



ANNUAL REPORT 2017

Nation International Edutainment Public Co., Ltd.







Nation International Edutainment Public Co., Ltd.

1858/121-122, 125-128 Bangna-Trad Road, Bangna, Bangkok 10260 Thailand

Tel. (66) 2338 3333 Fax. (66) 2338 3904

Vision:

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

Mission:

To provide knowledge and fun from around the world

Core Values



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General Information

Name	Nation International Edutainment Public Company Limited
Symbol	NINE
Core Businesses	<ul style="list-style-type: none"> • Publishing Business: Publishes and distributes wide range of books and magazines for children and grown-ups. • Service Business for Oversea Publications: Provides oversea periodical publishers many services including printing, advertising sales, subscription sales, distribution and delivery. • Digital Businesses: Provides digital content through various devices and operating systems, eg., online, mobiles, tablets and etc. • Education
Head Office	1858/121-122, 125-128 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, 2017)

Company Name / Address	Business	% of Holding	Registered Capital	Paid-up Capital
Direct Subsidiaries				
Nation Global Edutainment Co., Ltd. 1858/121-122, 125-128 Bangna-Trad Road, Bangna, Bangkok 10260	Publishing	99.74	200,000,000	200,000,000

Note : The Board of Directors' Meeting No. 4/2017 held on May 2, 2017 approved the capital increase the registered capital of Nation Global Edutainment Co., Ltd. from Baht 97 million to Baht 200 million, As a result, NINE's shareholding increased to 99.74%.

Summary of Financial Data and Investments

(Unit: in Million Baht)

1. Data from Consolidated Financial Statements		2017	2016	2015
• Sales and Service Income		137.28	161.29	211.01
• Total Revenues		158.27	182.21	227.62
• Gross Profit Margin		64.24	61.48	57.12
• Profit (loss) Before Interest, Taxes, Depreciation and Amortization		18.12	(189.30)	11.06
• Net Profit		7.18	(213.86)	(18.53)
• Total Assets		321.24	376.49	659.40
• Shareholders' Equity		274.44	267.14	487.03

2. Financial Ratios		2017	2016	2015
• Total Debts to Equity	Times	0.17	0.41	0.35
• Gross Profit Margin	%	46.80	38.12	27.07
• Net Profit on Total Revenues	%	4.54	(117.37)	(8.14)
• Return on Equity	%	2.65	(56.71)	(3.69)
• Return on Total Assets	%	2.06	(41.29)	(2.70)
• Earnings per Share (Basic)	Baht	0.04	(1.251)	(0.108)
• Earnings per Share (Diluted)	Baht	0.04	(1.251)	(0.108)
• Dividend per Share	Baht	-	0.022	0.07
• Book Value per Share (Basic)	Baht	1.61	1.57	2.86
• Book Value per Share (Diluted)	Baht	1.61	1.57	2.86

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 Global Edutainment Co., Ltd.	200.00	99.74

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 the company's net profit (individual company's financial statements) after corporate income tax, legal reserve requirement and other necessary and appropriate reserves. However, the dividend payment percentage may be changed depending on necessity and suitability of circumstantial conditions that are considered to be of the best interest of shareholders. The Board of Director's resolution to pay dividend must be approved at the shareholder's meeting, except for payment of interim dividend at which the Board of Directors have authority to approve and must report such payment at the next shareholder's meeting.

Message from the Chairman

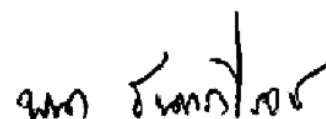
Nation International Edutainment Public Company Limited

Dear Shareholders,

The year 2017 has been a year of constant change and economic challenges for many industries, both on the global and national scale. This has been a continuation of factors from 2015 and 2016, which have continued to affect us in 2017. The main factor has been global economic volatility, and particularly digital technology and online social media, which have evolved at a much faster pace than in previous years. These technologies have brought about rapid changes in consumer behavior. Each organization must adapt itself as well as its strategies to address these changes.

In 2017, Nation International Edutainment Public Company Limited revised its strategic direction and bolstered its operations in several areas to increase its market size and to capitalize on new target customer groups, especially in the digital segment, which is a rapidly growing area with good growth prospects. Our main approach is to focus on producing quality print publications for children and adults, with high sales volumes and strict print control. In addition, the company is striving to develop and promote its e-commerce business through nstore.net to become an aggregator for books and general merchandise and to facilitate continuous growth in the digital market. At the same time, Nation Junior (NJ) has expanded its readership base to target readers in more than 3,000 schools, reaching over 450,000 students each week. The company remains committed to providing good, high-quality and trustworthy content to its readers.

We would like to thank all of our shareholders, customers, business partners and employees for their hard work and assistance. All are important in ensuring stable and continuous growth for the company in the times to come.



Mr. Pana Janviroj
Chairman



Board of Directors

Mr. Pana Janviroj

Position Chairman of the Board of Director and Chief Executive Officer

Age 58 years

Education Background

- MA., Tufts University, USA

Training Course(s)

Thai Institute of Directors Association

- Directors Certification Program (DCP # 71/2006)
- Anti-Corruption for Executive Program (ACEP 15/2015)

Thai Listed Companies Association, The Stock Exchange of Thailand

- Risk Management Seminar & Workshop

Training Course(s) 2017

- N/A -

No. of Shares Held as at December 29, 2017

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

Relationship with NINE's Executive

- N/A -

Experience

Jan. 18, 2018 - Present	Chairman of the Board of Director and Chief Executive Officer Nation International Edutainment Plc.
2011 - 2016	Director - Nation International Edutainment Plc.

Director of Other Listed Company

2012 - 2016	Director - Nation Multimedia Group Plc.
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Director of Other Non - Listed Company

2012 - Present	Director - Yomiuri-Nation Information Service Co., Ltd.
2014 - Present	Director - WPS (Thailand) Co., Ltd.
2015 - Present	Honorary Member - Nation University

Director of A Competing Company or A Related Business Company

- N/A -

Year of Directorship

5 Years 6 Months (Appointed as a director since April 4, 2011)

The Meeting Attendance / Meeting Held (Frequency)

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



Board of Directors

Ms. Natenapa Pusittanont

Position Director

Age 47 years

Education Background

- Master's Degree Master of Accountancy (M.Acc.)
Chulalongkorn University.
- Bachelor's Degree Bachelor of Accounting (B.Acc.)
(Financial Accounting) second-class honors University of the
Thai Chamber of Commerce.
- Certified Public Accountant

Training Course(s) 2017

- Update TFRS (revised 2016)
- Overview of Thai Standards on Auditing (TSAs) # 2/2017
- Ten Regulation of the AEC Accountant (update 2016) # 3/2017
- Consolidated Financial Statements

No. of Shares Held as at December 29, 2017

Ms. Natenapa Pusittanont 1,000 shares (0.00%)

Relationship with NINE's Executive

- N/A -

Experience

2012 - 2015	Vice President Accounting Nation Multimedia Group Plc.
2015 - Present	Assistant Senior Vice President Accounting Nation Multimedia Group Plc.
2016 - Jan. 17, 2018	Managing Director Nation International Edutainment Plc.
2016 - Present	Director - Nation International Edutainment Plc.

Director of Other Listed Company

- N/A -

Director of Other Non - Listed Company

2014 - Present	Director - Nation Global Edutainment Co., Ltd.
2017 - Present	Honorary Member Nation University
2017 - Present	Director - Nation U Co., Ltd.

Director of A Competing Company or A Related Business Company

- N/A -

Year of Directorship

1 Year 9 Days (Appointed as a director since December 23, 2016)

The Meeting Attendance / Meeting Held (Frequency)

Board of Directors	6/6
Annual General Meeting of Shareholders	1/1



Board of Directors

Mr. Supoth Piansiri

Position Director

Age 49 years

Education Background

- Bachelor of Accounting (Auditing) 2nd honor, University of the Thai Chamber of Commerce
- Certified Public Accountant

Training Course(s)

Affiliate Pac Rim Group

- The 7 Habits of Highly Effective People

Faculty of Commerce and Accountancy, Chulalongkorn University

- Strategy Management Program # 1/2011

Thai Institute of Directors

- Directors Certification Program (DCP) # 150/2011

Federation of Accounting Professions of Thailand

- CFO Current Issues for 2015

Training Course(s) 2017

- Update TFRS (revised 2016)
- Ten Regulation of the AEC Accountant (update 2016) # 3/2017
- Consolidated Financial Statements

No. of Shares Held as at December 29, 2017

Mr. Supoth Piansiri 5,000 shares (0.003%)

Relationship with NINE's Executive

- N/A -

Experience

2016 - Present Director Nation International Edutainment Plc.

Director of Other Listed Company

2012 - Present Senior Vice President
Accounting Nation Multimedia Group Plc.
2016 - Present Director Nation Multimedia Group Plc.
2016 - Present Director Nation Broadcasting Corporation Plc.

Director of Other non-Listed Company

2010 - Present Director Krungthep Turakij Media Co., Ltd.
2010 - Present Director Kom Chad Luek Media Co., Ltd.
2012 - Present Director Bangkok Business Broadcasting Co., Ltd.
2013 - Present Director WPS (Thailand) Co., Ltd.
2014 - Present Director Nation Global Edutainment Co., Ltd.
2014 - Present Vice - Rector for Administration Nation University
2014 - Present Director Yomiuri - Nation Information Service Co., Ltd.
2015 - Present Honorary Member Nation University
2016 - Present Director NML Co., Ltd.
2016 - Present Director Nation U Co., Ltd.
2017 - Present Director NBC Next Vision Co., Ltd.
2017 - Present Director Nation News Network Co., Ltd.

Director of A Competing Company or A Related Business Company

- N/A -

Year of Directorship

1 Year 9 Days (Appointed as a director since December 23, 2016)

The Meeting Attendance / Meeting Held (Frequency)

Board of Directors 6/6
Annual General Meeting of Shareholders 1/1



Board of Directors

Ms. Nutvara Seangwarin

Position Director

Age 50 years

Education Background

- Master of Public and Private Management Program, National Institute of Development Administration (NIDA)
- BA Business Administration, Business Computer, Kasem Bundit University

Training Course(s)

Thai Institute of Directors

- Directors Certification Program (DCP # 148/2011)

Thai Listed Companies Association, The Stock Exchange of Thailand (TLCA)

- Executive Development Program (EDP # 11)

King Prajadhipok's Institute

- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives # 9

Commerce Academy

- TOP Executive program in commerce and trade (TEPCOT # 8)

Training Course(s) 2016

- N/A -

No. of Shares Held as at December 29, 2017

Ms. Nutvara Seangwarin - shares

Relationship with NINE's Executive

- N/A -

Experience

2013 - Present	Executive Vice President - Marketing Nation Multimedia Group Plc.
2016 - Present	Director Nation International Edutainment Plc.

Director of Other Listed Company

2016 - Present	Director Nation Multimedia Group Plc.
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Director of Other Non - Listed Company

2012 - Present	Director Krungthep Turakij Media Co., Ltd.
2017 - Present	Director WPS (Thailand) Co., Ltd.

Director of A Competing Company or A Related Business Company

- N/A -

Year of Directorship

1 Year 9 Days (Appointed as a director since December 23, 2016)

The Meeting Attendance / Meeting Held (Frequency)

Board of Directors	6/6
Annual General Meeting of Shareholders	1/1



Board of Directors

Ms. Kaemakorn Vachiravarakarn

Position Independent Director and Chairman of The Audit Committee

Age 41 years

Education Background

- Master in Business Administration (M.B.A.), University of Hawaii at Manoa, U.S.A.
- Bachelor in Business Administration - Accounting major (International Program), Thammasat Business School, Thammasat University
- Certified Public Accountant

Training Course(s)

Thai Institute of Directors Association

- Director Accreditation Program (DAP # 113/2014)

The Securities and Exchange Commission, Thailand

- Challenges facing audit committees on listed companies' sustainable development

Training Course(s) 2017

KPMG

- Risk Trends and Proactive Audit Committee Assessing Federation of Accounting Professions
- Medical Examination through Financial Statement 1/2017
- Overview of Thai Auditing Standards 3/2017

No. of Shares Held as at December 29, 2017

Ms. Kaemakorn Vachiravarakarn - shares

Relationship with NINE's Executive

- N/A -

Experience

2017 - Present

Independent Director & Chairman of
The Audit Committee
Nation International Edutainment Plc.

Director of Other Listed Company

2013 - 2016

Independent Director and Member of
The Audit Committee
Nation Multimedia Group Plc.

Director of Other Non - Listed Company

2003 - Present

Director - I Do Idea Co., Ltd.

Director of A Competing Company or A Related Business Company

- N/A -

Year of Directorship

8 Months 6 Days (Appointed as a director since April 25, 2017)

The Meeting Attendance / Meeting Held (Frequency)

Board of Directors	4/4
Audit Committee	4/4
Annual General Meeting of Shareholders	-



Board of Directors

Mr. Tulsathit Taptim

Position Independent Director and Member of The Audit Committee

Age 54 years

Education Background

- Bachelor's Degree of Faculty of Arts, Chulalongkorn University

Training Course(s) 2017

- N/A -

No. of Shares Held as at December 29, 2017

Mr. Tulsathit Taptim - shares

Mrs. Phensuda Taptim - shares

Minor child - shares

Relationship with NINE's Executive

- N/A -

Experience

2017 - 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

2015 - Present Freelance Writer

Director of A Competing Company or A Related Business Company

- N/A -

Year of Directorship

8 Months 8 Days (Appointed as a director since April 25, 2016)

The Meeting Attendance / Meeting Held (Frequency)

Board of Directors 4/4

Audit Committee 4/4

Annual General Meeting of Shareholders -



Board of Directors

Mr. Uthai Bencharit

Position Independent Director and Member of The Audit Committee

Age 56 years

Education Background

- M.B.A. for Executives - Chulalongkorn University
- M.S. (Electrical Engineering) - Drexel University
- B.S. (Electrical Engineering) - Lehigh University

Training Course(s) 2017

KPMG

- Enhancing Audit Committee Excellences through Internal Audit

No. of Shares Held as at December 29, 2017

Mr. Uthai Bencharit - shares

Relationship with NINE's Executive

- N/A -

Experience

August 2017 - 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

1995 - Present Director - Seat Co., Ltd.
1995 - Present Director - Benjo Co., Ltd.
2011 - Present Director - Baan Saeng Chan Condominium
Juristic Person

Director of A Competing Company or A Related Business Company

- N/A -

Year of Directorship

4 Months 29 Days (Appointed as a director since August 3, 2017)

The Meeting Attendance / Meeting Held (Frequency)

Board of Directors	2/2
Audit Committee	2/2
Annual General Meeting of Shareholders	-



Management

Ms. Pimpimol Kongkreingrai

Position Editor

Age 46 years

Education Background

- Master of science in mass communication, Murray State University, KY, USA
- Bachelor of Arts in History, Silpakorn University

Training Course(s) 2017

- N/A -

No. of Shares Held as at December 29, 2017

Ms. Pimpimol Kongkreingrai - shares

Relationship with NINE's Executive

- N/A -

Experience

2006 - 2013	Editor Nation News Network Co., Ltd.
2014 - Present	Editor Nation International Edutainment Plc.

The Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders 1/1



Management

Ms. Thitagan Thana-Olarn

Position Vice President - Business Development

Age 54 years

Education Background

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

Training Course(s) 2017

- N/A -

No. of Shares Held as at December 29, 2017

- N/A -

Relationship with NINE's Executive

- N/A -

Experience

2006 - Present Vice President - Business Development
Nation International Edutainment Plc.

The Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders 1/1



Management

Mr. Sangchai Leelanawalikhit

Position Vice President - Sales

Age 50 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) 2017

- N/A -

No. of Shares Held as at December 29, 2017

Mr. Sangchai Leelanawalikhit 1,000 shares (0.00%)

Relationship with NINE's Executive

- N/A -

Experience

2010 - Present Vice President - Sales
Nation International Entertainment Plc.

The Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders 1/1



Management

Ms. Boonpa Saebay

Position Assistant Vice President - Accounting & Financing

Age 45 years

Education Background

- BA Accounting, Bangkok University

Training Course(s) 2017

- Keep up the pace compliance with financial reporting standards
- Update Financial Reporting Standard Revised 2016.

No. of Shares Held as at December 29, 2017

Ms. Boonpa Saebay 100 shares (0.00%)

Relationship with NINE's Executive

- N/A -

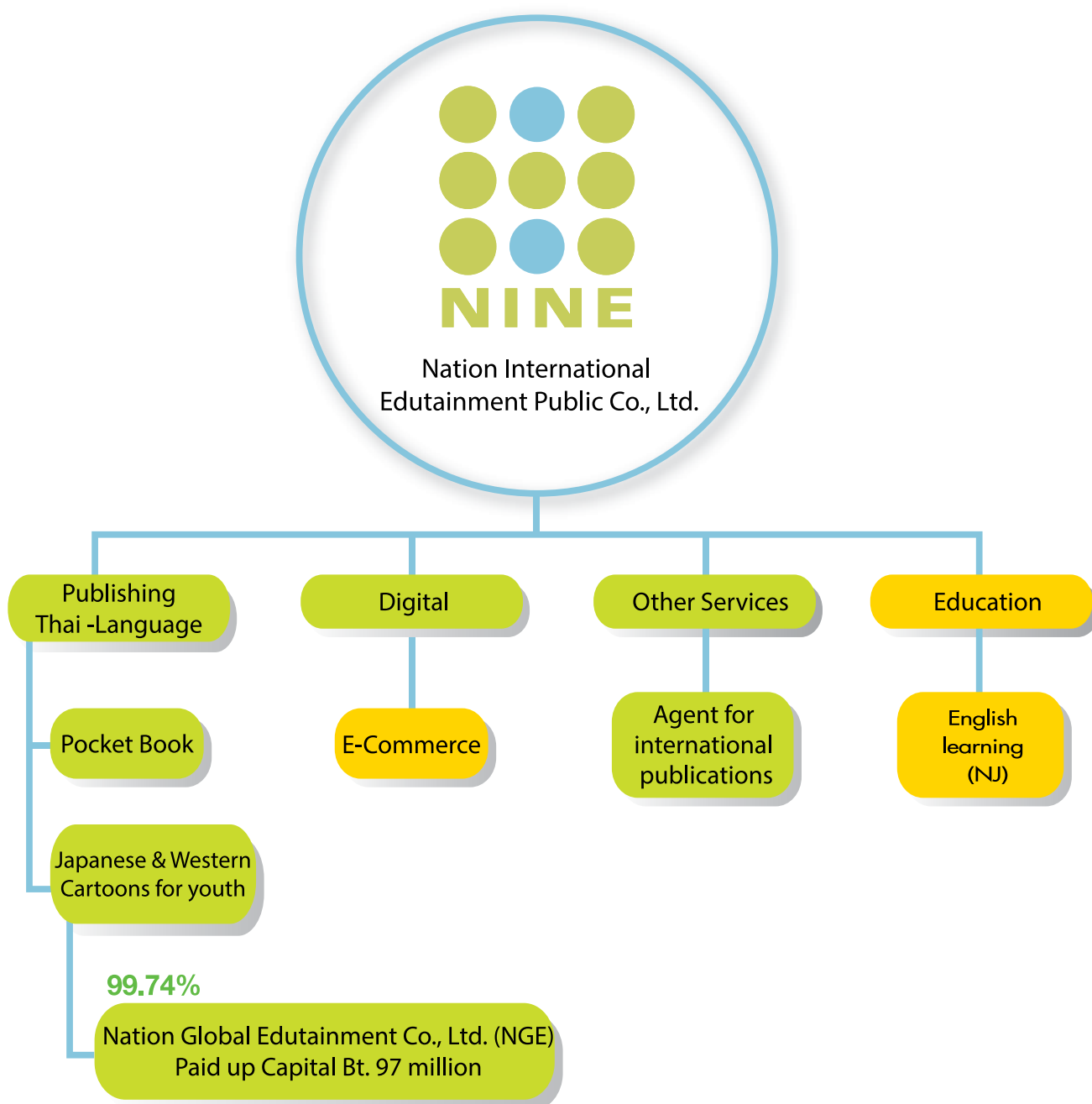
Experience

2011 - 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	2017		2016		2015	
		Amount	%	Amount	%	Amount	%
1. Publishing Business							
1.1 Production and selling of pocket books	NINE	22.93	14.49	31.09	17.06	32.57	14.31
1.2 Production and selling of children printing	NGE, NINE	53.43	33.76	58.65	32.19	82.84	36.40
2. Foreign printing agent business and related services ^A	NINE	49.55	31.31	54.72	30.03	65.54	28.79
3. Digital	NINE	2.48	1.79	3.63	1.99	1.87	0.82
4. Education							
4.1 English learning/TV programs and new media	NINE, NTK	6.30	3.98	4.57	2.51	20.16	8.86
4.2 English learning-Publishing and related services	NINE, NBB	2.23	1.41	8.62	4.73	8.04	3.53
5. Other income ^B		20.99	13.26	20.93	11.49	16.60	7.29
Total income		158.27	100.00	182.21	100.00	227.62	100.00

Remark: ^A 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.

Book Business



Business Network

Nation Books

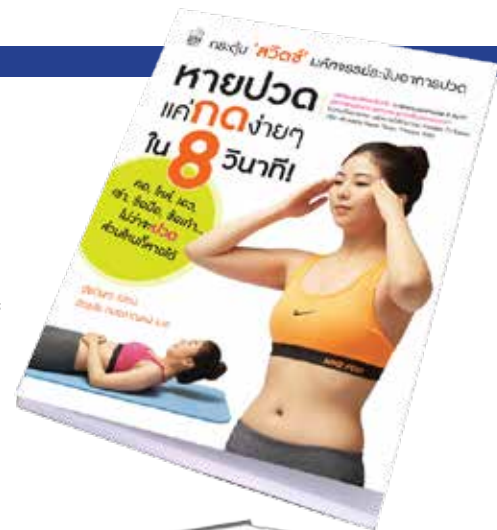
Pocketbooks

1. Pocketbooks

The Company operates a business through its own entity under the name of the “Nation Books Publisher”, a producer and distributor of the pocketbooks, who have been entrusted with copyrights from the famous writers and renowned domestic and foreign publishers as producer and distributor of the quality works, covering a variety of genres, including management, novel, language and learning, psychology and philosophy and religion and general category that meets the needs of all groups of readers.

Popular books and media produced by Nation Books include: Strengths Finder, Strengths Finder 2.0, Blue Ocean Strategy, Marketing 4.0, Stock Investing for Sustainable Returns, etc.

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

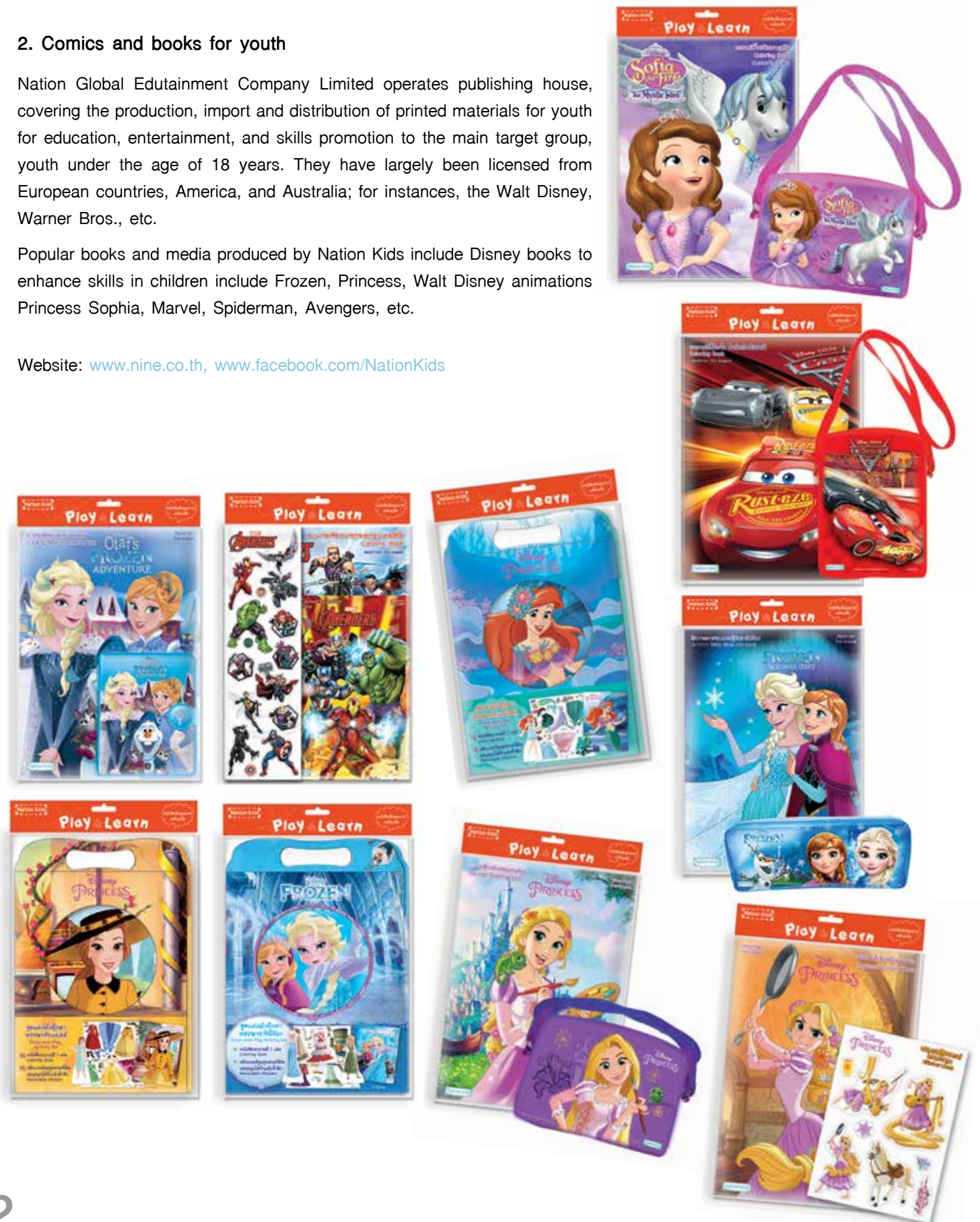


2. Comics and books for youth

Nation Global Edutainment Company Limited operates publishing house, covering the production, import and distribution of printed materials for youth for education, entertainment, and skills promotion to the main target group, youth under the age of 18 years. They have largely been licensed from European countries, America, and Australia; for instances, the Walt Disney, Warner Bros., etc.

Popular books and media produced by Nation Kids include Disney books to enhance skills in children include Frozen, Princess, Walt Disney animations Princess Sophia, Marvel, Spiderman, Avengers, etc.

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





3. Japanese and Thai comics

Under the name of the “Nation Edutainment” Publisher, our business involves production and distribution of the printed materials for youth for education and entertainment. Our main target customers include young people under the age of 18 years. We focus on the popular comic copyrighted books and the novels licensed from leading publishers both in Thailand and Japan from the companies such as Shueisha Inc., Shogakukan Kodansha and Futabasha, Kodakawa, etc.

Popular comics produced by Nation Edutainment include “Naruto — Road to Ninja”, “Bleach,” “One Punch Man,” “Platinum End,” “Boruto,” “Jo Jo Lion the Hunter,” “Jo Jo Lion”, “Jojonium”, “Master Keaton”, “Death Note Pocket Edition,” “Blue Exorcist”, Doraemon, Crayon Shin-chan, etc.

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



Digital Business



Cute Characters for variety of goods



Digital Business

The Company has engaged in production and distribution of e-books in various formats, corresponding to the reading tastes and lifestyle. They include administration, management, religion, psychology, philosophy, language, fiction, literature, stories, cartoons and more, as well as newspapers, pocket books, magazines, which eases a convenience of buying to those reading-lovers without waste time to travel. Ordering is easily made through the website NSTORE.net, Nation books application on iOS, and android, affiliates' application on iOS, and android, social media, LINE account, email, phone, and Affiliate Program.

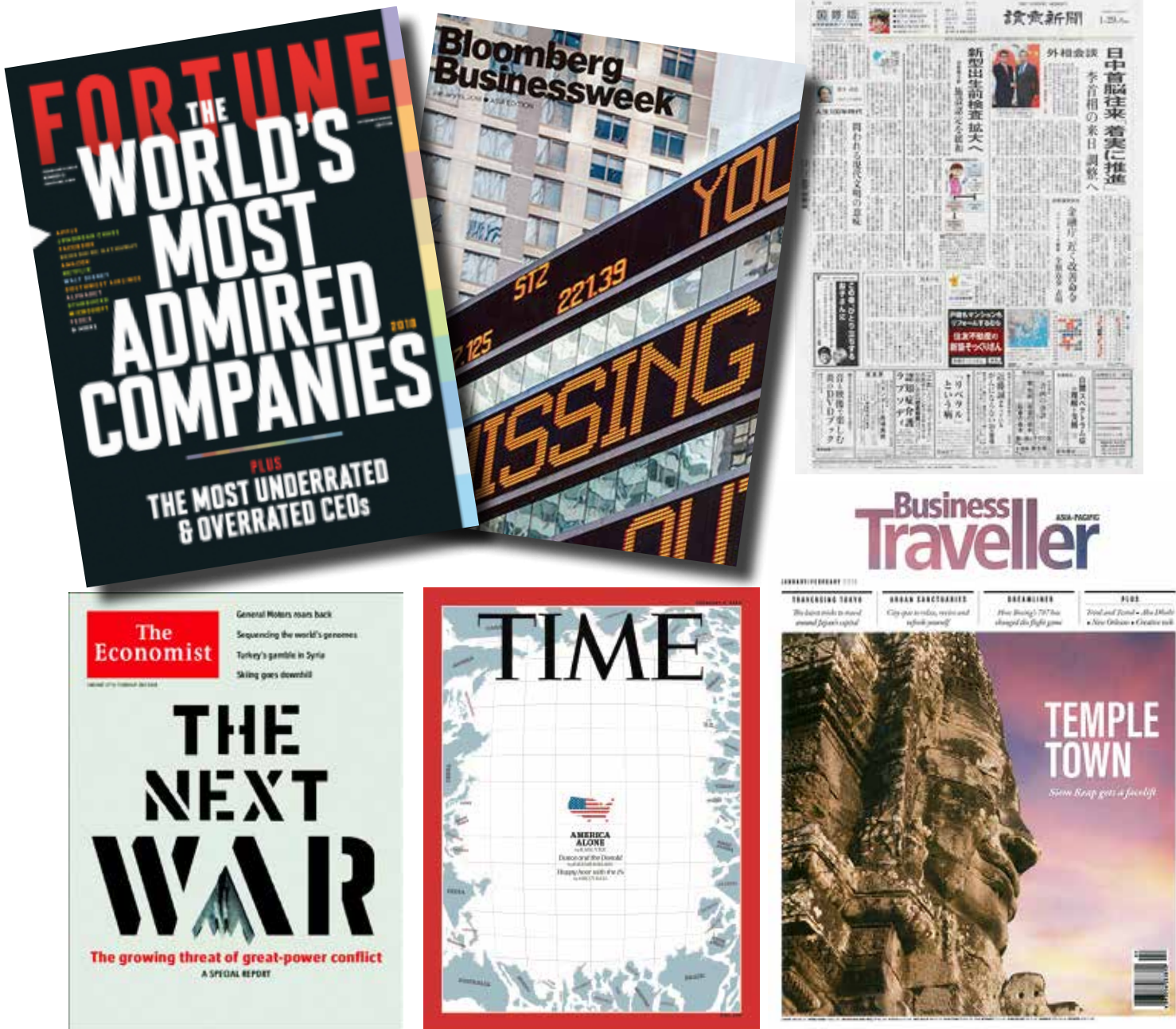
Also, the Company operates as the distributor of various consumer products, covering the consumers of all age and lifestyles. They include IT items, household items, toys for children, products for health and beauty, sporting goods, car decoration, games, DVDs and many more. The purchase is easy and quick without waste of travel time through the website NSTORE.net, social media, LINE account, email, phone, Affiliate Program.



Business as distributor of foreign publications and related services

Expand your vision to the world

International Media



Business as distributor of foreign publications and related services

The Nippon Yusen Kaisha operates a business as a distributor of the leading foreign publications and related services through the company itself. The publications sold by the company include a total of 231 items. They include foreign language newspapers, foreign language magazines and international online media, and serves as membership sales representative. However, the company is mostly adaptive to the modern era and the following is done through both printed materials and online channel. In addition, the company serves as advertising sale representative for the Yomiuri Shimbun, and delivers several newspapers and magazines.

Education Business



Learning has never been such fun!

NJ Digital

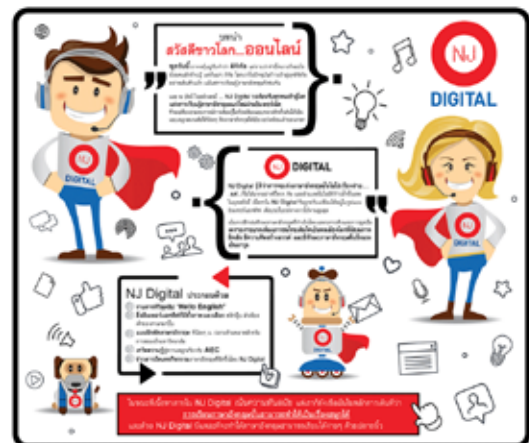


English learning media

NJ Digital

Learning English in a modern and fun way that is easy to understand and in tune with the media habits of the target audience. NJ Digital uses all types of digital media channels including television to meet the demand for media that is up to date and utilizes the latest technology while creating a new learning environment for youth. NJ Digital works in compliance with government policies to raise the standard of English among youth.

NJ Digital aims to benefit the education sector to the maximum extent. The company also sends NJ Digital English learning media to secondary schools or equivalent nationwide for use as classroom learning media via the website. njdigital.net. The service is free of charge.



NJ Special Admission

The company provides a preparation guide for admission exam. A special edition is the "NJ Special Admission 2017", comprising a series of two books in which the lessons and exams are compiled and gathered under the instruction of the leading faculties. Knowledge review covers related content for the GAT / PAT, O-NET, and 7 common subjects. This guide is to support the knowledge review and preparation to enter the university with the contribution of Sahaphat No. 20, which was held simultaneously in four regions across the country during the month of October 2017 and it has been broadcasted on broadband to more than 500 schools participants across the country, and the review of the knowledge can be done via the website throughout the year.

Website: www.njdigital.net

Industry and Competition

Industry and competition in publishing business

In 2017, it was also a year of the steady decline of publishing industry. Obviously, several magazines shut down. It's evident that the publishing industry has been in the doldrums. This condition has not occurred only in Thailand, but the world has been experiencing similar problems. Furthermore, the book retailer have also shut down constantly, especially the comic book stores which unit price of goods is not high, thereby consequently that readers buy books more difficultly and online ordering in small quantity is impossible, because shipping cost is close to the cost of goods. As a result, the readers have in waiting to buy comic books at the National Book Expo or book fairs and the comic books are more likely to be purchased than other kinds of books. As figures are shown, the sales of the comic books generated by the NINE from two events showed less decrease than that of other types of books.

Regarding adult books, for examples, business, investment, health books and the famous books from abroad, the income generated from sales has been constantly. Regarding a choice of books which content is deemed fine and reliable, a book of the current interest, or a kind of the books that target the readers more remarkably in 2017 is the book of the King Reign IX, drawing the most attention of the readers.

In regard of the children's books, for instances, painting activity books, skills promoting books, English books are primarily based on both a loveliness of the characters and price to achieve the satisfactory sales.

Regarding to the electronic books in which its growth showed greater than ever before. However, it has still not replaced the revenue decline of paper books, because they have been popular among the readers without charge. Despites the numerous operators have run this business seriously with offer a wide range of products, the entrepreneurs and publishers are necessary to find out ways to generate revenue in the future.

With the above-mentioned situation, in 2017 the company continues to pursue its performance strategies; selecting the right content in meeting the readers' needs, control of the publication that matches the expected sales, add products in coupling with young children's books as incentive to buy, increase in new channels of distribution such as online stores, advertising by the available media of the affiliates to bring forth the highest benefits; including, newspapers, magazines and social media where there are more than five million subscribers, and cooperates with the various online and offline partners to penetrate the new groups of readers, etc.

Industry and competition in distribution of foreign publications

The sales of the foreign publications are associated with its growth of the customers which can be divided into four main groups.

a) Foreign tourists

Foreign tourists who travel and stay in the hotel accommodations across Thailand are considered key clients in the distribution of foreign newspapers and magazines of the Company.

b) Foreigners who reside in Thailand

Foreigners residing in Thailand for one month or higher are those customers who are interested in reading foreign magazines and newspapers.

c) Thai customers who are interested in reading foreign publications

Thai working groups and businessmen are considered a customer with high purchase power, and the graduate and postgraduate students who pay attention to foreign news are considered customers that are interested in reading foreign magazines and newspapers.

d) Educational institutions

The higher educational Institutions in general begin to break the budget to buy more electronic publications. There are a total of 197 public and private educational Institutions.

In the competitive situation of service business as distributor of foreign publications in category of membership, it has a few competitors. Its two main competitors include the Magazines International (Thailand) Plc., and the Post Publishing PCL., while the distributor in category of newsstands or bookstore, it has many competitors, including the large bookstores with franchises such as , Asia Books Co., Ltd. and other retail competitors, etc.

Industry and competition in the digital television business

Access to digital media has been growing rapidly and the cell phone and smart phones become a main channel of the internet access in Thailand, as well as consumption behavior multiple devices (multi-screen) simultaneously, this results that the business necessarily develops its campaigns in all channels.

In addition, the digital world is not only the technology for use, but also it is a powerful instrument to develop knowledge and experience as well.

In Thailand, the electronic publishing industry has been in phase of development; including brands, retailers, publishers and applications development companies which have invested and launched the e-book and publication distribution system through the applications and various websites, and they have been more of

the interest by the educational academies and organizations. To support the growing digital trend thereof, the company has expanded and invested in e-commerce businesses to distribute the company-owned publications, e-book, and consumer goods in general totally, as well as that of the partners, stores, and other publishers through e-commerce website, Nstore.net and also distributed to the LINE SHOP and other online channels, including marketing channels through Social Network, Google Search Engine, Affiliate Program and dynamic retargeting both online and offline to promote the products on the NSTORE which covers both inside and outside the network, has expanded the distribution for partners' products increasingly, create a culture of service to ensure the customer satisfaction and impression, confidence in product quality and after-sales service in terms of delivery, warranty, return of goods within 30 days. Payment system covers all the channels and security, including other systems in the future to ensure that the consumers recognize our brand, brand awareness and intent to repeated purchase, as well as the E-book distribution for e-library increasingly.

Industry condition and competition in the English learning media

At present, the publications have been decelerated as resulted of the consumer's consumption behavior of media, mobile technology and communication that is fast, convenient, and cheaper, the new generation youth are more likely to receive news and information via new media; not for only entertainment content. The producers of educational content have to be adaptive in line with the ever-changing situation. Even though the publications have still been a major educational medium, including textbooks, review handbooks, pocket books, and so on, it's undeniable that media industry has never been ceased; the media producers always keep on developing the innovative dimensions for targeted readers in acquiring, researching, and widening their world vision through online media.

In addition, the development of the all-around new and information content which the editorial department considers it as strength of the Nation Group, who is a leader of the presentation of useful news and information. The company has both public and private partners as producer of educational media and is equipped with professionals.

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 publishing, particularly magazines industry was negative overall in 2017. The book business that has been fairly stagnant throughout the year has improved to some degree by the last quarter of the year. However, overall purchasing power continues to decline, resulted from the changing consumer behavior of spending time on other media increasingly. In addition, more minor book distributors shut down in the previous year, thereby resulted in the declined sales of the books of the company.

Regarding the publishing business, the company has more specific strategy to produce corresponding books to the needs of readers. The market demand has been investigated more closely, at the same time; the community of readers has been established increasingly, including seeking for the famous authors and popular books from both domestically and internationally, public relation and promotion activities have been rendered on both book stores and readers, increased networks of sales to new various channels such as other affiliated stores and on online stores other than traditional stores, as well as in the partnership with both online and offline alliances to promote products, etc.

1.2 Risk of technological change and competitors serving the same content

Nowadays, the development of the information technology and communications makes things easier, as well as technological devices such as computers, mobile phones, and tablets that its price is lower, resulted that the consumers turn to spend more time on the digital devices. In particular, the Japanese comics which the target includes the youth readers turning to read the pirated comics published by various websites without charge. As a result, the sales of comic books have been severely affected and the company has to seek for more patented digital Japanese comics to dilute the fashion of reading the pirated comics.

The company opened its online store Nstore in 2014, with sales increasing steadily, even though the proportion of sales is still less than that of printed publications. Continued growth in 2017 represents a positive trend and should be encouraged for further growth in future.

1.3 Risk of distribution channels

The company distributes its products through the multiple channels for the convenience of the customers' shopping and in the consistency with the modern buying behavior and the individuals' lifestyle.

The Modern Trade channel is helpful to the promotion of brand image because the formats and product placement has been divided by type of products distinctively. However, in 2016, the vendors have adjusted its policies by means which the books are distributed to the book stores while the selection of distribution sales measures have been carried out in respect with the statistics of individual category's sales. Therefore, the printed books are limited the placement space to certain branches, consequently the consumers are more restricted the channels of buying books, resulted in the decline sales overall.

Agency is a channel focusing on distributing the comic books. With the limited space of the product placement, it has no enough space for book display decoration, thereby resulted in a risk that the books are not placed in the dominant position, a loss of the sales, and a substantial risk of the return of the goods. In addition, the operation has been characterized of the traditional small-scaled family business with long years of service and no exact record of sales, resulted that the follow-up of the sales is difficult. Also, the market share has been smaller due to changing consumer behavior; shopping at the malls is more favored.

E-commerce channel is more likely to grow. It provides the consumes with a convenience in the way that the consumers will no longer waste time to travel to shop. Also it reduces the risk of the modern trade and agency distribution channels. At present, the Company distributes books through online bookstores; the Nstore.net and Facebook primarily.

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

As the Nation is a major shareholder in the subsidiary companies, approximately 71.04 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 12 related party transactions (Form 56-1). In 2017 and 2016, 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 41.86 and 56.48 million Baht, or accounting for 28.48% and 14.70%, 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 equipment at lower cost, should the Group undertake the operation on its own, furnished with adequate production capacity and services in the implementation, the Group may be at risk of relying the affiliates in supporting the business operations of the Group. Should the affiliated companies fail to support the services mentioned above, the Group may be affected for printing and delivery of printing material, but just slightly because the subsidiary companies can buy paper and receive services through distributors and other service providers available in Thailand at normal commercial terms and at market rates similar to the related party transactions above, but cost may be higher than the prices charged by the Group. Moreover, the value of the related party transactions aforementioned in the year 2017 and 2016, accounting for 2.47% and 2.59% 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 12.83% and 15.43% of cost of sales and services according to the consolidated financial statements of the Group in the year 2017 and 2016, 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 53.10% and 55.38% of total revenue of the Group in the year 2017 and 2016, 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 3-7 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 most publications of the Group have been distributed through the distributor channel and the unsalable publications would be accepted under the return of goods policy by the Group. This resulted in the bulking up stocks, deteriorated, damaged and obsolete stocks. Furthermore, the sales in the current year has decreased from the previous year as of December 31, 2017 and 2016, the net inventories of the Group amounted to 18.65 million Baht and 24.33 million Baht, respectively, or presenting 5.81 percent and 6.46 percent of the total assets of the Group. However, in 2016 the Group has considered the impact of the change in the shift of consumer behaviors at the Board of Directors' Meeting and it has a resolution to restructure the Group's publishing and distributing of publications by setting up a provision for inventory obsolescence in accordance with the current situation and focus on the publishing and distributing of certain profitable publications. According to the aforementioned operation's results, the Group has considered to set up a provision for inventory obsolescence for the year ended December 31, 2016 amounted to 193.48 million Baht. The allowance for obsolete items was formerly determined by the goods at 100 percent of the value of inventories aged one year and above with a complete manufacture, and the inventories aged 3 years and above, but in-production process. Currently the Group maintains a policy to set allowances for depreciation in the value of old and outdated inventories. For inventory over 12 months the net realizable value is set at 50 percent of the value of the goods. For inventory over 18 months old the net realizable value is estimated based on the discounted sale price while for inventories that are older than 24 months the net realizable value is based on the wholesale price per kilo. The allowance is set on monthly basis. The re-determination of the allowance for obsolete inventories by the deterioration is decided by the management As of December 31, 2017 and 2016, the Group's allowance for obsolete inventories amounted to 27.35 million Baht and 220 million Baht, respectively. In order to reduce the inventories, the Group planned to release the remaining books periodically by conducting the special discount and special promotion activities and the books fair which are held annually. Regarding a series of comic books, the new ones are sold alongside those which was ever been sold. In addition, all the comic books that were ever been sold are put in package on sales to stimulate sales. Additionally, the company has been more careful in producing the new books and control of the circulation turnover to avoid the excessive inventories, and the company has the inventory management with defining the appropriate, not excessive inventories to the previous year.

2. Risks of agent for agent for international publications business

2.1 The risk of the renewal of contract

To operate the business service as a distributor of foreign publications, the company and its affiliates do enter the distribution agreement with the dealers and owners of publications. Mostly, the magazines distribution agreement lasts a period of one year with a the extension of the contract while the newspaper distribution agreement expires upon termination of the contract by the owner of a publication who is entitled to terminate the contract if the company or its affiliates encounter any of the following events; breach of contract, financial problems, insolvency or bankruptcy, by a written notice of the party in advance. However, the affiliated companies may be at risk when the owner of the publication denies renewing the contract or terminates the contract, this may affect the business, financial status, and the turnover of the company and the affiliates 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 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. Despites a cancellation of publications in the Southeast Asian region due to the changes from traditional reading to online reading by the Wall Street Journal Asia, the company has still been undertaken as distributor of online membership sales.

2.3 Risk of online reading current

Currently, online reading has become increasingly popular, thereby affecting the distribution of the foreign newspapers and magazines. Inevitably, the publisher has been in adjustment by means of the distribution of the available newspapers or magazines together with online reading, enabling the readers to have more choices of reading, the termination of membership is less

3. Risks of digital business

3.1 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.

3.2 Credibility and vulnerability of the website

Nowadays, it's widely recognized that social network plays a crucial role and influences the people's thinking and decision-making, and how people receive the information and news through online media; social network, blogs, posts and others. Customer behavior usually involves searching for information about products and services prior to decision to buy goods and services. However, such information is considered external factor that is rather difficult to control, but depending on the customer satisfaction with goods and services primarily. So, the control and sustaining the standard of service as whole is a must as it is substantially important to the e-commerce business in which the fastness and accuracy is a key, for examples, website availability, logistics, quality inspection of goods, payment method, return of goods measures, after-sale service, contact channel that is fast and convenient, as well as marketing communications that will require extra caution.

4. Risk of competition for audiences in digital media

At present, digital content is presented in a variety of formats and quantities, creating fierce competition among media producers. In order for target groups to access the media of NJ Digital, the content and format of presentation have been developed in a continuous and timely manner. Activities are also organized to foster brand loyalty among target groups.

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.

5. Risk affecting the investors

5.1 Impact on equity (Dilution Effect) from the exercise of "NINE-W1" warrants

In June 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, 2017, 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, (December 31, 2017)		
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	%

5.2 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 2017, 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 (December 31, 2017)

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	%

6. Risks of the Business Group

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

After the public offering of shares, currently the Nation Group holds 71.04 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 3 out of 4 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 29, 2017 at closing book dated:

No	Name	Shares	% Total Share
1.	Nation Multimedia Group Plc	120,808,387	71.044
2.	Mr. Sombat Panichewa	5,263,200	3.095
3.	Mr. chainarong sangthongarama	3,377,200	1.986
4.	Thai NVDR Co., Ltd.I	2,444,847	1.438
5.	Mr. Sakunthon Jungrungreangkit	1,264,000	0.743
6.	Mrs. Wantana Lertsakulsuk	999,999	0.588
7.	Mr. Kris Visanarakul	895,000	0.526
8.	Mr. Vichaiya Maynon	820,000	0.482
9.	Mr. Krisda Kuptarnond	771,700	0.454
10.	Mr. Lan Kerdpol	700,000	0.412
	Other	32,704,053	19.232
	Total	170,048,386	100.00

Source : Thailand Securities Depository Co., Ltd.

Remark: The shareholders from the same entity and voted an unanimously, which was Nation Multimedia Group Public Co., Ltd., to have its major shareholder

- Types of Shareholders - Share allotment by nationality

Shareholder by Nationality	Number of Shareholders	Number of Shares	% Total Share
Thai Shareholders	1,230	169,615,508	99.75
Foreign Shareholders	8	432,878	0.25
Total of Shareholders	1,238	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 May 3, 2016 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

2010 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, as follow:

- The evaluation of the organization of the Annual General Meeting of Shareholders of 2017, held by Thai Investors Association, Thai Listed Companies Association and the Office of the Securities and Exchange Commission. The company scored 94 out of 100 total points.
- The results of the assessment by Thailand's Private Sector Collective Action Coalition Against Corruption. The Company received certification as a member of Thailand's Private Sector Collective Action Coalition against Corruption program (CAC), which confirms the Company's readiness and commitment to corruption-free business operations and transparency. The certificate is valid for 3 years from November 10, 2017 to November 10, 2020.

In 2017, 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, etc..

Shareholders' Meeting

General Meeting 2017

The Board of Directors has focused on the meeting of the shareholders of the company so that the shareholders are informed of the company's operating results and jointly participate in the important decisions of the company as well as inquiring the Board of Directors and Top Management the information and details regarding administration and the corporate activities. In 2017, the meeting of shareholders did not only comply with the rules and applicable laws perfectly and correctly, but also truly committed that the operation and activities are in accordance with the Good Governance and in agreement with the guidelines contained in the AGM Checklist Manual, held by the Thai Investors Association, the Thai Listed Companies Association, and the Securities and Exchange Commission.

The company's policy includes promoting and facilitating the shareholders by which the disclosure of date, time and venue of the meeting is notified in advance, including clear maps indicated in the invitation letter. In addition, the barcode technology has been adopted for registration, counting votes, and stating the meeting's resolutions.

In 2017, the Company held the 2017 Annual General Meeting on April 25, 2017 at the Conference Room, 7th Floor, the Nations University Building, Bangkok with registration started at 12.00 hrs. 4 Directors and 34 shareholders and proxies carrying 122,230,591 out of 170,048,386 distributed shares or 71.88 percent attended the AGM. The meeting proceeded according to the recognized guidelines and legal requirements.

Prior to the General Meeting of Shareholders

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 January 5, 2017 to February 6, 2017. 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 8, 2017.

Before the 2015 AGM, the Company solicited shareholders to send in their questions in advance through the Company's website and Fax at 02-338-3904 from March 30, 2017 to April 12, 2017 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 Phoomchai Audit Co., Ltd. and legal advisor from Pow and Associates Law Office Co., Ltd. to attend the AGM, hear shareholders' opinions, answer questions from shareholders and check the vote counting. 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 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 has announced the results of votes at the General Meeting of Shareholders 2017 to shareholders and the general public through the Set Community Portal system, the Stock Exchange of Thailand immediately or not later than 09.00 a.m. after the meeting, in accordance with the SET Information Disclosure Requirements.

2. Equitable Treatment of Shareholders

The Board of Directors have reviewed the corporate governance structure on regular basis to ensure the shareholders of the company of the equal and fair treatment and to avoid any actions that may cause the difficulties, complexity or unnecessary high cost to the shareholders. In the past meeting of shareholders 2017, the company has been aware of the equal treatment of the and abide by the following guidelines to ensure that all shareholders are informed of the significant data and its right in the decision-making process, and are informed of the results of the decisions made by the company on the major events as required under the laws and regulations of the company.

- At the shareholders' meeting, the company has a policy not to proceed in a way that threatens the rights of all shareholders, and not add the additional agenda or change in the significant data without an advance prior notice to the shareholders, and not distribute the documents containing the additional important information at the shareholders' meeting abruptly, so that the shareholders shall have adequate time to examine the informative agenda prior to casting vote.

- All shareholders of the company have a voting right as to the number of shares held. Each share has one equal vote and no shares are of any special privileges.
- The shareholders who are unable to attend the meeting in person, the company offers a choice that the shareholder authorizes the independent director as proxy, who has no conflict of the interest, to attend the meeting and to vote instead. The Proxy Form can be downloaded through the website of the company.
- No related transactions are allowed between the subsidiaries and related companies or related person who is a shareholder of the company as it may cause a significant conflict of interest.

3. Roles of stakeholders

In addition to caring and protecting the rights of shareholders, the Board's policy is to care for the rights of all stakeholders; not only the matters that may cause a direct impact on the business, but also the matters the committees are of the reasonable opinion that it concerns of the social and public roles that all stakeholders should be treated by the company, based on the supposed rights and under the applicable laws. The Board considers promoting cooperation between the company and stakeholders in building the prosperities and financial stability and the sustainability of the business.

The major stakeholders of the company include employees, customers, shareholders, investors, suppliers, creditors, competitors, public and government, and communities where the operation has been established, and so on. The Board has a policy to treat each group of the stakeholders based on the supposed right rights of all stakeholders and under the applicable laws or under the agreement made with the company. The company encourages the stakeholders to enhance the performance of the company to achieve the sustainable business. Additionally, a full and complete disclosure of relevant information is made adequately and timely to the shareholders, and it has been established by the Board of Directors as the Code of Business Conduct with regular review. Most recently on May 3, 2016, the code of conduct has been updated with the established policy to combat the corruption, including the amended practices on complaints that are clearer. (For the Code of Business Conduct, go to www.nine.co.th)

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 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 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 Chief Executive Officer and the Boards is 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. Corruption risk assessment is provided by the Board; the Board of Directors and Executives of the business units are required to identify the potential risks of the corruption, impact and opportunities, and measures to minimize the assessed risks as well as provides the monitoring and traceability process, and report the results to the Audit Committee and Board of Directors.
3. 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.
4. 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.
5. 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.
6. 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.
7. The company is truly committed to create and develop the personnel and staffs 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 previous year, the company had no offenses caused by frauds.

1.3 Non-infringement of copyright or intellectual property

The company has set the policy on the information systems security as practices of the company. It covers non-infringement of intellectual property or copyright. However, all employees are required to sign a consent letter in agreement with the terms of such a policy. In addition, the operation of the information systems and computer networks shall be monitored by the company to prevent the use of pirated software or the application that is irrelevant to works. The policies on non-infringement of copyright or intellectual property are as follows.

1. Installation of any programs; pirated software, freeware and shareware onto the computers of the company is prohibited. In the event that it's necessary to use the programs other than those installed in the company's computers, a permission to use the program is needed, and the system administrator or responsible employees shall perform installing or supervising.
2. Do not copy or imitate or use computer programs in the way that violates against the copyright laws, patent agreement, or code of practices, including taking the portfolio or the proprietary information of the outsiders to use or will be used within the company, and all these shall be checked if it violates the intellectual property rights of others.

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 practices 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 enquires, clarify and provide information to shareholders and general investors.

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 continuously organizes activities to promote strong relations with customers in all groups. Activities are held throughout the year for readers of the Company’s publications in each age group through various media, both online and offline. Examples include painting contests for Princess Sophia and Spiderman, enjoyable question-and-answer activities, and sending in photos on specific themes via Nation Group Fanpages to win prizes such as movie tickets, premiums, new Nation publications, etc., painting competitions for children held at various events, and on-stage character-building activities for children

with gift souvenirs. At the launches of the books “Tud Bai Daeng” and “How to Start-up” readers were able to meet the authors for question-and-answer sessions. Special screenings were also held of the movies “Kuroko, No Basket Last Game” and “Jojo’s Bizarre Adventure”, while news was shared with customers via the Newsletter, Blog and Facebook.

2.4 Ethics on responsibilities to employees

The Company recognizes the value and importance of human resources as a key factor in the success of the organization. The Company strives to develop its employees by creating an environment that promotes both physical and mental health, with a healthy working atmosphere and strong teamwork. The Company encourages the establishment of committees to represent employees to participate in management, welfare issues and more, as required by law. It also provides opportunities and facilitates employees to establish a Thai mass media union in accordance with the Labor Relations Act 1975 to protect the interests of employees, promote good relations between employers and employees, as well as among employees. Employee-related activities include monthly merit-making ceremonies with management and staff, meetings between executives and employees (on important occasions), New Year parties, and various clubs with activities such as volunteer camps, music performances, sports clubs, etc.

The Company attaches great importance to employee development and welfare, with an appropriate system of remuneration and welfare. In the short term, the Company considers rates of remuneration based on performance each year, competitiveness in the labour market, workforce planning, costs of living, etc. The initial remuneration of the employee, includes benefits such as allowances for sickness or accidents, death, loss of parents, spouse or children, marital gifts, help with children and their education. It also covers various types of employee leave, a provident fund, emergency loans, uniforms, medical fees, annual health check, accident and life insurance, expense allowances, travel expenses, as well as following accepted labour standards and human rights, in order to meet the necessary requirements and international standards, the right to form a labour committee or employee union, and the opportunity for employees to comment or raise complaints on various matters. In the long-term, the Company entitles employees to purchase the Company’s ordinary shares at a fixed price (ESOP-Employee Stock Options) by issuing and offering warrants for the purchase of ordinary shares of Nation International Edutainment Public Company Limited. The Company first issued warrants for the Company’s shares designated “ESOP-WA” on August 15, 2013 totaling 4,250,000 shares with an exercise date of May 15 and November 15 of each year for a total of five years. The first exercise date was on November 15, 2013 while the last exercise date will be on August 14, 2018 with an exercise ratio of 1 warrant: 1 new ordinary share. The exercise price is Baht 4 per share.

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 2017, 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.

Regarding to personnel quality development, the Company focuses on developing the potential of employees at all levels. To achieve this, the Company provides the employees and staffs with both in-house trainings and external training course by the training institution or outside agencies; this is to equip the personnel and staffs with capacity that the knowledge acquired would be applied to improve the performance more efficiently. 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

In 2017, the Company organized training for 29 employees, representing 58% of the total of 50 employees (average number of employees over the 12-month period). Training hours amounted to 191 hours in total or an average of 3.82 hours / person / year. Some 21% of the training was undertaken at training institutions or external agencies and 79% in house.

Regarding to the respect for human rights, the Company designates the Business Ethics and the Code of Conduct on who one should treat each other with courtesy; respect for the individualism and human dignity, and the employees must not commit any action that may violate or threat others whether verbally or physically on non-discriminatory basis; race, sex, religion, age, physical and 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 NML 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.

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. Over the year 2015, the Company organized the CSR activities. (For detail, see Corporate Social Responsibility, page 73, Annual Report)

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 Chief Executive Officer 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 Chief Executive Officer, 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 2017 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

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.

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 : 1858/121-122, 125-128 Bangna-Trad Rd. Bangna Sub-District,
Bangna District, Bangkok 10260

Tel. : 02-338-3333

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 appointed Ms. Punapa Thongthaveephan as Company Secretary on August 8, 2012, who 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 Chief Executive Officer 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.

The Board of Directors approves the important matters concerning the Company's operation; including business plan, operating budgets, financial goals, and business strategies as proposed by the Chief Executive Officer, and monitoring the implementation of policies, strategies and action plans defined, as well as review of the vision and mission of the Company annually.

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 2017, the composition of the Company's Board of Directors featured seven directors - three independent directors, three directors who served as an executive in NINE and its subsidiaries, and one non-executive director. 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 2017. No directors 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.

Compliance Unit

At the company, the departments are responsible for surveillance and compliance with rules, regulations, articles of association, and the regulations of the relevant departments. For examples, the Secretary is responsible for sustaining and monitoring the compliance of the SET and the SEC requirements and the

relevant laws. Legal Division is responsible for custody and follow-up of the operation that is in harmony with the laws relating to the business. Internal Audit is responsible for review and traceability appropriately and adequately to the internal control system to develop and improve the internal control system of the organization to be more efficient.

Sub-Committees

The Board of Directors appoints sub-committees to be responsible for scrutiny tasks and the scope of the responsibilities is set forth in the regulations individually. At present, the company includes sub-committees of the Audit Committees and Executive Committees. For detailed role and responsibilities, see Section 9.2 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 and its subsidiaries in 2017 were presented to the Audit Committee and the Board for their acknowledgement in February 2018. 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 Chief Executive Officer/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 2017, 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.

The evaluation process begins by November 2017. The Secretary submits the SET's Evaluation Form to the Board of Directors for review and reassurance of the accuracy, completeness and compliance with company's criteria. Next, the evaluation form will be forwarded to the Board of Directors and Audit Committee for evaluation. The evaluation form must be returned within January 15, 2018 in order to finalize scores and announce the results to the Board of Directors and the Audit Committee at the meeting on February 1/2018.

Evaluation could be summarized as follows:

- Individual assessment by topics - they include organizational structure and qualifications of the Board or Directors, the Board of Directors' Meeting, and the Board of Directors' role and responsibilities. The results showed that the majority agreed strongly and agreed very strongly, representing 98.70%.
- The Board's assessment by topics - they include organizational structure and qualifications of the Board or Directors, the Board of Directors' Meeting, and the Board of Directors' role and responsibilities, director's function, relationship with Management, self-development of the Board and executives. The results showed that the majority agreed strongly and agreed very strongly, representing 91.67%.
- Audit Committees' assessment by topics - they include organizational structure and qualifications of the Audit Committees, the meeting, and the Audit Committees' role and responsibilities. The results showed that the majority agreed very strongly, representing 96.83%.

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 criteria for the performance of the Chief Executive Office, the Board of Directors will be responsible for evaluating, based on the principles and policies set out by the Board and the performance and operating results of the Company, along with the determination of the proper remuneration.

In 2017, For the purpose of reducing the Company's expenses, the directors who act as the executive directors of the Company have expressed their intention not to receive the director's remuneration for the year 2017. Therefore, the Board of Directors proposed to pay remuneration to the Independent Directors, Audit Committee and Non-Executive Directors only (Any employees who hold any positions in the Board of Directors will not receive the director's remuneration).

Remuneration to directors in 2017 and 2016 were as follows:

Name/Position	Remunerations 2017				Remunerations 2016			
	Remuneratio	Meeting Allowance	Others	Total	Remuneration	Meeting Allowance	Others	Total
Chairman:								
- Ms. Duangkamol Chotana	-	-	-	-	200,000.-	-	-	200,000.-
- Mr. Thepchai Sae -Yong	-	-	-	-	100,000.-	-	-	100,000.-
- Mr. Pana Janviroj	-	-	-	-	100,000.-	-	-	100,000.-
Non-Executive Directors:								
- Mr. Suthichai Sae-Yoon	-	-	-	-	100,000.-	-	-	100,000.-
- Mr. Sermsin Samalapa	-	-	-	-	100,000.-	-	-	100,000.-
- Ms. Nutwara Saengwarin	-	-	-	-	50,000.-	-	-	50,000.-
Chairman of Audit Committee:								
- Mr. Somsak Cheer Chiranakhon	-	-	-	-	400,000.-	-	-	400,000.-
- Ms. Kaemakom Vachiravarakam	400,000.-	-	-	400,000.-	-	-	-	-
Audit Committee:								
- Mr. Sutee Jintananarumit	-	-	-	-	300,000.-	-	-	300,000.-
- Dr. Santhaya Kittikowit	-	-	-	-	300,000.-	-	-	300,000.-
- Mr. Tulsathit Taptim	300,000.-	-	-	300,000.-	-	-	-	-
- Mr. Uthai Bencharit	150,000.-	-	-	150,000.-	-	-	-	-
Executive Director:								
- Mr. Supoth Piansiri	-	-	-	-	50,000.-	-	-	50,000.-
- Ms. Natenapa Pusittanont	-	-	-	-	50,000.-	-	-	50,000.-
Total	850,000.-	-	-	850,000.-	1,750,000.-	-	-	1,750,000.-

Notes: The committees' remuneration shall be in the line with annual remuneration for the year 2017 as approved by the 2017 Annual General Meeting's resolution on April 25, 2017; the committees' remuneration shall be paid on quarterly basis. For the purpose of reducing the Company's expenses, the directors who act as the executive directors of the Company have expressed their intention not to receive the director's remuneration for the year 2017. Therefore, the Board of Directors proposed to pay remuneration to the Independent Directors, Audit Committee and Non-Executive Directors only (Any employees who hold any positions in the Board of Directors will not receive the director's remuneration).

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 Chief Executive Officer 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 2017, the following directors were encouraged to join the trainings;

No	Name	Position	Training Course(s) 2017
1	Ms. Kaemakorn Vachiravarakarn	Independent Director and Chairman of the Audit Committee	KPMG <ul style="list-style-type: none"> Risk Trends and Proactive Audit Committee Assessing Federation of Accounting Professions <ul style="list-style-type: none"> Medical Examination through Financial Statement 1/2017 Overview of Thai Auditing Standards 3/2017
2	Mr. Uthai Bencharit	Independent Director and Member of the Audit Committee	KPMG <ul style="list-style-type: none"> Enhancing Audit Committee Excellences through Internal Audit
3	Ms. Natenapa Pusittanont	Director	KPMG <ul style="list-style-type: none"> Update TFRS (revised 2016) Overview of Thai Standards on Auditing (TSAs) # 2/2017 Ten Regulation of the AEC Accountant (update 2016) # 3/2017 Consolidated Financial Statements
4	Mr. Supoth Piansiri	Director	<ul style="list-style-type: none"> Update TFRS (revised 2016) Ten Regulation of the AEC Accountant (update 2016) # 3/2017 Consolidated Financial Statements

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. Chief Executive Officer

In case the position of the Chief Executive Officer 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	Ms. Kaemakorn Vachiravarakarn	The Chairman of Audit Committee	Independent Director and acknowledge accounting and financing
2	Mr. Tulsathit Taptim	The Member of Audit Committee	Independent Director
3	Mr. Uthai Bencharit	The Member of Audit Committee	Independent Director

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. Review the accuracy of references and self-assessments concerning the business's anti-corruption measures under Thailand's Private Sector Collective Action Coalition Against Corruption program.

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:

- 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.

9. Perform other duties assigned by the Board of Directors under the approval of the Audit Committee.

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 three following members.

No	Name	Position
1	Mr. Pana Janviroj	Chairman of Executive Committee
2	Ms. Natenapa Pusittanont	Executive Director
3	Mr. Supoth Piansiri	Executive Director

Notes: The Board of Directors' Meeting No. 1/2018 held on January 17, 2018 appointed Mr. Pana Janviroj as Chairman of Executive Committee to replace Mr. Theppachai Sae-Yong resigned.

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 Chief Executive Officer/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 TBH 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 Chief Executive Officer, 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

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 2017, 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 and 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.

In 2017, 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 2017 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 26, 2018.

And the Company's Board of Director has reported the shareholding by comparing an increase (decrease) between December 31, 2016 and December 31, 2017 as follow :-

No	Name	Number of Shares				
		Dec. 31, 2017	Dec. 31, 2016	No. of shares increase (decrease) during the period (shares)	Company's holding (%) As of Dec. 31, 2017	Notes
1	Mr. Pana Janviroj	-	-	-	-	-
2	Mr. Supoth Piansiri	5,000	5,000	-	-	-
3	Ms. Nutwara Saengwarin	-	-	-	-	-
4	Ms. Natenapa Pusittanont	1,000	1,000	-	-	-
5	Ms. Kaemakorn Vachiravarakarn	-	-	-	-	-
6	Mr. Tulsathit Taptim	-	-	-	-	-
7	Mr. Uthai Bencharit	-	-	-	-	-
8	Ms. Pimpimol Kongkreingrai	-	-	-	-	-
9	Mr. Sangchai Leelanawalikhit	1,000	1,000	-	-	-
10	Ms. Thitagan Thana-Olarn	-	-	-	-	-
11	Ms. Boonpa Saebay	100	100	-	-	-

Notes : 1. Paid shares as of December 30, 2017 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 1,410,000.

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 2017, the company held the Board of Directors' Meeting, the Audit Committee's Meeting, and the Shareholders' Meeting as detailed below.

No	Director	Audit Fee (Baht)			
		Board of Director	Audit committee	AGM	EGM
1	Mr. Thepchai Sae Yong	6/6	-	-	-
2	Mr. Supoth Piansiri	6/6	-	-	-
3	Ms. Natenapa Pusittanont	6/6	-	-	-
4	Ms. Nutwara Saengwarin	6/6	-	-	-
5	Ms. Kaemakorn Vachiravarakarn (Appointed as a director since April 25, 2017)	4/4	4/4	-	-
6	Mr. Tulsathit Taptim (Appointed as a director since April 25, 2017)	4/4	4/4	-	-
7	Mr. Uthai Bencharit (Appointed as a director since August 2, 2017)	2/2	2/2	-	-

Notes : The Board of Directors' Meeting 2017 included a total of six meetings, four meetings of the Audit Committees. The Board of Directors' Meeting No 3/2017 on April 25, 2017 had a resolution to appoint four directors (No. 5-6). The Board of Directors' Meeting No 5/2017 on August 2, 2017 had a resolution to appoint one director (No. 7) thus, the attendance begins from the date of appointment

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 2017, 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 Chief Executive Officer/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 Committees.

Social Contribution Activities in 2017

Nation International Edutainment Public Co., Ltd. (NINE), a producer and distributor of education and edutainment publications from local and international authors and publishers, realizes the significance of social contributions. In 2017, the NINE organized and participated in the following social activities with primary aims of promoting youth learning



Smile Library

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Smile Library Project 4

The “Smile Library Project 4”, a donation of books to schools, in the cooperation with the alliances; both individuals and more than 30 private companies, delivered knowledge and educational materials to youth in rural areas, aiming to expose the world to those disadvantaged youth to be more cultivated and creative. In 2017, the Company and its alliances jointly delivered books to 100 schools across the country; the books numbered more than hundred thousand copies. The participating companies include, for examples, Siemens Co., Ltd., Thailand Management Association (TMA), Bangkok Distributor Co., Ltd., Chulalongkorn Engineering Alumni etc.

Books were presented to shelters and foundations, as follows:

1. Children’s Shelter at Wat Botworadit, Ang Thong province, on January 28, 2017
2. Ban Sangsak Dek, Pathum Thani province, on April 30, 2017
3. Youth Aid Center Maharat Foundation, Pathum Thani province, on June 24, 2017
4. Elderly Care Home, Nakhon Pathom province, on August 27, 2017
5. Lorenzo Orphanage, Chonburi province, on October 28, 2017
6. Wat Bang Phloeng Children’s Home, Ayutthaya province, on December 2, 2017





NJ Spelling Bee 2017

English spelling contest for Thailand championship. (The 20 NJ Spelling Bee 2017) English proficiency does not only enhance a vision and a potential development for Thai children' progress, it is also important to today's society and economy. Since 1998, the Nation Junior, a subsidiary of the Nation International Edutainment Public Co., Ltd. (NINE), regularly held the English spelling content for Thailand championship, or known as the "NJ Spelling Bee" with honor award bestowed by the H.R.H. Princess Maha Chakri Sirindhorn, together with a scholarship grant to study English in the United States of America for the regional championship as well as the a scholarship to study abroad for the advising teacher.

Over the past 20 years, the NJ Spelling Bee was held continuously that it has been well-recognized as the biggest English spelling contest activity in Thailand and across the Asian countries. Unit present there includes more than 20,000 participants joining the contest project. Each year the youth and teenagers are provided with the opportunity to show off their competencies in English skills on the stage, leading to broaden their global vision concerning to studying English abroad, as well as to strengthen the relationship between teachers and pupils in exchange of ideas, knowledge and experience





The 11th Junior Dublin Literary Awards for Thailand 2017

Creative English essay contest for Thailand championship (Junior Dublin Literary Awards for Thailand). The Nation Junior, in the cooperation with the Embassy of the Republic of Ireland in Thailand, held the creative English essay contest for Thailand championship 2017 for eleven years now under the topic "A Journey" to win a prize for studying and visiting the Republic of Ireland. With this activity, it is away to develop the English language potential of Thai youth, and to provide them with the opportunities to express their English skills and to prepare a readiness entering the ASEAN Economic Community (AEC). The company cooperated with its partners such as City life Chiang Mai Magazine as co-organizer at northern regional level and the Phuket Gazette Newspapers at southern regional level, thereby resulting that there are more than 1,000 works from nationwide high school students joining the contest.



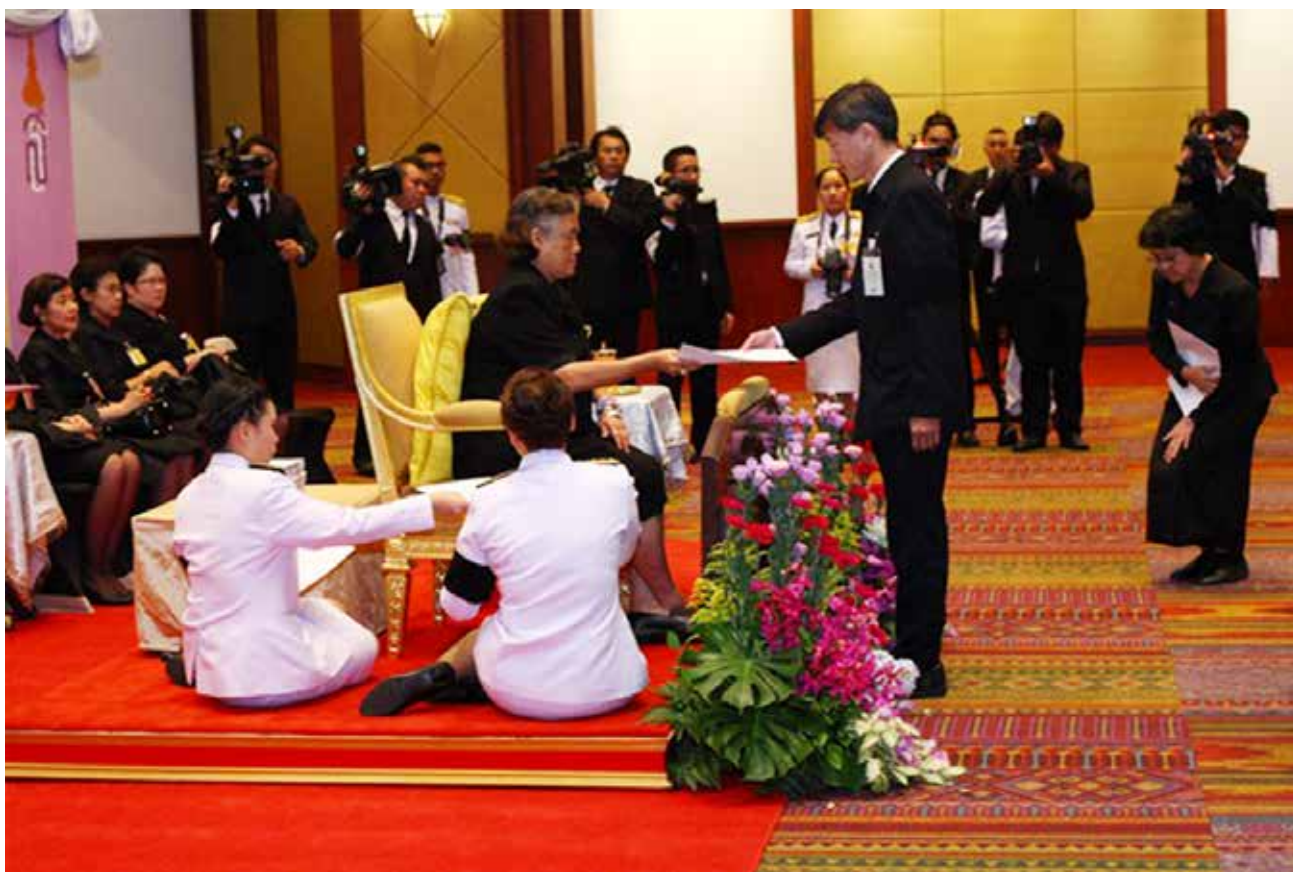


Workshop for teachers “Introduction to Creative Writing”

The Nation Junior, in the cooperation with the Embassy of the Republic of Ireland, held the 12th creative English essay contest for Thailand’s youth championship (“the 12th Junior Dublin Literary Awards for Thailand”) on the topic “A Journey”. The deadline of submission is January 31, 2017.

With this activity that promotes youth’s imagination and practicing English language, it also gives the opportunity for teachers to participate in giving advices regarding how to write and improve the English essay writing skills to the youth. The teachers of the Foreign Language subject attended a 1-day workshop seminar entitled “Introduction to Creative Writing”, lectured by the Professor Ingtip Rattananangsi, lecturer of Language Institute Chulalongkorn University with free of seminar fees.





Awards received by Nation International Edutainment Pcl. in 2017

Award from the Publishers and Booksellers Association of Thailand (PUBAT)

On March 29, 2017, Her Royal Highness Princess Maha Chakri Sirindhorn graciously presented a certificate to Mr. Sangchai Lelanawalikhit on behalf of NINE at the 45th National Book Fair and 15th International Book Week, events sponsored by the Publishers and Booksellers Association of Thailand (PUBAT).



On October 18, 2017 the Company received a plaque of honor from the Publishers and Bookseller Association of Thailand (PUBAT) as a sponsor of the 22th International Book Fair, which promotes reading-habit among Thai people extensively and creates a sustainable knowledge society as a crucial basis for national development.

Other awards in 2017







Award from Thailand's Private Sector Collective Action Coalition Against Corruption

On November 21, 2017, the company was awarded a membership certificate from Thailand's Private Sector Collective Action Coalition Against Corruption (CAC), confirming the company's commitment to anti-corruption measures and transparent business operations. The company maintains policies and practices to ensure corruption-free business in accordance with criteria set by the CAC Board. The certificate is valid for three years from November 10, 2017 to November 10, 2020.

Audit Committee's Report For the Year 2017

Attn. Shareholders of
Nation International Edutainment Public Company Limited

The Audit Committee

The Audit Committee of Nation International Edutainment Public Company Limited consists of three independent directors, with Ms. Kaemakorn Vachiravarakarn as the Committee Chairman (she has been a Committee Member since April 25, 2017 and was appointed as the Committee Chairman on May 2, 2017). Mr. Tulsathit Taptim (appointed on April 25, 2017) and Mr. Uthai Bencharit (appointed on August 2, 2017) are Committee Members.

During 2017, 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 2017, 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 2017, 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 2017, the auditor could not find any material discrepancy for the internal control of the company.

In addition, review the company's compliance with private sector's anti-corruption and certification programmes, including the Collective Action Coalition Against Corruption's Self-Evaluation Tool. The company maintains policies and practices to ensure corruption-free business in accordance with criteria set by the CAC Board. The company was awarded a membership certificate on November 10, 2017

- **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 2018, 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 2017, Ms. Patamavan Vadhanakul, Certified Public Accountant 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 2018, 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 2018: Miss Marisa Tharathornbunpakul, Certified Public Accountant Registration No. 5762 or Mrs. Sasithorn Pongadisak, Certified Public Accountant Registration No. 8802 or Mr. Thanit Osathalert, Certified Public Accountant Registration No. 5155.
- **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, 2017, 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 Thai Financial Reporting Standards (TFRSs).



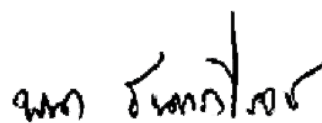
(Ms. Kaemakorn Vachiravarakarn)
Chairman of the Audit Committee

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

The Board of Directors has been aware of its duties and responsibilities as director of the listed company in regulating and ensuring of the transparency, accuracy and completeness of the established financial reporting in material appropriately to maintain the company's assets, prevent frauds and abnormal transactions and related transactions which may cause a conflict of interest, commercial transactions as normal course of business and in compliance with the generally accepted accounting standards, implement the appropriate accounting policies and practice regularly with a deliberate precaution in conducting the separate and consolidated financial statements of the company and its subsidiaries, as well as financial information as appeared in the annual report of the company.

Thus, to assure the stakeholders of the financial reporting of the company, the Board of Directors has appointed the Audit Committees; consisting of independent director whose qualification meets the requirements of the Stock Exchange of Thailand (SET) and the Notification of the Capital Market Commission, to be responsible for reviewing the financial reporting and business operation for adequate accuracy and disclosure and ensuring of the transparency, accuracy and completeness of the related transaction or transactions with the conflict of interest, the adequateness of risk management, internal control, and sufficient and effective regulation of the company, the adequateness of tracking requirements of the Stock Exchange of Thailand (SET) and the Notification of the Capital Market Commission. Audit Committee reported the Board of Directors its opinion on this matter in the report of the Audit Committee as appeared in the annual registration statement (56-1) and annual report of the company.

The Board of Directors have been of the opinion that internal control of the company as a whole was satisfactory to some degrees with a reasonable confidence to the reliability of the separate and consolidated financial statements of the company and its subsidiaries as of ended December 31, 2017, which the company's auditors have been of the opinion that the financial statements representing the financial position, operating results, and cash flow present fairly, in all material respects in accordance with Thai Financial Reporting Standards (TFRSs), coupled with the use of appropriate accounting policies and practices regularly and transparent and adequate disclosure in accordance with the applicable laws and relevant regulations.



(Mr. Pana Janviroj)
Chief Executive Officer

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 2017 represented a profit of Baht 7.17 million. Compared to the same period of 2016, the loss was Baht 212.70 million, an increase of 103%. 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 2017 decreased 15% compared to the same period of 2016. The main reasons were:

- Revenues from circulation decreased 17% with circulation revenues of comic books decreased 21%, revenue from children books decreased 7% and revenue of pocket books decreased 13%
- Revenues from rendering of services decreased 12% with publishing, distributing and other service from foreign publications decreased 8%. Moreover, revenues from advertising and production of program in Digital TV decreased 56%.

2. Costs and expenses for the year 2017 decreased 62% compared to the same period of 2016. The main reasons were:

- Cost of goods sold decreased 31% in line with circulation revenue.
- Cost of rendering of services decreased 21% in line with service revenue.
- Selling and administrative expenses decreased 8% due to the decreased in sale promotion and marketing expenses.
- Loss on business restructuring decreased of Baht 204.45 million due to in 2016 the Group has restructured of the publishing and distribution of publications due to the shift of consumer trends. The Group has set up a provision for inventory obsolescence and written-off the licences for publication in accordance with the current situation amounted to Baht 193.48 million and Baht 10.97 million.

Moreover, the Group could control costs and expenses more effectively.

Conclusion :

The Group reported a profit for the year 2017 was Baht 7.17 million. Compared to the same period of 2016, showed a loss of Baht 212.70 million.

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

Financial statements for the year ended
31 December 2017
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
Empire Tower, 50th-51st Floors
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000, Fax +66 2677 2222

บริษัท เคพีเอ็มจี ภูมิไทย สอบบัญชี จำกัด
ชั้น 50-51 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000 แฟกซ์ +66 2677 2222

Independent Auditor's Report

To the Shareholders of Nation International Edutainment Public Company Limited

Opinion

I have audited the 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 2017, 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.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. //

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of inventories	
Refer to Notes 2 (e) and 9 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
Rapid changes in media channels and consumption patterns may impact upon the valuation of the Group's inventories. The valuation of inventories requires significant judgment by management based on age of inventory, classification based on the distribution channel and future business plans. There is a risk that the net realisable value of inventory may be less than its cost. I consider this to a key matter in my audit because of the risk and levels of judgment involved.	<p>My audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • gaining an understanding of process of inventory classification based on its distribution channel and future business plan including the process of determination of selling price in each distribution channel and related selling expenses for the measurement of net realisable value; • gaining an understanding of internal control process relating to the inventory management and observing physical count of inventories including inspecting the inventories condition; • testing the accuracy of the age of inventory and tracing with the supporting documents; • challenging the adequacy of measurement of net realisable value by comparing the expected selling prices with subsequent documents after the year ended or price list, including considering the estimation of selling expenses with supporting documents and historical information; and • evaluating the adequacy of the financial statements disclosures. //

Impairment testing of investment in subsidiary and trade and other current accounts receivable with related parties	
Refer to Notes 2 (e) 7 8 and 11 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
As a result of the rapid changes in media channels and consumption patterns referred to above, the operations of certain subsidiary have resulted in significant deficit being incurred and total current liabilities exceeding total current assets, indicators of potential impairment. The recoverable amounts of investment and trade and other current accounts receivable with related parties are derived from discounted forecast future cash flow models. These models involve significant judgment in determining key assumptions, including estimates of future sales volumes and prices, operating costs, terminal value growth rates and the weighted-average cost of capital (discount rate). Therefore, as a result of the significant judgment involved and inherent uncertainty, I consider the impairment testing of investment in subsidiary and trade and other current accounts receivable with related parties to be a key audit matter.	<p>I evaluated the impairment consideration of management, audit procedures included, among others:</p> <ul style="list-style-type: none"> • gaining an understanding of the preparation of discounted forecast cash flow along with management approval; • assessing the discounted forecast cash flow approved by management by evaluating the key assumptions and actual operation results and operation plans; as well as assessing the appropriateness of discount rate used by comparing to the weighted average cost of capital of an industry in which the Group operates and testing the computation of discounted forecast cash flow. • evaluating the sensitivity of key assumptions used in the estimation of future cash flows in order to evaluate the effects to the recoverable amount; and • evaluating the adequacy of the financial statements disclosures in accordance with Thai Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.



Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, 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.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation. #



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Patamavan Vadhanakul)
Certified Public Accountant
Registration No. 9832

KPMG Phoomchai Audit Ltd.
Bangkok
26 February 2018

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	2017	2016	2017	2016
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	5	92,218,333	20,829,378	86,056,523	13,826,143
Current investments	6	103,024,834	243,520,960	102,961,205	243,261,222
Trade accounts receivable	7	62,423,050	50,341,527	55,347,802	47,271,868
Accrued income	4	3,555,300	6,055,399	2,607,924	4,685,964
Other current receivables	8	14,728,807	6,556,429	51,169,242	53,699,889
Short-term loans to related party	4	-	-	-	36,000,000
Inventories	9	18,649,108	24,334,703	5,699,270	8,833,313
Other current assets		670,956	1,617,409	624,683	1,169,874
Total current assets		295,270,388	353,255,805	304,466,649	408,748,273
Non-current assets					
Restricted deposit	10	400,100	400,100	-	-
Investments in subsidiaries	11	-	-	-	61,409,712
Leasehold improvements and equipment	12	1,121,067	1,205,755	651,044	1,059,581
Intangible assets	13	12,617,083	4,202,213	11,344,174	2,065,356
Deferred tax assets	14	11,326,116	15,430,297	8,863,522	8,026,041
Other non-current assets		502,285	1,998,866	501,385	1,616,865
Total non-current assets		25,966,651	23,237,231	21,360,125	74,177,555
Total assets		321,237,039	376,493,036	325,826,774	482,925,828

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	
		2017	2016	2017	2016
(in Baht)					
Current liabilities					
Trade accounts payable	15	13,167,296	75,571,972	12,037,218	11,454,202
Other current payables	16	3,937,522	6,121,407	3,461,089	4,923,895
Accrued expenses	4	10,532,871	10,461,818	5,582,995	6,119,429
Current tax payable		-	5,232	-	-
Output value added tax pending		4,647,587	3,897,946	4,632,102	3,880,993
Other current liabilities		937,323	1,040,705	665,298	482,885
Total current liabilities		33,222,599	97,099,080	26,378,702	26,861,404
Non-current liabilities					
Non-current provisions for employee benefit	17	12,721,180	11,352,784	9,607,370	8,435,446
Other non-current liabilities		848,662	902,678	111,309	105,325
Total non-current liabilities		13,569,842	12,255,462	9,718,679	8,540,771
Total liabilities		46,792,441	109,354,542	36,097,381	35,402,175
Equity					
Share capital	18				
Authorised share capital		259,250,000	259,250,000	259,250,000	259,250,000
Issued and paid share capital		170,048,386	170,048,386	170,048,386	170,048,386
Share premium on ordinary shares	18	272,705,895	272,705,895	272,705,895	272,705,895
Warrants	19	4,214,805	4,087,395	4,214,805	4,087,395
Deficit					
Appropriated					
Legal reserve	20	10,650,000	10,650,000	10,650,000	10,650,000
Deficit		(183,135,207)	(189,699,571)	(167,889,693)	(9,968,023)
Equity attributable to owners					
of the parent		274,483,879	267,792,105	289,729,393	447,523,653
Non-controlling interests		(39,281)	(653,611)	-	-
Total equity		274,444,598	267,138,494	289,729,393	447,523,653
Total liabilities and equity		321,237,039	376,493,036	325,826,774	482,925,828

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of comprehensive income

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2017	2016	2017	2016
<i>(in Baht)</i>					
Revenues					
Revenue from sale of goods	4	84,043,110	100,924,419	25,001,945	30,385,694
Revenue from rendering of services	4	53,239,894	60,361,650	53,200,317	60,235,975
Interest income	4	6,027,254	8,900,102	7,006,958	9,765,284
Other income	4, 22	14,963,205	12,028,278	21,996,208	16,984,457
Total revenues		158,273,463	182,214,449	107,205,428	117,371,410
Expenses					
Cost of sale of goods and rendering of services	4	73,038,220	99,802,354	49,126,517	65,961,197
Distribution costs	4, 23	28,521,046	31,158,207	21,219,661	23,095,033
Administrative expenses	4, 24	44,645,206	47,972,062	31,620,386	30,537,880
Impairment loss on investment	11	-	-	163,409,712	-
Loss on business restructuring	2, 9	-	204,445,292	-	23,968,681
Finance costs		786,116	868,578	588,303	583,300
Total expenses		146,990,588	384,246,493	265,964,579	144,146,091
Profit (loss) before income tax expense		11,282,875	(202,032,044)	(158,759,151)	(26,774,681)
Tax (expense) income	27	(4,104,181)	(11,824,904)	837,481	813,590
Profit (loss) for the year		7,178,694	(213,856,948)	(157,921,670)	(25,961,091)
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gains on remeasuring available-for-sale investments	6	2,191,051	-	2,191,051	-
Net change in fair value of available-for-sale investments transferred to profit or loss	6	(2,191,051)	-	(2,191,051)	-
Total items that will be reclassified subsequently to profit or loss		-	-	-	-

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2017	2016	2017	2016
		(in Baht)			
Items that will not be reclassified subsequently to profit or loss					
Losses on remeasurements of defined benefit plan	17	-	(3,230,050)	-	(3,840,669)
Income tax relating to items that will not be reclassified subsequently to profit or loss	14, 27	-	646,010	-	768,134
Total items that will not be reclassified subsequently to profit or loss		-	(2,584,040)	-	(3,072,535)
Other comprehensive income (expense) for the year, net of income tax		-	(2,584,040)	-	(3,072,535)
Total comprehensive income (expense) for the year		7,178,694	(216,440,988)	(157,921,670)	(29,033,626)
Profit (loss) attributable to					
Owners of parent		7,165,752	(212,699,627)	(157,921,670)	(25,961,091)
Non-controlling interests		12,942	(1,157,321)	-	-
Profit (loss) for the year		7,178,694	(213,856,948)	(157,921,670)	(25,961,091)
Total comprehensive income (expense) attributable to					
Owners of parent		7,165,752	(215,286,255)	(157,921,670)	(29,033,626)
Non-controlling interests		12,942	(1,154,733)	-	-
Total comprehensive income (expense) for the year		7,178,694	(216,440,988)	(157,921,670)	(29,033,626)
Earning (loss) per share					
Basic and diluted earning (loss) per share	28	0.04	(1.25)	(0.93)	(0.15)

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 (Deficit)				Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Note	Issued and paid-up share capital	Share premium	Warrants	Legal reserve	Unappropriated (Deficit) <i>(in Baht)</i>		
Year ended 31 December 2016								
Balance at 1 January 2016		170,048,386	272,705,895	3,800,380	10,650,000	29,648,149	486,852,810	487,033,509
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners of the parent</i>								
Share-based payment transactions	19	-	-	287,015	-	-	287,015	287,015
Dividends to owners of the Company	29	-	-	-	-	(3,741,042)	(3,741,042)	(3,741,042)
<i>Total contributions by and distributions to owners of the parent</i>		-	-	287,015	-	(3,741,042)	(3,454,027)	(3,454,027)
<i>Change in ownership interest in subsidiary</i>								
Acquisition of non-controlling interest without a change in control		-	-	-	-	(320,423)	(320,423)	320,423
<i>Total change in ownership interest in subsidiary</i>		-	-	-	-	(320,423)	(320,423)	-
Total transactions with owners, recorded directly in equity								
<i>Comprehensive income (expense) for the year</i>								
Profit or loss		-	-	-	-	(212,699,627)	(212,699,627)	(213,856,948)
Other comprehensive income (expense)		-	-	-	-	(2,586,628)	(2,586,628)	(2,584,040)
<i>Total comprehensive income (expense) for the year</i>		-	-	-	-	(215,286,255)	(215,286,255)	(216,440,988)
Balance at 31 December 2016		170,048,386	272,705,895	4,087,395	10,650,000	(189,699,571)	267,792,105	267,138,494

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

	Note	Consolidated financial statements					Total equity
		Issued and paid-up share capital	Share premium	Warrants	Legal reserve	Deficit (in Baht)	
Year ended 31 December 2017							
Balance at 1 January 2017		170,048,386	272,705,895	4,087,395	10,650,000	(189,699,571)	267,138,494
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners of the parent</i>							
Share-based payment transactions	19	-	-	127,410	-	-	127,410
<i>Total contributions by and distributions to owners of the parent</i>		-	-	127,410	-	-	127,410
<i>Change in ownership interests in subsidiaries</i>							
Acquisition of non-controlling interest without a change in control		-	-	-	-	(601,388)	601,388
<i>Total change in ownership interests in subsidiaries</i>		-	-	-	-	(601,388)	601,388
Total transactions with owners, recorded directly in equity		-	-	127,410	-	(601,388)	127,410
Comprehensive income for the year							
Profit or loss		-	-	-	-	7,165,752	7,178,694
Total comprehensive income for the year		-	-	-	-	7,165,752	7,178,694
Balance at 31 December 2017		170,048,386	272,705,895	4,214,805	10,650,000	(183,135,207)	274,444,598

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 (Deficit)					
		Issued and paid-up share capital	Share premium	Warrants (in Baht)	Legal reserve	Unappropriated (Deficit)	Total equity
	Note						
Year ended 31 December 2016							
Balance at 1 January 2016		170,048,386	272,705,895	3,800,380	10,650,000	22,806,645	480,011,306
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners of the Company							
Share-based payment transactions	19	-	-	287,015	-	-	287,015
Dividends to owners of the Company	29	-	-	-	-	(3,741,042)	(3,741,042)
Total contributions by and distributions to owners of the Company							
		-	-	287,015	-	(3,741,042)	(3,454,027)
Total transactions with owners, recorded directly in equity							
		-	-	287,015	-	(3,741,042)	(3,454,027)
Comprehensive income (expense) for the year							
Profit or loss		-	-	-	-	(25,961,091)	(25,961,091)
Other comprehensive income (expense)		-	-	-	-	(3,072,535)	(3,072,535)
Total comprehensive income (expense) for the year							
		-	-	-	-	(29,033,626)	(29,033,626)
Balance at 31 December 2016							
		170,048,386	272,705,895	4,087,395	10,650,000	(9,968,023)	447,523,653

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				
		Issued and paid-up share capital	Share premium	Warrants	Legal reserve	Deficit
		Note			(in Baht)	Total equity
Year ended 31 December 2017						
Balance at 1 January 2017		170,048,386	272,705,895	4,087,395	10,650,000	447,523,653
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Share-based payment transactions		19	-	127,410	-	127,410
<i>Total contributions by and distributions to owners of the Company</i>			-	127,410	-	127,410
Total transactions with owners, recorded directly in equity			-	127,410	-	127,410
Comprehensive income (expense) for the year						
Profit or loss			-	-	-	(157,921,670)
Total comprehensive income (expense) for the year			-	-	-	(157,921,670)
Balance at 31 December 2017		170,048,386	272,705,895	4,214,805	10,650,000	289,729,393

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	
	Year ended 31 December		Year ended 31 December	
	2017	2016	2017	2016
	(in Baht)			
Cash flows from operating activities				
Profit (loss) for the year	7,178,694	(213,856,948)	(157,921,670)	(25,961,091)
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>				
Tax expense (income)	4,104,181	11,824,904	(837,481)	(813,590)
Finance costs	786,116	868,578	588,303	583,300
Depreciation	485,402	1,225,247	408,512	983,484
Amortisation of intangible assets	5,570,357	10,642,896	2,985,618	3,639,529
Impairment loss on investment in subsidiary	-	-	163,409,712	-
Non-current provisions for employee benefit	447,015	434,574	320,954	404,928
Share-based payment	127,410	287,015	127,410	287,015
Gain on fair value adjustment of investments in debt securities	(1,815,909)	(242,955)	(1,815,909)	(242,955)
Gain on disposal of investment in debt security	(666,343)	(57,959)	(666,343)	(57,959)
Gain on return of investment in subsidiary	-	-	(3,264,083)	-
Bad and doubtful debts expense	137,413	1,022,757	49,627	41,565
Reversal of allowance for goods returned	(1,016,044)	(2,028,653)	(511,161)	(432,888)
Loss on inventories devaluation	2,074,450	197,065,082	847,522	25,763,850
Gain on disposal of leasehold improvements and equipment	(380,754)	(115,768)	(5,762)	(59,719)
Loss on written-off of intangible assets	-	12,353,509	-	4,520,907
Loss on written-off of withholding tax	83,882	-	23,069	-
Interest income	(6,027,254)	(8,900,102)	(7,006,958)	(9,765,284)
	11,088,616	10,522,177	(3,268,640)	(1,108,908)
Changes in operating assets and liabilities				
Trade accounts receivable	(11,202,892)	(2,106,132)	(7,614,400)	(2,015,303)
Accrued income	2,500,099	494,582	2,078,040	(1,352,915)
Other current receivables	(7,553,642)	(1,423,550)	3,149,912	(11,036,923)
Inventories	3,611,145	2,162,517	2,286,521	201,131
Other current assets	883,276	13,007	496,553	(140,648)
Restricted deposit	-	403,000	-	-
Other non-current assets	439,402	334,994	58,301	131,825
Trade accounts payable	(62,404,676)	(47,254,425)	583,016	(14,955,469)
Other current payables	(672,409)	(1,873,417)	(1,415,306)	646,604
Accrued expenses	71,053	(4,927,740)	(536,434)	(117,619)
Other current liabilities	646,259	(480,585)	933,522	(234,860)
Non-current provisions for employee benefit	-	(766,948)	-	(766,948)
Other non-current liabilities	(54,016)	50,000	5,984	-
Net cash used in operating	(62,647,785)	(44,852,520)	(3,242,931)	(30,750,033)
Taxes paid	(467,518)	(718,689)	(416,012)	(590,877)
Withholding tax refunded	1,498,760	1,854,676	1,498,760	1,854,676
Net cash used in operating activities	(61,616,543)	(43,716,533)	(2,160,183)	(29,486,234)

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	
	Year ended 31 December		Year ended 31 December	
	2017	2016	2017	2016
	(in Baht)			
<i>Cash flows from investing activities</i>				
Proceed from return on capital of subsidiary	-	-	4,264,083	-
Current investments	140,196,109	105,431,100	140,000,000	105,483,239
Acquisition of debt security in private fund	(101,268,592)	-	(101,268,592)	-
Proceeds from sale of other debt security	416,050,860	137,055,388	416,050,860	137,055,388
Acquisition of other debt security	(312,000,000)	(235,000,000)	(312,000,000)	(235,000,000)
Proceeds from sale of leasehold improvements and equipment	382,064	104,441	5,787	47,241
Acquisition of equipment	-	(52,079)	-	(45,349)
Acquisition of intangible assets	(15,898,727)	(7,274,058)	(12,311,936)	(2,227,352)
Short-term loan to related party	-	-	(3,000,000)	(33,000,000)
Proceeds from repayment of short-term loans to related party	-	-	39,000,000	-
Interest received	6,020,425	10,086,956	6,999,600	10,950,996
Net cash from (used in) investing activities	133,482,139	10,351,748	177,739,802	(16,735,837)
<i>Cash flows from financing activities</i>				
Bank overdrafts	-	(9,915,228)	-	-
Investment in subsidiary	-	-	(103,000,000)	-
Dividends paid to owners of the Company	-	(3,741,042)	-	(3,741,042)
Interest paid	(476,641)	(554,998)	(349,239)	(351,101)
Net cash used in financing activities	(476,641)	(14,211,268)	(103,349,239)	(4,092,143)
Net increase (decrease) in cash and cash equivalents	71,388,955	(47,576,053)	72,230,380	(50,314,214)
Cash and cash equivalents at 1 January	20,829,378	68,405,431	13,826,143	64,140,357
Cash and cash equivalents at 31 December	92,218,333	20,829,378	86,056,523	13,826,143
<i>Non-cash transactions</i>				
Payable for purchase of leasehold improvements and equipment	402,024	-	-	-
Payables for purchase of intangible assets	-	1,913,500	-	47,500

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
For the year ended 31 December 2017

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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 26 February 2018.

1 General information

Nation International Edutainment Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 1858/121-122, 125-128, Bangna-Trad Road, Kwang Bangna, Khet Bangna, Bangkok.

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 (71.04% shareholding), which was incorporated in Thailand.

The principal activities of the Company are importing, publishing and distributing local and foreign publications, production of TV programmes and providing advertisements through TV media, digital media and character management. Details of the Company’s subsidiaries as at 31 December 2017 and 2016 are given in note 11.

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 revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The initial application of these 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 revised TFRS, the FAP has issued a number of other revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements.

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

Nation International Edutainment Public Company Limited and its Subsidiaries
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(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Investment in debt security	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (k)
Warrants	Fair value

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional currency.

(d) Use of judgements and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment to the amounts recognised in the financial statements is included in the following notes:

Note 9	Measurement of net realisable value of inventories;
Note 7, 8 and 11	Impairment test: key assumptions underlying recoverable amounts;
Note 14	Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and
Note 17	Measurement of defined benefit obligation: key actuarial assumptions.

Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Nation International Edutainment Public Company Limited and its Subsidiaries
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Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 19 Share-based payments; and
- Note 30 Financial instruments.

(e) Business restructuring and use of going concern basis of accounting

At the Board of Directors' meeting of the Company held on 3 August 2016, the Board of Directors approved the restructuring of the Group's publishing and distributing of publications in accordance with the current situation and focusing on the publishing and distributing of certain profitable publications. According to the aforementioned operation's results, the Group has considered to recognise loss on decline in value of inventories and written-off the licences for publications for the year ended 31 December 2016 amounted to Baht 193.48 million and Baht 10.97 million in the consolidated statement of comprehensive income, and Baht 20.83 million and Baht 3.13 million in the separate statement of comprehensive income.

In addition, the parent company disclosed in note to the interim financial statements for the three-month and nine-month periods ended 30 September 2017 regarding the basis of preparation of the financial statements on a going concern basis, financial position and liquidity of the parent company including planning and liquidity's risk management of the Group. However, the management of the Group believes that the preparation of the financial statements on a going concern basis is appropriate. Accordingly, the consolidated and separate financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to amounts and classifications of liabilities that may be necessary if the Group and the Company is unable to continue as a going concern.

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 (together referred to as the "Group").

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements.

Nation International Edutainment Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

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

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the 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 are generally recognised in profit or loss.

(c) Cash and cash equivalents

Cash and cash equivalents in the statements 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 current accounts receivable

Trade and other current 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
For the year ended 31 December 2017

(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 calculated using 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

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

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

Investment in debt securities

Marketable debt securities held for trading, are classified as a current asset and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Marketable debt securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses, are recognised directly in equity. Impairment losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

Nation International Edutainment Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

(g) Leasehold improvements and equipment

Recognition and measurement

Owned assets

Leasehold improvements and equipment are measured 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Any gains and losses on disposal of item of leasehold improvements and equipment are determined by comparing the proceeds from disposal with the carrying amount of leasehold improvements and equipment, and are recognised in profit or loss.

Subsequent costs

The cost of replacing a part of an item of leasehold improvements and 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 leasehold improvements and 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 leasehold improvement and equipment. The estimated useful lives are as follows:

Leasehold improvements	5	years
Furniture, fixtures and office equipment	5	years
Vehicles	5	years

No depreciation is provided on freehold land or assets under construction and installation.

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

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Notes to the financial statements
For the year ended 31 December 2017

(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 programmes and software licences	5	years
Licence fees - books	Based on the higher amount of amortisation between a straight-line basis over three to seven years and calculation based on the numbers of books published or sold under the licence agreements	
Programme licences	2	years

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

(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 unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

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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

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For available-for-sale financial assets that are debt securities, the reversal is recognised in other comprehensive income.

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) Trade and other current accounts payable

Trade and other current accounts payable are stated at cost.

(k) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed in profit or loss as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in Other Comprehensive Income (OCI). The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When a plan is curtailed, the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gain and losses on the settlement of a defined benefit plan when the settlement occurs.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

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Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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.

(l) Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(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 a finance cost.

(n) 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.

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.

(o) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred.

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(p) 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.

(q) 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 to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

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.

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(r) Earnings (loss) per share

The Group presents basic and diluted earnings (loss) per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the 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.

(s) 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 cash and cash equivalents, deferred tax assets, other non-current assets, other current liabilities and non-current provisions for employee benefit.

4 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 are described in note 11. Relationships 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, 71.04% shareholding, some common directors
Nation Broadcasting Corporation Public Company Limited	Thailand	71.45% shareholding by parent, some common directors
Nation News Network Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
NML Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Kom Chad Luek Media Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Krungthep Turakij Media Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Bangkok Business Broadcasting Co., Ltd.	Thailand	99.93% shareholding by parent, some common directors
WPS (Thailand) Co., Ltd.	Thailand	84.50% shareholding by parent, some common directors

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Name of the entities	Country of incorporation /nationality	Nature of relationships
Nation University	Thailand	University, a license holding by Nation U Co., Ltd.
NBC Next Vision Co., Ltd.	Thailand	99.99% shareholding by Nation Broadcasting Corporation Public Company Limited, some common directors
Yomiuri-Nation Information Service Limited	Thailand	45.00% shareholding by parent, some common directors

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

Transactions	Pricing policies
Sale of goods and rendering of services	General market price
Cost of sale of goods and rendering of services	Negotiable rate
Sale of equipment	Book value plus margin
Purchase of equipment	Book value plus margin
Interest income on loan	Approximated loan rate of financial institutions
Other income	Negotiable rate
Distribution costs and administrative expenses	Negotiable rate

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

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Parent				
Sale of goods and rendering of services	10,884	10,315	8,544	9,160
Cost of sale of goods and rendering of services	8,881	12,622	8,444	12,214
Sale of equipment	-	794	-	737
Other income	2,168	1,725	1,899	980
Distribution costs and administrative expenses	5,722	5,813	3,615	3,936
Subsidiaries				
Sale of goods and rendering of services	-	-	-	4
Cost of sale of goods and rendering of services	-	-	-	139
Interest income on loan	-	-	989	880
Other income	-	-	7,095	7,426
Distribution costs and administrative expenses	-	-	1,245	1,362

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<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Other related parties				
Sale of goods and rendering of services	2,552	7,954	2,542	7,952
Cost of sale of goods and rendering of services	25,004	34,612	18,642	21,263
Sale of equipment	-	28	-	28
Purchase of equipment	-	3	-	3
Other income	4,272	4,856	4,223	4,783
Distribution costs and administrative expenses	2,250	3,429	713	1,350
Key management personnel				
Key management personnel compensation				
Wages and salaries	6,240	8,650	6,240	8,650
Defined contribution plan	458	636	458	636
Total key management personnel compensation	<u>6,698</u>	<u>9,286</u>	<u>6,698</u>	<u>9,286</u>

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

<i>Trade accounts receivable - related parties</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Parent	27,959	15,745	24,970	15,095
Subsidiary	-	-	719	3,645
Other related parties	13,270	12,695	13,265	12,690
	<u>41,229</u>	<u>28,440</u>	<u>38,954</u>	<u>31,430</u>
<i>Less allowance for doubtful accounts</i>	(67)	(67)	(67)	(67)
<i>allowance for goods returned</i>	-	-	-	-
Net	<u>41,162</u>	<u>28,373</u>	<u>38,887</u>	<u>31,363</u>
Bad and doubtful debts expense for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accrued income - related parties				
	Consolidated financial statements	Separate financial statements		
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Parent	-	671	-	671
Other related parties	-	435	-	435
Total	<u>-</u>	<u>1,106</u>	<u>-</u>	<u>1,106</u>

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Other current receivables - related parties

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Parent	8,745	2,938	6,681	2,123
Subsidiary	-	-	39,730	48,779
Other related parties	4,079	1,966	3,776	1,882
	<u>12,824</u>	<u>4,904</u>	<u>50,187</u>	<u>52,784</u>
Less allowance for doubtful accounts	-	-	-	-
Net	<u>12,824</u>	<u>4,904</u>	<u>50,187</u>	<u>52,784</u>
Bad and doubtful debts expense for the year	-	-	-	-

***Short-term loans to
related party***

	Interest rate		Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016	2017	2016
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Subsidiary	-	6.35	-	-	-	36,000

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

Short-term loans to related party

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Subsidiary				
At 1 January	-	-	36,000	3,000
Increase	-	-	3,000	33,000
Decrease	-	-	(39,000)	-
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,000</u>

Trade accounts payable - related parties

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Parent	1,224	1,398	1,156	1,340
Other related parties	3,548	67,284	2,924	3,781
Total	<u>4,772</u>	<u>68,682</u>	<u>4,080</u>	<u>5,121</u>

Other current payables - related parties

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Parent	1,677	1,528	1,143	1,142
Subsidiary	-	-	635	1,190
Other related parties	277	165	112	30
Total	<u>1,954</u>	<u>1,693</u>	<u>1,890</u>	<u>2,362</u>

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<i>Accrued expenses - related parties</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2016	2015
	<i>(in thousand Baht)</i>			
Parent	145	61	113	59
Other related party	543	684	284	530
Total	688	745	397	589

Significant agreements with related parties

Short-term loans agreements

The Company entered into a short-term loan agreement with a subsidiary (“Nation Edutainment Co., Ltd.”) amounting to Baht 3 million. The loan was a promissory note and repayable at call. The loan bears interest rate at the average Minimum Loan Rate (average MLR) of four local financial institutions. On 30 June 2016, the Company entered into a memorandum of change in the short-term loan agreement with such subsidiary whereby the Company permitted to change a counter party in the promissory note from Nation Edutainment Co., Ltd. to Nation Global Edutainment Co., Ltd. with the conditions of the agreement remain unchanged.

During the year 2016, the Company entered into short-term loans agreements with a subsidiary (“Nation Global Edutainment Co., Ltd”) amounting to Baht 33 million. The loans were promissory notes and repayable at call. The loans bear interest rate at the average Minimum Loan Rate (average MLR) of four local financial institutions. The Company fully received the short-term loans from the subsidiary during the second quarter of 2017.

During the year 2017, the Company entered into a short-term loan agreement with a subsidiary (“Nation Global Edutainment Co., Ltd”) amounting 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. The Company fully received the short-term loan from the subsidiary during the second quarter of 2017.

Other agreements

The Company and a subsidiary entered into agreements with a parent company to be granted services in relation to management, operations, marketing, and other services. The Company and the subsidiary committed to pay service fees as specified in the agreements.

The Company entered into agreements with a subsidiary to provide services in relation to management, operations and other services. The Company will receive service fees as specified in the agreements.

A subsidiary entered into agreements with a parent company and a related party for rent spaces and related services. The subsidiary committed to pay rental and service fees as specified in the agreements.

The Company and a subsidiary entered into agreements with a parent company to rent office spaces and related services. The Company and the subsidiary committed to pay rental and service fees as specified in the agreements.

The Company entered into agreements with a parent company, a subsidiary and other related parties to provide information technology system services. The Company will receive service fees as specified in the agreements.

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5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Cash on hand	49	53	12	15
Cash at banks - current accounts	442	224	387	191
Cash at banks - saving accounts	13,822	20,284	7,753	13,618
Highly liquid short-term investments	77,905	268	77,905	2
Total	92,218	20,829	86,057	13,826

6 Current investments

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Short-term deposits at financial institutions	64	260	-	-
Promissory notes	-	140,000	-	140,000
Debt security held for trading	-	103,261	-	103,261
Debt security held for trading (Private fund)	102,961	-	102,961	-
Total	103,025	243,521	102,961	243,261

At at 31 December 2016, the Company entered into the promissory notes with local financial institutions amounting to Baht 140 million. The promissory notes were repayable over 6 - 9 months and bear interest at the rate of 4.2% - 6.0% per annum. The Company fully received the promissory notes during the year 2017.

During the year 2017, the Company established a private fund by engaging an independent assets management company for the purpose of cash management of the Company. This private fund invested in equity and debt securities in response to capital market conditions. As at 31 December 2017, the value of private fund outstanding totalled Baht 103.92 million (including cash and cash equivalents of Baht 0.90 million).

Movements during the years ended 31 December of the marketable debt securities were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Trading security				
At 1 January	103,261	5,016	103,261	5,016
Purchases during the year	83,000	235,000	83,000	235,000
Sales during the year	(54,832)	(136,997)	(54,832)	(136,997)
Transfer during the year	(131,552)	-	(131,552)	-
Valuation adjustment	123	242	123	242
At 31 December	-	103,261	-	103,261
Trading security (Private fund)				
At 1 January	-	-	-	-
Transfer during the year	102,961	-	102,961	-
At 31 December	102,961	-	102,961	-

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	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Available for sale security				
At 1 January	-	-	-	-
Purchases during the year	229,000	-	229,000	-
Sales during the year	(360,552)	-	(360,552)	-
Transfer during the year	131,552	-	131,552	-
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Available for sale security (Private fund)				
At 1 January	-	-	-	-
Purchases during the year	101,269	-	101,269	-
Transfer during the year	(102,961)	-	(102,961)	-
Valuation adjustment	1,692	-	1,692	-
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

7 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Related parties	4	41,229	28,440	38,954	31,430
Other parties		27,561	31,684	17,051	16,961
Total		<u>68,790</u>	<u>60,124</u>	<u>56,005</u>	<u>48,391</u>
Less allowance for doubtful accounts		(3,908)	(6,307)	(169)	(119)
allowance for goods returned		(2,459)	(3,475)	(488)	(1,000)
Net		<u>62,423</u>	<u>50,342</u>	<u>55,348</u>	<u>47,272</u>
Bad and doubtful debts expense for the year		<u>137</u>	<u>1,023</u>	<u>50</u>	<u>42</u>

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Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	3,743	3,066	2,047	2,850
Overdue:				
Less than 3 months	6,877	4,759	6,877	4,396
3-6 months	790	1,052	630	976
6-12 months	4,737	16,714	4,038	16,772
Over 12 months	25,082	2,849	25,362	6,436
	41,229	28,440	38,954	31,430
Less allowance for doubtful accounts	(67)	(67)	(67)	(67)
allowance for goods returned	-	-	-	-
	41,162	28,373	38,887	31,363
Other parties				
Within credit terms	21,195	19,770	16,602	16,525
Overdue:				
Less than 3 months	2,390	5,339	164	320
3-6 months	71	188	128	44
6-12 months	127	294	111	41
Over 12 months	3,778	6,093	46	31
	27,561	31,684	17,051	16,961
Less allowance for doubtful accounts	(3,841)	(6,240)	(102)	(52)
allowance for goods returned	(2,459)	(3,475)	(488)	(1,000)
	21,261	21,969	16,461	15,909
Net	62,423	50,342	55,348	47,272

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

8 Other current receivables

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Related parties	4	12,824	4,904	50,187	52,784
Other parties					
Other receivables		-	2	-	2
Prepaid expenses		1,224	1,365	776	697
Advances to employees		311	283	199	217
Accrued interest income		10	2	7	-
Deposit		360	-	-	-
		1,905	1,652	982	916
Total		14,729	6,556	51,169	53,700

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9 Inventories

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Finished goods	18,649	24,335	5,699	8,833
Finished goods recognised as an expense in ‘cost of sale of goods and rendering of services’:				
- Cost of sale of goods	70,964	89,243	48,279	61,032
- Write-down to net realisable value	2,074	10,559	848	4,929
Net total	73,038	99,802	49,127	65,961

At the Board of Directors’ meeting of the Company held on 3 August 2016, the Board of Directors approved the restructuring of the Group’s publishing and distributing of publications. The management involved judgement in the classification of inventories based on its distribution channel and future business plan and recognised loss on decline in value of inventories for the year ended 31 December 2016 amounted to Baht 193.48 million and Baht 20.83 million in the consolidated and separate statements of comprehensive income, respectively, as described in note 2 (e).

10 Restricted deposit

As at 31 December 2017, a fixed deposit of a subsidiary of Baht 0.40 million (2016: Baht 0.40 million) has been pledged as collateral for letter of guarantees issued by a local financial institution.

11 Investments in subsidiaries

	Separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
At 1 January	61,410	61,410
Addition	103,000	-
Allowance for impairment	(163,410)	-
Disposal	(1,000)	-
At 31 December	-	61,410

The merger of subsidiaries

At the Board of Directors’ meeting of the Company held on 10 February 2016, the Board of Directors approved the merger of Nation Global Edutainment Co., Ltd. and Nation Edutainment Co., Ltd. which were the entire business transfer under the common control for the restructuring of the Group’s business operations.

Pursuant to the terms of an entire business transfer agreement, Nation Edutainment Co., Ltd. agreed to transfer its entire assets and liabilities to Nation Global Edutainment Co., Ltd., which Nation Global Edutainment Co., Ltd. paid the compensation of Baht 47 million to Nation Edutainment Co., Ltd. at the transfer date on 30 June 2016. Thereafter, Nation Edutainment Co., Ltd. registered the liquidation with the Ministry of Commerce on 30 June 2016 and completed the liquidation on 17 October 2016.

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As the result of the merger, at the extraordinary meeting of the shareholders of a subsidiary (“Nation Global Edutainment Co., Ltd.”) held on 1 June 2016, the shareholders of the subsidiary approved an increase in the registered share capital from Baht 50 million (divided into 50,000 ordinary shares at Baht 1,000 per share) to Baht 97 million (divided into 97,000 shares at of Baht 1,000 per share) to the shareholders of a subsidiary (“Nation Edutainment Co., Ltd”). The subsidiary fully received the paid-up share capital on 30 June 2016 and registered the increase in share capital with the Ministry of Commerce on 4 July 2016.

Addition

At the extraordinary meeting of the shareholders of a subsidiary (“Nation Global Edutainment Co., Ltd.”) held on 20 May 2017, the shareholders of the subsidiary approved an increase in the registered share capital from Baht 97 million (divided into 97,000 ordinary shares at Baht 1,000 per share) to Baht 200 million (divided into 200,000 ordinary shares at Baht 1,000 per share). The subsidiary registered the increase in share capital with the Ministry of Commerce on 5 June 2017.

Return of investment

At the extraordinary meeting of the shareholders of a subsidiary (“Nation Kids Co., Ltd.”) held on 26 December 2016, the shareholders of the subsidiary approved the extraordinary resolution of the liquidation. The subsidiary registered the liquidation with the Ministry of Commerce on 27 December 2016 and completed to liquidate on 29 June 2017. The Company received payment made out of the accumulated profits in the proportionate interest of shareholding of the subsidiary amounting to Baht 4.26 million and recognised gain on return of such investment of Baht 3.26 million in the separate statement of comprehensive income for year ended 31 December 2017.

Impairment testing

Management of the Company performed impairment test of carrying amount of investment in a subsidiary. The recoverable amount was based on its value in use, determined by discounted future cash flows to be generated from the continuing operations according to the business plan and discount rate which is calculated by weighted average cost of capital.

The key assumptions used in the estimation of recoverable amount as at 31 December were as follows:

Key assumptions	Separate financial statements	
	2017	2016
	(%)	
Discount rate	11.05	7.35
Terminal growth rate	0.00	1.50

The discount rate was a pre-tax measure based on the rate of 30 years government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

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These assumptions are based on management of the Company's judgement and past experiences and business plan, as well as the future prediction that is believed to be reasonable in the present situation. Changes in the information or new noticeable information may lead to the change in the assumptions and the discount rate for the estimation of the discounted future cash flows along with sensitivity of key assumptions effect to the recoverable amount.

For the year ended 31 December 2017, the Company recognised loss on impairment of investment in Nation Global Edutainment Co., Ltd., a subsidiary, amounting to Baht 163.41 million in the separate financial statements as the carrying amount of such investment was determined to be higher than its recoverable amount. The recoverable amount of investment in subsidiary was based on the equity value of the subsidiary determined by discounted future cash flows and discount rate which is calculated by weighted average cost of capital.

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Investments in subsidiaries as at 31 December 2017 and 2016, and dividend income from those investments for the years then ended, were as follows:

Name of subsidiaries	Type of business	Ownership interest (%)	Separate financial statements							
			Paid-up capital		Cost		Impairment		At cost - net	
			2017	2016	2017	2016	2017	2016	2017	2016
							<i>(in thousand Baht)</i>			
Nation Kids Co., Ltd. (liquidated and completed the liquidation on 29 June 2017)	Production of TV programmes and providing advertisements through TV media	-	-	1,000	-	1,000	-	-	-	1,000
Nation Global Edutainment Co., Ltd.	Importing, publishing and distributing children's books for edutainment	99.74	200,000	97,000	163,410	60,410	163,410	-	-	60,410
Total			163,410	61,410	163,410	61,410	-	-	61,410	-

All subsidiaries were incorporated in Thailand. None of the Company's subsidiaries is publicly listed and consequently do not have published price quotations.

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12 Leasehold improvements and equipment

	Consolidated financial statements				
	Leasehold improvements	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
			(in thousand Baht)		
Cost					
At 1 January 2016	1,591	9,079	1,200	-	11,870
Additions	-	9	-	-	9
Disposals	-	(2,342)	-	-	(2,342)
At 31 December 2016 and 1 January 2017	1,591	6,746	1,200	-	9,537
Additions	-	-	-	402	402
Disposals / written-off	(1,591)	(564)	-	-	(2,155)
At 31 December 2017	-	6,182	1,200	402	7,784
Depreciation					
At 1 January 2016	1,563	7,079	100	-	8,742
Depreciation charge for the year	28	957	240	-	1,225
Disposals	-	(1,636)	-	-	(1,636)
At 31 December 2016 and 1 January 2017	1,591	6,400	340	-	8,331
Depreciation charge for the year	-	245	240	-	485
Disposals / written-off	(1,591)	(562)	-	-	(2,153)
At 31 December 2017	-	6,083	580	-	6,663
Net book value					
At 1 January 2016	28	2,000	1,100	-	3,128
At 31 December 2016 and 1 January 2017	-	346	860	-	1,206
At 31 December 2017	-	99	620	402	1,121

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	Separate financial statements		
	Furniture, fixtures and office equipment	Vehicles (in thousand Baht)	Total
Cost			
At 1 January 2016	6,193	1,200	7,393
Additions	2	-	2
Disposals	(2,196)	-	(2,196)
At 31 December 2016 and 1 January 2017	3,999	1,200	5,199
Disposals / written-off	(445)	-	(445)
At 31 December 2017	3,554	1,200	4,754
Depreciation			
At 1 January 2016	4,547	100	4,647
Depreciation charge for the year	743	240	983
Disposals	(1,491)	-	(1,491)
At 31 December 2016 and 1 January 2017	3,799	340	4,139
Depreciation charge for the year	169	240	409
Disposals / written-off	(445)	-	(445)
At 31 December 2017	3,523	580	4,103
Net book value			
At 1 January 2016	1,646	1,100	2,746
At 31 December 2016 and 1 January 2017	200	860	1,060
At 31 December 2017	31	620	651

The gross amount of the Group's and the Company's fully depreciated leasehold improvements and equipment that were still in use as at 31 December 2017 amounted to Baht 6.15 million and Baht 3.45 million, respectively (2016: Baht 4.81 million and Baht 1.27 million, respectively).

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13 Intangible assets

Consolidated financial statements				
	Computer programmes and software licences	Licence fees - books (in thousand Baht)	Programme licences	Total
<i>Cost</i>				
At 1 January 2016	1,016	84,174	-	85,190
Additions	-	5,614	-	5,614
Written-off	-	(69,848)	-	(69,848)
At 31 December 2016 and 1 January 2017	1,016	19,940	-	20,956
Additions	10,109	2,691	1,185	13,985
Written-off	-	(10,839)	-	(10,839)
At 31 December 2017	11,125	11,792	1,185	24,102
<i>Amortisation</i>				
At 1 January 2016	697	62,909	-	63,606
Amortisation charge for the year	172	10,471	-	10,643
Written-off	-	(57,495)	-	(57,495)
At 31 December 2016 and 1 January 2017	869	15,885	-	16,754
Amortisation charge for the year	1,064	4,032	474	5,570
Written-off	-	(10,839)	-	(10,839)
At 31 December 2017	1,933	9,078	474	11,485
<i>Net book value</i>				
At 1 January 2016	319	21,265	-	21,584
At 31 December 2016 and 1 January 2017	147	4,055	-	4,202
At 31 December 2017	9,192	2,714	711	12,617

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	Separate financial statements			
	Computer programmes and software licences	Licence fees - books (in thousand Baht)	Programme licences	Total
Cost				
At 1 January 2016	206	37,419	-	37,625
Additions	-	2,275	-	2,275
Written-off	-	(24,063)	-	(24,063)
At 31 December 2016 and 1 January 2017	206	15,631	-	15,837
Additions	10,109	970	1,185	12,264
Written-off	-	(13,085)	-	(13,085)
At 31 December 2017	10,315	3,516	1,185	15,016
Amortisation				
At 1 January 2016	18	29,656	-	29,674
Amortisation charge for the year	41	3,599	-	3,640
Written-off	-	(19,542)	-	(19,542)
At 31 December 2016 and 1 January 2017	59	13,713	-	13,772
Amortisation charge for the year	1,064	1,447	474	2,985
Written-off	-	(13,085)	-	(13,085)
At 31 December 2017	1,123	2,075	474	3,672
Net book value				
At 1 January 2016	188	7,763	-	7,951
At 31 December 2016 and 1 January 2017	147	1,918	-	2,065
At 31 December 2017	9,192	1,441	711	11,344

14 Deferred tax

Deferred tax assets as at 31 December were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2017	2016	2017	2016
		(in thousand Baht)		
Total	11,326	15,430	-	-
Set off of tax	-	-	-	-
Net deferred tax assets	11,326	15,430	-	-

	Separate financial statements			
	Assets		Liabilities	
	2017	2016	2017	2016
		(in thousand Baht)		
Total	8,864	8,026	-	-
Set off of tax	-	-	-	-
Net deferred tax assets	8,864	8,026	-	-

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

	Consolidated financial statements (Charged) / Credited to:		
	At 1 January 2017	Profit or loss (in thousand Baht)	Other comprehensive income
			At 31 December 2017
<i>Deferred tax assets</i>			
Trade accounts receivable	1,956	(683)	-
Inventories	9,100	(7,224)	-
Provisions	2,270	274	-
Loss carry forward	2,104	3,529	-
Total	15,430	(4,104)	-
	Consolidated financial statements (Charged) / Credited to:		
	At 1 January 2016	Profit or loss (in thousand Baht)	Other comprehensive income
			At 31 December 2016
<i>Deferred tax assets</i>			
Trade accounts receivable	2,176	(220)	-
Inventories	13,884	(4,784)	-
Provisions	1,628	(4)	646
Loss carry forward	8,849	(6,745)	-
Total	26,537	(11,753)	646
	Separate financial statements (Charged) / Credited to:		
	At 1 January 2017	Profit or loss (in thousand Baht)	Other comprehensive income
			At 31 December 2017
<i>Deferred tax assets</i>			
Trade accounts receivable	224	(92)	-
Inventories	4,011	(2,833)	-
Provisions	1,687	234	-
Loss carry forward	2,104	3,529	-
Total	8,026	838	-

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	At 1 January 2016	Separate financial statements (Charged) / Credited to:		At 31 December 2016
		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
Deferred tax assets				
Trade accounts receivable	302	(78)	-	224
Inventories	5,197	(1,186)	-	4,011
Provisions	945	(26)	768	1,687
Loss carry forward	-	2,104	-	2,104
Total	6,444	814	768	8,026

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Inventories	3,595	34,951	2,416	4,127
Investment in subsidiary	-	-	32,682	-
Loss carry forward	55,368	23,306	-	-
Total	58,963	58,257	35,098	4,127

The Company recognised deferred tax assets from tax losses because management considered it probable that future taxable profits would be available against which such losses can be used.

The tax losses expire in 2018 - 2022. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiary can utilise the benefits therefrom.

15 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Related parties	4	4,772	68,682	4,080	5,121
Other parties		8,395	6,890	7,957	6,333
Total		13,167	75,572	12,037	11,454

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16 Other current payables

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Related parties	4	<u>1,954</u>	<u>1,693</u>	<u>1,890</u>	<u>2,362</u>
Others					
Other payables		1,007	462	996	462
Advance received		575	2,053	575	2,052
Payables for purchase of assets		402	1,913	-	48
		<u>1,984</u>	<u>4,428</u>	<u>1,571</u>	<u>2,562</u>
Total		<u>3,938</u>	<u>6,121</u>	<u>3,461</u>	<u>4,924</u>

17 Non-current provisions for employee benefit

		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Statement of financial position					
Non-current provisions for:					
Defined benefit plan		<u>12,721</u>	<u>11,353</u>	<u>9,607</u>	<u>8,436</u>
Year ended 31 December					
Statement of comprehensive income:					
Recognised in profit or loss:					
Defined benefit plan		<u>757</u>	<u>748</u>	<u>560</u>	<u>637</u>
Recognised in other comprehensive income:					
Actuarial losses recognised in the year		-	3,230	-	3,841
Cumulative actuarial losses recognised		<u>10,571</u>	<u>10,571</u>	<u>9,808</u>	<u>9,808</u>

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Defined benefit plan

The Group and the Company operate a defined benefit 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.

The defined benefit plan expose the Group to actuarial risks, such as longevity risk and interest rate risk.

Movement in the present value of the defined benefit obligations.

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
At 1 January	11,353	8,142	8,436	4,725
Include in profit or loss:				
Current service cost	784	865	606	615
Interest on obligation	310	314	239	232
Curtailment gain	(337)	(431)	(285)	(210)
	<u>757</u>	<u>748</u>	<u>560</u>	<u>637</u>
Include in other comprehensive income:				
Actuarial loss	-	3,230	-	3,841
	<u>-</u>	<u>3,230</u>	<u>-</u>	<u>3,841</u>
Other				
Transfer in (out)	611	(767)	611	(767)
	<u>611</u>	<u>(767)</u>	<u>611</u>	<u>(767)</u>
At 31 December	<u>12,721</u>	<u>11,353</u>	<u>9,607</u>	<u>8,436</u>

Actuarial losses recognised in other comprehensive income arising from:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Demographic assumptions	-	(709)	-	(576)
Financial assumptions	-	1,180	-	809
Experience adjustment	-	2,759	-	3,608
Total	<u>-</u>	<u>3,230</u>	<u>-</u>	<u>3,841</u>

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Actuarial assumptions

The followings were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
		(%)		
Discount rate	2.9	2.9	2.9	2.9
Future salary growth	4.0 - 7.0	4.0 - 7.0	4.0 - 7.0	4.0 - 7.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2017, the weighted-average duration of the defined benefit obligation was 15 years (2016: 15 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	<i>(in thousand Baht)</i>			
At 31 December 2017				
Discount rate (1% movement)	(894)	1,034	(595)	685
Future salary growth (1% movement)	1,271	(1,114)	868	(766)
Mortality improvement (1% movement)	48	(53)	31	(34)
At 31 December 2016				
Discount rate (1% movement)	(864)	1,001	(557)	643
Future salary growth (1% movement)	1,229	(1,075)	820	(723)
Mortality improvement (1% movement)	47	(52)	30	(33)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

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18 Share capital

	Par value per share (in Baht)	2017		2016	
		Number	Amount	Number	Amount
		(thousand shares / in thousand Baht)			
Authorised					
At 1 January					
- ordinary shares	1	<u>259,250</u>	<u>259,250</u>	<u>259,250</u>	<u>259,250</u>
At 31 December					
- ordinary shares	1	<u>259,250</u>	<u>259,250</u>	<u>259,250</u>	<u>259,250</u>
Issued and paid-up					
At 1 January					
- ordinary shares	1	<u>170,048</u>	<u>170,048</u>	<u>170,048</u>	<u>170,048</u>
At 31 December					
- ordinary shares	1	<u>170,048</u>	<u>170,048</u>	<u>170,048</u>	<u>170,048</u>

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.

19 Warrants

NINE-WA

At the annual general meeting of the shareholders of the Company held on 23 April 2013, the shareholders approved an issuance of warrants to the directors, management and/or employees of the Company and/or its subsidiaries of 4,250,000 units. 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.

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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%

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

On 15 August 2013, the Company granted the rights and notified terms and conditions for exercising the rights to the directors, management and/or employees of the Company and/or its subsidiaries.

The expenses for share-based payment transactions for the year ended 31 December 2017 were Baht 0.13 million and Baht 0.13 million for consolidated and separate financial statements, respectively (2016: Baht 0.29 million and Baht 0.29 million, respectively).

Movements during the year ended 31 December of warrants were as follows:

	Consolidated financial statements / Separate financial statements			
	2017		2016	
	Number of warrant	Grant date fair value	Number of warrant	Grant date fair value
	(thousand units / in thousand Baht)			
At 1 January	1,492	4,087	1,387	3,800
Issued warrants during the year	498	1,211	815	1,600
Forfeited warrants during the year	(452)	(1,083)	(710)	(1,313)
At 31 December	1,538	4,215	1,492	4,087

NINE-W1

The outstanding unexercised warrants as at 31 December were as follows:

Unexercised warrants as at 1 January 2017	Issued warrants (million units)	Exercised warrants	Unexercised warrants as at 31 December 2017	Exercise price (Baht / share)	Expiry date
84.96	-	-	84.96	4	5 years from the grant date
Unexercised warrants as at 1 January 2016	Issued warrants (million units)	Exercised warrants	Unexercised warrants as at 31 December 2016	Exercise price (Baht / share)	Expiry date
84.96	-	-	84.96	4	5 years from the grant date

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At the annual general meeting of the shareholders of the Company held on 23 April 2013, the shareholders approved an issuance and offering of warrants to the Company's existing shareholders who subscribed for additional ordinary shares in a ratio of 1 warrant for 1 existing ordinary share, without the offering price and approved an increase in the registered share capital from Baht 85 million (divided into 85,000,000 ordinary shares at Baht 1 per share) to Baht 259.25 million (divided into 259,250,000 ordinary shares at Baht 1 per share) by issuing of not exceeding 174,250,000 ordinary shares at Baht 1 per share to reserve for the increase in share capital and exercise of warrants as referred above.

20 Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

21 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. For each of the strategic division, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 Publishing and services
- Segment 2 TV and new media
- Segment 3 Others

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

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Information about reportable segments

	Publishing and services		TV and new media		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	<i>(in thousand Baht)</i>							
External revenue	128,937	154,798	6,301	4,570	2,045	1,918	137,283	161,286
Other income	18,600	17,528	6	1,052	2,384	2,348	20,990	20,928
Total segment revenues	147,537	172,326	6,307	5,622	4,429	4,266	158,273	182,214
Segment profit (loss) before income tax	18,442	(195,433)	(4,952)	(4,538)	(2,207)	(2,061)	11,283	(202,032)
Interest income	6,019	8,891	6	7	2	2	6,027	8,900
Interest expense	-	26	-	-	-	-	-	26
Depreciation and amortisation	4,122	9,232	484	2,481	1,449	155	6,055	11,868
Capital expenditures	3,092	5,623	1,253	-	10,042	-	14,387	5,623
Segment assets as at 31 December	227,956	323,969	31,615	25,259	17,185	3,893	276,756	353,121
Segment liabilities as at 31 December	30,105	94,309	581	224	1,202	2,022	31,888	96,555

During the year 2016, the Group has reconsidered an information about reportable segments in relevant to its business restructuring according to the operation plan in note 2 (e).

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Reconciliations of reportable segment assets and liabilities

	Consolidated financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
Assets		
Total assets for reportable segments	276,756	353,121
Other unallocated amounts	44,481	23,372
Consolidated total assets	321,237	376,493
Liabilities		
Total liabilities for reportable segments	31,888	96,555
Other unallocated amounts	14,904	12,800
Consolidated total liabilities	46,792	109,355

Geographical segments

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

22 Other income

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Central services charge	5,691	3,642	12,663	11,409
Other services income	1,849	3,494	1,892	3,061
Gain on return of investment in subsidiary	-	-	3,264	-
Others	7,423	4,892	4,177	2,514
Total	14,963	12,028	21,996	16,984

23 Distribution costs

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Personnel	10,208	12,998	6,484	8,077
Marketing	14,117	12,708	10,784	10,062
Others	4,196	5,452	3,952	4,956
Total	28,521	31,158	21,220	23,095

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24 Administrative expenses

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Personnel		17,237	12,347	12,720	7,025
Management compensation	4	6,698	9,286	6,698	9,286
Office expenses		14,391	16,386	6,598	6,493
Others		6,319	9,953	5,604	7,734
Total		44,645	47,972	31,620	30,538

25 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Wages and salaries		40,869	43,723	30,462	31,745
Defined contribution plan		2,444	2,801	1,804	2,084
Defined benefit plan	17	447	434	321	405
Share-based payment transactions	19	128	287	128	287
Voluntary resignation plan		2,087	1,386	1,565	370
Others		3,711	6,126	2,548	4,216
Total		49,686	54,757	36,828	39,107

Defined contribution plan

The defined contribution plan comprise a 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.

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26 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>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Changes in inventories		3,611	2,162	2,287	201
Paper, printing service and delivery costs		34,855	42,644	24,971	31,852
Other production expenses		9,239	10,908	7,525	8,892
License fees		7,718	13,402	2,570	5,367
Loss on decline in value of inventories	9	2,074	10,559	848	4,929
Employee benefit expenses	25	49,686	54,757	36,828	39,107
Distribution costs		18,294	17,952	14,719	14,809
Office expenses	24	14,391	16,386	6,598	6,493
Others		6,336	10,162	5,621	7,944
Total cost of sales of goods and rendering of services, distribution costs and administrative expenses		146,204	178,932	101,967	119,594

27 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		-	72	-	-
Deferred tax expense	14				
Movements in temporary differences		4,104	11,753	(838)	(814)
Total income tax expense		4,104	11,825	(838)	(814)

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Income tax recognised in other comprehensive income

	Consolidated financial statements					
	Before tax	2017 Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before tax	2016 Tax (expense) benefit	Net of tax
Defined benefit plan actuarial losses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,230)</u>	<u>646</u>	<u>(2,584)</u>

	Separate financial statements					
	Before tax	2017 Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before tax	2016 Tax (expense) benefit	Net of tax
Defined benefit plan actuarial losses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,841)</u>	<u>768</u>	<u>(3,073)</u>

Reconciliation of effective tax rate

	Consolidated financial statements			
	Rate (%)	2017 <i>(in thousand Baht)</i>	Rate (%)	2016 <i>(in thousand Baht)</i>
Profit (loss) before income tax expense		<u>11,283</u>		<u>(202,032)</u>
Income tax using the Thai corporation tax rate	20	2,257	20	(40,406)
Effect of different tax rates		-		(132)
Expenses not deductible for tax purposes		1,142		887
Expenses for tax incentives		(1)		(2)
Temporary differences for which no deferred tax assets was recognised		(31,356)		30,436
Recognition of previously unrecognised tax losses		-		(2)
Current year losses for which no deferred tax assets was recognised		32,062		13,702
Reversal from previously recognised deferred tax expense		-		7,342
Total	<u>36</u>	<u>4,104</u>	<u>6</u>	<u>11,825</u>

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	Separate financial statements			
	2017		2016	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Loss before income tax expense		<u>(158,759)</u>		<u>(26,775)</u>
Income tax using the Thai corporation tax rate	20	(31,752)	20	(5,355)
Expenses not deductible for tax purposes		(56)		416
Expenses for tax incentives		(1)		(2)
Temporary differences for which no deferred tax assets was recognised		30,971		4,127
Total	<u>(1)</u>	<u>(838)</u>	<u>(3)</u>	<u>(814)</u>

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

28 Earnings (loss) per share

Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the years ended 31 December 2017 and 2016 were based on the profit (loss) for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht / thousand shares)</i>			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	<u>7,166</u>	<u>(212,700)</u>	<u>(157,922)</u>	<u>(25,961)</u>
Number of ordinary shares outstanding	<u>170,048</u>	<u>170,048</u>	<u>170,048</u>	<u>170,048</u>
Earnings (loss) per share (basic) (in Baht)	<u>0.04</u>	<u>(1.25)</u>	<u>(0.93)</u>	<u>(0.15)</u>

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Diluted earnings (loss) per share

The Group and the Company did not assumed the conversion of the warrants (NINE-W1) and the warrants issued to the directors, management and/or employee of the Company and/or its subsidiaries (NINE-WA) in the calculation of diluted earnings (loss) per share, as the exercise prices (including fair value of services to be rendered per warrant) were higher than the weighted average market prices in the consolidated and separate financial statements for the year ended 31 December 2017 and 2016.

29 Dividends

At the annual general meeting of the shareholders of the Company held on 25 April 2016, the shareholders approved the appropriation of dividends from the 2015 operating results of Baht 0.022 per share, amounting to Baht 3.74 million. The dividends were paid to the shareholders in May 2016.

30 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 and also monitors the level of dividends to ordinary shareholders.

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.

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Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Consolidated financial statements					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
		(in thousand Baht)			
31 December 2017					
Financial assets measured at fair value					
Debt security held for trading (Private fund)	102,961	-	102,961	-	102,961
31 December 2016					
Financial assets measured at fair value					
Debt security held for trading	103,261	-	103,261	-	103,261
Separate financial statements					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
		(in thousand Baht)			
31 December 2017					
Financial assets measured at fair value					
Debt security held for trading (Private fund)	102,961	-	102,961	-	102,961
31 December 2016					
Financial assets measured at fair value					
Debt security held for trading	103,261	-	103,261	-	103,261

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Measurement of fair values

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in note 2 (d).

Financial instruments measured at fair value

Type	Valuation technique
Investments in marketable unit trusts classified as trading investments	The net asset value as of the reporting date.

31 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	<u>-</u>	<u>5,237</u>	<u>-</u>	<u>2,429</u>
<i>Other commitment</i>				
Bank guarantees	<u>1,096</u>	<u>1,072</u>	<u>696</u>	<u>672</u>

- a) 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. The Company agreed to pay rental and service fees at the rate as specified in the agreement. The agreements expired on 30 November 2017.
- b) A subsidiary entered into a building rental agreement with a local company for use as warehouse. The subsidiary agreed to pay a rental fee at the rate as specified in the agreement. The agreement expired on 31 December 2017.

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32 Reclassification of accounts

Certain accounts in the 2016 financial statements have been reclassified to conform to the presentation in the 2017 financial statements as follows:

	2016					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	<i>(in million Baht)</i>					
<i>Statement of financial position</i>						
Output value added tax pending	-	3,898	3,898	-	3,881	3,881
Other current liabilities	4,939	<u>(3,898)</u>	1,041	4,364	<u>(3,881)</u>	483
		<u>-</u>			<u>-</u>	

Other Reference Persons

Security Registrar (Common Share)

Thailand Securities Depository Company Limited
 93 The Stock Exchange of Thailand Building, 1st Floor, Tower B
 Rachadapisek Road, Klongtoey, Bangkok 10110
 Tel : (66) 2009-9999
 Fax : (66) 2009-9991

Certified Public Accountant

- | | |
|-----------------------------------|------------------------------|
| 1. Ms. Patamavan Vadhanakul | Registration No. 9832 and/or |
| 2. Mr. Veerachai Ratanajaratkul, | Registration No. 4323 and/or |
| 3. Mr. Vannaporn Jongperadechanon | Registration No. 4098 |

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

Audit Fee

1. The audit fee of the Company and subsidiaries for the year 2017 is Bt 1,410,000
2. Non-audit fee
 -None-

Legal Consultants

1. S.A.T. Associates Legal & Tax Company Limited
 Room 702 Chaophya Tower (Shangri-La Hotel)
 89 Soi Wat Suan Plu, New Road, Bangrak, Bangkok 10500
 Tel : (66) 2630-7636-8
 Fax : (66) 2630-7637

2. Pow & Associates Law Office Limited
 140/40A, 19th Floor, ITF Building, Silom Road, Kwaeng Suriyawongse, Khet Bangrak, Bangkok 10500
 Tel : (66) 2634-4995-7
 Fax : (66) 2238-2574, (66) 2634-4998

Investor Relations

Nation International Edutainment Public Company Limited
 1858/121-122, 125-128, Inter Link Tower Bangna-Trad Road, Bangna , Bangkok 10260
 Tel : (66) 2338-3333
 Fax : (66) 2338-3904
 Email : investor@nine.co.th
 Website: <http://www.nine.co.th>

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Nation International Edutainment Public Co., Ltd.
1858/121-122, 125-128 Bangna-Trad Road, Bangna, Bangkok 10260 Thailand
Tel. (662) 338 3333 Fax. (662) 338 3904

www.nine.co.th

