



ANNUAL REPORT 2014

Nation International Edutainment Public Co., Ltd.





Nation International
Edutainment
Public Company
Limited
1858/123-124
Bangna-Trad Road,
Bangna, Bangkok
10260 Thailand
Tel. (662) 338 3694
Fax. (662) 338 3986

Vision:

To be recognized as one of the leading providers of
quality content and fun

Mission:

To provide content and fun from
around the world



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General Information

Name	Nation International Edutainment Public Company Limited
Symbol	NINE
Core Businesses	- Publishing Business: Publishes and distributes wide range of books and magazines for children and grown-ups. - TV Business for Youth for Digital TV station - Service Business for Oversea Publications: Provides overseas 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 - Tutorial and Education Service
Head Office	1858/123-124, 29th Fl, 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, 2014).

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 10260	Publishing	99.99	41,250,000	41,250,000
Nation Kids Co., Ltd. 1858/123-124 29th Floor Bangna-Trad Road, Bangna, Bangkok 10260	Produce and conduct business as a content provider with multimedia channels including TV	99.99	1,000,000	1,000,000
Nation Global Edutainment Co., Ltd. 1858/123-124 29th Floor Bangna-Trad Road, Bangna, Bangkok 10260	Publishing	98.99	50,000,000	50,000,000
Nine Be Bright Co., Ltd. 1858/123-124 29th Floor Bangna-Trad Road, Bangna, Bangkok 10260	Education Service	59.99	1,000,000	1,000,000

Note : on December 29, 2014, The Group obtained control of Nation Egmont Edutainment Co., Ltd. a publisher by acquiring 49% of the ordinary shares capital from an existing shareholder and has changed company name to Nation Global Edutainment Co., Ltd.

Summary of Financial Data and Investments

(Unit: in Million Baht)

1. Data from Consolidated Financial Statements	2014	2013	2012
● Sales and Service Income	241.45	347.85	339.55
● Total Revenues	268.47	359.45	354.85
● Gross Profit Margin	64.14	105.79	104.06
● Profit Before Interest, Taxes, Depreciation and Amortization	31.01	64.52	64.16
● Net Profit	1.71	20.44	24.95
● Total Assets	711.43	761.31	368.86
● Shareholders' Equity	516.27	529.64	183.06

2. Financial Ratios		2014	2013	2012
● Total Debts to Equity	Times	0.38	0.44	1.01
● Gross Profit Margin	%	26.56	30.41	30.65
● Net Profit on Total Revenues	%	0.64	5.69	7.03
● Return on Equity	%	0.33	5.74	14.10
● Return on Total Assets	%	0.23	3.62	7.16
● Earnings per Share (Basic)	Baht	0.01	0.16	0.29
● Earnings per Share (Diluted)	Baht	0.01	0.16	0.29
● Dividend per Share	Baht	0.10	0.15	0.15
● Book Value per Share (Basic)	Baht	3.04	4.22	2.15
● Book Value per Share (Diluted)	Baht	3.04	4.11	2.15

Summary of Financial Data and Investments

Investments in Subsidiaries of

Nation International Edutainment Public Company Limited

	Registered Capital Million Baht	Percentage of Investment
Publishing Business		
Nation Edutainment Co., Ltd.	41.25	99.99
Nation Global Edutainment Co., Ltd. (Formerly: Nation Egmont Edutainment Co., Ltd.)	50.00	98.99
TV Program		
Nation Kids Co., Ltd.	1.00	99.99
Sale of goods and Service on internet		
N Coupon Co., Ltd. (Liquidated and dissolution on 14 December 2012)	1.00	99.98
Education Service		
Nine Be Bright 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.

The company paid dividend from its operating results in 2013 and retained earnings at Bt 0.10 per share, totaling Bt17 million. Payment was made on April 30, 2014.

Message from the Chairman

Nation International Edutainment Public Co., Ltd. (NINE) took a number of strategic directions in 2014 despite a challenging economy following the political crisis and change in government, which undermined consumers' confidence.

The parent company Nation Multimedia Group Pcl (NMG) successfully bid for two digital adult TV channels last year while NINE itself did not participate in the auction of the children digital channel. Nevertheless, NINE ended its satellite TV transmission and started to supply to NMG's two TV channels (Nation TV22 and Now22) — both with bigger audiences and have needs to allocate times to children programmers (regulatory requirements). NINE TV was also entrusted to produce TV programmers for MCOT Family Channel.

The successful foray into children television production in 2014 set the stage for NINE to grow its TV business in years to come and helps to anchor volatility in the book and cartoon publishing businesses which saw the market shrank last year due to negative consumers' sentiment and challenge from digital technology. In response, NINE reduced the numbers of titles published to control cost. These carefully selected titles did well in the second half year when the book market recovered somewhat following the appointment of the interim government.

Our tutorial business through the joint venture Nine Be Bright Co., Ltd. expanded the teaching and teachers' facility in Phaya Thai in the second half of last year. We were commissioned by the Bangkok Metropolitan Administration to provide English language teaching to more than 300 front end staff so that they can serve visiting foreigners to the city better. This collaboration which was participated by Nation University and Nation Junior is expected to expand in 2015.

NINE has a number of important initiatives in 2015 as we are well positioned to grow leap and bound with sustained and quality content for children and the families. Apart from television some of our digital products have also began to take off in a meaningful way. We are grateful for support from shareholders, Board members, customers and staff of Nine and Nation Group — all of whom made significant contributions in a trying year, especially the publishing industry.



Suthichai Yoon
Chair, Board of Directors

Board of Directors & Management Team

Mr. Suthichai Sae-Yoon
Chairman

Mr. Somsak Cheer Chiranakhon
Independent Director and Chairman
of The Audit Committee

Mr. Thepchai Sae-Yong
Director

Dr. Santhaya Kittikowit
Independent Director and
Member of The Audit
Committee

Mr. Sermsin Samalapa
Director

Mr. Sutee Jintananarumit
Independent Director and
Member of The Audit
Committee



Mr. Pana Janviroj

Director and President

Dr. Wongsiri Sankhavasi Miyaji

Editor-in-Chief

Mr. Sangchai Leelanawalikhit

Vice President - Sales

Ms. Boonpa Saebay

Assistant Vice President -
Accounting & Financing

Ms. Thitagan Thana-Olarn

Vice President - Business
Development



Board of Directors

**Mr. Suthichai Sae-Yoon**

Position Chairman

Age 69 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) 2014

- Thailand is back
- Japan's New Wave of Overseas Investment: Thailand and Asean-Plus-One

No. of Shares Held as at December 30, 2014

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

- Younger brother (Mr. Thepchai Sae-Yong)

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

2012 - Present	Chairman	Nation Multimedia Group Plc.
2011 - Present	Chairman	Nation Broadcasting Corporation Plc.

Director of Other Non - Listed Company

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.
2013 - Present	Chairman	Nine Be Bright Co., Ltd.
Dec. 29, 2014 - Present	Chairman	Nation Global Edutainment Co., Ltd. (Formerly : Nation Egmont Edutainment Co., Ltd.)

Director of A Competing Company or A Related Business Company

-N/A

Year of Directorship

12 Years 9 Months (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 47 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)

Training Course(s) 2014

-

No. of Shares Held as at December 30, 2014

Mr. Sermsin Samalapa - shares

Relationship with NINE's Executive

- N/A -

Experience

2010 - Present	Director	Nation Multimedia Group Plc.
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

2010 - Present	Chairman	South-East Asia University
2011 - Present	Director	Nation-U Co., Ltd.
2013 - Present	Director	Nine Be Bright Co., Ltd.

Director of A Competing Company or A Related Business Company

-N/A

Year of Directorship

3 Years 1 Month (Appointed as a director since November 9, 2011)

The Meeting Attendance / Meeting Held (Frequency)

Board of Directors	4/5
Annual General Meeting of Shareholders	1/1

Board of Directors



Mr. Pana Janviroj

Position Director and President

Age 56 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) 2014

-

No. of Shares Held as at December 30, 2014

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

Relationship with NINE's Executive

- N/A -

Experience

2011 - Present	Director	Nation International Edutainment Plc.
2012 - Present	Director	Nation Multimedia Group Plc.
Aug. 6, 2014 - Present	President	Nation International Edutainment Plc.

Director of Other Listed Company

April 2012 - Present	Director	Nation Multimedia Group Plc.
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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 Global Edutainment Co., Ltd. (Formerly : Nation Egmont Edutainment Co., Ltd.)
Feb. 24, 2014 - Present	Director	WPS (Thailand) Co., Ltd.
Aug. 16, 2014 - Present	Director	Nation Edutainment Co., Ltd.
Aug. 16, 2014 - Present	Director	Nation Kids Co., Ltd.

Director of A Competing Company or A Related Business Company

-N/A

Year of Directorship

3 Years 9 Months (Appointed as a director since April 4, 2011)

The Meeting Attendance / Meeting Held (Frequency)

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

Board of Directors



Mr. Somsak Cheer Chiranakhon

Position Independent Director and Chairman of The Audit Committee

Age 71 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 (ACP#23)

Training Course(s) 2014

- KPMG's Audit Committee Priorities for 2014 - The Challenges Ahead
- COSO 2013: The Road to Transition

No. of Shares Held as at December 30, 2014

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

6 Years 8 Months (Appointed as a director since April 11, 2008)

The Meeting Attendance / Meeting Held (Frequency)

Board of Directors	5/5
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 70 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) 2014

- KPMG's Audit Committee Priorities for 2014 - The Challenges Ahead
- COSO 2013: The Road to Transition

No. of Shares Held as at December 30, 2014

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.
1988 - Present	Chairman	Topcon Co., Ltd.
1989 - Present	Chairman	Narumit Co., Ltd.
1995 - Present	Chairman	Pac Create Co., Ltd.
1995 - Present	Director	Siam Art Ceramic Co., Ltd.
2000 - Present	Managing Director	Energy 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.
1995 - Present	Director	Siam Art Ceramic 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

6 Years 5 Months (Appointed as a director since August 1, 2008)

The Meeting Attendance / Meeting Held (Frequency)

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

Board of Directors



Mr. Thepchai Sae-Yong

Position Director

Age 60 years

Education Background

- Secondary school, Assumption Commercial College (ACC)

Training Course(s)

Thai Institute of Directors Association

- Director Certification Program (DCP#177)

Training Course(s) 2014

-

No. of Shares Held as at December 30, 2014

Mr. Thepchai Sae-Yong - shares

Relationship with NINE's Executive

- Elder brother (Mr. Suthichai Sae-Yoon)

Experience

2008-2012	Managing Director Thai Public Broadcasting Service (TPBS)
2012 - Present	Group Editor Nation Multimedia Group Plc.
2013 - Present	Director Nation Broadcasting Corporation Plc.
2013 - August 8, 2014	Director Nation Multimedia Group Plc.
August 7, 2014 - Present	Director Nation International Edutainment Plc.

Director of Other Listed Company

2013 - Present	Director Nation Broadcasting Corporation Plc.
2013 - August 8, 2014	Director Nation Multimedia Group Plc.

Director of Other Non - Listed Company

2012 - Present	Director	Nation News Network Co., Ltd.
December 29, 2014 — Present	Director	Nation Global Edutainment 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 9, 2014)

The Meeting Attendance / Meeting Held (Frequency)

Board of Directors	1/1
Annual General Meeting of Shareholders	-

Board of Directors



Dr. Santhaya Kittikowit

Position Independent Director and Member of The Audit Committee

Age 44 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) 2014

- KPMG's Audit Committee Priorities for 2014 - The Challenges Ahead

No. of Shares Held as at December 30, 2014

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
2013 - Present	Independent Director and Member of The Audit Committee Nation International Edutainment Plc.

Director of Other Listed 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

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

The Meeting Attendance / Meeting Held (Frequency)

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

Management Team



Dr. Wongsiri Sankhavasi Miyaji

Position Editor-in-Chief

Age 51 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 30, 2014

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.

Director of Other Listed Company

- N/A

The Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders 1/1

Management Team



Mr. Sangchai Leelanawalikhit

Position Vice President - Sales

Age 47 years

Education Background

- Master Degree of Business Administration, National 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 30, 2014

1,000 shares (0.00%)

Relationship with NINE's Executive

- N/A

Experience

1990 - 2010	Advertising Manager Nation Multimedia Group Plc.
Oct 2010 - Present	Vice President - Sales Nation International Entertainment 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 51 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 30, 2014

- 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
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Management Team



Ms. Boonpa Saebay

Position Assistant Vice President - Accounting & Financing

Age 41 years

Education Background

- BA Accounting, Bangkok University

Training Course(s)

- N/A

No. of Shares Held as at December 30, 2014

- N/A

Relationship with NINE's Executive

- N/A

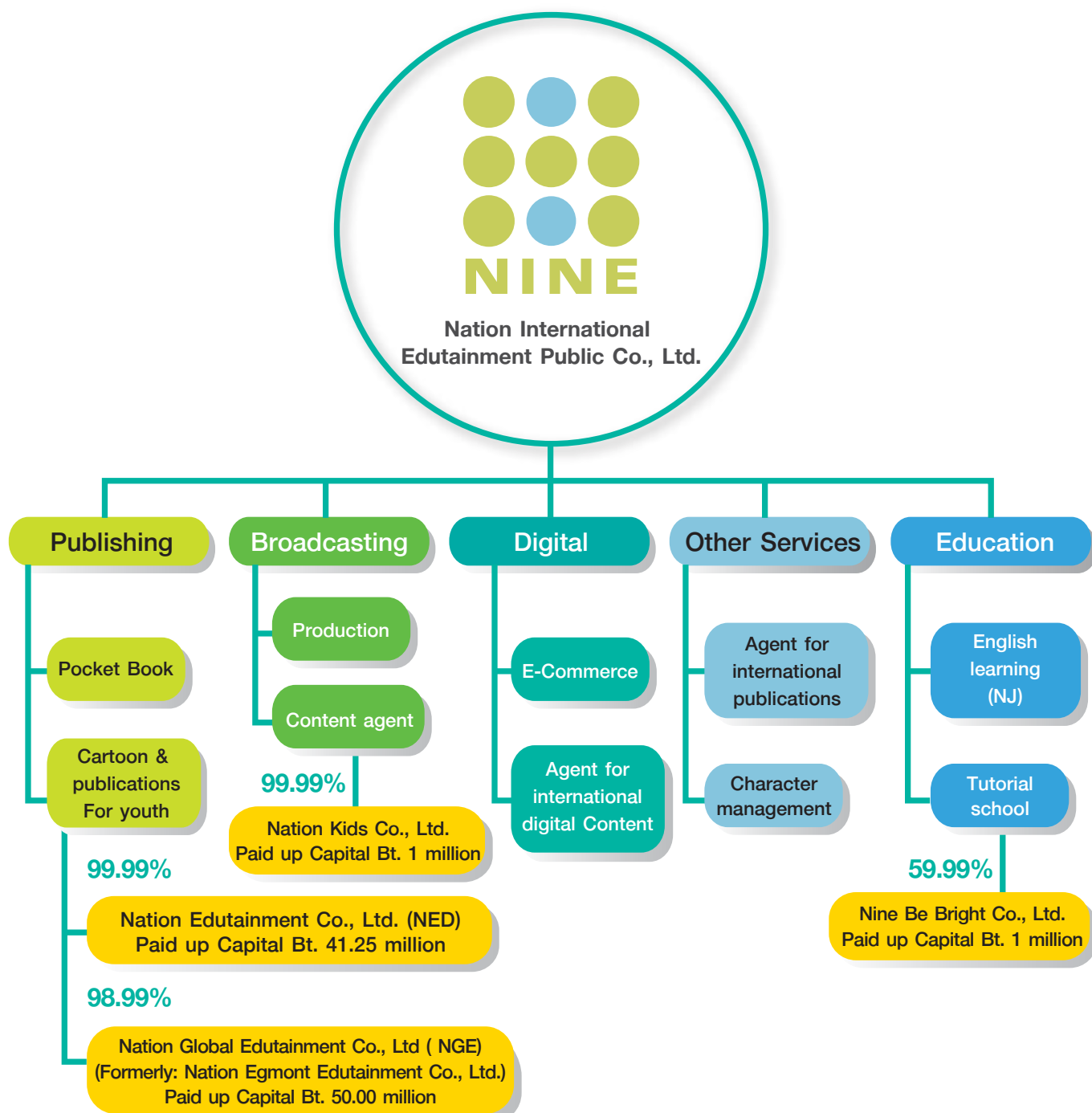
Experience

2008 - 2010	Manager Accounting Nation International Edutainment Plc.
2010 - 2014	Senior Accounting Manager Nation International Edutainment Plc.
2014 - Present	Assistant Vice President - Accounting & Financing Nation International Edutainment Plc.

The Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders 1/1

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	2014		2013		2012	
		Amount	%	Amount	%	Amount	%
1. Publishing Business							
1.1 Production and selling of pocket books	NINE	47.67	17.76	70.51	19.62	74.98	21.13
1.2 Production and selling of children printing	NGE, NED, NINE	72.14	26.87	140.06	38.96	175.36	49.42
2. Foreign printing agent business and related services ^A	NINE	72.45	26.99	79.69	22.17	79.91	22.52
3. Sale of goods and Service on internet	NINE, NCP	3.14	1.17	2.10	0.58	4.97	1.40
4. Production of TV programs and providing advertisements	NINE, NTK	42.21	15.72	51.32	14.28	4.33	1.22
5. Education	NINE, NBB	3.84	1.43	4.17	1.16	-	-
6. Other income ^B		27.02	10.06	11.60	3.23	15.30	4.31
Total income		268.47	100.00	359.45	100.00	354.85	100.00

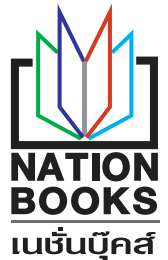
Remark: A Include printing income, delivery income, and service income from selling advertisement in foreign printing agent.

B Other income are central service charge, other service income, sale of scraps, interest income, and other items etc.

Products and Services

Business Network

Nation Books



Good
books for
readers



Pocket books

Operating a business through the company itself under the publisher's name "Nation Book", engaging of producing and distributing pocket books which have been entrusted with licensed by 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 that covers the needs of all readers.

Website: www.nationbook.com



Business Network

Nation Kids

Nation Kids



Fun

books for
imagination



Cartoon & publications for youth

Nation Egmont Edutainment Co., Ltd. (Currently renamed to “Nation Global Edutainment Co., Ltd.”) 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 the 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 Storybook Collection (Hardcover) “Princess Bedtime Stories” etc.

Website: www.nine.co.th, www.facebook.com/NationKids





Cartoon & publications for youth

Nation Edutainment Co., Ltd. operates publishing houses; producing, publishing and distributing publications for youth for educational and entertainment purpose. For prospective customers, primarily targeting the young age of 18 years and under, focusing on the popular cartoon books that has been licensed from leading publishers, both domestic and overseas markets in Asia, including Japan, Korea, as well as comic knowledge and youth literatures from various companies such as Shueisha Inc., Shogakukan, Kodansha and Futabasha, etc..

Comic books and juvenile literature produced by the Nation Edutainment Publishing have been highly popular among readers:- Naruto, Death Note Bleach, Bakuman, and Blue Exorcist. Cartoon from Thai Writers The 13th Knife, Demonic Corey and so on.

Website: www.nine.co.th,
www.facebook.com/nedcomics



Business Network

Nation Edutainment



Popular Comics



Agent for international publications Business

International Media



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 185 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 of 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.



Edutainment Variety for Kids and Modern Families

TV Content

Nation Kids Co., Ltd. has engaged in producing TV programmes for youths and families, and transmitted through digital broadcasting system. They are currently broadcasted on 3 channels; including kids (MCOT Family), news (Nation TV 22) and variety (NOW 26), totaled of 7 programmes, which are presented in accompanying with edutainment and the promotional activities simultaneously.

Broadcasting Business



Character Management Business

Character Management



Cute characters for a variety of goods



animals
we can do it

The company operates the character management business for famous and popular overseas cartoons, executes 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.





Digital
Business

NSTORE

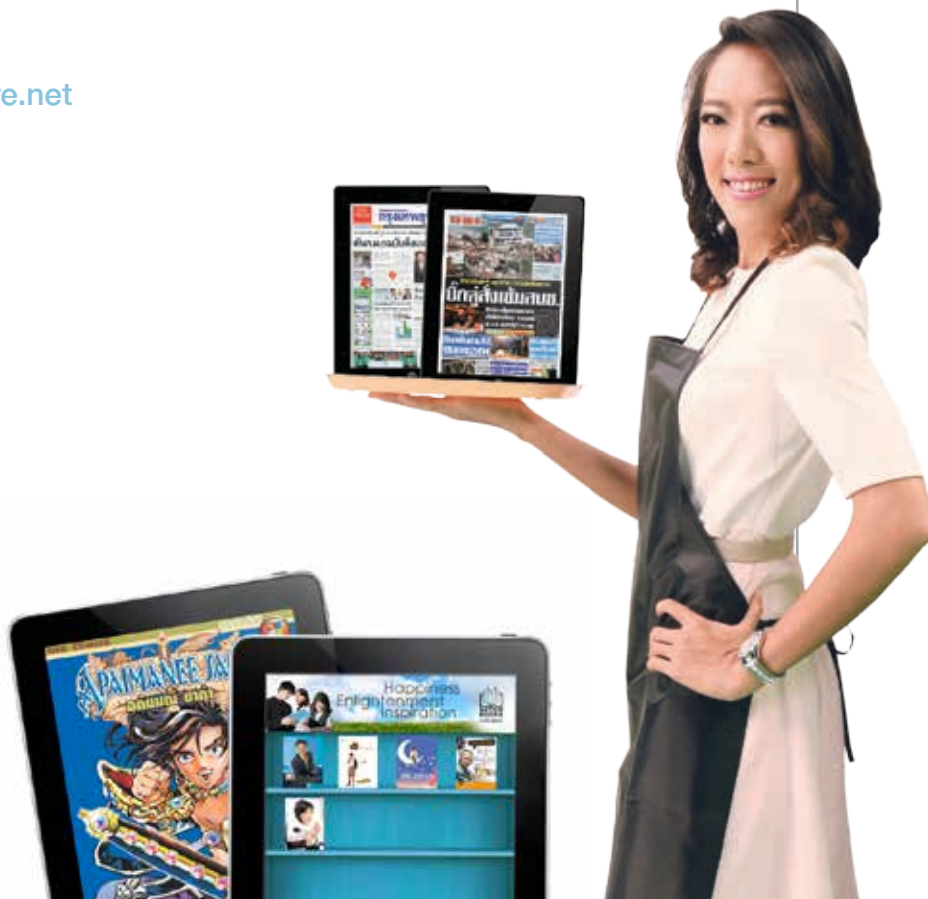


Serving
good
products
with our
hearts



The company has engaged in producing and distributing various styles of electronic publications consistently with reading tastes and individual lifestyle, including administration, management, religion, psychology, philosophy, language, fiction, literature, fables, cartoons and other more. This is to provide those reading-lovers with a convenience to purchase quickly without wasting time on the trip, website by nstore.net, Application NSTORE on iOS, social media, LINE account, E-mail, Telephone

Website: nstore.net



Education

Nation Junior



NJ MAGAZINE
www.247friend.net



Learning
has never
beens
such fun!



English learning (NJ)

“Nation Junior” (NJ) is a monthly English magazine that satisfies all the needs of adolescents for over than 20 years. It becomes like a trusted lover among teenagers as it makes English easier in their everyday life. With a compact size worth assimilating knowledge and entertainment of quality columns up to 2 covers in the same book; cover page contains 80% content in English covering IQ EQ education and lifestyle while back cover contains 20% content in Thai covering intensive review and exam preparation in seven core subjects; including English, Thai, Social Studies, Math, Fundamental Sciences, Chemistry, Biology and Physics (alternating among each book).

Website: www.njspellingbee.net





Education

Be Bright Academy



Tutorial Academy

Nine Be Bright Co., Ltd. has engaged in tutoring activities for both elementary and secondary education with the aim to promote the education and increase the capacity of students, as well as engaged in training business for personnel from public and private sector and general public to improve their performance in various setting. We provide a network of more than seven highly qualified and experienced instructors holding the Master and Doctoral Degree from abroad, who have specialized in different disciplines; English, Mathematics, Physics, Chemistry and Biology. So, they are capable of administrating the course so effectively; and teaching is provided in both Thai and English.

Website: www.bebrightacademy.com

Quality
tutorial
school with
more than
30 years of
experience.



Overview and Competition

Industrial market and Competition in Publishing Business

The publishing industry in 2014 was marked a tough year as resulted of the persistent political turmoil in 2013, which the circumstance was culminated by the troop control. However, the occurrence has affected public spending consequently; that is to say, the proceeds from the pocket books, comics and children's books fell by 46% but income generated from sales of the books during the 42nd National Book Fair which was held by the late March to the early April 2014 increased by 4% compared with the previous year. Following the establishment of government and the resumption to normal political situation in the second half of the year 2014, the country's overall economy has recovered; however, the improvement has not been relatively satisfactory due to the shrinking of annual spending.

Overall in the year 2014, the economic growth rate of the country was only 0.7% ; overall sales of books from the bookstores sharply dropped and many bookstores closed down while the service charge rates of material distribution has increased, thereby resulted that the publishers are more careful to select books and publish a smaller number of books to be marketed. However, the selective titles that meet the needs of the consumers have shown higher average sales, meaning that a number of returned volumes have decreased.

The proceeds of the 19th Book Expo Thailand 2014, which was held in October 2014 increased by approximately 10%, compared with the same period of the last year. The Publisher and Booksellers Association of Thailand: PUBAT reported that the participants numbered 2.8 million people, increased by about 6% from last year. However, the overall proceeds of book sales decreased by 22%, primarily caused by the shrinking book markets. It's expected that the consumers spend more time on technology media; this does not mean that people turn to read digital books. However, the sales of the company's online stores have increased significantly despite the sales was very small compared with sales of printed books. Like books markets in general, the comic books markets in 2557 have increased sales of children's books, especially the "Frozen" and the "Disney Princess", which has increasing sales at the 7-Eleven.

The company used the television media of the Nation Groups in advertisement and publicity of the books effectively in 2014, because the Nation Groups tendered a bid for a license of the digital TV services in two channels; Nation TV 22 and NOW 26. In addition, the company has adopted other media in the Nation Group in advertising and publicity for all kinds of products fully. This is considered the strength of the company.

Industrial Market and Competition in the Digital Television

After the National Broadcasting Telecommunication Commission: NBTC launched the digital TV auction on business service category of 24 channels and broadcasting has been pursued gradually since the first quarter of 2014. Main factors driving the market growth in television production that becomes more vigorous, as well as the transition to digital TV in Thailand have affected the competitive business of the digital TV increasingly, particularly the competition in the quality of television content that with an effort to make a difference and enhances the overall level of television content in a variety of quality that meet the needs of the television audience; namely; compete to add the ratings, compete to pull the commercial spending which is worth more than 70,000 million Baht per year.

As mentioned above, the transition to digital TV in Thailand has advantages to the advertising industry and benefits the audiences for the enhanced quality of content, especially in youth and family category, which the mass media as creative producer of the programmes must have social responsibility. It also exposes the company an opportunity as a producer of the content and entertainment (edutainment), the initial choice that suits all everyone in the family. There are quality programmes broadcasted on three channels; including children, news, and variety channels.

Industry Condition and Competition in Digital Business

Access to digital media has been growing rapidly in Thailand. Mobile phones and smart phones become main channels of the internet access, as well as the entering an era of the multi-screen behavior where multiple devices are operated simultaneously, the businesses need to develop the campaign in any way consequently.

In addition, the digital world involves not simply the technology for operation, but it also serves as a tool to create experiences and passion.

The electronic publishing industry in Thailand has been in the development phase of both brands and retailers. The publishers and app developers have more invested on development and introduction of the electronic materials distribution through the applications. Many websites, academies and organizations have paid more attention to the E-Library system to support the growing trend of the digital devices. The company has expanded its online distribution channels to sell the products in addition the e-commerce site, Nstore.net, and spread to the LINE, LINE SHOP, tarad.com, Lazada and other online channels. In addition, the marketing activities have been concentrated more intensively, integrated with online and offline channel to advertise the products of the NSTORE both internally and externally in a wide range, expand to sell more products of its partners, as well as try to create a culture of service aiming to bring forth the customers an impression and cordiality, and stimulate them an intent of repeated purchase, including the distribution of the e-books for e-library increasingly.

Industry Condition and Competition in Agent for International Publications

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

a) Foreign Visitors

Foreign tourists who travel and stay in different hotels throughout Thailand are regarded main customers in the distribution of foreign newspapers and magazines of the company.

b) Foreigners who live in Thailand

Foreigners living in Thailand for one month or more are regarded major customers who are interested in reading the international magazines and newspapers.

c) Groups of Thai people interested in overseas publications

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

d) 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. Digital marketing content 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 are few competitors. Three major competitors include Magazine International (Thailand) Co., Ltd., the Post Publishing PCL, and the Newspaper Direct Group. 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 Condition 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, Pokemon 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 encourage 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 Conditions and Competition in the English Magazine for Youth Business

Although the existing media has been slow down because the customer behavior of using the mobile technology and communication that is faster, easier, and cheaper. Consequently, the new generation youth prefers to receive information through new media as primary channel. However, the English magazine business, an overtime reading book, contains both knowledge and entertainment (or known as edutainment); the competition has not been stiff. Teachers and students at the secondary level are still comfortable to use the materials as instructional medium primarily. The NJ Magazine therefore holds the largest portion of the market share with a potential access to schools across the country, followed by agents and subscribers. In production process, the company specializes in the updated information, materials used, and production in the affiliated subsidiaries, control of production factors, inventory, and transportation to develop and generate income systematically.

Industry Conditions and Competition in the Tutorial School 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.

A study of the troubleshooting strategies on tutoring, conducted by the Office of Policy and Strategy, the Office of Permanent Secretary, MOE, unveiled that tutorial entrepreneurs has increasing every year. In Thailand, there are more than 2,005 tutoring schools in 2012. Of them, 460 tutoring schools are located in Bangkok. There are 453,881 students on tutoring, representing 12% of all high school students. The marketing value of the tutorial business in 2013 accounted of 7,160 million Baht, increased from 7,000 million Baht in the year 2012, and it is expected to grow to 8,189 million Baht, increased by 5.4%. This growing figure has been caused by the rising tutorial fees and the growing number of students.

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.

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

The domestic publishing industry in 2014, especially pocket books and magazines was overall negative continuity as resulted of the 2013 recessive purchase power and the changing consumer behavior; namely, the consumers turn to spend more time on other media, and some minor distributors shut down. As a result, the company's revenue generated from books decreased, and it's anticipated that this tendency has continued.

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 internet speed. 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.

The company launched its online store, "Nstore" in 2014, with steadily increasing sales even though a ratio of sales has been sparse as compared to the printed books.

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 - Books Agent and kiosks is a channel that focuses on distributing and sellings 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, and most operation has been characterized of family business that has run for long time without an exact record of sales, resulted that monitoring sales is rather difficult.

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. The company currently sells books through online channels is Nstore and Facebook primarily.

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

The Nation is a major shareholder in the subsidiary companies, approximately 80.06 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 2014 and 2013, 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 100.87 and 151.80 million Baht, or accounting for 38.30% and 45.95%, 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 materials, 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 2014 and 2013, accounting for 3.42% and 4.11% 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.

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 13.51% and 19.85% of cost of sales and services according to the consolidated financial statements of the Group in the year 2014 and 2013, 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 are 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 45.09% and 60.71% of total revenue of the Group in the year 2014 and 2013, 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 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, 2014 and 2013, the Group's net inventory worth 232.55 Million Baht and 143.86 million Baht, or accounting for 32.69 and 18.89 (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 serie titles, and inventories aged 3 years or higher with incomplete serie title. Such allowance for obsolete inventories is set on monthly basis, which is being re-considered for depreciation by the executives. As of December 31, 2014 and 2013, the Group's total allowance for obsolete inventories was 88.96 million Baht and 41.71 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 agents for agents for international publications business

2.1 The risk of the renewal of contract

In the service business as agent for international publications business. 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 work teams 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 are slight.

2.2 Risk of discontinuity by publication owner

To operate service business as dealership of foreign publications, the Group is at risk of a discontinuity by publication owner, this might cause an impact on the business and operations. Therefore, the Group is needed to seek the renowned and stabilized publications to replace or supplement regularly.

3. Risks of broadcasting 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, at the beginning of digital TV systems, broadcasting has been operated in parallel with the analog television system (or free TV). Consequently, its rating is not so high as compared to the traditional system. The company focuses on improving the content and producing quality programmes with the use of diverse platforms to reach the target audience increasingly; whether be through online media, publicity through the affiliated media, marketing and on-ground activities that create the current involvement modernly.

3.2 The risk of higher competition in television

The television industry, especially free TV, has been more intense in terms of the type of programs, the number of channels that have been growing; the competition in the television business has been stiff consequently. However, the market has gap in the edutainment category for youth and families, exposing the opportunity for programmes that communicate with the target audience by which the development of the quality creative content that is virtually suitable for all members of family has been focused. This reduces the risk of programme production in the fierce competition.

4. Risks of digital business

4.1 Risk of duplicate content smuggling

There are some websites that have smuggled offering illegal media such as comics, resulted that some customers consume such media with free of charge, thereby affecting their intent to purchase such goods legitimately. Therefore, it is important to select content that is unique and different with the use of high security technology and excellent service. The company has sought the unique electronic content from both in the country and overseas, and method of presentation that is superior to those illegal sites, as well as offering the attractive price.

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.

The company has currently acting as character management representative for three characters; including Canimals, Yoohoo & Friends and Astro Boy. In the past year, the company had carried out marketing continuously; the animated cartoons were broadcasted on the Nation channel 22, MCOT Family channel 14, and jointly organized activities together with the said television stations across the country. The feedback was very positive, causing the copyrights under the Nation Group more popular and customers become more confident to buy copyrighted merchandises under the company's supervision.

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 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 beauteous product placement, but bulk sales at cheap price.

6. Risks of the tutorial school business

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 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. Risk of decreased reading value

As the English business magazine for teens has penetrated the adolescence readers primarily, adolescent development has changed with unique behavior, and from adolescence to adulthood lasts a few years, creating brand royalty has been quite limited. In addition, the image of the edutainment business for teens has influenced perception and the weaker currency of the edutainment businesses. However, the company continues to focus on its strengths in education that makes the difference, creates value and surmounts the business to teachers and parents, and as influencer; it guides and motivates young readers with building goodwill relationships.

Further, the company held activities that promote the English knowledge. The company is the nation’s leading famous producer for its English media. The company also includes the multimedia that can be assimilated with media effectively, thereby resulted that activities can contribute the customers directly, including value creation and social and educational development (CSR), sponsored by both public and private sectors

8. Risks affecting the investors

8.1 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 2014)

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	%

8.2 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 2014)

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	%

9. Risks of the Business Group

9.1 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 7 representative directors and 4 out of 7 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 30, 2014 at closing book date:

No	Name	Shares	% Total Share
1.	Nation Multimedia Group Plc	136,135,187	80.057
2.	Mr. Suthichai Sae-Yoon	1,536,848	0.904
3.	Mr. Ratchawee Narula	1,450,000	0.853
4.	Mr. Karit Yuvaboon	1,240,000	0.729
5.	Ms. Wantana Lerdsakulpasuk	899,999	0.529
6.	Mr. Somsak Srisutatkul	689,300	0.405
7.	Mr. Vichaiya Maynon	620,000	0.364
8.	Ms. Prapaporn Khanwong	600,000	0.353
9.	Mr. Wiwat Wichalek	559,000	0.329
10.	Mr. Aчитpol Kanoksritawor	453,000	0.266
	Other	25,865,052	15.211
Total		170,048,386	100

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 Shares	% Total Share
Thai Shareholders	1,479	169,991,277	99.97
Foreign Shareholders	6	57,109	0.03
Total of Shareholders	1,485	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

1. Corporate Governance Policy

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 annually 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 2014, 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 2014, held by Thai Investors Association, Thai Listed Companies Association and the Office of the Securities and Exchange Commission rated NINE "Excellent and Exemplary" in 2014, the company had been awarded the "Investors' Choice Award" as the company could achieve 100 points for 4 consecutive years from the year 2011-2014 from among 528 listed company participants.

In 2014, 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 2014, the Company held the 2014 Annual General Meeting on April 2, 2014 on the 7th Floor, Nation University Tower at 14.00 hrs. with registration started at 12.00 hrs. 7 Directors and 63 shareholders and proxies carrying 146,835,478 out of 170,048,386 distributed shares or 86.35 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 22, 2013 to January 31, 2014. 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 3, 2014.

Before the 2014 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 4, 2014 to March 19, 2014 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 shareholder's 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 procedures, 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. Sutee Jintananarumit, 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.

- In the shareholders' meeting the company has a policy to treat the rights of every shareholder equally. No item shall be included in the agenda and no important information shall be changed if it's not informed to the shareholders in advance. Moreover, no document containing additional important information shall be provided in the meeting, to ensure the shareholders have sufficient time to make decisions.
- All shareholders have 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 2014 as well as nominate a person with appropriate qualifications to sit in the Board of Directors from November 22, 2013 — January 31, 2014. 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 2014 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.

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 most recently review was conducted on February 11, 2015; amendment to catch up with the situation; anti-corruption policy has been established and performance strategies has been improved regarding complaint procedures more clearly. (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. Code of Business Conduct

1.1 Business Strategy

The Nation International Edutainment Plc. has engaged in publishing business; producing and distributing printed media in pocket book for youth and electronic publication category, serves as distributor and service provider of the foreign publications, television service for youth, copyright management business, educational service, with a true commitment to produce the high quality products, content and services for the public under the experience, expertise and dedication of the executives and all employees.

1.2 Anti-corruption Policy

The company has operated the business in honesty and integrity; truly commitment to social responsibility and all stakeholder groups, steadfastly based on the Good Corporate Governance, and the Business Ethics, and the Code of Conduct. So, the company has established the "anti-corruption policy" in writing with approval of the Board of Directors for clear performance guidelines in conducting business and developing the company to the sustainable organization.

1. All directors, executives, employees of the company shall neither pursue on nor accept corruption in any aspects either directly or indirectly; including receipts of articles, gifts, entertainments, donations and other benefits from those people who deal business with the company.

2. They include employees, suppliers, customers and all stakeholders in the country and overseas. A review of compliance with the anti-corruption policy shall be conducted at least 1 time on yearly basis. The assessment of the risk of corruption enterprise-wide shall be performed annually, including a review of performance strategies and requirements in accordance with changes in the business, rules, and regulation and applicable laws.

3. Any actions under the anti-corruption policy shall follow the practices as set forth in the Good Corporate Governance, the Ethical Business Manual, and the Code of Conduct, including rules and regulations, relevant operation manual, and other practices which may be set forth in the future by the company.

4. To achieve clarity in the implementation of the high risk matters relevant to the occurrence of the corruption, the directors, executives, and employees at all levels must be careful in any of the following actions.

4.1 Entertainment, gifts and other expenses

- Handling out, delivering, or receiving gifts and entertainments shall be in accordance with the regulations prescribed in the Ethical Business Manual, and the Code of Conduct.

4.2 Charity donations, funds, or contributions

- Handling out, delivering, or receiving donations, funds, or contributions shall be transparent and legal. Make sure that donations, funds, or contributions are not be used as bribery.

4.3 business relations and procurement

- Giving or accepting bribes in any kinds from trade partners, suppliers, contractors, government agencies, or any entities that have dealt business with the company is inhibited; however, make sure that it is executed in transparency, integrity and in accordance with applicable laws and requirements.

Duties and Responsibilities

1. Board of Directors is responsible for formulating policies and overseeing if the implementation of policies that support the anti-corruption policy efficiently; this is to ensure that the Top Management recognizes the importance of anti-corruption and cultivating it as organizational culture.

2. The Audit Committee is responsible for reviewing the financial reports and accounts, internal control, internal audit system, and risk management system to ensure that it meets the international standards and is precise, appropriate, modern and effective.

3. The Executive Directors and the Board are responsible for setting the availability of systems, promoting and supporting the anti-corruption policy to make sure that it is consistent with the changes in business, rules, regulation, and legal requirements.

4. Internal Audit Manager is responsible for the monitoring and reviewing the performance to ensure that the performance meets the policy, practices, authority, regulations and legal requirements, and the regulations set out by the regulatory agencies to ensure that the control system is appropriate and adequate to the risk of the possible corruptions, and report to the Audit Committee.

Practices Course

1. The Company's directors, executives, and employees at all levels shall comply with the anti-corruption policy, the Business Ethics, and the Code of Conduct, and not get involved in corruption either directly or indirectly.
2. The company's employees shall not neglect or overlook at when seeing any action that is presumed to be within the scope of the corrupting acts relevant to the company, but shall notify the supervisor or responsible person, and give an cooperation in the investigation, and if occurring any doubts or questions, he/she shall consult with supervisors or designated person regarding to the compliance with the Business Ethics, and the Code of Conduct through various channels defined.
3. The company ensures fairness and protection of employee who refuses or notifies the company the related corruptions, with the protection measures for complainants or those who cooperate in reporting the corruption as contained in Article 4 Complaints and Suggestions of the Business Ethics, and the Code of Conduct.
4. A person committing corruption violates the Business Ethics and the Code of Conduct of the company and shall be subject to the disciplinary action as prescribed by the company, and shall be punishable by law if such action breaks the law.
5. The company recognizes the importance of the dissemination of knowledge and understanding with others whose functions have to engage with the company or the stakeholders or that may cause potential impact on the company in regard of the matters that are required to follow the anti-corruption policy.
6. The company is truly committed to create and develop the personnel and staff to be equipped with a clear consciousness, behave as good citizens of the society and the nation, and preserve the organizational culture, saying that "a corruption is unacceptable to the transactions with both government and the private sector".

Dissemination of anti-corruption policy

The company has disseminated the policy against corruption to the employees and stakeholders through the intranet, e-mail, and website of the company (www.nine.co.th). Over the past year, it found;

1. The company had no cases of wrongdoings caused by corruption / ethics.
2. The company had no scandals caused by defects in the regulatory activities of the Board.
3. None of the Board of Directors resigned due to the issue of corporate governance.

2. Ethics to stakeholders

2.1 Ethics on responsibilities to the media profession (Nation Way “Deviated from this is not us”)

Since the establishment of the company, the “Principles of Professional Ethics in Journalism” has been embraced strictly. For this is very reason, the media and journalists in the subsidiaries have earned the trust and faith by the public constantly; even in the time of emergency or the political pressure, we act firmly without abandoning the Principles of Professional Ethics.

“Nation Way” was established with intent to setting the principles of professional ethics as practice course for all employees at any level. It contains basic ethics, demeanors in society, and functioning on-duty and off-duty time

The company and its subsidiaries’ employees in all fields shall adhere to the followings strictly without exception, so that we all help to preserve credibility and faith we have been entrusted by society.

The “Nation Way”, principles of professional ethics of the Nation, is classified into 13 parts as follows.

- Part 1 Ethical requirements of the media professionals
- Part 2 Ethics of Nation Group’s media
- Part 3 Responsibilities to the readers, listeners and audience.
- Part 4 Commitment to the media profession and organization
- Part 5 Guidelines for news reporting and desirable behavior with the sources
- Part 6 Special privileges and conflict of interest
- Part 7 Guidelines for participating in political and social activities
- Part 8 Guidelines for the advertisement, marketing and sale departments
- Part 9 Guidelines for copyright and freelancing jobs
- Part 10 Guidelines for reporters in various beats
- Part 11 Guidelines for mistakes recovery
- Part 12 Guidelines for reporting the Company’s activities
- Part 13 Guidelines and ethics on Nation Social Media

The Company has measures to prevent problems from libel and defamation charges arising from news reports by providing training courses for staff in the news department to keep them informed of the news reporting guidelines, undesirable statements and pictures. The Company has also reinforced the parties involved to perform accordingly. Throughout the last year, the number of charges leveled against the company considerably decreased from a year earlier.

2.2 Ethics on responsibilities to shareholders

The company has been truly committed to take responsibility and create maximum satisfaction of the shareholders with regard to the sustainable growth of the organization and the continuously reasonable return. Also, the company has operated the business in a transparent manner, uphold integrity and under the scope of laws and the Corporate Governance, and treat all shareholders equally, and reliable accounting system. The company provides the Investor Relations as channel to get contact and enquiries, clarify and provide information to shareholders and general investors. In 2014, the company reported net profit of THB 15.26 million as at 31 December 2014 of the separate financial statements.

2.3 Ethics on relations to customers

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,

- NINE TV audiences— the company focuses on customer satisfaction toward format and content of the presentation, and rewarded to customers by conducting activities through TV programmes and Facebook / Kid Zone THINKzone, and “Wonder Kids Club” for the children to show off their special abilities, activities that promotes family relationship; i.e. “Movie Family”, inviting fans to watch movies exclusively with M.C, and Roadshow activities across the country to launch the programmes on MCOT Family Channel.
- Reading lovers: there includes various activities throughout a year tailored to suit the customers of each age group through various channels; both online and offline, for instances, painting contest of the copyrighted Disney Princess. The winner will be prized a trip to visit Hong Kong Disneyland, joining the quiz to win prizes such as Doraemon movie tickets, debut of the books that the readers can meet and talk with authors directly, etc.

2.4 Ethics on responsibilities 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, 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 2014, 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 2014, NINE provided training to 7% of its 86 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.

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 2014.

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.

2.5 Relationship with trading partners

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. So, the practices course is defined as follows.

1. All directors, executives, and employees of the company must not receive or demand for any benefits and offers, or pay any benefits that are suspicious of corruption in transactions to trade partners.
2. Comply with laws and regulations strictly
3. Provide criterion for supplier selection and evaluation
4. Follow terms and conditions toward the trade partners strictly; in case of failure of compliance, it shall inform the partners in advance in order to further find out the solutions mutually, based on the principle of reasonableness.
5. Provide true and correct information
6. Support and collaborate with partners to make high quality and conforming products.
7. Support and cooperate with partners in the production of new products and services that meets the ever-changing needs of customers.
8. Keep confidentiality of partners and not make exploitation of the data for own benefits or related persons improperly.

The company has always recognized the relationship with its partners; for examples, cooperation with partners in transportation service and distribution at different areas, which has been under the operation of the N.M.L Company Limited, a subsidiary. This is how the resources have been used for the highest benefits of each party.

Moreover, NINE had no disputes on matters concerning with its trading partners.

Criteria in selecting business partners are as follows;

1. Financial history is reliable and has 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 after sales services to customers.

2.6 Ethics on the relationships with competitors

In business competition, the company adheres to the Rule of Game and holds as just and good practice and the establishment of the trade alliances as follows.

1. Comply with the Rule of Game that is generally accepted by all.
2. Do not discredit competitors by the vilification without factual information, and avoid dishonest methods to destroy competitors.
3. Do not seek for the confidential information of competitors by dishonest or improper means, for instances, a bribery to the competitor's employees.

Over the previous year, the company did not have any disputes with competitors.

2.7 Ethics on the relationships with creditors

The company has been aware of the equality and loyalty to the trade account payables, and the compliance with the loan obligation of the banks, financial institutions, as well as payment for products and services, principals and interest expenses. Therefore, the best and fair practices are included;

1. Maintain and adhere to the terms and conditions bound to the creditors in terms of repayment, taking care of collaterals, surety, and other conditions, including not using the capitals derived from loan in a way that is contrary to the purpose of the agreement made with the lender.
2. Report the accurate and true financial position of the company to the creditors honestly
3. Report the account payable in advance if failed to fulfill its obligations contained in the agreement, and mutually finds out ways to solve such problems.

Over the previous year, the company did not have any disputes with account payable and the financial institutions

2.8 Ethics on social responsibility 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.

On September 11, 2014, the company invited the lecturers from Thaipat Institute to train and educate a number of Management and concerned staffs for CSR REPORT course.

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 2014, 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.

Complaints and suggestions

The company upholds the Board of Directors and its employees to carry on the business with integrity and transparency, fairness and accountability in accordance with the Corporate Governance and Business Ethics, and the Code of Conduct of the Company. Also, the company provides channels for comments, informing complaints and suggestions; the employees and all stakeholders can make a complaint, comments, and reporting the events by mailing or email to the Audit Committee and Internal Audit Manager at email: audit_nine@nationgroup.com or visit in person, or postal mail to the Nation International Edutainment Plc. No. 1858/123-124, 28th Floor, Bangna-Trad Road, Bang Na Sub-Dt., Bang Na Dt. Bangkok 10260.

Procedure upon receipt of a complaint

- Internal Audit collects complaints and basic inspection information. If a complaint is prima facie, the gathered evidence will be submitted to the Steering Committee so that a Commission of Inquiry will be appointed to further and along with the Human Resources serves as Secretary to the Commission of Inquiry, and report the results and the measures taken against the offenders to further submit the Steering Committee, Internal Audit Manager and Audit Committee
- Protection measures for complainants - the Audit Committee provides fairness and protects the complainant, a person receiving a complaint, a person being complained and those involved in carrying out the investigation, including keeping the information confidential; which disclosure will be done as necessary in regard to safety and damage of those concerned persons.

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 2014 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. Provide criterion for supplier selection and evaluation
4. Risk factors
5. Supervision policy and compliance policy
6. Directors’ remuneration and Board meeting attendance
7. Board of Directors’ performance in the past year and the training record of the board
8. Audit Committee’s performance in the past year
9. Remuneration policy for directors and high-level management
10. The remuneration for service in the Board of Directors and other assignments for the Company and its subsidiaries
11. Annual Report of the Audit Committee
12. 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
13. Explanation and analysis of the financial status of the management
14. Accurate and complete financial statements in accordance with accounting standards
15. 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, sub-committee and chief executive officer
2. Related Party Transactions Policy
3. Code of Conduct
4. Corporate Governance Policy
5. Audit Committee's Charter
6. Internal Audit's Charter
7. Quarterly and annual financial statements
8. Annual Report
9. Human resources management policy
10. Conflict of Interest Policy
11. Internal Control Policy
12. Articles of Association
13. Anti-corruption 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 2104. NINE joined such activities 3 times on June 4, 2014; September 1, 2014 and November 26, 2014. 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 2014: 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. Responsibilities of the Board of Directors

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.

Counterbalance of Non-executive Directors

In 2014, the composition of the Company's Board of Directors featured seven 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 2014. No directors or 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 Ms. 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 two committees: Audit Committee and Executive Committee, for detailed duties and responsibilities, see “Sub-Committees”

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 2014 were presented to the Audit Committee and the Board for their acknowledgement in February 2015. 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.

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 2014, 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: 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 result is mostly in excellent level at 100%.

- 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 result is mostly in excellent level at 100%.

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 result is mostly in excellent level at 100%.

Remunerations to Directors

The company sets a clear and transparent policy regarding remunerations of directors. Set at competitive rates for this industrial sector, remunerations are high enough to attract directors who have the required qualifications. Remunerations are approved at the shareholders' meetings. Directors tasked with more responsibility and duties shall have appropriate levels of remunerations in line with their newly-assigned duties and responsibilities.

The company's guidelines for the remunerations of the Chief Executive Officer and high-level management are in accordance with the terms and policies stipulated by the Board of Directors. The remunerations reflect the company's and individual's performance. The company's Board of Directors evaluates the performance of the Chief Executive Officer and assigns the Chairman of the board to inform the criteria and results of the evaluations to the Chief Executive Officer. The Executive Board shall approve the results of the performance evaluation of high-level management as proposed by the Chief Executive Officer. The Board of Directors assigned the Executive Board to consider appropriate levels of remuneration to the Chief Executive Officer.

Remuneration to directors in 2014 and 2013 were as follows:

Name/Position	Remunerations 2014				Remunerations 2013			
	Remuneratio	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	50,000.-	-	-	50,000.-	200,000.-	-	-	200,000.-
- Miss Mathaya Osathanon	-	-	-	-	100,000.-	-	-	100,000.-
- Mr. Thepchai Sae-Yong	50,000.-	-	-	50,000.-	-	-	-	-
- Mr. Sivaporn Chomsuwan	-	-	-	-	150,000.-	-	-	150,000.-
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.-
- Ms. Santhaya Kittikowit	300,000.-	-	-	300,000.-	300,000.-	-	-	300,000.-
Executive Director:								
- Mr. Pana Janviroj	200,000.-	-	-	200,000.-	200,000.-	-	-	200,000.-
- Mr. Torboon Puangmaha	100,000.-	-	-	100,000.-	100,000.-	-	-	100,000.-
Total	2,000,000.-	-	-	2,000,000.-	2,350,000.-	-	-	2,350,000.-

Notes: The Board in their 3/2014 meeting appointed Mr.Pana Janviroj to be acting in the position of President. And the Board in their 4/2014 meeting appointed Mr. Pana Janviroj to be the President replace Acting-President, and appointed Mr. Thepchai Sae-Yong to be the Director replace of Mr. Torboon Puangmaha. 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 2014, the following directors were encouraged to join the trainings;

No	Name	Position	Training Course(s) 2014
1	Mr. Somsak Cheer Chiranakhon	Independent Director and Chairman of the Audit Committee	- KPMG's Audit Committee Priorities for 2014 - The Challenges Ahead - COSO 2013: The Road to Transition - TFRS: Roadmap to the Future
2	Mr. Sutee Jintananarumit	Independent Director and Member of the Audit Committee	- KPMG's Audit Committee Priorities for 2014 - The Challenges Ahead - COSO 2013: The Road to Transition - TFRS: Roadmap to the Future
3	Ms. Santhaya Kittikowit	Independent Director and Member of the Audit Committee	- KPMG's Audit Committee Priorities for 2014 - The Challenges Ahead - TFRS: Roadmap to the Future
4	Mr. Thepchai Sae-Yong	Director	Energy Literacy for a Sustainable Future (Class 5), Thailand Energy Academy

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, and 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.

2. Sub-committees

The Board of Directors has appointed two sets of sub-committees; consisting of Audit Committee and Executive Committee. The details are as follows:

2.1 Audit Committee

All Audit Committees must be an independent committee and appointed by the Board of Directors or shareholders. They must exercise their discretion independently. One Audit Committee must possess knowledge and expertise in accounting or related financial management as required by the Stock Exchange of Thailand, good command of reading and understanding the basic financial statements. The Audit Committee consists of three following members.

No	Name	Position	Qualification
1	Mr. Somsak Cheer Chiranakhon	The Chairman of Audit Committee	Independent Director
2	Mr. Sutee Jintananarumit	The Member of Audit Committee	Independent Director
3	Ms. Santhaya Kittikowit	The Member of Audit Committee	Independent Director and acknowledge accounting and financing

Roles and responsibilities of the Audit Committee

1. Review and make sure that that company's financial reporting (quarterly and yearly) is accurate with adequate disclosure regarding the company prior to submit the Board of Directors
2. Review and make sure that the company has the appropriate adequate and effective internal control and internal audit system, including considers the independence of the Internal Audit, approve the appointment, transfer, or dismissal of the Head of the Internal Audit, or any other departments that are responsible for internal audit.
3. Review and make sure that the company has adequate appropriate and effective risk assessment system and risk management.
4. Review and make sure that the company complies with the Securities and Exchange (SET) Act and requirements, or laws relating to the company's business.
5. Consider and nominate an independent person and determine the remuneration for the auditor of the company, liaison with auditors regarding to the purposes of the audit, scope, policy, plan, and the problems found during the inspection, and the issues that is recognized by the auditor as important, as well as attending meetings with the external auditors with an absence of the Top Management at least once a year.

6. Contemplate the related transactions or transactions that may cause conflicts of interest to ensure of the accuracy and completeness in accordance with the applicable laws and regulations of the SET, including disclosure of such transactions correctly and completely; this is to ensure that such transactions are reasonable and beneficial mostly to the Company.

7. Conduct the Audit Committee's report of the Corporate Governance, and be disclosed in the annual report of the company, which such a report shall be signed by the Chairman of the Audit Committee, and it includes the following information:

- Comments on the accuracy, completeness and reliability of the financial statements of the company
- Comments on the adequacy of the internal control system
- Comments on risk management system of the company
- Comments on compliance with the Securities and Exchange Commission Act, requirements, or laws relating to the Company's business.
- Comments on the appropriateness of the auditor
- Comments on report that may be a conflict of interest
- Number of the Audit Committee's Meeting and the attendance of each member of the Audit Committee.
- Overall opinion or notice obtained by the Board of Directors from functioning duties under the Charter
- Any other information that the shareholders and general investors should acknowledge under the scope of the duties and responsibilities assigned by the Board of Directors.

8. Perform other duties assigned by the Board of Directors under the approval of the Board on duties, the Audit Committee is directly responsible to the Board of Directors and the Board of Directors is also responsible for the operations of the company to the outsiders.

2.2 Board of Executive Committee

The Executive Committee has the authority and responsibility of corporate management regarding to normal business operations and administration, policymaking, business plan, fiscal budget, management structure, and administrative authorities of the company, and business operation rules in accordance with current economy and policies that have been assigned by the Board of Directors to submit the Board of Directors' Meeting for consideration and/or approval, including monitoring and tracking the operating results of the company under the policies set forth by the Board. The Executive Committee consists of four following members.

No	Name	Position
1	Mr. Suthichai Sae-Yoon	Chairman of Executive Committee
2	Mr. Sermsin Samalapa	Executive Director
3	Mr. Pana Janviroj	Executive Director
4	Mr. Thepchai Sae-Yong	Executive Director

Notes : Mr. Torboon Puangmaha has resigned as President of the company on May 15, 2014. And the Board in their 3/2014 meeting appointed Mr.Pana Janviroj to be acting in the position of President, and the Board in their 4/2014 meeting appointed Mr. Pana Janviroj to be the President replace Acting-President.

Roles and Responsibilities of the Board of Directors

1. Regulate affairs and formulate policy, direction and business strategies to implement the policies and to achieve goals defined by the Board of Directors, as well as propose policies, business plan, budget, and direction in business operation and plans to the Board for approval.

2. Consider organizational structure, authority to determine management, salary structure, including recruitment, training, appointment, hiring, transfer and assignment of wages, remuneration and bonuses for executive staffs, and dismissal of the employees, and assigning the Managing Director to act on behalf of the company in signing the employment agreement.

3.Consider and approve the transactions in normal course of the business; for examples, purchase of products, purchase of copyright, asset investment, financial transactions with banks / financial institutions; opening account, lending, loans, procurement of credit limit, mortgage, pledge, guarantees and others, including transactions and registration of land ownership for normal business operations within the credit limit for each items, subject to the authority of approval and commissioning by Board of Directors.

4. Assign business plan, budget and business operation approaches in accordance with the objectives assigned by the Board of Directors, authority to regulate the operations of the company under the business policies, business plans and business strategies approved by the Board of Directors, and subject to the conditions, rules and regulations and the Articles of Association.

5. Authority to implement the policies set out by the Board of Directors with the regard of business operation under the conditions, rules and regulations and the Articles of Association, except for transactions that the Board may have potential conflict of interests with the company or its subsidiaries. Action is permitted when obtaining the resolution of the Board of Directors' Meeting in which the independent committees attend only. The related transactions, acquisition

or disposition of the important assets of the company shall be pursued in accordance with the procedures prescribed by the SET and SEC.

6. Consider the company's profits and loss, and propose an interim or annual dividend payment to the Board of Directors.

7. Consider other matters as assigned by the Board, however, being authorized commissioned mentioned above shall not be characterized of delegation or sub-delegation that the Executive Committee or those authorized by the Executive Committee are allowed to approve their conflict of interest transactions as required by the SEC to the company or its subsidiaries, unless the approval of transactions that is based on the criterion approved by the Board of Directors.

However, the approval of a conflict of interest transaction will be executed in compliance with the Notification of the Stock Exchange of Thailand (SET), Capital Market Supervisory Board, and / or Stock Exchange Commissions (SEC) on criterion, procedures and disclosure of related party transactions of the listed company.

Besides, the Board of Directors is appointed or withdrawn by the Board of Director' Meeting, the Shareholders' Meeting.

3. Nomination and Election of Directors and Top Executives

3.1 Independent Director

Independent Committee is a non-executive director of the company, its subsidiaries, and the affiliates, they are independent of major shareholders and executives of the company, and have no relationship that may interfere with his exercise of independent judgment.

The definition of the independent director of the company is equal to the minimum requirements required by the SEC, and the SET.

Qualifications of the Independent directors

1. Hold no more than 1% of the total number of shares with voting rights of the company, holding company, subsidiaries, affiliated companies, the major shareholders who have authority to regulate the company. It is inclusive of the shares held by related parties, under Section 258 of the Securities and Exchange Act, of the respective independent committee.

2. Not a director or a committee who ever participating in management, staff, employee, any advisor who receive regular compensation, or a person who has a power of control of the company, holding company, subsidiaries, affiliated companies, or major shareholders of the company, unless he had vacated the office for no less than two years prior to his appointment. Such prohibitions do not include the independent director who ever was a civil servant or advisor to the government agency, who is a major shareholder or who has power to control the corporation.

3. Not and never been engaged in trade relationship, business relations, and stakeholders in financial or other benefits relevant to management both directly or indirectly with the company, holding company, subsidiaries, affiliated companies, major shareholders, or those who have power to control the company in the way that may interfere with his independent judgment, not and never been a significant shareholder or a person who has authority to control the business of the company, subsidiaries, affiliates, or major shareholders, or those who have authority to the company, unless he had vacated the office for no less than two years prior to his appointment.

4. Not a representative either publicly or secretly for the directors, major shareholders, or any shareholder who is related to any major shareholders or the company's shareholders.

5. Act and exercise his independent discretion without the influence of the directors, or major shareholders, or concerned persons, or relatives.

6. Not and never been auditor of the company, holding company, subsidiaries, affiliated companies, major shareholders, or those who have authority to control the company, or significant shareholder who has authority of control, managing partner for juristic person at the audit firm to which auditor of the company, subsidiaries, affiliates, major shareholders, a person who has authority of control is subjected, unless he had vacated the office for no less than two years prior to his appointment.

7. Not and never been professional provider, but not limited to legal consultant, financial advisor, property appraiser whose income of service charge earned exceeds THB 2 million per year from the company, subsidiaries, affiliates, major shareholders, or those who have authority to control the company in the event that professional provider is a juristic person, including a significant shareholder, a person who has authority of control, or managing partner of the respective professional provider, unless he had vacated the office for no less than two years prior to his appointment.

8. Not operate the same business that competes with the business of the company, subsidiaries, not a significant member of the partnership, neither a director who has engaged in management, nor employee, nor consultant who earns a regular salary, or holding more than 1% of the total number of shares with voting rights of other firms that operate the same business that competes with the business of the company or subsidiaries.

9. Not possess any qualities that preclude him from the exercise of his independent opinion about the company's operations.

10. Independent Director shall be undergone the recruitment process defined by the Board of Directors or shareholders.

3.2 Recruitment of Directors and Top Executives

The company is aware of the importance of the media that may cue a public opinion. So, the executives or directors of the company must understand the role of media and adherence to the integrity, the Code of Conduct, and Business Ethics in order to set the policies in the presentation objectively and creatively, not distort it. Thus, recruiting and selecting an individual to serve as

director and top executives of the company is so important and it is an immediate responsibility of the Board of Directors.

Nomination of Directors

The company assigns the Board of Directors to take responsibility to nominate the directors and consider the candidates who are qualified and appropriate, who are nominated from various sources, especially the Director Pool, in accordance with criterion required by laws, which is no prohibited characteristics by law, or that may affect the operations of the Group.

In addition, the company also opens they opportunities for minor, single, or multiple shareholders who hold the company's shares for at least one year and must hold shares on nominating date, and demonstrate the security certificate of the company, to nominate a person as director. Nomination must be done in advance at least 3 months prior to the Annual General Meeting of Shareholders, together with information on the qualifications and the consent of the nominated person.

Appointment of Directors must be approved by the Board of Directors' Meeting, which consists of the Independent Committees and Audit Committees. Appointing a director shall pass the resolution of the Shareholders' Meeting in accordance with the Articles of Association. Besides, the Articles of Association of the Company requires the Shareholders' Meeting to elect the directors under the following criterion and procedures.

- (A) Each shareholder shall have one vote for one share-one vote rule.
- (B) Each shareholder exercises his vote to elect directors individually.
- (C) The candidates with highest votes proceeding in order shall be elected as director at the same number of directors that is supposed to for such respective election. In the case of the tie, and the number of the elected persons in descending order exceeds the number of the directors that is supposed, the Chairman shall have the casting vote.

At any Annual General Meeting of Shareholders, one-third of the Board of Directors shall vacate the office; namely; the director whose length of service is longest shall vacate the position first. However, the director who vacated the office can be elected to resume the office.

Nomination of Top Executives

To nominate an individual to assume a position of director, the Executive Committee shall consider the nomination and election of qualified individuals in accordance with the criterion required by the company; namely; they must be far-sighted, knowledgeable, experienced matching the corporate culture, and be presented to the Board for approval.

4. Compliance with Corporate Governance of its subsidiaries and associated companies.

The company includes the policy on the inter-entity transactions of the company and its subsidiaries and persons who may have a conflict of interest, stakeholders, or that may be a conflict of interest in the future. The execution of transaction shall be in accordance with the normal business operation, caused by the outsiders. In the event that price cannot be compared to the outsiders, the mutual parties shall consider and further define the reasonable price of goods and services by which the Audit Committee is of the opinion about the necessity of the transaction and the appropriateness of price.

In 2014, the company and its subsidiaries included the inter-entity transactions with other related affair under the market price conditions. Other inter-entity transactions have been undergone the consideration of appropriateness and the value of the transactions by the Audit Committees. For further information, see the Footnotes to the Financial Statements.

5. Surveillance of Internal Data Control

5.1 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.

5.2 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 2014, 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 2014 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 11, 2015.

And the Company's Board of Director has reported the shareholding by comparing an increase (decrease) between December 31, 2014 and December 31, 2013 as follow :-

No	Name	Number of Shares				Notes
		Dec. 31, 2014	Dec. 31, 2013	No. of shares increase (decrease) during the period (shares)	Company's holding (%) As of Dec. 31, 2014	
1	Mr. Suthichai Sae-Yoon	1,566,636	1,566,636	-	-	-
2	Mr. Somsak Cheer Chiranakhon	-	-	-	-	-
3	Mr. Sutee Jintananarumit	-	-	-	-	-
4	Ms. Santhaya Kittikowit	-	-	-	-	-
5	Mr. Sermsin Samalapa	-	-	-	-	-
6	Mr. Thepchai Sae-Yong	-	-	-	-	-
7	Mr. Pana Janviroj	-	-	-	-	-
8	Ms. Wongsiri Miyaji	3,000	3,000	-	-	-
9	Mr. Sangchai Leelanawalkhit	1,000	1,000	-	-	-
10	Ms. Thitagan Thana-Olarn	-	-	-	-	-
11	Ms. Boonpa Saebay	-	-	-	-	-

Notes : 1. Paid shares as of December 30, 2557 of NINE is 170,048,386 shares
2. The total number of shares which the spouse. (if any)

6. Remuneration of the Auditor

6.1 Audit Fee

The company and its subsidiaries paid the audit fees to KPMG Phoomchai Audit Company Limited in the past fiscal year, totally amounted of THB 1,915,000.

No	Company	Audit Fee (Baht)
1	Nation International Edutainment Plc.	1,000,000
2	Nation Global Edutainment Co., Ltd. (Formerly: Nation Egmont Edutainment Co., Ltd.)	530,000
3	Nation Edutainment Co., Ltd.	200,000
4	Nation Kids Co., Ltd.	120,000
5	Nine Be Bright Co., Ltd.	65,000
Total		1,915,000

6.2 Non-Audit Fee

The company and its subsidiaries had no other services of the audit firms in which the auditor is subject, individuals or business related to the auditors and the audit firms in which the auditor is subject over the past financial year.

Note: individuals or business related to the auditors and the audit firms in which the auditor is subject shall include;

1. Spouse and children who are dependent or the dependents of the auditor
2. Activities with authority to control the audit firms, activities under the control of the audit firm, and activities under the same control of the audit firm whether by direct or indirect.
3. Activities under the significant influence of the audit firm
4. Partner or equivalent of the audit firm
5. Spouses and children who are dependent or the dependents of the persons stated in (4)
6. Activities that the auditor, individual in Section (1) (4) or (5) has control or significant influence whether by direct or indirect.

7. Compliance with the Corporate Governance in other matters

7.1 Attendance

In 2014, the company held the Board of Directors' Meeting, the Audit Committee's Meeting, and the Shareholders' Meeting as detailed below.

No	Director	No of attendance/No of meetings		
		Board of Directors	Audit Committee	AGM
1	Mr. Suthichai Sae-Yoon	5/5	-	1/1
2	Mr. Sermsin Samalapa	4/5	-	1/1
3	Mr. Thepchai Sae-Yong	2/2	-	-
4	Mr. Pana Janviroj	5/5	-	1/1
5	Mr. Somsak Cheer Chiranakhon	5/5	4/4	1/1
6	Mr. Sutee Jintananarumit	5/5	4/4	1/1
7	Ms. Santhaya Kittikowit	5/5	-	1/1
8	Mr. Torboon Puangmaha	2/2	4/4	-

The company provided the minutes in writing, which it contains essential information completely; the minutes with approval of the Board of Directors was retained.

Internal control and risk management

Since the Board of Directors focuses on the internal control system continuously, the internal control then covers finance, practices course, compliance with the applicable laws, rules and regulations. In addition, it includes the effective traceability and balancing mechanisms adequately to protect and safeguard the company's assets. The Internal Audit is responsible for monitoring the performance of the departments to ensure that they perform accurately and precisely in accordance with the regulations. In addition, the Audit Committee is responsible for overseeing and regulating the company's internal control system to comply with the policies and programs assigned by the Board of Directors, and in accordance with the rules required by the Stock Exchange of Thailand (SET), and the Securities and Exchange Commission (SEC).

Directors on internal control

In 2014, the Board of Directors was presented a report by the Audit Committee with the regard of the review of financial statements and financial reports, and the performance of the Internal Audit. The Board of Directors recognized that the company's internal control system was of the level of satisfaction overall; that is to say, it assures the reliability of the financial statements reasonably; protect the company assets against the misuse of the management and staffs, including transactions with persons who may have conflicts of interest and the related parties. Performance meets the defined procedures with appropriate precise internal control in the different five components; internal control, risk assessment, performance control, information and communication system, and monitoring systems, which can be summarized as follows:

1. Organization and Environment

The company designates its business goals that are definite and measurable, and reviews the possibility of the goals set forth periodically. Employee remuneration is determined reasonably based on the performance of individual employees each year. The organizational structure includes a division of the line authority explicitly. It also includes the Business Ethics and the Code of Conduct to make sure that all executives and employees adhere as work instructions in compliance with standard and integrity, including the caring of stakeholders and the compliance with the statutory provision which is bound to all employees strictly.

2. Risk Management

The company assesses the potentials risks that may affect its operations. The Board of Directors' Meeting consists of Managing Director, Senior Director, and the related Line Directors. Risk

management includes evaluating the risks factors and consequences that may arise, including planning, implementation and monitoring of operations.

3. Operational Control

The company has established policies and procedures for different units of works, including financial transactions, purchase and hiring, and general administration. It is responsible for assigning in writing the authority and limits of approval of the different levels of the executives clearly. The duties on bookkeeping, information, and safeguarding of assets are separately apart. On the approval of the transactions of the company and the shareholders, directors and related parties, the company is aware of the best interests of the company and is considered as transactions made with the outsiders.

4. Information and communications

The company provides information technology and communication channels, both inside and outside the organization as appropriate, so that all parties involve can receive the information accurately, completely, timely, as well as the adequate important information that can be used to support a decision-making.

5. Monitoring System

The company has pursued on monitoring and the internal control regularly. The Internal Audit Department monitors and reviews the performance of employees in the different departments, and reported to the Board of Directors and executives, and if the defects are identified significantly, it shall be reported and take corrective action within a reasonable period.

Chief Internal Auditor

Ms. Sawitree Ngamkham is Chief Internal Auditor; the Audit Committees agreed that the Chief Internal Auditor must be qualified to perform the functions effectively because he is knowledgeable, skillful and experienced to carry on auditing functions, with well-understanding of the activities and operations of the company. Besides, in the case of the appointment, removal and transfer of the Chief Internal Auditor, it must be approved by the Audit Committee.

Social Contribution Activities in 2014

Nation International Edutainment Plc. (NINE), a producer and distributor of education and edutainment publications from local and international authors and publishers, realizes the significance of social contributions. In 2014, NINE organized and participated in the following social activities with primary aims of promoting youth learning:



A portion of the funds dedicated to support the Chaipattana Foundation

Nation International Edutainment Plc. represented by Mr. Torboon Puangmaha and faculty, led by Mr. Manoon Mukpradit, Director and Deputy Secretary, acting for the Directors and Secretary of the Chaipattana Foundation, had an audience with HRH Princess Maha Chakri Sirindhorn to present a portion of the revenues generated from publishing “Records of King’s Instruction on 84th Anniversary of Birthday” to join donating the Chaipattana Foundation on 7 March 2014.

Smile Library

มอบหนังสือ มอบความรู้ สู่วัยเรียน

Social
Contribution
Activities
in 2014

Smile Library



Smile Library Project

Handling out books and conveying knowledge to the schools, the “Smile Library” is a project established by the company in the collaboration with its alliances; both individuals and private companies of more than 30 organizations, aiming to deliver the knowledge and educational media to youth in rural areas, expose the small world of disadvantaged youth with more knowledge, creativity, imagination. In 2014, the company and its alliances jointly delivered more than one hundred thousand books to as many as 88 schools nationwide. Those participants included Tri Petch Isuzu Sales Co., Ltd., Thailand Industrial Estate Limited, Industrial Estate Company Limited, SCG, Osotspa Co., Ltd., Sriracha Construction Co., Ltd., and so on.



Awards that Nation International Edutainment Pcl. received in 2014: 3 Awards



1. Investors' Choice Award

On September 25, 2014, Investors' Choice Award: Presented for listed companies whose meeting organization gained a perfect score of 100 points for four consecutive years from 2011 to 2014. The award was presented by the Thai Investors Association.

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

On October 15, 2014, 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.





3. Selective books project to enhance and promote a window of opportunity for 9-12 year children

On November 25, 2017, the Company was awarded the trophy from the representative of the Prime Minister Gen. Prayuth Chan-ocha, Prime Minister at the Thai Health Promotion Foundation. The books published by the Nation Egmont Edutainment Co., Ltd., and the Nation Edutainment Co., Ltd. were selected as best children's book that encourages and promotes the window of opportunity for children of 9-12 years old by Best Children' Books Committee, Reading Culture Promotion Program, the Thai Health Promotion Foundation in five following titles.



- Three titles from the Nation Egmont Edutainment Co., Ltd. include;
 1. "My Money: Careers with Money"
 2. "Spending Power"
 3. "Your Money"
- Two titles from the Nation Edutainment Co., Ltd. include;
 1. Magic Science School 1
 2. Magic Science School 2

Audit Committee's Report For the Year 2014

Attn. Shareholders of

Nation International Edutainment Public Company Limited

The Audit Committee

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 2014, 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:

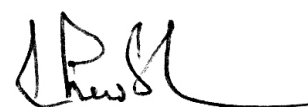
- **Financial Statements:** The Audit Committee reviewed all quarterly financial statements, including the Annual Financial Statement for the year 2014, with management and the company's Independent Auditor. The audit inspected the financial reports of the company and its affiliates to ensure they had 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 2014, 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 2014, 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 2015, 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 2014, Ms. Patamavan Vadhanakul, auditor registration No.9832, is a suitable, independent, knowledgeable and long-experienced auditor. With regard to the appointment of the company's Independent Auditor for the year 2015, 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 2015: Ms. Patamavan Vadhanakul, registration No. 9832; Mr.Winid Silamongkol, registration No. 3378; Ms. Vannaporn Jongperadechanon, registration No. 4098; Mr.Veerachai Ratanajaratkul, registration No.4323.

- **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, 2014, 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.



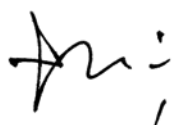
(Mr. Somsak Cheer Chiranakhon)
Chairman of the Audit Committee

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

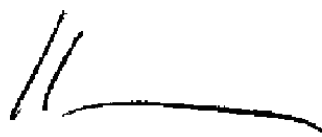
The Company's Board of Directors recognizes the significance of its duties and responsibilities, as directors of a listed company. The Board of Directors ensures that the Company's financial report contains accurate, transparent and full accounting records that reflect the Company's actual financial 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 2014.

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 2014 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. Pana Janviroj)
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 2014 represented a profit before income tax of Baht 5.12 million. Inclusive of income tax of Baht 3.39 million, the operations for the year 2014 showed a profit of Baht 1.73 million. Compared to the same period in 2013, the profit was Baht 20.52 million, a decline of 92%. The Company would like to clarify significant changes in the Group's operating results are as follows:

1. Revenues from sales and services for the year 2014 decreased 31% compared to the same period of 2013. The main reasons were:

- Revenues from circulation decreased 41% because of the political crisis which took place since the fourth quarter of 2013, resulting to economic and the purchasing power of consumers slowdown since the first quarter to the third quarter of 2014, whereas the revenues from circulation in the fourth quarter of 2014 increased 40% compared to the same period of 2013.
- Revenues from rendering of services decreased 14% from publishing and distributing foreign publications decreased 12%. Moreover advertising revenue from digital TV programs in NOW Channel 26 and Nation TV Channel 22 decreased 19%.

2. Costs and expenses for the year 2014 decreased 20% compared to the same period of 2013. The main reasons were:

- Cost of goods sold decreased 33% in line with circulation revenue.
- Cost of rendering of services decreased 16% in line with services revenue. In addition, the Group managed to control production costs of programs produced for digital TV in NOW Channel 26 and Nation TV Channel 22. The Company also ceased operations of satellite TV and saved related costs accordingly.
- Selling and administrative expenses decreased 2% due to the Group has a policy to maintain of expenses monitor.

Conclusion :

The Group reported a profit before income tax of Baht 5.12 million for the year ended 31 December 2014. Inclusive of income tax of Baht 3.39 million, the operations for the year 2014 showed a profit of Baht 1.73 million compared to a profit of Baht 20.52 million for the same period in 2013.

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

Financial statements for the year ended
31 December 2014
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
50th-51st Floors, Empire Tower
1 South Sathorn Road
Bangkok 10120, Thailand

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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 2014, 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.

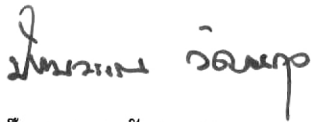
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. 

การตรวจสอบรวมถึงการใช้วิธีการตรวจสอบเพื่อให้ได้มาซึ่งหลักฐานการสอบบัญชีเกี่ยวกับจำนวนเงินและการเปิดเผยข้อมูลในงบการเงิน วิธีการตรวจสอบที่เลือกใช้ขึ้นอยู่กับดุลยพินิจของผู้สอบบัญชี ซึ่งรวมถึงการประเมินความเสี่ยงจากการแสดงข้อมูลที่ขัดต่อข้อเท็จจริงอันเป็นสาระสำคัญของงบการเงิน ไม่ว่าจะเกิดจากการทุจริตหรือข้อผิดพลาด ในการประเมินความเสี่ยงดังกล่าว ผู้สอบบัญชีพิจารณาการควบคุมภายในที่เกี่ยวข้องกับการจัดทำและการนำเสนองบการเงินโดยถูกต้องตามที่ควรของกิจการ เพื่อออกแบบวิธีการตรวจสอบที่เหมาะสมกับสถานการณ์ แต่ไม่ใช่เพื่อวัตถุประสงค์ในการแสดงความเห็นต่อประสิทธิภาพของการควบคุมภายในของกิจการ การตรวจสอบรวมถึงการประเมินความเหมาะสมของนโยบายการบัญชีที่ผู้บริหารใช้และความสมเหตุสมผลของประมาณการทางบัญชีที่จัดทำขึ้นโดยผู้บริหาร รวมทั้งการประเมินการนำเสนองบการเงินโดยรวม

ข้าพเจ้าเชื่อว่าหลักฐานการสอบบัญชีที่ข้าพเจ้าได้รับเพียงพอและเหมาะสมเพื่อใช้เป็นเกณฑ์ในการแสดงความเห็นของข้าพเจ้า

ความเห็น

ข้าพเจ้าเห็นว่า งบการเงินรวมและงบการเงินเฉพาะกิจการข้างต้นนี้ แสดงฐานะการเงินรวมและฐานะการเงินเฉพาะกิจการของกลุ่มบริษัทและบริษัท ตามลำดับ ณ วันที่ 31 ธันวาคม 2557 ผลการดำเนินงานรวมและผลการดำเนินงานเฉพาะกิจการ และกระแสเงินสดรวมและกระแสเงินสดเฉพาะกิจการ สำหรับปีสิ้นสุดวันเดียวกัน โดยถูกต้องตามที่ควรในสาระสำคัญ ตามมาตรฐานการรายงานทางการเงิน



(ปัทมวรรณ วัฒนกุล)

ผู้สอบบัญชีรับอนุญาต

เลขทะเบียน 9832

บริษัท เคพีเอ็มจี ภูมิภาค ไทย สอบบัญชี จำกัด

กรุงเทพมหานคร

11 กุมภาพันธ์ 2558

Nation International Edutainment Public Company Limited and its Subsidiaries
Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Assets	Note	2014	2013	2014	2013
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	6	222,490,948	305,872,793	218,160,771	303,184,757
Current investments	7	105,000,000	20,320,000	105,000,000	20,000,000
Trade accounts receivable	8	35,939,239	162,348,401	34,075,675	96,584,220
Accrued income	5	26,680,104	13,639,046	21,739,038	10,299,625
Other receivables	9	16,693,242	27,073,795	45,462,771	49,503,402
Short-term loan to related party	5	-	-	3,000,000	3,000,000
Inventories	10	232,546,227	143,856,263	38,019,086	40,127,594
Deposit guarantee for					
licencing auction	11	-	14,000,000	-	-
Other current assets	12	1,692,785	8,465,725	1,132,638	6,639,618
Total current assets		641,042,545	695,576,023	466,589,979	529,339,216
<i>Non-current assets</i>					
Restricted deposit	13	861,200	-	-	-
Investments in subsidiaries	14	-	-	62,009,712	26,963,652
Investment in jointly-controlled entity	15	-	-	-	25,046,060
Equipment	16	4,612,733	5,111,422	3,359,093	3,355,550
Intangible assets	17	30,971,359	41,925,940	12,253,346	19,104,274
Deferred tax assets	18	29,605,169	15,406,189	6,836,926	5,906,733
Other non-current assets		4,339,656	3,285,643	3,603,366	2,586,790
Total non-current assets		70,390,117	65,729,194	88,062,443	82,963,059
Total assets		711,432,662	761,305,217	554,652,422	612,302,275

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2014	2013	2014	2013
(in Baht)					
Current liabilities					
Bank overdrafts	19	9,874,350	9,772,888	-	-
Trade accounts payable	20	139,570,079	168,133,878	41,392,730	95,156,290
Other payables	21	6,662,779	15,405,123	7,436,921	14,154,097
Accrued expenses	5	23,991,415	20,805,250	10,344,586	5,037,675
Income tax payable		2,933,904	1,480,133	2,527,295	1,198,125
Other current liabilities	22	4,516,656	9,860,822	3,419,244	7,130,416
Total current liabilities		187,549,183	225,458,094	65,120,776	122,676,603
Non-current liabilities					
Employee benefit obligations	23	6,769,292	5,694,057	3,728,883	3,642,850
Other non-current liabilities		847,678	514,353	105,325	95,325
Total non-current liabilities		7,616,970	6,208,410	3,834,208	3,738,175
Total liabilities		195,166,153	231,666,504	68,954,984	126,414,778
Equity					
Share capital	24				
Authorised share capital		259,250,000	259,250,000	259,250,000	259,250,000
Issued and paid-up share capital		170,048,386	170,048,386	170,048,386	170,048,386
Premium on ordinary shares	24, 25	272,705,895	272,705,895	272,705,895	272,705,895
Warrants	25	2,278,995	721,758	2,278,995	721,758
Retained earnings					
Appropriated					
Legal reserve	26	10,300,000	9,500,000	10,300,000	9,500,000
Unappropriated		60,253,392	76,331,350	30,364,162	32,911,458
Equity attributable to owners					
of the Company		515,586,668	529,307,389	485,697,438	485,887,497
Non-controlling interests		679,841	331,324	-	-
Total equity		516,266,509	529,638,713	485,697,438	485,887,497
Total liabilities and equity		711,432,662	761,305,217	554,652,422	612,302,275

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2014	2013	2014	2013
		(in Baht)			
Income					
Revenue from sale of goods	5	124,281,639	210,886,479	57,719,067	73,960,743
Revenue from rendering of services	5	117,168,290	136,964,707	106,168,841	129,799,511
Interest income	5	12,926,222	6,725,691	8,663,471	3,545,596
Gain from bargain purchase	4	7,579,285	-	-	-
Other income	5, 28	6,512,101	4,877,036	8,578,859	7,504,758
Total income		268,467,537	359,453,913	181,130,238	214,810,608
Expenses					
Cost of sale of goods and rendering of services	5	177,309,075	242,060,621	105,973,589	128,538,565
Selling expenses	5, 29	34,519,413	42,210,463	27,484,418	31,545,733
Administrative expenses	5, 30	42,589,696	35,970,349	22,057,313	21,960,452
Management benefit expenses	5, 31	7,926,242	8,465,375	5,478,536	5,274,547
Finance costs		1,025,917	1,645,740	679,536	691,395
Total expenses		263,370,343	330,352,548	161,673,392	188,010,692
Profit before income tax expense		5,097,194	29,101,365	19,456,846	26,799,916
Income tax expense	33	(3,384,026)	(8,655,523)	(4,199,903)	(6,907,404)
Profit for the year		1,713,168	20,445,842	15,256,943	19,892,512
Other comprehensive income					
Defined benefit plan actuarial losses	23	-	(2,051,360)	-	(1,926,423)
Income tax on other comprehensive income	18, 33	-	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		1,713,168	18,804,754	15,256,943	18,351,374
Profit (loss) attributable to					
Owners of the Company		1,726,281	20,515,158	15,256,943	19,892,512
Non-controlling interests		(13,113)	(69,316)	-	-
Profit for the year		1,713,168	20,445,842	15,256,943	19,892,512

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

Nation International Edutainment Public Company Limited and its Subsidiaries

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>	2014	2013	2014	2013
	<i>(in Baht)</i>			
Total comprehensive income attributable to				
Owners of the Company	1,726,281	18,874,070	15,256,943	18,351,374
Non-controlling interests	<u>(13,113)</u>	<u>(69,316)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>1,713,168</u>	<u>18,804,754</u>	<u>15,256,943</u>	<u>18,351,374</u>
 Earnings per share	 34			
Basic earnings per share	<u>0.01</u>	<u>0.16</u>	<u>0.09</u>	<u>0.16</u>
Diluted earnings per share	<u>0.01</u>	<u>0.16</u>	<u>0.09</u>	<u>0.15</u>

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				
				attributable to				
				owners of				
				the Company				

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	Warrants	Legal reserve	Unappropriated the Company owners of	Non-controlling interests
						(in Baht)	
	Year ended 31 December 2014						
	Balance at 1 January 2014	170,048,386	272,705,895	721,758	9,500,000	76,331,350	331,324
						529,307,389	529,638,713
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners of the Company</i>							
25	Share-based payment transactions	-	-	1,557,237	-	-	-
35	Dividends to owners of the Company	-	-	-	-	(17,004,239)	-
	<i>Total contributions by and distributions to owners of the Company</i>	-	-	1,557,237	-	(17,004,239)	-
						(15,447,002)	(15,447,002)
<i>Changes in ownership interests in subsidiaries</i>							
4	Acquisition of non-controlling interests with a change in control	-	-	-	-	-	-
	<i>Total changes in ownership interests in subsidiaries</i>	-	-	-	-	-	-
	<i>Total transactions with owners, recorded directly in equity</i>	-	-	1,557,237	-	(17,004,239)	-
						(15,447,002)	(15,447,002)
							361,630
							361,630
							361,630
							(15,085,372)
<i>Comprehensive income for the year</i>							
	Profit or loss	-	-	-	-	1,726,281	(13,113)
	<i>Total comprehensive income for the year</i>	-	-	-	-	1,726,281	(13,113)
26	Transfer to legal reserve	-	-	-	800,000	(800,000)	-
	<i>Balance at 31 December 2014</i>	170,048,386	272,705,895	2,278,995	10,300,000	60,253,392	679,841
						515,586,668	516,266,509

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

Separate financial statements						
		Retained earnings				
		Issued and paid-up share capital	Share premium	Warrants	Legal reserve	Unappropriated Equity
Note					(in Baht)	
	Year ended 31 December 2014					
	Balance at 1 January 2014	170,048,386	272,705,895	721,758	9,500,000	32,911,458
						485,887,497
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners of the Company						
25	Share-based payment transactions	-	-	1,557,237	-	-
35	Dividends to owners of the Company	-	-	-	-	(17,004,239)
	Total contributions by and distributions to owners of the Company	-	-	1,557,237	-	(17,004,239)
						(15,447,002)
	Total transactions with owners, recorded directly in equity	-	-	1,557,237	-	(17,004,239)
						(15,447,002)
Comprehensive income for the year						
	Profit or loss	-	-	-	-	15,256,943
	Total comprehensive income for the year	-	-	-	-	15,256,943
26	Transfer to legal reserve	-	-	-	800,000	(800,000)
	Balance at 31 December 2014	170,048,386	272,705,895	2,278,995	10,300,000	30,364,162
						485,697,438

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	
	2014	2013	2014	2013
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the year	1,713,168	20,445,842	15,256,943	19,892,512
<i>Adjustments for</i>				
Depreciation	2,264,291	2,141,785	1,375,802	1,233,362
Amortisation of intangible assets	22,625,912	31,635,347	9,352,416	9,963,859
Interest income	(12,926,222)	(6,725,691)	(8,663,471)	(3,545,596)
Finance costs	1,025,917	1,645,740	679,536	691,395
Bad and doubtful debts expense	935,568	707,110	335,332	-
Provision for goods returned (reversal of)	3,065,428	222,853	(267,272)	222,853
Loss on decline in value of inventories (reversal of)	4,150,809	(6,985,822)	2,543,234	(2,096,824)
Gain on disposal of equipment	-	(5,074)	-	-
Employee benefit obligations	929,892	880,868	761,964	723,450
Share-based payment transactions	1,557,237	740,938	1,557,237	740,938
Gain from bargain purchase	(7,579,285)	-	-	-
Loss from the measurement in fair value of prior non-controlling interest of the acquiree	7,110,884	-	-	-
Income tax expense	3,384,026	8,655,523	4,199,903	6,907,404
	<u>28,257,625</u>	<u>53,359,419</u>	<u>27,131,624</u>	<u>34,733,353</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	122,408,166	(42,907,609)	62,440,484	(55,969,310)
Accrued income	(13,041,058)	(5,418,150)	(11,439,414)	(6,242,375)
Other receivables	10,380,553	12,785,259	4,168,097	937,323
Inventories	(84,594,313)	(17,787,441)	(434,726)	(1,846,571)
Other current assets	6,277,842	(4,737,435)	5,011,883	(3,025,424)
Restricted deposits	(421,988)	2,535,695	-	-
Deferred tax assets	(11,215,903)	-	-	-
Other non-current assets	(1,054,013)	(735,997)	(1,016,576)	(619,863)
Trade accounts payable	(28,563,799)	37,464,548	(53,763,560)	37,399,458
Other payables	(7,993,265)	4,962,997	(6,727,253)	4,884,967
Accrued expenses	3,186,165	765,850	5,306,911	(1,583,671)
Other current liabilities	(5,344,166)	5,269,688	(3,711,172)	3,386,768
Employee benefit obligations	(90,405)	-	(945,600)	-
Other non-current liabilities	333,325	74,988	10,000	-
Cash generated from operating activities	<u>18,524,766</u>	<u>45,631,812</u>	<u>26,030,698</u>	<u>12,054,655</u>
Income tax paid	<u>(4,913,332)</u>	<u>(7,864,109)</u>	<u>(3,800,925)</u>	<u>(5,609,186)</u>
Net cash from operating activities	<u>13,611,434</u>	<u>37,767,703</u>	<u>22,229,773</u>	<u>6,445,469</u>

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	
	2014	2013	2014	2013
	<i>(in Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	12,926,222	6,725,691	8,663,471	3,545,596
Current investments	(84,680,000)	(20,320,000)	(85,000,000)	(20,000,000)
Cash inflow (outflow) on deposit guarantee				
for licencing auction	14,000,000	(14,000,000)	-	-
Purchase of equipment	(1,270,505)	(2,010,690)	(884,247)	(1,934,528)
Sale of equipment	-	1,854,159	-	1,815,166
Purchase of intangible assets	(11,671,331)	(30,158,359)	(2,501,488)	(14,685,578)
Net cash outflow on investment in subsidiaries	(10,000,000)	-	(10,000,000)	(1,350,000)
Net cash used in investing activities	(80,695,614)	(57,909,199)	(89,722,264)	(32,609,344)
<i>Cash flows from financing activities</i>				
Interest paid	(790,169)	(1,456,172)	(527,256)	(576,414)
Dividends paid to owners of the Company	(17,004,238)	(12,750,000)	(17,004,239)	(12,750,000)
Bank overdrafts	101,462	(1,357,110)	-	(1,275,882)
Repayment of long-term loan from				
financial institution	-	(4,604,010)	-	-
Proceeds from issue of ordinary shares	-	340,000,000	-	340,000,000
Proceeds from exercise of share options	-	193,544	-	193,544
Transaction costs from issue of shares	-	(810,549)	-	(810,549)
Net cash from (used in) financing activities	(17,692,945)	319,215,703	(17,531,495)	324,780,699
Net increase (decrease) in cash and cash equivalents	(84,777,125)	299,074,207	(85,023,986)	298,616,824
Cash and cash equivalents at 1 January	305,872,793	6,798,586	303,184,757	4,567,933
Cash and cash equivalents of subsidiary acquired during the year	1,395,280	-	-	-
Cash and cash equivalents at 31 December	222,490,948	305,872,793	218,160,771	303,184,757
<i>Non-cash transaction</i>				
Purchase of equipment	-	399,539	495,097	-

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

Nation International Edutainment Public Company Limited and its Subsidiaries
Notes to the financial statements

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Nation International Edutainment Public Company Limited and its Subsidiaries

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 11 February 2015.

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 immediate parent company during the financial year was Nation Multimedia Group Public Company Limited (80.06% shareholding), which was incorporated in Thailand.

The principal activities of the Company are importing, publishing and distributing local and foreign publications, production of TV programs and providing advertisements through TV media, digital media and character management. Details of the Company’s subsidiaries and jointly-controlled entity as at 31 December 2014 and 2013 are given in notes 5, 14 and 15.

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.

The FAP has issued the following new and revised TFRS relevant to the Group’s operations and effective for annual accounting periods beginning on or after 1 January 2014:

TFRS	Topic
TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 8 (revised 2012)	Operating Segments

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

	TFRS	Topic
TFRIC 1		Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4		Determining whether an Arrangement contains a Lease
TFRIC 10		Interim Financial Reporting and Impairment
TIC 32		Intangible Assets-Web Site Costs

The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. These changes have no material effect on the financial statements.

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 annual financial periods beginning on or after 1 January 2015 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 39.

(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:

- Warrants are measured at fair value;
- Defined benefit obligations are measured at fair value;
- Liabilities for cash-settled share-based payment arrangements are measured at fair value.

(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 notes:

Note 3(r)	Current and deferred taxation
Note 18	Utilisation of tax losses
Note 23	Measurement of defined benefit obligations
Note 25	Measurement of warrants

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(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”) and the Group’s interest in jointly-controlled entity which is proportionately-consolidated.

Business combinations

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Gain from bargain purchase is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as other consulting fees are expensed as incurred.

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.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

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 or as an available-for-sale financial asset 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. Unrealised gains arising from transactions with jointly-controlled entity is eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date.

Foreign currency differences arising 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.

(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.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

(e) Inventories

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

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

Costs are determined by the following principles:

Finishes goods and work in progress-books	- Weighted average
TV Programmes	- Represent the production costs for both in progress and completed. Costs of the programmes consist of expenses which directly related to the production, are recognised as costs when the rights are delivered and transferred or the programmes are broadcasted.
Raw materials	- Weighted average

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 an item 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.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

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.

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
Licence 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 or 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 liability

Interest-bearing liability is 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 (Provident fund) 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 bonds 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 costs, 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 costs 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.

Sales 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.

Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

Rental income

Rental income is recognised in profit or loss on straight-line basis over the term of the lease.

Interest income

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

(p) Finance costs

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

(q) Operating 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 extent that they relate to a business combination, or 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.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

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.

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 Group 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, adjusted 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. Unallocated items comprise mainly gain from bargain purchase.

4 Acquisition of a subsidiary

On 31 December 2014, the Group obtained control of Nation Global Edutainment Co., Ltd. (Formerly: Nation Egmont Edutainment Co., Ltd.), a publishing by acquiring 49 percent of the ordinary shares from an existing shareholder with cash settlement of Baht 10 million. As a result, the Group's equity interest in the Company increased from 49.992 percent to 98.992 percent.

Taking control of Nation Global Edutainment Co., Ltd. (Formerly: Nation Egmont Edutainment Co., Ltd.), will enable the Group to expand business and facilitate its operations.

For the year ended 31 December 2014, Nation Global Edutainment Co., Ltd. contributed revenue of Baht 43.74 million and loss of Baht 14.76 million to the Group's results using the proportionate consolidation. If the acquisition had occurred on 1 January 2014, management estimates that consolidated revenue would have been Baht 86.61 million and consolidated loss for the year ended 31 December 2014 would have been Baht 29.22 million.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

<i>Identifiable assets acquired and liabilities assumed</i>	Carrying value as at 31 December 2014	Adjustments (in thousand Baht)	Fair value as at 31 December 2014
Cash and cash equivalents	2,847	-	2,847
Trade accounts receivable	5,567	-	5,567
Accrued income	4,941	-	4,941
Inventories	223,490	(22,581)	200,909
Other current assets	4,936	-	4,936
Restricted deposit	861	-	861
Equipment	701	-	701
Intangible assets	2,939	-	2,939
Deferred tax asset	22,428	-	22,428
Other non-current assets	572	-	572
Trade accounts payable	174,016	-	174,016
Other payables	31,418	-	31,418
Other current liabilities	3,051	-	3,051
Other non-current liabilities	2,340	-	2,340
Total identifiable net assets	58,457	(22,581)	35,876

The fair values of identifiable assets acquired and liabilities assumed have been determined by an independent valuation at the acquisition date.

Gain on bargain purchase

Gain on bargain purchase was recognised as a result of the acquisition during January 2015 as follow:

	Fair value (in thousand Baht)
Considerations transferred	10,000
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	362
Fair value of existing interest in the acquiree before the acquisition	17,935
Fair value of identifiable net assets	(35,876)
Gain from bargain purchase	7,579

The remeasurement to fair value of the Group's existing 49.992 percent interest in the acquiree resulted in a loss of Baht 7.11 million (Baht 17.94 million less Baht 25.05 million carrying value of equity - accounted investee at the acquisition date) which gain from bargain purchase and loss were recognised in the Group's consolidated statements of comprehensive income.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

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 and jointly-controlled entity are described in notes 14 and 15. Relationship with key management and other related parties were as follows:

Name of the entities	Country of incorporation /nationality	Nature of relationships
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group
Nation Multimedia Group Public Company Limited	Thailand	Parent, 80.06% shareholding, some common directors
Nation Broadcasting Corporation Public Company Limited	Thailand	71.26% shareholding by parent, some common directors
NBC Next Vision Co., Ltd.	Thailand	99.99% shareholding by Nation Broadcasting Corporation Public Company Limited, 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
Bangkok Business Broadcasting Co., Ltd.	Thailand	99.80% 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 license holding by Nation U Co., Ltd.
Yomiuri-Nation Information Service Limited	Thailand	45.00% shareholding by parent, some common directors

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Revenue from sales of goods and rendering of services	General market price
Interest income on loan	Approximate loan rate of financial institutions
Other income	Negotiable rate
Cost of sales of goods and rendering of services	Negotiable rate which approximates market price

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

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sales of goods and rendering of services	6,483	3,455	5,964	2,620
Cost of sales of goods and rendering of services	15,765	16,148	12,665	12,679
Selling and administrative expenses	9,174	5,357	8,132	4,830
Subsidiaries				
Revenue from sales of goods and rendering of services	-	-	11,418	30,730
Interest income on loan	-	-	203	210
Other income	-	-	727	958
Selling and administrative expenses	-	-	300	-
Jointly-controlled entity				
Revenue from sales of goods and rendering of services	27,932	62,495	1,898	1,640
Cost of sales of goods and rendering of services	414	3,327	829	6,652
Interest income on loan	4,434	3,355	-	-
Other income	1,901	2,091	3,802	4,182
Selling and administrative expenses	2,097	2,977	1,677	2,215
Other related parties				
Revenue from sales of goods and rendering of services	6,033	9,246	5,902	9,211
Cost of sales of goods and rendering of services	70,366	117,791	44,067	51,566
Selling and administrative expenses	3,055	6,203	1,560	3,057
Key management personnel				
Key management personnel compensation				
Wages and salaries	7,007	6,201	4,843	3,620
Defined contribution plans	469	354	325	209
Others	450	1,910	311	1,446
Total key management personnel compensation	<u>7,926</u>	<u>8,465</u>	<u>5,479</u>	<u>5,275</u>

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

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	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Parent				
Nation Multimedia Group Public Company Limited	7,874	1,210	7,813	1,210
Subsidiaries				
Nation Kids Co., Ltd.	-	-	-	26,089
Nation Global Edutainment Co., Ltd. (Formerly: Nation Egmont Edutainment Co., Ltd.)	-	-	3,522	-
Jointly-controlled entity				
Nation Global Edutainment Co., Ltd. (Formerly: Nation Egmont Edutainment Co., Ltd.)	-	78,405	-	1,652
Other related parties				
Nation Broadcasting Corporation Public Company Limited	100	264	100	264
Kom Chad Luek Media Co., Ltd.	2	1,846	2	1,843
Krungthep Turakij Media Co., Ltd.	1	20,638	1	20,631
Yomiuri-Nation Information Service Limited	283	213	283	213
Others	259	387	159	357
	8,519	102,963	11,880	52,259
Less allowance for doubtful accounts	(67)	(67)	(67)	(67)
allowance for goods returned	(16)	-	(16)	-
Net	8,436	102,896	11,797	52,192
Bad and doubtful debts expense for the year	-	-	-	-
Accrued income - related party				
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Other related party				
Nation Broadcasting Corporation Public Company Limited	54	-	54	-
Other receivables from related parties				
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Parent				
Nation Multimedia Group Public Company Limited	5,901	599	5,832	485

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Notes to the financial statements

<i>Other receivables from related parties</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in thousand Baht)			
Subsidiaries				
Nation Edutainment Co., Ltd.	-	-	2,788	1,958
Nation Kids Co., Ltd.	-	-	-	14,000
Nine Be Bright Co., Ltd.	-	-	16	-
Nation Global Edutainment Co., Ltd. (Formerly: Nation Egmont Edutainment Co., Ltd.)	-	-	30,128	-
Jointly-controlled entity				
Nation Global Edutainment Co., Ltd. (Formerly: Nation Egmont Edutainment Co., Ltd.)	-	13,279	-	26,239
Other related parties				
Nation Broadcasting Corporation Public Company Limited	11	50	11	49
Nation News Network Co., Ltd.	779	132	776	132
Kom Chad Luek Media Co., Ltd.	194	156	180	156
Krungthep Turakij Media Co., Ltd.	462	332	453	331
Nation University	3,155	1,942	3,155	1,942
Others	154	183	154	183
	10,656	16,673	43,493	45,475
<i>Less allowance for doubtful accounts</i>	-	-	-	-
Net	10,656	16,673	43,493	45,475
 Bad and doubtful debts expense for the year	-	-	-	-

<i>Short-term loan to related party</i>	Interest rate		Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013	2014	2013
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Subsidiary						
Nation Edutainment Co., Ltd.	6.75	6.84	-	-	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	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiary				
At 1 January	-	-	3,000	3,000
Increase	-	-	-	-
Decrease	-	-	-	-
At 31 December	-	-	3,000	3,000

Nation International Edutainment Public Company Limited and its Subsidiaries
Notes to the financial statements

<i>Trade accounts payable - related parties</i>	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Parent				
Nation Multimedia Group Public Company Limited	18,893	23,388	4,601	11,381
Subsidiaries				
Nation Kids Co., Ltd.	-	-	3,588	28,778
Nation Global Edutainment Co., Ltd. (Formerly: Nation Egmont Edutainment Co., Ltd.)	-	-	180	-
Jointly-controlled entity				
Nation Global Edutainment Co., Ltd. (Formerly: Nation Egmont Edutainment Co., Ltd.)	-	92	-	184
Other related parties				
Nation Broadcasting Corporation Public Company Limited	4,375	7,727	4,375	7,727
NML Co., Ltd.	4,680	5,425	3,581	3,490
Krungthep Turakij Media Co., Ltd.	220	809	220	806
WPS (Thailand) Co., Ltd.	95,860	108,983	10,160	21,775
Others	512	51	512	34
Total	124,540	146,475	27,217	74,175
Other payables - related parties				
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Parent				
Nation Multimedia Group Public Company Limited	4,911	10,850	2,520	9,571
Subsidiaries				
Nation Edutainment Co., Ltd.	-	-	17	23
Nine Be Bright Co., Ltd.	-	-	452	-
Nation Global Edutainment Co., Ltd. (Formerly: Nation Egmont Edutainment Co., Ltd.)	-	-	2,873	-
Jointly-controlled entity				
Nation Global Edutainment Co., Ltd. (Formerly: Nation Egmont Edutainment Co., Ltd.)	-	1,445	-	1,579
Other related parties				
Nation Broadcasting Corporation Public Company Limited	62	-	-	-
Nation News Network Co., Ltd.	294	1,309	294	1,309
Others	179	176	167	81
Total	5,446	13,780	6,323	12,563

Nation International Edutainment Public Company Limited and its Subsidiaries
Notes to the financial statements

<i>Accrued expenses - related parties</i>	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Parent				
Nation Multimedia Group Public Company Limited	3,436	66	3,428	60
Subsidiary				
Nation Global Edutainment Co., Ltd. (Formerly: Nation Egmont Edutainment Co., Ltd.)	-	-	200	-
Other related parties				
NML Co., Ltd.	1,054	-	805	-
WPS (Thailand) Co., Ltd.	2,306	1,263	231	160
Total	6,796	1,329	4,664	220

Significant agreement with related party

Short-term loan agreement

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

6 Cash and cash equivalents

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Cash on hand	45	45	11	21
Cash at banks - current accounts	643	1,205	590	1,191
Cash at banks - savings accounts	51,719	38,477	47,560	35,973
Highly liquid short-term investments	170,084	266,146	170,000	266,000
Total	222,491	305,873	218,161	303,185

Cash and cash equivalents of the Group and the Company as at 31 December 2014 and 2013 were denominated entirely in Thai Baht.

Nation International Edutainment Public Company Limited and its Subsidiaries
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7 Current investments

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Short-term deposits at financial institutions	35,000	20,320	35,000	20,000
Promissory notes	70,000	-	70,000	-
Total	105,000	20,320	105,000	20,000

Current investments of the Group and the Company as at 31 December 2014 and 2013 were denominated entirely in Thai Baht.

8 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Related parties	5	8,519	102,963	11,880	52,259
Other parties		48,391	72,957	25,020	47,406
Total		56,910	175,920	36,900	99,665
Less allowance for doubtful accounts		(8,123)	(3,789)	(624)	(613)
allowance for goods returned		(12,848)	(9,783)	(2,200)	(2,468)
Net		35,939	162,348	34,076	96,584
Bad and doubtful debts expense for the year		936	707	335	-

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	8,278	35,533	8,228	31,435
Overdue :				
Less than 3 months	125	7,576	32	394
3-6 months	23	8,729	606	10,414
6-12 months	-	38,483	2,571	9,911
Over 12 months	93	12,642	443	105
	8,519	102,963	11,880	52,259
Less allowance for doubtful accounts	(67)	(67)	(67)	(67)
allowance for goods returned	(16)	-	(16)	-
	8,436	102,896	11,797	52,192

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	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Other parties				
Within credit terms	34,200	37,510	23,202	29,303
Overdue :				
Less than 3 months	5,450	20,675	1,389	4,487
3-6 months	1,268	10,055	417	10,026
6-12 months	2,955	3,329	12	3,346
Over 12 months	4,518	1,388	-	244
	48,391	72,957	25,020	47,406
Less allowance for doubtful accounts	(8,056)	(3,722)	(557)	(546)
allowance for goods returned	(12,832)	(9,783)	(2,184)	(2,468)
	27,503	59,452	22,279	44,392
Net	35,939	162,348	34,076	96,584

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 2014 and 2013 were denominated entirely in Thai Baht.

9 Other receivables

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Related parties	5	10,656	16,673	43,493	45,475
Other parties					
Other receivables		114	628	53	487
Prepaid expenses		5,428	9,518	1,515	3,443
Advances to employees		495	255	402	98
		6,037	10,401	1,970	4,028
Total		16,693	27,074	45,463	49,503

10 Inventories

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Finished goods	321,058	185,276	62,928	62,936
Raw materials	-	289	-	-
Work in progress	443	-	443	-
	321,501	185,565	63,371	62,936
Less allowance for decline in value	(88,955)	(41,709)	(25,352)	(22,809)
Net	232,546	143,856	38,019	40,127

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

11 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 amounting to Baht 14 million, to attend the auction in December 2013. However, a subsidiary already refunded the entire amount of auction deposit in January 2014.

12 Other current assets

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
		<i>(in thousand Baht)</i>		
Input value added tax pending	1,133	5,374	1,133	3,806
Others	560	3,092	-	2,834
Total	1,693	8,466	1,133	6,640

13 Restricted deposit

As at 31 December 2014, the savings account of a subsidiary of Baht 0.86 million has been pledged as collateral for letter of credits issued by a local financial institution.

14 Investments in subsidiaries

	Separate financial statements	
	2014	2013
	<i>(in thousand Baht)</i>	
At 1 January	26,964	25,614
Acquisitions	35,046	1,350
At 31 December	62,010	26,964

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

Investments in subsidiaries as at 31 December 2014 and 2013, and dividend income from those investments for the years then ended, were as follows:

Name of subsidiaries	Type of business	Ownership interest 2014		Paid-up capital 2014		Cost 2014		Impairment 2014 (in thousand Baht)		At cost - net 2014		Dividend income 2014	
		2013		2013		2013		2013		2013		2013	
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	1,000	1,000	1,000	-	-	1,000	1,000	-	-
Nine Be Bright Co., Ltd.	Education services	59.99	59.99	1,000	1,000	600	600	-	-	600	600	-	-
Nation Global Edutainment Co., Ltd (Formerly: Nation Egmont Edutainment Co., Ltd.)	Publishing	98.99	-	50,000	-	35,046	-	-	-	35,046	-	-	-
Total						62,010	26,964	-	-	62,010	26,964	-	-

All subsidiaries were incorporated in Thailand.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

Acquisitions

At the Board of Directors' meeting of the Company held on 7 August 2013, the Board of Directors approved to establish a company, 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) and fully called-up the registered share capital. The subsidiary registered with the Ministry of Commerce on 26 August 2013.

At the Board of Directors' meeting of a subsidiary ("Nation Kids Co., Ltd.") held on 2 September 2013, the Board of Directors approved an additional called-up share capital of 75% 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 paid-up share capital with the Ministry of Commerce on 24 September 2013.

On 31 December 2014, the Company made an additional investment in 49% of the issued and paid up capital of Nation Global Edutainment Co., Ltd., (Formerly: Nation Egmont Edutainment Co., Ltd.) for a consideration of Baht 35.05 million, increasing the Company's interest in Nation Global Edutainment Co., Ltd., (Formerly: Nation Egmont Edutainment Co., Ltd.) from 49.992% to 98.992%. Details of the acquisition are given in note 4.

15 Investment in jointly-controlled entity

	Separate financial statements	
	2014	2013
	(in thousand Baht)	
At 1 January	25,046	25,046
Reclassification to subsidiary	(25,046)	-
At 31 December	-	25,046

Reclassification to subsidiary

On 31 December 2014, the Company made an additional investment in 49% of the issued and paid up capital of Nation Global Edutainment Co., Ltd. (Formerly: Nation Egmont Edutainment Co., Ltd.), increasing the Company's interest in Nation Global Edutainment Co., Ltd., (Formerly: Nation Egmont Edutainment Co., Ltd.) to 98.992%. Therefore, the ownership status of the company changed from a jointly-controlled entity to be a subsidiary. Details of the acquisition are given in note 4.

Nation International Edutainment Public Company Limited and its Subsidiaries

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Investments in jointly-controlled entity as at 31 December 2014 and 2013, and dividend income from the investment for the years then ended, were as follows:

Name of jointly- controlled entity	Type of business	Separate financial statements											
		Ownership interest 2014 2013 (%)		Paid-up capital 2014 2013		Cost 2014 2013		Impairment 2014 2013 (in thousand Baht)		At cost - net 2014 2013		Dividend income 2014 2013	
Nation Global Edutainment Co., Ltd (Formerly : Nation Egmont Edutainment Co., Ltd.)	Publishing	-	49.99	-	50,000	-	25,046	-	-	-	25,046	-	-

Jointly-controlled entity was incorporated in Thailand.

Nation International Edutainment Public Company Limited and its Subsidiaries

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

Jointly-controlled entity	Ownership (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Net profit (loss)
<i>(in thousand Baht)</i>										
2014										
Nation Global Edutainment Co., Ltd (Formerly: Nation Egmont Edutainment Co., Ltd.)	-	-	-	-	-	-	-	43,740	58,499	(14,759)
2013										
Nation Global Edutainment Co., Ltd (Formerly: Nation Egmont Edutainment Co., Ltd.)	49.99	132,464	12,340	144,804	99,650	1,171	100,821	82,587	81,971	616

Nation International Edutainment Public Company Limited and its Subsidiaries
Notes to the financial statements

16 Equipment

	Consolidated financial statements			
	Leased assets improvements	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Total
Cost				
At 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 and 1 January 2014	2,816	12,902	-	15,718
Additions	-	918	500	1,418
Acquisitions through business combinations	110	238	-	348
Disposals	-	-	-	-
At 31 December 2014	2,926	14,058	500	17,484
Depreciation				
At 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 and 1 January 2014	2,345	8,262	-	10,607
Depreciation charge for the year	326	1,905	33	2,264
Disposals	-	-	-	-
At 31 December 2014	2,671	10,167	33	12,871
Net book value				
At 1 January 2013	428	6,204	60	6,692
At 31 December 2013 and 1 January 2014	471	4,640	-	5,111
At 31 December 2014	255	3,891	467	4,613

Nation International Edutainment Public Company Limited and its Subsidiaries
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		Separate financial statements		
	Leased assets improvements	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Total
Cost				
At 1 January 2013	296	8,390	-	8,686
Additions	-	56	1,879	1,935
Disposals	-	-	(1,879)	(1,879)
At 31 December 2013 and 1 January 2014	296	8,446	-	8,742
Additions	-	879	500	1,379
Disposals	-	-	-	-
At 31 December 2014	296	9,325	500	10,121
Depreciation				
At 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 and 1 January 2014	296	5,090	-	5,386
Depreciation charge for the year	-	1,343	33	1,376
Disposals	-	-	-	-
At 31 December 2014	296	6,433	33	6,762
Net book value				
At 1 January 2013	-	4,469	-	4,469
At 31 December 2013 and 1 January 2014	-	3,356	-	3,356
At 31 December 2014	-	2,892	467	3,359

The gross amount of the Group's and the Company's fully depreciated equipment that was still in use as at 31 December 2014 amounted to Baht 8.78 million and Baht 3.32 million, respectively (2013: Baht 5.30 million and Baht 3.05 million, respectively).

Nation International Edutainment Public Company Limited and its Subsidiaries
Notes to the financial statements

17 Intangible assets

Consolidated financial statements			
	Computer Program and software licences	Licence fees - books (in thousand Baht)	Total
Cost			
At 1 January 2013	635	137,204	137,839
Additions	-	30,158	30,158
At 31 December 2013 and 1 January 2014	635	167,362	167,997
Additions	-	10,202	10,202
Acquisitions through business combinations	175	1,294	1,469
At 31 December 2014	810	178,858	179,668
Amortisation			
At 1 January 2013	248	94,188	94,436
Amortisation charge for the year	103	31,532	31,635
At 31 December 2013 and 1 January 2014	351	125,720	126,071
Amortisation charge for the year	109	22,517	22,626
At 31 December 2014	460	148,237	148,697
Net book value			
At 1 January 2013	387	43,016	43,403
At 31 December 2013 and 1 January 2014	284	41,642	41,926
At 31 December 2014	350	30,621	30,971

Separate financial statements	
	Licence fees - books (in thousand Baht)
Cost	
At 1 January 2013	40,938
Additions	14,685
At 31 December 2013 and 1 January 2014	55,623
Additions	2,501
At 31 December 2014	58,124
Amortisation	
At 1 January 2013	26,555
Amortisation charge for the year	9,964
At 31 December 2013 and 1 January 2014	36,519
Amortisation charge for the year	9,352
At 31 December 2014	45,871
Net book value	
At 1 January 2013	14,383
At 31 December 2013 and 1 January 2014	19,104
At 31 December 2014	12,253

Nation International Edutainment Public Company Limited and its Subsidiaries
Notes to the financial statements

18 Deferred tax

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

	Consolidated financial statements			
	Assets		Liabilities	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Total	29,605	15,406	-	-
Set off of tax	-	-	-	-
Net deferred tax assets	29,605	15,406	-	-

	Separate financial statements			
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Total	6,837	5,907	-	-
Set off of tax	-	-	-	-
Net deferred tax assets	6,837	5,907	-	-

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

	Consolidated financial statements				
	(Charged) / Credited to:				
	At 1 January 2014	Profit or loss	Other comprehensive income <i>(in thousand Baht)</i>	Acquired in business combinations	At 31 December 2014
<i>Deferred tax assets</i>					
Trade accounts receivable	2,714	(335)	-	1,815	4,194
Inventories	8,342	830	-	4,103	13,275
Other current assets	1	(1)	-	-	-
Provisions	1,139	55	-	160	1,354
Share-based payment transactions	-	456	-	-	456
Loss carry forward	3,210	1,978	-	5,138	10,326
Total	15,406	2,983	-	11,216	29,605

	Consolidated financial statements			
	(Charged) / Credited to:			
	At 1 January 2013	Profit or loss	Other comprehensive income (in thousand Baht)	At 31 December 2013
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

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	Consolidated financial statements (Charged) / Credited to:			
	At 1 January 2013	Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2013
Deferred tax liability				
Trade accounts payable	107	(107)	-	-
Total	107	(107)	-	-
Net	15,617	(621)	410	15,406
	Separate financial statements (Charged) / Credited to:			
	At 1 January 2014	Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2014
Deferred tax assets				
Trade accounts receivable	616	(51)	-	565
Inventories	4,562	508	-	5,070
Provisions	729	17	-	746
Share-based payment transactions	-	456	-	456
Total	5,907	930	-	6,837
	Separate financial statements (Charged) / Credited to:			
	At 1 January 2013	Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2013
Deferred tax assets				
Trade accounts receivable	571	45	-	616
Inventories	4,981	(419)	-	4,562
Provisions	176	168	385	729
Total	5,728	(206)	385	5,907
Deferred tax liability				
Trade accounts payable	107	(107)	-	-
Total	107	(107)	-	-
Net	5,621	(99)	385	5,907

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19 Interest-bearing liability

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Current				
Bank overdrafts				
Unsecured	9,874	9,773	-	-
Total current interest-bearing liability	9,874	9,773	-	-

As at 31 December 2014, the Group and the Company had overdraft lines and other credit facilities with certain local financial institutions totalling Baht 17.01 million and Baht 6.0 million, respectively (2013: Baht 17.03 million and Baht 6.0 million, respectively) which guaranteed by parent company.

As at 31 December 2014, the Group and the Company had unutilised credit facilities totalling Baht 4.49 million and Baht 4.16 million, respectively (2013: Baht 4.76 million and Baht 4.24 million, respectively).

Interest-bearing liability of the Group and the Company as at 31 December 2014 and 2013 were denominated entirely in Thai Baht.

20 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Related parties	5	124,540	146,475	27,217	74,175
Other parties		15,030	21,659	14,176	20,981
Total		139,570	168,134	41,393	95,156

21 Other payables

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Related parties	5	5,446	13,780	6,323	12,563
Others					
Other payables		841	679	841	679
Advance received		376	946	273	912
Total		6,663	15,405	7,437	14,154

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22 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Output value added tax pending	2,289	7,481	1,873	5,472
Accrued withholding tax	1,323	1,297	934	824
Others	905	1,083	612	835
Total	4,517	9,861	3,419	7,131

23 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Statement of financial position obligation for:				
Post-employment benefits	6,769	5,694	3,729	3,643

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	1,166	1,071	914	839

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	-	2,051	-	1,926

The Group and the Company operate 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.

Movement in the present value of the defined benefit obligations

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	5,694	2,572	3,643	878
Transfer in	-	-	118	-
Benefits paid by the plan	(946)	-	(946)	-
Current service costs and interest	1,166	1,071	914	839
Actuarial losses in other comprehensive income	-	2,051	-	1,926
Acquisitions through business combinations	855	-	-	-
Defined benefit obligations at 31 December	6,769	5,694	3,729	3,643

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Expense recognised in profit or loss (note 31):

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Current service costs	930	881	762	724
Interest on obligation	236	190	152	115
Total	1,166	1,071	914	839

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

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Cost of sales of goods and rendering of services	285	265	175	164
Administrative expenses	645	616	587	560
Finance costs	236	190	152	115
Total	1,166	1,071	914	839

Actuarial losses recognised in other comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Included in retained earnings				
At 1 January	2,051	-	1,926	-
Recognised during the year	-	2,051	-	1,926
At 31 December	2,051	2,051	1,926	1,926

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

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(%)</i>			
Discount rate	4.1	4.1	4.1	4.1
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.

Nation International Edutainment Public Company Limited and its Subsidiaries
Notes to the financial statements

24 Share capital

	Par value per share (in Baht)	2014		2013	
		Number	Amount	Number	Amount
(thousand shares / thousand Baht)					
Authorised					
At 1 January					
- ordinary shares	1	259,250	259,250	85,000	85,000
Issue of new shares	1	-	-	174,250	174,250
At 31 December					
- ordinary shares	1	259,250	259,250	259,250	259,250
Issued and paid-up					
At 1 January					
- ordinary shares	1	170,048	170,048	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	170,048	170,048

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 of warrant
Exercisable date	The date 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 Programme to the directors, management and/or employees of the Company and/or its subsidiaries. Details of warrants are disclosed in note to financial statements 25.
- 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.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

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.

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.

25 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 Programme (ESOP) to the directors, management and/or employees of the Company and/or its 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.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

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:

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 expenses for share-based payment transactions for the year ended 31 December 2014 were Baht 1.56 million and Baht 1.56 million for consolidated and separate financial statements, respectively (2013: Baht 0.74 million and Baht 0.74 million, respectively).

Movements during the year ended 31 December 2014 and 2013 of warrants and fair value of the warrants were as follows:

	Consolidated financial statements/ Separate financial statements			
	2014		2013	
	Number of warrant	Fair value (thousand units/in thousand Baht)	Number of warrant	Fair value
At 1 January	265	722	-	-
Issued warrants during the year	1,059	1,928	980	887
Exercised warrants during the year	-	-	(7)	(19)
Forfeited warrants during the year	(492)	(371)	(708)	(146)
At 31 December	832	2,279	265	722

26 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, 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.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

27 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.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

Information about reportable segments:

Business segments

	Publishing		TV Media		Others		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	<i>(in thousand Baht)</i>							
External revenue	124,507	212,354	42,215	51,314	74,728	84,183	241,450	347,851
Other income	10,650	5,875	2	2	8,786	5,726	19,438	11,603
Total revenue	135,157	218,229	42,217	51,316	83,514	89,909	260,888	359,454
Interest income	8,590	4,950	2	2	4,334	1,774	12,926	6,726
Finance costs	565	1,185	231	230	230	231	1,026	1,646
Depreciation and amortisation	20,736	26,402	3,317	5,658	837	1,717	24,890	33,777
Segment profit (loss) before income tax	(16,963)	16,282	7,954	2,751	6,527	10,068	(2,482)	29,101
Segment assets	482,151	459,986	71,286	174,582	157,996	126,737	711,433	761,305
Capital expenditures	10,707	28,064	631	3,478	282	1,026	11,620	32,568
Segment liabilities	150,151	137,591	13,444	49,354	31,571	44,722	195,166	231,667

Geographic information

The Group is managed and operated principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

Nation International Edutainment Public Company Limited and its Subsidiaries
Notes to the financial statements

Reconciliations of reportable segment profit or loss, assets and liabilities and other material items

	Consolidated financial statements	
	2014	2013
	<i>(in thousand Baht)</i>	
Profit or loss		
Total profit for reportable segments	(2,482)	29,101
Gain on bargain purchase	7,579	-
Consolidated profit before income tax	<u>5,097</u>	<u>29,101</u>

28 Other income

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Central services charge	2,016	1,895	5,440	5,974
Other service income	1,516	1,269	720	508
Others	2,980	1,713	2,419	1,023
Total	<u>6,512</u>	<u>4,877</u>	<u>8,579</u>	<u>7,505</u>

29 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Personnel	10,354	17,794	8,085	14,226
Marketing	16,606	16,937	12,341	10,986
Others	7,559	7,479	7,058	6,334
Total	<u>34,519</u>	<u>42,210</u>	<u>27,484</u>	<u>31,546</u>

30 Administrative expenses

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Personnel		14,996	15,718	11,383	12,098
Administrative		13,907	13,037	6,457	5,176
Bad and doubtful debts expense		936	707	335	-
Loss from the measurement in fair value of prior non-controlling interest of the acquiree	4	7,111	-	-	-
Depreciation		1,517	1,589	629	680
Others		4,123	4,919	3,253	4,006
Total		<u>42,590</u>	<u>35,970</u>	<u>22,057</u>	<u>21,960</u>

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Notes to the financial statements

31 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Wages and salaries		45,921	54,722	31,969	38,108
Contribution to defined contribution plan		2,710	2,541	1,956	1,582
Others		10,255	10,258	8,031	7,444
		<u>58,886</u>	<u>67,521</u>	<u>41,956</u>	<u>47,134</u>
Post-employment benefits	23	<u>930</u>	<u>881</u>	<u>762</u>	<u>724</u>
Share-based payment transactions	25	<u>1,557</u>	<u>741</u>	<u>1,557</u>	<u>741</u>
Total employee benefit expenses		<u>61,373</u>	<u>69,143</u>	<u>44,275</u>	<u>48,599</u>

Defined contribution plan

The defined contribution plan comprise provident fund established by the Group for its employees. Membership to the fund 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.

32 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 follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Changes in inventories		24,840	(17,787)	(435)	(1,846)
Paper, printing service and delivery costs		70,763	161,520	58,481	85,251
Other production expenses		18,172	27,043	14,552	16,237
License fees		31,286	51,106	11,505	13,993
Loss on decline in value of inventories (reversal of)		4,151	(6,986)	2,543	(2,097)
Employee benefit expenses	31	61,373	69,143	44,275	48,599
Selling expenses		23,418	23,863	18,652	16,767
Administrative expenses		13,907	13,037	6,457	5,176
Bad and doubtful debts expenses	8	936	707	335	-
Depreciation		2,264	2,142	1,376	1,233
Others		11,234	4,919	3,253	4,006
Total cost of sales of goods and rendering of services, selling expense, administrative expenses and management personnel compensation		<u>262,344</u>	<u>328,707</u>	<u>160,994</u>	<u>187,319</u>

Nation International Edutainment Public Company Limited and its Subsidiaries
Notes to the financial statements

33 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		6,367	8,035	5,130	6,808
Deferred tax expense	18				
Movements in temporary differences		(2,983)	621	(930)	99
Total income tax expense		3,384	8,656	4,200	6,907

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	Before tax	2014 Tax benefit	Net of tax	Before tax	2013 Tax benefit	Net of Tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial losses	-	-	-	(2,051)	410	(1,641)

	Separate financial statements					
	Before tax	2014 Tax benefit	Net of tax	Before tax	2013 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			
		2014		2013
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		5,097		29,101
Income tax using the Thai corporation tax rate	20	1,019	20	5,820
Expenses not deductible for tax purposes		2,228		2,836
Expenses for tax incentives		(1,005)		-
Previous year losses for which deferred tax assets was derecognised		1,142		-
Total	66	3,384	30	8,656

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Notes to the financial statements

	Separate financial statements			
	2014		2013	
	<i>Rate</i>	<i>(in thousand</i>	<i>Rate</i>	<i>(in thousand</i>
	<i>(%)</i>	<i>Baht)</i>	<i>(%)</i>	<i>Baht)</i>
Profit before income tax expense		19,457		26,800
Income tax using the Thai corporation tax rate	20	3,891	20	5,360
Expenses not deductible for tax purposes		1,239		2,087
Expenses for tax incentives		(930)		-
Recognition of previously unrecognised tax losses		-		(540)
Total	22	4,200	26	6,907

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. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Group has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

34 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2014 and 2013 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	
	2014	2013	2014	2013
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	1,726	20,515	15,257	19,893
Number of ordinary shares outstanding at 1 January	170,048	85,000	170,048	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 warrants exercised on 18 December	-	2	-	2
Weighted average number of ordinary shares outstanding (basic)	170,048	125,523	170,048	125,523
Earnings per share (basic) (in Baht)	0.01	0.16	0.09	0.16

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2014 and 2013 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	
	2014	2013	2014	2013
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	1,726	20,515	15,257	19,893
Weighted average number of ordinary shares outstanding (basic)	170,048	125,523	170,048	125,523
Effect of exercise of shares options	-	3,287	-	3,287
Weighted average number of ordinary shares outstanding (diluted)	170,048	128,810	170,048	128,810
Earnings per share (diluted) (in Baht)	0.01	0.16	0.09	0.15

There was no potential dilution in earnings per share because the average share price during the year ended 31 December 2014 was lower than the exercise price of the warrants.

35 Dividends

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

At the annual general meeting of the shareholders of the Company held on 2 April 2014, the shareholders approved the appropriation of dividends from 2013 operating results of Baht 0.10 per share, amounting to Baht 17.01 million. The dividends were paid to the shareholders in April 2014.

36 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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Notes to the financial statements

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 Group is primarily exposed to interest rate risk from bank overdrafts (note 19). The Group mitigates this risk by ensuring that the majority of its bank overdrafts are at fixed interest rate.

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

	Effective interest rates (% per annum)	Consolidated financial statements		
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
2014				
Current				
Bank overdrafts	7.40 - 7.43	<u>9,874</u>	<u>-</u>	<u>9,874</u>
2013				
Current				
Bank overdrafts	7.38 - 7.43	<u>9,773</u>	<u>-</u>	<u>9,773</u>

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies.

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.

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.

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Notes to the financial statements

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.

37 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in thousand Baht)			
Non-cancellable operating lease				
Commitments				
Within one year	6,292	14,407	2,561	3,620
After one year but within five years	7,697	24,949	4,997	-
Total	13,989	39,356	7,558	3,620
Other commitment				
Bank guarantees	2,648	2,502	1,844	1,759

- The Company entered into lease and service agreements for its office premises and facilities with a local company for the period of 3 years, commencing from 1 December 2014 to 30 November 2017 with an option for renewal.
- The subsidiary entered into the warehouse rental agreements with two local companies. The subsidiary agreed to pay rental fees at the rate specified in the agreements. The agreements had periods for 1 year and 3 years, expiring on 9 September 2015 and 31 December 2016, respectively.

38 Event after the reporting period

At the Board of Director's meeting of the Company held on 11 February 2015, the Board of Directors approved the appropriation of dividends from the 2014 operating results of Baht 0.07 per share, amounting to Baht 11.90 million.

39 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS that have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic	Year Effective
TAS 1 (revised 2014)	Presentation of financial statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Event after the Reporting Period	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015

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TFRS	Topic	Year Effective
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TFRS 2 (revised 2014)	Share-based Payment	2015
TFRS 3 (revised 2014)	Business Combinations	2015
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS10 (revised 2014)	Consolidated Financial Statement	2015
TFRS13 (revised 2014)	Fair Value Measurement	2015
TIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity of its Shareholders	2015
TIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2015
TIC 32 (revised 2014)	Intangible Asset - Website costs	2015
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2015
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease	2015
TFRIC10 (revised 2014)	Interim Financial Reporting and Impairment	2015
TFRIC14	TAS 19 (revised 2014) -The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2015

The Group 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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40 Reclassification of accounts

Certain accounts in the 2013 financial statements have been reclassified to conform to the presentation in the 2014 financial statements.

	2013			2013		
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	(in thousand Baht)					
Statement of financial position						
Other receivables	-	27,074	27,074	-	49,503	49,503
Other receivables from related parties	16,673	(16,673)	-	45,475	(45,475)	-
Other current assets	18,867	(10,401)	8,466	10,668	(4,028)	6,640
Other payables	-	15,405	15,405	-	14,154	14,154
Other payables to related parties	13,780	(13,780)	-	12,563	(12,563)	-
Other current liabilities	11,486	(1,625)	9,861	8,722	(1,591)	7,131
		<u>-</u>			<u>-</u>	

Other Reference Persons

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- | | |
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Audit Fee

1. The audit fee of the Company and subsidiaries for the year 2014 is Bt 1,915,000
2. Non-audit fee -None-

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