



ANNUAL REPORT 2013

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Vision



**“To be recognized as one
of the leading providers
of quality knowledge and fun”**



Mission



**“To provide knowledge
and fun from around the world”**



Core Values:

Passion

Put the whole hearted effort and dedication in the work to get the best



Integrity

To perform with honesty, transparency, and trustworthiness.



Synergy

Be consistent in team working for mutual success.



Care

Take a great care of all our stakeholders, customers, employees, and community.



Innovation

To always make improvement, while researching and developing new, creative ideas.

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General Information

Name	Nation International Edutainment Public Company Limited
Symbol	NINE
Core Business	- Publishing Business: Publishes and distributes wide range of books and magazines for children and grown-ups. - Service Business for Oversea Publications: Provides oversea periodical publishers many services including printing, advertising sales, subscription sales, distribution and delivery. - Digital Businesses : Provides digital content through various devices and operating systems, eg., online, mobiles, tablets and etc. - Character Management Businesses - Satellite TV Business for Young Children - Education Service
Head Office	1858/123-124, 29th TCIF Tower Building , Bangna-Trad Road, Bangna, Bangkok 10260
Registration	PLC no. 0107551000312
Telephone	(66) 2338-3333
Fax	(66) 2338-3904
Registered Capital	Baht 259,250,000
Paid-up Capital	Baht 170,048,386

The Company's Shareholding Exceeded 10% of Paid Capital. (December 31, 2013)

Company Name / Address	Business	% of Holding	Registered Capital	Paid-up Capital
Direct Subsidiaries				
Nation Edutainment Co., Ltd. 1858/123-124 29th Floor, Bangna-Trad Road, Bangna, Bangkok	Publishing	99.99	41,250,000	41,250,000
Nation Kids Co., Ltd. 1858/123-124 29th Floor, Bangna-Trad Road, Bangna, Bangkok	Produces and conducts business as a content provider with multimedia Channels including TV.	99.99	1,000,000	1,000,000
Jointly-controlled entity				
Nation Egmont Edutainment Co., Ltd. 1858/123-124 29th Floor, Bangna-Trad Road, Bangna, Bangkok	Publishing	49.99	50,000,000	50,000,000
Nine Be Bright Co., Ltd 1858/123-124 29th Floor, Bangna-Trad Road, Bangna, Bangkok	Education Service	59.99	1,000,000	1,000,000

Summary of Financial Data and Investments

(Units: in Million Baht)

1. Data from Consolidated Financial Statements		2013	2012	2011
• Sales and Service Income		347.85	339.55	288.58
• Total Revenues		359.45	354.85	296.69
• Gross Profit Margin		105.79	104.06	87.61
• Profit Before Interest, Taxes, Depreciation, Amortization and Extraordinary items		64.52	64.16	49.31
• Net Profit		20.44	24.95	17.48
• Total Assets		761.31	368.86	327.64
• Shareholders' Equity		529.64	183.06	170.86
2. Financial Ratios		2013	2012	2011
• Total Debts to Equity	Times	0.44	1.01	0.92
• Gross Profit Margin	%	30.41	30.65	30.36
• Net Profit on Total Revenues	%	5.69	7.03	5.89
• Return on Equity	%	5.74	14.10	11.10
• Return on Total Assets	%	3.62	7.16	5.74
• Earnings per Share (Basic)	Baht	0.16	0.29	0.21
• Earnings per Share (diluted)	Baht	0.16	0.29	0.21
• Dividend per Share	Baht	0.15	0.15	0.05
• Book Value per Share (Basic)	Baht	4.22	2.15	2.01
• Book Value per Share (diluted)	Baht	4.11	2.15	2.01

Summary of Financial Data and Investments

Investments in Subsidiaries and Jointly-controlled entity of Nation International Edutainment PCL.

	Registered Capital (Million Baht)	Percentage of Investment
PUBLISHING BUSINESSES		
Nation Edutainment Co., Ltd.	41.25	99.99
Nation Egmont Edutainment Co., Ltd.	50.00	49.99
TV Program		
Nation Kids Co., Ltd.	1.00	99.99
Education Service		
Nine Bebright Co., Ltd.	1.00	59.99

Dividend Policy

In normal situation where the group has no capital requirement for investment or business expansion and has secured adequate cash flow, the group has a policy to pay dividend of the company and subsidiaries of no less than 30 percent of each company's net profit (individual company's financial statements) after corporate income tax, legal reserve requirement and other necessary and appropriate reserves. However, the dividend payment percentage may be changed depending on necessity and suitability of circumstantial conditions that are considered to be of the best interest of shareholders. The Board of Director's resolution to pay dividend must be approved at the shareholder's meeting, except for payment of interim dividend at which the Board of Directors have authority to approve and must report such payment at the next shareholder's meeting.

Message from Chairman

In 2013, the book and print industry across the world was in the era of technology, which played a key role in daily life. Consumers turned to non-book media and that's why the growth in the book and print industry was very little. Thailand's fluctuating economy and politics worsened book sales across the nation as consumers opted for spending for something necessary in their life rather than books. Distributors' higher share of book sales costs significantly increased overall book production costs. With that business environment and changing trends, each publishing house had to find ways to increase their revenue and review their cost management — finding its own strength in order to stand out from competition in terms of contents, marketing and sales. Nation International Edutainment Public Co., Ltd. (NINE) adopted strategies — selection of contents that really meet consumers' needs, especially books by Thailand's leading authors, best seller from overseas and online distribution channel, namely e-Commerce or Nstore, which sold books at special prices and featured a variety of promotions — delivering to readers' doors in 24 hours. At the initial stage, publications and e-books in the Nation Group in both Thai and English would be distributed and the service would be expanded to other products as well as distribution services for other companies.

In addition, NINE had other businesses that brought about additional revenue, namely, distribution of overseas publications, digital business, copyright management business, educational business and TV business.

With the formation of ASEAN Economic Community (AEC), NINE saw opportunities in providing English knowledge to Thai people and co-invested in the establishment of a tuition school, Nine Be Bright in late 2013 with quality English teachers and other subject courses to cope with the educational growth. And in 2014, NINE has received the transfer of the English knowledge and fun magazine for young people, Nation Junior (NJ) Magazine from the Nation Group as the magazine is relevant to NINE's target group. This is another opportunity to increase NINE's revenue through magazine sales and such related activities as Spelling Bee, the spelling competition that the Nation Junior has successfully held for 17 years.

Digital TV in 2014 is an exciting scenario in Thailand. The Nation Group has managed to win a bid for 2 digital channels. It's an opportunity for the Kidzone, which is the top variety channel for kids and family in the satellite TV, to broadcast in those 2 digital channels. The new look of the Kidzone will see improved contents focusing on knowledge and fun, hitting the lifestyle of the new generation, extending its target group to youngsters in addition to just kids and family. Thus, we believe NINE will definitely make additional advertising revenue.

I also believe the Nation Group and NINE in 2014 will experience a leaping year as we are committed to producing quality products, contents and services for the public through our long experience, expertise and devotion of the management and staff.

NINE wishes to express our sincere thanks to shareholders, clients, financial institutions, mass media, business alliances as well as the Board of Directors, who have worked hard and made great contributions. On behalf of Nation International Edutainment Public Co., Ltd., I wish to thank you again and believe NINE will continue to receive your support this year and many years to come.



Suthichai Yoon,

Chairman, Board of Directors

Board of Directors & Management Team

Board of Directors





Board of Directors

Mr. Suthichai Sae-Yoon

Position Chairman

Age 68 years

Education Background

- Assumption Commercial College Bangkok (ACC)
- Saengthong School , Had Yai , Songkhla

Training Course (s)

Thai Institute of Directors Association

- Director Accreditation Program (DAP # 54)

Training Course(s) 2013

- N/A -

No. of Shares Held as at December 27, 2013

- | | | |
|--------------------------|-----------|----------------|
| - Mr. Suthichai Sae-Yoon | 1,536,848 | shares (0.90%) |
| - Mrs. Nantawan Sae-Yoon | 29,788 | shares (0.02%) |
| - Minor child | - | shares |

Relationship with NINE's Executive

- N/A -

Experience

1971 - 2012

Editor-in-Chief

Nation Multimedia Group Plc.

2011 — Present

Chairman

Nation Broadcasting Corporation Plc.

March 6, 2012 - Present

Chairman

Nation Multimedia Group Plc.

April 17, 2012 - Present

Chairman

Nation International Edutainment Plc.



Director of Other Listed Company

March 6, 2012 - Present

Chairman Nation Multimedia Group Plc.

2011 - Present

Chairman Nation Broadcasting Corporation Plc.

Director of Other Non - Listed Company

1994 - 2012

Director Nation International Co., Ltd.

2006 - Present

Chairman NML Co., Ltd.

2008 - Present

Chairman Nation News Network Co., Ltd.

2011 - Present

Chairman Nation U Co., Ltd.

2012 - Present

Chairman NBC Next Media Co., Ltd.

2012 - Present

Chairman Nation Edutainment Co., Ltd.

2012 - Present

Chairman Nation Kids Co., Ltd.

August 26, 2013 - Present

Chairman Nine Be Bright Co., Ltd.

Director of A Competing Company or A Related Business Company

-N/A

Year of Directorship 12 Years (Appointed as a director since October 22, 1996)

The Meeting Attendance / Meeting Held (Frequency)

Board of Directors 5/5

Annual General Meeting of Shareholders 1/1

Board of Directors

Mr. Sermsin Samalapa

Position Director

Age 46 years

Education Background

- Master of Science in Real Estate Development, Sloan School of Management and Center for Real Estate, Massachusetts Institute of Technology (MIT), Cambridge, MA, USA
- Bachelor of Architecture from Faculty of Architecture, Chulalongkorn University
- Effective Strategies for Media Companies, Executive Education from Harvard Business School, Harvard University Cambridge, MA, USA

Training Course (s)

Thai Institute of Directors Association

- Director Accreditation Program (DAP # 24)

No. of Shares Held as at December 27, 2013

- Mr. Sermsin Samalapa - shares

Relationship with NINE's Executive

- N/A -

Experience

1997 - 2011

Lecturer of Real Estate Finance, Faculty of Commerce and Accountancy Chulalongkorn University

1999 - Present

Director

Thai Portal Co.,Ltd.

2003 - 2005

Chairman

Pacific Assets Plc.

2003 - 2011

President and Chief Executive Officer

Natural Park Plc. and its Subsidiaries



2003 - 2011

Director Kempin Siam Co.,Ltd

2006 - Present

Director Amphawa Restaurant Co.,Ltd

2010 - Present

Chairman South-East Asia University

2010 - Present

Director Nation Multimedia Group Plc.

2011 - Present

Director Nation-U Co.,Ltd.

2011 - Present

Director Nation Broadcasting Corporation Plc.

2011 - Present

Director Nation International Edutainment Plc.

Director of Other Listed Company

2010 - Present

Director Nation Multimedia Group Plc.

2011 - Present

Director Nation Broadcasting Corporation Plc.

Director of Other Non - Listed Company

1999 - Present

Director Thai Portal Co.,Ltd.

2006 - Present

Director Amphawa Restaurant Co.,Ltd

2010 - Present

Chairman South-East Asia University

2011 - Present

Director Nation-U Co., Ltd.

August 26, 2013 - Present

Director Nine Be Bright Co., Ltd.

Director of A Competing Company or A Related Business Company

-N/A

Year of Directorship 2 Years 1 Month (Appointed as a director since November 9, 2011)

The Meeting Attendance / Meeting Held (Frequency)

Board of Directors 2/5

Annual General Meeting of Shareholders 1/1

Board of Directors

Mr. Torboon Puangmaha

Position Director and President

Age 45 years

Education Background

- MBA, The Pennsylvania State University. USA.
- Bachelor of Business Administration, Chulalongkorn University.

Training Course(s) 2013

Thai Institute of Directors Association

- Director Accreditation Program (DAP # 106)

No. of Shares Held as at December 27, 2013

- | | | |
|--------------------------|---|--------|
| - Mr. Torboon Puangmaha | - | shares |
| - Mrs. Teranad Puangmaha | - | shares |
| - Minor child | - | shares |

Relationship with NINE's Executive

- N/A -

Experience

2003 - 2011

CEO. Sanook Online Co.,Ltd.

2009 - 2011

Director. Jobstreet (Thailand) Co.,Ltd.

2008 - 2011

CEO. TopSapce (Thailand) Co.,Ltd.

2007 - 2011

Director Sanook Shopping (Thailand) Co.,Ltd.

2012 — August 15, 2013

President - Digital Media. Nation Multimedia Group Plc.

August 16, 2013 — Present

Director and President Nation International Edutainment Plc.



Director of Other Listed Company

- N/A -

Director of Other Non - Listed Company

August 16, 2013 — Present

Director Nation Edutainment Co., Ltd.

August 16, 2013 — Present

Director Nation Kids Co., Ltd.

August 16, 2013 — Present

Director Yomiuri-Nation Information Service Co., Ltd.

Director of A Competing Company or A Related Business Company

- N/A -

Year of Directorship 5 Months (Appointed as a director since August 16, 2013)

The Meeting Attendance / Meeting Held (Frequency) As of Director at August 16, 2013

Board of Director 2/2

Annual General Meeting of Shareholders -

Board of Directors

Mr. Somsak Cheer Chiranakhon

Position Independent Director and Chairman
of The Audit Committee

Age 70 years

Education Background

- Master in Engineering and Management of Industry,
University of Wisconsin-USA
- BA in Engineering , University of Wisconsin-USA
- Certificate, Assumption Commercial College , Bangkok (ACC)

Training Course(s)

Thai Institute of Directors Association

- Directors Certification Program (DCP # 101)
- Audit Committee Program (#23)

Training Course(s) 2013

- IFRS: Journey toward full adoption
- Global Audit Committee Survey — Perspectives and trends

No. of Shares Held as at December 27, 2013

- | | | |
|--------------------------------|---|--------|
| - Mr. Somsak Cheer Chiranakhon | - | shares |
| - Mrs. Arisara Chiranakhon | - | shares |
| - Minor child | - | shares |

Relationship with NINE's Executive

- N/A -

Experience

2000 - Present

Managing Director Wrebbit Asia Co.,Ltd.

2002 - Present

Chairman Engery Control Co.,Ltd.



2005 - Present

Managing Director P.R.S.S. Co.,Ltd.

2008 - Present

Independent Director & Chairman of The Audit Committee

Nation International Edutainment Plc.

Director of Other Listed Company

- N/A -

Director of Other Non - Listed Company

2000 - Present

Managing Director Wrebbit Asia Co.,Ltd.

2002 - Present

Chairman Engery Control Co.,Ltd.

2005 - Present

Managing Director P.R.S.S. Co.,Ltd.

Director of A Competing Company or A Related Business Company

-

- N/A -

Year of Directorship 5 Years 8 Months (Appointed as a director since April 11, 2008)

The Meeting Attendance / Meeting Held (Frequency)

Board of Director	4/5
Audit Committee	4/4
Annual General Meeting of Shareholders	1/1

Board of Directors

Mr. Sutee Jintananarumit

Position Independent Director and Member
of The Audit Committee

Age 69 years

Education Background

- BA in Architecture, Chulalongkorn University

Training Course(s)

Thai Institute of Directors Association

- Directors Certification Program (DCP#108)
- Financial Statement for Director # 3/2551

Training Course(s)

- IFRS: Journey toward full adoption
- ASEAN Corporate Governance Scorecard
- Global Audit Committee Survey — Perspectives and trends

No. of Shares Held as at December 27, 2013

- | | | |
|-------------------------------|---|--------|
| - Mr. Sutee Jintananarumit | - | shares |
| - Mrs. Fuengfa Jintananarumit | - | shares |
| - Minor child | - | shares |

Relationship with NINE's Executive

- N/A -

Experience

1975 - Present

Partner	Pac Design Partner Co.,Ltd.
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1988 - Present

Chairman	Topcon Co.,Ltd.
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1989 - Present

Chairman	Narumit Co.,Ltd.
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1995 - Present

Chairman Pac Create Co.,Ltd.

2000 - Present

Managing Director Engery Control Co.,Ltd.

2008 - Present

Independent Director and Member of The Audit Committee

Nation International Edutainment Plc.

2011 - Present

Director Hadyai Nakarin Co.,Ltd.

Director of Other Listed Company

- N/A -

Director of Other Non - Listed Company

1975 - Present

Partner Pac Design Partner Co.,Ltd.

1988 - Present

Chairman Topcon Co.,Ltd.

1989 - Present

Chairman Narumit Co.,Ltd.

1995 - Present

Chairman Pac Create Co.,Ltd.

2000 - Present

Managing Director Engery Control Co.,Ltd.

2011 - Present

Director Hadyai Nakarin Co.,Ltd.

Director of A Competing Company or A Related Business Company

- N/A -

Year of Directorship 5 Years 5 Months (Appointed as a director since August 1, 2008)

The Meeting Attendance / Meeting Held (Frequency)

Board of Director 5/5

Audit Committee 4/4

Annual General Meeting of Shareholders 1/1

Board of Directors

Ms. Santhaya Kittikowit

Position Independent Director and Member
of The Audit Committee

Age 43 years

Education Background

- Doctor of Philosophy Degree, Technopreneurship and Innovation Management Chulalongkorn University
- M.B.A. International Management, University of Dallas, Texas, USA (Highest Honors)
- B.A. Costing, Chulalongkorn University

Training Course(s)

- Thai Institute of Directors Association
- Director Accreditation Program (DAP# 107)

Training Course(s) 2013

- ASEAN Corporate Governance Scorecard

No. of Shares Held as at December 27, 2013

- Ms. Santhaya Kittikowit - shares

Relationship with NINE's Executive

- N/A -

Experience

1998 — 1999

Senior Financial Analyst, Controller Department
Esso (Thailand) Plc.

1999 — Present

Department of Commerce, Chulalongkorn Business School
(CBS), Chulalongkorn University

2012 - Present

Associate Dean for Student Affairs, Chulalongkorn Business
School (CBS), Chulalongkorn University



2012 - Present

Department Committee, Chulalongkorn Business School (CBS),
Chulalongkorn University

April 23, 2013 - Present

Independent Director and Member of The Audit Committee

Nation International Edutainment Plc.

Director of A Competing Company or A Related Business Company

- N/A -

Director of Other Non - Listed Company

- N/A -

Director of A Competing Company or A Related Business Company

- N/A -

Year of Directorship 8 Months (Appointed as a director since April 23, 2013)

The Meeting Attendance / Meeting Held (Frequency) As of Independent Director and Member
of The Audit Committee at April 23, 2013

Board of Director	4/4
Audit Committee	3/4
Annual General Meeting of Shareholders	1/1

Board of Directors

Mrs. Kesery Kanjana-Vanit

Position Director

Age 56 years

Education Background

- EMBA. Sasin Graduate Institute of Business Administration of Chulalongkorn University in Corporation with Northwestern University
- BS. Duke University, USA

Training Course(s)

Thai Institute of Directors Association

- Director Certification Program (DCP#71)

Training Course(s) 2013

- N/A -

No. of Shares Held as at December 27, 2013

- Mrs. Kesery Kanjana-Vanit 52,428 shares (0.03%)

Relationship with NINE's Executive

- N/A -

Experience

1996 - 2012

Director Nation International Co., Ltd.

1997 - 2012

Director Nation Edutainment Co., Ltd.

1998 - 2012

Director Nation Egmont Edutainment Co., Ltd.

2006 - Present

Director Nation International Edutainment Plc.



Director of Other Listed Company

- N/A -

Director of Other Non - Listed Company

1996 - 2012

Director	Nation International Co., Ltd.
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1997 - 2012

Director	Nation Edutainment Co., Ltd.
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1998 - 2012

Director	Nation Egmont Edutainment Co., Ltd.
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2010 - 2012

Director	Ncoupon Co., Ltd.
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Director of A Competing Company or A Related Business Company

- N/A -

Year of Directorship 7 Years 11 Months (Appointed as a director since January 30, 2006)

The Meeting Attendance / Meeting Held (Frequency)

Board of Director	5/5
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Annual General Meeting of Shareholders	1/1
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Board of Directors

Mr. Pana Janviroj

Position Director

Age 55 years

Education Background

- MA., Tufts University, USA

Training Course(s)

Thai Institute of Directors Association

- Directors Certification Program (DCP #71)

Thai Listed Companies Association, The Stock
Exchange of Thailand

- Risk Management Seminar & Workshop

Training Course(s) 2013

- N/A -

No. of Shares Held as at December 27, 2013

- | | | |
|------------------------|---|--------|
| - Mr. Pana Janviroj | - | shares |
| - Mrs.Pusadee Janviroj | - | shares |
| - Minor child | - | shares |

Relationship with NINE's Executive

- N/A -

Experience

1988 - 1992

Senior Reporter The Nation Nation Publishing Group Co., Ltd.

1993 - 1994

Business Editor Nation Publishing Group Plc.

1994 - 1995

Executive Editor Nation Publishing Group Plc.

1995 - 1997

Editor - The Nation Nation Publishing Group Plc.



1997 - 1999

Group Assistant Publisher Nation Multimedia Group Plc.

2000 - 2004

Editor - The Nation Nation Multimedia Group Plc.

2005 - 2008

Chief Operating Officer of English News Business Unit Nation Multimedia Group Plc.

2008 - Present

President Nation News Network Co., Ltd.

2011 - Present

Director Nation International Edutainment Plc.

Director of Other Listed Company

April 2012 - Present

Director Nation Multimedia Group Plc.

Director of Other Non - Listed Company

2008 - Present

President of English News Business Unit Nation News Network Co., Ltd.

2012 - Present

Director Yomiuri-Nation Information Service Co., Ltd.

2012 - Present

Director Nation Egmont Edutainment Co., Ltd.

2012 - Present

Director NNN Next Frontier Co., Ltd.

Director of A Competing Company or A Related Business Company

- N/A -

Year of Directorship 2 Years 9 Months (Appointed as a director since April 4, 2011)

The Meeting Attendance / Meeting Held (Frequency)

Board of Director 5/5

Annual General Meeting of Shareholders 1/1

Management Team

Mrs. Wongsiri Sankhavasi Miyaji

Position Editor-in-Chief

Age 50 years

Education Background

- Doctor of Philosophy, Graduate School of Science and Technology, Chiba University, Japan
- Master Degree of Industrial Chemistry, Faculty of Engineering, Chiba University, Japan
- Bachelor Degree of Industrial Chemistry, Faculty of Engineering, Chiba University, Japan

Training Course(s)

- N/A -

No. of Shares Held as at December 27, 2013

- 3,000 shares (0.00%)

Relationship with NINE's Executive

- N/A -

Experience

2002 - 2006

Chief Operating Officer Nation Books International Co., Ltd.

2006 - 2012

Advisor Nation International Edutainment Plc.

2012 - Present

Editor-in-Chief Nation International Edutainment Plc.

The Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders	1/1
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Management Team

Mr. Somsak Chaikham

Position Vice President — Sale and Marketing

Age 43 years

Education Background

- Master of arts in Mass Communication Administration, Thammasat University
- Bachelor of art in Economics, Thammasat University

Training Course(s)

- N/A -

No. of Shares Held as at December 27, 2013

- N/A -

Relationship with NINE's Executive

- N/A -

Experience

1995 - 2010

Marketing Manager Advance Info Service Plc.

2010 - 2012

Assistant Vice Presiden - Marketing

Amarin Book Center Co., Ltd.

Mar. 2012 - Present

Vice President.-Marketing

Nation International Edutainment Plc.

The Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders

1/1



Management Team

Mr. Sangchai Leelanawalikhit

Position Vice President – International Media

Age 46 years

Education Background

- Master Degree of Business Administration,
- Nation Institute of Business Administration
- Bachelor Degree of Fine of Applied Arts,
Chulalongkorn University

Training Course(s)

- N/A -

No. of Shares Held as at December 27, 2013

- 1,000 shares (0.00%)

Relationship with NINE's Executive

- N/A -

Experience

1990 – 2010

Marketing Manager Nation Multimedia Group Plc.

Oct 2010 – 2013

Vice President – Advertising Sales

Nation International Edutainment Plc.

Feb 2014 – Present

Vice President – International Media

Nation International Edutainment Plc.

The Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders 1/1



Management Team

Ms. Thitagan Thana-Olarn

Position Vice President - Business Development

Age 50 years

Education Background

- MA, Translation, Chulalongkorn University
- MA, Journalism and Mass Communication, Thammasat University
- BA, Arts, Chulalongkorn University

Training Course(s)

- N/A -

No. of Shares Held as at December 27, 2013

- N/A -

Relationship with NINE's Executive

- N/A -

Experience

1994 - 2004

Senior Group Product and Marketing

Division Manager and Director

Asia Books Publishing Co., Ltd.

2004 - 2006

Director Asia Books Publishing Co., Ltd.

2006 - Present

Vice President - Business Development

Nation International Edutainment Plc.

The Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders

1/1



Management Team

Ms. Boonpa Saebay

Position Assistant Vice President –
Accounting Manager

Age 40 years

Education Background

- BA Accounting, Bangkok Universit

Training Course(s)

- N/A -

No. of Shares Held as at December 27, 2013

- N/A -

Relationship with NINE's Executive

- N/A -

Experience

2008 - 2010

Manager Accounting

Nation International Edutainment Plc.

2010 — 2013

Senior Accounting Manager

Nation International Edutainment Plc.

2014 - Present

Nation International Edutainment Plc.

Assistant Vice President

The Meeting Attendance / Meeting Held (Frequency)

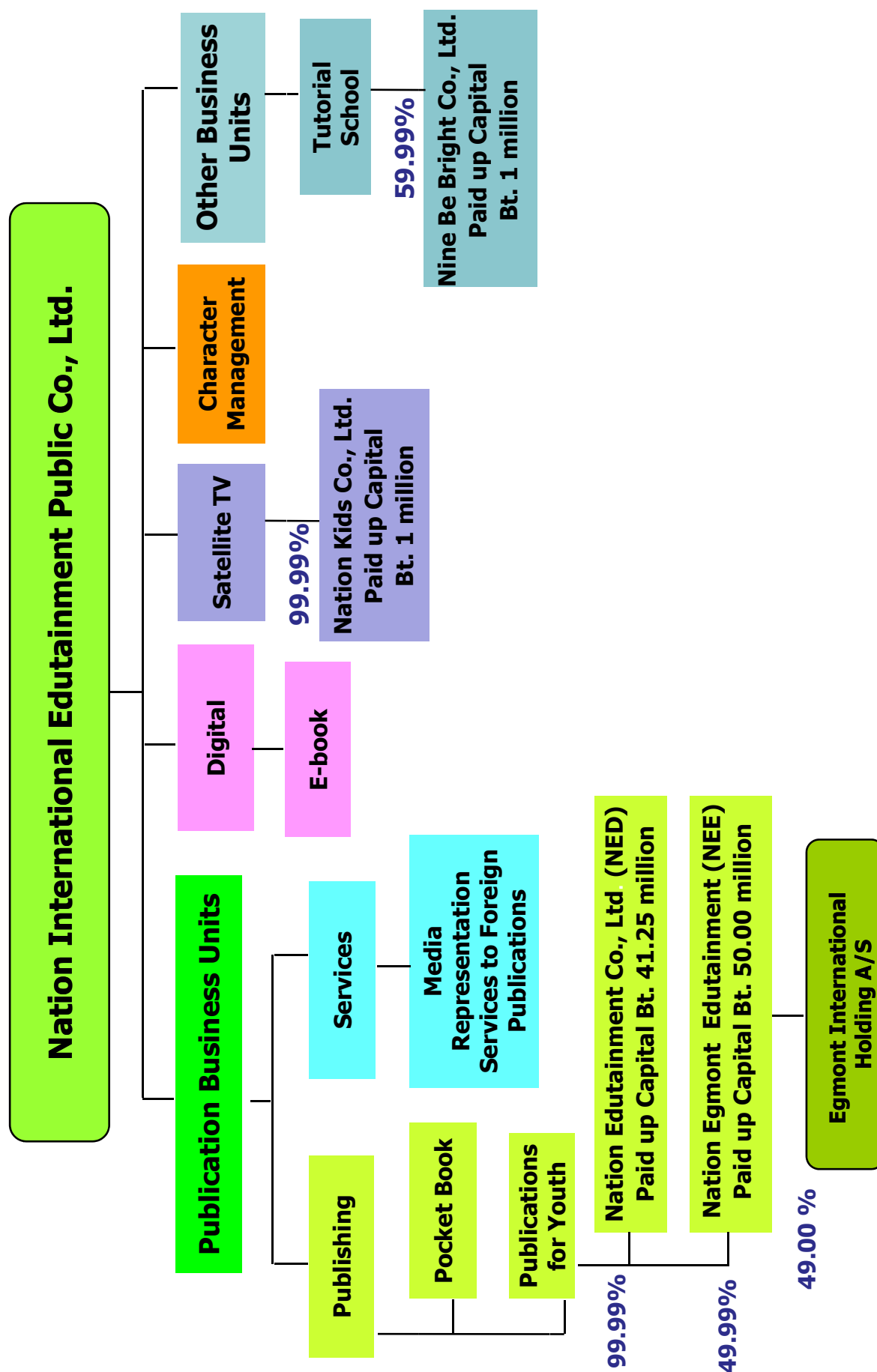
Annual General Meeting of Shareholders

1/1



Business Group Structure - NINE 2013

Business Group Structure



Characteristics of the Business

Structure of Sales and Services Income

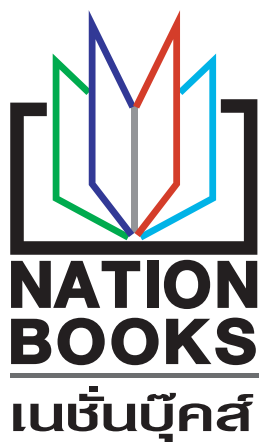
Nation International Edutainment Public Company Limited and Subsidiaries have the structure of sales and service income grouped by products and services as follows:

Unit: million Baht

Income from business group	Operated by	2013		2012		2011	
		Amount	%	Amount	%	Amount	%
1. Publishing Business							
1.1 Production and selling of pocket books	NINE	71.05	19.77	74.98	21.13	62.73	21.14
1.2 Production and selling of children printing	NEE,NED	144.44	40.18	175.36	49.42	132.68	44.72
2. Foreign printing agent business and related services ^A	NINE	79.69	22.17	79.91	22.52	89.34	30.12
3. Sale of goods and Service on internet	NINE, NCP	1.35	0.37	4.97	1.40	3.83	1.29
4. Production of TV programs and providing advertisements	NTK, NINE	51.32	14.28	4.33	1.22	-	-
5. Other income ^B		11.60	3.23	15.30	4.31	8.11	2.73
Total income		359.45	100.00	354.85	100.00	296.69	100.00

Remarks: A Include printing income, delivery, and service form selling advertisement in foreign printing Agent.

B Other income are Internal services charges, Other service, Education service income, sale of scraps, interest income and other items etc.



1. Pocket Books

Operating the business through the company itself under the publisher's name "Nation Book", engaged in producing and distributing the pocket books which have been entrusted with licensed by the famous authors and publishers domestically and internationally as a publisher and distributor of quality works, covering a variety of content, including management, fiction, language and learning, religion, psychology and philosophy, and general interests that satisfy interests of all readers.

Website: www.nationbook.com





2 . Publisher for Youth

Nation Egmont Edutainment Company Limited operates publishing house; producing, importing and distributing youth publications for educational and entertainment skills for prospective customers, primarily at the young age of 18 years and under, most have been licensed from Europe, America and Australia, for examples, Walt Disney, Warner Bros., etc. and undertaking of selling books for Nations Edutainment Co.,Ltd. (NED).

Books and media produced by the Nation Egmont that have been popular including fables, skills-boosting activities, Disney character, Disney and Me magazines, math and science prodigy, jointly held in cooperation with the Institute for the Promotion of Teaching Science and Technology, Ministry of Education, and novice comic series (Plookpanyadram) .

Website: www.nationegmont.com





Nation Edutainment Co.,Ltd., a publisher and distributor of youth and educational and entertaining books. Our targeted readers are children of age 18 years and under, focusing on the popular cartoon books that have been licensed from leading publishers, both domestic and abroad markets in Asia, including Japan and Korea, as well as knowledge-based comic and youth literatures from various companies such as Shueisha Inc., Shogakukan Kodansha and Futabasha, etc.

Comic books and juvenile literatures produced by Nation Edutainment Publishing that have been highly popular among readers including weekly comic magazine “Boom”, Doraemon, Dragon Ball, Bleach, Naruto, Death Note, Apaimanee Saga, the 13th Knife, and so on.

The company has received the right for publishing and distributing the copyrighted comic book. “Bird Wonderland” owned by GMM Grammy PCL for 4 consecutive years, “Shell Don” owned by the Shell Hut Entertainment Co., Ltd. Thailand’s world famous cartoons and the novice series, “Pookpanyadram”, a dharma cartoon that is easy to understand with gorgeous illustrations by professor Om Rushavej.

Website: www.ned-comics.com



Products and Services

Foreign Publications Distribution and Related Services

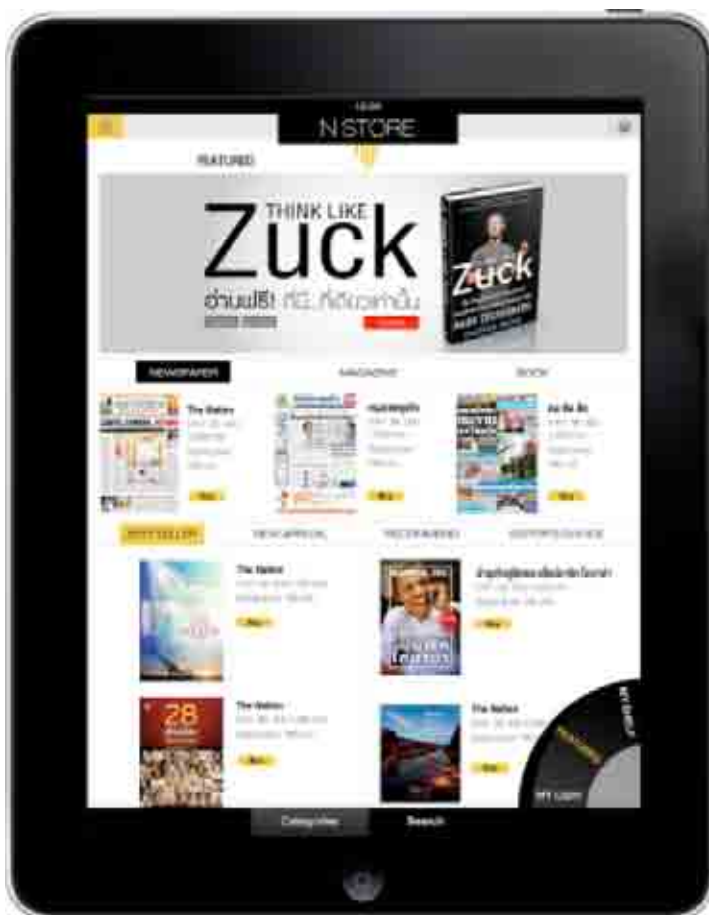
Business services as international distributors of publications and related services. The Group's main business is a distributor of leading international publications, including online databases and related services through the company's own agency. The publications distributed by the company consist of a total of 182 items; newspapers and magazines in foreign languages. Such business includes membership sales representative and advertising sales agent for the newspapers, the Yomiuri Shimbun, edition published in Thailand, undertaking of printing such as newspapers, the Wall Street Journal Asia and the Yomiuri Shimbin, as well as delivery service many newspapers and magazines. Such service is characterized of One Stop service for the convenience of the owner of the publication in coordinating and solving problems that may arise.



Other Media Businesses

Digital Business

The company has consistently engaged in producing and distributing various styles of electronic publications, our e-materials have been carefully selected to fit to our reader's tastes and lifestyles including administration, management, religion, psychology, philosophy, language, fiction, literature, fables, cartoons and other more. This is to provide those book-lovers with a convenience at the tip of their fingers because books are 24/7. In addition, the readers can bring books and magazines to read anywhere they want to.



Satellite TV business

The company operates a business of satellite TV channels for children and families. Broadcasting via C-Band satellite dish system called Kidzone, a satellite TV station for children and families. New generation audiences; children and parents can watch TV together in the form of Smart Edutainment that provides more than just watch cartoons, but full of fun, entertainment and creativity so that Thai children and youth can play and learn simultaneously, including lifestyle and variety shows for families.

Channel content comprises popular and successful cartoons for kids; the content is non-violent with commentaries after watching suitable to the development of children at each age. Moreover, most of the comics have never been aired on free TV before, for instances, Pleasant Goat and Big Big Wolf, Canimals, Astro Boy, Super Hams Band etc.

The company also has produced “the Kidzone Club” full 2-hour live program aired every Monday to Friday at 17:00 to 19:00 AM, presenting the good stories about children, youth and families through communication and the interactive with the home audience, which has been well-responded from sponsors and alliances interested in participating promotional contributing the programmes constantly.

In addition, the channel has also produced lifestyle variety programmes for families such as “Kid Diary” offering a trip on the diary that captured the imagination with a trip in typical children and “Learn & Play” that presents new teaching method of the additional learning source, tutoring school, workshops, fun activities in format of edutainment where the master of ceremonies will access to learn actually on screen.

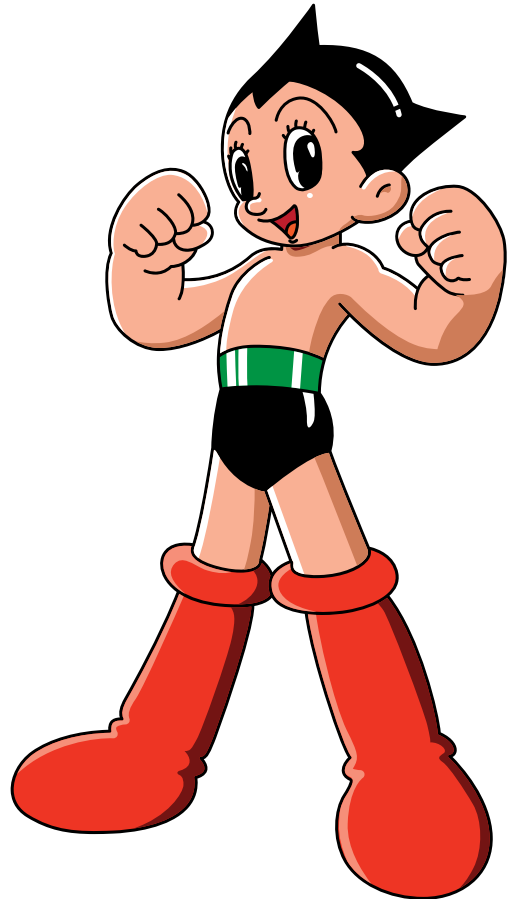




Kidzone is a TV program that bring kids all the fun and knowledge from various trusted sources and organizations. Our program in consisted of several sections, for example, “Children Citizens”, “Partners in Scince Enperiments” which produced in cooperation with Thai Health Promotion Foundation, “Love Thai Language” which is presented by the Royal Institute, animated cartoon “Gentleman’s Quality” by Department of Cultural Promotion and “Kid’s Classroom” which is highlighted with songs, tales and art to stimulate the imagination of children while encouraging them to have fun in learning, which is one of the Friend of Kidzone project that opens for TV producer candidates or those who are interested to carry out kid programmes and jointly produce programmes for children, having been supported and well recognized by partners, professionals who have worked in the industry to create the rich content under concept 3S, - fun, informative and creative.

In addition, the company has also been entrusted by the government agencies, the Culture, Sports and Tourism Department to be one of the television channels broadcasting the activities and promote joint projects to promote reading among children and youth. Through the production of the “Kid Diary” and activities to promote reading among children and youth, “Bangkok Read & Share”, and “Reading Changes Life” activity to the library for benefit of public learning in Bangkok and schools subject to Bangkok.





Character Management Business

The company operates the character management business for famous and popular overseas cartoons, execute the licensed cartoons for those manufactures who are interested to buy the copyright and making products for sales in Thailand, including owner of the products and retail stores interested in purchasing the copyrights for promotional activities, as well as marketing to promote cartoon characters under company's supervision to be known and widely recognized in Thailand increasingly.





Other Businesses



Education Service Business

The Nine Be Bright Company Limited has engaged in tutoring business for secondary school and high school to promote the education and empower students' competencies to compete in the exam fields that have been increasing in the high competition. We have a network of more than seven highly qualified and experienced instructors who hold the doctoral degree and postgraduate degree from abroad. Each of them specializes in various disciplines; including English, mathematics, physics, chemistry and biology, so all instructors are competent to arrange their learning and teaching in the field of their expertise very well in both Thai and English.

คณิตศาสตร์ ครูเซ่น

Math

- สอนพิเศษ สอบตามบูต
- คุณกับครูได้ตลอด
- เขียนบทกลุ่มเล็ก ใน
- บรรยากาศอบอุ่นกันเอง
- มีเอกสารและแบบทดสอบ
- อย่างสม่ำเสมอ
- เขียนบทพร้อมทั้งวีดีโอได้
- มั่นใจได้ด้วยประสบการณ์การสอน
- ในมหาวิทยาลัยชั้นนำของไทย มากกว่า 7 ปี

เปิดรับสมัครแล้ววันนี้..!

ครูวีรวัฒน์ อมระธรรกวินทร์
วิทยาศาสตร์บัณฑิต มหาวิทยาลัยเทคโนโลยีพระจอมเกล้าธนบุรี
ปริญญาโท มหาวิทยาลัยเกษตรศาสตร์

ดำเนินการสอนพิเศษเฉพาะตัวให้พื้นฐานแน่นด้วย
ภาษาไม่ยาก เข้าใจง่าย สอนด้วยวิธีที่สนุกสนาน
และสนุกสนานกับครูที่เก่งและใจดี... แล้วคุณจะเก่ง



Overview and Competition

Industry Condition and Competition in Publishing Business

The year 2013 was a year that publishers faced challenges in various factors. The Federation of Thai Industries (FTI) reported that the overall publication in 2013, especially fiction books, portable or pocket books, and magazines was negative of 20 percent due to economic turndown that resulted in a declined purchasing power. Moreover, the political issues resulted in decreased sales of the shops, continued through the first quarter of 2013, which it was expected that market value decreased by 10 percent. Consistent with the information reported by the participants entering the 18th national book fair which expenses per a receipt decreased, and total revenue of the fair decreased accordingly in spite of the number of visitors increased from previous time from approximate 1.9 million to 2.5 million persons (Source: Publishers and Booksellers Association of Thailand).

Another major cause of shrinking book markets is mobile technologies development and the fast, convenient and cheaper communication across the country and spread to a wider area than ever before. In addition, the portable communication devices which the price is not high influence the consumers to spend more time on media other than books.

In addition, the company distributing the large books has increased share of book sales from 40 percent to 45 percent, thereby resulting that the costs of publishing rose. Also, other costs; direct and indirect, increased, for examples, paper, labor cost, and transport cost.

To increase sales channels approaching to the readers directly and to reduce the impact of the rising share of sales of the company simultaneously, in 2013 the company has established the Nstore, e-commerce website, which books can be sold at discounted prices, to conduct various promotions and books are delivered directly to the readers within 24 hours. Initially, it sells the published materials and the Nation e-books primarily, in both Thai and foreign language version, and will expand to other products, including the distribution of various companies after then.

The trend of competition over book industry has been steadily rising. The volume of newly-released books each month is not different from that of the last year. Each publisher makes every effort to find the effective strategies to increase its sales, for examples, search for popular writers, conducting an attractive appearance of books, designing the outstanding cover superior to the competitors when put on the bookshelf, adding the giveaways to attract prospects, exerting promotional activities and sales promotion on both bookstores and readers, and growing sales network to new sources, as well as recruiting the distributors matching each category of products.

The company itself has implemented such strategies continuously. In 2013, the Nation Group auctioned two digital TV channels, it is likely that company makes use of TV media to advertise and promote their books in order to expand its customer base in addition to the existing media.

Industry Condition and Competition in Service Business as International Publications Distributor

Sales of foreign publications, including online databases, have associated with the growth of the customers for foreign publications in four main groups.

1. Foreign Visitors

Foreign tourists who travel and stay in different hotels throughout Thailand country is regarded main customers in the distribution of foreign newspapers and magazines of the company. According to the Tourism Authority of Thailand, it expects that the year 2013 will have foreign tourists travelling Thailand of 26 million people, rose from 3.7 million in 2012, a growth rate of 16.6 percent.

2. Foreigners who live in Thailand

A foreigners living in Thailand for one month or more is regarded major customer who is interested in reading the international magazines and newspapers. According to the Bureau of Immigration, it demonstrated that in 2013 the foreigners living temporarily in Thailand, including those residents in Thailand, those entering to operate the business, diplomats and civil servants, etc, totaled approximately 1,194,533 people, decreased by 228,531 people from the year 2012, growth rate decreased by 16 percent.

3. Groups of Thai people interested in overseas publications

Thai working adults, businessmen with high purchasing power, and the undergraduate students who pay an attention to foreign news is regarded important customer who is interested to read the international magazines and newspapers. This customer groups are likely to be growing steadily.

4. Institutions

Higher educational institutions generally begin to allocate budget to buy more electronic publications, including receipt of the database for search in various disciplines. There are a total of 146 public and private schools. The international schools have adopted modern technology like the Smart Board to be used in the classroom, thereby resulting in the growing demand for digital content active on the Smart Board. The bilingual school began to have a convergence in the similar approach. Content digital marketing is therefore regarded a promising chance to grow with no storage or logistics cost.

In competitive conditions in the services business as a distributor of foreign publications in membership category, there is few competitors. Three major competitors include Magazine International (Thailand) Co.,Ltd, the Post Publishing PCL, and the New Paper Direct Groups. The distributor of the publication in bookstand or bookstore category, there are many competitors, including the large bookstores with several branches, for examples, Asia Books Co., Ltd. and other retail competitors, and so on.

Industry conditions and competition in character management business

Character management business is an interesting business, because of the high value in the market and growth rate has been steady continuously every year, thereby resulting that business competition has been stiff accordingly. The popular cartoon characters in Thailand mainly from the giant agencies like the U.S.A, and Japan. They include Walt Disney, Warner Bros, Marvel, Sanrio, Doraemon, Dragon Ball,

Ultra Man, Arale, Naruto, and others. Such cartoon characters are immortal and famous from the past to present combined with the strength of the ongoing marketing, the animation movies are aired on television in Thailand every year, including big events held. Of course, this strengthens the success of the respective characters in the eyes of consumers very well. Furthermore, as the total value of the licensing markets in Thailand is high and there are many interested in sharing the monetary charged from royalties, including those cartoon characters produced by Thai-owned companies, for instances, “Kan Klaui”, “Pang Pond”, “Birdland”, “Bloody Bunny”, and so on.

In respect of copyrighted products, the famous cartoon characters have been popular among the consumers continuously, because the giant cartoon companies have developed the graphic artwork of a cartoon characters gorgeously and modernly for all target groups from the infants to working adults, which is regarded essential for the operators to envision the business opportunities of buying the rights to produce the products and carrying out promotional activities as seen in many markets.

Overall, it is obvious that character management business in Thailand has a very high competition, but it has a way to earn income from a license business if we possess the potential cartoon characters and clear, precise marketing, including advertising and public relation that has been carried out continuously to be recognized and to develop the confidence in cartoons from customers who are manufacturers ,owner of product, shop owners and organizations, which is vital to encourages the promotion of cartoon characters to be recognized and admired among the consumers. Currently, the company has three leading international cartoon characters. It includes Canimal, Yoohoo & Friends from Korea, and Astro Boy from Japan.

Industry condition and competition in digital business

Electronic publishing industry in Thailand has been in initial stage where the competition is not so high. Consumer behavior trends to use the Internet through a computer, mobile phone, and various portable devices to search the information increasingly, including communications through social networks and reading through the various devices. In addition, the internet and mobile phone service providers have competed to invest the development of 3G network so that consumers can operate it quickly. Furthermore, an introduction of mobile phones and new portable devices and operating systems can accommodate the use of electronic publications increasingly.

Publishers are of the interest in conducting the electronic publications considerably. They produce a diverse range of electronic publications to meet the needs of consumers in the individual lifestyles, for examples, administration and management, health, food, travel, language, religion, psychology, biography, literature, cars, computers, home furnishings, cartoons and so on.

Because of the growing number of electronic publications, apart from bookstores, publishing houses, or mobile service providers, the application-developing companies make an investment and introduce the electronic publications through the applications and multiple websites. Also, the educational institutions and organizations became interested in the E-Library system so that students and employees can read electronic publications increasingly.

Overall, the electronic publishing industry in Thailand is likely to grow substantially in the future. With various factors, customer behavior, technology development, the development of portable devices, development investments in electronic publications of various organizations, these expose the consumers of a convenient access to electronic publications and more diverse than ever.

To accommodate the said growth, in the year 2013 the company has developed the e-commerce website, Nstore, where books can be sold at discounted prices, carry out various promotions and books are delivered directly to the readers within 24 hours. At initial stage, it sells the published materials and the Nation e-books primarily, in both Thai and foreign language version, and will expand to other kind of products, including further distribution for other companies' products.

Industry conditions and competition in the satellite TV industry

After the Office of the National and Telecommunications Commission (NBTC) started to issue licenses to operators of the satellite TV and cable TV in May 2013, and developed a plan of transition from analog to digital television system through digital TV auction for 24-channel business services by the late December 2013 and is expected to be broadcasted around the first quarter of the year 2014. This would be a key factor pushing forward the growth of television production markets that become more energetic. It is expected that the markets for television production in 2014 would be worth up to 32,690 - 33,260 million Baht , grew by more than 14-16 percent from a year earlier and the expected values would be at 28,780 million Baht. The transition into the digital TV in Thailand is a major factor affecting TV business competitiveness more fiercely, especially the competition in the quality of television content that makes a difference from other TV producers, which will upgrade the overall content of television programs in a wide range of high quality and meets the needs of TV viewers increasingly to compete in attracting the ad spending that is worth more than 70,000 million Baht per year.

AGB Nielsen Media Research reported the use of advertising budget through the media over the last 10 months (January - October) in 2013 grew by 1.46 % or worth 1.057 billion Baht, while over the last 2 months experienced the political rally that affected shopping atmosphere during sales season by the end of the year; the recession resulted in the slowdown of the use of advertising budget and campaign. It is also expected that by the end of this year, overall ad spending will grow by 2%-3%, equal to the growth of GDP. However, the 2014 trend includes positive factors of the election earlier in the year. Broadcasting the digital television (Digital TV) during the first quarter, and the World Cup 2014 in Brazil in the mid-year are important factors stimulating the growth of media and television advertising industry continuously. Regarding the transition to digital TV in Thailand, it finds that satellite TV and cable TV can also grow in parallel with a digital TV with various factors and appropriate adaptations of business. Because the audience on cable TV and satellite TV, which has a high amount to 60 % of the market, are still able to watch digital TV via cable TV and satellite pursuant to Must Carry Rule in the duration that the digital TV has not covered and must take much time in expanding such networks. In addition, the channels on satellite TV and cable TV platforms are more diverse with the existing specific audiences. However, platforms and channels operators for satellite TV and cable TV require adapting the

business properly, particularly, the development of quality of programs and broadcasting systems, including the additional services to attract the audiences to continue to use the service.

In addition to the television broadcasting via satellite TV, the company also undertakes of subcontracting time from the Nation Group to carry out the programs on Digital TV. Kidzone, one of the number one stations of the Kids & Family Variety Channel on satellite television currently, is able to be broadcasted on TV channels in such two channels. Its image will be adjusted and renamed the “Kid Zone”, which adjusted content focuses on essences and entertainment corresponding to the lifestyle of the new generation, expanded covering the youth groups from the original target group, youth and families, thereby allowing the expansion of the opportunities to generate increasing revenue from advertising.

As mentioned above, the transition to digital TV in Thailand will benefit the advertising industry, which it was previously been limited in both ad time and space owing to the limited number of TV channels. Customers will be offered more choices in advertisement. In addition, the customer can also choose to advertise on targeted channels matching the targeted groups more effectively. Thus, it is an opportunity to carry out a clear and precise marketing to targeted groups; children and family through quality creative content penetrating the specific groups of audience to pull the budgets from customer agencies that need for communicating and promoting the products and services to the target audience.

Industry conditions and competition in the Education Service business

Over the past, the teaching and learning standard in schools across the country has a shortage of both quantitative and qualitative teachers; thereby resulted that educational standard of each school is different. As Thai values have emphasized the reputation of the educational institutions while the popularity in disciplines and faculty is thought to create the career and stability in the future. However, exam competition for admission to various classes have been more intense, and the change in university admission system, which the results of the GPA throughout the program are used, allowing that the students try to do best the exam scores at school. Consequently, more students seek for tutoring service all the times in order to achieve good grades in school and be able to pass the exam entering the university. For these reasons, the high school students need to plan for extra studying or long term tutorial 6 years with the aim to pass the entrance exam and enter the renowned high-school, and the university at popular faculty they need.

Education Service business is potential to grow in all economic, social and political circumstances irrespective of economic or political crisis, the parents continue to give top priority to the education of their children to lay the strengthening foundation and to create the stable occupational opportunity in the future. However, the educational business requires time of culturing the reputation and accomplishment acceptable to parents and students. Therefore, the positive image and quality of education is so important in this competitive industry in which the Nine Be Bright Group Co., Ltd. The company has a network of more than seven highly qualified and experienced instructors with knowledge at doctoral level and more than a master's degree from abroad, each of which is specialized in various disciplines, English, Mathematics, Physics, Chemistry and Biology, the Company is confident that it can compete with existing competitors in the markets surely.

Risk Factors

Major risk factors affecting the company's operation include external factors and business-related factors as follows.

1. Risk Factors of Publishing Business

1.1 Risk of Publishing Industry

Publishing industry in the year 2003, especially fiction books and magazines carry overall negative 20 percent due to a slowdown in purchasing power as resulted of the changing consumer behavior, up-country flooding, and political turmoil (Source: FTI). In addition, some retail distributor of books shut down, consequently, the company's revenue in the book dropped and it is expected that this will cause a continuous consequence.

For publishing business, the company's strategies are to produce books that meet the need of the readers increasingly. In doing so, the company focuses on a selection for the book categories that make profit for the company; increase in the giveaways to attract prospects, sourcing both writers and books that have been popular domestically and internationally, publicity and promotion for both books and the readers, adding sales network to new channels, such as the network of shops selling books other non-traditional channels and online stores, etc.

1.2 Risk of technological change and competitors serving the same content

Currently, the development of information technology and communication results in the faster operation. Technology equipments such as computers, mobile phones , tablets which price is cheaper, resulting that people spend more and more time on digital devices, particularly; Japanese comic books, which the target group is the youth, turning to read the pirated comics published all across various websites without charge. As a result, sales of comics have been affected significantly.

To solve such a problem, the company has taken out letters sent to the sites and inform the copyright-licensing companies to find out ways of management cooperatively, including establishment of e-book more increasingly that can be sold both iOS and Android operating systems to accommodate the digital markets. Furthermore, it plans to open an e-commerce website, to distribute e-content and publications on its own in the year 2013 named N store.

1.3 Risk of distribution channels

The Company distributes its products through various channels in order that the customers are convenient to buy goods consistently with purchasing behavior of each lifestyle.

Modern Trade is a channel that helps promote the product image because the format and positioning is administrated by product category explicitly, as well as enabling the partners to decorate selling space with promotional materials properly. Risk factors of prominent book display at the bookstore is dependent on each branch of Modern Trade's operation, resulting that opportunity to display the company's books prominently is difficult, share of sales increases due to higher rents of Modern Trade and other factors which makes the cost of goods higher.

Distribution Channel — Agent is a channel that focuses on selling comic books. Because of a variety of product placements and no enough space for display decoration, the risks follow because the books are not in the prominent position, leading to the loss of selling opportunity and risks due to the return of books in bulk, affecting business operations.

E-commerce channel is likely to grow even more, making it easy for customers for they don't waste time in travelling to buy goods. Also, it is a distribution channel that will reduce the risks of Modern Trade and distribution agent channels.

1.4 Risk of dependence of Nation affiliates in business operation and independence in the management of the affiliates.

As the Nation is a major shareholder in the subsidiary companies, approximately 83.76 percent of the total issued shares after the IPO of the company. Until present, the Group has various related party transactions, for examples, buying a paper, printing employment, hiring on delivery of printing materials, and undertaking of services, and so on, to its subsidiary companies, as detailed in 10 related party transactions. In 2013 and 2012, the Group incurred expenses as cost of goods sold, cost of service, and selling and administrative expenses from such transactions with the subsidiary companies, approximately amounted of 151.80 and 151.37 million Baht, or accounting for 45.95% and 46.78%, respectively of total cost according to financial statement of the subsidiary companies in such period. In addition, the Group has continued to operate such transactions in the future. Since the Nation affiliates have experienced work teams with availability of distribution network and equipments at lower cost, should the Group undertake the operation on its own, furnished with adequate production capacity and services in the implementation, the Group may be at risk of relying the affiliates in supporting the business operations of the Group. Should the affiliated companies fail to support the services mentioned above, the Group may be affected for printing and delivery of printing material, but just slightly because the subsidiary companies can buy paper and receive services through distributors and other service providers available in Thailand at normal commercial terms and at market rates similar to the related party transactions above, but cost may be higher than the prices charged by the Group. Moreover, the value of the related party transactions aforementioned in the year 2013 and 2012, accounting for 4.11% and 4.88% of total income of the affiliates in such a period, which is regarded very small. Thus, the subsidiary companies have not relied on revenue from the Group and motivated to take advantage of such transactions.

Group's management policy and decision is independent from the subsidiary companies in regard of the highest interest of minority shareholders and all stakeholders of its affiliates; that is to say; it has a freedom to provide goods or services with other external service providers who offer a price with normal commercial terms that is mostly beneficial to the Group. For examples, the company has currently hired an outside company for printing, so subsidiary companies have not relied on the Group that it lacks of independence. In addition, transactions between Nation Egmont Edutainment ("NEE") and Nation affiliates are controlled by other shareholder; the Egmont International Holding A / S to maintain the fair price and conditions at market value.

1.5 The risk of a rise in the price of paper and paper shortages

The paper used in the production of publications categorized as commodity which price varies with demand of consumption and production of the manufacturer (Demand & Supply) and is the main raw material in the production of publications by the Group, which cost is approximately 19.85% and 16.91% of cost of sales and services according to the consolidated financial statements of the Group in the year 2013 and 2012, so the group. Therefore, the Group is risky of price fluctuations in paper, directly affecting production costs and net profit of the Group. In addition, the company has also a risk of shortage of the roll newsprint used to print newspapers, magazines and books, which printing volume is so high and is an important raw material to produce printing materials and this kind of paper is rare in Thailand and needed to buy in large quantities at one time.

To reduce the risk of paper shortages and increasing prices of the roll newsprint paper, the Group is necessary to buy from its affiliated companies and publish at the Group's publishing houses which is main publications of the Group. The affiliates have experience in purchasing the paper for a long time, including buying paper as backup, and understand the cycle of paper price very well. Also, the affiliates pursue on risk management of foreign exchange through the forward contract at the amount of paper that are expected to apply in advance. So, purchasing paper from the affiliated companies help reduce the risk of fluctuations in paper prices and paper shortages, as well as the bargain is achieved at lower price than market price in general.

In addition, the Group will order the paper before setting the selling price of the books in order that the affiliate companies can secure a proportion of paper cost to price of books. Also, the company is able to adjust the price of the books in various types. In the case that paper costs increase substantially.

1.6 Risk of publication copyright provision

In publishing business which the proportion of revenue accounted for 60.71% and 73.18% of total revenue of the Group in the year 2013 and 2012, the Group has not owned the copyright of most publications produced and distributed. However, the Group purchased the copyright from many copyright owners, or authors or publishers both domestic and overseas different countries to produce and distribute as exclusive agent in Thailand, which mostly lasts a period of 3-5 years and is eligible to renew the agreement on the same price and terms. However, the copyright owner is able to terminate the contract, should the Group default the agreement and/or having faced financial problems, and/or in bankruptcy status, etc. Therefore, the Group is possibly subject to be risk of failure of supplying the publishing copyright to be produced and distributed. In addition, the Group may be at risk of termination or cancellation of the agreement by the copyright owners, which may affect the business, financial position, and operating results of the Group in the future.

However, the Group has never faced problems pertaining to publication copyright provision from both domestic and overseas copyright owners over the past years. Owing to the publishing market is large with various copyrighted publications offered, and the Group has a good relationship with several famous writer and publishers, and be successful in production and distribution of publications and books continuously, the Group has the option to buy copyrighted publications with the trust of the owner of copyright in licensing the copyrighted publications that are likely to get popular to be produced and sold. The Company has complied with strictly. Moreover, the Group follows the contract strictly with no problems regarding to a refusal of renewal or termination throughout the past period.

In addition, the Group also plans to produce books with a wide diversity of content, copyright owners, and nations in order to reduce too much reliance on content and any countries. It also produces original books written by Thai authors increasingly, which this is regarded a way to distribute the risks. The company has also developed a teams that are potential to produce content, and looked for domestic content creators.

1.7 The risk of depreciation of inventories.

Currently, the publications of the Group are mostly sold through dealers. The Group accepts the return of goods that cannot be sold through dealers, which may result in the growing stocks and such inventories may be deteriorated, damaged and obsolete over time, and consequently affected the performance of the Group. Current sales in the current year declines over the previous year, resulting that amount of inventories remains higher than that of the past. As of December 31, 2013 and 2012, the Group's net inventory worth 143.86 Million Baht and 119.08 million Baht, or accounting for 18.89 and 33.71 (respectively) of the value of total assets of the Group. However, the company's allowance for obsolete inventory was at ratio of 100% of the inventories aged 1 year or higher with a complete production, and inventories aged 3 years or higher with incomplete production. Such allowance for obsolete inventories is set on monthly basis, which is being re-considered for depreciation by the executives. As of December 31, 2013 and 2012, the Group's total allowance for obsolete inventories was 41.71 million Baht and 48.70 million Baht respectively. In addition, to reduce the amount of inventories, the Group brings out the old books to be sold periodically and held special activities to promote sales at the exhibitions which are held annually. For a series of comic books, the Group will proceed to sell new books alongside those previously sold, including bringing the fully-released comics to be sold in series to urge the sales. In addition, the Company is more caution in the production of new books and printing volume to avoid the excessive inventories. As such, the Company has policy on warehouse management by determining the appropriate number of products to avoid the excessive amount over the previous year.

2. Risks of business as a distributor of newspapers and overseas magazines.

2.1 The risk of the renewal of contract

In the service business as a dealer of foreign publications, which revenue ratio accounted for 22.17 and 22.52 of total revenue of the Group in the year 2013 and 2012, the Group entered the distributor contract with many owners of publications. Mostly, magazines distributor agreement lasts a period of 1 year and can be extended under the same price and terms while the newspapers distributor agreement will expire upon termination of the contract, which the owner of the publication can terminate the contract if the Group has defaulted and/or faced financial problems, and/or in a state of bankruptcy, and/or being notified in advance by other party, and so on. The Group may be at risk from the owner of the publication not to renew the contract, or terminate the contract, which may affect the business, financial position, and the operating results of the subsidiary companies in the future.

However, the Group and owner of the publishing company have operated the business and have a goodwill relationship with each other for a long time. The company's executives and workteams have operated this business with the owner of the publication from the beginning while the Group complies with the regulations strictly, so there is no problem about non-renewal or termination of the contract over the

past time. In addition, owner of the publication, the Yomiuri Shimbun and the Wall Street Journal Asia has hired the Group to proceed on publishing and delivering the said international newspapers, which has invested in developing the database, improving customer database in information technology system of the company, and developing the company's human resources to be specialized in operation. Thus, chances that the owner of such publications will terminate the dealership contract with the company is slight.

3. Risks of satellite television business

3.1 The risk of the transition to digital television

The transition to digital television in Thailand is a major factor affecting TV business competitiveness that has been stiffer. In particular, competition in the quality of the content to make difference from other TV producers to include a variety of quality that meets the needs of the audience as most as possible. However, because the value of the commercials in the market has increased each year, it is an opportunity to increase revenue from the ads that are likely to spread evenly corresponding to the growing number of the audience base. The Company focuses on development and production of quality programmes as content provider who produce the programmes to target youth and families in other digital channels. In particular, the digital TV channels which Nation Group auctions and acquires two channels.

3.2 The risk of higher competition in satellite television

In the year 2013, satellite television industry and cable TV continues to be intense in terms of category and number of channels that increase more than 300 channels today. As a result, the competition in the TV business in Thailand has roared significantly. However, with some gaps in some kinds of the programmes in the markets, particularly; edutainment for youth and family channel, it is an opportunity to produce satellite television channels that communicate with the target audience and a focus is to be a quality creative channel for youth and family virtually. Thus it reduces a risk of producing the satellite television channel in the fierce competition. Nowadays, Kidzone is considered the number one for kids & family variety channel.

In addition the satellite TV and cable TV have been featured in term of ad price which is lower than free TV-digital TV. Also, the customers can also choose to advertise on channels matching the targeted groups more exactly. It is an opportunity to make a clear and precise marketing reaching to target youth and families through quality content penetrating the target audiences and marketing together with publications in the affiliates and other marketing activities.

4. Risks of digital business

4.1 Risk of duplicate content smuggling

In operating the digital business today, there are several channels such as computers, mobile phones, tablet, e-reader or other devices, which reproduction, copying, or misuse of content may cause the risk and impact on the publishing business if it is used to produce, resell, or forward. To reduce the risk of smuggling, the company considers the technology with high security, including the choice of content and the right time to sell. Another risk of the digital business is a relatively high investment in a rapidly changing technology. The company has to manage these risks by looking for the alliances who are ready in technology and collaborate in the development of the modern digital business continuously.

5. Risks of character management business

5.1 Risk of market competition

Currently in Thailand, there are many famous cartoon characters offering to sell the copyright for production purpose. Usurpation of market share has been emerging coupling with making cartoon characters to be known and the amount of cartoon character representation by advertising and marketing public relation in different ways. After launching Cartoon Canimals in 2012, the company purchased additional right of car cartoon character, Astro Boy (from Japan) and Yoohoo & Friends (from Korea) regarding of its prominence, popularity, potential in terms of being developed as product, including cartoon animation with joyful content matching the taste of Thai consumers to complete with its rivals in the market.

5.2 The risk of the contract renewal

Since entering a contract as copyrights management agent for cartoon characters has usually a contractual period of approximate 3-5 years, depending on the terms of each license, so in duration of contract renewal, the copyright owner may request for additional royalty fees because it has been offered from other companies, thereby causing the company to be risky of being charged additional expenses or denied an extension of the representation contract for such respective comic characters.

5.3 Risk of distribution channels of copyrighted products with limited amount

Currently, there are three main distribution channels for copyrighted products as follows.

1) Shopping malls - this channel helps promote copyrighted product image efficiently, because the format and product placement is divided by product category clearly, and it allow the partners (copyright buyer) to decorate the selling space with promotional materials gorgeously. However, this channel is not quite interested by the partners because of higher cost of sales and other restrictions required by the department stores.

2) Retail channel is a channel that generates a relative high revenue for the partners and helps promote the image of the copyrighted product to some degrees. Owing to abundant retail stores branches, access to consumers can be done easily, high sales and product placement arranged by category proportionately, so it is necessary to use promotional media in a fixed pattern designated by the department stores. Consequently, the retailers influence the copyright buyers in selecting a product. (both copyrighted and non- copyrighted) to be sold. If a department store is of the interest in any copyright, it makes it easier to decide to buy the copyrights from partners. The difference between shopping malls and retail stores is quality of the product because retail stores implement the marketing strategy of price competition, resulting that quality of product declines respectively.

3) wholesale market channel is a channel that generates income to a copyright purchaser and it has no restrictions from the stores, buying and selling is done in cash merchants there traded for cash, and the middlemen bring these products to be sold in different areas throughout the country. Thus, a portion of sales through this channel is up to 50% greater than other channels. However, the disadvantages include; this channel does not help promote the image of copyrighted products or cartoon characters because it does not focus on beautiful product placement, but bulk sales at cheap price.

6. Risks of the education service business

6.1 The risk of market competition

Currently, the education service business has been promising and is potential to grow in any economic, social, and political situation. So, the external factors cause a slight influence on the cram school business. However, competition of the rivals in this industry has been stiffer, especially in the number of competitors in the steadily growing markets each year. According to research-based statistics, stating that a number of the cram schools across the country that have been registered legally was only 864 schools in 2003 and increased to 1,128 in 2551. For this reason, the renowned operators with a large market share have adjusted its strategies and adopted technology as teaching tool and marketing mainly. The newly-entering operators have faced an uncertainty of income and they need to position their products clearly to penetrate the markets.

At “Be Bright Academy”, we have a readiness in both professors and expert’s teams in all disciplines. We are located in the prime area in the city at lower cost. We are equipped with the instructional medium and get ready to penetrate the markets. We also have media alliances in the Nation Group to support the marketing. Thus, a significant risk factor in the initial period is an unpredictable revenue and a difficulty in building a positive image and reputation that is apparent to students and parents, which is the expected goals in the long run.

* (Source: Sunee Wattanakomon and Tanin Silpcharu, “Important Marketing Factors and the Needs of Learners toward Decision-Making in Cram School to Prepare for Admission to the Undergraduate Level.” KMUTNB Academic Journal 19, 3 (September - December 2552): 426-427.)

7. Risks affecting the investors

7.1 Impact on equity (Dilution Effect) from the exercise of “NINE-W1” warrants

In July 2013, the company has issued warrants to existing shareholders who subscribe for new ordinary shares in NINE-W1 amounted of 85,000,000 shares, aged of 5 years without any remuneration at ratio 1 ordinary shares for 1 warrant. As of December 31, 2013, the balance of the warrants was a total of 84,958,614 units.

In this regard, if the warrant holder exercises a right to purchase ordinary shares of the company in full. The company’s shareholders may be affected by the Dilution Effect in terms of stock prices in the market may decline, and the proportion of shareholding that declines as follows.

Before the exercise of the warrants in full, (31 December 2013)

Number of ordinary shares paid up	170,048,386	shares
Proportion of shareholding before the exercise of warrant	100	%

After the exercise of the warrants in full, (NINE-W1)

Number of ordinary shares paid up	255,007,000	shares
Proportion of shareholding after the exercise of warrant	66.68	%
Declined proportion of shareholding	33.32	%

7.2 Impact on equity (Dilution Effect) from the exercise of “ESOP-WA “warrants

In August 2013, the company has issued warrants to directors, executives, and / or employees of the company and / or its subsidiaries (ESOP) amounted 4,250,000 units, the no-par value shares, aged of 5-years, exercise ratio 1 warrant for 1 ordinary share at the exercise price THB 4 per 1 ordinary share. As at 31 December 2013, the balance of warrants was a total of 4,243,000 units.

In this regard, if the warrant holder exercises a right to purchase ordinary shares of the company in full. The company's shareholders may be affected by the Dilution Effect in terms of stock prices in the market may decline, and the proportion of shareholding that declines as follows.

Before the exercise of the warrants in full (31 December 2013)

Number of ordinary shares paid up	170,048,386	shares
Proportion of shareholding before the exercise of warrant	100	%

After the exercise of the warrants in full (ESOP-WA)

Number of ordinary shares paid up	174,291,386	shares
Proportion of shareholding after the exercise of warrant	97.56	%
Declined proportion of shareholding	2.44	%

8. Risks of the Business Group

8.1 Risk of major shareholders to influence the policy setting and management

After the public offering of shares, currently the Nation Group holds 78.46 percent of the paid up capital. Therefore, it can control the votes in the significant resolution at shareholders' meeting completely, including the special resolution required by law or company's regulations that it shall be voted 3 out of 4 of the shares present and entitled to vote. Consequently, other shareholders cannot gather enough votes to check and balance the matters proposed by the major shareholders. In addition, the Nation Group also gets involved in the management of the affiliated companies with 3 out of 9 representative directors and 3 out of 9 managing directors as representatives of the Nation.

However, to balance the management of shareholders, the company has appointed three independent committees who are the outsiders to serve on the audit of the operation and taking care of the interests of the minority shareholders.

List of Major Shareholders

Name of top ten shareholders as of December 27, 2013 at closing book dated:

No.	Name	Shares	% Total Share
1	Nation Multimedia Group Plc	142,427,487	83.757
2	Mr.Som Sujira	1,700,000	1.000
3	Mr.Suthichai Sae-Yoon	1,536,848	0.904
4	Mrs.Siriwan Chungtheerapanich	1,300,000	0.764
5	Ms.Prapaporn Khanwong	600,000	0.353
6	Mrs.Pimchai Botrakul	540,200	0.318
7	Mr.Kongsak Suwatcharapisit	390,000	0.229
8	Mr.Somsak Srisutatkul	386,300	0.227
9	Mr.Virat Suphantarida	372,037	0.219
10	Mr.Rujipol Sakdejayont	340,000	0.200
	Other	20,455,514	12.029
Total		170,048,386	100.00

Source : Thailand Securities Depository Co., Ltd.

Remark: The shareholders from the same entity and voted unanimously, which was Nation Multimedia Group Public Co., Ltd., to have its major shareholder : Mr.Suthichai Sae-Yoon, another major shareholder of the Company, assume the position of Chairman.

- Types of Shareholders — Share allotment by nationality

Shareholder by Nationality	Number of Shareholders	Number of Share	% Total Share
Thai Shareholder	1,247	169,979,436	99.96
Foreign Shareholder	7	68,950	0.04
Total of Shareholders	1,254	170,048,386	100.00

* Nation International Edutainment Plc's regulation stipulates that "non-Thai shareholders are not allowed to hold the Company's stake in excess of 35% of total issued shares"

- Group of major shareholders who has significant impact on the formulation of management policies
-None
- Name of shareholders who conceal their true identity
-None

Corporate Governance Report

Nation International Edutainment PLC's Board of Directors strongly believes that good corporate governance principles and system will ensure the Company's effective, transparent and accountable management and raise the level of credibility and confidence in the Company as perceived by shareholders, investors, stakeholders and related parties. Corporate governance also promotes sustainable growth, which will contribute to the Company's success, and enable the Company to achieve its ultimate goal of rendering the most optimized value to shareholders.

The Company's Board of Directors has set the corporate governance policy in line with the Stock Exchange of Thailand's code of best practices and is in charge of enforcing strict compliance of the corporate governance policy, and periodically adjusting the policy to suit circumstances and meet shareholders' expectations, ensuring shareholders' interests are well protected.

The Corporate Governance policy was approved by the Board of Directors and was first made known to the staff on November 17, 2008. The contents have been revised and improved annually to be in compliance with the Corporate Governance principles for companies listed in the Stock Exchange of Thailand in 2012. The latest version was revised on November 6, 2013 and made known to employees at every level to acknowledge and observe strictly.

Communication of the Corporate Governance Policy

The Board well recognizes the practice of corporate governance to coincide with the Company's vision and commitment. As a main factor driving the operations of the Company and subsidiaries is the employees, the policy has been communicated to staff by publicizing it through the internal website. Management has closely monitored adherence to the policy to ensure that all aspects of the policy have been put into practice. In addition, in order to develop understanding with all stakeholders, the Company has publicized good corporate governance principles through the Company's website for interested persons and the acknowledgement of investors. If any shareholder would like to receive a copy of the aforementioned policies, please contact the corporate secretary and fill in the document request form which will be delivered with the annual report in order to develop an understanding of the Company's good corporate governance policy.

Monitoring of the Practice of Corporate Governance Policy

2011 was the year when NINE was registered in the Stock Market. With firm commitment to continuously improve corporate righteousness from the time of promulgation of Corporate Governance policy in 2006, NINE's Corporate Governance policy has been evaluated and organization of the Annual General Meeting of Shareholders continuously developed each year as follows:

- The evaluation of Corporate Governance policy among Thai listed companies in 2013, held by the Thai Institute of Directors (IOD) rated NINE “Very good” (4 stars). The criteria were based on data disseminated through different communication channels of the Stock Exchange of Thailand, as well as other NINE’s publishing documents.

- Evaluation of the organization of the Annual General Meeting of Shareholders of 2013, held by Thai Investors Association, Thai Listed Companies Association and the Office of the Securities and Exchange Commission rated NINE “Excellent and Exemplary”, for the 3rd consecutive year. NINE was one among 96 listed companies which received 100 points, out of 475 companies taking part in the evaluation program.

In 2013, NINE’s corporate governance principles covered five areas, namely:

- 1) Rights of shareholders
- 2) Equitable treatment of shareholders
- 3) Role of stakeholders
- 4) Information disclosure and transparency policies
- 5) Board of Directors’ responsibility

1. Rights of Shareholders

The Company realizes that the shareholders are entitled to the Company’s ownership rights. Shareholders control the management by appointing the Company’s Board of Directors to act and make key decisions for them as stated in the corporate governance principles. The Company values and respects the shareholders’ rights by adhering to the principles regulated by law.

The Company has a policy to treat every shareholder with equality. Realizing that the shareholders are entitled to the rights to access and receive sufficient and timely information of the Company and the Company protects the interests of the shareholders more than what is required by the law, the Investor Relations Division was set up to provide information and respond to enquiries. The website: www.nine.co.th publicizes the Company’s information for shareholders and investors both in Thai and English. The information provided includes the latest information and the investors’ newsletter. Apart from that, the Company organizes shareholders’ meetings at least twice a year according to the Stock Exchange of Thailand’s arranged timetable for shareholders, to inquire, request explanations and express their opinions with equality.

General Meetings of Shareholders

Holding a General Meeting of Shareholders

The Company’s Board of Directors realizes the significance of the Annual General Meeting of shareholders to allow shareholders to acknowledge the Company’s performance and share in decision making on significant issues as well as assessing the operation of the Board of Directors and management. The Company therefore holds an Annual General Meeting in line with legal requirements and AGM Checklist, prepared by the Thai Investors Association, Thai Listed Companies Association and the Securities and Exchange Commission.

In 2013, the Company held the 2013 Annual General Meeting on April 23, 2013 on the 27th Floor, TCIF Tower at 14.00 hrs. with registration started at 12.00 hrs. Eight Directors and 42 shareholders and proxies carrying 70,488,948 out of 85,000,000 distributed shares or 82.93 percent attended the AGM. The meeting proceeded according to the recognized guidelines and legal requirements.

Before the AGM

The Company presented data in the notification for the AGM, featuring complete details in the Company's website 30 days before the meeting. And the Company asked Thailand Securities Depository Co., Ltd., the Company's Share Registrar, to send out notifications for the meeting to every shareholder at least 7 days before the meeting. The notification for the meeting featured agendas, facts and reasons, Board's opinions on each agenda, minutes of the previous AGM, Annual Report, documents for each agenda, clarifications, procedures and information about independent Directors, procedures to attend the AGM, the Company's Articles of Association concerning the AGM, location map of the meeting venue, a response envelope and proxy, specified by the Ministry of Commerce. The notification was also published in a daily newspaper for 3 successive days at least 3 days before the meeting to notify shareholders in advance and allow share minor holders to propose an agenda, nominate persons to become a Director and send in questions before the meeting from November 26, 2012 to January 31, 2013. It's published in the www.set.or.th and www.nine.co.th No shareholders nominated anyone to become a Director or propose an agenda for the meeting.

The Company reported about shareholders' rights in nominating persons to become Directors and proposing an agenda for the AGM in its website on February 1, 2013.

Before the 2013 AGM, the Company solicited shareholders to send in their questions in advance through the Company's website and Fax at 02-338-3938 from March 21, 2013 to April 12, 2013 for the Board and management to prepare data to clarify to the shareholders in the AGM but no shareholders sent in any questions.

On the date of AGM

The Company scheduled the date and time and chose a venue convenient for shareholders to attend the AGM, and assigned the staff to facilitate shareholders at the registration, attending the AGM. Shareholders could enroll for the AGM at least one hour before the meeting and throughout the meeting. The Company also presented a souvenir to every attendant. In addition, the Company had asked the auditor from KPMG Bhumichai Audit Co., Ltd. and legal advisor from Pow and Associates Law Office Co., Ltd. to attend the AGM, hear shareholders' opinions and answer questions from shareholders. At every shareholders' meeting, the Chairman of the Board chairs the meeting.

Before the meeting got started, the Company explained to attendees procedures in the meeting, voting, vote counting, casting ballots and the Chairman allowed shareholders to ask questions or express their opinions and views and got the Chief Executive Officer and certain Executive Directors to answer those questions. Significant questions, answers and contents were summarized in the minutes of the meeting.

The Company employed a barcode information system in the enrollment and vote counting for each agenda. To elect Directors, shareholders were allowed to cast a ballot for each Director. Voting pro-

cedures, vote counting and resolutions were noted with agreeing, disagreeing and abstaining votes in the minutes. Voting for Directors was conducted by person and voting for each agenda was done in a ballot that could be checked later, all of which were recorded in the minutes of the meeting.

The Company proposed compensation to each Director in the AGM every year, presenting each Director's compensation compared with that offered in the previous year as well as clear policy and criteria concerning Directors' compensation.

Shareholders who cannot attend the AGM in person can assign a proxy, who is an independent Director and Audit Committee member, Mr. Somsak Cheer Chiranakhon, who has no benefit in issues being considered, to represent them and cast votes on their behalf. The Company has enclosed a proxy form (Form B), in which each shareholder can direct how to vote on each agenda, with the notification for the AGM.

After the AGM

The Company handed in the minutes of the AGM featuring detailed questions and answers to the Stock Exchange of Thailand in 14 days and made the minutes of the meeting available in the Company's website. Based on those practices, the Company was rated "Excellent" for the organization of the Annual General Meeting (AGM) by the Thai Investors Association, Thai Listed Companies Association and the Securities and Exchange Commission.

2. Equitable Treatment of Shareholders

The Board has regularly controlled and checked up on the Company's corporate governance structure to ensure equitable treatment for all shareholders, including small shares shareholders and overseas shareholders, as well as to ensure that the caretaking process is neither complicated nor incurring unnecessarily high costs. The shareholders have the right to participate in decision making and acknowledging the Company's decisions on important circumstances as stipulated by law or the Company's regulations.

- All shareholders have a right to vote as per the number of shares one holds. Each share counts for 1 vote and there is no special voting right.

- Shareholders with 1 share and above can propose to add agenda items for the general meeting in 2012 as well as nominate a person with appropriate qualifications to sit in the Board of Directors from November 24, 2011 — January 31, 2012. The Company shall make available the information through the Stock Exchange of Thailand's information channel and the Company's website with transparent steps and procedures in line with the extra procedure on rights of small shares shareholders. However, in 2012 there were no additional proposed agenda or Board of Directors nominations.

- Shareholders who are unable to attend the meeting may authorize an independent director who has no conflict of interest with the meeting agenda to attend and cast the ballot. Shareholders can download the proxy form from the Company's website.

- No transactions shall be mutually made with any joint-venture or related companies, as it may lead to significant conflict of interest.

Prevention of the use of inside information

The Company has set a policy to prevent Directors and Executives from abusing their authorities, unfair to other shareholders, or causing damage to shareholders in accordance with Article 241 of Securities and Stock Market Act, A.D. 1992, as follows:

1. It is prohibited for the Directors, Executives and employees who are related to internal data from disclosing such internal data to any outsiders or not related persons.
2. The Directors, Executives and employees, who are related with the preparation of financial statements or any other information, must be careful about securities trading before the announcement of the financial statements. Should there be any trading during that time, they're required to inform the Board of Directors.

Disclosure of stakeholder data

The Board of Directors has set forth a guideline for the Company's Board of Directors, its subsidiary companies and the Executives to disclose stakeholder data of their own and related persons, according to Article 89/14 of Securities and Stock Market Act, A.D. 2008 to ensure transparency and prevention of conflict of interest. NINE requires Directors and Executives to report the change of their securities holding to the Securities and Exchange Commission (SEC) and SET at every trading, transfer or acquisition of securities in 3 days, from the date of the deal. It also requires directors and executives to make a report in the stakeholder data report of Directors, the Executives and related persons, according to the Capital Market Supervisory Board's Notification No. TJ 2/2552, enforceable since July 1, 2009, as follows;

1. It requires Directors and Executives to make a report of stakeholder data of their own and related persons annually. The Corporate Secretary will collect the stakeholder data of the Directors, the Executives and related persons and keep those data updated, ready to be revealed to the Board of Directors whenever the Board of Directors wishes to consider transactions between the Company and Directors and/or the Executives who are involved or related.
2. In case there is any change of data, the change must be reported immediately, the report of which shall be sent in 7 days from the date of the change.
3. The Corporate Secretary will hand in a copy of stakeholder report to the Chairman of the Board of Directors and the Chairman of the Audit Committee in 7 working days from the date the Company has received the report.

In 2013, there was one report and there was no transaction with conflict of interest with NINE.

Report on Shareholding

Regarding report on security trading of the Company's Board of Director and Executives, the Company has already sent an official letter to explain their liability in reporting their securities holding to the Securities and Exchange Commission according to Article 59 of the Securities and Exchange Act A.D. 1992. The Company has also informed the Company's Board of Directors every time there is purchase, selling, transfer or acquisition of securities.

In 2013 the Company set a policy that the directors and executives must report their shareholding to the Board of Directors annually and at least once a year. The directors have reported their shareholdings at the Board of Director's meeting on February 12, 2014.

And the Company's Board of Director has reported the shareholding by comparing an increase (decrease) between December 31, 2013 and December 31, 2012 as follow :-

(The AGM on April 23, 2013 approved a capital increase for the present shareholders at the ratio of one old share to one new share. Thus some Directors who exercised their capital increase rights held additional number of shares compared to that of the previous year.)

No.	Name	Number of Shares		Company's holding ratio (%) As of Dec.31, 2013		Notes
		Dec.31, 2013	Dec. 31, 2013	No. of shares increase (decrease) during the period (shares)		
1	Mr. Suthichai Sea-Yoon	1,566,636	783,318	783,318	0.92%	Right Offering
2	Mr. Somsak Cheer Chiranakhon	-	-	-	-	-
3	Mr. Sutee Jintananarumit	-	-	-	-	-
4	Ms. Santhaya Kittikowit	-	-	-	-	-
5	Mr. Sermsin Samalapa	-	-	-	-	-
6	Mr. Torboon Puangmaha	-	-	-	-	-
7	Mr. Pana Janviroj	-	-	-	-	-
8	Mr. Kesery Kanjanavanit	52,428	26,214	26,214	0.03%	Right Offering
9	Ms. Wongsiri Miyaji	3,000	10,000	(7,000)	0.00%	Sell
10	Mr. Sangchai Leelanawalikhit	1,000	1,000	-	0.00%	-
11	Mr. Somsak Chaikhram	-	-	-	-	-
12	Ms. Thanika Jearanaiphaisan	-	-	-	-	-
13	Ms. Thitagan Thana-Olarn	-	-	-	-	-
14	Ms. Boonpa Saebay	-	-	-	-	-

Cross-transactions between the Company and its Subsidiaries

The Company has set the standard to oversee cross-transactions between the Company and its subsidiaries, joint ventures and affiliates with the same status with the person that may have any conflict of interest, benefits or possible conflict of interest in the future. Should such a cross-transaction arise, it must follow the normal trading practice transacting with a third party. In the case that the price cannot be compared with a third party, both involved parties must jointly consider and set an appropriate price. The audit committee shall examine the transaction and give opinions about the necessity of the transaction as well as the appropriateness in terms of prices.

In 2013, NINE and its subsidiaries had cross-transactions with other related companies under market price conditions. Other cross-transaction items, whereby the appropriateness and transaction value is being considered by the audit committee, can be viewed in the Companying notes as an integral part of the financial statements.

3. Roles of stakeholders

Apart from taking care of the entitlement of the shareholders, the Board of Directors has a policy of taking care of the right of every group of stakeholders, not only the matters that have direct impact to business activities, but also matters that the Board feels good to the society.

The stakeholders will be well taken care of by the Company according to their pertaining legal right. The Board of Directors has promoted cooperation between the Company and stakeholders to strengthen financial stability and corporate sustainability.

In terms of good governance, there are several significant stakeholders such as employees, clients, shareholders, investors, trading partners, creditors, competitors, society, public sector, the community where the Company is located as well as independent auditors. The Board of Directors has a policy of treating each group of stakeholders, based on their legal rights or agreements with the Company; promoting stakeholders' engagement and contribution to the Company's operating results to ensure corporate sustainability; and disclosing sufficient important data to the stakeholders. The Board of Directors on November 17, 2008 set forth corporate code of conduct, and the latest revision was made on November 6, 2013 (details of which can be found in handbook on the code of conduct for the Board of Directors, Executives and employees at www.nine.co.th)

Ethics of the Board of Directors, Executives and employees are as follows:

1. Accountability to shareholders

NINE is determined to be accountable and create highest satisfaction to shareholders, based on sustainable corporate growth and continuous proper return as well as transparency and reliable accounting system. The Company has up an investor relations section for shareholders and investors in make inquiries or ask for information.

In 2013, the Company's operating results were better, having a net profit Bt 19.89 million, and retained earnings as of December 31, 2013 at Bt 8.90 million, shown in financial statements for each business enterprise. It's expected that the industry in 2014 would slow down if the political unrest continued. However, NINE had positive aspects from its mother company, having won the tender of digital TV operation license, from which NINE expected to get benefit in producing contents, responsive to the mother company and being able to produce programs to be distributed to the alliance in other channels, which would certainly enhance the Company's growth.

NINE has a policy of paying dividend to shareholders at the rate of not less than 30% of the net profit (as per NINE's financial statements). The said dividend rate is subject to change, depending on necessity and suitability and highest benefit to the shareholders.

NINE paid dividend from its operating results in 2012 and retained earnings at Bt0.15/share, totaling Bt12.75 million. Payment was made on May 20, 2013.

2. Relationship with clients

NINE is determined to building up satisfaction and confidence to customers and the public to make sure that they may receive best quality of products and services at reasonable prices, by continuously and seriously increasing standards and maintaining strong and sustainable relationship with them.

The Company regularly organizes activities to strengthen closer relationship with every group of clients, for example,

- TV audience through the Kidzone: NINE has prioritized client satisfaction by presenting quality program contents and returning profit to viewers, for example, various activities through TV programs and facebook/Kidzone, thinking zone of naughty children or School Roadshow, “Wandering children City, part - naughty can Gang” in various schools.

- Book readers: NINE held several activities, for instance, a seminar on Kavee on Stage “correct share handling offers sustainable benefits” or questionnaires to survey readers’ views in order to develop the book contents relevant to the readers’ requirements as well as prize winning programs, etc.

3. Accountability to employees

As NINE has realized that human resources are best significant value and keys to organizational success, NINE has committed to personnel development, cultural reinforcement, promotion of physical and mental health and pleasant working atmosphere, promotion of team spirit in order to strengthen employee’s trusts and confidences. NINE has encouraged employees to elect their representatives to take part in the administration of welfare benefit programs as prescribed by the law, also allow and facilitate employees to set up “Labor Union for Thai Mass Media” in accordance with the Labor Relationship Act, A.D. 1975. This is to ensure employment fairness, strengthen relationship between the employer and employees and among employees themselves. Activities that engaged employees were as follows: a merit-making activity in which executives and employees jointly offered foods and alms to Buddhist monks once a month, One Nation One Family activity, New Year’s party and various clubs’ activities, for instance, volunteering developing camp, music club and sports club, etc.

In terms of welfare benefits for employees, NINE has encouraged personnel development and taken good care of their welfare benefits — providing a proper wage and welfare program based on competitive edge in labor market, career growth, potentiality, costs of living, basic wages covering various types of leave, provident fund, children’s subsidy, emergency loans, uniform expenses, medical fees, allowances, traveling expenses as well as best practices for employees and human rights in line with international requirements and standards, rights to set up a labor committee and labor union and allowing employees to tender their suggestions or complaints on various matters. Moreover, NINE pays special attention to accident prevention, having measures to help employees met with an accident by providing life insurance for employees at every level and employees’ health programs as follows:

1. Life insurance (covering accidents and group insurance for employees at every level),
2. Annual medical check by a doctor and nurses from a hospital,
3. Annual vaccination, for instance, vaccination against flu,
4. Subsidy in case an employee being hospitalized,
5. Provide helping fund, in case father, spouse and children or the employee himself passes away.

In terms of safety and hygiene in the workplace, NINE has emphasized training and campaigns for employees to realize the significance of working ambience to ensure safety to their life and property. In 2013, there was no accident at all and there were no sick leaves caused by working for NINE as most of the job was in the office while NINE has paid special attention to the working environment, keeping equipment, tools and other facilities in good, safe conditions.

In the areas of personnel development, NINE has focused on development of employees' potentiality, providing in-house training or sending employees to outside trainings to develop their potentiality so that they may apply knowledge gained to their work for better efficiency. In providing trainings to the employees, NINE has complied with the Skill Development Promotion Act. A.D. 2002, which requires a company having more than 100 employees to provide training to 50% of all employees and to submit the training topics to be certified by the Department of Skill Development, which the Company has strictly followed this regulation in providing training for employees.

In 2013, NINE provided training to 11% of its 81 employees. All the training courses were outside or at other institutes and organizations.

To train and encourage employees to go against irregularities and corruption, NINE is aware of the significance of business operation and administration righteously and transparently, which will enable NINE to prosper and grow permanently along with the society and the country. As a consequence, a code of conduct for directors, executives and employees has been introduced and prepared as a framework for them to work with integrity, righteousness, to be against corruption and abstinence from any malpractice that will lead to corruption, for example, declining to accept high-priced gifts. Such training has been provided to new coming employees at the orientation, and continuously emphasizing throughout the working life through the executives and section chiefs of all levels.

NINE allows employees to offer their any opinions, suggestions, complaints, or give hints concerning irregularities and corruption to the executives by several channels; such as through the employee representatives elected to the labor committee as prescribed by the labor law, who have a joint meeting with the executives every month to propose ideas and ask questions through Facebook / Twitter / Yammer / Internet, or propose directly to the executives through e-mail. The executive can communicate with the employees through Facebook / Twitter / Yammer / Internet as well.

Remuneration and other benefits management

To be fair, transparent and compliant with the personnel development direction as well as the succession plan, NINE has hired a human resource consultant to improve human resource management, increase work efficiency to the organization, build up sustainable stability, to be fair in employment in accordance with the International Financial Reporting Standards (IFRS) on remuneration to employees upon retirement, promulgated in 2011. NINE consequently hires experts in statistics to calculate remuneration to retired employees, and books that transaction in its financial statements in 2013.

To provide financial assurance to employees upon resignation or retirement, NINE has set up a Provident Fund for employees. Money in the Providence fund comes from contributions from employees, from the Company and interests from those contributions.

Respecting human rights

NINE has set up business ethics or code of conduct that the Company will treat employees with respect to each individual and human dignity, and the employees will not do anything to violate or threaten others by words nor actions to others on the basis of nationality, gender, religion, age or physical or mental disability.

In the past year, there was no dispute between the employees and the Company, and the Company received close cooperation from the Labor Union in publishing and creating mutual understanding between employees and the organization.

4. Relationship with trading partners, competitors and payables

NINE is concerned with the equity and fidelity in business operation and mutual benefits with its trading partners, by abiding by the laws and covenants strictly and having good ethics in business operation. In case of business competition, NINE has abode with good competition principles and followed good and righteous ways of practice to strengthen relationship with business alliances.

NINE is continuously concerned with the relationship with its business partners, especially in transporting printed matters of the business partners to various places, by NML Co., Ltd., a subsidiary company, in using each other's resources for optimal benefits of both parties.

Moreover, NINE had no disputes on matters concerning with its trading partners, competitors, payables and financial institutions.

Criteria in selecting business partners are as follows;

1. Financial history is reliable and have potentiality to grow with NINE in the long run.
2. Produce or distribute the goods of high quality as required and can be inspected.
3. Render full support to any sale promotion programs and aftersales services to customers.

5. Responsibility to the society and environment

NINE supports employees to learn and realize the significance of environmental conservation and smart consumption of rare resources through internal communication channels, and encourages employees to take part in the campaigns to reduce greenhouse effect and global warming by changing the behavior of energy consumption, 5 S activity as well as encourages employees to join all other activities concerning environment, natural resource and energy conservation, held by NINE.

The Company is concerned with better standard of living and news consumption of Thai people, especially children and teenagers, paying special attention to presentation of quality and useful information to the society and common good, and environmental conservation as one of the entrepreneurs in Thailand, and a medium to implant environmental conservation awareness to people in society. In 2013, NINE held several social activities (details as in the Annual Report (56-2) Heading — Social Activities.)

As NINE is running a mass media business, its business and social activities must naturally deal and meet with various groups of people. The Company thereby has chances to listen to ideas and suggestions through its employees in dealing with the stakeholders, and through meeting of the executives,

directors who have chances to meet the stakeholders continuously. The Company has a Call Center to receive complaints and solve service problems as well as general coordination with other sections. NINE has made great improvements based on those complaints.

In addition, in 2013, NINE allowed its stakeholders to file complaints on any matter to the Chairman of the Board, or Audit Committee or independent directors at the website: www.nine.co.th, or send by post to the following address: Nation International Edutainment PCL, No. 1858/123-124, 29th Floor, Bangna-Trad Road, Bang Na Sub-Dt., Bang Na Dt. Bangkok 10260.

The Corporate Secretary is responsible for documents sent to the Board of Directors, and sending them to committees or related directors and will summarize all the suggestions and key points to present to the Board of Directors to acknowledge and consider.

4. Data disclosure and transparency

The Board of Directors makes sure that NINE disclose important data, both financial and non-financial data in an accurate, complete, in time and transparent manner and subject to inspection, as well as abiding by the relevant laws and regulations, through such accessible channels as the Company's website, disclosure channels of the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC).

NINE has set in the policy of corporate governance that whenever there are changes of securities holdings by a director or executive, he/she is required to report the change of securities holdings to SEC and SET, and copy that report to the Corporate Secretary, who usually asks Directors and Executives to report their updated data at least once a year in November and collect all reports of securities holding and present to the Board at least once a year.

Realizing the importance of keeping internal data in the group of companies confidential, NINE has set a policy "Use of Internal Data", requiring Directors, Executives, staff and employees in the whole group to keep internal data confidential, except in case of disclosure for the benefit of business of the Company. The Company prohibits selling, purchasing, transferring and taking the transfer of the Company's securities, such confidential and / or internal data of the group of companies and / or any commitment that will cause damages to the group of companies either directly or indirectly.

In the past year, the Company disclosed both financial data and non-financial data correctly, completely, in time, transparently, in accordance with the criteria set forth by SEC and SET through SET's disclosure channels and NINE's website. NINE was not taken any action by SEC and SET for not complying with regulations on data disclosure.

The Company's annual report 2013 provides the following information:

1. Vision, mission and values of the organization
2. List of directors as well as their work and educational backgrounds, their family relationship with the management, their service in other listed companies and their holding of the Company's securities

3. Shareholders' structure
4. Risk factors
5. Corporate Governance Report
6. Supervision policy and compliance policy
7. Directors' remuneration and Board meeting attendance
8. Board of Directors' performance in the past year and the training record of the board
9. Audit Committee's performance in the past year
10. Remuneration policy for directors and high-level management
11. The remuneration for service in the Board of Directors and other assignments for the Company and its subsidiaries
12. Annual Report of the Audit Committee
13. The Board's accountability report to the financial statements with the required content, endorsed by the Chairman of the Board and the Chief Executive Officer
14. Explanation and analysis of the financial status of the management
15. Accurate and complete financial statements in accordance with accounting standards
16. Financial statements and operating results

The Company has disclosed the following information at www.nine.co.th

1. Roles, duties and responsibilities of the directors, executive directors, sub-committee and chief executive officer
2. List of related transactions or conflicts of interest
3. Business ethics
4. Corporate Governance Policy
5. Audit Committee's charter
6. Quarterly and annual financial statements
7. Annual report
8. Human resources management policy
9. Conflict of interest policy
10. Internal control policy

In addition to information disclosure in line with SET and SEC regulations as well as in the NINE website, "Investor Relationship" for people interested to conveniently study the information, NINE held the following activities to disseminate and spread useful information to interested parties and allowed them to ask questions:

1. Joining the "SET Opportunity Day," held by SET in 2103. NINE joined such activities 3 times on March 4, 2013; May 23, 2013 and August 26, 2013. It's a chance for listed companies to meet with investors, analysts and mass media to share their business activities and future plans.

2. Data dissemination through mass media in 2013: Data was once published in a newspaper.

Investor relationship

The Investor Relationship Office is responsible for communicating with institutional investors, shareholders and analysts on an equal and fair basis, answering questions concerning the Company's business activities and operation to investors, who send in questions through the website, or by phone, or any other channels, in order to build and strengthen better relationship between NINE and its shareholders, institutional investors, general investors, securities analysts and public organizations equally. You can contact the Investor Relationship Office at:

Address : 1858/123-124, 29th Fl. TCIF Bldg. Bangna-Trad Rd.
Bangna Sub-District, Bangna District, Bangkok 10260
Tel. : 02-338-3292
Fax : 02-338-3904
Email : investor@nationgroup.com / investor@nine.co.th
Website : <http://www.nine.co.th>

Corporate Secretary Department

NINE has recognized the significance of working in compliance with the regulations required by the Stock Exchange of Thailand, the Securities and Exchange Commission and other relevant laws in an accurate, complete and transparent manner, which passes through sequential consideration and inspection. The Corporate Secretary takes charge of assisting the Chairman of the Board of Directors in monitoring the Board of Directors, sub-committee and all directors to perform in accordance with relevant laws, regulations, and rules. Moreover, the Corporate Secretary is responsible for preparing documents in line with the meeting's agenda, which are sufficient for consideration and making decisions by the board, recording the minutes of meetings accurately and correctly to demonstrate that the board has considered all the proposed agenda fully, faithfully, and responsibly, as a normal person operating the same business should do in the same situation. Also, the Corporate Secretary has the responsibility to keep a register of directors, a notice calling meetings, minutes of meetings of the Board of Directors and Shareholders, a report on conflicts of interest, and a report on interest filed by a director or an executive in carrying out duties in full compliance with the guidelines.

5. Role, duties and responsibilities of the Board of Directors

The Board of Directors plays a key role in overseeing the Company's business operation for optimal benefits of parties concerned. The Board of Directors is accountable to shareholders and is independent from the management. The Company's Board of Directors consequently consists of well educated, experienced and skilled personnel in different fields — business, finance and accounting, management, marketing, strategies and laws.

The Board of Directors has set forth clearly the role, duties and responsibilities of the Board, Executive Committee, Chairman of the Board, Directors and Managing Director so that the Directors may be free in making decision for the highest benefit of the Company and shareholders as a whole. A procedure to monitor the Company's business operation has been set in place to ensure compliance with relevant laws on business morals, set up by the Board of Directors.

Role, duties and responsibilities of the Chairman of the Board of Directors

The Chairman of the Board of Directors has a role of chairing meetings, controlling, monitoring and allocating time for each agenda for each director to express his/her ideas on significant issues and cast the decisive vote in a Board meeting when an issue is voted equally by two parties, and be responsible as the Board leader for setting the scope of work and monitoring the activities of the organization and chairing the annual general meeting.

Checks and Balance of non-executive Directors

In 2013, the composition of the Company's Board of Directors featured 9 Directors — three independent directors, one director who served as an executive in NINE and its subsidiaries, and five non-executive directors. The Company had one-third independent directors in the Board, and that served as proper checks and balance.

These three independent directors have possessed required qualifications according to the independent director definition, who have been approved by the Board of Directors in compliance with the Securities and Exchange Commission's regulations in 2008. One of the three independent directors served as Chairman of the Audit Committee and two as members in the Audit Committee.

Term of directorship by directors and executives

According to NINE's Articles of Association, one third of the directors must duly resign every year. Outgoing directors may be reinstated for another term. However, the Company does not fix the number of successive term of directorship according to the Securities and Exchange Commission's regulations. NINE has a policy that the Managing Director can hold a position in maximal 5 other listed companies. A director cannot hold another directorship in any competitive companies or those having conflict of interest. The directors have disclosed the type of business and directorship in other companies in the Director Record File in 2012. No directors nor executives held directorship in more than 5 listed companies.

NINE has no policy to let top management hold another title in other companies, except its subsidiary or affiliate companies, and requires them to report their directorship in other companies in the report form 56-1.

The Company appointed Miss Punapa Thongthaveephan as Corporate Secretary on August 8, 2012, responsible for activities mentioned in Securities and Exchange Act, summarizing important matters related to directions and rules revised by SEC as well as laws newly promulgated that the Board should be informed to present to the Board. The Corporate Secretary collects data related to directors and other related persons, handle Board activities and coordinate with the executives to implement the Board's resolutions.

The Board is responsible for approval of the Company's significant business issues such as business plan, operation budget, financial projection and business strategies, proposed by the managing director, and monitoring implementation of the policy and plans approved.

Committees

The Board has appointed committees to screen details and set forth qualifications and scope of responsibilities in the regulations of each committee. Members of each committee are independent directors. Chairman of the Board will not hold any title in a committee and an independent director will serve as chairman of a committee.

In order for directors who are qualified, with leadership skills and vision, and specialized skills and experiences as well as those who have devoted their time to better understand corporate culture and code of conduct, the Board has not set up a Recruitment Committee and a Compensation Committee. But the whole Board will work together to nominate directors qualified and appropriate and leave to the Chairman to propose to shareholders in a general meeting. By this way, we can ensure transparency without interference by the management.

At present, the Company has only one committee, namely, Audit Committee. Duties and responsibilities of the Audit Committee are described in the Good Governance Policy on Structure of the Board.

Conflicts of interest

Recognizing the significance of this matter, NINE has announced its conflict of interest policy, forbidding directors, executives and employees to operate a business in competition with the Company and avoiding making interrelated transactions concerning oneself that may cause conflict of interest with the Company. Should there be any necessity to make such transactions, the Board will make sure that those transactions are transparent, righteous as if the transactions had been made with the third party. Directors, executives and employees who are the stakeholders in a transaction will not take part in the approval process. Those transactions have to comply with SET's regulations. Interrelated transactions among NINE, its subsidiaries and affiliates in 2013 were presented to the Audit Committee and the Board for their acknowledgement in February 2014. NINE disclosed information of those transactions, agreement partners, reason / necessity in the Annual Report and report form 56-1.

Board meetings

Board meetings are usually scheduled in advance each year at least once in a quarter. And there may be an additional meeting if necessary. Clear agendas are worked out in advance, and follows-up with implement of those agendas are made regularly. The Corporate Secretary will send out a notification for a Board meeting with agendas jointly approved by the Chairman of the Board and Managing Director, along with related documents for each agenda to every director at least 7 days before the meeting so that the Board may have some time to study them before the meeting. In case a director wants to propose an agenda or require the management to update certain issues, he/she may notify the Chairman of the Board or Corporate Secretary.

Usually, each Board meeting takes a few hours. The Chairman of the Board offers a chance to every director to express his/her opinions and observations freely. To prevent financial data leakage unintentionally, the Board advises the management to report the Company's operating results only in the Board meeting. If there is no Board meeting in any month, the management need not present the Company's operating results. Independent directors and non-executive directors have regular meetings or communications to exchange ideas about administration issues without presences of the management. In case of concerns or worries, the Board will raise them to the management to handle.

In 2013, the Board held 5 meetings. The minutes of the meetings were properly recorded in writing, featuring complete significant information. Approved minutes were properly filed, available for inspection by the directors and related persons.

Attendance for each director in 2013 and 2012 are as follows:

No.	Name	Position	No of attendance/No of meeting	
			2013	2012
1.	Mr. Suthichai Sae-Yoon	Chairman of the Board	5/5	5/8
2.	Mrs. Kesery Kanjana-Vanit	Director	5/5	8/8
3.	Mr. Sermsin Samalapa	Director	2/5	6/8
4.	Mr. Torboon Puangmaha	Director	2/2	-
5.	Mr. Pana Janviroj	Director	5/5	7/8
6.	Mr. Somsak Cheer Chiranakhon	Independent Director	4/5	7/8
7.	Mr. Sutee Jintananarumit	Independent Director	5/5	8/8
8.	Ms. Santhaya Kittikowit	Independent Director	4/4	-
9.	Mr. Kreetha Matitanaviroon	Independent Director	-	8/8
10.	Mr. Sivaporn Chomsuwan	Director	3/5	4/8
11.	Ms. Mathaya Osathanon	Director	3/3	7/8

Notes: The Board in their 2/2013 meeting appointed Miss Santhaya Kittikowit as independent director replacing Mr. Kreetha Matitanaviroon. And the Board in their 4/2013 meeting appointed Mr. Torboon Puangmaha as director, replacing resigned Miss Mathaya Osathanon. Counting the number of attendance by each director is made only during the tenor of that director.

In 2012 and 2013, the Audit Committee held 4 meetings. Each member of the Audit Committee attended the meetings as follows:

No.	Name	Position	No of attendance/No of meeting	
			2013	2012
1.	Mr. Somsak Cheer Chiranakhon	The Chairman of Audit Committee	4/4	4/4
2.	Mr. Sutee Jintananarumit	The Member of Audit Committee	4/4	4/4
3.	Ms. Santhaya Kittikowit	The Member of Audit Committee	3/4	-
4.	Mr. Kreetha Matitanaviroon	The Member of Audit Committee	-	4/4

Notes: The Board in their 2/2013 meeting appointed Miss Santhaya Kittikowit as independent director replacing Mr. Kreetha Matitanaviroon. Therefore Miss Santhaya Kittikowit attended the 2/2013 Audit Committee Meeting onwards.

Evaluation of the Board of Directors' performance

The Board of Directors has set forth a policy to have the Board's and committee's performance evaluated at least once a year so that the Board may review its performance, problems and obstacles faced in the past year and try to do better.

In 2013, the Board of Directors evaluated the Board's performance in 2 parts; namely individual evaluation (by oneself) and collective evaluation of the entire Board, based on the evaluation references of the Stock Exchange of Thailand and Thai Institute of Directors (IOD). Evaluation scores were as follows: 4 : strongly agree, 3 : rather strongly agree, 2 : agree, 1 : disagree, 0 : strongly disagree.

Evaluation could be summarized as follows:

- **Individual evaluation:** Areas of evaluation included readiness of the directors, business strategies and planning, risk management and internal control, preventing conflict of interest, follow-up on financial statements and business operation, and Board meetings. The evaluation showed most areas were good at 102 out of 216 points.

- **Evaluation of the entire Board:** Areas of evaluation included Board structure and qualifications, role, duties and responsibilities, Board meetings, performance of the Board of Directors, relationship with the management, self development and development of the management. The evaluation showed most areas were excellent at 240 out of 441 points.

In addition, the Board had the Audit Committee evaluated as done in the previous year. Evaluation was made by stating Yes = agree, No = not agree. The evaluation showed:

- **Evaluation of the Audit Committee** was mainly made to evaluate their responsibilities and meeting attendance. The evaluation showed most areas were excellent at 51 out of 51 points.

Remunerations to Directors

The Company has set a clear and transparent remuneration policy to Directors equivalent to the rates offered in the same industry and high enough to attract and keep qualified Directors. That policy has been approved in a shareholders' meeting. Directors assigned with additional responsibilities will receive proper remuneration suitable to those additional assignments.

Evaluation criteria for the Managing Director and senior management go in line with the principles and policy set forth by the Board of Directors, corresponding with the Company's overall operating results and each individual's performance. The Board of Directors evaluates the Managing Director's performance and the Chairman of the Board will inform the Managing Director the criteria and evaluation findings. The Executive Committee will approve evaluation of senior management, as proposed by the Managing Director. The Board of Directors has entrusted the Executive Committee with consideration of proper remuneration to the Managing Director and senior management.

Remuneration to directors in 2013 and 2012 were as follows:

Name/Position	Remunerations 2013				Remunerations 2012			
	Remuneration	Meeting Allowance	Others	Total	Remuneration	Meeting Allowance	Others	Total
Chairman:								
- Mr. Suthichai Sae Yoon	400,000.-	-	-	400,000.-	400,000.-	-	-	400,000.-
Non-Executive Directors:								
- Mr. Sermsin Samalapa	200,000.-	-	-	200,000.-	200,000.-	-	-	200,000.-
- Mrs. Kesery Kanjana-Vanit	200,000.-	-	-	200,000.-	200,000.-	-	-	200,000.-
- Ms. Mathaya Osathanon	200,000.-	-	-	200,000.-	200,000.-	-	-	200,000.-
- Mr. Pana Janviroj	200,000.-	-	-	200,000.-	200,000.-	-	-	200,000.-
- Mr. Sivaporn Chomsuwan	150,000.-	-	-	150,000.-	200,000.-	-	-	200,000.-
Chairman of Audit Committee:								
- Mr. Somsak Cheer Chiranakhon	400,000.-	-	-	400,000.-	400,000.-	-	-	400,000.-
Audit Committee:								
- Mr. Sutee Jintananarumit	300,000.-	-	-	300,000.-	300,000.-	-	-	300,000.-
- Mr. Kreetha Matitanaviroon	-	-	-	-	300,000.-	-	-	300,000.-
- Ms. Santhaya Kittikowit	300,000.-	-	-	300,000.	-	-	-	-
Executive Director:								
- Mr. Torboon Puangmaha	100,000.-	-	-	100,000.-	-	-	-	-
Total (Baht)	2,350,000.-			2,350,000.-	2,400,000.-			2,400,000.-

Notes: The Board in their 2/2013 meeting appointed Ms. Santhaya Kittikowit as independent director replacing Mr. Kreetha Matitanaviroon. And the Board in their 4/2013 meeting appointed Mr. Torboon Puangmaha as director, replacing resigned Miss Mathaya Osathanon. Remuneration paid to each director is made only during the tenor of that director.

Development of Directors and the management

Every new Director will attend an orientation by the Chairman of the Board of Directors concerning business operation, history and evolution of the Company, office location and branches, corporate culture, along with clarifications from the Managing Director and the Corporate Secretary about corporate structure, corporate governance policy, internal control system and documents concerned.

The Board of Directors encourages and supports every Director to attend seminars and training in order to increase their performance efficiency. NINE has a policy of encouraging Directors to participate in seminars and training on various subjects, held by the Thai Institute of Directors (IOD), the Stock Exchange of Thailand or any other institutes, on specific duty development and responsibility of a Director, or innovated trends of management so that they may develop and improve their performance and apply knowledge gained to improve their performance continuously for the Company's benefits. In 2013, the following directors were encouraged to join the trainings;

No.	Name	Position	Training Course(s) 2013
1.	Mr. Somsak Cheer Chiranakhon	Independent Director and Chairman of the Audit Committee	- IFRS: Journey toward full adoption - Global Audit Committee Survey — Perspectives and trends
2.	Mr. Sutee Jintananarumit	Independent Director and Member of the Audit Committee	- IFRS: Journey toward full adoption - Global Audit Committee Survey — Perspectives and trends
3.	Ms. Santhaya Kittikowit	Independent Director and Member of the Audit Committee	- ASEAN Corporate Governance Scorecard
4.	Mr. Torboon Puangmaha	President	- Director Accreditation Program (DAP #106)

Succession plan

The Board of Directors recognizes that the organization quality is reflected from operating employees. The Company's sustainable growth depends on building up capable staff to pass on the mission and continue the objectives of the founder, and organizational culture to the next generation. The Board consequently advises the management to prioritize efficient administration and human resource development, having a direction to achieve the goals according to the corporate vision, mission and value.

NINE has proper and transparent process of selecting personnel to take responsibility at every level of management title to ensure that the Company has got professional management, neutral, free from politics, understand corporate culture, code of conduct for mass media. The Company set a succession plan as follows:

1. Chairman of the Board and Managing Director

In case the position of the Chairman of the Executive Board / Managing Director becomes vacant or cannot perform his/her duties, an executive at similar level or a deputy will act in that position until a qualified person is recruited and selected according to the Company's criteria. The person selected shall have vision, knowledge, capability and experience, suitable to corporate culture, under consideration of the Board of Directors to present to the Chairman of the Board of Directors to propose to a shareholders' meeting.

2. Department Directors

When a position in the management from a Department Director upwards becomes vacant, or the one in charge cannot perform his/her duties, the Company has a succession plan as follows:

1. Analyze the Company's business operation, regarding strategies, policy, investment plan and expansion plan.
2. Assess the readiness of manpower in accordance with the Company's strategies both short term and long term.
3. Set up a plan to build up manpower, by developing manpower or recruiting new ones to replace those resigned.
4. Set up plan of recruitment and development plan in advance before employees get retired or resigned.
5. Specify competency which means knowledge, skills, personality and desirable attitude of employees in such positions and make a development plan for each individual.
6. Select, evaluate and appraise the potentiality of employees,
7. Use KPI system in testing and evaluating the staff so as to analyze employee potentiality.

Internal Control

The Company's Board of Directors has recognized its duties and responsibilities, as the Directors of the listed Company, to supervise the Company to present its financial statements with complete, correct and transparent accounting information in order to protect the Company's assets, prevent from corruption, irregular proceedings and cross transaction that may lead to conflict of interest. The board adheres to accredited accounting standards, applies appropriate accounting policy and consistently adheres to it. Furthermore, the board also takes into consideration justification, the Company's utmost benefit, abiding to related laws and regulations, discretion in compiling consolidated financial statements of the Company and its subsidiaries, including any financial information presented in the annual report.

In order to strengthen the stakeholders' confidence towards the Company's financial report, the Board of Directors has appointed the Audit Committee, consisting of independent directors whose qualifications meet the Stock Exchange of Thailand's requirements and relevant rules and regulations. The Audit Committee has the duty to review the accuracy of the Company's financial report, its operation and the transparent, correct and complete disclosures of related parties' transactions or transactions that may lead to any conflict of interest. The Audit Committee ensures that the Company's risk management system, internal control, internal audit and corporate governance are adequate, appropriate and effective, as well as the adequacy, completeness and suitability of monitoring procedures in compliance with laws of securities and exchange, regulations of the Stock Exchange of Thailand and relevant rules and regulations.

The company has set up an internal audit department in charge of conducting internal control and reporting results to the Audit Committee and the management. Ms. Sawitree Ngamkham has been appointed as head of the department.

During 2013, the Audit Committee convened four meetings, each of which took approximately second hours in order to accomplish its duties as specified in the Audit Committee Charter. All three members of the Audit Committee attended all meetings. In addition, there were additional meeting agendas with independent auditors, key internal audit personnel, and top executives of the Company in the relevant matters. From the aforementioned meetings, the Audit Committee was of the opinion that the annual financial statements 2013 of the Company were presented fairly and did not find any items that may impact the Financial Statements. The Audit Committee was of the opinion that the Company's internal control system was appropriate, adequate and efficient, and professionally operated by the three experienced internal audit personnel. Cross transactions performed in the ordinary course of business were reasonable and no irregular item was found. It was determined that the Company has appropriately complied with

the Act of securities and stock exchange and the regulations of the Stock Exchange of Thailand, as well as to related laws. The Audit Committee agreed that the Company's current Independent Auditor for the year 2013 was suitable due to his independence and experience.

The Audit Committee reported to the Board of Directors after reviewing the financial statements and report, including the internal auditor's report every quarter. The Board of Directors was of the opinion that the Company's overall internal control system was satisfactory, ensuring the creditability of the Company's financial statements and consolidated financial statements for the year ended December 31, 2013. The Company appropriately safeguarded assets to prevent any illicit use by management or employees, operated as specified procedures, and had cautious, adequate, and appropriate internal control systems in all respects — organization and environment, risk management, management control, information and communication and monitoring

system to achieve goals and objectives in order to align with the circumstances and be able to resolve problems instantly.

Furthermore, the Company provided the procedures to review and assess the appropriateness and adequacy of the internal control system in all respects continuously in order to ensure that the Company's internal control is being updated to the changing circumstances, flawlessly so as to create no loss or inefficiency.

The Company's auditor forwarded the comments and recommendations from the audit for the year ended December 31, 2013 directly to the Audit Committee on February 12, 2014. The recommendations, which did not show any significant issues in regards to the financial statements, were as follows: the company should establish contracts apportioning revenues and production costs among companies within the group; the company should optimize the developed information technology system in order to efficiently collect data and calculate licensing fees terms. The company has made improvements on these recommended issues.

The Company's auditor also remarked that the internal control of the information technology system, in which the company has carried out some improvements, should be reviewed thoroughly and consistently for the most appropriateness. This includes the improvement and review of the information technology system's operational procedures such as regularly reviewing the status of super-users individually and of user accounts of the systems to be in accordance with their duties and responsibilities as well as in line with necessities.

Social Contribution Activities 2013

The Nation International Edutainment PCL as manufacturer and distributor of the publications for various kinds of entertainments and education is truly aware of the participation in helping the society. In 2013, the company held social activities with the aim to promote the youth's learning through the projects continuously as follows.

☛ “Recouping Knowledge to School” Project

As the Nation International Edutainment PCL recognizes the importance of Thai kids' education in Thailand, the “Recouping Knowledge to School” project has been developed with the contribution of private organizations and agencies in supplying learning materials to those schools that have faced the disasters. As the intermediate in coordinating with the Thailand Post, the Nation International Edutainment PCL has delivered the schools as to the sponsors' objectives. In 2013, the Dairy Farming Promotion Organization of Thailand by Suchat Chariyalertsak, Deputy Director of the Dairy Promotion Organization of Thailand, manufacturer and distributor of Thai-Denmark milk, jointed the project and handled over the skill-enhancing books and shelves in the “Recouping Knowledge to School” project to the schools in the region of the Office of Basic Education Commission (OBEC) across the country.



📖 “This Book for Kid” Project

As Thailand is a member of ASEAN countries, resulting that all sectors including educational sector both public and private agencies cooperatively help to promote learning skills in different areas in both classroom and outside the classroom. Library is another learning place where the students are able to improve the skills and knowledge themselves through reading without the cost. The results of the survey showed that rural remote schools still need for help and support of books and learning materials to improve the education potentiality of Thai children. Thus, the Nation International Edutainment PCL, has prepared a project, “This Book for Kid” “ as intermediate for the public and private sectors to join the project and support the development and education of Thai children.



Milestone Awards

Awards that Nation International Edutainment PLC. received in 2013

Below included prizes bestowed to the Nation International Edutainment PCL in 2013

Nation Books Publishing: 2 awards

1. Milestone Award

On May 7, 2013, the Company was awarded the Milestone Award from Disney at the Disney SEA Annual Publishers Meeting, Ho Chi Minh City, Vietnam, as a collaborator that is truly committed to produce the good works constantly for long time.

2. Award from the Publishers and Bookseller Association of Thailand (PUBAT)

On March 29, 2013, the Company was bestowed a plaque of honor from the PUBAT as supporter of advertising and public relations in organizing the book fairs across the country, which encourages the reading of Thai prevailingly, and create a sustainable knowledge society as a basis for the national development.



Audit Committee's Report for The Year 2013

Attn. Shareholders of
Nation International Edutainment Public Company Limited

The Audit Committee of Nation International Edutainment Public Company Limited comprises three independent directors: Mr. Somsak Cheer Chiranakhon - Committee Chairman; Mr. Sutee Jintananarumit and Ms. Santhaya Kittikowit - Committee Members.

During 2013, the Audit Committee arranged four meetings, each took a few hours, implementing the responsibilities specified in the Audit Committee Charter. In such meetings, along with the company's Independent Auditor, Internal Audit Manager and Chief Executives to discuss all relevant issues.

The Committee's Opinions:

- **Financial Statements:** The Audit Committee reviewed all quarterly financial statements, including the Annual Financial Statement for the year 2013, with management and the company's Independent Auditor. The audit inspected the financial reports of the company and its affiliates to ensure they had been organized correctly and properly, especially in their individual subject matter, in accordance with generally accepted accounting principles and that they disclosed all complete and credible information. In addition, the Committee reviewed the information disclosure and operations on mutual transactions between the company, its affiliates and its joint ventures, as well as connected transactions, in order to ensure the company had complied with and fulfilled all approved business practices and regulations as required by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

- **Internal Control System:** The Audit Committee considered organization structure of Internal Audit Department to make sure independent of operation. The Committee considered the Internal Audit System Plan for the Year 2013, with due concern for possible risk factors that might adversely affect the company's operations. The Committee also made suggestions and provided guidance on adjusting the plan to be compatible the current situation. In addition, the Committee resolutely pursued the implementation of adjustments on significant issues for the administrative section, as specified in the Audit Report. For the year 2013, the auditor could not find any material discrepancy for the internal control of the company.

- **Risk Management System:** The Audit Committee considered that the company's risk management system is appropriate and sufficient. The management has a track changes and associated risk factors closely and reported the situation including plan changes to The Audit Committee regularly.

- **Compliance with laws on securities and stock exchange and the regulations of the Stock Exchange of Thailand, as well as other laws relative to the company's business:** In February 2014, the Audit Committee arranged a meeting with the Company Secretary at which it was determined that the company had appropriately complied with all laws on securities and stock exchange and the regulations of the Stock Exchange of Thailand, as well as with other laws relative to the company's business.

• **Auditors:** The Audit Committee are agreed that the company's current Independent Auditor for the year 2013, Mr. Winid Silamongkol, auditor registration No. 3378, is a suitable, independent, knowledgeable and long-experienced auditor. With regard to the appointment of the company's Independent Auditor for the year 2014, the Audit Committee proposes the following persons from KPMG Poomchai Audit Co., Ltd. for due consideration as the company's Independent Auditor for the year 2014: Mr. Winid Silamongkol, registration No. 3378; Mr. Vichien Thamtrakul, registration No. 3183; Ms. Vannaporn Jongperadechanon, registration No. 4098; Ms. Patamavan Vadhanakul, registration No. 9832.

• **Connected Transactions:** The Audit Committee considered all connected transactions that might cause conflicts of interest with the company and subsidiaries. The Committee shall examine the transaction and give opinions about the necessity of the transaction as well as the appropriateness in terms of prices by considering from relevant market factors and comparable prices with the third party, if possible. The Committee shall disclose the information for the relevant items according to the requirement of the Securities and Exchange Commission and the Stock Exchange of Thailand as well as the accounting standard as required by the Federation of Accounting Professions. The Committee believes such the transactions are accurate, general business transactions that the company has implemented under the principles of Good Corporate Governance.

From its operations under the auspices of the Audit Committee Charter, the Audit Committee has determined that the company has delegated the implementation of management under the principles of Good Corporate Governance that eventually contribute to transparency and integrity. This has resulted in a firm trust with shareholders, investors and relevant parties and in a flawless, efficient Internal Control System of the company. Connected transactions that might have conflicts of interest have proved to be accurate, general business transactions of a reasonable nature. Additionally, no irregular material transactions have been found. It has therefore been determined that the company has properly complied with the relevant provisions of the law, as well as appropriate rules and regulations of official regulating organizations.

The Financial Statement ending December 31, 2013, has disclosed sufficient information and contains no problematic situations, or transactions that could materially affect the company's financial statement, which has been organized correctly in its subject matter in accordance with generally accepted accounting principles.



.....
(Mr. Somsak Cheer Chiranakhon)
Chairman of the Audit Committee

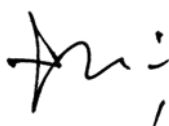
Report of Responsibilities of The Board

Report of the Board of Directors' Responsibilities to Financial Report of Nation International Edutainment Public Company Limited

The Company's Board of Directors recognizes the significance of its duties and responsibilities, as directors of a listed company. The Board of Directors ensures that the Company's financial report contains accurate, transparent and full accounting records that reflect the Company's actual financial status and operational results. The Company's financial statements are adequately disclosed to prevent any fraud or mismanagement of the company's assets. The Company adheres to conform with recognized accounting standards that are fair and circumspect in the financial reporting processes of the Company and its Subsidiaries in the year ended 31 December 2013.

In order to strengthen the confidence of the shareholders, investors and other related parties, the Board of Directors establishes the Audit Committee comprising independent directors fully qualified in accordance with the requirements of the Stock Exchange of Thailand and notification of the Capital Market Supervisory Board to review and ensure accuracy and sufficiency of the financial report, including transparent and complete disclosure of connected transactions or transactions with possible conflict of interest. The Audit Committee ensures the Company's risk management system, internal control, internal audit systems and corporate governance are appropriate and effective in compliance with laws of securities and exchange, regulations of the Stock Exchange of Thailand, notification of the Capital Market Supervisory Board and relevant rules and regulations. The Audit Committee had already reported to the Company's Board of Directors and presented them with the Audit Committee Report as an addendum to the annual registration statement (form 56-1) and annual report of the Company.

The Board of Directors is of the opinion that the financial statements for the year ended 31 December 2013 of the Company and the Subsidiaries, which have been reviewed by the Audit Committee in conjunction with the management and audited by the Company's auditor, reflect accurate and complete financial status, operational results and cash flow in accordance with generally accepted accounting standards, rules, regulations and laws relating to the Company's businesses.



(Mr. Suthichai Sae-Yoon)

Chairman



(Mr. Torboon Puangmaha)

President

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 2013 represented a profit before income tax and finance cost of Baht 30.82 million. An inclusion of income tax and finance cost of Baht 10.30 million, resulted in operations for the year 2013 had a profit of Baht 20.52 million. Compared to the same period of last year, it showed a profit of Baht 24.95 million. The significance of Group's operation results were summarized as follows:

1. Revenue from sales and services for the year 2013 increased by 2% compared to the same period of 2012. The main reasons were:

- Revenues from circulation decreased by 13%. The main reasons were revenues from comics and children and education books decreased by 16%.
- Revenues from rendering of services increased by 41% due to advertising revenue from Kid Zone channel and revenues from events.

2. Costs and expenses for the year 2013 increased by 2% compared to the same period of 2012.

The main reasons were:

- Cost of goods sold decreased by 11% in line with circulation revenue.
- Cost of rendering of services increased by 3% due to production cost of Kid Zone channel and cost of events in line with the increased of revenues from rendering of services.
- Selling and administrative expenses increased by 2% due to the increased in marketing expenses as well as the increased in number of employees to support new business expansion.

Conclusion:

The Group reported operations for the year ended 31 December 2013 represented a profit before income tax and finance cost of Baht 30.82 million. An inclusion of income tax and finance cost of Baht 10.30 million, resulted in operations for the year 2013 had a profit of Baht 20.52 million. Compared to the same period of last year, it showed a profit of Baht 24.95 million.

**Nation International Edutainment Public Company
Limited and its Subsidiaries**

Financial statements for the year ended
31 December 2013
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Nation International Edutainment Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Nation International Edutainment Public Company Limited and its subsidiaries (the "Group"), and of Nation International Edutainment Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2013, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and of the Company, respectively, as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

Without qualifying my opinion, I draw attention to note 3 to the financial statements describing the effect of the Company's adoption from 1 January 2013 of certain new accounting policies. The corresponding figures presented are based on the audited consolidated and separate financial statements as at and for the year ended 31 December 2012 after making the adjustments described in note 3.

(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
12 February 2014

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated			Separate		
		financial statements			financial statements		
		31 December	31 December	1 January	31 December	31 December	1 January
		2013	2012	2012	2013	2012	2012
		(Restated)	(Restated)		(Restated)	(Restated)	
		(in Baht)					
Current assets							
Cash and cash equivalents	6	305,872,793	6,798,586	29,446,389	303,184,757	4,567,933	26,456,273
Current investment	7	20,320,000	-	-	20,000,000	-	-
Trade accounts receivable	8	162,348,401	120,370,755	103,097,700	96,584,220	40,837,763	48,259,278
Accrued income		13,639,046	8,220,896	9,748,928	10,299,625	4,057,250	6,685,714
Other receivables from related parties	5	16,673,268	15,495,824	16,165,869	45,475,368	32,283,573	27,452,791
Short-term loans to related party	5	-	-	-	3,000,000	3,000,000	3,000,000
Inventories	9	143,856,263	119,083,000	94,304,540	40,127,594	36,184,199	32,347,746
Deposit guarantee for							
licencing auction	10	14,000,000	-	-	-	-	-
Other current assets	11	18,866,252	28,091,520	9,276,205	10,667,652	21,771,346	3,330,907
Total current assets		695,576,023	298,060,581	262,039,631	529,339,216	142,702,064	147,532,709
Non-current assets							
Restricted deposits	17	-	2,535,695	2,500,000	-	-	-
Investments in subsidiaries	12	-	-	-	26,963,652	25,613,652	26,363,652
Investment in jointly-controlled entity	13	-	-	-	25,046,060	25,046,060	25,046,060
Equipment	14	5,111,422	6,692,063	4,541,033	3,355,550	4,469,550	1,571,069
Intangible assets	15	41,925,940	43,402,928	38,981,370	19,104,274	14,382,555	11,336,954
Deferred tax assets	3, 16	15,406,189	15,617,129	18,874,800	5,906,733	5,621,541	6,664,970
Other non-current assets		3,285,643	2,549,646	706,246	2,586,790	1,966,927	292,912
Total non-current assets		65,729,194	70,797,461	65,603,449	82,963,059	77,100,285	71,275,617
Total assets		761,305,217	368,858,042	327,643,080	612,302,275	219,802,349	218,808,326

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated			Separate		
		financial statements			financial statements		
		31 December	31 December	1 January	31 December	31 December	1 January
Liabilities and equity	Note	2013	2012	2012	2013	2012	2012
			(Restated)	(Restated)		(Restated)	(Restated)
(in Baht)							
Current liabilities							
Bank overdrafts	17	9,772,888	11,129,998	3,103,985	-	1,275,882	-
Trade accounts payable	18	168,133,878	130,669,330	86,136,840	95,156,290	57,756,832	47,084,083
Other payables to related parties	5	13,780,442	9,762,738	5,745,506	12,562,994	8,594,041	4,984,425
Current portion of long-term loan from financial institution	17	-	4,604,010	5,016,553	-	-	-
Accrued expenses	5	20,805,250	20,039,400	26,285,864	5,037,675	6,621,346	9,211,143
Income tax payable		1,480,133	1,309,931	5,641,467	1,198,125	-	3,640,456
Other current liabilities	19	11,485,503	5,270,522	14,228,544	8,721,519	4,418,737	6,409,985
Total current liabilities		225,458,094	182,785,929	146,158,759	122,676,603	78,666,838	71,330,092
Non-current liabilities							
Long-term loan from financial institution		-	-	4,610,680	-	-	-
Employee benefit obligations	20	5,694,057	2,572,261	6,014,341	3,642,850	877,996	4,542,267
Other non-current liabilities		514,353	439,365	-	95,325	95,325	-
Total non-current liabilities		6,208,410	3,011,626	10,625,021	3,738,175	973,321	4,542,267
Total liabilities		231,666,504	185,797,555	156,783,780	126,414,778	79,640,159	75,872,359
Equity							
Share capital	21						
Authorised share capital		259,250,000	85,000,000	85,000,000	259,250,000	85,000,000	85,000,000
Issued and paid-up share capital		170,048,386	85,000,000	85,000,000	170,048,386	85,000,000	85,000,000
Premium on ordinary shares	21, 22	272,705,895	18,352,106	18,352,106	272,705,895	18,352,106	18,352,106
Warrants	22	721,758	-	-	721,758	-	-
Retained earnings							
Appropriated							
Legal reserve	23	9,500,000	8,500,000	8,500,000	9,500,000	8,500,000	8,500,000
Unappropriated		76,331,350	71,207,280	59,006,521	32,911,458	28,310,084	31,083,861
Equity attributable to owners of the Company		529,307,389	183,059,386	170,858,627	485,887,497	140,162,190	142,935,967
Non-controlling interests		331,324	1,101	673	-	-	-
Total equity		529,638,713	183,060,487	170,859,300	485,887,497	140,162,190	142,935,967
Total liabilities and equity		761,305,217	368,858,042	327,643,080	612,302,275	219,802,349	218,808,326

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

Nation International Edutainment Public Company Limited and its Subsidiarie
Statement of comprehensive income

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	<i>Note</i>	2013	2012	2013	2012
			(Restated)		(Restated)
		<i>(in Baht)</i>			
Income	5				
Revenue from sale of goods		210,886,479	242,257,935	73,960,743	79,146,234
Revenue from rendering of services		136,964,707	97,291,157	129,799,511	93,138,946
Interest income		6,725,691	2,466,653	3,545,596	551,808
Other income	25	4,877,036	12,835,958	7,504,758	8,419,274
Total income		359,453,913	354,851,703	214,810,608	181,256,262
Expenses					
Cost of sale of goods and rendering of services	5	242,060,621	235,488,173	128,538,565	109,264,461
Selling expenses	5, 26	42,210,463	32,866,669	31,545,733	27,388,675
Administrative expenses	5, 27	35,970,349	42,699,481	21,960,452	25,072,848
Management benefit expenses	28	8,465,375	10,145,158	5,274,547	6,391,465
Finance costs		1,645,740	2,396,495	691,395	883,336
Total expenses		330,352,548	323,595,976	188,010,692	169,000,785
Profit before income tax expense		29,101,365	31,255,727	26,799,916	12,255,477
Income tax expense	30	(8,655,523)	(6,304,540)	(6,907,404)	(2,279,254)
Profit for the year		20,445,842	24,951,187	19,892,512	9,976,223
Other comprehensive income					
Defined benefit plan actuarial losses	20	(2,051,360)	-	(1,926,423)	-
Income tax on other comprehensive income	16, 30	410,272	-	385,285	-
Other comprehensive income for the year, net of income tax		(1,641,088)	-	(1,541,138)	-
Total comprehensive income for the year		18,804,754	24,951,187	18,351,374	9,976,223
Profit attributable to					
Owners of the Company	31	20,515,158	24,950,759	19,892,512	9,976,223
Non-controlling interests		(69,316)	428	-	-
Profit for the year		20,445,842	24,951,187	19,892,512	9,976,223
Total comprehensive income attributable to					
Owners of the Company		18,874,070	24,950,759	18,351,374	9,976,223
Non-controlling interests		(69,316)	428	-	-
Total comprehensive income for the year		18,804,754	24,951,187	18,351,374	9,976,223
Earnings per share	31				
Basic earnings per share		0.16	0.29	0.16	0.12
Diluted earnings per share		0.16	0.29	0.15	0.12

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

Statement of changes in equity

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of changes in equity

Consolidated financial statements									
		Retained earnings				Equity			
	Note	Issued and paid-up share capital	Share premium	Warrant	Legal reserve	Unappropriated	attributable to owners of the Company	Non-controlling interests	Total equity
						(in Baht)			
Year ended 31 December 2013									
Balance at 1 January 2013 - as reported		85,000,000	18,352,106	-	8,500,000	55,590,151	167,442,257	1,101	167,443,358
Impact of changes in accounting policies	3	-	-	-	-	15,617,129	15,617,129	-	15,617,129
Balance at 1 January 2013 - restated		85,000,000	18,352,106	-	8,500,000	71,207,280	183,059,386	1,101	183,060,487
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners of the Company									
Issue of ordinary shares	21	85,000,000	254,189,451	-	-	-	339,189,451	-	339,189,451
Share-based payment transactions	22	-	-	740,938	-	-	740,938	-	740,938
Share options exercised	21, 22	48,386	164,338	(19,180)	-	-	193,544	-	193,544
Dividends to owners of the Company	32	-	-	-	-	(12,750,000)	(12,750,000)	-	(12,750,000)
Total contributions by and distributions to owners of the Company		85,048,386	254,353,789	721,758	-	(12,750,000)	327,373,933	-	327,373,933
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	-	399,539	399,539
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	399,539	399,539
Total transactions with owners, recorded directly in equity		85,048,386	254,353,789	721,758	-	(12,750,000)	327,373,933	399,539	327,773,472
Comprehensive income for the year									
Profit or loss		-	-	-	-	20,515,158	20,515,158	(69,316)	20,445,842
Other comprehensive income		-	-	-	-	(1,641,088)	(1,641,088)	-	(1,641,088)
Total comprehensive income for the year		-	-	-	-	18,874,070	18,874,070	(69,316)	18,804,754
Transfer to legal reserve	23	-	-	-	1,000,000	(1,000,000)	-	-	-
Balance at 31 December 2013		170,048,386	272,705,895	721,758	9,500,000	76,331,350	529,307,389	331,324	529,638,713

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of changes in equity

		Separate financial statements			
				Retained earnings	
	Note	Issued and paid-up share capital	Share premium	Legal reserve (in Baht)	Unappropriated Total Equity
Year ended 31 December 2012					
Balance at 1 January 2012 - as reported		85,000,000	18,352,106	8,500,000	24,418,891
Impact of changes in accounting policies	3	-	-	-	6,664,970
Balance at 1 January 2012 - restated		85,000,000	18,352,106	8,500,000	31,083,861
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the Company	32	-	-	-	(12,750,000)
<i>Total contributions by and distributions to owners of the Company</i>		-	-	-	(12,750,000)
Total transactions with owners, recorded directly in equity		-	-	-	(12,750,000)
Comprehensive income for the year					
Profit or loss		-	-	-	9,976,223
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	-	9,976,223
Balance at 31 December 2012		85,000,000	18,352,106	8,500,000	28,310,084

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of changes in equity

		Separate financial statements						
		Note	Issued and paid-up share capital	Share premium	Warrant (in Baht)	Retained earnings		Total Equity
						Legal reserve	Unappropriated	
Year ended 31 December 2013								
Balance at 1 January 2013 - as reported			85,000,000	18,352,106	-	8,500,000	22,688,543	134,540,649
Impact of changes in accounting policies		3	-	-	-	-	5,621,541	5,621,541
Balance at 1 January 2013 - restated			85,000,000	18,352,106	-	8,500,000	28,310,084	140,162,190
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners of the Company								
Issue of ordinary shares		21	85,000,000	254,189,451	-	-	-	339,189,451
Share-based payment transactions		22	-	-	740,938	-	-	740,938
Share options exercised		21, 22	48,386	164,338	-19,180	-	-	193,544
Dividends to owners of the Company		32	-	-	-	-	(12,750,000)	(12,750,000)
Total contributions by and distributions to owners of the Company			85,048,386	254,353,789	721,758	-	(12,750,000)	327,373,933
Total transactions with owners, recorded directly in equity			85,048,386	254,353,789	721,758	-	(12,750,000)	327,373,933
Comprehensive income for the year								
Profit or loss			-	-	-	-	19,892,512	19,892,512
Other comprehensive income			-	-	-	-	(1,541,138)	(1,541,138)
Total comprehensive income for the year			-	-	-	-	18,351,374	18,351,374
Transfer to legal reserve		23	-	-	-	1,000,000	(1,000,000)	-
Balance at 31 December 2013			170,048,386	272,705,895	721,758	9,500,000	32,911,458	485,887,497

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2013	2012	2013	2012
		(Restated)		(Restated)
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the year	20,445,842	24,951,187	19,892,512	9,976,223
<i>Adjustments for</i>				
Depreciation	2,141,785	1,892,614	1,233,362	934,950
Amortisation of intangible assets	31,635,347	28,619,213	9,963,859	8,127,310
Interest income	(6,725,691)	(2,466,653)	(3,545,596)	(551,808)
Finance costs	1,645,740	2,396,495	691,395	883,336
Bad and doubtful debts expense	707,110	1,278,949	-	20,878
Reversal of loss on obsolete stocks	(6,985,822)	(11,427,121)	(2,096,824)	(1,684,715)
(Gain) loss on disposal of equipment	(5,074)	216,316	-	160,274
Loss on disposal of intangible assets	-	918,143	-	-
Employee benefit obligations	880,868	2,141,490	723,450	2,014,194
Share-based payment transactions	740,938	-	740,938	-
Income tax expense	8,655,523	6,304,540	6,907,404	2,279,254
	53,136,566	54,825,173	34,510,500	22,159,896
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(42,684,756)	(18,552,004)	(55,746,457)	7,400,637
Accrued income	(5,418,150)	1,528,032	(6,242,375)	2,628,464
Other receivables from related parties	(1,177,444)	1,257,283	(13,191,795)	(4,268,088)
Inventories	(17,787,441)	(13,351,339)	(1,846,571)	(2,151,738)
Other current assets	9,225,268	(18,815,315)	11,103,694	(18,440,439)
Restricted deposits	2,535,695	(35,695)	-	-
Other non-current assets	(735,997)	(1,843,400)	(619,863)	(1,674,015)
Trade accounts payable	37,464,548	44,532,490	37,399,458	10,672,749
Other payables to related parties	4,017,704	4,017,232	3,968,953	3,609,616
Accrued expenses	765,850	(6,246,464)	(1,583,671)	(2,589,797)
Other current liabilities	6,214,981	(8,958,022)	4,302,782	(1,991,248)
Employee benefit obligations	-	(6,481,191)	-	(6,481,191)
Other non-current liabilities	74,988	439,365	-	95,325
Cash generated from operating activities	45,631,812	32,316,145	12,054,655	8,970,171
Income tax paid	(7,864,109)	(7,378,405)	(5,609,186)	(4,876,281)
Net cash from operating activities	37,767,703	24,937,740	6,445,469	4,093,890

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012	2013	2012
		(Restated)		(Restated)
	(in Baht)			
<i>Cash flows from investing activities</i>				
Interest received	6,725,691	2,466,653	3,545,596	551,808
Current investment	(20,320,000)	-	(20,000,000)	-
Cash outflow on deposit guarantee for licencing auction	(14,000,000)	-	-	-
Purchase of equipment	(2,010,690)	(4,779,974)	(1,934,528)	(4,317,305)
Sale of equipment	1,854,159	520,014	1,815,166	323,600
Purchase of intangible assets	(30,158,359)	(33,958,914)	(14,685,578)	(11,172,911)
Net cash outflow on investment in subsidiaries	-	-	(1,350,000)	(250,000)
Net cash inflow on disposal of subsidiary	-	-	-	1,000,000
Net cash used in investing activities	(57,909,199)	(35,752,221)	(32,609,344)	(13,864,808)
<i>Cash flows from financing activities</i>				
Interest paid	(1,456,172)	(2,086,112)	(576,414)	(643,304)
Dividends paid to owners of the Company	(12,750,000)	(12,750,000)	(12,750,000)	(12,750,000)
Bank overdrafts	(1,357,110)	8,026,013	(1,275,882)	1,275,882
Repayment of long-term loan from financial institution	(4,604,010)	(5,023,223)	-	-
Proceeds from issue of ordinary shares	340,000,000	-	#####	-
Transaction costs from issue of shares	(810,549)	-	(810,549)	-
Proceeds from exercise of share options	193,544	-	193,544	-
Net cash from (used in) financing activities	319,215,703	(11,833,322)	324,780,699	(12,117,422)
Net increase (decrease) in cash and cash equivalents	299,074,207	(22,647,803)	298,616,824	(21,888,340)
Cash and cash equivalents at 1 January	6,798,586	29,446,389	4,567,933	26,456,273
Cash and cash equivalents at 31 December	305,872,793	6,798,586	303,184,757	4,567,933
<i>Non-cash transaction</i>				
Purchase of equipment	399,539	-	-	-

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

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Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 12 February 2014.

1 General information

Nation International Edutainment Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 1858/123-124, 29th Floor, Bangna-Trad Road, Kwang Bangna, Khet Bangna, Bangkok, Thailand.

The Company was listed on the Market for Alternative Investment in November 2010.

The parent company during the financial year was Nation Multimedia Group Public Company Limited (83.76% shareholding), which was incorporated in Thailand.

The principal businesses of the Company are importing, publishing and distributing local and foreign publications, production of TV programs and providing advertisements through TV media, digital media, character management and educations services. Details of the Company’s subsidiaries and jointly-controlled entity as at 31 December 2013 and 2012 were as follows:

Name of entities	Type of business	Country of incorporation	Ownership interest (%)	
			2013	2012
<i>Direct subsidiaries</i>				
Nation Edutainment Co., Ltd.	Publishing	Thailand	99.99	99.99
Nation Kids Co., Ltd.	Production of TV programs and providing advertisements through TV media	Thailand	99.99	99.99
Nine Be Bright Co., Ltd.	Education services	Thailand	59.99	-
<i>Jointly-controlled entity</i>				
Nation Egmont Edutainment Co., Ltd.	Publishing	Thailand	49.99	49.99

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

The FAP has issued the following new and revised TFRS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2013:

TFRS	Topic
TAS 12	Income Taxes
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

The adoption of these new and revised TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 36.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- Present value of warrants
- Present value of the defined benefit obligation

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following note:

Note 4(r) and 16	Current and deferred taxation
Note 20	Measurement of defined benefit obligations
Note 22	Measurement of warrants

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

3 Changes in accounting policies

(a) Overview

From 1 January 2013, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following areas:

- Accounting for income tax
- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Group are included in notes 3(b) to 3(d) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group.

(b) Accounting for income tax

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carryforward of unused tax losses. The accounting policy for deferred tax is described in note 4(r).

The Group adopted TAS 12 with effect from 1 January 2013. The effects of the change are recognised retrospectively in the financial statements. The impact of the change on the financial statements is as follows:

	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
Statement of financial position as at						
			(in thousand Baht)			
Increase in deferred tax assets	15,406	15,617	18,875	5,907	5,621	6,665
Increase in retained earnings	15,406	15,617	18,875	5,907	5,621	6,665
Increase in shareholders' equity	15,406	15,617	18,875	5,907	5,621	6,665

Statement of comprehensive income for the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(in thousand Baht)		
Increase in income tax expense	(621)	(3,258)	(99)	(1,044)
Decrease in profit for the year	(621)	(3,258)	(99)	(1,044)
Decrease in earnings per share				
- Basic earnings per share (in Baht)	(0.005)	(0.038)	(0.001)	(0.012)
- Diluted earnings per share (in Baht)	(0.005)	(0.038)	(0.001)	(0.012)

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

(c) Accounting for the effects of changes in foreign exchange rates

From 1 January 2013, the Group has adopted TAS 21 (revised 2009) Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21 (revised 2009) is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 (revised 2009) requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21 (revised 2009). Foreign currencies are defined by TAS 21 (revised 2009) as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21(revised 2009) from 1 January 2013 has not had a significant impact on the Group's reported assets, liabilities or retained earnings.

(d) Presentation of information on operating segments

From 1 January 2013, the Group has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Group presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has resulted in the Group presenting segment information (note 24) in respect of the following segments: publishing, TV Media and others.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which address changes in accounting policies.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries and jointly-controlled entity (together referred to as the "Group").

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity 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.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Jointly-controlled entity

Jointly-controlled entity is the entity over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The consolidated financial statements include the Group's proportionate share of the entity's assets, liabilities, revenue and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (Baht) at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Foreign currency differences arising on retranslation are generally recognised in profit or loss.

(c) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows 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.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

(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 weighted average cost principle 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, cost includes an appropriate share of production overheads based on normal operating capacity.

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

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

(f) Investments

Investments in subsidiaries and jointly-controlled entity

Investments in subsidiaries and jointly-controlled entity in the separate financial statements of the Company are accounted for using the cost method. Investments in jointly-controlled entity in the consolidated financial statements is accounted for using the proportionate consolidation.

(g) Equipment

Recognition and measurement

Owned assets

Equipment is stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognised net within other income or expense in profit or loss.

Subsequent costs

The cost of replacing a part of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of equipment. The estimated useful lives are as follows:

Leased assets improvements	5	years
Furniture, fixtures and office equipment	5	years
Vehicles	5	years

No depreciation is provided on assets under installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(h) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Computer program and software licences	5	years
License fees - books	Based on the higher amount of amortisation between a straight-line basis over three and five years and calculation based on the numbers of books published and sold under the licence agreements.	

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

(i) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of non-financial assets is the greater of the assets' value in use and fair value less costs to sell. 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

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

(j) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges.

(k) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(l) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bond that have maturity dates approximately the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

The calculation is performed by a qualified actuary using the projected unit credit method.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or other benefits if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payments

The employee share option programme allows certain of the Group's directors and employees to acquire shares of the Group under certain conditions. The proceeds received on exercise of the options, net of any directly attributable transaction cost, are credited to share capital and share premium when the options are exercised.

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(o) Revenue

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

Sale of goods and services rendered

Revenue is recognised in profit or loss 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.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

Interest income

Interest income is recognised in profit or loss as it accrues.

(p) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provision and contingent consideration are recognised in profit or loss.

(q) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(r) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entity to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5 **Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries, jointly-controlled entity and other related parties were as follows:

Name of entities	Country of incorporation /nationality	Nature of relationships
Nation Multimedia Group Public Company Limited	Thailand	Parent, 83.76% shareholding of the Company, some common directors
Nation Edutainment Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, some common directors
Nation Kids Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, some common directors

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Name of entities	Country of incorporation /nationality	Nature of relationships
Nine Be Bright Co., Ltd.	Thailand	Subsidiary, 59.99% shareholding, some common directors
Nation Egmont Edutainment Co., Ltd.	Thailand	Jointly-controlled entity, 49.99% shareholding, some common directors
Nation Broadcasting Corporation Public Company Limited	Thailand	71.30% shareholding by parent, some common directors
Nation News Network Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
NML Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Kom Chad Luek Media Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Krungthep Turakij Media Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Nation U Co., Ltd.	Thailand	90.00% shareholding by parent, some common directors
WPS (Thailand) Co., Ltd.	Thailand	84.50% shareholding by parent, some common directors
Nation University	Thailand	University, a licence holding by Nation U Co., Ltd.
Yomiuri-Nation Information Service Limited	Thailand	45.00% shareholding by parent, some common directors
Egmont International Holding A/S	Denmark	Shareholder of Nation Egmont Edutainment Co., Ltd., 49.00% shareholding

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

Transactions	Pricing policies
Sales of goods and rendering of services	General market price
Interest income on loan	Approximates loan rate of financial institution
Other income	Negotiable rate
Cost of sale of goods and rendering of services	Negotiable rate which approximates market price
Selling and administrative expenses	Negotiable rate

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Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Parent				
Sales of goods and rendering of services	3,455	9,788	2,620	6,112
Cost of sales of goods and rendering of services	16,148	16,833	12,679	14,705
Selling and administrative expenses	5,357	7,033	4,830	6,118
Subsidiaries				
Sales of goods and rendering of services	-	-	30,730	2
Interest income on loan	-	-	210	214
Other income	-	-	958	1,157
Jointly-controlled entity				
Sales of goods and rendering of services	62,495	75,095	1,640	2,667
Cost of sales of goods and rendering of services	3,327	2,144	6,652	4,289
Interest income on loan	3,355	2,077	-	-
Other income	2,091	2,051	4,182	4,101
Selling and administrative expenses	2,977	2,960	2,215	2,020
Other related parties				
Sales of goods and rendering of services	9,246	6,072	9,211	5,700
Cost of sales of goods and rendering of services	117,791	115,254	51,566	50,089
Selling and administrative expenses	6,203	7,147	3,057	3,891

Balances as at 31 December with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Parent				
Nation Multimedia Group Public Company Limited	1,210	2,581	1,210	2,407
Subsidiary				
Nation Kids Co., Ltd.	-	-	26,089	-
Jointly-controlled entity				
Nation Egmont Edutainment Co., Ltd.	78,405	63,918	1,652	855
Other related parties				
Krungthep Turakij Media Co., Ltd.	20,638	125	20,631	122
Kom Chad Luek Media Co., Ltd.	1,846	34	1,843	34
Yomiuri-Nation Information Service Limited	213	268	213	268
Nation Broadcasting Corporation Public Company Limited	264	208	264	208
Others	387	261	357	260
	102,963	67,395	52,259	4,154
Less allowance for doubtful accounts	(67)	(67)	(67)	(67)
allowance for goods returned	-	-	-	-
Net	102,896	67,328	52,192	4,087
Bad and doubtful debts expense for the year	-	-	-	-

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<i>Other receivables from related parties</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Parent				
Nation Multimedia Group Public Company Limited	599	1,016	485	842
Subsidiaries				
Nation Edutainment Co., Ltd.	-	-	1,958	3,376
Nation Kids Co., Ltd.	-	-	14,000	5
Jointly-controlled entity				
Nation Egmont Edutainment Co., Ltd.	13,279	13,665	26,239	27,246
Other related parties				
Nation University	1,942	-	1,942	-
Krungthep Turakij Media Co., Ltd.	332	412	331	412
Kom Chad Luek Media Co., Ltd.	156	163	156	163
Nation News Network Co., Ltd.	132	125	132	125
Nation Broadcasting Corporation Public Company Limited	50	44	49	44
Others	183	71	183	71
	16,673	15,496	45,475	32,284
Less allowance for doubtful accounts	-	-	-	-
Net	16,673	15,496	45,475	32,284
Bad and doubtful debts expense for the year	-	-	-	-

<i>Short-term loan to related party</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Interest rate				
	2013	2012	2013	2012
	<i>(% per annum)</i>			
	<i>(in thousand Baht)</i>			
Subsidiary				
Nation Edutainment Co., Ltd.	6.84	6.15-6.40	3,000	3,000

Movements during the years ended 31 December of short-term loan to related party were as follows:

<i>Short-term loan to related party</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Subsidiary				
At 1 January	-	-	3,000	3,000
Increase	-	-	-	-
Decrease	-	-	-	-
At 31 December	-	-	3,000	3,000

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<i>Trade accounts payable to related parties</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Parent				
Nation Multimedia Group Public Company Limited	23,388	17,001	11,381	9,136
Subsidiary				
Nation Kids Co., Ltd.	-	-	28,778	-
Jointly-controlled entity				
Nation Egmont Edutainment Co., Ltd.	92	80	184	92
Other related parties				
WPS (Thailand) Co., Ltd.	108,983	78,052	21,775	17,674
NML Co., Ltd.	5,425	4,678	3,490	3,757
Nation Broadcasting Corporation Public Company Limited	7,727	1,912	7,727	1,912
Krungthep Turakij Media Co., Ltd.	809	1,108	806	1,033
Others	51	100	34	16
Total	146,475	102,931	74,175	33,620
<i>Other payables to related parties</i>				
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Parent				
Nation Multimedia Group Public Company Limited	10,850	5,972	9,571	5,074
Subsidiary				
Nation Edutainment Co., Ltd.	-	-	23	38
Jointly-controlled entity				
Nation Egmont Edutainment Co., Ltd.	1,445	1,574	1,579	1,413
Other related parties				
Nation Broadcasting Corporation Public Company Limited	-	1,453	-	1,394
Nation News Network Co., Ltd.	1,309	22	1,309	22
Others	176	742	81	653
Total	13,780	9,763	12,563	8,594

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<i>Accrued expenses</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Parent				
Nation Multimedia Group Public Company Limited	66	-	60	-
Other related parties				
WPS (Thailand) Co., Ltd.	1,263	1,614	160	491
NML Co., Ltd.	-	57	-	57
Total	1,329	1,671	220	548

Significant agreement with related party

Short-term loan agreement

In 2011, the Company entered into a short-term loan agreement with Nation Edutainment Co., Ltd., a subsidiary amounted to Baht 3 million. The loan was promissory note and repayable at call. The loan bore interest rate at the average Minimum Loan Rate (average MLR) of four local financial institutions.

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Cash on hand	196	303	160	167
Cash at banks - current accounts	1,205	1,284	1,191	213
Cash at banks - savings accounts	38,326	4,970	35,834	4,188
Highly liquid short-term investments	266,146	242	266,000	-
Total	305,873	6,799	303,185	4,568

Cash and cash equivalents of the Group and the Company as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

7 Current investment

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Short-term deposits at financial institutions	20,320	-	20,000	-

Current investments of the Group and the Company as at 31 December 2013 were denominated entirely in Thai Baht.

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8 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties	5	102,963	67,395	52,259	4,154
Other parties		72,957	65,654	47,406	39,542
Total		175,920	133,049	99,665	43,696
Less allowance for doubtful accounts		(3,789)	(3,118)	(613)	(613)
allowance for goods returned		(9,783)	(9,560)	(2,468)	(2,245)
Net		162,348	120,371	96,584	40,838
Bad and doubtful debts expense for the year		707	1,279	-	21

Aging analyses for trade accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties					
Within credit terms		35,533	21,515	31,435	2,958
Overdue:					
Less than 6 months		16,305	39,382	10,808	682
6-12 months		38,483	6,002	9,911	453
Over 12 months		12,642	496	105	61
		102,963	67,395	52,259	4,154
Less allowance for doubtful accounts		(67)	(67)	(67)	(67)
allowance for goods returned		-	-	-	-
		102,896	67,328	52,192	4,087
Other parties					
Within credit terms		37,510	55,066	29,303	31,273
Overdue:					
Less than 6 months		30,730	9,044	14,513	8,066
6-12 months		3,329	758	3,346	20
Over 12 months		1,388	786	244	183
		72,957	65,654	47,406	39,542
Less allowance for doubtful accounts		(3,722)	(3,051)	(546)	(546)
allowance for goods returned		(9,783)	(9,560)	(2,468)	(2,245)
		59,452	53,043	44,392	36,751
Net		162,348	120,371	96,584	40,838

The normal credit term granted by the Group ranges from 15 days to 90 days.

Trade accounts receivable of the Group and the Company as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

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9 Inventories

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Finished goods	185,276	167,572	62,936	61,059
Raw materials	289	206	-	31
	<u>185,565</u>	<u>167,778</u>	<u>62,936</u>	<u>61,090</u>
Less allowance for decline in value	(41,709)	(48,695)	(22,809)	(24,906)
Net	<u>143,856</u>	<u>119,083</u>	<u>40,127</u>	<u>36,184</u>

10 Deposit guarantee for licencing auction

In October 2013, a subsidiary (“Nation Kids Co.,Ltd.”) paid the auction deposit of commercial digital terrestrial TV licenses at national level for a kids and family channel in amounting to Baht 14 million, to attend the said auction in December 2013. However, a subsidiary has already refunded the entire amount of auction deposit in January 2014.

11 Other current assets

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Other receivables	628	900	487	850
Prepaid expenses	9,518	22,761	3,443	16,722
Input value added tax pending	5,374	1,243	3,806	1,243
Advances to employees	257	702	98	586
Others	3,089	2,486	2,834	2,370
Total	<u>18,866</u>	<u>28,092</u>	<u>10,668</u>	<u>21,771</u>

Nation International Edutainment Public Company Limited and its Subsidiaries

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12 Investments in subsidiaries

	Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
At 1 January	25,614	26,364
Acquisitions	1,350	250
Disposal	-	(1,000)
At 31 December	26,964	25,614

On 26 November 2012, the Board of Directors meeting of the Company approved to establish Nation Kids Co., Ltd., which has a registered share capital of Baht 1 million (divided into 100,000 ordinary shares at Baht 10 par value) and called-up share capital of 25%. The subsidiary registered with the Ministry of Commerce on 30 November 2012.

On 7 August 2013, the Board of Directors meeting of the Company approved to establish Nine Be Bright Co., Ltd., which has a registered share capital of Baht 1 million (divided into 100,000 ordinary shares at Baht 10 par value). The subsidiary registered with the Ministry of Commerce on 26 August 2013.

On 2 September 2013, the Board of Directors' meeting of a subsidiary ("Nation Kids Co., Ltd.") approved an additional call-up share capital of 75% of the subsidiary from Baht 0.25 million (divided into 100,000 ordinary shares at Baht 2.50 par value) to Baht 1 million (divided into 100,000 ordinary shares at Baht 10 par value). The subsidiary registered the increase in called-up share capital with the Ministry of Commerce on 24 September 2013.

Nation International Edutainment Public Company Limited and its Subsidiaries

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Investments in subsidiaries as at 31 December 2013 and 2012, and dividend income from those investments for the years then ended, were as follows:

Separate financial statements													
Name of subsidiaries	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		(%)						(in thousand Baht)					
Nation Edutainment Co., Ltd.	Publishing	99.99	99.99	41,250	41,250	25,364	25,364	-	-	25,364	25,364	-	-
Nation Kids Co., Ltd.	Production of TV programs and providing advertisements through TV media	99.99	99.99	1,000	250	1,000	250	-	-	1,000	250	-	-
Nine Be Bright Co., Ltd.	Education services	59.99	-	1,000	-	600	-	-	-	600	-	-	-
Total						26,964	25,614	-	-	26,964	25,614	-	-

Nation International Edutainment Public Company Limited and its Subsidiaries
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13 Investment in jointly-controlled entity

	Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
At 1 January	25,046	25,046
Acquisitions	-	-
At 31 December	<u>25,046</u>	<u>25,046</u>

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Investments in jointly-controlled entity as at 31 December 2013 and 2012, and dividend income from the investment for the years then ended were as follows:

Name of jointly- controlled entity	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		(%)						(in thousand Baht)					
Nation Egmont Edutainment Co., Ltd.	Publishing	49.99	49.99	50,000	50,000	<u>25,046</u>	<u>25,046</u>	<u>-</u>	<u>-</u>	<u>25,046</u>	<u>25,046</u>	<u>-</u>	<u>-</u>

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The following summarised financial information on interest in jointly-controlled entity which have been proportionately consolidated in the consolidated financial statements represents the Group's share:

Name of jointly-controlled entity	Ownership (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current Liabilities	Total liabilities	Total revenues	Total expenses	Net profit
<i>(in thousand Baht)</i>										
2013										
Nation Egmont Edutainment Co., Ltd.	49.99	<u>132,464</u>	<u>12,340</u>	<u>144,804</u>	<u>99,650</u>	<u>1,171</u>	<u>100,821</u>	<u>82,587</u>	<u>81,971</u>	<u>616</u>
2012										
Nation Egmont Edutainment Co., Ltd.	49.99	<u>113,509</u>	<u>3,961</u>	<u>117,470</u>	<u>82,893</u>	<u>1,223</u>	<u>84,116</u>	<u>99,753</u>	<u>90,650</u>	<u>9,103</u>

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14 Equipment

	Consolidated financial statements			
	Leased assets improvements	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Total
Cost				
At 1 January 2012	3,226	11,516	480	15,222
Additions	-	4,720	60	4,780
Disposals	(1,080)	(3,195)	(480)	(4,755)
At 31 December 2012 and 1 January 2013	2,146	13,041	60	15,247
Transfers	621	(621)	-	-
Additions	49	482	1,879	2,410
Disposals	-	-	(1,939)	(1,939)
At 31 December 2013	2,816	12,902	-	15,718
Depreciation				
At 1 January 2012	2,035	8,398	248	10,681
Depreciation charge for the year	307	1,495	91	1,893
Disposals	(624)	(3,056)	(339)	(4,019)
At 31 December 2012 and 1 January 2013	1,718	6,837	-	8,555
Transfers	259	(259)	-	-
Depreciation charge for the year	368	1,698	76	2,142
Disposals	-	(14)	(76)	(90)
At 31 December 2013	2,345	8,262	-	10,607
Net book value				
At 1 January 2012	1,191	3,118	232	4,541
At 31 December 2012 and 1 January 2013	428	6,204	60	6,692
At 31 December 2013	471	4,640	-	5,111

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	Separate financial statements			
	Leased assets improvements	Furniture, fixtures and office equipment (in thousand Baht)	Vehicle	Total
Cost				
At 1 January 2012	1,119	4,073	480	5,672
Additions	-	4,317	-	4,317
Disposals	(823)	-	(480)	(1,303)
At 31 December 2012 and 1 January 2013	296	8,390	-	8,686
Additions	-	56	1,879	1,935
Disposals	-	-	(1,879)	(1,879)
At 31 December 2013	296	8,446	-	8,742
Depreciation				
At 1 January 2012	748	3,105	248	4,101
Depreciation charge for the year	23	821	91	935
Disposals	(475)	(5)	(339)	(819)
At 31 December 2012 and 1 January 2013	296	3,921	-	4,217
Depreciation charge for the year	-	1,169	64	1,233
Disposals	-	-	(64)	(64)
At 31 December 2013	296	5,090	-	5,386
Net book value				
At 1 January 2012	371	968	232	1,571
At 31 December 2012 and 1 January 2013	-	4,469	-	4,469
At 31 December 2013	-	3,356	-	3,356

The gross amount of the Group's and the Company's fully depreciated equipment that was still in use as at 31 December 2013 amounted to Baht 5.30 million and Baht 3.05 million, respectively (2012: Baht 4.75 million and Baht 2.98 million, respectively).

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15 Intangible assets

Consolidated financial statements			
	Computer Program and software licences	Licence fees - books	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2012	1,839	103,245	105,084
Additions	-	33,959	33,959
Transfers	(1,204)	-	(1,204)
At 31 December 2012 and 1 January 2013	635	137,204	137,839
Additions	-	30,158	30,158
At 31 December 2013	635	167,362	167,997
Amortisation			
At 1 January 2012	260	65,843	66,103
Amortisation charge for the year	274	28,345	28,619
Disposals	(286)	-	(286)
At 31 December 2012 and 1 January 2013	248	94,188	94,436
Amortisation charge for the year	103	31,532	31,635
At 31 December 2013	351	125,720	126,071
Net book value			
At 1 January 2012	1,579	37,402	38,981
At 31 December 2012 and 1 January 2013	387	43,016	43,403
At 31 December 2013	284	41,642	41,926

Separate financial statements	
	Licence fees - books
	<i>(in thousand Baht)</i>
Cost	
At 1 January 2012	29,765
Additions	11,173
At 31 December 2012 and 1 January 2013	40,938
Additions	14,685
At 31 December 2013	55,623
Amortisation	
At 1 January 2012	18,428
Amortisation charge for the year	8,127
At 31 December 2012 and 1 January 2013	26,555
Amortisation charge for the year	9,964
At 31 December 2013	36,519
Net book value	
At 1 January 2012	11,337
At 31 December 2012 and 1 January 2013	14,383
At 31 December 2013	19,104

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16 Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Deferred tax assets	15,406	15,724	5,907	5,728
Deferred tax liabilities	-	(107)	-	(107)
Deferred tax assets	15,406	15,617	5,907	5,621

Movements in total deferred tax assets and liabilities during the year were as follows:

	Consolidated financial statements			
	(Charged) / Credited to:			
	At 1 January 2013	Profit or loss	Other comprehensive income	At 31 December 2013
	<i>(in thousand Baht)</i>			
Deferred tax assets				
Trade accounts receivable	2,535	179	-	2,714
Inventories	9,739	(1,397)	-	8,342
Other current assets	1	-	-	1
Provisions	515	214	410	1,139
Loss carry forward	2,934	276	-	3,210
Total	15,724	(728)	410	15,406
Deferred tax liability				
Trade accounts payable	107	(107)	-	-
Total	107	(107)	-	-
Net	15,617	(621)	410	15,406

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	Consolidated financial statements		
	(Charged) / Credited to:		
	At 1 January 2012	Profit or loss (in thousand Baht)	Other comprehensive income
At 31 December 2012			
Deferred tax assets			
Trade accounts receivable	2,899	(364)	-
Other receivables from related parties	44	(44)	-
Inventories	12,024	(2,285)	-
Other current assets	24	(23)	-
Provisions	1,203	(688)	-
Loss carry forward	2,808	126	-
Total	19,002	(3,278)	-
Deferred tax liability			
Trade accounts payable	127	(20)	-
Total	127	(20)	-
Net	18,875	(3,258)	-
	Separate financial statements		
	(Charged) / Credited to:		
	At 1 January 2013	Profit or loss	Other comprehensive income
At 31 December 2013			
Deferred tax assets			
Trade accounts receivable	571	45	-
Inventories	4,981	(419)	-
Provisions	176	168	385
Total	5,728	(206)	385
Deferred tax liability			
Trade accounts payable	107	(107)	-
Total	107	(107)	-
Net	5,621	(99)	385

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	At 1 January 2012	Separate financial statements (Charged) / Credited to:		At 31 December 2012
		Profit or loss (in thousand Baht)	Other comprehensive income	
Deferred tax assets				
Trade accounts receivable	564	7	-	571
Other receivables from related parties	2	(2)	-	-
Inventories	5,318	(337)	-	4,981
Provisions	908	(732)	-	176
Total	6,792	(1,064)	-	5,728
Deferred tax liability				
Trade accounts payable	127	(20)	-	107
Total	127	(20)	-	107
Net	6,665	(1,044)	-	5,621

17 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Current				
Bank overdrafts				
Unsecured	9,773	11,130	-	1,276
Current portion of long-term loan from financial institution				
Secured	-	4,604	-	-
Total current interest-bearing liabilities	9,773	15,734	-	1,276

As at 31 December 2013, the Group and the Company had overdraft lines and other credit facilities with certain local financial institutions totalling Baht 17.03 million and Baht 6.0 million, respectively (2012: Baht 27.03 million and Baht 6.0 million, respectively) which guaranteed by parent company.

In September 2009, a subsidiary (Nation Edutainment Co., Ltd.) entered into a long-term loan agreement with a local financial institution in the amount of Baht 10 million. This loan bears interest at the Minimum Loan Rate (MLR) minus specified rate in the agreement. Such loan agreement was guaranteed by the Company and savings account of the subsidiary amounting to Baht 2.54 million. A subsidiary repaid the entire amount of loan in 2013.

As at 31 December 2013, the Group and the Company had unutilised credit facilities totaling Baht 4.76 million and Baht 4.24 million, respectively (2012: Baht 17.50 million and Baht 2.90 million, respectively).

Interest - bearing liabilities of the Group and the Company as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

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18 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties	5	146,475	102,931	74,175	33,620
Other parties		21,659	27,738	20,981	24,137
Total		168,134	130,669	95,156	57,757

19 Other current liabilities

		Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Other payables		679	665	679	665
Output value added tax pending		7,481	2,349	5,472	2,234
Accrued withholding tax		1,297	1,465	824	963
Advance received		945	19	912	15
Others		1,084	773	835	542
Total		11,486	5,271	8,722	4,419

20 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Statement of financial position obligations for:				
Post-employment benefit	<u>5,694</u>	<u>2,572</u>	<u>3,643</u>	<u>878</u>
Year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefit	<u>1,071</u>	<u>2,452</u>	<u>839</u>	<u>2,254</u>
Recognised in other comprehensive income :				
Actuarial losses recognised in the year	2,051	-	1,926	-

The Group and the Company operates a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

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The statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(in thousand Baht)		
Present value of unfunded obligations	5,694	2,572	3,643	878
Statement of financial position obligation	5,694	2,572	3,643	878

Movement in the present value of the defined benefit obligations

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(in thousand Baht)		
Defined benefit obligations at 1 January	2,572	6,014	878	4,542
Transfer in	-	587	-	563
Benefits paid by the plan	-	(6,481)	-	(6,481)
Current service costs and interest	1,071	2,452	839	2,254
Actuarial losses in other comprehensive income	2,051	-	1,926	-
Defined benefit obligations at 31 December	5,694	2,572	3,643	878

Expense recognised in profit or loss (note 28)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(in thousand Baht)		
Current service costs	881	2,142	724	2,014
Interest on obligation	190	310	115	240
Total	1,071	2,452	839	2,254

The expense is recognised in the following line items in the statement of comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(in thousand Baht)		
Cost of sales of goods and rendering of services	265	157	164	74
Administrative expenses	616	1,985	560	1,940
Finance costs	190	310	115	240
Total	1,071	2,452	839	2,254

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Notes to the financial statements

Actuarial losses recognised in other comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Included in retained earnings				
At 1 January	-	-	-	-
Recognised during the year	2,051	-	1,926	-
At 31 December	2,051	-	1,926	-

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(%)</i>			
Discount rate	4.1	4.7	4.1	4.7
Future salary increases	4.0 - 7.0	4.0 - 7.0	4.0 - 7.0	4.0 - 7.0

Assumptions regarding future mortality are based on published statistics and mortality tables.

21 Share capital

	Par value per share (in Baht)	2013		2012	
		Number	Amount	Number	Amount
		<i>(thousand shares / thousand Baht)</i>			
Authorised					
At 1 January					
- ordinary shares	1	85,000	85,000	85,000	85,000
Increase of new shares	1	174,250	174,250	-	-
At 31 December					
- ordinary shares	1	259,250	259,250	85,000	85,000
Issued and paid-up					
At 1 January					
- ordinary shares	1	85,000	85,000	85,000	85,000
Issue of new shares	1	85,000	85,000	-	-
Share options exercised	1	48	48	-	-
At 31 December					
- ordinary shares	1	170,048	170,048	85,000	85,000

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At the annual general meeting of the shareholders of the Company held on 23 April 2013, the shareholders approved the following matters:

- a) Approved the issuance and offering of warrants to the Company's existing shareholders who subscribe for additional ordinary shares in a ratio of 1 warrant for 1 existing ordinary share, without the offering price. Details of warrants are as follows:

Date of original grant	12 July 2013
No. of warrants granted (Units)	85,000,000
Terms of warrants	5 years from the issuance date on warrant
Exercisable	The dated 15 th of December and June in each year
Exercise price per 1 ordinary share (Baht)	4
Exercise ratio (warrants to ordinary shares)	1:1

- b) Approved the issuance and offering of warrants under the Employee Stock Option Program to the directors, management and/or employees of the Company and/or subsidiaries. Details of warrants are disclosed in note to financial statements 22.
- c) Approved an increase in the registered share capital from Baht 85 million (85,000,000 ordinary shares at a par value of Baht 1 per share) to Baht 259.25 million (259,250,000 ordinary shares at a par value of Baht 1 per share) by issuing not exceeding 174,250,000 ordinary shares at a par value of Baht 1 per share to reserve for the increase in share capital and exercise of warrants as referred above. The Company registered the increase in share capital with the Ministry of Commerce on 2 May 2013.

Issue of ordinary share

During the year 2013, the Company has offered additional ordinary shares to existing shareholders which exercise ratio is 1 new share for 1 existing ordinary share at the exercise price of Baht 4 per share totalling 85,000,000 shares (85,000,000 ordinary shares at a par value of Baht 1 per share) amounted to Baht 340 million. As a result, the Company's issued and paid-up share capital has increased from Baht 85 million (85,000,000 ordinary shares at a par value of Baht 1 per share) to Baht 170 million (170,000,000 ordinary shares at a par value of Baht 1 per share) with the share premium amounted Baht 254.19 million, net of the cost of the issue of ordinary shares amounted to Baht 0.81 million. The Company registered the increase in share capital with the Ministry of Commerce on 11 July 2013.

On 15 November 2013, the Company's and/or subsidiaries' directors, management and/or employees exercised the warrants of 7,000 units to purchase ordinary shares totalling of Baht 28,000 which the Company had share premium amounted to Baht 21,000. The Company registered the paid-up share capital from the exercise with the Ministry of Commerce on 19 November 2013.

On 15 December 2013, the Company's holder exercised the warrants of 41,386 units to purchase ordinary shares totalling of Baht 165,544 which the Company had share premium amounted to Baht 124,158. The Company registered the paid-up share capital from the exercise with the Ministry of Commerce on 18 December 2013.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Nation International Edutainment Public Company Limited and its Subsidiaries

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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.

Cost of the issued of ordinary shares

The incremental cost attributable to the issue of ordinary shares are recognised as a deduction from the premium on those ordinary shares.

22 Warrants

At the annual general meeting of the shareholders of the Company held on 23 April 2013, the shareholders passed a resolution to approve the issuance 4,250,000 units of warrants under the Employee Stock Option Program (ESOP) to the directors, management and/or employees of the Company and/or subsidiaries. The details are as follows:

Description	Details
Type of warrants	No value
Terms of warrants	5 years from the issuance date of warrant
Propose to sell to	The Company and/or subsidiaries' directors, management and/or employees
Issue and sell quantities	4,250,000 units
Exercise ratio	1 warrant to 1 ordinary share
Exercise price	Baht 4 per ordinary share
Exercise period and proportion	The date 15 th of November and May in each year, to exercise not more than 20% each year.

The condition for subscription is comprised of each employee of the Company and/or its subsidiaries as of each offering date.

The fair value of the warrant is measured using a Black-Scholes Model with the following financial assumptions:

Fair value at grant date (Baht)	2.74
Grant date share price (Baht)	4.74
Exercise price warrant (Baht)	4.00
Historical volatility in 3 years at the allotment date	81.75%
The expected period, that shareholders will completely use their right on warrant	5 years
Historical dividend yield in 3 years	2.93%
Risk free interest rate (3 years Government bond yield) at the allotment date	3.02%

As the Thai Financial Reporting Standards 2 (TFRS 2): Share-based Payment was effective for the share-based payment awards granted on or after 1 January 2011. Therefore, according to TFRS 2, ESOP has to be measured by using the fair value of the warrants on the grant date.

The expense recognised in respect of share-based payment transactions for the year ended 31 December 2013 was Baht 0.74 million and Baht 0.74 million for the consolidated and separate financial statements, respectively.

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Movements during the year ended 31 December in units and the fair value of warrants were as follows:

	Consolidated/Separate financial statements			
	2013		2012	
	Units	Amount	Units	Amount
	<i>(thousand units/in thousand Baht)</i>			
At 1 January	-	-	-	-
Issued warrants during the year	980	887	-	-
Exercised warrant during the year	(7)	(19)	-	-
Cancelled warrant during the year	(708)	(146)	-	-
At 31 December	265	722	-	-

23 Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), 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.

24 Segment information

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services. The chief operating decision maker (CODM) reviews internal management reports. The following summary describes the operations in each of the Group's reportable segments.

- *Segment 1* Publishing
- *Segment 2* TV Media
- *Segment 3* Others

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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Information about reportable segments:

	Publishing		TV Media		Others		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	<i>(in thousand Baht)</i>							
External revenue	212,354	249,631	51,314	4,330	84,183	85,588	347,851	339,549
Other income	5,875	10,052	2	-	5,726	5,251	11,603	15,303
Total revenue	<u>218,229</u>	<u>259,683</u>	<u>51,316</u>	<u>4,330</u>	<u>89,909</u>	<u>90,839</u>	<u>359,454</u>	<u>354,852</u>
Interest income	4,950	2,191	2	-	1,774	276	6,726	2,467
Interest expense	1,185	1,955	230	-	231	441	1,646	2,396
Depreciation and amortisation	26,402	29,023	5,658	717	1,717	772	53,247	51,282
Profit before income tax	16,282	35,046	2,751	(4,953)	10,068	1,163	29,101	31,256
Segment assets	459,986	316,522	174,582	23,246	126,737	29,090	761,305	368,858
Capital expenditure	702	1,214	682	2,230	1,026	1,336	2,410	4,780
Segment liabilities	137,591	139,699	49,354	3,004	44,722	43,095	231,667	185,798

Geographic segments

The Group is managed and operates principally in Thailand. Management considers that the Group operates in a single geographic area.

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25 Other income

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Internal services charge	1,895	1,678	5,974	5,158
Other service income	1,269	2,544	508	1,908
Revenue from sale of scraps	328	966	-	74
Others	1,385	7,648	1,023	1,279
Total	4,877	12,836	7,505	8,419

26 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Personnel	17,794	13,605	14,226	10,197
Marketing	16,937	13,228	10,986	12,307
Others	7,479	6,034	6,334	4,885
Total	42,210	32,867	31,546	27,389

27 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Personnel	15,718	16,043	12,098	12,218
Administrative	14,626	22,294	5,856	9,208
Bad and doubtful debts expenses	707	1,279	-	21
Others	4,919	3,083	4,006	3,626
Total	35,970	42,699	21,960	25,073

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28 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Management					
Wages and salaries		6,201	8,140	3,620	5,066
Contribution to defined contribution plans		354	473	209	296
Others		1,910	1,532	1,446	1,029
		8,465	10,145	5,275	6,391
Other employees					
Wages and salaries		48,521	40,171	34,488	25,709
Contribution to defined contribution plans		2,187	1,818	1,373	1,031
Others		8,348	7,453	5,998	5,074
		59,056	49,442	41,859	31,814
Post-employment benefit	20	881	2,142	724	2,014
Share-based payment transactions	22	741	-	741	-
Total employee benefit expenses		69,143	61,729	48,599	40,219

Defined contribution plans

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

29 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follow:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Changes in finished goods		(17,787)	(13,351)	(1,846)	(2,152)
Paper, printing service and delivery					
Costs		129,855	122,901	79,212	63,434
Other production expenses		15,703	14,884	4,991	6,194
Operation expenses		33,843	43,251	8,833	13,834
Sharing service expenses		26,565	31,740	17,081	18,888
Selling expenses		24,416	19,262	17,320	17,192
Employee benefit expenses	28	69,143	61,729	48,599	40,219
Depreciation		2,142	1,893	1,233	935
License fees		51,106	49,038	13,993	11,237
Bad and doubtful debts expenses	8	707	1,279	-	21
Reversal of obsolete stocks		(6,986)	(11,427)	(2,097)	(1,685)
Total costs, selling expenses, administrative expenses and management benefit expenses		328,707	321,199	187,319	168,117

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30 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		8,035	3,047	6,808	1,235
Deferred tax expense	16				
Movements in temporary differences		621	3,258	99	1,044
Total income tax expense		8,656	6,305	6,907	2,279

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	2013		2012			
	Before tax	Tax benefit	Net of tax	Before tax	Tax benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial losses	(2,051)	410	(1,641)	-	-	-

	Separate financial statements					
	2013		2012			
	Before tax	Tax benefit	Net of tax	Before tax	Tax benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial losses	(1,926)	385	(1,541)	-	-	-

Reconciliation of effective tax rate

	Consolidated financial statements			
	2013	2012		
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		29,101		31,256
Income tax using the Thai corporation tax rate	20	5,820	23	7,189
Effect of different tax rates		-		(68)
Income tax reduction - current		-		(489)
Expenses not deductible for tax purposes		2,836		(327)
Total	30	8,656	20	6,305

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	Separate financial statements			
	2013	2012		
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		<u>26,800</u>		<u>12,255</u>
Income tax using the Thai corporation tax rate	20	5,360	23	2,819
Income tax reduction - current		-		(157)
Expenses not deductible for tax purposes		<u>1,547</u>		<u>(383)</u>
Total	26	<u>6,907</u>	19	<u>2,279</u>

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

31 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2013 and 2012 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>20,515</u>	<u>24,951</u>	<u>19,893</u>	<u>9,976</u>
Number of ordinary shares outstanding at 1 January	85,000	85,000	85,000	85,000
Effect of shares issued on 11 July	40,520	-	40,520	-
Effect of shares options exercised on 19 November	1	-	1	-
Effect of shares options exercised on 18 December	2	-	2	-
Weighted average number of ordinary shares outstanding (basic)	<u>125,523</u>	<u>85,000</u>	<u>125,523</u>	<u>85,000</u>
Earnings per share (basic) (in Baht)	<u>0.16</u>	<u>0.29</u>	<u>0.16</u>	<u>0.12</u>

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Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2013 and 2012 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht/ thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	20,515	24,951	19,893	9,976
Weighted average number of ordinary shares outstanding (basic)	125,523	85,000	125,523	85,000
Effect of exercise of shares options	3,287	-	3,287	-
Weighted average number of ordinary shares outstanding (diluted)	128,810	85,000	128,810	85,000
Earnings per share (diluted) (in Baht)	0.16	0.29	0.15	0.12

32 Dividends

At the annual general meeting of the shareholders of the Company held on 24 April 2012, the shareholders approved the appropriation of dividend from the 2011 operating result of Baht 0.15 per share, amounting to Baht 12.75 million. The dividend was paid to shareholders during the year 2012.

At the annual general meeting of the shareholders of the Company held on 23 April 2013, the shareholders approved the appropriation of dividend from the 2012 operating result and retained earnings of Baht 0.15 per share, amounting to baht 12.75 million. The dividend was paid to shareholders in May 2013.

33 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 hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

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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. The management believes that the Group has low interest rate risk because it has minimal borrowing and its borrowing interest rate is the market rate.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

Consolidated financial statements				
	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
2013				
Current				
Bank overdrafts	7.38 - 7.43	<u>9,773</u>	<u>-</u>	<u>9,773</u>
2012				
Current				
Bank overdrafts	7.43 - 7.48	11,130	-	11,130
Current portion of long-term loan from financial institution	8.22	<u>4,604</u>	<u>-</u>	<u>4,604</u>
Total		<u>15,734</u>	<u>-</u>	<u>15,734</u>
Separate financial statements				
	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
2012				
Current				
Bank overdrafts	7.43 - 7.48	<u>1,276</u>	<u>-</u>	<u>1,276</u>

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or 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 reporting 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 statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

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.

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Notes to the financial statements

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. 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. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of trade and other short-term receivables is taken to approximate the carrying value.

The fair value of financial assets and liabilities is taken to approximate the carrying value.

34 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<i>Non-cancellable operating lease</i>				
<i>Commitments</i>				
Within one year	14,407	14,489	3,620	12,188
After one year but within five years	24,949	31,304	-	30,431
Total	39,356	45,793	3,620	42,619
<i>Other commitment</i>				
Bank guarantees	2,502	1,839	1,759	1,660

- The Company entered into lease and service agreements for its office premises and facilities with a local company for the period of 2 years and 10 months, commencing from 1 February 2012 to 30 November 2014 with an option to be renewable.
- The jointly-controlled entity entered into the warehouse rental agreements with two local companies. The jointly-controlled entity agrees to pay rental fees at the rate specified in the agreements. The agreements have durations for 3 years, expiring on 9 September 2014 and 31 December 2016, respectively.
- The Company entered into a rights for broadcasting agreement with a local company for the period of 2 years, commencing from 15 July 2012 to 15 July 2014.
- The Company entered into service agreements covering television broadcasting satellite services with a local company. The detail is as follow:

<u>Contract date</u>	<u>Contract period</u>	<u>Periods</u>	<u>Total fee</u>
3 December 2013	1 January 2014 to 30 June 2017	3 years 6 months	USD 0.93 million
3 December 2013	1 January 2014 to 30 June 2017	3 years 6 months	USD 0.02 million

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

35 Event after the reporting period

At the Board of Directors' meeting of the Company held on 12 February 2014, the Board of Directors approved the appropriation of dividend from the 2013 operating result of Baht 0.10 per share, amounting to Baht 17.05 million. The dividend is subject to final approval in the annual general meeting of shareholders.

36 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the new and revised TFRS that have been issued but are not yet effective. Those new and revised TFRS that are applicable to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year Effective
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 31 (revised 2012)	Interests in Joint Ventures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 2 (revised 2012)	Share-based Payment	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

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Notes to the financial statements

37 Reclassification of accounts

Certain accounts in the 2012 financial statements have been reclassified to conform to the presentation in the 2013 financial statements.

	2012					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	(in thousand Baht)					
Statement of comprehensive income						
Cost of sales of goods and rendering of services	235,568	(80)	235,488	109,296	(31)	109,265
Administrative expenses	42,930	(231)	42,699	25,282	(209)	25,073
Finance costs	2,086	<u>311</u>	2,397	643	<u>240</u>	883
		-			-	

The reclassifications have been made by reclassifying interest on obligation of the defined benefit obligations to finance costs instead of cost of sale of goods and rendering of services and administrative expenses because, in the opinion of management, the new classification is more appropriate to the Group's business.

Other Reference Persons

Security Registrar (Common Share)

Thailand Securities Depository Company Limited
62 The Stock Exchange of Thailand Building, 4th Floor,
Rachadapisek Road, Klongtoey, Bangkok 10110
Tel : (66) 2229-2800
Fax : (66) 2359-1259

Certified Public Accountant

- | | | |
|----|-------------------------------|------------------------------|
| 1. | Mr. Winid Silamongkol | Registration No. 3378 and/or |
| 2. | Mr. Vichien Thamtrakul | Registration No. 3183 and/or |
| 3. | Mr.Veerachai Ratanajaratkul | Registration No. 4323 and/or |
| 4. | Ms.Vannaporn Jongperadechanon | Registration No. 4098 |

KPMG Phoomchai Audit Company Limited
195 Empire Tower, 50-51 Floor, South Sathorn Road, Yannawa, Bangkok 10120
Tel : (66) 2677-2000
Fax : (66) 2677-2222

Audit Fee

1. The audit fee of the Company and subsidiaries for the year 2013 is Bt 1,850,000
2. Non-audit fee -None-

Financial Advisor

JayDee Partners Limited
Ocean Tower 1, 11 Floor, 170/30, Soi Sukhumvit 16 (Sammith)
Ratchadapisek Road, Klongtoey, Bangkok 10110,
Tel : (66) 2661-8803-5
Fax : (66) 2661-8813

Legal Consultants

1. S.A.T. Associates Legal & Tax Company Limited
Room 702 Chaophya Tower (Shangri-La Hotel)
89 Soi Wat Suan Plu, New Road, Bangrak, Bangkok 10500
Tel : (66) 2630-7636-8
Fax : (66) 2630-7639

2. Pow & Associates Law Office Limited
2 Silom Center Building, 20th Floor, Silom Road, Bangkok 10500
Tel : (66) 2632-6697
Fax : (66) 2238-2574

3. Thanathip & Partners Legal Counsellors Limited
17th Floor, Tonson Tower 900 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330
Tel : (66) 2689-4900
Fax : (66) 2689-4910

4. Dherakupt Internation Law Office Limited
12th Floor, Tonson Tower 900 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330
Tel : (66) 2252-1588

Investor Relations

Nation International Edutainment Public Company Limited
1858/123-124 , 29th Floor, TCIF Tower Bangna-Trad Road, Bangna , Bangkok 10260
Tel : (66) 2338-3292
Fax : (66) 2338-3938
Email : investor@nine.co.th
Website : <http://www.nine.co.th>

PLAY & LEARN SMART



Nation International Edutainment Public Co., Ltd.
1858/123-124 Bangna-Trad Road, Bangna, Bangkok 10260 Thailand
Tel. (662) 338 3694 Fax. (662) 338 3986 www.nine.co.th

