

**Nation Multimedia Group Public Company Limited
and its Subsidiaries**

Annual financial statements
and
Audit Report of Certified Public Accountant

For the years ended
31 December 2006 and 2005

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

Nation Multimedia Group Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2006 and 2005

Assets	Note	Consolidated		The Company	
		2006	2005	2006	2005
		<i>(in Baht)</i>			
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	974,456,852	1,053,709,884	748,207,411	963,422,877
Accrued income		48,554,123	76,200,468	18,183,483	64,430,868
Short-term loans to related parties	4	260,898,464	260,789,150	456,557,786	356,289,150
Inventories	7	234,444,112	414,103,754	109,701,888	306,360,606
Other receivables from related parties	4	132,508,094	261,622,888	240,750,074	415,722,676
Other current assets	8	223,573,898	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
Long-term investments in related parties	4, 10	11,610,927	15,327,473	11,610,927	9,235,732
Long-term investments in other parties	11	12,276,996	7,728,355	12,276,996	7,728,355
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	274,659,645	300,190,028
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

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

Nation Multimedia Group Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2006 and 2005

Liabilities and shareholders' equity	Note	Consolidated		The Company	
		2006	2005	2006	2005
		(in Baht)			
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	133,866,160	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
Shareholders' equity					
Share capital	19				
Authorised share capital		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	1,647,729,960	1,647,479,960
Warrants	20	-	-	-	-
Reserves	19, 22				
Share premium		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)					
Appropriated for legal reserve	22	-	20,793,702	-	20,793,702
Deficit		(154,221,848)	(249,964,862)	(154,221,848)	(249,964,862)
Total equity attributable to the Company's shareholders		1,568,439,415	1,720,768,693	1,568,439,415	1,720,768,693
Advance receipt from share subscription	24	-	77,500,000	-	-
Minority interest		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 an 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

		Consolidated		The Company	
	Note	2006	2005	2006	2005
		(in Baht)			
Revenues					
Revenue from sale of goods and rendering of services	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		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		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 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)
Diluted		(0.94)	(2.03)	(0.94)	(2.03)

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

Nation Multimedia Group Public Company Limited and its Subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2006 and 2005

	<i>Note</i>	<i>Reserves</i>			Consolidated <i>Retained earnings (deficit)</i>		Total equity attributable to the Company's shareholders	Advanced receipts from share subscription	Minority interest	Total shareholders' equity
		Issued and paid-up share capital	Share premium (discount)	Fair value changes	Legal reserve	Unappropriated (in Baht)				
Balance at 1 January 2005		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
Changes in shareholders' 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		-	-	(95,194,818)	-	-	(95,194,818)	-	-	(95,194,818)
Net profit (loss)		-	-	-	-	(332,070,583)	(332,070,583)	-	6,944,293	(325,126,290)
Total recognised income and expenses		-	-	(95,194,818)	-	(332,070,583)	(427,265,401)	-	6,944,293	(420,321,108)
Dividends	30	-	-	-	-	(32,537,714)	(32,537,714)	-	-	(32,537,714)
Issue of share capital	19, 20, 22	23,667,130	(1,126,948)	-	-	-	22,540,182	-	-	22,540,182
Legal reserve increase	22	-	-	-	7,565,802	(7,565,802)	-	-	-	-
Advanced receipts from share subscription	24	-	-	-	-	-	-	77,500,000	-	77,500,000
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	77,500,000	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	-	-	1,542,570
Net income recognised directly in shareholders' equity		-	-	1,542,570	-	-	1,542,570	-	-	1,542,570
Net profit (loss)		-	-	-	-	(154,221,848)	(154,221,848)	-	10,959,889	(143,261,959)
Total recognised income and 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 2006		1,647,729,960	115,558,105	(40,626,802)	-	(154,221,848)	1,568,439,415	-	106,597,934	1,675,037,349

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

Nation Multimedia Group Public Company Limited and its Subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2006 and 2005

		The Company						
		Reserves			Retained earnings (deficit)			
	Note	Issued and paid-up share capital	Share premium (discount)	Fair value changes	Legal reserve	Unappropriated	Total shareholders' equity	
		(in Baht)						
Balance at 1 January 2005		1,623,812,830	345,756,213	53,025,446	13,227,900	122,209,237	2,158,031,626	
Changes in shareholders' equity for 2005								
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	-	-	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			-	-	1,542,570	-	-	1,542,570
Net income recognised directly in shareholders' equity			-	-	1,542,570	-	-	1,542,570
Net loss			-	-	-	-	(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

The accompanying notes are an 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

	Consolidated		The Company	
	2006	2005	2006	2005
	(in Baht)			
<i>Cash flows from operating activities</i>				
Net loss	(154,221,848)	(332,070,583)	(154,221,848)	(332,070,583)
<i>Adjustments for</i>				
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 parties	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
<i>Changes in operating assets and liabilities</i>				
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 parties	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 an 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

	Consolidated		The Company	
	2006	2005	2006	2005
	(in Baht)			
<i>Cash flows from investing activities</i>				
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 investments 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
<i>Cash flows from financing activities</i>				
Dividends paid	-	(32,537,714)	-	(32,537,714)
Bank overdrafts and short-term loans from financial institutions	(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	22,540,182	350,000	22,540,182
Advance receipt from share subscription	-	77,500,000	-	-
Net cash used in financing activities	(272,648,108)	(722,179,196)	(307,175,690)	(788,078,759)
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

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.

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

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

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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

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 Company’s subsidiaries are as follows:

	Type of business	Country of incorporation	Ownership interest 2006	2005
			(%)	
<i>Direct subsidiaries</i>				
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
<i>Indirect subsidiaries</i>				
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.

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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.

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(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.

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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.

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(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.

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(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.

(l) 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.

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(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 for its intended use or sale. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

(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 institutions

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

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
Revenues				
<i>Sales, services and other income</i>				
<i>Subsidiaries</i>				
- 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
<i>Associate</i>				
- Yomiuri-Nation Information Service Limited	870	870	870	870
Total	870	870	393,144	251,092

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	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
Interest income				
<i>Subsidiaries</i>				
- 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	-
<i>Related parties</i>				
- Others	2,504	248	2,458	248
Total	2,504	248	13,284	5,248
Expenses				
Printing and cost of service				
<i>Subsidiaries</i>				
- 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				
<i>Related party</i>				
- Nation Properties Co., Ltd.	61,689	40,773	60,808	39,577
Interest expense				
<i>Subsidiaries</i>				
- Nation Information Technology Co., Ltd.	-	-	1,207	1,614
- Nation Books International Co., Ltd.	-	-	109	-
<i>Associate</i>				
- Yomiuri-Nation Information Service Limited	357	300	357	300
Total	357	300	1,673	1,914

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

Trade accounts receivable

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
<i>Subsidiaries</i>				
- 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
<i>Related parties</i>				
- 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		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
<i>Subsidiaries</i>				
- Nation Edutainment Co., Ltd.	-	-	-	27,500
- Nation Broadcasting Corporation Limited	-	-	141,769	68,000
- WPS (Thailand) Co., Ltd.	-	-	54,000	-
<i>Related parties</i>				
- 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

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

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
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

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
<i>Subsidiaries</i>				
- 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
<i>Less</i>				
- allowance for doubtful accounts	(250,669)	(255,049)	(237,486)	(241,866)
- allowance for loss from investments in subsidiaries recorded by the equity method (Note 9)	-	-	(12,000)	(11,564)
Total	132,508	261,623	240,750	415,723

Prepayment for share subscription in subsidiary

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
<i>Subsidiary</i>				
- WPS (Thailand) Co., Ltd.	-	-	-	97,500

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Trade accounts payable

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
<i>Subsidiaries</i>				
- 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	-
<i>Related parties</i>				
- 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		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
<i>Subsidiary</i>				
- Nation Information Technology Co., Ltd.	-	-	-	26,900
- Nation Books International Co., Ltd.	-	-	25,000	-
<i>Associate</i>				
- 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		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
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.

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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:

<u>Lease fees in year</u>	<u>In thousand Baht</u>
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 venture's 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

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
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

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6 Trade accounts receivable

		Consolidated		The Company	
	<i>Note</i>	2006	2005	2006	2005
		<i>(in thousand Baht)</i>			
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

		Consolidated		The Company	
		2006	2005	2006	2005
		<i>(in thousand Baht)</i>			
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		The Company	
		2006	2005	2006	2005
		<i>(in thousand Baht)</i>			
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

		Consolidated		The Company	
		2006	2005	2006	2005
		<i>(in thousand Baht)</i>			
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

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8 Other current assets

	Consolidated		The Company	
	2006	2005	2006	2005
		<i>(in thousand Baht)</i>		
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

	Consolidated		The Company	
	2006	2005	2006	2005
		<i>(in thousand Baht)</i>		
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:

		Consolidated		The Company	
	<i>Note</i>	2006	2005	2006	2005
			<i>(in thousand Baht)</i>		
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		19,804	18,944	580,492	411,027

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

	Consolidated							
	Ownership interest		Paid-up capital		Cost method		Equity method	
	2006	2005	2006	2005	2006	2005	2006	2005
	(%)				(in thousand Baht)			
Associate								
- Yomiuri – Nation Information Service Limited	44.98	44.98	1,000	1,000	<u>450</u>	<u>450</u>	<u>19,804</u>	<u>18,944</u>

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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.

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10 Long-term investments in related parties

Consolidated								
	Nature of business	Relationship	Ownership interest		Paid-up capital		Amount	
			2006	2005	2006	2005	2006	2005
			(%)		(in thousand 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

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	Nature of business	Relationship	The Company					
			Ownership interest		Paid-up capital		Amount	
			2006	2005	2006	2005	2006	2005
			(%)		(in thousand 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
- 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
							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.

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11 Long-term investments in other companies

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

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12 Property, plant and equipment

	Land and improvements	Building and improvements	Leasehold improvements	Machinery and equipment (in thousand Baht)	Consolidated Furniture, fixtures and office equipment	Transportation equipment	Asset under construction and installation	Total
Cost								
At 1 January 2005	599,334	1,670,118	23,766	993,698	826,733	91,307	241,541	4,446,497
Additions	1,381	5,904	2,346	-	45,884	3,914	140,181	199,610
Transfers, net	6,113	(6,113)	43	-	-	-	(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 depreciation								
At 1 January 2005	2,863	250,355	11,602	291,685	616,814	51,103	-	1,224,422
Depreciation charge for the 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 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

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	The Company							
	Land and improvements	Building and improvements	Leasehold improvements	Machinery and equipment (in thousand Baht)	Furniture, fixtures and office equipment	Transportation equipment	Asset under construction and installation	Total
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 depreciation								
At 1 January 2005	2,863	250,355	2,798	291,685	472,565	49,646	-	1,069,912
Depreciation charge for the 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 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 Company's balance sheets, but these items were still in active use at the year end.

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13 Gain on sales of property, plant and equipment

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
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 "Gain on sales of property, plant and equipment" in the consolidated statement of income and the Company's 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 "Other non-current liabilities" 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

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
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
<i>Less</i>				
- 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

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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 1.7 million) for the Company.

15 Interest-bearing liabilities

		Consolidated		The Company	
	<i>Note</i>	2006	2005	2006	2005
		<i>(in thousand Baht)</i>			
Current					
Bank overdrafts					
- unsecured		78,041	101,054	47,809	72,684
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
		<u>1,534,865</u>	<u>1,174,254</u>	<u>1,417,625</u>	<u>1,063,548</u>
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
		<u>1,330,557</u>	<u>1,964,167</u>	<u>1,302,565</u>	<u>1,964,167</u>
Total		<u>2,865,422</u>	<u>3,138,421</u>	<u>2,720,190</u>	<u>3,027,715</u>

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

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
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	<u>2,865,422</u>	<u>3,138,421</u>	<u>2,720,190</u>	<u>3,027,715</u>

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

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	2,865,422	3,103,186	2,720,190	3,027,715
United States Dollars (USD)	-	35,235	-	-
Total	<u>2,865,422</u>	<u>3,138,421</u>	<u>2,720,190</u>	<u>3,027,715</u>

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:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>Interest rate per annum (%)</i>			
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:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>Interest rate per annum (%)</i>			
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.

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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

		Consolidated		The Company	
	<i>Note</i>	2006	2005	2006	2005
		<i>(in thousand Baht)</i>			
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

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
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

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18 Other non-current liabilities

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
Deferred interest income from sale and lease back	133,866	83,862	133,866	83,862
Accrued equipment rental	-	10,000	-	30,000
Total	<u>133,866</u>	<u>93,862</u>	<u>133,866</u>	<u>113,862</u>

19 Share capital

	Par Value (in Baht)	2006 Number	2006 Baht	2005 Number	2005 Baht
		<i>(thousand shares / thousand Baht)</i>			
Authorised					
At 1 January					
- ordinary shares	10	<u>250,000</u>	<u>2,500,000</u>	<u>250,000</u>	<u>2,500,000</u>
At 31 December					
- ordinary shares	10	<u>250,000</u>	<u>2,500,000</u>	<u>250,000</u>	<u>2,500,000</u>
Issued and fully paid					
At 1 January					
- ordinary shares	10	164,748	1,647,480	162,381	1,623,813
Issue of new shares	10	<u>25</u>	<u>250</u>	<u>2,367</u>	<u>23,667</u>
At 31 December					
- ordinary shares	10	<u>164,773</u>	<u>1,647,730</u>	<u>164,748</u>	<u>1,647,480</u>

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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.

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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 (“legal reserve”), 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:

<i>Segment 1</i>	Publishing and advertising
<i>Segment 2</i>	Printing service
<i>Segment 3</i>	Edutainment
<i>Segment 4</i>	Broadcasting and new media
<i>Segment 5</i>	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.

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Business segment results

	Segment 1		Segment 2		Segment 3		Segment 4		Segment 5		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	<i>(in million Baht)</i>													
Revenue from sales and														
rendering of services	2,317	2,468	575	305	440	265	247	181	-	-	(665)	(340)	2,914	2,879
Rental and service income	389	216	5	-	-	-	-	-	-	-	(350)	(180)	44	36
Interest income	33	20	2	-	-	-	3	2	1	2	(15)	(9)	24	15
Other income	122	509	7	5	12	13	18	6	-	-	(45)	9	114	542
Share of profits from														
investments accounted for														
using the equity method	28	45	-	-	-	-	-	4	-	-	(27)	(47)	1	2
Total revenue	2,889	3,258	589	310	452	278	268	193	1	2	(1,102)	(567)	3,097	3,474
Cost of sales and rendering														
of services	1,702	1,702	582	286	271	159	227	236	-	-	(1,017)	(513)	1,765	1,870
Selling and administrative														
expenses	1,057	1,009	31	13	93	69	48	33	7	2	(27)	(18)	1,209	1,108
Allowance for doubtful														
accounts	48	304	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	-	-	-	-	-	-	-	-	(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	(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)

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Business segment financial position

	Segment 1		Segment 2		Segment 3		Segment 4		Segment 5		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	<i>(in million Baht)</i>													
Cash and cash equivalents	141	90	-	5	39	34	8	2	2	1	-	-	190	132
Short-term investments in fixed deposits	-	-	-	-	-	1	-	-	-	-	-	-	-	1
Trade Accounts receivable	748	963	205	159	185	91	80	56	1	1	(245)	(216)	974	1,054
Accrued income	18	65	7	1	10	3	13	8	-	-	-	-	48	77
Short-term loans to related parties	457	356	-	-	25	-	-	40	-	27	(221)	(163)	261	260
Inventories	110	306	14	20	95	86	8	2	-	-	7	-	234	414
Other receivables from related parties	240	416	-	1	33	29	6	5	119	126	(264)	(316)	134	261
Other current assets	168	123	24	15	28	-	4	9	-	2	-	15	224	164
Total current assets	1,882	2,319	250	201	415	244	119	122	122	157	(723)	(680)	2,065	2,363
Prepayment for share subscription in subsidiary	-	97	-	-	-	-	-	-	-	-	-	(97)	-	-
Investment accounted for using the equity method	596	495	-	-	59	-	15	50	-	-	(650)	(526)	20	19
Long-term investment in related parties	12	9	-	-	-	-	-	-	-	6	-	-	12	15
Long-term investment in other parties	12	8	-	-	-	-	-	-	-	-	-	-	12	8
Property, plant and equipment	1,642	1,659	532	490	4	5	89	104	-	-	16	18	2,283	2,276
Unused building	275	300	-	-	-	-	-	-	-	-	-	-	275	300

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Business segment financial position

	Segment 1		Segment 2		Segment 3		Segment 4		Segment 5		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	<i>(in million Baht)</i>													
Accounts receivable under sale and lease back agreement	254	254	-	-	-	-	-	-	-	-	-	-	254	254
Intangible assets	87	96	-	-	-	-	-	-	-	-	-	-	87	96
Other non-current assets	58	88	18	14	-	2	32	31	-	1	(1)	(14)	107	122
Total non-current assets	2,936	3,006	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

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<i>Business segment financial position</i>	Segment 1		Segment 2		Segment 3		Segment 4		Segment 5		Eliminations		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	<i>(in million Baht)</i>													
Bank overdrafts and short-term loans from financial institutions	625	918	64	4	14	11	57	73	-	-	-	-	760	1,006
Trade accounts payable	236	281	145	160	187	194	39	44	74	80	(507)	(549)	174	210
Current portion of long-term loans	168	108	7	-	-	35	-	15	-	-	-	-	175	158
Current portion of debentures	600	-	-	-	-	-	-	-	-	-	-	-	600	-
Short-term loans from related parties	25	37	54	-	-	27	146	108	-	-	(225)	(162)	-	10
Income tax payable	-	-	-	3	14	13	1	-	-	-	-	-	15	16
Other current liabilities	159	182	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 from financial institutions	302	364	28	-	-	-	-	-	-	-	-	-	330	364
Debentures	1,000	1,600	-	-	-	-	-	-	-	-	-	-	1,000	1,600
Other non-current liabilities	134	114	-	175	-	-	-	-	-	-	-	(195)	134	94
Total non-current liabilities	1,436	2,078	28	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	30	12	2	2	24	25	-	-	-	-	166	188
Amortisation	21	2	-	-	-	-	2	-	-	-	-	-	23	2
Gain on disposal of assets	4	321	1	-	1	-	-	-	-	-	-	-	6	321

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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 10 par 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 assets" 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	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
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	1,006,950

26 Personnel expenses

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
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

	<i>(number of employees)</i>			
Number of employees as at 31 December	1,998	2,220	1,449	1,564

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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

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
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
	<i>(in thousand Baht)</i>			
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)

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
Loss attributable to ordinary shareholders (basic)	(154,222)	(332,071)	(154,222)	(332,071)

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Weighted average number of ordinary shares (basic)

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand shares)</i>			
Issued ordinary shares at 1 January	164,748	162,381	164,748	162,381
Effect of shares issued during the year	<u>19</u>	<u>1,276</u>	<u>19</u>	<u>1,276</u>
Weighted average number of ordinary shares (basic)	<u>164,767</u>	<u>163,657</u>	<u>164,767</u>	<u>163,657</u>

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)

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
Loss attributable to ordinary shareholders (diluted)	<u>(154,222)</u>	<u>(332,071)</u>	<u>(154,222)</u>	<u>(332,071)</u>

Weighted average number of ordinary shares (diluted)

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand shares)</i>			
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>	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares (diluted)	<u>164,767</u>	<u>163,657</u>	<u>164,767</u>	<u>163,657</u>

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 September 2004, the dividend payment for the operating results from 1 January 2004 to 30 June 2004 had already made of Baht 0.25 per share totalling 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.

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31 Other income

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
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				Average interest rate	
	Floating interest rate	Fixed Interest rate maturing in:			Floating rate	Fixed rate
		1 year or less	over 1 to 5 years	more than 5 years	Total	
		<i>(in thousand Baht)</i>				<i>(% per annum)</i>
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	-
- Debentures	-	-	1,000,000	-	1,000,000	-
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	-
- Debentures	-	-	1,000,000	-	1,000,000	-

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	The Company						
	Floating interest rate	Fixed Interest rate maturing in:			Total	Average interest rate	
		1 year or less	over 1 to 5 years	more than 5 years		Floating rate	Fixed rate
2006							
• Financial assets							
- Deposits at financial institutions	66,171	-	-	-	66,171	0.75 - 1.00	-
• Financial liabilities							
- Bank overdrafts	47,809	-	-	-	47,809	7.00 - 8.75	-
- Short-term loans from financial institutions	577,316	-	-	-	577,316	3.25 - 6.75	-
- Long-term loans from financial institutions	470,065	-	-	-	470,065	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	105	-	-	-	105	0.75 - 1.00	-
• Financial liabilities							
- Bank overdrafts	72,684	-	-	-	72,684	5.75 - 7.00	-
- Short-term loans from financial institutions	845,631	-	-	-	845,631	2.30 - 3.94	-
- Long-term loans from financial 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.

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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 amount	Fair value (in million Baht)	Carrying amount	Fair value
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)			
<i>Non-cancellable operating lease commitments</i>				
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.

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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.