The Results of the Consolidated Financial Statements

The consolidated financial statements of Nation Multimedia Group Public Company Limited and its subsidiaries for the year ended 31 December 2007 represented a profit from operating before income tax and share of losses from associates of Baht 107.23 million. An inclusion of income tax of Baht 57.81 million (not included tax from machinery sold of Baht 6.44 million) , share of losses from associates of Baht 46.43 million, realized gain from machinery sold net of tax of Baht 32.48 million, bad debt and allowance for doubtful debt of trades and related parties according to the policy to adjust the set up rate of allowance for doubtful debt and obsolete stock total of Baht 210.77 million, allowance for impairment of investment , property, plant and equipment total of Baht 615.88 million and compensation for early retirement of Baht 6.33 million would be resulted in net loss of Baht 797.51 million comparing to last year which showed a net loss of Baht 154.22 million.

However, the above allowances and impairments reflected only on accounting transactions but did not have any effects on the company's cash flow. The cash flow from operating activities for the year 2007 increased Baht 150.77 million, from Baht 349.76 million in 2006 to Baht 500.53 million in 2007. The significance of company's operation results are summarized as follows:

1. Revenue from sales and services for the year 2007 increased by 3 % compared to the year 2006. The main reason for the growth was the 7 % increased in advertising revenue due to there was 67% increased in advertising from broadcasting including 81% increased from new media revenue, whereas print advertising dropped only 2 % even there was an economic slowdown and unstable political condition. In addition, service from printing, international magazine representative and logistic increased 33 % accordingly. However, circulation revenue dropped by 10% which stemmed from 11% dropping of newspaper circulation compared to last year as there were extra publications for an occasion of the 60th anniversary of HM the King's accession to the throne. Also circulation revenue from pocket books, cartoons and international magazines decreased 5 % as well.

2. Cost of sale and operating expenses for the year 2007 decreased 0.33 % (not included allowance for doubtful debt and other allowances for impairment total of Baht 826.65 million)compared to the year 2006, primarily due to 17% drop in printing cost as a result of declining in paper utilization rate in compliance with the company's production controlling policy. Moreover, the use of sound logistic management practices also resulted in 2% drop in transportation cost even though the gasoline price was fluctuated. However, sales promotion expenses increased 7% due to there were extra events such as "36-year Nation" and "Tan-Khun-Phan-Din" to stimulate revenue.

3. The company has taken into account of allowance for doubtful debt from barter receivables and adjusted the rate of allowance for doubtful debt from 0.75% to 1% of monthly income.

Conclusion:

The group reported a net profit from operating before income tax and share of losses from associates total of Baht 107.23 million for the year ended 31 December 2007. An inclusion of income tax of Baht 57.81 million (not included tax from machinery sold of Baht 6.44 million), share of losses from associates of Baht 46.43 million, realized gain from machinery sold net of tax of Baht 32.48 million, bad debt and allowance for doubtful debt of trades and related parties including allowance for obsolete stock total of Baht 210.77 million, allowance for impairment of investment, property, plant and equipment total of Baht 615.88 million and compensation for early retirement of Baht 6.33 million would be resulted in net loss of Baht 797.51 million comparing to last year which showed a net loss of Baht 154.22 million.

On the other hand, the cash flow from operating activities for year 2007 increased Baht 150.77 million, from Baht 349.76 million in 2006 to Baht 500.53 million in 2007.

The Group would like to inform that the company changed its accounting policy for recording investments in subsidiaries and associates in separate financial statements from the equity method to the cost method, in compliance with Notification No.26/2006 regarding Accounting Standard No.44 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" requires a parent company which has investments in subsidiaries and associates and 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.

The change in accounting policy resulted in net profit (loss) of the separate financial statements not equal to net profit (loss) of the consolidated financial statements and this change has been applied retrospectively for the 2006 financial statements, which are included in the 2007 financial statements for comparative purpose. The effected details are as follows:

	Effects for the year to separate financial statements (Million Baht)	
	2007	2006
Net loss		
Equity Method	(797.52)	(154.22)
Cost Method	(800.90)	(154.88)
Increase	(3.38)	(0.66)
Decrease in earnings per Share (Baht/ Share)	(0.02)	(0.004)

Investments in Subsidiaries and associates	**Effects to Financial Statements As of 31 December 2006 (Million Baht)**
Equity Method	596.22
Cost Method	495.97
Decrease	(100.25)
Deficit	
Equity Method	(154.22)
Cost Method	(254.47)
Increase	(100.25)

However, such change of accounting policy effects the related accounting transactions of investments in subsidiaries and associates in the separate financial statements only and does not have any effects on the consolidated financial statements or business fundamentals of Nation Multimedia Group Public Company Limited.