, resulted in 50 percent growing of this revenue.
- 2. Cost of sales for the year 2006 decreased by 7 percent compared to the same period of 2005. This is from 8 percent dropping of printing cost. As of maximizing efficiency of production policy which resulted in 11 percent dropping of paper consumption even though the

cost of paper has increased 7 percent from last year. Moreover, production cost of TV decreased by 50 percent as a result of television programs and airtime restructuring.

3. Selling and administrative expenses for the year 2006 increased by 3 percent compared to the same period of 2005. This is primary due to the transportation expenses increased by 7 percent according to gasoline price as well as business expansion in logistic with exterior customers that is related to the rising in revenue from this section. Besides, the modification of sales promotion policy in directing to target customers which resulted in 10 percent dropping of sales promotion expense compared to last year.

Conclusion:

The group reported a net loss from operating before allowance of Bt 7.88 million for the year of 2006. An inclusion of allowance for doubtful debt of trade accounts receivable with related companies, write off for accounts receivable and accrued income total of Bt 68.24 million, allowance for obsolete stock of Bt 9.43 million, allowance for impairment of assets of Bt 9.64 million and compensation for early retirement of Bt 59.03 million would be resulted in net loss after extra ordinary items of Bt 154.22 million, compared to the same period of last year which showed net loss before allowance and extra ordinary items of Bt 252.45 million.

Consequently, Financial Statements as of December 31, 2006, the company reported deficit of Bt 154.22 million and share premium of Bt 115.56 million.

Annual financial statements and Audit Report of Certified Public Accountant

For the years ended 31 December 2006 and 2005



KPMG Phoomchai Audit Ltd.

Empire Tower, 50 - 51 Floors 195 South Sathorn Road Bangkok 10120, Thailand

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Audit Report of Certified Public Accountant

To the Shareholders of Nation Multimedia Group Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2006 and 2005, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended of Nation Multimedia Group Public Company Limited and its subsidiaries, and of Nation Multimedia Group Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2006 and 2005 and the results of operations and cash flows for the years then ended of Nation Multimedia Group Public Company Limited and its subsidiaries, and of Nation Multimedia Group Public Company Limited, respectively, in accordance with generally accepted accounting principles.

(Winid Silamongkol) Certified Public Accountant Registration No. 3378

KPMG Phoomchai Audit Ltd. Bangkok 28 February 2007

The accompanying notes are integral part of these financial statements.

Nation Multimedia Group Public Company Limited and its Subsidiaries Balance sheets As at 31 December 2006 and 2005

Consolidated The Company Assets Note 2006 2005 2006 2005 (in Baht) Current assets Cash and cash equivalents 5 189,986,874 131,951,318 141,177,296 89,810,091 Short-term investments in fixed deposits 607,096 818,394 86,271 105,148 Trade accounts receivable 6 1,053,709,884 748,207,411 963,422,877 974,456,852 Accrued income 48,554,123 76,200,468 18,183,483 64,430,868 Short-term loans to related parties 4 260,789,150 456,557,786 356,289,150 260,898,464 7 234,444,112 414,103,754 109,701,888 306,360,606 Inventories Other receivables from related parties 4 132,508,094 261,622,888 240,750,074 415,722,676 223,573,898 Other current assets 8 163,893,508 167,554,400 122,353,939 **Total current assets** 2,065,029,513 2,363,089,364 1,882,218,609 2,318,495,355 Non-current assets Prepayment for share subscription in subsidiary 4, 24 97,500,000 Investments accounted for using the equity method 4, 9 19,804,165 18,944,320 596,223,342 495,263,514 4, 10 Long-term investments in related parties 11,610,927 15,327,473 11,610,927 9,235,732 Long-term investments in other parties 11 7,728,355 12,276,996 7,728,355 12,276,996 Property, plant and equipment 12 2,283,275,522 2,276,449,456 1,642,082,226 1,658,738,153 Unused building 274,659,645 300,190,028 300,190,028 274,659,645 Accounts receivable under sale and lease back agreement 13 253,590,000 253,590,000 253,590,000 253,590,000 Computer softwares 87,830,472 95,607,371 87,346,800 95,607,371 Other non-current assets 14 107,212,067 121,812,987 57,760,726 88,434,152 **Total non-current assets** 3,050,259,794 3,089,649,990 2,935,550,662 3,006,287,305 **Total assets** 5,115,289,307 5,452,739,354 4,817,769,271 5,324,782,660

Balance sheets

As at 31 December 2006 and 2005

		Consc	olidated	The Co	mpany
Liabilities and shareholders' equity	Note	2006	2005	2006	2005
			(in Ba	aht)	
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	15	760,356,990	1,006,684,644	625,124,772	918,315,428
Trade accounts payable	16	173,534,965	209,503,530	236,247,058	280,483,045
Current portion of long-term loans	15	174,508,000	157,568,751	167,500,000	108,333,331
Current portion of debentures	15	600,000,000	-	600,000,000	-
Short-term loans from related parties	4, 15	-	10,000,000	25,000,000	36,900,000
Income tax payable		15,830,265	16,249,810	-	-
Other current liabilities	17	251,598,612	178,297,304	159,026,900	181,953,586
Total current liabilities	-	1,975,828,832	1,578,304,039	1,812,898,730	1,525,985,390
	-				
Non-current liabilities					
Long-term loans from financial institutions	15	330,556,966	364,166,669	302,564,966	364,166,669
Debentures	15	1,000,000,000	1,600,000,000	1,000,000,000	1,600,000,000
Other non-current liabilities	13, 18		93,861,908	133,866,160	113,861,908
Total non-current liabilities		1,464,423,126	2,058,028,577	1,436,431,126	2,078,028,577
Total liabilities	-	3,440,251,958	3,636,332,616	3,249,329,856	3,604,013,967
Chaugh ald and a maite					
Shareholders'equity Share capital	19				
Authorised share capital	19	2,500,000,000	2,500,000,000	2 500 000 000	2,500,000,000
Issued and paid-up share capital		1,647,729,960	1,647,479,960	2,500,000,000 1,647,729,960	1,647,479,960
Warrants	20	1,047,729,900	1,047,479,900	1,047,729,900	1,047,479,900
Reserves	19, 22	-	-	-	-
Share premium	19, 22	115,558,105	344,629,265	115,558,105	344,629,265
Fair value changes		(40,626,802)	(42,169,372)	(40,626,802)	(42,169,372)
Retained earnings (deficit)		(40,020,002)	(42,103,372)	(40,020,002)	(42,103,372)
Appropriated for legal reserve	22	_	20,793,702	_	20,793,702
Deficit	22	(154,221,848)	(249,964,862)	(154,221,848)	(249,964,862)
Total equity attributable to the Company's		(134,221,040)	(243,304,002)	(134,221,040)	(243,304,002)
shareholders		1,568,439,415	1,720,768,693	1,568,439,415	1,720,768,693
Advance receipt from share subscription	24	1,500,455,415	77,500,000	1,500,455,415	1,720,700,033
Minority interest	2-7	106,597,934	18,138,045	_	_
Total shareholders' equity	-	1,675,037,349	1,816,406,738	1,568,439,415	1,720,768,693
	-	, , ,			, = = , , = = , = = ,
Total liabilities and shareholders' equity	-	5,115,289,307	5,452,739,354	4,817,769,271	5,324,782,660
. ,	=				

The accompanying notes are integral part of these financial statements.

Nation Multimedia Group Public Company Limited and its Subsidiaries Statements of income

For the years ended 31 December 2006 and 2005

Revenues Revenue from sale of goods and rendering of service 4 2,914,212,553 (2,878,309,026) 2,316,551,050 (2,467,628,271 (2,161,975,275) 2,467,628,271 (2,161,975,275 (2,161,975,275) 2,467,628,271 (2,161,975,275 (2,161,975,275) 2,467,628,271 (2,161,975,275 (2,161,975,			Consolidated		The Com	pany
Revenues Revenue from sale of goods and rendering of service 4 2,914,212,553 2,878,309,026 2,316,551,050 2,467,628,271 Rental and service income 4 44,135,206 36,120,783 389,410,552 216,197,527 Interest income 4 23,605,567 15,646,338 33,331,798 20,408,797 Gain on sales of property, plant and equipment 13 6,484,372 341,090,621 4,357,316 320,603,280 Gain on sales of investments in available-for-sale securities 10 100,515,318 - 100,515,318 Other income 4,31 98,557,873 100,660,977 117,871,782 87,722,832 Share of profits from investments accounted for using the equity method 4,9 859,845 1,836,993 28,812,855 44,624,462 Total revenues 4 1,765,495,317 1,869,951,509 1,702,455,137 1,702,619,939 Selling and administrative expenses 4,25 1,194,356,860 1,107,819,153 1,057,665,116 1,006,949,774 Allowance for doubtful accounts 4,25 4,942,23 4,624,462		Note	2006	2005	2006	2005
Revenue from sale of goods and rendering of service 4 2,914,212,553 2,878,309,026 2,316,551,050 2,467,628,271 Rental and service income 4 44,135,206 36,120,783 389,410,552 216,197,527 Interest income 4 23,605,567 15,646,338 33,331,798 20,408,797 Gain on sales of property, plant and equipment 13 6,484,372 341,090,621 4,357,316 320,603,280 Gain on sales of investments in available-for-sale securities 10 - 100,515,318 - 100,515,318 Other income 4,31 98,557,873 100,660,977 117,871,782 87,722,832 Share of profits from investments accounted for using the equity method 4,9 859,845 1,836,993 28,312,856 44,624,462 Total revenues 4 1,765,495,317 1,869,951,509 1,702,455,137 1,702,455,137 1,702,455,137 1,702,455,137 1,702,455,137 1,702,455,137 1,702,455,137 1,702,455,137 1,702,455,137 1,702,455,137 1,702,455,137 1,702,455,137 1,702,455,137 1,702,455,137 1,702,455,137 <td></td> <td></td> <td></td> <td>(in Ba</td> <td>ht)</td> <td></td>				(in Ba	ht)	
of service 4 2,914,212,553 2,878,309,026 2,316,551,050 2,467,628,271 Rental and service income 4 44,135,206 36,120,783 389,410,552 216,197,570 Interest income 4 23,605,567 15,646,338 33,331,798 20,408,797 Gain on sales of property, plant and equipment 13 6,484,372 341,090,621 4,357,316 320,603,280 Gain on sales of investments in available-for-sale securities 10 100,515,318 117,871,782 87,722,832 Other income 4,31 98,557,873 100,660,977 117,871,782 87,722,832 Share of profits from investments accounted for using the equity method 4,9 859,845 1,836,993 28,312,856 44,624,462 Total revenues 4 1,765,495,317 1,869,951,509 1,702,455,137 1,702,619,939 Selling and administrative expenses 4,25 1,194,356,860 1,107,819,153 1,576,665,111 1,006,949,774 Allowance for obsolete stocks 9,432,239 61,529,831 4,716,174 303,555,630 Impairment loss of invest	Revenues					
of service 4 2,914,212,553 2,878,309,026 2,316,551,050 2,467,628,271 Rental and service income 4 44,135,206 36,120,783 389,410,555 216,197,570 Interest income 4 23,605,567 15,646,338 33,331,798 20,408,797 Gain on sales of property, plant and equipment 13 6,484,372 341,090,621 4,357,316 320,603,280 Gain on sales of investments in available-for-sale securities 10 100,515,318 117,871,782 87,722,832 Share of profits from investments accounted for using the equity method 4,9 859,845 1,836,993 28,312,856 44,624,462 Total revenues 4 1,765,495,317 1,869,951,509 1,702,455,137 1,702,619,339 Selling and administrative expenses 4,25 1,194,356,860 1,107,819,153 1,576,665,116 1,006,949,714 Allowance for obsolete stocks 5,454,1589 317,863,563 47,716,174 304,358,974 Allowance for obsolete stocks 9,432,239 61,529,831 47,716,174 304,358,974 Total expenses <	Revenue from sale of goods and rendering					
Rental and service income 4 44,135,206 36,120,783 389,410,552 216,197,527 Interest income 4 23,605,567 15,646,338 33,331,798 20,408,797 Gain on sales of property, plant and equipment 13 6,484,372 341,090,621 4,357,316 320,603,280 Gain on sales of investments in available-for-sale securities 10 100,515,318 100,515,318 100,515,318 100,515,318 37,22,832 Share of profits from investments accounted for using the equity method 4,9 859,845 1,836,993 28,312,856 44,624,462 Total revenues 4 1,765,495,317 1,869,951,509 1,702,455,137 1,702,619,393 Selling and administrative expenses 4 1,765,495,317 1,869,951,509 1,702,455,137 1,702,619,393 Selling and administrative expenses 4 1,794,355,860 1,107,819,153 1,057,665,116 1,000,499,774 Allowance for doubtful accounts 4 2,80,91,40 2,180,000 1,702,455,137 1,702,619,393 Share of losses from investments accounted for using the equity method 4,9	-	4	2,914,212,553	2,878,309,026	2,316,551,050	2,467,628,271
Gain on sales of property, plant and equipment 13 6,484,372 341,090,621 4,357,316 320,603,280 Gain on sales of investments in available-for-sale securities 10 - 100,515,318 - 40,624,662 - 20,628 - 20,722,832 - 20,722,832 - 20,722,832 - 20,722,728 - 20,722,728 - 20,722,728 - 20,722,728 - 20,722,728 - 20,722,728	Rental and service income	4	44,135,206	36,120,783		216,197,527
equipment 13 6,484,372 341,090,621 4,357,316 320,603,280 Gain on sales of investments in available-for-sale securities 10 100,515,318 100,515,318 100,515,318 100,515,318 372,2832 Share of profits from investments accounted for using the equity method 4,9 859,845 1,836,993 28,312,856 44,624,462 Total revenues 4 1,765,495,317 1,869,951,509 1,702,455,137 1,702,619,393 Cost of sale of goods and rendering of services 4 1,765,495,317 1,869,951,509 1,702,455,137 1,702,619,939 Selling and administrative expenses 4,25 1,194,356,860 1,107,819,153 1,057,665,116 1,006,949,774 Allowance for doubtful accounts 56,741,589 317,863,567 47,716,174 304,358,974 Allowance for obsolete stocks 9,432,239 61,529,831 - 2,180,000 Share of losses from investments in related parties 6,091,741 2,180,000 - 2,180,000 Share of losses from investments accounted for using the equity method 4,9 - - - 74,071	Interest income	4	23,605,567	15,646,338	33,331,798	20,408,797
Cain on sales of investments in available-for-sale securities 10 10 100,515,318 100,660,977 117,871,782 87,722,832 87,832,833,833,833,833,833,833,833,833,833	Gain on sales of property, plant and					
available-for-sale securities 10 - 100,515,318 - 100,515,318 Other income 4, 31 98,557,873 100,660,977 117,871,782 87,722,832 Share of profits from investments accounted for using the equity method 4, 9 859,845 1,836,993 28,312,856 44,624,462 Total revenues - 3,087,855,416 3,474,180,056 2,889,835,354 3,257,700,487 Expenses Cost of sale of goods and rendering of services 4 1,765,495,317 1,869,951,509 1,702,455,137 1,702,619,939 Selling and administrative expenses 4, 25 1,194,356,860 1,107,819,153 1,057,665,116 1,006,949,774 Allowance for doubtful accounts 56,741,589 317,863,567 47,716,174 304,358,974 Allowance for obsolete stocks 9,432,239 61,529,831 - 39,555,630 Impairment loss of investments in related parties 6,091,741 2,180,000 2,881,908,216 3,172,509,893 Total expenses 55,737,670 114,835,996 7,927,138 85,190,594 Inter	equipment	13	6,484,372	341,090,621	4,357,316	320,603,280
Other income 4, 31 98,557,873 100,660,977 117,871,782 87,722,832 Share of profits from investments accounted for using the equity method 4, 9 859,845 1,836,993 28,312,856 44,624,462 Total revenues 3,087,855,416 3,474,180,056 2,889,835,354 3,257,700,487 Expenses 2 1,765,495,317 1,869,951,509 1,702,455,137 1,702,619,939 Selling and administrative expenses 4, 25 1,194,356,800 1,107,819,153 1,057,665,116 1,006,949,774 Allowance for doubtful accounts 56,741,589 317,863,567 47,716,174 304,358,974 Allowance for obsolete stocks 9,432,239 61,529,831 - 39,555,630 Impairment loss of investments in related parties 6,091,741 2,180,000 7,4071,789 116,845,576 Total expenses 55,737,670 114,835,996 7,927,138 85,190,594 Increst expense 55,737,670 114,835,996 7,927,138 85,190,594 Increst expense 2 (17,407,233) (160,601,764) (162,148,986) <th< td=""><td>Gain on sales of investments in</td><td></td><td></td><td></td><td></td><td></td></th<>	Gain on sales of investments in					
Share of profits from investments accounted for using the equity method 4, 9 859,845 1,836,993 28,312,856 44,624,462 Total revenues 3,087,855,416 3,474,180,056 2,889,835,354 3,257,700,487 Expenses 4 1,765,495,317 1,869,951,509 1,702,455,137 1,702,619,939 Selling and administrative expenses 4, 25 1,194,356,860 1,107,819,153 1,057,665,116 1,006,949,774 Allowance for obsolete stocks 9,432,239 61,529,831 4,716,174 304,358,974 Allowance for obsolete stocks 9,432,239 61,529,831 4,716,174 304,358,974 Allowance for obsolete stocks 9,432,239 61,529,831 - 74,071,789 375,5630 Impairment loss of investments in related parties for using the equity method 4,9 5,737,670 3,359,344,060 2,881,908,216 3,712,509,893 Total expenses 5,737,670 114,835,996 7,927,138 85,190,594 Interest expense 4,27 (171,467,233) (160,601,764) (162,148,986) (156,578,030) Loss after tax (1,3221	available-for-sale securities	10	-	100,515,318	-	100,515,318
For using the equity method 4, 9 859,845 1,836,993 28,312,856 44,624,462 Total revenues 3,087,855,416 3,474,180,056 2,889,835,344 3,257,700,487 Expenses Cost of sale of goods and rendering of services 4 1,765,495,317 1,869,951,509 1,702,455,137 1,702,619,938 Selling and administrative expenses 4, 25 1,194,356,860 1,107,819,153 1,057,665,116 1,006,949,774 Allowance for doubtful accounts 56,741,589 317,863,567 47,716,174 304,358,974 Allowance for obsolete stocks 9,432,239 61,529,831 1 1 39,555,630 Impairment loss of investments arcounted for using the equity method 4, 9 2 - 74,071,789 116,845,576 Total expenses 3,032,117,746 3,359,344,060 2,881,908,216 3,172,509,893 Interest expenses 4, 27 (171,467,233) (160,601,764) (162,148,986) (156,578,030 Income tax expense 4, 27 (171,467,233) (279,360,522) 7 2 (260,683,147) Loss af	Other income	4, 31	98,557,873	100,660,977	117,871,782	87,722,832
Cotal revenues 3,087,855,416 3,474,180,056 2,889,835,354 3,257,700,487 Expenses Cost of sale of goods and rendering of services 4 1,765,495,317 1,869,951,509 1,702,455,137 1,702,619,939 Selling and administrative expenses 4, 25 1,194,356,860 1,107,819,153 1,057,665,116 1,006,949,774 Allowance for doubtful accounts 56,741,589 317,863,567 47,716,174 304,358,974 Allowance for obsolete stocks 9,432,239 61,529,831 - 39,555,630 Impairment loss of investments in related parties 6,091,741 2,180,000 - 2,180,000 Share of losses from investments accounted for using the equity method 4,9 - - 74,071,789 116,845,576 Total expenses 55,737,677 114,835,996 7,927,138 85,190,594 Interest expense 55,737,677 114,835,996 7,927,138 85,190,594 Income tax expense 4,27 (171,467,233) (160,601,764) (162,148,986) (156,578,030) Income tax expense 2 (27,532,396) (27	Share of profits from investments accounted					
Expenses 4 1,765,495,317 1,869,951,509 1,702,455,137 1,702,619,939 Selling and administrative expenses 4, 25 1,194,356,860 1,107,819,153 1,057,665,116 1,006,949,774 Allowance for doubtful accounts 56,741,589 317,863,567 47,716,174 304,358,974 Allowance for obsolete stocks 9,432,239 61,529,831 - 39,555,630 Impairment loss of investments in related parties 6,091,741 2,180,000 - 2,180,000 Share of losses from investments accounted for using the equity method 4,9 - - 74,071,789 116,845,576 Total expenses 55,737,670 114,835,996 7,927,138 85,190,594 Interest expense 55,737,670 114,835,996 7,927,138 85,190,594 Income tax expense 28 (27,532,396) (279,360,522) - (260,683,147) Loss after tax (143,261,959) (325,126,290) (154,221,848) (332,070,583) Net loss (154,221,848) (332,070,583) (154,221,848) (332,070,583)	for using the equity method	4, 9	·			
Cost of sale of goods and rendering of services 4 1,765,495,317 1,869,951,509 1,702,455,137 1,702,619,939 Selling and administrative expenses 4, 25 1,194,356,860 1,107,819,153 1,057,665,116 1,006,949,774 Allowance for doubtful accounts 56,741,589 317,863,567 47,716,174 304,358,974 Allowance for obsolete stocks 9,432,239 61,529,831 - 39,555,630 Impairment loss of investments in related parties 6,091,741 2,180,000 - 2,180,000 Share of losses from investments accounted for using the equity method 4,9 - - 74,071,789 116,845,576 Total expenses 3,032,117,746 3,359,344,060 2,881,908,216 3,172,509,893 Interest expenses 55,737,670 114,835,996 7,927,138 85,190,594 Income tax expense 4, 27 (171,467,233) (160,601,764) (162,148,986) (156,578,030) Income tax expense 28 (27,532,396) (279,360,522) - (260,683,147) Loss after tax (10,959,889) (6,944,293) <t< td=""><td>Total revenues</td><td>_</td><td>3,087,855,416</td><td>3,474,180,056</td><td>2,889,835,354</td><td>3,257,700,487</td></t<>	Total revenues	_	3,087,855,416	3,474,180,056	2,889,835,354	3,257,700,487
Cost of sale of goods and rendering of services 4 1,765,495,317 1,869,951,509 1,702,455,137 1,702,619,939 Selling and administrative expenses 4, 25 1,194,356,860 1,107,819,153 1,057,665,116 1,006,949,774 Allowance for doubtful accounts 56,741,589 317,863,567 47,716,174 304,358,974 Allowance for obsolete stocks 9,432,239 61,529,831 - 39,555,630 Impairment loss of investments in related parties 6,091,741 2,180,000 - 2,180,000 Share of losses from investments accounted for using the equity method 4,9 - - 74,071,789 116,845,576 Total expenses 3,032,117,746 3,359,344,060 2,881,908,216 3,172,509,893 Interest expenses 55,737,670 114,835,996 7,927,138 85,190,594 Income tax expense 4, 27 (171,467,233) (160,601,764) (162,148,986) (156,578,030) Income tax expense 28 (27,532,396) (279,360,522) - (260,683,147) Loss after tax (10,959,889) (6,944,293) <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td></t<>						
Selling and administrative expenses 4, 25 1,194,356,860 1,107,819,153 1,057,665,116 1,006,949,774 Allowance for doubtful accounts 56,741,589 317,863,567 47,716,174 304,358,974 Allowance for obsolete stocks 9,432,239 61,529,831 - 39,555,630 Impairment loss of investments in related parties 6,091,741 2,180,000 - 2,180,000 Share of losses from investments accounted for using the equity method 4,9 - - 74,071,789 116,845,576 Total expenses 3,032,117,746 3,359,344,060 2,881,908,216 3,772,509,893 Profit before interest and income tax expenses 55,737,670 114,835,996 7,927,138 85,190,594 Income tax expense 4,27 (171,467,233) (160,601,764) (162,148,986) (156,578,030) Income tax expense 28 (27,532,396) (279,360,522) - (260,683,147) Loss after tax (10,959,889) (6,944,293) - - - Net loss (154,221,848) (332,070,583) (154,221,848) (3	-					
Allowance for doubtful accounts 56,741,589 317,863,567 47,716,174 304,358,974 Allowance for obsolete stocks 9,432,239 61,529,831 - 39,555,630 Impairment loss of investments in related parties 6,091,741 2,180,000 - 2,180,000 Share of losses from investments accounted for using the equity method 4,9 - 74,071,789 116,845,576 Total expenses 3,032,117,746 3,359,344,060 2,881,908,216 3,172,509,893 Profit before interest and income tax expenses 55,737,670 114,835,996 7,927,138 85,190,594 Income tax expense 4,27 (171,467,233) (160,601,764) (162,148,986) (156,578,030) Income tax expense 28 (27,532,396) (279,360,522) - (260,683,147) Loss after tax (143,261,959) (325,126,290) (154,221,848) (332,070,583) Net loss (154,221,848) (332,070,583) (154,221,848) (332,070,583) Loss per share 29 (0.94) (2.03) (0.94) (2.03)	5					
Allowance for obsolete stocks 9,432,239 61,529,831 - 39,555,630 Impairment loss of investments in related parties 6,091,741 2,180,000 - 2,180,000 Share of losses from investments accounted for using the equity method 4,9 74,071,789 116,845,576 Total expenses 3,032,117,746 3,359,344,060 2,881,908,216 3,172,509,893 Profit before interest and income tax expenses expenses 55,737,670 114,835,996 7,927,138 85,190,594 Interest expense 4, 27 (171,467,233) (160,601,764) (162,148,986) (156,578,030) Income tax expense 28 (27,532,396) (279,360,522) - (260,683,147) Loss after tax (143,261,959) (325,126,290) (154,221,848) (332,070,583) Net loss (154,221,848) (332,070,583) (154,221,848) (332,070,583) Loss per share 29 (0.94) (2.03) (0.94) (2.03)		4, 25				
Impairment loss of investments in related parties Share of losses from investments accounted for using the equity method 4, 9 — — — — — — — — — — — — — — — — — — —					47,716,174	
Share of losses from investments accounted for using the equity method 4, 9 - - 74,071,789 116,845,576 Total expenses 3,032,117,746 3,359,344,060 2,881,908,216 3,172,509,893 Profit before interest and income tax expenses expenses 55,737,670 114,835,996 7,927,138 85,190,594 Interest expense 4, 27 (171,467,233) (160,601,764) (162,148,986) (156,578,030) Income tax expense 28 (27,532,396) (279,360,522) - (260,683,147) Loss after tax (143,261,959) (325,126,290) (154,221,848) (332,070,583) Net loss (154,221,848) (332,070,583) (154,221,848) (332,070,583) Loss per share 29 (0.94) (2.03) (0.94) (2.03)					-	
for using the equity method 4, 9 - 74,071,789 116,845,576 Total expenses 3,032,117,746 3,359,344,060 2,881,908,216 3,172,509,893 Profit before interest and income tax expenses 55,737,670 114,835,996 7,927,138 85,190,594 Interest expense 4, 27 (171,467,233) (160,601,764) (162,148,986) (156,578,030) Income tax expense 28 (27,532,396) (279,360,522) - (260,683,147) Loss after tax (143,261,959) (325,126,290) (154,221,848) (332,070,583) Net loss (154,221,848) (332,070,583) (154,221,848) (332,070,583) Loss per share 29 (0.94) (2.03) (0.94) (2.03)	·		6,091,741	2,180,000	-	2,180,000
Total expenses 3,032,117,746 3,359,344,060 2,881,908,216 3,172,509,893 Profit before interest and income tax expenses 55,737,670 114,835,996 7,927,138 85,190,594 Interest expense 4,27 (171,467,233) (160,601,764) (162,148,986) (156,578,030) Income tax expense 28 (27,532,396) (279,360,522) - (260,683,147) Loss after tax (143,261,959) (325,126,290) (154,221,848) (332,070,583) Net loss (154,221,848) (332,070,583) (154,221,848) (332,070,583) (154,221,848) (332,070,583) (154,221,848) (332,070,583) (154,221,848) (332,070,583) (154,221,848) (332,070,583) (154,221,848) (332,070,583) (154,221,848) (332,070,583) (154,221,848) (2.03)						
Profit before interest and income tax expenses 55,737,670 114,835,996 7,927,138 85,190,594 Interest expense 4, 27 (171,467,233) (160,601,764) (162,148,986) (156,578,030) Income tax expense 28 (27,532,396) (279,360,522) - (260,683,147) Loss after tax (143,261,959) (325,126,290) (154,221,848) (332,070,583) Net profit of minority interest (10,959,889) (6,944,293) - - - Net loss (154,221,848) (332,070,583) (154,221,848) (332,070,583) Loss per share 29 Basic (0.94) (2.03) (0.94) (2.03)	3 , ,	4, 9	-	-		
expenses 55,737,670 114,835,996 7,927,138 85,190,594 Interest expense 4, 27 (171,467,233) (160,601,764) (162,148,986) (156,578,030) Income tax expense 28 (27,532,396) (279,360,522) - (260,683,147) Loss after tax (143,261,959) (325,126,290) (154,221,848) (332,070,583) Net profit of minority interest (10,959,889) (6,944,293) - Net loss (154,221,848) (332,070,583) (154,221,848) (332,070,583) Loss per share 29 (0.94) (2.03) (0.94) (2.03)	lotal expenses		3,032,117,746	3,359,344,060	2,881,908,216	3,172,509,893
Interest expense 4, 27 (171,467,233) (160,601,764) (162,148,986) (156,578,030) Income tax expense 28 (27,532,396) (279,360,522) - (260,683,147) Loss after tax (143,261,959) (325,126,290) (154,221,848) (332,070,583) Net profit of minority interest (10,959,889) (6,944,293) - Net loss (154,221,848) (332,070,583) (154,221,848) (332,070,583) Loss per share 29 (0.94) (2.03) (0.94) (2.03)	Profit before interest and income tax					
Income tax expense 28 (27,532,396) (279,360,522) - (260,683,147) Loss after tax (143,261,959) (325,126,290) (154,221,848) (332,070,583) Net profit of minority interest (10,959,889) (6,944,293) - Net loss (154,221,848) (332,070,583) (154,221,848) (332,070,583) Loss per share 29 (0.94) (2.03) (0.94) (2.03)	expenses		55,737,670	114,835,996	7,927,138	85,190,594
Loss after tax (143,261,959) (325,126,290) (154,221,848) (332,070,583) Net profit of minority interest (10,959,889) (6,944,293) - - Net loss (154,221,848) (332,070,583) (154,221,848) (332,070,583) Loss per share 29 Basic (0.94) (2.03) (0.94) (2.03)	Interest expense	4, 27	(171,467,233)	(160,601,764)	(162,148,986)	(156,578,030)
Net profit of minority interest (10,959,889) (6,944,293) - - - Net loss (154,221,848) (332,070,583) (154,221,848) (332,070,583) Loss per share 29 (0.94) (2.03) (0.94) (2.03)	Income tax expense	28	(27,532,396)	(279,360,522)	-	(260,683,147)
Net loss (154,221,848) (332,070,583) (154,221,848) (332,070,583) Loss per share Basic 29 (0.94) (2.03) (0.94) (2.03)	Loss after tax	•	(143,261,959)	(325,126,290)	(154,221,848)	(332,070,583)
Loss per share 29 Basic (0.94) (2.03) (0.94) (2.03)	Net profit of minority interest	-	(10,959,889)	(6,944,293)		
Basic (0.94) (2.03) (0.94) (2.03)	Net loss	:	(154,221,848)	(332,070,583)	(154,221,848)	(332,070,583)
Basic (0.94) (2.03) (0.94) (2.03)	Loss per share	29				
Diluted (0.94) (2.03) (0.94) (2.03)	•		(0.94)	(2.03)	(0.94)	(2.03)
	Diluted	:	(0.94)	(2.03)	(0.94)	(2.03)

10

Nation Multimedia Group Public Company Limited and its Subsidiaries Statements of changes in shareholders' equity

For the years ended 31 December 2006 and 2005

		_	Reser	ves	Retained earn	Consolidated nings (deficit)				
	Note	Issued and paid-up share capital	Share premium (discount)	Fair value changes	Legal reserve	Unappropriated <i>(in Baht)</i>	Total equity attributable to the Company's shareholders	Advanced receipts from hare subscription	Minority interest	Total shareholders' equity
Balance at 1 January 2005 Changes in shareholders'		1,623,812,830	345,756,213	53,025,446	13,227,900	122,209,237	2,158,031,626	-	11,193,752	2,169,225,378
equity for 2005										
Changes in value of investments in listed securities		-	_	(95,194,818)	-	_	(95,194,818)	-	-	(95, 194, 818)
Net expense recognised directly										
in shareholders' equity Net profit (loss)		-	-	(95,194,818) -	-	(332,070,583)	(95,194,818) (332,070,583)		6,944,293	(95,194,818) (325,126,290)
Total recognised income and										
expenses	20	-	-	(95,194,818)	-	(332,070,583)	(427,265,401)		6,944,293	(420,321,108)
Dividends Issue of share capital	30 19, 20, 22	23,667,130	- (1,126,948)	-	-	(32,537,714)	(32,537,714) 22,540,182		-	(32,537,714) 22,540,182
Legal reserve increase	19, 20, 22	23,007,130	(1,120,946)	_	7,565,802	(7,565,802)	22,340,102		_	22,340,162
Advanced receipts from share	22				7,303,602	(7,303,602)				
subscription	24	-	_	-	_	_	-	77,500,000	_	77,500,000
Balance at 31 December 200		1,647,479,960	344,629,265	(42,169,372)	20,793,702	(249,964,862)	1,720,768,693		18,138,045	1,816,406,738
Changes in shareholders'										
equity for 2006										
Changes in value of investments										
in listed securities				1,542,570				-		1,542,570
Net income recognised directly in shareholders' equity		_	_	1,542,570	_	_	1,542,570	_	_	1,542,570
Net profit (loss)		-	_	1,542,570	_	(154,221,848)	(154,221,848)		10,959,889	(143,261,959)
Total recognised income and						(13.1/22.1/3.13)	(13.1/22.1/6.16)			(::3/20://333/
expense		-	-	1,542,570	-	(154,221,848)	(152,679,278)	-	10,959,889	(141,719,389)
Issue of share capital	19, 20, 22	250,000	100,000	-	-	-	350,000	-	-	350,000
Transfer legal reserve and share										
premium to reduce deficit	21	-	(229,171,160)	-	(20,793,702)	249,964,862	-	-	-	-
Issue of shares by subsidiary to minority interest		-	-	_	-	_	-	(77,500,000)	77,500,000	-
Balance at 31 December 200	6	1,647,729,960	115,558,105	(40,626,802)		(154,221,848)	1,568,439,415			1,675,037,349

The accompanying notes are integral part of these financial statements.

Statements of changes in shareholders' equity For the years ended 31 December 2006 and 2005

The Company

		-	Reserves	5 Re	etained earnings	s (deficit)	
		Issued and paid-up	Share premium	Fair value	Legal		Total shareholders'
	Note	share capital	(discount)	changes (in Baht)	reserve	Unappropriated	equity
Balance at 1 January 2005 Changes in shareholders' equity for 2005		1,623,812,830	345,756,213	53,025,446	13,227,900	122,209,237	2,158,031,626
Changes in value of investments in listed securities		-	-	(95, 194, 818)	-	-	(95, 194, 818)
Net expense recognised directly in shareholders' equity				(95,194,818)	-	-	(95,194,818)
Net loss		-	-	-	-	(332,070,583)	(332,070,583)
Total recognised income and expenses		-	-	(95,194,818)	-	(332,070,583)	(427,265,401)
Dividends	30	-	-	-	-	(32,537,714)	(32,537,714)
Issue of share capital	19, 20, 22	23,667,130	(1,126,948)	-	-	-	22,540,182
Legal reserve increase	22		<u> </u>		7,565,802	(7,565,802)	
Balance at 31 December 2005		1,647,479,960	344,629,265	(42,169,372)	20,793,702	(249,964,862)	1,720,768,693
Changes in shareholders' equity for 2006							
Changes in value of investments in listed securities		-	<u>-</u>	1,542,570	-		1,542,570
Net income recognised directly in shareholders' equity		-	-	1,542,570	-	-	1,542,570
Net loss		<u>-</u>	<u>-</u> _	<u>-</u>	<u>-</u>	(154,221,848)	(154,221,848)
Total recognised income and expense		-	-	1,542,570	-	(154,221,848)	(152,679,278)
Issue of share capital	19, 20, 22	250,000	100,000	-	-	-	350,000
Transfer legal reserve and share premium to reduce deficit	21	-	(229,171,160)	-	(20,793,702)	249,964,862	-
Balance at 31 December 2006		1,647,729,960	115,558,105	(40,626,802)		(154,221,848)	1,568,439,415

Nation Multimedia Group Public Company Limited and its Subsidiaries Statements of cash flows For the years ended 31 December 2006 and 2005

	Conso	lidated	The Company		
	2006	2005	2006	2005	
		(in E	Baht)		
Cash flows from operating activities					
Net loss	(154,221,848)	(332,070,583)	(154,221,848)	(332,070,583)	
	((***) ******	((///-	
Adjustments for					
Depreciation and amortisation	189,486,345	189,734,871	131,243,089	150,895,625	
Interest income	(23,605,567)	(15,646,338)	(33,331,798)	(20,408,797)	
Interest expense	171,467,233	160,601,764	162,148,986	156,578,030	
Allowance for doubtful accounts	56,741,589	317,863,567	47,716,174	304,358,974	
Reversal of allowance for doubtful accounts	(10,404,488)	-	(9,793,279)	-	
Allowance for obsolete stocks	9,432,239	61,529,831	-	39,555,630	
Allowance for loss on impairment of investments in related p	arties 6,091,741	2,180,000	-	2,180,000	
Allowance for impairment of other non-current assets	3,550,893	-	3,550,893	-	
Accounts receivable and accrued income written-off	11,503,122	-	10,795,594	-	
Withholding tax deducted at source written off	6,617,553	5,336,333	-	-	
Recognised interest income from sale and lease back	(19,732,214)	(14,799,160)	(19,732,214)	(14,799,160)	
Gain on disposal of property, plant and equipment	(6,484,372)	(341,090,621)	(4,357,316)	(320,603,280)	
Gain on sales of investments in available-for-sale-securities	-	(100,515,318)	-	(100,515,318)	
Share of profits from investments accounted					
for using the equity method	(859,845)	(1,836,993)	(28,312,856)	(44,624,462)	
Share of losses from investments accounted					
for using the equity method	-	-	74,071,789	116,845,576	
Net profit of minority interest	10,959,889	6,944,293	-	-	
Income tax expense	27,532,396	279,360,522	-	260,683,147	
	278,074,666	217,592,168	179,777,214	198,075,382	
Changes in operating assets and liabilities					
Trade accounts receivable	21,931,545	81,974,383	164,693,608	70,398,902	
Accrued income	18,077,144	92,776,478	36,678,184	96,251,908	
Inventories	170,227,403	(260,384,891)	196,658,718	(227,897,290)	
Other receivables to related perties	131,120,259	(104,931,599)	251,537,179	(239,497,767)	
Other current assets	(11,127,863)	48,616,888	3,352,066	109,969,601	
Other non-current assets	13,165,610	(14,858,409)	16,822,777	(44,116,326)	
Trade accounts payable	(35,968,565)	(90,399,846)	(44,235,987)	(5,072,258)	
Other current liabilities	75,075,238	38,576,680	(21,209,645)	27,521,942	
Other non-current liabilities	59,736,466	-	39,736,466	20,000,000	
Interest paid	(173,241,163)	(164,179,556)	(163,866,027)	(160,317,434)	
Income taxes paid	(103,695,260)	(286,321,204)	(55,472,527)	(282,382,402)	
Net cash provided by (used in) operating activities	443,375,480	(441,538,908)	604,472,026	(437,065,742)	

The accompanying notes are integral part of these financial statements.

Nation Multimedia Group Public Company Limited and its Subsidiaries Statements of cash flows

For the years ended 31 December 2006 and 2005

	Conso	olidated	The Company		
	2006	2005	2006	2005	
		(in	Baht)		
Cash flows from investing activities					
Interest received	23,605,567	15,646,338	33,331,798	20,408,797	
Short-term investments in fixed deposits	211,298	267,084	18,877	272,089	
Short-term loans to related parties	-	-	(255,500,000)	(21,050,000)	
Proceeds from short-term loans repayments of related parties	3,560,686	-	155,170,000	-	
Purchase of investments in subsidiaries and related parties	-	(8,485,000)	(204,000,000)	(333,485,000)	
Purchase of long-term investmens in other parties	(3,006,266)	-	(3,006,266)	-	
Sales of investments in subsidiaries		-	50,775,596	-	
Sales of investments in available-for-sale securities	-	254,510,530	-	254,510,530	
Prepayment for share subscription in subsidiary	-	-	-	(97,500,000)	
Purchase of property, plant and equipment	(122,876,893)	(199,609,660)	(41,854,540)	(163,805,960)	
Purchase of building	(11,808,720)	-	(11,808,720)	-	
Purchase of computer softwares	(11,344,575)	-	(10,860,903)	-	
Sale of property, plant and equipment	8,967,087	1,064,037,397	6,305,027	1,554,985,670	
Proceed from reduce of shares of subsidiary			35,500,000		
Net cash provided by (used in) investing activities	(112,691,816)	1,126,366,689	(245,929,131)	1,214,336,126	
Cash flows from financing activities					
Dividends paid	-	(32,537,714)	-	(32,537,714)	
Bank overdrafts and short-term loans from financial institutio	ns (246,327,654)	153,640,556	(293,190,656)	119,418,773	
Proceeds from short-term loans from related parties	-	-	25,000,000	-	
Repayment of short-term loans from related parties	(10,000,000)	-	(36,900,000)	-	
Proceeds from long-term loans from financial institutions	185,000,000	175,177,780	150,000,000	325,000,000	
Repayment of long-term loans from financial institutions	(201,670,454)	(58,500,000)	(152,435,034)	(162,500,000)	
Repayment of debentures	-	(1,060,000,000)	-	(1,060,000,000)	
Proceed from issuance of shares	350,000	22 540 192	350,000	22,540,182	
Advance receipt from share subscription	330,000	22,540,182 77,500,000	330,000	22,340,162	
Net cash used in financing activities	(272,648,108)	(722,179,196)	(307,175,690)	(788,078,759)	
Net cash used in infalicing activities	(272,040,100)	(722,179,190)	(307,173,030)	(700,070,759)	
Net increase (decrease) in cash and cash equivalents	58,035,556	(37,351,415)	51,367,205	(10,808,375)	
Cash and cash equivalents at beginning of year	131,951,318	169,302,733	89,810,091	100,618,466	
Cash and cash equivalents at end of year	189,986,874	131,951,318	141,177,296	89,810,091	

Non-cash transactions

The accompanying notes are integral part of these financial statements.

^{1.} In March 2005, the Company sold a web offset printing machine to a local financial institution under a sale and lease back agreement amounting to approximately Baht 1,037.0 million. The Company had a gain on sale of approximately Baht 458.3 million which was fully recorded as gain on sales of fixed assets amounting to Baht 359.7 million and recorded as deferred income amounting to Baht 98.7 million. The Company will receive the remaining sale amount of Baht 237 million in March 2010.

^{2.} On 1 July 2005, the Company entered into a sale and purchase agreement with a subsidiary for land and construction thereon to be used as a printing house at a price based on the approximate fair value of Baht 440 million. The Company recorded a loss on sale of approximately Baht 20 million.

Notes to the financial statements

For the years ended 31 December 2006 and 2005

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Notes to the financial statements
For the years ended 31 December 2006 and 2005

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 28 February 2007.

1 General information

Nation Multimedia Group Public Company Limited, the "Company", is incorporated in Thailand and has its registered office at 44 Moo 10, Bangna-Trad Road (Km. 4.5), Kwang Bangna, Khet Bangna, Bangkok, Thailand.

The Company was listed on the Stock Exchange of Thailand in June 1988.

The principal activities of the Company are the publishing and distribution of newspapers, providing advertising and news services. Details of the Companyûs subsidiaries are as follows:

		Country of	Ownershi	o interest
	Type of business	incorporation	2006	2005
			(%	6)
Direct subsidiaries				
Nation Broadcasting Corporation Limited	Advertising media	Thailand	99.99	99.99
Nation Information Technology Co., Ltd.	Information services	Thailand	99.99	99.99
Nation Digital Media Co., Ltd.	Information services	Thailand	99.99	99.99
Nation International Co., Ltd.	Publishing	Thailand	99.94	99.94
Nation Books International Co., Ltd.	Publishing	Thailand	99.99	99.93
WPS (Thailand) Co., Ltd.	Publishing	Thailand	84.50	99.99
Nation Edutainment Co., Ltd.	Publishing	Thailand	-	98.70
Nation Egmont Edutainment Co., Ltd.	Publishing	Thailand	-	50.00
Indirect subsidiaries				
Nation Radio Network Co., Ltd.	Advertising media	Thailand	99.97	99.97
Nation Edutainment Co., Ltd.	Publishing	Thailand	99.99	-
Nation Egmont Edutainment Co., Ltd.	Publishing	Thailand	50.00	-

2 Basis for preparation of financial statements

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

The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand.

The financial statements are presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis.

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

Notes to the financial statements

For the years ended 31 December 2006 and 2005

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

3 Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

Significant intra-group transactions between the Company and its subsidiaries are eliminated on consolidation.

Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates

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

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

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

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

Notes to the financial statements
For the years ended 31 December 2006 and 2005

(c) Cash and cash equivalents

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

(d) Trade and other accounts receivable

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

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

(e) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the average cost and specific identification method formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

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

Costs are determined by the following method:

Finished goods and work-in-process - books - Average cost method

Raw materials - Specific identification method

Store, supplies and others - Average cost method

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

(f) Investments

Investments in subsidiaries and associates

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

Investments in equity securities

Marketable equity securities are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. The exceptions are impairment losses, which are recognised in the statement of income. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of income.

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

Notes to the financial statements

For the years ended 31 December 2006 and 2005

Disposal of investments

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

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

(g) Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

Depreciation

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

Land improvements	5	years
Buildings and improvements	5, 20 and 30	years
Leasehold improvements	10	years
Machinery and equipment	5 and 10	years
Furniture, fixtures and office equipment	5	years
Transportation equipment	5	years

No depreciation is provided on land or assets under construction and installation.

Repair and maintenance expenses

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

Notes to the financial statements
For the years ended 31 December 2006 and 2005

(h) Intangible assets

Intangible assets represent computer software that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is charged to the statement of income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets of 5 years.

(i) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

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

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

Calculation of recoverable amount

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

Reversals of impairment

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the statement of income.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. However, an impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the financial statements
For the years ended 31 December 2006 and 2005

(j) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value.

(k) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(I) Employee benefits

Defined contribution plans

Contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

Share based payments

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

(m) Provisions

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

(n) Revenue

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

Sale of goods and services rendered

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

Rental income

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

Interest and dividend income

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

Notes to the financial statements

For the years ended 31 December 2006 and 2005

(o) Expenses

Operating leases

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease.

Finance costs

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

(p) Income tax

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

4 Related party transactions and balances

Related parties are those parties linked to the Group and the Company by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

The pricing policies for particular types of transactions are explained further below:

	Pricing policies
Sales, services and other income	General market price
Interest income on loans	Fixed rate which approximates loan rate of the financial
	institutions
Expenses	Negotiable rate which approximates market rate
Interest expense on borrowings	Fixed rate which approximates loan rate of the financial

Transactions for the years ended 31 December 2006 and 2005 with related parties are summarised as follows:

institutions

	Consolidated		T	he Company
	2006	2005	2006	2005
		(in th	nousand Baht)	
Revenues				
Sales, services and other income				
Subsidiaries				
- Nation Book International Co., Ltd.	_	_	25,629	13,400
- Nation Broadcasting Corporation Limited	-	-	3,161	9,492
- Nation Radio Network Co., Ltd.	-	-	2,533	11,395
- WPS (Thailand) Co., Ltd.	-	-	342,362	174,612
- Nation Egmont Edutainment Co., Ltd.	-	-	18,589	41,323
Associate				
- Yomiuri-Nation Information Service Limited	870	870	870	870
Total	870	870	393,144	251,092

Notes to the financial statements

For the years ended 31 December 2006 and 2005

	Con	solidated	The C	The Company	
	2006	2005	2006	2005	
		(in tho	usand Baht)		
Interest income					
Subsidiaries					
- Nation Broadcasting Corporation Limited	-	-	8,730	1,861	
- Nation Edutainment Co., Ltd.	-	-	992	3,137	
- Nation Book International Co., Ltd.	-	-	-	2	
- WPS (Thailand) Co., Ltd.	-	-	1,104	-	
Related parties					
- Others	2,504	248	2,458	248	
Total	2,504	248	13,284	5,248	
Expenses					
Printing and cost of service					
Subsidiaries					
- Nation Broadcasting Corporation Limited	-	-	35,374	-	
- Nation Radio Network Co., Ltd.	-	-	4,055	-	
- Nation Books International Co., Ltd.	-	-	5,497	-	
- Nation Edutainment Co., Ltd.	-	-	297	-	
- WPS (Thailand) Co., Ltd.	-	-	448,139	248,347	
- Nation Egmont Edutainment Co., Ltd.	-	-	538	-	
Total			493,900	248,347	
Other expenses					
Related party					
- Nation Properties Co., Ltd.	61,689	40,773	60,808	39,577	
Interest expense					
Subsidiaries					
- Nation Information Technology Co., Ltd.	-	-	1,207	1,614	
- Nation Books International Co., Ltd.	-	-	109	-	
Associate					
- Yomiuri-Nation Information Service Limited	357	300	357	300	
Total	357	300	1,673	1,914	

Notes to the financial statements

For the years ended 31 December 2006 and 2005

Balances as at 31 December 2006 and 2005 with related parties were as follows:

Trade accounts receivable

	Consolidated		The Company		
	2006	2005	2006	2005	
	(in thousand Baht)				
Subsidiaries					
- Nation Edutainment Co., Ltd.	-	-	-	72,433	
- Nation Broadcasting Corporation Limited	-	-	-	240	
- Nation International Co., Ltd.	-	-	2,721	2,721	
- Nation Radio Network Co., Ltd.	-	-	1,590	-	
- Nation Books International Co., Ltd.	-	-	-	28,272	
- WPS (Thailand) Co., Ltd.	=	-	38	-	
- Nation Egmont Edutainment Co., Ltd.	-	-	-	15,939	
Related parties					
- NPG Training & Conference					
Resort Co., Ltd.	5,225	-	5,225	5,558	
- Media Magnet Co., Ltd.	-	5,483	-	5,483	
- Thai Portal Co., Ltd.	67	67	-	-	
- Media Expertise International (Thailand) Ltd.	78,494	56,649	29,685	41,792	
- Media Pulse Co., Ltd.	21,709	7,988	6,699	-	
- Others	6,456	3,945	5,433	5,838	
	111,951	74,132	51,391	178,276	
Less allowance for loss from investments in subsidiaries recorded by the equity					
method (Note 9)	-	-	-	(72,673)	
Total	111,951	74,132	51,391	105,603	

Short-term loans to related parties

	Consolidated		TI	ne Company
	2006	2005	2006	2005
		(in th	housand Baht)	
Subsidiaries				
- Nation Edutainment Co., Ltd.	-	-	-	27,500
- Nation Broadcasting Corporation Limited	-	-	141,769	68,000
- WPS (Thailand) Co., Ltd.	-	-	54,000	-
Related parties				
- NPG Training & Conference Resort Co., Ltd.	438,350	438,350	438,350	438,350
- Others	3,809	7,370	3,700	7,370
	442,159	445,720	637,819	541,220
Less allowance for doubtful accounts	(181,261)	(184,931)	(181,261)	(184,931)
Total	260,898	260,789	456,558	356,289

Notes to the financial statements

For the years ended 31 December 2006 and 2005

Movements during the years on short-term loans to related parties were as follows:

	Consolidated		Th	e Company
	2006	2005	2006	2005
		(in th	nousand Baht)	
At 1 January	445,720	445,720	541,220	520,170
Increase	109	-	245,500	70,000
Decrease	(3,670)	-	(145,170)	(48,950)
Allowance for loss from investments in				
subsidiaries recorded by the equity method (Note 9)	-	-	(3,731)	-
At 31 December	442,159	445,720	637,819	541,220

Other receivables

Other receivables	Consolidated		The (Company
	2006	2005	2006	2005
		(in tho	usand Baht)	
Subsidiaries				
- Nation Edutainment Co., Ltd.	-	-	9,423	11,360
- Nation Broadcasting Corporation Limited	-	-	12,000	11,542
- Nation Digital Media Co., Ltd.	-	-	1,767	7,776
- Nation International Co., Ltd.	-	-	68,150	68,150
- Nation Radio Network Co., Ltd.	-	-	1,184	12,189
- Nation Books International Co., Ltd.	-	-	7,283	7,391
- WPS (Thailand) Co., Ltd.	-	-	91,448	118,394
- Nation Egmont Edutainment Co., Ltd.	-	-	6,011	12,170
- Nation Information Technology Co., Ltd.	-	-	3	-
Related parties				
- NPG Training & Conference Resort Co., Ltd.	225,602	228,110	157,422	159,977
- Nation Printing Complex Co., Ltd.	35,428	35,457	35,428	35,457
- Nation Tuahthai Co., Ltd.	34,723	34,713	34,723	34,713
- NPG Marketing Services Co., Ltd.	26,079	63,095	26,008	62,894
- Nation International Communication Co., Ltd.	-	70,082	-	70,082
- Media Magnet Co., Ltd.	3,841	11,079	3,841	11,079
- Thai Portal Co., Ltd.	21,367	24,467	22	22
- Media Expertise International (Thailand) Ltd.	27,885	35,376	27,200	31,774
- Media Pulse Co., Ltd.	559	285	437	285
- Others	7,693	14,008	7,886	13,898
	383,177	516,672	490,236	669,153
Less	(250,660)	(255.040)	(227, 406)	(2.44.066)
- allowance for doubtful accounts	(250,669)	(255,049)	(237,486)	(241,866)
- allowance for loss from investments in			(42.000)	(4.4.56.4)
subsidiaries recorded by the equity method (Note 9)	- 422.506		(12,000)	(11,564)
Total	132,508	261,623	240,750	415,723

Prepayment for share subscription in subsidiary

	Consol	Consolidated		mpany
	2006	2005	2006	2005
Subsidiary		(in thousa	and Baht)	
- WPS (Thailand) Co., Ltd.		<u> </u>		97,500

Notes to the financial statements

For the years ended 31 December 2006 and 2005

Trade accounts payable

	Consolidated		The Company	
	2006	2005	2006	2005
		(in thou	ısand Baht)	
Subsidiaries				
- Nation Books International Co., Ltd.	-	-	14,490	771
- Nation International Co., Ltd.	-	-	40,684	40,684
- WPS (Thailand) Co., Ltd.	-	-	116,188	106,334
- Nation Digital Media Co., Ltd.	-	-	1,314	-
- Nation Broadcasting Corporation Limited	-	-	5,057	-
- Nation Radio Network Co., Ltd.	-	-	1,977	6,746
- Nation Edutainment Co., Ltd.	-	-	-	1,014
- Nation Egmont Edutainment Co., Ltd.	-	-	96	-
Related parties				
- Media Magnet Co., Ltd.	790	574	87	374
- Nation Properties Co., Ltd.	191	-	-	-
Total	981	574	179,893	155,923

Short-term loans from related parties

	Consolidated		Т	he Company
	2006	2005	2006	2005
		(in t	thousand Baht)	
Subsidiary				
- Nation Information Technology Co., Ltd.	-	-	-	26,900
- Nation Books International Co., Ltd.	-	-	25,000	-
Associate				
- Yomiuri-Nation Information Service Limited	-	10,000	-	10,000
Total	-	10,000	25,000	36,900

Movements during the years on short-term loans from related parties were as follows:

	Consolidated		Т	The Company	
	2006	2005	2006	2005	
		(in	thousand Baht)		
At 1 January	10,000	10,000	36,900	36,900	
Increase	-	-	25,000	-	
Decrease	(10,000)	-	36,900)	-	
At 31 December		10,000	25,000	36,900	

Significant agreements with related parties

Sale and purchase agreement for land and property

On 1 July 2005, the Company entered into a sale and purchase agreement with a subsidiary for land and construction thereon to be used as a printing house at a price based on the approximate appraisal value of Baht 440 million which resulted in a loss of Baht 20 million.

Notes to the financial statements

For the years ended 31 December 2006 and 2005

Lease agreements

In 2005, the Company entered into lease agreements with a subsidiary to lease out printing machines and related equipment. Under these agreements, the subsidiary has a commitment to pay the monthly rental fees as specified in the agreements. These agreements are for periods of from 12 months to 57 months. Under the agreements, the subsidiary has the option either to return the leased printing machines and related equipment to the Company or to purchase at the prices as specified in the agreements.

Annual lease fees as specified in the agreements are as follows:

Lease fees in year	In thousand Baht
2005	257,139
2006	310,292
2007	291,997
2008	266,642
2009	205,886
2010	272,048

Office lease and services agreements

In 2005, the Company entered into office lease and services agreements with the related parties covering office space and public utilities. The lease and services fee will be charged on the rate specified in the agreements in total amount of Baht 15.3 million per year. The related parties have a commitment to pay the monthly lease and service fees of approximately Baht 4.5 million per year.

Joint venture agreement

On 15 November 2006, WPS (Thailand) Company Limited (WPS), a subsidiary of the Company entered into a joint venture agreement with two foreign companies to set up Kyodo Nation Printing Services Co., Ltd., a joint venture for operating commercial printing business. The joint ventureûs registered capital will be Baht 350 million (divided into 3,500,000 shares at Baht 100 par value). WPS will invest in 1,714,999 shares and pay in capital by selling commercial printing machine and related equipment at the amount of Baht 337.6 million, which value was appraised by an independent appraisal company to the joint venture. The joint venture was registered with the Ministry of Commerce on 22 January 2007.

5 Cash and cash equivalents

	Cons	Consolidated		The Company	
	2006	2005	2006	2005	
	(in thousand Baht)				
Cash at bank and on hand	100,581	70,098	99,020	68,330	
Cash at bank > savings accounts	89,406	61,853	42,157	21,480	
Total	189,987	131,951	141,177	89,810	

Notes to the financial statements

For the years ended 31 December 2006 and 2005

6 Trade accounts receivable

		Consolidated		1	The Company	
	Note	2006	2005	2006	2005	
			(in ti	housand Baht)		
Trade accounts receivable from related parties	4	111,951	74,132	51,391	105,603	
Trade accounts receivable from other parties	_	1,119,796	1,172,768	910,739	1,023,566	
		1,231,747	1,246,900	962,130	1,129,169	
Less allowance for doubtful accounts		(257,290)	(193,190)	(213,923)	(165,746)	
Total	_	974,457	1,053,710	748,207	963,423	
	_					

Related parties

neratea parties	C	Consolidated		The Company	
	2006	2005	2006	2005	
		(in t	thousand Baht)		
Within credit terms	21,997	31,331	9,486	38,319	
Overdue:					
Less than 6 months	29,042	24,534	6,913	15,579	
6-12 months	33,589	16,560	8,759	33,297	
Over 12 months	27,323	1,707	26,233	18,408	
	111,951	74,132	51,391	105,603	
Less allowance for doubtful accounts	(12,937)	-	(9,235)	-	
Net	99,014	74,132	42,156	105,603	

Other parties

•	Consolidated		1	The Company	
	2006	2005	2006	2005	
		(in t	thousand Baht)		
Within credit terms	774,450	858,796	661,024	766,175	
Overdue:					
Less than 6 months	128,179	111,502	63,295	75,934	
6-12 months	19,129	26,794	14,413	24,607	
Over 12 months	198,038	175,676	172,007	156,850	
	1,119,796	1,172,768	910,739	1,023,566	
Less allowance for doubtful accounts	(244,353)	(193,190)	(204,688)	(165,746)	
Net	875,443	979,578	706,051	857,820	

The normal credit term granted by the Group is 90 days.

7 Inventories

livelitories	Con	solidated	The Company	
	2006	2005	2006	2005
		(in thou	ısand Baht)	
Finished goods > books	205,856	161,074	41,373	39,556
Raw materials	109,496	318,363	98,819	287,998
Stores, supplies and others	11,995	17,434	8,227	7,079
Work in process	1,646	3,585	278	-
Raw material in transit	561	11,284	561	11,284
Total	329,554	511,740	149,258	345,917
Less allowance for loss on obsolete stocks	(95,110)	(97,636)	(39,556)	(39,556)
Net	234,444	414,104	109,702	306,361

Notes to the financial statements

For the years ended 31 December 2006 and 2005

8 Other current assets

	(Consolidated	1	The Company
	2006	2005	2006	2005
		(in t	housand Baht)	
Other receivables	54,142	49,967	52,867	44,516
Advances to employees	14,139	15,516	11,765	11,854
Prepaid expenses	20,978	47,988	19,271	35,846
Revenue Department receivable	31,093	27,061	21,976	21,979
Others	110,142	30,282	68,595	15,079
	230,494	170,814	174,474	129,274
Less allowance for doubtful accounts	(6,920)	(6,920)	(6,920)	(6,920)
Total	223,574	163,894	167,554	122,354

9 Investments accounted for using the equity method

	C	Consolidated	1	The Company		
	2006	2005	2006	2005		
		(in t	housand Baht)			
Net book value at 1 January	18,944	17,107	411,027	158,249		
Share of net profits of investments - equity method	860	1,837	28,313	44,624		
Share of net losses of investments - equity method	-	-	(74,072)	(116,846)		
Acquisitions	-	-	301,500	325,000		
Disposals	-	-	(50,776)	-		
Decrease share capital	-	-	(35,500)	-		
Net book value at 31 December	19,804	18,944	580,492	411,027		

Disclosed as:

		Coi	nsolidated	1	The Company		
	Note	2006	2005	2006	2005		
			(in t	housand Baht)			
Investment accounted for using							
the equity method		19,804	18,944	596,223	495,264		
Excess of share of losses over							
costs of investments							
- Accounts receivable trade	4	-	-	-	(72,673)		
- Other receivables	4	-	-	(12,000)	(11,564)		
- Short-term loans to	4	-	-	(3,731)	-		
Total	<u> </u>	19,804	18,944	580,492	411,027		

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Nation Multimedia Group Public Company Limited and its Subsidiaries Notes to the financial statements For the years ended 31 December 2006 and 2005

Investments accounted for using the equity method as at 31 December 2006 and 2005 were as follows:

				Consolid	ated			
	Ownersh	p interest	Paid-up ca	apital	Cost met	thod	Equity me	thod
	2006	2005	2006	2005	2006	2005	2006	2005
	(%))			(in thousa	nd Bah)		
Associate - Yomiuri > Nation Information	44.00	44.00	4.000	4.000	450	450	40.004	40.044
Service Limited	44.98	44.98	1,000	1,000 _	450	450	19,804	18,944
				The Com	pany			
	Ownershi	p interest	Paid-up ca	apital	Cost met	thod	Equity me	thod
	2006	2005	2006	2005	2006	2005	2006	2005
	(%))			(in thousa	nd Bah)		
Subsidiaries								
- Nation Broadcasting Corporation Limited	99.99	99.99	140,000	120,000	139,994	119,994	-	-
- Nation Information Technology Co., Ltd.	99.99	99.99	44,500	80,000	59,500	95,000	898	35,566
- Nation Digital Media Co., Ltd.	99.99	99.99	100,000	100,000	99,990	99,990	7,451	13,491
- Nation International Co., Ltd.	99.94	99.94	1,000	1,000	999	999	41,405	42,822
- Nation Edutainment Co., Ltd.	-	98.70	-	50,000	-	49,350	-	-
- Nation Egmont Edutainment Co., Ltd.	-	50.00	-	50,000	-	25,000	-	19,166
- Nation Books International Co., Ltd.	99.99	99.93	70,000	1,000	69,999	999	110,489	13,651
- WPS (Thailand) Co., Ltd.	84.50	99.99	500,000	325,000	422,550	325,000	416,176	351,624
					793,032	716,332	576,419	476,320
Associate								
- Yomiuri > Nation Information Service Limited	44.98	44.98	1,000	1,000	450	450	19,804	18,944
Total				_	793,482	716,782	596,223	495,264

Notes to the financial statements
For the years ended 31 December 2006 and 2005

The Company's Board of Directors' meeting held on 11 November 2005 resolved to authorise the Company to increase its investments in the share capital of a subsidiary, WPS (Thailand) Co., Ltd., by acquiring 9,750,000 shares in the subsidiary at par value of Baht 10 per share totalling Baht 97.5 million. In December 2005, the Company paid share subscriptions totalling Baht 97.5 million. Consequently, the investments in the subsidiary increased from Baht 325 million to Baht 422.6 million. The subsidiary registered the increase in authorised share capital with the Ministry of Commerce on 13 January 2006.

At the Extraordinary Shareholders' meeting of a subsidiary, Nation Broadcasting Corporation Limited, held on 24 February 2006, it was resolved to increase the share capital by Baht 20 million (2 million shares at Baht 10 per share) by offer to the existing shareholders. The management committee of the Company approved the increase in its investments in the subsidiary, as the existing shareholder, by acquiring the increased 2 million shares in the subsidiary at par value of Baht 10 per share, amounting to Baht 20 million.

According to the Board of Directors' meeting of the Company held on 14 June 2006, the meeting resolved to restructure the Edutainment Business, which consists of 3 subsidiary companies as follows:

- 1. Nation Books International Co., Ltd. (NBI)
- 2. Nation Edutainment Co., Ltd. (NED)
- 3. Nation Egmont Edutainment Co., Ltd. (NEE)

The Board of Directors resolved to approve the corporate restructuring of the Edutainment Business Unit. The details of restructuring are as follows:

- 1. NED increased its registered and paid-up share capital from Baht 50 million (divided into 500,000 shares at Baht 100 par value) to Baht 165 million (divided into 16,500,000 shares at Baht 100 par value). The Company invested in common shares of NED totalling Baht 115 million (divided into 1,150,000 shares at Baht 100 par value). The percentage of securities holding by the Company in NED has changed from 98.70% to 99.61%.
- 2. NBI increased its registered and paid-up share capital from Baht 1 million (divided into 10,000 shares at Baht 100 par value) to Baht 70 million (divided into 700,000 shares at Baht 100 par value). The Company invested in common shares of NBI totalling Baht 69 million (divided into 690,000 shares at Baht 100 par value). The percentage of securities holding by the Company in NBI has changed from 99.93% to 99.99%.
- 3. The Company disposed of all its investment in the common shares of NED, totalling 1,643,500 shares, to NBI at the total price of Baht 30.3 million resulting in a gain on sales of investments of Baht 4.9 million.
- 4. The Company also disposed of all its investments in the common shares of NEE, totalling 24,966 shares, to NBI at the price of Baht 20.6 million resulting in a loss on sales of investments of Baht 4.4 million.

At the Extraordinary Shareholders' meetings of a subsidiary, Nation Information Technology Co., Ltd., held on 9 August 2006 and 28 August 2006, it was resolved to decrease the share capital by Baht 35.5 million from Baht 80 million (divided into 8,000,000 shares at Baht 10 par value) to Baht 44.5 million (divided into 4,450,000 shares at Baht 10 par value). The subsidiary repaid the decrease in share capital of Baht 35.5 million to the shareholders and registered the decrease in share capital with the Ministry of Commerce on 20 December 2006.

Nation Multimedia Group Public Company Limited and its Subsidiaries Notes to the financial statements

For the years ended 31 December 2006 and 2005

10 Long-term investments in related parties

				Consol	idated			
	Nature of		Ownership	interest	Paid-up c	apital	Amour	nt
	business	Relationship	2006	2005	2006	2005	2006	2005
			(%)			(in thousar	nd Baht)	
At fair value								
Investments in available-for-sale-security								
- Se-Education Public Company Limited								
(marketable securities)	Publishing	Directorships	-	-	-	-	1	1
At cost								
General investments								
(non-marketable securities)								
- Nation Properties Co., Ltd.	Real estate	Directorships	18.00	18.00	300,000	300,000	54,000	54,000
- Thai Portal Co., Ltd.	Internet Services	Directorships	19.00	19.00	100	100	6,092	6,092
- Media Expertise International (Thailand) Ltd.	Publishing	Directorships	16.97	16.97	50,000	50,000	8,485	8,485
- Media Magnet Co., Ltd.	Consulting and							
	marketing event	Directorships	19.00	-	12,500	-	2,375	-
- Others							2,930	2,930
							73,882	71,507
Less allowance for impairment loss							(62,272)	(56,180)
							11,610	15,327
Total							11,611	15,328

Nation Multimedia Group Public Company Limited and its Subsidiaries Notes to the financial statements

For the years ended 31 December 2006 and 2005

				Consol	idated			
	Nature of		Ownership interest Paid-up capit		apital	ital Amount		
	business	Relationship	2006	2005	2006	2005	2006	2005
			(%)			(in thousan	d Baht)	
At fair value Investments in available-for-sale-security - Se-Education Public Company Limited (marketable securities)	Publishing	Directorships	-	-	-		1	1
At cost General investments (non-marketable securities) - Nation Properties Co., Ltd Media Expertise International (Thailand) Ltd Media Magnet Co., Ltd.	Real estate Publishing Consulting and	Directorships Directorships	18.00 16.97	18.00 16.97	300,000 50,000	300,000 50,000	54,000 8,485	54,000 8,485
Wiedia Magnet Co., Eta.	marketing event	Directorships	19.00	-	12,500	-	2,375	-
-Others	3	•			·		2,930	2,930
						_	67,790	65,415
Less allowance for impairment loss							(56,180)	(56,180)
						_	11,610	9,235
Total						_	11,611	9,236

During 2005, the Company purchased and sold investments in marketable securities with a net gain of Baht 100.5 million, which was presented as a separate item in the consolidated statement of income and statement of income for the year ended 31 December 2005.

Notes to the financial statements For the years ended 31 December 2006 and 2005

ConsolidatedThe Company2006200520062005(in thousand Baht)

11 Long-term investments in other companies

	Con	Consolidated		Company
	2006	2005	2006	2005
		(in th	ousand Baht)	
At fair value				
Investments in available-for-sale				
securities (marketable securities)	45,694	45,687	45,694	45,687
Less unrealized loss from changes in fair value	(40,627)	(42,170)	(40,627)	(42,170)
	5,067	3,517	5,067	3,517
At cost				
General investments				
(non-marketable securities)	10,629	7,630	10,629	7,630
Less provision for impairment loss	(3,419)	(3,419)	(3,419)	(3,419)
	7,210	4,211	7,210	4,211
Total	12,277	7,728	12,277	7,728

Nation Multimedia Group Public Company Limited and its Subsidiaries Notes to the financial statements

For the years ended 31 December 2006 and 2005

12 Property, plant and equipment

Conso	lidated
COLISO	iiuateu

				Consoni	Eurnitura		Asset under	
					Furniture,			
					fixtures and		construction	
	Land and	Building and	Leasehold	Machinery	office	Transportation	and	
	improvements	improvements	improvements	and equipment	equipment	equipment	installation	Total
Cost				(in thousa	and Baht)			
At 1 January 2005	599,334	1,670,118	23,766	993,698	826,733	91,307	241,541	4,446,497
Additions				993,090			·	
	1,381	5,904	2,346	-	45,884	3,914	140,181	199,610
Transfers, net	6,113	(6,113)	43	- (2.52 .2.1)	(0.070)	- (5.454)	(43)	-
Disposals				(862,404)	(3,872)	(3,101)	(378,018)	(1,247,395)
At 31 December 2005	606,828	1,669,909	26,155	131,294	868,745	92,120	3,661	3,398,712
Additions	2,000	8,602	3,210	59,256	24,824	8,864	16,120	122,876
Transfers, net	-	37,339	-	(3,444)	734	17,148	504	52,281
Disposals	-	-	(625)	(2,492)	(2,856)	(20,138)	-	(26,111)
At 31 December 2006	608,828	1,715,850	28,740	184,614	891,447	97,994	20,285	3,547,758
Accumulated depreciat	tion					-		
At 1 January 2005	2,863	250,355	11,602	291,685	616,814	51,103	-	1,224,422
Depreciation charge for the	e							
year	2,118	65,792	3,190	37,815	65,293	13,807	-	188,015
Disposals	-	-	-	(283,736)	(3,687)	(2,753)	-	(290,176)
At 31 December 2005	4,981	316,147	14,792	45,764	678,420	62,157	-	1,122,261
Depreciation charge for the	e							
year	928	67,310	2,760	15,143	64,312	14,664	-	165,117
Disposals	-	-	(324)	(1,796)	(2,572)	(18,204)	-	(22,896)
At 31 December 2006	5,909	383,457	17,228	59,111	740,160	58,617		1,264,482
Net book value								
At 31 December 2005	601,847	1,353,762	11,363	85,530	190,325	29,963	3,661	2,276,451
At 31 December 2006	602,919	1,332,393	11,512	125,503	151,287	39,377	20,285	2,283,276

Nation Multimedia Group Public Company Limited and its Subsidiaries Notes to the financial statements

For the years ended 31 December 2006 and 2005

The Compan	ν
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	Land and	Duilding and	Lagrabald	Machinan	Furniture, fixtures and	Transportation	Asset under construction	
	Land and	Building and	Leasehold	Machinery	office	Transportation	and	Takal
	improvements	improvements	improvements	and equipment (in thousa	equipment	equipment	installation	Total
				(In thouse	ana Bant)			
Cost								
At 1 January 2005	599,334	1,670,118	6,746	993,697	588,093	89,371	-	3,947,359
Additions	83	5,025	612	-	18,039	3,536	-	27,295
Transfers, net	6,113	(6,113)	-	-	-	-	-	-
Disposals	(165,134)	(364,139)	(399)	(932,607)	(4,617)	(5,587)	-	(1,472,483)
At 31 December 2005	440,396	1,304,891	6,959	61,090	601,515	87,320	-	2,502,171
Additions	-	6,001	2,910	998	19,723	5,688	6,534	41,854
Transfers, net	-	37,339	-	-	-	16,416	-	53,755
Disposals	-	-	-	(1,766)	(1,805)	(19,548)	-	(23,119)
At 31 December 2006	440,396	1,348,231	9,869	60,322	619,433	89,876	6,534	2,574,661
Accumulated depreciat	tion				_			_
At 1 January 2005	2,863	250,355	2,798	291,685	472,565	49,646	-	1,069,912
Depreciation charge for the	e							
year	2,118	57,995	736	33,993	40,771	13,563	-	149,176
Disposals	(2,931)	(63,585)	(29)	(301,216)	(3,801)	(4,094)	-	(375,656)
At 31 December 2005	2,050	244,765	3,505	24,462	509,535	59,115	-	843,432
Depreciation charge for the	e							
year	852	48,401	723	5,898	40,534	13,910	-	110,318
Disposals	-	-	-	(1,766)	(1,791)	(17,614)	-	(21,171)
At 31 December 2006	2,902	293,166	4,228	28,594	548,278	55,411	-	932,579
Net book value								
At 31 December 2005	438,346	1,060,126	3,454	36,628	91,980	28,205	-	1,658,739
At 31 December 2006	437,494	1,055,065	5,641	31,728	71,155	34,465	6,534	1,642,082

Gross carrying amounts of machinery and equipment and furniture, fixtures and office equipment items totalling approximately Baht 455.4 million (2005: Baht 494.9 million) were fully depreciated as at 31 December 2006 in the consolidated balance sheets and Baht 525.4 million (2005: Baht 420.8 million) in the Companyûs balance sheets, but these items were still in active use at the year end.

Nation Multimedia Group Public Company Limited and its Subsidiaries Notes to the financial statements For the years ended 31 December 2006 and 2005

13 Gain on sales of property, plant and equipment

	Consolidated		The Co	mpany
	2006 2005		2006	2005
		(in thousa	and Baht)	
Gain on sales of fixed assets from sale				
and lease back agreements	-	359,770	-	359,770
Other gains (losses), net	6,484	(18,679)	4,357	(39,167)
Total	6,484	341,091	4,357	320,603

On 30 March 2005, the Company entered into a sale and lease back agreement with a local financial institution covering a web offset printing machine and related equipment amounting to approximately Baht 1,037.0 million. The sale price was determined based on the fair value appraised by an independent appraiser (American Appraisal (Thailand) Co., Ltd.). The Company received cash amounting to Baht 800 million at the agreement date and will receive cash amounting to Baht 237 million in March 2010. Under this agreement, the Company has recorded a gain on sales of fixed assets of approximately Baht 458.3 million and has a commitment to pay equal monthly rental fees over 59 months amounting to Baht 13.0 million and Baht 213 million in the last month, totalling approximately Baht 979.4 million, starting from April 2005 up to March 2010. The Company will record all rental fees as expenses on a straight line basis amounting to Baht 16.3 million in each month until the end of the agreement. Under the agreement, the Company has an option to return the leased printing machine and equipment or to purchase at the fair market value but at a price not higher than Baht 237 million, which is close to the estimated market price of the machine after 5 years use, as confirmed by the foreign company that sold the machine to the Company. The gain on sales of the printing machine and equipment was shown as cGain on sales of property, plant and equipmenté in the consolidated statement of income and the Companyûs statement of income for the year ended 31 December 2005 and amounted to Baht 359.7 million, representing the difference between the fair value calculated by discounting all future receipts using the interest rate on a similar instrument amounting to Baht 98.7 million and included as cOther non-current liabilitiesé in the balance sheet. The amount will be recognized as interest income on a straight line basis until March 2010. In 2006, the related interest income recognised in the statement of income was Baht 19.7 million (2005: Baht 14.8 million). The Company has leased out the printing machine to a subsidiary for the same rental fee and commitments that the Company had with the finance institution.

14 Other non-current assets

	Cons	olidated	The Company		
	2006	2005	2006	2005	
		(in thous	sand Baht)		
Other receivables	35,693	35,693	35,693	35,693	
Merchandises under barter trade	8,811	38,137	8,506	37,854	
Withholding tax deducted at source	46,659	31,181	16,585	16,585	
Golf membership - net	12,544	13,075	12,543	13,075	
Refundable deposits	4,751	6,815	3,963	4,382	
Condominium units not used in operations	14,318	14,318	14,318	14,318	
Others	26,808	23,694	8,525	7,627	
	149,584	162,913	100,133	129,534	
Less - allowance for doubtful accounts	(35,693)	(35,693)	(35,693)	(35,693)	
- allowance for loss on impairment of					
condominium units not used in operations	(6,679)	(5,407)	(6,679)	(5,407)	
Total	107,212	121,813	57,761	88,434	

Notes to the financial statements

For the years ended 31 December 2006 and 2005

The amortization charge included in the statement of income for the year ended 31 December 2006 was approximately Baht 1.8 million (2005: Baht 4.2 million) for the Group and Baht 1.8 million (2005: Baht 4.2 million) for the Company.

15 Interest-bearing liabilities

		Co	nsolidated	The	Company
	Note	2006	2005	2006	2005
			(in th	ousand Baht)	
Current					
Bank overdrafts					
- unsecured		78,041	101,054	47,809	72,684
4.15004.04		7 070 1 1	,	,003	, _, 00 .
Short-term loans from financial institutions					
- unsecured		682,316	905,631	577,316	845,631
		,		,	
Current portion of long-term loans					
- unsecured		174,508	157,569	167,500	108,333
				·	·
Current portion of debentures					
- unsecured		600,000	-	600,000	-
Short-term loans from related parties					
- unsecured	4	-	10,000	25,000	36,900
		1,534,865	1,174,254	1,417,625	1,063,548
	_				
Non-current					
Long-term loans from financial institutions					
- unsecured		330,557	364,167	302,565	364,167
Debentures					
- unsecured	_	1,000,000	1,600,000	1,000,000	1,600,000
	_	1,330,557	1,964,167	1,302,565	1,964,167
Total	_	2,865,422	3,138,421	2,720,190	3,027,715

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	Cor	nsolidated	The	The Company		
	2006	2006 2005		2005		
Within one year	1,534,865	1,174,254	1,417,625	1,063,548		
After one year but within five years	1,330,557	1,964,167	1,302,565	1,964,167		
Total	2,865,422	3,138,421	2,720,190	3,027,715		

Notes to the financial statements

For the years ended 31 December 2006 and 2005

The currency denomination of interest-bearing liabilities was as follows:

	Con	solidated	The	Company			
	2006	2005	2006	2005			
		(in thousa					
Thai Baht (THB)	2,865,422	3,103,186	2,720,190	3,027,715			
United States Dollars (USD)	-	35,235	-	-			
Total	2,865,422	3,138,421	2,720,190	3,027,715			

Bank overdrafts and short-term loans from financial institutions

Interest rates of bank overdrafts and short-term loans from financial institutions as at 31 December were as follows:

	Cons	The Co	mpany				
	2006	2005	2006	2005			
	Interset rate per annum (%)						
Bank overdrafts	7.00 - 8.75	7.00 - 8.25	7.00 - 8.75	7.00 - 8.25			
Short-term loans from financial institutions	3.25 - 6.89	3.25 - 6.75	3.25 - 6.75	3.25 - 6.75			

As at 31 December 2006, the Company and subsidiaries had overdraft lines and other credit facilities with certain local financial institutions totalling approximately Baht 2,838 million (2005: Baht 3,191 million) and Baht 2,528 million (2005: Baht 2,850 million) for the Company.

Long-term loans from financial institutions

Interest rates of long-term loans as at 31 December were as follows:

	Cons	Consolidated				
	2006	2005	2006	2005		
		Interset rate	per annum (%)	annum (%)		
Thai Baht loans	5.50 - 8.00	5.00 - 6.25	5.50 - 8.00	5.00 - 6.25		
United States Dollar loans	5.23 - 6.08	5.20	-	-		

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

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

Notes to the financial statements

For the years ended 31 December 2006 and 2005

Debentures

On 8 January 2004, the Company filed the securities offering statement and prospectus to The Office of the Securities and Exchange Commission to offer the public the following debentures:

1. Debenture of Nation Multimedia Group Public Company Limited no. 1/2547 > the first lot, maturity on 26 February 2007 of 600,000 debentures at Baht 1,000 face value, totalling Baht 600 million, which has a three-year-term, registered name form, unsecured, non-subordinated, with the representative of debenture holders and interest at the rate of 4.5% per annum. This debenture was entirely sold on 26 February 2004.

On 26 February 2007, the Company obtained loan from a local financial institution and issued promissory notes to local financial institutions to fully repay debenture and accrued interest.

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

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

As at 31 December 2006, the Group had unutilised credit facilities totalling Baht 1,573 million (2005: Baht 1,605 million).

16 Trade accounts payable

		C	onsolidated	The	Company			
	Note	2006	2005	2006	2005			
			(in thousand Baht)					
Trade accounts payable to related parties	4	981	574	179,893	155,923			
Trade accounts payable to other parties		172,554	208,930	56,354	124,560			
Total		173,535	209,504	236,247	280,483			

17 Other current liabilities

	Consc	olidated	The Company		
	2006 2009		2006	2005	
		(in tho	usand Baht)		
Accrued expenses	139,005	72,559	71,856	38,191	
Revenue Department payable	8,298	5,855	6,662	8,389	
Output vat payable	59,685	61,626	38,169	45,833	
Other payable	16,020	12,932	18,655	54,808	
Deposit and advance receipt	10,812	7,539	9,476	20,712	
Others	17,779	17,786	14,209	14,021	
Total	251,599	178,297	159,027	181,954	

Notes to the financial statements For the years ended 31 December 2006 and 2005

18 Other non-current liabilities

			C	onsolidated	The Company			
		200		2005	2006	2005		
				(in th	ousand Baht)			
	Deferred interest income from sale							
	and lease back		133,866	83,862	133,866	83,862		
	Accrued equipment rental			10,000		30,000		
	Total	_	133,866	93,862	133,866	113,862		
19	Share capital							
		Par		2006		2005		
		Value	Number	Baht	Number	Baht		
		(in Baht)		(thousand sha	res / thousand Ba	aht)		
	Authorised							
	At 1 January							
	- ordinary shares	10	250,000	2,500,000	250,000	2,500,000		
	At 31 December							
	- ordinary shares	10	250,000	2,500,000	250,000	2,500,000		
	town down diffellows and							
	Issued and fully paid							
	At 1 January	10	164740	1 6 47 490	162 201	1 622 012		
	- ordinary shares Issue of new shares	10 10	164,748 25	1,647,480 250	162,381	1,623,813		
	At 31 December	10	25		2,367	23,667		
	- ordinary shares	10	164,773	1,647,730	164,748	1,647,480		

Notes to the financial statements
For the years ended 31 December 2006 and 2005

20 Warrants

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

Description	The Shareholder Stock Option Plan No. 3	The Employee Stock Option Plan No. 3				
Approved resolution	At the ordinary shareholders' meeting held on 25 March 2002	At the ordinary shareholders' meeting held on 24 April 2006				
Type of warrants	No Value	No Value				
Propose to sell to	The Company's shareholders	Directors and employees at an Executive level of the Group				
Issued and sold quantities	39,426,525 units	16,000,000 units				
Exercise ratio	1 warrant to 1 common share	1 warrant to 1 common share				
Exercise price	Baht 14 per share	Baht 14 per share				
Term of warrants	Five years from the issuance date	Five years from the issuance date				
Exercise period	Every 3 months on 15 March, 15 June, 15 September and 15 December through the term of warrants (The first exercise date is 16 June 2003.)	Every 3 months on 15 March, 15 June, 15 September and 15 December through the term of warrants				

On 21 August 2002, the Company obtained an approval from the Stock Exchange of Thailand (SET) to offer the third warrants of the shareholder stock option plan no.3. (The Company's registration statement and draft prospectus would become effective on 22 August 2002.) On 23 August 2002, the Company issued and offered the said warrants to the existing shareholders in the registered records as of 14 June 2002. In this regard, the Company submitted for approval from SET to accept the said warrants as listed securities to be traded on 5 September 2002 onwards.

During 2006, holders of 25,000 units of warrants exercised their rights to purchase 25,000 common shares in the Company at Baht 14 per share, totalling Baht 350,000. The number of warrants outstanding as at 31 December 2006 is 38,989,710 units.

Up to 31 December 2006, the Company's shareholders had exercised 436,815 units of warrants to purchase common shares (totalling Baht 6.1 million). As a consequence of these exercises, the Company issued common shares of the Company to the Company's shareholders totalling 436,815 shares. In this regard, the Company incurred the net premium on share capital up to 31 December 2006 amounting to Baht 1.7 million and presented this in the account "Reserve for premium on common shares" in the consolidated balance sheet and the Company's balance sheet.

As at 31 December 2006, the Company had not obtained an approval from the Stock Exchange of Thailand to offer the third warrants of the employee stock option plan no.3.

To reserve for amount of the outstanding exercisable warrants as at 31 December 2006, the Company provided 38,989,710 common shares at Baht 10 par value.

Notes to the financial statements

For the years ended 31 December 2006 and 2005

21 Transfer of legal reserve and premium on share capital

In 2006, the Company transferred the legal reserve of Baht 20.8 million and a portion of premium on share capital of Baht 229.2 million to set off all of the accumulated losses of the Company brought forward as at 1 January 2006 totalling Baht 250.0 million. The transfer of legal reserve and premium on share capital was approved by the annual meeting of the shareholders of the Company on 24 April 2006 and was made in accordance with Section 119 of the Public Companies Act B.E. 2535.

22 Reserves

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Fair value changes

Fair value changes recognised in shareholders' equity relate to cumulative net changes in the fair value of available-for-sale investments until the investment is derecognised.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (clegal reserveé), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

23 Segment information

Segment information is presented in respect of the Group's business and geographic segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The Group comprises the following main business segments:

Segment 1 Publishing and advertising

Segment 2 Printing service Segment 3 Edutainment

Segment 4 Broadcasting and new media

Segment 5 Others

Geographic segments

Management considers that the Group operates in a single geographic area, namely in Thailand, and has, therefore, only one major geographic segment.

Notes to the financial statements For the years ended 31 December 2006 and 2005

Business segment results

Segme	nt 1	Segment 2	S	egment 3	9	Segment 4		Segment 5	El	iminations		Tota	al
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
					(in	million Baht	-)						
Revenue from sales and	2.466		205	4.40	265	2.47	404			(665)	(2.40)	2.04.4	2.070
rendering of services 2,317	2,468		305	440	265	247	181	-	-	(665)	(340)	2,914	2,879
Rental and service income 389	216	_	-	-	-	-	-	-	-	(350)	(180)	44	36
Interest income 33	20		-	-	-	3	2	1	2	(15)	(9)	24	15
Other income 122	509	9 7	5	12	13	18	6	-	-	(45)	9	114	542
Share of profits from investments accounted for													
using the equity method 28	45	5 -	_	_	_	_	4	_	_	(27)	(47)	1	2
Total revenue 2,889	3,258		310	452	278	268	193		2	(1,102)	(567)	3,097	3,474
Cost of sales and	3,230			732			133	<u>.</u>		(1,102)	(307)	3,037	
rendering of services 1,702	1,702	2 582	286	271	159	227	236	_	_	(1,017)	(513)	1,765	1,870
Selling and administrative	1,702	502	200	271	133	221	230			(1,017)	(313)	1,703	1,070
expenses 1,057	1,009	9 31	13	93	69	48	33	7	2	(27)	(18)	1,209	1,108
Allowance for doubtful	1,003	5 51	13	33	03	10	33	,	2	(27)	(10)	1,203	1,100
accounts 48	304	4 3	-	3	_	2	-	1	14	-	-	57	318
Allowance for obsolete stocks -	40) -	-	10	23	-	-	-	-	-	-	10	63
Share of losses from													
investments accounted for													
using the equity method 74	117	7 -	-	-	-	-	-	-	-	(74)	(117)	-	-
Total expenses 2,881	3,172	616	299	377	251	277	269	8	16	(1,118)	(648)	3,041	3,359
Profit (loss) before													
interest and income													
tax expenses 8	86	5 (27)	11	75	27	(9)	(76)	(7)	(14)	16	81	56	115
Interest expense (162)	(157) (5)	-	(3)	(4)	(16)	(9)	-	-	15	9	(171)	(161)
Income tax expense -	(261) -	(3)	(23)	(14)	(5)	(1)	-	-	-	-	(28)	(279)
Profit (loss) after tax (154)	(332	(32)	8	49	9	(30)	(86)	(7)	(14)	31	90	(143)	(325)
Net profit of minority													
interest -			-	-	-	-	-	-	-	(11)	(7)	(11)	(7)
Net profit (loss) (154)	(332	(32)	8	49	9	(30)	(86)	(7)	(14)	20	83	(154)	(332)

Nation Multimedia Group Public Company Limited and its Subsidiaries Notes to the financial statements For the years ended 31 December 2006 and 2005

Business segment financial position

Seg r 2006	ment	1 S	egment 2 2006	S 2005	egment 3 2006	2005	egment 4 2006	2005	Segment 5 2006	El i	iminations 2006	2005	Tot a 2006	a l 2005
						(in r	million Baht)							
Cash and cash equivalents 14		90	-	5	39	34	8	2	2	1	-	-	190	132
Short-term investments in fixed deposits	d -	_	_	_	_	1	_	_	-	_	-	_	_	1
	48	963	205	159	185	91	80	56	1	1	(245)	(216)	974	1,054
	18	65	7	1	10	3	13	8	-	-	-	-	48	77
Short-term loans to related														
parties 4!	57	356	-	-	25	-	-	40	-	27	(221)	(163)	261	260
Inventories 1	10	306	14	20	95	86	8	2	-	-	7	-	234	414
Other receivables from														
related parties 24	40	416	-	1	33	29	6	5	119	126	(264)	(316)	134	261
	68	123	24	15	28		4	9		2		15	224	164
Total current assets 1,88	82	2,319	250	201	415	244	119	122	122	157	(723)	(680)	2,065	2,363
D ()														
Prepayment for share		0.7										(07)		
subscription in subsidiary Investment accounted for	-	97	-	-	-	-	-	-	-	-	-	(97)	-	-
	96	495			59	_	15	50			(650)	(526)	20	19
Long-term investment in	50	433			33		13	50			(030)	(320)	20	13
3	12	9	_	_	_	_	_	_	_	6	_	_	12	15
Long-term investment in		3								Ü				
-	12	8	_	_	_	-	-	-	-	_	-	_	12	8
Property, plant and														
equipment 1,64	42	1,659	532	490	4	5	89	104	-	-	16	18	2,283	2,276
Unused building 2	75	300	-	-	-	-	-	-	-	-	-	-	275	300

Notes to the financial statements For the years ended 31 December 2006 and 2005

Business segment financial position

	Segmei	nt 1	Segment 2	9	Segment 3		Segment 4		Segment 5	El	Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
						(in	million Baht,)						
Accounts receivable														
under sale and lease back														
agreement	254	254	1 -	-	-	-	-	-	-	-	-	-	254	254
Intangible assets	87	96	<u> </u>	-	-	-	-	-	-	-	-	-	87	96
Other non-current assets	58	88	318	14		2	32	31	- _	1	(1)	(14)	107	-122
Total non-current assets	2,936	3,006	5 550	504	63	7	136	185	-	7	(635)	(619)	3,050	3,090
Total assets	4,818	5,325	800	705	478	251	255	307	122	164	(1,358)	(1,299)	5,115	5,453



Annual Poport 2006

Nation Multimedia Group Public Company Limited and its Subsidiaries Notes to the financial statements For the years ended 31 December 2006 and 2005

Business segment financial position

	Segmer	nt 1	Segment 2	Se	egment 3	Se	egment 4	:	Segment 5	El	iminations		Tota	al
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
						(in m	nillion Baht)							
Bank overdrafts and														
short-term loans from	١													
financial institutions	625	918	8 64	4	14	11	57	73	-	-	-	-	760	1,006
Trade accounts payable	e 236	281	145	160	187	194	39	44	74	80	(507)	(549)	174	210
Current portion of														
long-term loans	168	108	3 7	-	-	35	-	15	-	-	-	-	175	158
Current portion of														
debentures	600			-	-	-	-	-	-	-	-	-	600	-
Short-term loans														
from related parties	25	37	7 54	-	-	27	146	108	-	-	(225)	(162)	-	10
Income tax payable	-			3	14	13	1	-	-	-	-	-	15	16
Other current liabilities	159	182	2 29	30	60	12	20	20	-	1	(16)	(67)	252	178
Total current														
liabilities	1,813	1,526	299	197	275	292	263	260	74	81	(748)	(778)	1,976	1,578
Long-term loans fro														
financial institutions	302	364		-	-	-	-	-	-	-	-	-	330	364
Debentures	1,000	1,600	-	-	-	-	-	-	-	-	-	-	1,000	1,600
Other non-current														
liabilities _	134	114	<u> </u>	175								(195)	134	94
Total non-current														
liabilities	1,436	2,078		175	-			-		-		(195)	1,464	2,058
Total liabilities	3,249	3,604	327	372	275	292	263	260	74	81	(748)	(973)	3,440	3,636
Capital expenditure	42	164	71	501	2	_	8	32	_	_	_	(497)	123	200
Depreciation	110	149		12	2	2	24	25	-	_	-	-	166	188
Amortisation	21	2		-	-	-	2	-	-	_	-	-	23	2
Gain on disposal of ass		321		-	1	-	-	-	-	-	-	-	6	321

Nation Multimedia Group Public Company Limited and its Subsidiaries Notes to the financial statements For the years ended 31 December 2006 and 2005

24 Advance receipt from share subscription

Further to the resolution passed at the Company's Management Committee's Meeting No.11/2005, held on 27 December 2005, it was resolved to increase the share capital of a subsidiary, WPS (Thailand) Co., Ltd., from Baht 325 million (32,500,000 shares at Baht 10par value) to Baht 500 million (50,000,000 shares at Baht 10 par value). This capital increase is undertaken according to the resolution of the Company's Board of Director Meeting No.5/2005, held on 11 November 2005, which resolved to authorise the Management Committee to determine the relevant conditions and details relating to the transaction. The Company agreed to exercise the rights to acquire 9,750,000 shares at par value of Baht 10 per share in total amounting to Baht 97.5 million. The subsidiary will allocate the remaining shares of 7,750,000 shares at Baht 10 per share in total amount of Baht 77.5 million to 7 strategic partners, which are unrelated individuals. During 2005, the Company and the strategic partners paid share subscriptions totalling Baht 175 million.

As at 31 December 2005, the Company recorded the purchase of share amount of Baht 97.5 million as "Prepayment for share subscription in subsidiary" under "Non-current assetsé in the Company's balance sheet and recorded proceeds from share subscription amounting to Baht 77.5 million as "Advance receipt from share subscription" under "Shareholders' equity" in the consolidated balance sheet. The subsidiary registered the increase in authorized share capital with the Ministry of Commerce on 13 January 2006.

25 Selling and administrative expenses

	Consolidated The Company			ompany		
	2006	2005	2006	2005		
		(in thou	usand Baht)			
Distribution	159,635	155,018	155,257	146,100		
Marketing	196,713	226,620	176,631	196,222		
Personnel	384,783	372,643	323,329	324,797		
Administrative	226,262	218,886	197,244	187,097		
Depreciation	107,645	102,370	99,183	99,374		
Employee retirement benefits	41,309	21,771	38,217	21,771		
Accounts receivable and accrued						
income written-off	11,503	-	10,796	-		
Others	66,507	10,511	57,008	31,589		
Total	1,194,357	1,107,819	1,057,665 1,006,9			

26 Personnel expenses

	Consolidated		The Company	
	2006	2005	2006	2005
		(in thous	sand Baht)	
Wages and salaries	606,691	620,452	472,681	498,677
Contribution to defined contribution plans	31,635	30,726	25,087	25,272
Others	186,626	131,807	134,773	107,572
Total	824,952	782,985	632,541	631,521
		(number of	employees)	
Number of employees as at 31 December	1,998	2,220	1,449	1,564

Notes to the financial statements

For the years ended 31 December 2006 and 2005

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rate of 5% of their basic salaries and by the Group from 5% to 7.5% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

27 Interest expense

	Cons	Consolidated		Company
	2006	2005	2006	2005
		(in tho	usand Baht)	
Interest paid and payable to:				
- related parties	357	300	1,673	1,914
- financial institutions	171,110	160,302	160,476	154,664
Total	171,467	160,602	162,149	156,578

28 Income tax

	Consolidated		The	Company	
	2006	2005	2006	2005	
		(in thousan			
Current tax expense	27,532	146,909	-	128,231	
Under provided in prior year	-	132,452	-	132,452	
Total	27,532	279,361		260,683	

Income tax reduction

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the five consecutive accounting periods beginning on or after enactment. The Company has, accordingly, calculated income tax on the portion of its taxable profit for the years ended 31 December 2006 and 2005 not exceeding Baht 300 million at the 25% corporate income tax rate.

29 Loss per share

Basic loss per share

The calculation of basic loss per share for the year ended 31 December 2006 was based on the loss attributable to ordinary shareholders of Baht 154.2 million (2005: net loss Baht 332.1 million) and the weighted average number of shares outstanding during the year of 164,767 thousand shares (2005: 163,657 thousand shares), calculated as follows:

Loss attributable to ordinary shareholders (basic)

	Cons	solidated The C		Company		
	2006	2005	2006	2005		
	(in thousand Baht)					
Loss attributable to ordinary						
shareholders (basic)	(154,222)	(332,071)	(154,222)	(332,071)		

Notes to the financial statements For the years ended 31 December 2006 and 2005

Weighted average number of ordinary shares (basic)

	Consolidated		The Co	mpany
	2006	2005	2006	2005
		(in thous	and shares)	
Issued ordinary shares at 1 January	164,748	162,381	164,748	162,381
Effect of shares issued during the year	19	1,276	19	1,276
Weighted average number of ordinary				
shares (basic)	164,767	163,657	164,767	163,657

Diluted loss per share

The calculation of diluted loss per share for the year ended 31 December 2006 was based on loss attributable to ordinary shareholders of Baht 154.2 million (2005: net loss Baht 332.1 million) and the weighted average number of ordinary shares outstanding during the year of 164,767 thousand shares (2005: 163,657 thousand shares), calculated as follows:

Loss attributable to ordinary shareholders (diluted)

	Cons	solidated	The Company		
	2006	2005	2006	2005	
		(in thou	sand Baht)		
Loss attributable to ordinary					
shareholders (diluted)	(154,222)	(332,071)	(154,222)	(332,071)	
Weighted average number of ordinary shares (diluted)					
	Consolidated The C			Company	
	2006	2005	2006	2005	
		(in thou	sand shares)		
Weighted average number of ordinary shares (basic)	164,767	163,657	164,767	163,657	
Effect of shares options on issue	_	<u>-</u>	<u>-</u>		
Weighted average number of ordinary					
shares (diluted)	164,767	163,657	164,767	163,657	

30 Dividends

At the annual general meeting of the shareholders of the Company, held on 25 April 2005, the shareholders approved the appropriation of dividends of Baht 0.45 per share, amounting to Baht 73.0 million, from the net profit of 2004. On 13 September2004, the dividend payment for the operating results from 1 January 2004 to 30 June 2004 had already made of Baht 0.25 per sharetotalling Baht 40.5 million (162,250,368 shares). Consequently, the Company distributed the dividend of Baht 0.20 per share, totalling Baht 32.5 million (162,688,618 shares) for the operating results from 1 July 2004 to 31 December 2004. The dividend was paid to shareholders on 29 May 2005.

Notes to the financial statements

For the years ended 31 December 2006 and 2005

31 Other income

	Cons	olidated	The	Company
	2006	2005	2006	2005
		(in tho	usand Baht)	
Transportation and distribution income	39,976	31,511	39,976	31,511
Income from sale of supplies	20,027	22,675	13,653	19,902
Office facilities and service income	3,190	2,022	33,641	13,484
Others	35,365	44,453	30,602	22,826
Total	98,558	100,661	117,872	87,723

32 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not issue derivative financial instruments for speculative or trading purposes.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (Note 15).

The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

As at 31 December 2006 and 2005, the Company and subsidiaries had financial assets and financial liabilities exposed to interest rate risk as follows:

	Consolidated							
	Floating	Fixed Ir	nterest rate maturing	in:		Average in	terest rate	
	interest	1 year or	over 1 to	more thar	า	Floating	Fixed	
	rate	less	5 years	5 years	Total	rate	rate	
		(in	thousand Baht)			(% per	annum)	
2006								
 Financial assets 								
- Deposits at financial institutions	114,263	-	-	-	114,263	0.75 - 1.00	-	
 Financial liabilities 								
- Bank overdrafts	78,041	-	-	-	78,041	7.00 - 8.75	-	
- Short-term loans from financial								
institutions	682,316	-	-	-	682,316	3.25 - 6.89	-	
 Long-term loans from financial 								
institutions	505,065	-	-	-	505,065	5.50 - 8.00	-	
- Debentures	-	600,000	-	-	600,000	-	4.50	
- Debentures	-	-	1,000,000	-	1,000,000	-	5.25	
2005								
 Financial assets 								
- Deposits at financial institutions	76,861	-	-	-	76,861	0.75 - 1.00	-	
 Financial liabilities 								
- Bank overdrafts	101,054	-	-	-	101,054	5.75 - 7.00	-	
- Short-term loans from financial								
institutions	905,631	-	-	-	905,631	2.30 - 3.94	-	
- Long-term loans from financial								
institutions	521,736	-	-	-	521,736	3.35 - 5.50	-	
- Debentures	-	-	600,000	-	600,000	-	4.50	
- Debentures	-	-	1,000,000	-	1,000,000	-	5.25	

Nation Multimedia Group Public Company Limited and its Subsidiaries Notes to the financial statements

For the years ended 31 December 2006 and 2005

			1	The Comp	any		
	Floating	Fixed I	nterest rate maturing	g in:		Average i	nterest rate
	interest	1 year or	over 1 to	more tha	n	Floating	Fixed
	rate	less	5 years	5 years	Total	rate	rate
		(in	thousand Baht)			(% per	annum)
2006							
Financial assets							
- Deposits at financial institutions	66,171			_	66,171	0.75 - 1.00	
Financial liabilities	00,171				00,171	0.73 - 1.00	
- Bank overdrafts	47,809	_	_	_	47,809	7.00 - 8.75	_
- Short-term loans from financial	47,003				47,003	7.00 0.73	
institutions	577,316	_	_	_	577,316	3.25 - 6.75	_
- Long-term loans from financial	377,310				377,310	5.25 0.75	
institutions	470,065	_	_	_	470,065	5.50 - 8.00	_
- Debentures	-	600,000	_	_	600,000	3.30 0.00	4.50
- Debentures	_	-	1,000,000	_	1,000,000	_	5.25
2005			1,000,000		1,000,000		3.23
Financial assets							
- Deposits at financial institutions	105	_	_	_	105	0.75 - 1.00	_
Financial liabilities	103				103	0.75 1.00	
- Bank overdrafts	72,684	_	_	_	72,684	5.75 - 7.00	_
- Short-term loans from financial	72,001				72,001	3.73 7.00	
institutions	845,631	_	-	_	845,631	2.30 - 3.94	_
- Long-term loans from financial	0 13,03 1				0 15,05 1	2.30 3.31	
institutions	472,500	_	_	_	472,500	4.30 - 5.50	_
- Debentures	-	_	600.000	_	600,000	-	4.50
- Debentures	-	_	1,000,000	_	1,000,000	_	5.25
			, ,		, ,		

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the balance sheet date also relate to anticipated purchases, denominated in foreign currencies, for the subsequent period.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Notes to the financial statements

For the years ended 31 December 2006 and 2005

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Group takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

Debentures have bore a fixed rate of interest. The fair value of these liabilities is estimated using the discounted cash flow model based on the average interest rates currently being offered for loans with similar terms to borrowers of similar credit quality, which are presented below:

	2006		2005		
	Carrying	Fair	Carrying	Fair	
	amount	value	amount	value	
	(in million Baht)				
Debentures	600	597	600	592	
Debentures	1,000	963	1,000	988	
Total	1,600	1,560	1,600	1,580	

33 Commitments

a) Operating lease commitments

	Consolidated		The Company		
	2006	2005	2006	2005	
	(in thousand Baht)				
Non-cancellable operating lease					
commitments					
Within one year	291,997	310,292	291,997	310,292	
After one year but within five years	738,122	1,036,573	738,122	1,036,573	
Total	1,030,119	1,346,865	1,030,119	1,346,865	

b) As at 31 December 2006, the Company had forward contracts with several local banks totalling of U.S. Dollars 6.9 million against Baht 245.0 million.

34 Contingent liabilities

As at 31 December 2006,

- a) The Company had unused letter of credit amounting to approximately Baht 43.3 million.
- b) The Company and subsidiaries were contingently liable for letters of guarantee issued by local banks to government agencies totalling approximately Baht 9.0 million and Baht 1.1 million, respectively.

Nation Multimedia Group Public Company Limited and its Subsidiaries Notes to the financial statements For the years ended 31 December 2006 and 2005

35 New and revised accounting standards not yet adopted

On 11 October 2006, the Federation of Accounting Professions (FAP) announced that the Thai Accounting Standard No. 44 (TAS No. 44) "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" is to be revised. FAP announcement No. 26/2006 requires a parent company which has investments in a subsidiary company, an entity under joint control, or an associate company, which is not classified as a "held for sale" investment, to record such investment in accordance with either the cost method or with the recognition and measurement basis for financial instruments (when an announcement is made), instead of the equity method currently used. This revision to TAS No. 44 is applicable to financial statements covering periods beginning on or after 1 January 2007, with early adoption encouraged.

The Company proposes to adopt the change in accounting treatment for its investments in subsidiary companies, jointly controlled entities and associate companies for the Company's 2007 financial statements. The change in accounting treatment will be applied retrospectively and the Company's 2006 financial statements, which will be included in the Company's 2007 financial statements for comparative purposes, will be restated accordingly. The effect of the change on the Company's financial statements has not presently been determined by management. The consolidated financial statements of the Group will not be affected by the change.

36 Reclassification of accounts

Certain accounts in the 2005 financial statements have been reclassified to conform with the presentation in the 2006 financial statements.

Other Reference Persons

(1) Security Registrar (Common Share)

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(2) Certified Public Accountant

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2. Ms. Nittaya Chetchotiros Registration No. 4439 and/or

3. Mr. Thirdthong Thepmongkorn

Registration No. 3787

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Audit Fee

- 1. The audit fee of the Company and subsidiaries for the year 2006 is Bt 3,860,000
- 2. Non-audit fee
- -None-

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