

## **The Results of the Consolidated Financial Statements**

The consolidated financial statements of Nation International Edutainment Public Company Limited and its subsidiaries for the year ended 31 December 2016 represented a loss of Baht 212.70 million. Compared to the same period of 2015, the loss was Baht 18.35 million, an increase loss of 1,059%. Since the shift of consumer trends, the Group has considered the effect of such changes and continually resolving its operations including the restructuring of the publishing and distribution of publications by setting an increase in provision for inventory obsolescence in accordance with the current situation and focusing on the publishing and distributions of certain profitable publications. This included the implementation of plans to control and saved production costs by continually reducing cost such as management expenses, distribution expenses and other administrative expenses. Moreover, the business alliance for the investment is in the process of assessing the business valuation. The Company would like to clarify significant changes in the Group's operating results are as follows:

1. Revenues from sales and services for the year 2016 decreased 24% compared to the same period of 2015. The main reasons were:
  - Revenues from circulation decreased 17% with circulation revenue of pocket books decreased 26%, comic books decreased 16% and foreign publication decreased 38% . Whereas, revenue from children books increased 3%.
  - Revenues from rendering of services decreased 33% with publishing, distributing and other services from foreign publications decreased 34% and revenues from advertising and production of program in Digital TV decreased 73%.
2. Costs and expenses for the year 2016 increased 60% compared to the same period of 2015. The main reasons were:
  - Cost of goods sold decreased 40% in line with circulation revenue.
  - Cost of rendering of services decreased 28% in line with service revenue.

- Selling and administrative expenses decreased 8% due to the decreased in sale promotion and marketing expenses.
- Loss on business restructuring increased of Baht 204.45 million due to the Group has restructured of the publishing and distribution of publications due to the shift of consumer trends. The Group has set up a provision for inventory obsolescence and written-off the licences for publication in accordance with the current situation amounted to Baht 193.48 million and Baht 10.97 million.

**Conclusion :**

The Group reported a loss for the year 2016 was Baht 212.70 million. Compared to the same period of 2015, the loss was Baht 18.35 million.