

# ANNUAL REPORT 2018







**Nation International Edutainment Public Company Limited**  
333 Lao Peng Nguan 1 Tower, 24th Floor, Zone A, Soi Choeiphuang,  
Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900

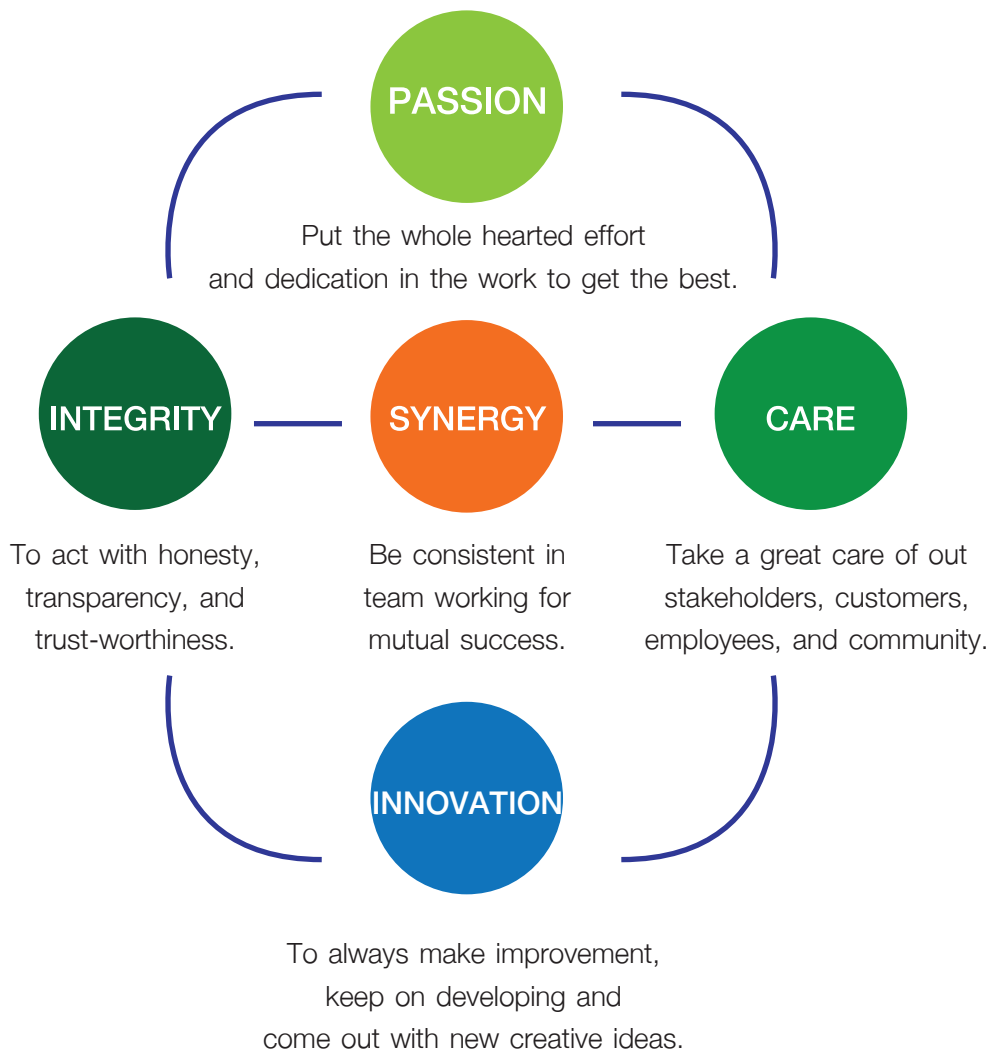
## Vision

To become top-of-the-mind community platform with members actively engage in story-telling with e-commerce support.

## Mission

Operate a digital eco-system that propel members to community building and top off with efficient delivery of goods and services online.

## Core Values



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## General Information

<b>Name</b>	Nation International Edutainment Public Company Limited
<b>Symbol</b>	NINE
<b>Core Businesses</b>	<ul style="list-style-type: none"> <li>• Publishing Business : Publishes and distributes wide range of books and magazines for children and grown-ups.</li> <li>• Service Business for Oversea Publications: Provides oversea periodical publishers many services including printing, advertising sales, subscription sales, distribution and delivery.</li> <li>• Digital Businesses: Provides digital content through various devices and operating systems, eg., online, mobiles, tablets and etc.</li> <li>• Education</li> <li>• Advertising on free newspaper and online media business</li> </ul>
<b>Head Office</b>	333 Lao Peng Nguan 1 Tower, 24th Floor, Zone A, Soi Choeiphuang, Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900
<b>Registration</b>	PLC no. 0107551000312
<b>Telephone</b>	(66) 2338-3333
<b>Fax</b>	(66) 2338-3904
<b>Registered Capital</b>	Baht 390,549,286
<b>Paid-up Capital</b>	Baht 365,549,286

### The Company's Shareholding Exceeded 10% of Paid Capital. (December 31, 2018)

Company Name / Address	Business	% of Holding	Registered Capital	Paid-up Capital
<b>Direct Subsidiaries</b>				
Nation Global Edutainment Co., Ltd. 333 Lao Peng Nguan 1 Tower, 24th Floor, Zone A, Soi Choeiphuang, Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900	Publishing (Cartoon)	99.74	200,000,000	200,000,000
One World Media Co., Ltd. 333 Lao Peng Nguan 1 Tower, 24th Floor, Zone A, Soi Choeiphuang, Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900	Publishing (Free Sheet)	99.99	60,000,000	60,000,000

**Note :** The Board of Directors' Meeting No. 4/2018 held on April 2, 2018 approved acquisition of Investment of OWM amount Baht 10 million and The Board of Directors' Meeting No. 5/2018 held on May 2, 2018 approved the capital increase the registered capital of OWM from Baht 10 million to Baht 60 million.

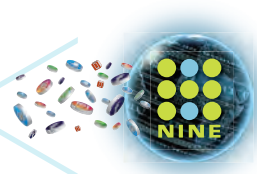


## Summary of Financial Data and Investments

(Unit: in Million Baht)

1. Data from Consolidated Financial Statements	2561	2560	2559
• Sales and Service Income	88.33	137.28	161.29
• Total Revenues	102.72	158.27	182.21
• Gross Profit Margin	(30.53)	64.24	61.48
• Profit (loss) before income, Tax expense	(159.86)	11.28	(202.03)
• Net Profit (Loss)	(168.95)	7.18	(213.86)
• Total Assets	448.27	321.24	376.49
• Shareholders' Equity	373.76	274.44	267.14

2. Financial Ratios		2561	2560	2559
• Total Debts to Equity	บาท	0.20	0.17	0.41
• Gross Profit Margin	%	(34.56)	46.80	38.12
• Net Profit (loss) on Total Revenues	%	(164.48)	4.54	(117.37)
• Return on Equity	%	(52.13)	2.65	(56.71)
• Return on Total Assets	%	(43.91)	2.06	(41.29)
• Earnings (loss) per Share (Basic)	Baht	(0.90)	0.04	(1.25)
• Earnings (loss) per Share (Diluted)	Baht	(0.90)	0.04	(1.25)
• Dividend per Share	Baht	-	-	0.022
• Book Value per Share (Basic)	Baht	1.02	1.61	1.57
• Book Value per Share (Diluted)	Baht	1.02	1.61	1.57



## Summary of Financial Data and Investments

Investments in Subsidiaries of Nation International Edutainment Public Company Limited

	Registered Capital (Million Baht)	Percentage of Investment
<b>Publishing Business</b>		
Nation Global Edutainment Co., Ltd.	200.00	99.74
One World Media Co., Ltd.	60.00	99.99

### Dividend Policy

In normal situation where the group has no capital requirement for investment or business expansion and has secured adequate cash flow, the group has a policy to pay dividend of the company and subsidiaries of no less than 30 percent of 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,

Technology disruption further accelerated in 2018 and the impacts were pronounced for the media and book publishing industry worldwide. Nation International Edutainment Public Co Ltd was able to begin restructuring its business after a significant change in our shareholding structure so that we can meet the challenges ahead.

In 2018, The Yomiuri Shimbun, our long-time partner from Japan, ceased global printing operations including Thailand resulting in a significant revenue loss for NINE. The company, nonetheless, has begun to work on a new set of business models which will be launched in 2019.

NINE invested in One World Media Co Ltd, a daily lifestyle free-sheet and digital publisher. The company also started preparations to venture into social e-commerce for books and e-books (lifestyle and cartoon). Towards the end of the year, we successfully raised new capital under a “private placement”, which resulted in a new group of investors holding a combined share of 53.48%, while former major shareholder Nation Multimedia Group Pcl receded from a 71.04 % share to 33.04 %. We also moved into new office premises from Interlink Building, Bangna-Trad Road to LPN Building 1 on Viphavadee Rangsit Highway at the end of 2018.

NINE looks towards 2019 and beyond with optimism as our brand and content remain strong and in demand. We have also moved to restructure the entire supply chains, logistics, marketing and sales in line with the digital age.

We are confident that with the strength of our shareholders, a strong presence in social media, creative and community building abilities, as well as ownership of quality and popular book/cartoon titles - we will succeed in securing a bright future for the company.



Pana Janviroj  
Chairman



## Board of Director

### Mr. Pana Janviroj

**Position** Chairman of the Board of Director and Chief Executive Officer

Age 59 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) 2018

- N/A -

#### No. of Shares Held as at December 28, 2018

Mr. Pana Janviroj - shares  
Spouse - 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 - Present Director - Nation International Edutainment Plc.

#### Director of Other Listed Company

2012 - 2016 Director - Nation Multimedia Group Plc.

#### Director of Other Non - Listed Company

2008 - Present Director - Yomiuri-Nation Information Service Co., Ltd.  
2008 - Present Director - Nation Global Edutainment Co., Ltd.  
2018 - Present Director - One World Media Co., Ltd.  
2014 - 2018 Director - WPS (Thailand) Co., Ltd.  
2015 - Present Honorary Member - Nation University

#### Director of A Competing Company or A Related Business Company

-N/A-

#### No. of years holding the Post of the Company's Director and The Meeting Attendance in 2018

Holding the post of the Company's Director as at December 31, 2018	Meeting Attendance in 2018		
	Board of Directors	AGM	EGM
6 Years 6 Months (Appointed as a director since Apr. 4, 2011)	11/11	1/1	1/1





## Board of Director

### Mr. Voraphot Chanyakomol

**Position Director and Chief Financial Officer**

Age 51 years

#### Education Background

- MBA (Finance), University of Dallas, Texas, USA.
- Bachelor of Engineering (Metallurgical Engineering), Chulalongkorn University

#### Training Course(s)

- Thai Institute of Directors Association
- Directors Certification Program (DCP #228/2016)

#### Training Course(s) 2018

-N/A-

#### No. of Shares Held as at December 28, 2018

Mr. Voraphot Chanyakomol - shares

#### Relationship with NINE's Executive

-N/A-

#### Experience

Feb 2018 - Present	Director and Chief Financial Officer Nation International Edutainment Plc.
May 2015 - Feb 2018	Director and Chief Financial Officer U City Plc.
Nov. 2013 - Apr. 2015	Chief Financial Officer We retail Plc.

#### Director of Other Listed Company

-N/A-

#### Director of Other Non - Listed Company

2018 - Present	Director - Nation Global Edutainment Co., Ltd.
2018 - Present	Director - One World Media Co., Ltd.
2018 - Present	Director - IVC Co., Ltd.

#### Director of A Competing Company or A Related Business Company

-N/A-

#### No. of years holding the Post of the Company's Director and The Meeting Attendance in 2018

Holding the post of the Company's Director as at December 31, 2018	Meeting Attendance in 2018		
	Board of Directors	AGM	EGM
10 Months (Appointed as a director since Feb. 27, 2018)	10/10	1/1	1/1



## Board of Director

### Mr. Viroj Tangjetanaporn

Position Director

Age 57 years

#### Education Background

- Bachelor Degree of Finance, University of New South Wales, Australia

#### Training Course(s)

Thai Institute of Directors Association

- Certificate of Director Accreditation Program (DAP) Class of 30th, 2004
- Certificate of Audit Committee Program (ACP) Class of 4th, 2005
- Certificate of Corporate Governance for Capital Market Intermediaries (CGI) Class of 1st, 2014

#### Training Course(s) 2018

-N/A-

#### No. of Shares Held as at December 28, 2018

Mr. Viroj Tangjetanaporn	19,550,000	shares (5.34%)
Spouse	-	shares
Minor child	-	shares

#### Relationship with NINE's Executive

-N/A-

#### Experience

Nov. 30, 2018 - Present Director - Nation International Edutainment Plc.

#### Director of Other Listed Company

Mar 2007 - present Chairman of Audit Committee and Independent Director  
UOB Kay Hian Securities (Thailand) Plc.  
Aug 2012 - present Independent Director and Member of The Audit Committee  
Food Capitals Plc.

#### Director of Other Non - Listed Company

Nov 2011 - present Director – Prop Maxx Co., Ltd

#### Director of A Competing Company or A Related Business Company

-N/A-

#### No. of years holding the Post of the Company's Director and The Meeting Attendance in 2018

Holding the post of the Company's Director as at December 31, 2018	Meeting Attendance in 2018		
	Board of Directors	AGM	EGM
1 Month (Appointed as a director since Nov. 30, 2018)	2/2	-	-

**Education Background**

- Master of Political Science (Politics) Thammasart University
- Bachelor of Arts (History), Chiang Mai University

**Training Course(s) 2018**

- N/A -

**No. of Shares Held as at December 29, 2018**

- Mr. Somchai Meesen - shares (0.00%)  
 Spouse - shares  
 Minor child - shares

**Relationship with NINE's Executive**

- N/A -

**Experience**

- Mar. 15, 2018 - Present Director and Executive Director  
 Nation International Edutainment Plc.

**Director of Other Listed Company**

- 2017 - Present President - Max Metal Corporation Plc.  
 Jan. 3, 2018 - Present Director and Chief Executive Officer  
 Nation Multimedia Group Plc.  
 Feb. 7, 2018 - Jan. 15, 2019 Director and Vice Chairman  
 Nation Broadcasting Corporation Plc.

**Director of Other Non - Listed Company**

- Jan. 2017 - Jun 2018 Director - AQ Village Co., Ltd.  
 Jan. 2017 - Jun 2018 Director - Aquarius Estate Co., Ltd.  
 Jan. 2017 - Jun 2018 Director - Baan Chid tara Baan Chid tara  
 Mar. 2017 - Jun 2018 Director - Aquarius Hotel & Resort Co., Ltd.  
 Apr. 2018 - Present Director - Nation Global Edutainment Co., Ltd.  
 1994-2014 Independent radio operator

**Director of A Competing Company or A Related Business Company**

- N/A -

**No. of years holding the Post of the Company's Director and The Meeting Attendance in 2018**

Holding the post of the Company's Director as at December 31, 2018	Meeting Attendance in 2018		
	Board of Directors	AGM	EGM
9 Months (Appointed as a director since Mar. 15, 2018)	10/10	1/1	1/1

**Board of Director****Mr. Somchai Meesen****Position Director**

Age 50 years



## Board of Director

### Mrs. Suparanan Tanviruch

**Position Independent Director  
and Chairman of The Audit  
Committee**

Age 52 years

#### Education Background

- Master of Accounting, Thammasat University
- Bachelor of Accounting, Thammasat University

#### Training Course(s)

##### Thai listed Association

- TLCA Executive Development Program (EDP) 11/2014

##### Sri Pathum University

- Academy of Business Creativity (ABC) 3/2015

##### Thai Institution of Director

- Director Certificate Program (DCP) 216/2016

##### Thai IOD and Australian Institute of Company Directors (AICD)

- Directors Diploma Examination for graduated member

##### Navamindradhiraj University

- Executive Program in Urban Management 2/2017

##### Capital Market Academy

- Top Executive Program, Capital Market Academy (CMA), Class 216/2018

#### No. of Shares Held as at December 28, 2018

Mrs. Suparanan Tanviruch - shares

Spouse - shares

Minor child - shares

#### Relationship with NINE's Executive

- N/A -

#### Experience

Jan. 21, 2019 - Present Independent Director and Chairman of The Audit Committee  
Nation International Edutainment Plc.

#### Director of Other Listed Company

2016 - 2018 Chairman of Executive Board and Chief Executive Officer  
Master Ad Plc.

2008 - 2016 Chief Financial Officer - VGI Global Media Plc.

#### Director of Other Non - Listed Company

2018 - Present Independent Director and Member of The Audit Committee  
Mith-Mitree Medical Co., Ltd.

2017 - 2018 Director - Thai Listed Company Association

2017 Trainer of Strategic Financial Leadership Curriculum  
Thai Listed Company Association

#### Director of A Competing Company or A Related Business Company

-N/A-

#### No. of years holding the Post of the Company's Director and The Meeting Attendance in 2018

Holding the post of the Company's Director As at December 31, 2018	Meeting Attendance in 2018			
	Board of Directors	AC	AGM	EGM
Appointed as a director since Jan. 21, 2019	-	-	-	-



## Board of Director

### Mr. Phanwarit Martmuang

**Position Independent Director and  
Member of The Audit Committee**

Age 46 years

### Education Background

- Bachelor of Arts, Bansomdej Chaopraya Rajabhat University

### Training Course(s) 2018

KPMG

- Cyber Security-Advances to the more complex level
- GDPR-Implications to your company : risks and legal compliance, data privacy and protection
- TFRS 15 - Ready for the Challenges

### No. of Shares Held as at December 28, 2018

Mr. Phanwarit Martmuang - shares  
Spouse - shares  
Minor child - shares

### Relationship with NINE's Executive

- N/A -

### Experience

Feb. 27, 2018 - Present Independent Director and Member of The Audit Committee  
Nation International Edutainment Plc.

### Director of Other Listed Company

2002 - 2015 Senior Creative Production & Design Manager  
VGI Global Media Plc.

### Director of Other Non - Listed Company

Sep. 2016 - Present Creative Production & Design Director  
Gold Star Group Co., Ltd.

### Director of A Competing Company or A Related Business Company

-N/A-

### No. of years holding the Post of the Company's Director and The Meeting Attendance in 2018

Holding the post of the Company's Director as at December 31, 2018	Meeting Attendance in 2018			
	Board of Directors	AC	AGM	EGM
10 Months Appointed as a director since Feb. 27, 2019	10/10	4/4	1/1	1/1





## Board of Director

### Mr. Stephen Joseph Camilleri

**Position Independent Director and  
Member of The Audit Committee**

Age 55 years

#### Education Background

- Master of Education Degree (Specializing in Adult and Continuing Professional Education), University of New South Wales, Sydney Australia
- Graduate Diploma in Adult Education, University of Technology, Sydney Australia
- Bachelor of Arts Degree, University of Sydney, Sydney Australia

#### Training Course(s) 2018

##### KPMG

- Cyber Security-Advances to the more complex level
- GDPR-Implications to your company: risks and legal compliance, data privacy and protection

#### No. of Shares Held as at December 28, 2018

Mr. Stephen Joseph Camilleri	- shares
Spouse	- shares
Minor child	- shares

#### Relationship with NINE's Executive

- N/A -

#### Experience

Feb. 2018 - Present      Independent Director and Member of The Audit Committee  
Nation International Edutainment Plc.

#### Director of Other Listed Company

2016 - Feb.2018      Vice President CEO Office - BTS Group Public Co., Ltd.  
2011 - 2016      Vice President HR - Big C Supercenter Public Co., Ltd.

#### Director of Other Non - Listed Company

- N/A -

#### Director of A Competing Company or A Related Business Company

-N/A-

#### No. of years holding the Post of the Company's Director and The Meeting Attendance in 2018

Holding the post of the Company's Director as at December 31, 2018	Meeting Attendance in 2018			
	Board of Directors	AC	AGM	EGM
10 Months (Appointed as a director since Feb. 27, 2018)	10/10	4/4	1/1	1/1



## Management Team

### **Ms. Thitagan Thana-Olarn**

**Position** Vice President - Business Development

Age 55 years

#### **Education Background**

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

#### **Training Course(s) 2018**

- N/A -

#### **No. of Shares Held as at December 28, 2018**

- N/A -

#### **Relationship with NINE's Executive**

- N/A -

#### **Experience**

2006 - Present	Vice President - Business Development Nation International Edutainment Plc.
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#### **The Meeting Attendance / Meeting Held (Frequency)**

Annual General Meeting of Shareholders 1/1



## Management Team

### Mrs. Tientara Deshjamroen

**Position Assistant Vice President**

**- Accounting & Financing**

Age 40 years

#### Education Background

- BA Accounting, Bangkok University

#### Training Course (s) 2018

- TFRS for NPAEs to TFRSs  
- Simple financial statement 3/2018

#### No. of Shares Held as at December 28, 2018

Mrs. Tientara Deshjamroen 500 shares (0.00%)

#### Relationship with NINE's Executive

- N/A -

#### Experience

2018 - Jan. 2019	Senior Accounting Manager - Accounting & Financing Nation International Edutainment Plc.
Feb. 2019 - Present	Assistant Vice President - Accounting & Financing Nation International Edutainment Plc.

#### The Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders 1/1



## Management Team

### **Ms. Natchanan Charoenpathrakiat**

**Position Marketing & Sale Senior Manager**

Age 44 years

#### **Education Background**

- B.B.A Bachelor of Business Administration, Srinakharinwirot University

#### **Training Course (s) 2018**

- Digital Marketing - SME Thailand

#### **No. of Shares Held as at December 28, 2018**

Ms. Natchanan Charoenpathrakiat - shares (0.00%)

#### **Relationship with NINE's Executive**

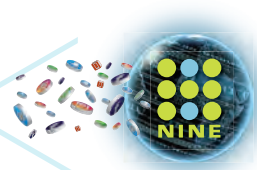
- N/A -

#### **Experience**

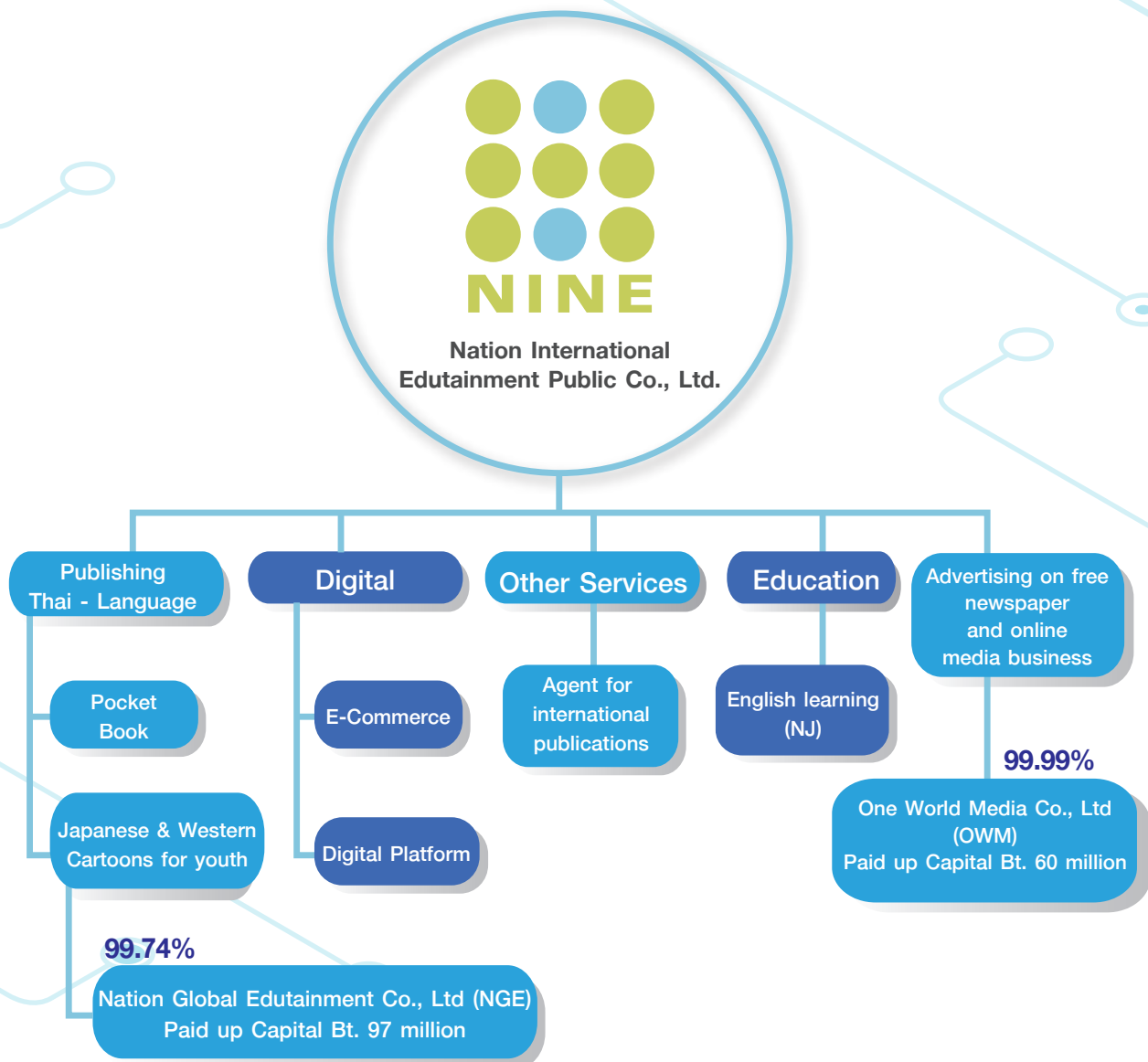
2001 - Nov. 2018	Product & Marketing Manager TIGA Co., Ltd.
2018 - Present	Marketing & Sale Senior Manager Nation International Edutainment Plc.

#### **The Meeting Attendance / Meeting Held (Frequency)**

Annual General Meeting of Shareholders -



## Business Group Structure - NINE 2018





## 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	2018		2017		2016	
		Amount	%	Amount	%	Amount	%
1. Publishing Business							
1.1 Production and selling of pocket books	NINE	18.13	17.65	22.93	14.49	31.09	17.06
1.2 Production and selling of children printing	NGE	29.25	28.47	53.43	33.76	58.65	32.19
2. Foreign printing agent business and related services <sup>A</sup>	NINE	27.27	26.55	49.55	31.31	54.72	30.03
3. Digital	NINE	1.94	1.89	2.84	1.79	3.63	1.99
4. Education							
4.1 English learning / TV Programs and new media	NINE	1.69	1.65	6.30	3.98	4.57	2.51
4.2 English learning Publishing and related services	NINE	2.13	2.08	2.23	1.41	8.62	4.73
5. Advertising	OWM	7.92	7.71	-	-	-	-
6. Other income <sup>B</sup>		14.38	14.00	20.99	13.26	20.93	11.49
<b>Total income</b>		<b>102.72</b>	<b>100.00</b>	<b>158.27</b>	<b>100.00</b>	<b>182.21</b>	<b>100.00</b>

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

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

## Business Network

### 1. Pocketbooks

The company operates under the name of “Nation Books” publisher which produces and distributes pocketbooks entrusted with the copyrights from famous authors and publishers both in domestic and foreign to be publisher and distributor of several high-quality and wide-range products such as, management category which has content related to management including economics, finance, investment, accounting, marketing, taxation and business law, language and learning category which has content related to language skill development and skill practices, religion and philosophy category which has content related to religion, philosophy, belief and physiognomy, general category which has variety content that interests general readers such as lifestyle, health and novel and fiction category which is foreign translated books.

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

Website: [www.nine.co.th](http://www.nine.co.th), [www.facebook.com/NationBooksFanPage](https://www.facebook.com/NationBooksFanPage)





## Nation Kids



## 2. Comics and books for youth

NGE is publisher, importer and distributor of printing for children licensed from leading publishing house from European countries, America and Australia. For major target customers both adolescents and working age from 12-35 years. Most of the books are published in 2 languages in the same book which are Thai and English such as picture books and skill enhancement books.

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.

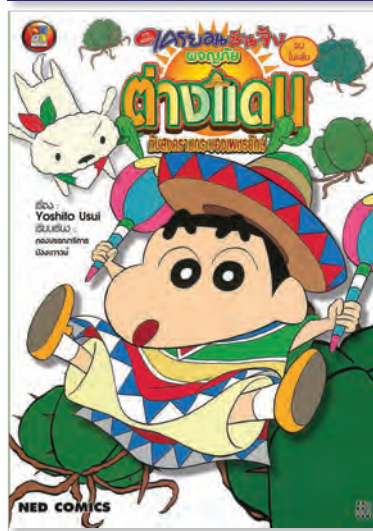
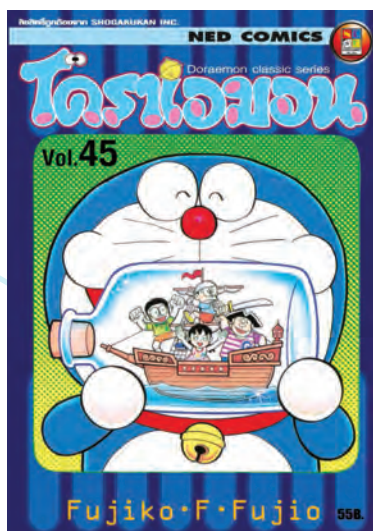
**Website:** [www.nine.co.th](http://www.nine.co.th), [www.facebook.com/NationKids](https://www.facebook.com/NationKids)

### 3. Japanese and Thai comics

The company operates under the name of “Nation Edutainment” publisher which has NGE as publisher and distributor of printing for education and entertainment. For major target customers both adolescents and working age from 12-35 years. The business focuses on popular comics and novels licensed from leading publisher in Thailand and Japan such as Shueisha, Shogakukan, Kodansha, Kadokawa Shoten and Futabasha. By 2018, the Company owned more than 600 licenses and 4,500 covers for printing and distributing books for youth, including, Naruto, Doraemon, Crayon Shin Chan, Bleach, Bakuman, Blue Exorcist, Kuruko, Platinum End, Boruto, Jo Jo Lion, Jojonium, Master Keaton, Death Note Pocket Edition, One Punch Man, and Thai comics such as The 13th Knife.

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, Slam Drunk, Dragon ball Super, Hunter X Hunter etc.

**Website:** [www.nine.co.th](http://www.nine.co.th), [www.facebook.com/nedcomics](https://www.facebook.com/nedcomics)





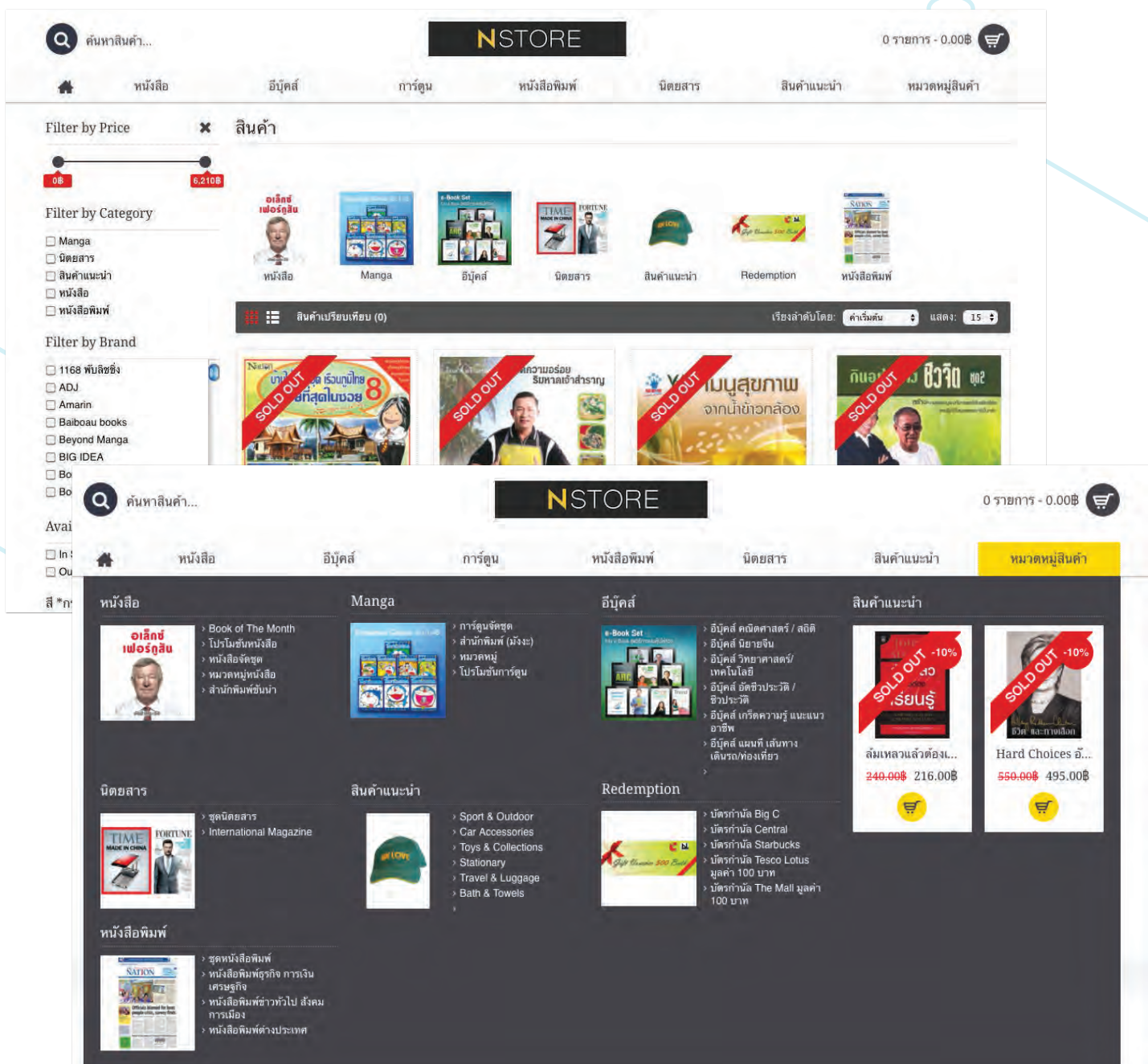
## Digital Business



NSTORE

## Digital Business

The company operates distribution of e-book and printing book in various categories corresponding to several reading tastes and lifestyle such as management, religion, psychology, philosophy, language, fiction, literature, stories, comics and others in format of newspapers, pocketbooks and magazines. The Company also operates distribution of various consumer products for consumers of all ages and lifestyle such as IT items, household items, children toys, health and beauty products, sport goods, car decorations, games, DVD and others via website NSTORE.net, Nation Books application on iOS and android, Alliance's application on iOS and android and others medias: LINE account, e-mail, phone and affiliate Program.



The screenshot displays the NSTORE website interface, which is designed for users to browse and purchase various products. The top navigation bar includes a search bar, the NSTORE logo, and a shopping cart icon showing 0 items for 0.00฿. Below the navigation bar, there are several filter options: Filter by Price (0฿ to 6.210฿), Filter by Category (Manga, นิตยสาร, สินค้าแนะนำ, หนังสือ, หนังสือพิมพ์), and Filter by Brand (1168 brands listed). The main content area is divided into several sections: 'สินค้าแนะนำ' (Recommended Products) featuring books like 'Book of The Month' and 'นิยายจีน'; 'Manga' section with various comic books; 'นิตยสาร' (Magazines) including 'TIME' and 'FORTUNE'; 'สินค้าแนะนำ' (Recommended Products) featuring a green cap and a book; 'Redemption' section with a 'Light Blue Book Set'; and 'หนังสือพิมพ์' (Newspapers) including 'Nation' and 'Straits Times'. The bottom section shows 'สินค้าแนะนำ' (Recommended Products) with a 'SOLD OUT' banner and a 'Hard Choices' book. The interface is clean and modern, with a focus on product images and clear categorization.



## 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 Company's group operates business as distributor of the leading foreign publications and related services. As of August 31, 2018, the publications rendered by the Company are 231 items in total. This business consists of foreign language newspapers and foreign online membership including distribution to members, advertising distribution for The Yomiuri Shimbun newspapers published in Thailand, also publishing service for The Yomiuri Shimbun newspaper and delivery service for several newspapers and magazines.

However, Yomiuri-Nation Information Services Co., Ltd., which owns The Yomiuri Shimbun newspaper has changed the marketing plan from printing to digital printing and terminated the distribution agreement which effective date on September 1, 2018 onwards. In addition, other foreign publications have also terminated in a few months later. Therefore, the business unit needs to close and cease the operation as well.



## English learning media

NJ MAGAZINE  
www.247friend.net

Learning has never been such fun!

Nation Junior

English learning media  
NJ Digital

NJ Digital is English learning media which is modern, fun, easy-to-understand and compatible with behavior of the target group. It uses all types of digital media channels including TV channel to meet the demand for media which is timely to situations, information and current technology, increase potential to perceive information and create opportunities to learn new things continuously for youth according to government policy to focus and improve youth's English language skill. The Company also sends English learning media to secondary schools or equivalent to use as free in-class learning media via website njdigital.net which will be updated weekly. This contains English conversation clips, practice tests, sound-picture for listening and speaking skill and vocabulary with meaning.

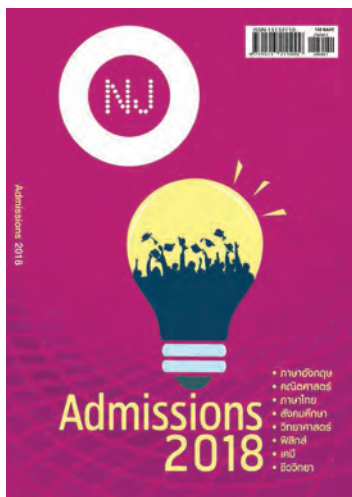


## Hello English

Hello English is English program which focuses on English in everyday life for people of all ages, presenting in funny, easy-to-understand and applicable style. It is on air 4 days per week in YouTube channel.

## NJ Special Admission

The Company provides a preparation guide for admission exam which is specially published as "NJ Admission 2018". It contains two series of book which the lessons and practice tests are compiled and gathered by leading instructors. The content covers knowledge for GAT/PAT, O-NET and 7 common subject exams. This guide was used as material in entering to the university with Sahaphat No. 21 project which was held simultaneously in four regions across the country during October 2018 and was broadcasted via broadband to more than 500 schools participating in this project. Student can review throughout the year.

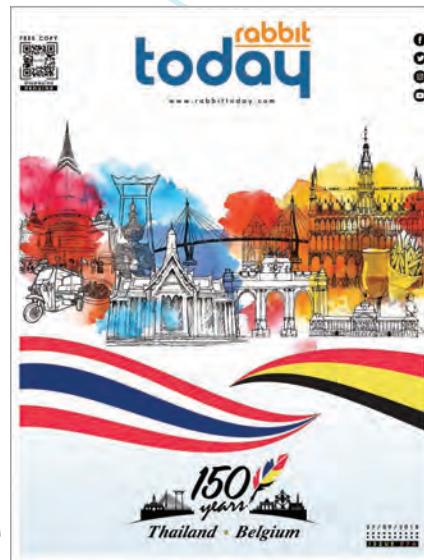




Free newspaper  
and online media business

rabbit  
**today**

Entertainment media



Website: [www.njdigital.net](http://www.njdigital.net)

Advertising on free newspaper and online media business

The company operates under the name of One World Media Company Limited (“OWM”) which operates business relating to news and information providing via offline and online media by publishing free newspapers or Free Sheet under the name of “Rabbit Today” providing content related to daily life in the city. It is distributed 5 days per week for free through BTS station, MRT station, office buildings and providing online news and information via [www.rabittoday.com](http://www.rabittoday.com), Facebook, RabbitTodayOfficial, Instagram and Twitter.

Website: [www.rabittoday.com](http://www.rabittoday.com) / [www.facebook.com/RabbitTodayOfficial/](https://www.facebook.com/RabbitTodayOfficial/)

## Industry and competition

### Industry conditions and competition in the publishing business

In 2018, it was marked a year that the publishing industry was likely to decline continuously, evidenced by many magazines have gradually closed down. Since the change in the media in the digital era is a major factor causing the change in “reader” behavior; lesser and lesser number of the readers read the print publications and advertising. However, the catalyst factors that have directly affected the publishing industry include distribution system, agents, publishers, and paper materials, which have produced effects in a chain over the publishing business, resulting in that the publishing industry has been in a downtrend. This situation does not occur only in Thailand, but all countries of the world have experienced such problems as well.

Such effects result that the retail bookstores have closed down continuously, especially comic book stores. This causes the readers are more difficult to seek the print comic books despite it has remained of the high demand for reasons of its affordable unit price and the easy-to-buying decision by the customers. In addition, online stores could not replace the entire traditional stores due to it has been in the development stage. As a result, the Group’s income from the print comic books has decreased significantly.

Regarding the books for adults in fields such as business and investment, health, famous foreign translations have been interested from among readers. The choices and content that is attractive and reliable and in the current stream of interest or more explicit penetration into the target readers are attributed to customer purchase decision in easier manner.

For young children books such as coloring skills activities and English books, sales still remained stable. The e-commerce books sales have grown more than ever before, however, it could not replace the reduced revenues of the print publications.

Based on the 2018 situation mentioned-above, the Company has implemented strategies to grow and profit sustainably by improving the chosen choices of books with responsive content to the readers’ need, control publication volume corresponding to sales, adding products together with children’s books as an incentive to motivate buying, adding sales channels to new sources; for instances; increased number of online stores, public relations and advertising through various media channels for maximum benefits, including newspapers, magazines and social media, as well as building alliances in businesses.

## 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.

- **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.

- **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.

- **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.

- **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 Plc., 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 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 (Nejavu.com) 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 (Nejavu) 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 Company 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.

### **Industry condition and competition in the advertising on free newspaper and online media business**

During 2018, media and advertising industry has positive trend. Nielsen Media Research (Thailand) Co., Ltd. reported that total advertising expenditure in second quarter of 2018 was THB 27,243 million which increased by 4.61% from THB 26,042 million of the same period of the previous year. It shows trend of extension of media and advertising industry. Moreover, total advertising expenditure in 2017 was THB 101,445 million which was advertising expenditure from newspaper in the amount of THB 7,706 million. If considering market share of advertising expenditure from newspapers in 2018 referred to expenditure of the company that operated business as similar as OWM's business, it found out that the mentioned company had market share of advertising expenditure from newspaper of not less than 5.00% or total revenue in the amount of THB 385.30 million. Meanwhile, Nielsen Media Research

(Thailand) Co., Ltd. and Media Agency Association of Thailand forecasted that advertising expenditure from digital media in Thailand during 2018 will be 12.00% of total advertising expenditure or THB 12,173.40 million per year. In addition, Thailand internet user profile in 2017 from Electronic Transactions Development Agency, Ministry of Digital Economy and Society reported that Thai people used internet increasingly for almost every year and spent most of time to play social media which is 86.90%. The top social medias used are YouTube, Facebook and line. These social medias are main advertising channels of OWM.

From the above information, it can be seen that the advertising media industry has a tendency to continuously improve, with the company itself having to adjust the business operations to meet the needs of our customers and to compete with market competitors, including technology that is rapidly changing.



## Risk factors

The major risk factors that may have affected the Company's operating results include both external factors and business risks as follows:

### 1. Risk factors in the publishing business

#### 1.1 Risks of media and publishing industry

The Group's operating results may not be as expected due to the current recession of media and publication markets in Thailand due to the rapidly-changing behaviors in consuming media and publications. As a result, many printing media operators have encountered losses. Therefore, the Group may have faced risks and competition in the business that the operating profits may not be as expected

However, the Group has tried to set the management policy to minimize the negative impact as much as possible by choosing the book titles that are attractive and book production control has been carried out in accordance with sales estimate. Also, restructuring business has been performed by means of the investments in subsidiaries. In addition, advertising and public relations services through the free sheet, website content creation, an increase in social media have been executed to render management and performance effectively. The Group viewed that investment by this time has been recognized 'creating business opportunity and prepared readiness to keep up with future changes'.

#### 1.2 Risk of non-renewal of the license agreement

Over the past year, the Group was at risk of renewing the Walt Disney Agreement since Walt Disney has been of its internal restructuring; the Walt Disney changed its executives from the Walt Disney Company (Southeast Asia) Pte Limited to the Walt Disney Thailand Ltd, thereby consequently that the extension of agreement was delayed, including the Walt Disney Thailand Limited's other partners. However, the Group has signed a renewal of the agreement for the year 2018 completely.

#### 1.3 Risks of foreign partners

The change in the information technology has resulted that Yomiuri - Nation Information Service Co., Ltd., an owner of the Yomiuri Shimbun newspapers, has changed its media products into a digital system, and ceased licensing the production and distribution in the format of publications globally. Since the Company has been negatively affected by such risk factors, the concerned business units and its support units were necessary to winding-up by the third quarter of 2018

#### 1.4 Risks of technological changes and competitors in similar content services

With today's IT and communication development, smart applications, and cheaper technology devices such as computers, mobile phones, tablets, the consumers turn to spend more time on the digital devices, particularly reading Japanese comic books whose followers are mainly children and youth turn to reading pirated comics published on websites with no charges, thereby the sales of comic books have been extremely affected.

To minimize such risks, the Group has undergone the negotiation for digital copyrights of Japanese comic books. Not only it promotes the competitive advantages, but also it is signified to as the adaptation to the digital media situation which has been growing constantly. It's expected that revenues generated from digital media sales would compensate the revenues from the shrinking sales of publication and comic books. The Group expects to be granted such copyrights by the first quarter of 2019.

#### 1.5 Risks of distribution channels

The Company distributed products through a variety of channels for consumer convenience and in responsiveness to the buying behavior and individual lifestyle.

Modern Trade is a distribution channel that contributes to product image promotion because shelf layout and product placement by product category is explicitly displayed. Since 2016, the distributors have evolved its policies by reducing the book distribution to the stores while the selection of distribution volumes referred to sales statistics by book category at each branch has been adopted; this tendency continues until the present year. Therefore, the printed books are restricted on shelves in certain branches, thereby resulted that consumers are more difficult to find and buy books than ever before. In addition, the promotion at the traditional stores has decreased, because it's more likely that partners have implemented the policies on books selection; books with promising sales statistics are more likely to be promoted than the books that are not interesting and moderate sales which may affect the overall sales.

Agent is a distribution channel that focuses on selling comic books. Because of the restricted shelf layout and the insufficient space of product placement in display decoration, it is at risk because the books are not in a prominent position; thereby resulting in the loss of selling opportunity, as well as it is at risk of the return of many books. Most operations are a small family-owned business running for a long period of time without the exact sales record system, thereby it is difficult to keep track with the sales definitely. In addition, the market proportion has gradually been declined due to the changing consumer behavior that they are more likely to buy books in department stores or purchase through e-commerce channels.

E-commerce is a distribution channel that has been more growing. It provides customers convenience without waste time traveling to buy. The e-commerce distribution channel can reduce risk factors of the modern trade and agent channel. At present, the Company distributes books through E-commerce channel primarily; including the Nstore.net and other e-commerce channels. Besides, the Company has developed the e-commerce pattern continuously, and by March 2019, the Company will distribute via the site [www.nejavu.com](http://www.nejavu.com), and the website will be renovated into social commerce in response to the changing customer behaviors.

### **1.6 Risks of the paper shortage**

Paper used in the publication production is a commodity product designated by market demand and supply. So, paper as major raw material in producing the publication, with paper price volatility, it has a significant impact on the overall cost to be borne by the Group. However, with the production planning and control in the agreement with sales plan, it would mitigate the risks of paper price volatility. Besides, the Group has implemented the price adjustment mechanism in the line with the actual cost, thereby alleviating such impacts to some degrees.

With the implementation of above-mentioned measures as well as the experience of the Group regarding the management, production administration, and sales, consequently the Group throughout the past period has never been facing the shortage of raw materials that is a possible negative impact on the Group's operating results. Also, the Group in good faith ensures that such management practices would be adequate in controlling the materials shortage risks and maintain the stocks to the extent which is acceptable for the future. In addition, an increase in the digital publication formats to accommodate today's changing customer behaviors would preclude the Company from the occurrence of the paper shortage.

### **1.7 Risks of publication copyright procurement**

In the publishing business, as not owner of the publication copyright; the Group mainly produces and distributes the products by means of buying copyright from the different copyright owners; including writers or publishers domestically and internationally that the Group has the exclusive right to production and distribution in Thailand. Most copyright license agreements are effective for a period of 3-7 years and a renewal of the agreement shall be granted under the same terms and conditions concerning the price. The copyright owners may have the right to terminate the agreement if the Group breaches the contract and/or has been exposed to the financial problems and/or bankruptcy, etc. Thus, the Group may be exposed to the risk of failure to procuring the copyrights or discontinuity of production and distribution.

Moreover, the Group may be at risk of termination or refusal of renewing the contract by the copyright owners. If so, the Group's business might be affected, including financial status and the futuristic outcomes of the Group.

Over the past decades, the Group, however, has never experienced problems concerning the procurement of publication copyrights licensed by both domestic and overseas copyright owners. Owing to the large-scale publication markets with a variety of publication copyrights offered, a goodwill relationship between the Group and several famous writers and publishers, and a continuous accomplishment in producing and selling books, the Group has been entrusted by the copyright owners and the Group is potential to purchase any publication copyrights it may desire; the publications of the choices that are highly popular to be produced and sold. Addition, the Group has also strictly abided by the agreements; it has been proven of no problems concerning the renewal or termination of the contract since the past.

Also, the Group plans to produce a variety of books and copyrighted contents from copyright owners to reduce dependence on the contents of the copyright owners and any countries unnecessarily. In addition, the Group has been more likely to produce original copies written by Thai national writers, this is a kind of risk diversifications; meanwhile, the Group has developed the domestic potential teams in producing the attractive contents and seeking local content developers.

### **1.8 Risk of inventory valuation**

At present, the publications of the Group have been distributed through the agent channel primarily. The Group has provided policy on the return of goods that are not sold out from the distributors, consequently that there are a large number of remainders as inventories. Certainly, such reminders are inclined to be deteriorated and obsolete from time to time, including the declined sales of the current year compared to the sales of the year earlier.

In 2016, the Group considered the potential impacts of changing consumer trends. The Board of Directors had the resolution to restructure its publication production and distribution; setting up allowances for the value of goods increase/decrease in the line with the current situation and has focused on producing and distributing specific items that are presumed to be profitable to the Group. As such, the Group has considered and recognized a loss or decrease in value of inventories, which previously was based on products at the proportion of 100% of the value of inventories that are aged 1 year up and completely-produced lots, and value of inventories that are aged 3 years up and unfinished production lots. At present, the Group has a policy for obsolete inventory allowance regarding a decrease in value of products that are deteriorated and obsolete and remained in stock for a long period; namely, the inventories that are aged 12 years up, the net value of the inventory by price estimate would be at 50% of the inventory value. The inventories that are aged 18 years up,

the net value of the inventory by price estimate would apply to sell in bulk. The inventories that are aged 24 years up, the net value of the inventory by price estimate would apply to sell in bulk in kilograms.

Moreover, to minimize the inventories, the Group has planned to sell its existing books periodically; offering a special discount or annual promotional activities held at the exhibition events. Regarding a series of comic books, the new series of books and previously-rolled out books would be sold together. In addition, the entire comic books that have previously been sold out would be combined in a new series to stimulate sales at the events. The Group has given more careful attention regarding the new books production and the control of publishing volume in line with current market demand and the future consumption trends for print formats in order to limit the inventory. Besides, the Group has implemented warehouse management policy by limiting the inventory to the extent which it will not exceed the quantity of the previous year.

However, the production of the digital book that tends to be more demanding by the market, there will be no inventories left from the production in the printed format because it is in the format of the digital product, the income and expenses calculation shall apply upon sales occurs only.

## **2. Risk factors of the agency business of distributing foreign newspapers and magazines**

### **2.1 Risks of renewing contract**

In operating a service business as distributor for foreign publications, the Company is required to enter the distributor agreement with publication owners. Most of publication distributor agreements shall be valid for 1 year with the right to renew the contract. The publication distributor agreements terminates when it expires. The copyright owners may have the right to terminate the agreement if the Group breaches the contract and/or has been exposed to the financial problems and/or bankruptcy, etc. by informing the other party in advance written notice. Moreover, the Group may be at risk of termination or refusal of renewing the contract by the copyright owners. If so, the Group's business might be affected, including financial status and the futuristic outcomes of the Group.

However, the Company and the copyright owners have a long-term goodwill relationship, the executives and teams of the Group have engaged in the business from the beginning. In addition, the Company has also strictly abided by the agreements; it has been proven of no problems concerning the renewal or termination of the contract ever since the past.

### **2.2 Risks of digital reading**

Nowadays, online reading has become more popular, certainly this phenomenal has affected the circulations of foreign print newspapers and magazines.



However, the agency business of foreign print newspapers and magazines eventually had to winding-up on 30th September 2018 owing to the Yomiuri - Nation Information Service Co., Ltd., the owner of The Yomiuri Shimbun newspapers, has suspended the production and distribution licenses in print format around the world, and turned to operate the digital publishing business by itself.

### **3. Risk factors of digital business**

#### **3.1 Risks of reproduction**

There are a number of websites that illegally present media such as cartoons, thereby resulting that a portion of customers consume the digital content without charge and reversed their intent to buy the legal products. Therefore, the responsive, distinctive and different content is significant in adjunction with the highly secure technology and excellent service delivery. The Group always seeks the responsive digital content from both domestically and internationally and finds ways to offer content that is superior to those illegal websites, and offering attractive prices. Currently, the Group gets in touch with and negotiates with renowned leading program developers locally to take contents of print articles and cartoons to produce and sell in the digital format.

#### **3.2 Vulnerability in website reliability**

At present, it's accepted that social networks have played a role that potentially contributes to the people's ideas, decisions, the perception of news and information through online media, social networks, blogs, posts, and so on. Today's consumer behaviors are involved with searching for information about products and services prior to their purchase decision. Such source of online information is an external factor that is rather difficult to control, and it primarily depends on customer satisfaction with products and services. Therefore, controlling and maintaining standard for whole service system is necessitated and vital to the e-commerce business wherein the heart of the service is fast and accurate, for instances, logistics websites, quality inspection, payment system, return of goods system, after-sales service, quick and convenient channels in getting in touch, and marketing communication in which special service may be needed.

However, the Company has been in the process of renovating and developing its websites and the Content Management System (CMS) system to ensure more efficiency, coupling with designing the responsive websites to look more modern and attractive. It is expected that website improvement will commence its services by March 2019 under the name [www.nejavu.com](http://www.nejavu.com). The Company ensures that the Content Management System (CMS) or back office improvements and website performance will reassure consumers in buying products through the Company websites.

#### **4. Risks of digital media competition and choices offered to the target groups**

At present, the content presentation through digital media has been diverse in both formats and volumes, resulting in sharp competition among media producers. To make sure that the NJ Digital's media accessed and chosen by the target groups, content development and presentation styles are necessitated to be improved continuously and in a timely manner, including various promotional activities held to boost customers' brand loyalty to the target groups.

The Company has carried out marketing activities to build a customer relationship. To achieve this, the Company has organized educational promotional activities for English knowledge. Since the Company has been famous for producing English materials at the top rank of the country as well as multimedia that have been integrated with various media effectively, activating the activities beneficial to customers directly, as well as value creation and social and educational development (CSR) under the constant support by both public and private sectors.

#### **5. Risk factors of advertising and public relations business**

##### **5.1 Risks of the unexpected profits from advertising media**

The Company has invested in advertising and public relations business under its affiliated Company, "One World Media Company Limited", through both online and offline channels. If the earning of advertising media has not met the profit target as forecasted, or fell short of the investment capital, or facing any circumstances precluding the Group from rendering the said advertising media service, the depreciation allowance is needed to take into consideration as this kind of risk may affect the financial position and the operating results of the Group.

The One World Media Co., Ltd., launched its operation since June 2018. Initially, it has not been publicly known or recognized by the consumers; thereby the FY2018 operating results has faced loss. As at 31st December 2018, the Group set the depreciation allowance for the investment capital on advertising and public relations business, totaling 13.6 million Baht and doubtful accounts for loans of totaling 33 million Baht.

##### **5.2 Risks of reliance on major agencies**

In the advertising and public relations business, most agencies generally get in touch with the Company directly to advertising, because the owners of the products and services may use the agency to plan the strategies for various media applications, designating advertising budget plan, and decision in choices of advertising media types. The agency may avoid entering a long-term contract with advertising and media firms; instead, it considers plans for advertising media response to the marketing plan and advertising by product/service owners individually where deemed appropriate and in a timely manner. The agencies are therefore significant to the advertising and public relations business.

Besides, the clients of the Group can be divided into 2 main groups: 1) agency client, and 2) client who is an owner of products and services. The Group may be at risk if the agency does not introduce the owners of products and services to use the advertising media networks of the Group, this kind of risk may affect income and the operating results of the Group significantly. However, the Group has a continuous development and presentation to make sure that advertising media services attractive, and content production on advertising for clients who have no their own content (Advertorial Ads.)

However, the Group firmly believes that risk management can be achieved resulted of the goodwill relationship with the agencies since the Group has engaged in developing advertising media and public relations in collaboration with the agencies, including design and services rendered by the Group that have been recognized by the agencies and clients who are the owners of the high-quality products as compared to the different industries. Further, with the long-standing reputation of the Group and the goodwill relationship with diverse customers, this contributes the Group to offer products and services directly.

### **5.3 Risks of the overall economic slowdown and domestic political unrest**

Advertising and public relations business has directly associated with the advertising industry and the nation's overall economy; if the national economy has been stable with the high level of budging on advertising and public relations disbursed by the products and service owners in accordance with the consumer spending, the earning gained by the advertising and public relations media providers will grow accordingly. In turn, if the national economy has been in slowdown or regression or a persistent presence of domestic political unrest that has a negative effect on confidence or purchasing power of consumers, it's likely that the owners of products and services may reduce their budget amount for advertising and public relations on various advertising media, consequently resulting in the shrink of ad spending.

However, the strength of the advertising and public relations media of the Group includes the integration of offline and online channels, thereby enabling it more interesting than just a single ad channel. Advertising through offline channel stimulates customer awareness and recognition, thereby affecting customer decision in buying ad space from among those target customers of the Group. Also, advertising via online channel has been of a low cost, but a powerful impact on consumer awareness as compared to other types of advertising media.

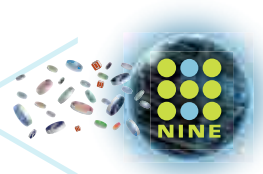


## 6. Risk factors of enterprise groups

### 6.1 Risks of major shareholders who are influential in policy-making and enterprise management

After the offering of the newly issued ordinary shares (Specific Objective) to the private placement (PP), the Silom Road Limited Group and Mr. Viroj Tangjetanaporn hold 53.48% of the paid-up capital, and the Nation Multimedia Group Plc. holds 33.04% of the paid-up capital could have controlled overall votes on the important resolutions in the shareholders' meeting as well as special resolutions, as required by the provisions of laws or Company's regulations that it shall obtain 3 out of 4 of the number of shareholders present at the meeting with voting right, so other shareholders could not be consolidated for investigation or counterbalance the matters proposed by the major shareholders. However, the Company has followed the Good Corporate Governance and minority shareholders protection strictly, including measures for the related transactions with directors, major shareholders, and the person in authority to control the affairs, and people with conflicts which they have no right to approve such respective transactions for transparency of the business.

However, to counterbalance the major shareholders' management, the Company has appointed three non-executive independent directors to perform the examination of the executives' management and taking care of the interests of the minority shareholders



## List of Major Shareholders

Name of top ten shareholders as of December 28, 2018 at closing book dated:

No.	Name	Shares	% Total Share
1.	Silom Road Limited	175,950,000	48.133
2.	Nation Multimedia Group Plc	120,808,387	33.048
3.	Mr. Viroj Tangjetanaporn	19,550,000	5.348
4.	Mr. Sombat Panichewa	6,000,000	1.641
5.	Mr. Chainarong Sangthongarama	3,997,200	1.093
6.	Mr. Sakunthon Jungrunreangkit	1,264,000	0.346
7.	Mr. Jira Sopee	1,083,400	0.296
8.	Ms. Budsara Pumkrachang	1,054,300	0.288
9.	Mr. Manop Supukmontee	850,000	0.233
10.	Mr. Marut Siriko	800,000	0.219
	Other	34,191,999	9.355
	<b>Total</b>	<b>365,549,286</b>	<b>100.00</b>

Source : Thailand Securities Depository Co., Ltd.

### • Types of Shareholders - Share allotment by nationality

Shareholder by Nationality	Number of Shareholders	Number of Share	% Total Share
Thai Shareholder	1,356	189,474,508	51.83
Foreign Shareholder	8	176,074,778	48.17
<b>Total of Shareholders</b>	<b>1,364</b>	<b>365,549,286</b>	<b>100.00</b>

\* Nation International Edutainment Plc's regulation stipulates that "non-Thai shareholders are not allowed to hold the Company's stake in excess of 49% of total issued shares"

- Group of major shareholders who has significant impact on the formulation of management policies
  - The shareholders from the same entity and voted an unanimously, which were Silom Road Limited and Mr. Viroj Tangjetanaporn, to have its major shareholder
- 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 2018, held by Thai Investors Association, Thai Listed Companies Association and the Office of the Securities and Exchange Commission. The company scored 93 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 2018, 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](http://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 2018

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 2018, 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 2018, the company held two shareholders' meeting as follows;

1. The General Meeting of Shareholders 2018 was held on April 30, 2018 at the Conference Room, 7th Floor, the Nations University Building, Bangkok with registration started at 9.00 hrs. 7 Directors and 34 shareholders and proxies carrying 126,932,151 out of 170,048,386 distributed shares or 74.64 percent attended the AGM.

2. The Extraordinary General Meeting of Shareholders No. 1/2018 held on October 30, 2018 at the Conference Room, 9B Floor, Interlink Tower, Bangkok with registration started at 13.00 hrs. 7 Directors and 55 shareholders and proxies carrying 120,898,208 out of 170,049,286 distributed shares or 71.10 percent attended the AGM.

The meeting proceeded according to the recognized guidelines and legal requirements.

### Prior to the General Meeting of Shareholders and Extraordinary 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 November 20, 2017 to January 26, 2018. It's published in the [www.set.or.th](http://www.set.or.th) and [www.nine.co.th](http://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, 2018.

Before the 2018 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, 2018 to April 5, 2018 for the Board and management to prepare data to clarify to the shareholders in the AGM but no shareholders sent in any questions.

### **On Annual General Meeting and Extraordinary General Meeting of Shareholders**

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 and EGM

The company has announced the results of votes at the General Meeting of Shareholders 2018 and the General Extraordinary Meeting of Shareholders No. 1/2018 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. Equal treatment for 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 2018, 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. Role 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](http://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 Ethnical 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](http://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 relationships 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 organizing enjoyable question-and-answer activities to distribute books such as Ketogenic Diet, Tong Shu Desktop Calendar 2018, and 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 "Khon Lek Way Thee Yak", "Keto-genic Diet", "The Leadership Journey", "Think Less, Run More", and "Find a support/resistance level with a simple technique by Nung Tien", readers were able to meet the authors for question-and-answer sessions. Including sharing news 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 2018, 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 2018, 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 threaten 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, 5S 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 2018, the Company organized the CSR activities. (For detail, see Corporate Social Responsibility, page 77, 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@nine.co.th](mailto:audit_nine@nine.co.th) or visit in person, or postal mail to the Nation International Edutainment Plc. No. 333 Lao Peng Nguan 1 Tower, 24th Floor, Zone A, Soi Choeiphuang, Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900.

#### 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 2018 provides the following information:

1. Vision, mission and values of the organization
2. List of directors as well as their work and educational backgrounds, their family relationship with the management, their service in other listed companies and their holding of the Company's securities
3. Shareholders' structure
4. Risk factors
5. 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](http://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

### 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 : 333 Lao Peng Nguan 1 Tower, 24th Floor, Zone A, Soi Choeiphuang,  
Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900

Tel. : 02-091-5300

Fax : 02-091-5900

Email : [investor@nine.co.th](mailto: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 Company appointed Ms. Punapa Thongthaveephan as Corporate 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 2018, the composition of the Company's Board of Directors featured seven directors – three independent directors, two directors who served as an executive in NINE and its subsidiaries, and two executive directors. The Company had one-third independent directors in the Board, and that served as proper checks and balance.

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

### Term of directorship by directors and executives

According to NINE's Articles of Association, one third of the directors must duly resign every year. Outgoing directors may be reinstated for another term. However, the Company does not fix the number of successive term of directorship according to the Securities and Exchange Commission's regulations. NINE has a policy that the Managing Director can hold a position in maximal 5 other listed companies. A director cannot hold another directorship in any competitive companies or those having conflict of interest. The directors have disclosed the type of business and directorship in other companies in the Director Record File in 2018. No directors held directorship in more than 5 listed companies and Independent Director should have a term of office as a Board Director for not more than 9 years.

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 2018 were presented to the Audit Committee and the Board for their acknowledgement in February 2019. 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, along with related documents for each agenda to every director at least 7 days before the meeting so that the Board may have some time to study them before the meeting. In case a director wants to propose an agenda or require the management to update certain issues, he/she may notify the Chairman of the Board or Corporate Secretary.

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

In addition, the non-executive directors have held meetings to discuss various issues related to business operations before the Board of Directors meeting.

## 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 2018, 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 2018. 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 2/2019 on February 2019.

**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 100%.
- 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 99.05%.
- 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 100%.
- The Chief Executive Officer's performance is considered by the Board of Directors, based on SET's evaluation approach. The completed forms will then be compared, and the information acquired from the comparison will be used for the CEO's further capability development.

**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.

Remuneration to directors in 2018 and 2017 were as follows:

Director / Position	Remunerations 2018				Remunerations 2017			
	Remuneration	Meeting Allowance	Others	Total	Remuneration	Meeting Allowance	Others	Total
<b>Chairman:</b>								
- Mr.Pana Janviroj	400,000.-	-	-	400,000.-	-	-	-	-
<b>Non-Executive Directors:</b>								
- Mr. Ka Ming Jacky Lam	150,000.-	-	-	150,000.-	-	-	-	-
<b>Chairman of Audit Committee:</b>								
- Ms. Kaemakorn Vachiravarakarn	-	-	-	-	400,000.-	-	-	400,000.-
- Mr. Pundit Jiranapapan	300,000.-	-	-	300,000.-	-	-	-	-
- Mrs. Suparanan Tanviruch	-	-	-	-	-	-	-	-
<b>Audit Committee:</b>								
- Mr. Tulsathit Taptim	-	-	-	-	300,000.-	-	-	300,000.-
- Mr. Uthai Bencharit	-	-	-	-	150,000.-	-	-	150,000.-
- Mr. Phanwarit Martmuang	300,000.-	-	-	300,000.-	-	-	-	-
- Mr. Stephen Joseph Camilleri	300,000.-	-	-	300,000.-	-	-	-	-
<b>Executive Director:</b>								
- Mr. Voraphot Chanyakomol	200,000.-	-	-	200,000.-	-	-	-	-
- Mr. Somchai Meesen	200,000.-	-	-	200,000.-	-	-	-	-
- Mr. Viroj Tangjettanaporn	50,000.-	-	-	50,000.-	-	-	-	-
<b>Total</b>	<b>1,900,000.-</b>	<b>-</b>	<b>-</b>	<b>1,900,000.-</b>	<b>850,000.-</b>	<b>-</b>	<b>-</b>	<b>850,000.-</b>

Note: The committees' remuneration shall be in the line with annual remuneration for the year 2018 as approved by the 2018 Annual General Meeting's resolution on April 30, 2018; the committees' remuneration shall be paid on quarterly basis amount 2 Million Baht. For the year 2017, 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 2018, the following directors were encouraged to join the trainings;

No.	Name	Position	Training Course(s) 2018
1	Mr. Pundit Jiranapapan	Independent Director and Chairman of the Audit Committee	<b>KPMG</b> <ul style="list-style-type: none"> <li>• Cyber Security-Advances to the more complex level</li> <li>• GDPR-Implications to your company: risks and legal compliance, data privacy and protection</li> </ul>
2	Mr. Phanwarit Martmuang	Independent Director and Member of the Audit Committee	<b>KPMG</b> <ul style="list-style-type: none"> <li>• Cyber Security-Advances to the more complex level</li> <li>• GDPR-Implications to your company: risks and legal compliance, data privacy and protection</li> <li>• TFRS 15 - Ready for the Challenges</li> </ul>
3	Mr. Stephen Joseph Camilleri	Independent Director and Member of the Audit Committee	<b>KPMG</b> <ul style="list-style-type: none"> <li>• Cyber Security-Advances to the more complex level</li> <li>• GDPR-Implications to your company: risks and legal compliance, data privacy and protection</li> </ul>

## 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	Mrs. Suparanan Tanviruch	The Chairman of Audit Committee	Independent Director and acknowledge accounting and financing
2	Mr. Phanwarit Martmuang	The Member of Audit Committee	Independent Director
3	Mr. Stephen Joseph Camilleri	The Member of Audit Committee	Independent Director

**Note :** At the Board of Directors' Meeting No. 1/2019 held on January 18, 2019, appointed Mrs. Suparanan Tanviruch be Director to replace Mr. Pundit Jiranapapan, resigned Independent Director and Chairman of the audit committee of the Company.

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

- Comments on the accuracy, completeness and reliability of the financial statements of the company
- Comments on the adequacy of the internal control system
- Comments on risk management system of the company
- Commons 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	Mr. Voraphot Chanyakomol	Chief Financial Officer
3	Mr. Somchai Meesen	Executive Director
4	Mr. Viroj Tangjetanaporn	Executive Director

Note: 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. The Board of Directors' Meeting No. 7/2018 held on August 17, 2018 appointed Mr. Pana Janviroj, Mr. Voraphot Chanyakomol and Mr. Somchai Meesen to be Executive Committee and the Board of Directors' Meeting No. 11/2018 held on November 15, 2018 appointed Mr. Viroj Tangjetanaporn to be director and Executive Committee.

### Roles and Responsibilities of the Executive Committee

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 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.

#### Delegation of Company's authorized

Limit Amount	Project	Authorized by
Without limitation	All Projects	Board of Directors
≤ 30 MB per annum	All Projects	Majority Vote of Executive Committee
≤ 5 MB per transaction or in aggregate ≤ 20 MBper annum	All Projects	CEO and CFO signed together
≤ 1 MB per transaction or in aggregate ≤ 5 MB per annum	All Projects	CEO or CFO

### 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 2018, 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 2018, there was one report and there was no transaction with conflict of interest with NINE.

### 5.3 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 2018 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 13 2019.

And the Company's Board of Director has reported the shareholding by comparing an increase (decrease) between December 31, 2017 and December 31, 2018 as follow:-

No.	Name	Number of Shares				
		Dec. 31, 2018	Dec. 31, 2017	No. of shares increase (decrease) during the period (shares)	Company's holding ratio (%) As of Dec.31, 2018	Notes
1	Mr. Pana Janviroj	-	-	-	-	-
2	Mrs. Suparanan Tanviruch	-	-	-	-	-
3	Mr. Phanwarit Martmuang	-	-	-	-	-
4	Mr. Stephen Joseph Camilleri	-	-	-	-	-
5	Mr. Voraphot Chanyakomol	-	-	-	-	-
6	Mr. Somchai Meesen	-	-	-	-	-
7	Mr. Viroj Tangjetanaporn	19,550,000	-	19,550,000	5.35	-
8	Ms. Thitagan Thana-Olarn	-	-	-	-	-
9	Ms. Pimpimol Kongkreingrai	-	-	-	-	-
10	Mrs. Tientara Deshjamroen	500	500	-	-	-

Notes : 1. Paid shares as of December 31, 2018 of NINE is 365,549,286 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 2,000,000.

### 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

The quorum for a meeting to be voted on by the conference committee a of at least 2/3 of the total members and in 2018, the company held the Board of Directors' Meeting, the Audit Committee's Meeting, and the Shareholders' Meeting as detailed below.

ลำดับ	Director	No of attendance/No of meeting 2018			
		Board of Director	Audit committee	AGM	EGM
1.	Mr. Pana Janviroj (Appointed as a director since Jan. 18, 2018)	11/11	-	1/1	1/1
2.	Mr. Voraphot Chanyakomol (Appointed as a director since Feb. 27, 2018)	10/10	-	1/1	1/1
3.	Mr. Pundit Jiranapapan (Appointed as a director since Mar. 15, 2018)	10/10	4/4	1/1	1/1
4.	Mr. Phanwarit Martmuang (Appointed as a director since Feb. 27, 2018)	10/10	4/4	1/1	1/1
5.	Mr. Stephen Joseph Camilleri (Appointed as a director since Feb. 27, 2018)	10/10	4/4	1/1	1/1
6.	Mr. Somchai Meesen (Appointed as a director since Mar. 15, 2018)	10/10	-	1/1	1/1
7.	Mr. Ka Ming Jacky Lam (Appointed as a director since Apr. 30, 2018)	9/9	-	1/1	1/1
8.	Mr. Viroj Tangjetanaporn (Appointed as a director since Nov. 29, 2018)	2/2	-	-	-

**Note:** The Board of Directors' Meeting 2018 included a total of ten meetings, four meetings of the Audit Committees. The Board of Directors' Meeting No 1/2018 on January 17, 2018 had a resolution to appoint four directors (No.1). The Board of Directors' Meeting No 2/2518 on February 26, 2018 had a resolution to appoint three directors (No. 2, 4-5). The Board of Directors' Meeting No 3/2518 on March 15, 2018 had a resolution to appoint two directors (No.3, 6). The 2018 AGM on April 30, 2018 had a resolution to appoint one director (No.7) thus, the attendance begins from the date of appointment. The Bord of Directors' Meeting No 10/2018 on November 28, 2018 had a resolution to appoint 1 director (No.8) to replace the previous director who resigned. (No.7)

The company has a written minutes which contains the full significant information and the minutes approved by the Board has been retained and available for directors and relevant parties for inspection.

## 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 the Company's Board of Directors' Meeting No. 1/2019, all three members of the Audit Committee attended the meeting on February 13, 2019. The Board of director evaluated the internal control system of the company by asking the management and the audit committee about the Internal control assessment system with Internal Control Framework: COSO 2013 which was reviewed and approved by Audit Committee. Moreover, Audit Committee gain information from internal audit reports to conclude that the internal audit suitably and efficiently as per internationally accepted procedures and standards by reviewing in 5 different aspects 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 wok 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

Mr. Yutthapol Charoenrat 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 2018

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 2018, the NINE organized and participated in the following social activities with primary aims of promoting youth learning:

Books were presented to shelters and foundations, as follows:

1. The Pattaya Orphanage, Chonburi province, on March 18, 2018
2. Father Ray Foundation, Chonburi province, on April 28, 2018
3. Mahamek Home for Boys, Bangkok province, on June 24, 2018
4. Anti Human Trafficking and Child Abuse Center( ATCC), Chonburi province, on September 2, 2018





## NJ Spelling Bee 2018

English spelling contest for Thailand championship. (The 20 NJ Spelling Bee 2018) 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 21 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 13th Junior Dublin Literary Awards for Thailand 2018

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 2018 for 13 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”

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 Rattnarangsi, lecturer of Language Institute Chulalongkorn University with free of seminar fees.







## Awards received

### Awards received by Nation International Edutainment Pcl. in 2018

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

On March 29, 2018, Her Royal Highness Princess Maha Chakri Sirindhorn graciously presented a certificate to Mr. Sangchai Lelanawalikhit on behalf of NINE at the 46th National Book Fair and 16th International Book Week, events sponsored by the Publishers and Booksellers Association of Thailand (PUBAT).

On October 17, 2018 the Company received a plaque of honor from the Publishers and Bookseller Association of Thailand (PUBAT) as a sponsor of the 23th International Book Fair and the 12th Book Festival for young people 2018, which promotes reading-habit among Thai people extensively and creates a sustainable knowledge society as a crucial basis for national development.

## Audit Committee's Report For the Year 2018

### 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 Mrs. Suparanan Tanviruch as the Committee Chairman (she has been a Committee Member and was appointed as the Committee Chairman on January 21, 2019). Mr. Phunwarit Martmuang (appointed on February 27, 2018) and Mr. Stephen Joseph Camilleri (appointed on February 27, 2018) are Committee Members.

During 2018, 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 2018, 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 2018, 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 2018, 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 2019, 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 2018, Ms. Marisa Tharathornbunpakul Certified Public Accountant Registration No. 5752 is a suitable, independent, knowledgeable and long-experienced auditor. With regard to the appointment of the company's Independent Auditor for the year 2019, 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 2019: Ms. Marisa Tharathornbunpakul Certified Public Accountant Registration No. 5752 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, 2018, 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).



(Mrs. Suparanan Tanviruch)  
Chairman of the Audit Committee

## Report on the Board of Directors' Responsibilities to the Financial Reporting for the year 2018

### Nation International Edutainment Public Company Limited

The Board of Directors are aware of its duties and responsibilities to a listed company, and in regulating and ensuring transparency, accuracy and completeness of the financial reporting. The task is to provide appropriate and sufficient materials and information to protect the Company's assets, prevent frauds, abnormal transactions or related conflict of interest transactions. The Board must also work to assure normal course of commercial transactions in compliance with the generally accepted accounting standards, implement appropriate accounting policies, regular business practices and exercise precision and caution in reporting separate as well as consolidated financial statements of the Company and its subsidiaries, inclusive of financial information that appeared in the annual report of the Company.

For the stakeholders to have confidence in the financial reporting of the Company, the Board of Directors is tasked with appointing the Audit Committee whose members consist of independent directors with qualifications meeting the requirements of the Stock Exchange of Thailand (SET) and Notification of the Capital Market Committee. The Audit Committee is responsible for ensuring that there are sufficient and accurate reports on the Company's financial and business operations. The work must contain sufficient transparency in the disclosure, accurate and completeness of the related transactions and those with the conflict of interest, as well as adequateness reports on risk management, sufficient and effective internal control, and operating rules and regulations of the Company. These must meet the guideline set by the Stock Exchange of Thailand (SET) and the Notification of the Capital Market Committee. The Audit Committee must give its qualified opinions of the agenda to the Company's Board of Directors as required in the annual registration statement (56-1) and annual report of the Company.

The Board of Directors is of the opinion that internal control of the Company as a whole is satisfactory to some degree with a reasonable confidence to the reliability of the separate and consolidated financial statements of the Company and its subsidiaries up to December 31, 2018. The Company's auditors are of the opinion that the financial statements representing the financial position, operating results, and cash flow are presented fairly, in all material respects in accordance with Thai Financial Reporting Standards (TFRSs), and in line with the use of appropriate accounting policies and practices regularly, 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 2018 represented a loss before the provision for doubtful accounts and impairment on assets of Baht 112.79 million. Inclusive of the provision for doubtful accounts of Baht 50.55 million, and impairment on assets of Baht 5.61 million, the operations for year 2018 showed a loss of Baht 168.95 million. Compared to the same period of 2017, the profit was Baht 7.18 million, a decline of 2,453.53%. The Company would like to clarify significant changes in the Group's operating results as follows:

**1. Revenues from sales and services for the year 2018 decreased 35.10% compared to the same period of 2017. The main reasons were:**

- Revenues from circulation decreased 40.02% with circulation revenues of comic books and children books decreasing 50.52%, and pocket books decreasing 13.42%.
- Revenues from rendering of services decreased 28.77% due to less margins from publishing, distributing and other service from foreign publications. Thus, the company will no longer continue operating this business from September 1, 2018 onwards.

**2. Costs and expenses for the year 2018 increased 78.88% compared to the same period of 2017. The main reasons were:**

- Cost of goods sold increased 62.58% due to the cost of freesheet newspaper "Rabbit Today" editor cost and also new media cost which was operated by the subsidiary company since June 2018.
- Selling and administrative expenses increased 95.55% from personal expense of subsidiary company and the Group had recognized provision for doubtful accounts from related parties amounted to Baht 50.55 million and impairment on assets Baht 5.61 million.

### Conclusion :

The Group reported a profit for the year ended 31 December 2018, showed a loss of Baht 168.95 million. Compared to the same period of 2017, the profit was Baht 7.18 million, a decline of 2,453.53%

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

Financial statements for the year ended  
31 December 2018  
and  
Independent Auditor's Report



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## 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 2018, 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 2018 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.

*Monica.*





### 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.

<b>Valuation of trade and other accounts receivable and short-term loans with related parties</b>	
Refer to Notes 3 (d) 5 8 and 9 to the consolidated and separate financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The Group's trade and other accounts receivable and short-term loans mainly consists of related parties which some of whom have financial position and liquidity's risk.</p> <p>The Group assesses the allowance for doubtful accounts for each of debtors based on the age profile of the receivables and the financial position of the borrowers, by considering the ability of future repayment. The estimation of expected receivable involves management's judgment to determine the allowance for doubtful accounts. Therefore, I consider this matter to be a key audit matter.</p>	<p>My audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• inquiring of management and gaining an understanding of the allowance for doubtful accounts policies;</li> <li>• assessing the appropriateness of the allowance for doubtful accounts policies by considering primarily on analysis of payment histories and ability of payment which represent the financial position of debtors, including testing subsequent collection after the reporting period as well as inquiring management relating to situation of debtors which might affect the estimation of expected receivable of trade and other accounts receivable and short-term loans;</li> <li>• sampling the age profile information and the detail to calculate the allowance for doubtful accounts with related documents and testing the mathematic accuracy; and</li> <li>• evaluating the adequacy of the financial statements disclosures.</li> </ul> <p><i>Manisa.</i></p>

<b>Valuation of inventories</b>	
Refer to Notes 3 (e) and 10 to the consolidated and separate financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The changes of publication businesses in which purchasing power has gradually decreased and consumer behaviour changed, including the current economic downturn. It affects the valuation of the Group's inventories in publication category. Management uses significant judgment to estimate the valuation of inventories on the 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 because of the risk and levels of judgment involved. I consider this matter to be a key audit matter.</p>	<p>My audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• gaining an understanding of internal control process relating to the inventory management and observing physical count of inventories including inspecting the inventories condition;</li> <li>• testing the accuracy of the age of inventory and tracing with the supporting documents;</li> <li>• 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</li> <li>• evaluating the adequacy of the financial statements disclosures.</li> </ul> <p><i>Maria</i></p>



# **Impairment testing of investment in subsidiaries and intangible assets**

Refer to Notes 3 (f) 11 and 14 to the consolidated and separate financial statements.

The key audit matter	How the matter was addressed in the audit
<p>The Company's portfolio of investments in subsidiaries, which operates in publications for education and entertainment, and providing information services over offline and online media. The subsidiary invested in intangible assets which comprise of computer programmes and software licences and trademark. The investment in subsidiaries in the separate financial statements and intangible assets in the consolidated financial statements are altogether considered significant.</p> <p>In consideration of, the publications in which purchasing power has gradually decreased and consumer behaviour changes, including the current economic downturn. It affects the publications business and high competition in the online media business. Consequently, these matters affect the operations of subsidiaries which are indicators of potential impairment on the investment in subsidiaries and the intangible assets.</p> <p>The consideration of recoverable amount of investment in subsidiaries and intangible assets depends on the management's judgments to determine assumptions in respect to the forecast of operating results, discount rate and key assumptions used to estimate the recoverable amount. I consider this matter to be a key audit matter.</p>	<p>My audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• inquiring management and gaining an understanding of the determination of cash-generating units of the Group and the estimated recoverable amount from the preparation of discounted forecast cash flow along with management approval;</li> <li>• 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;</li> <li>• 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</li> <li>• evaluating the adequacy of the financial statements disclosures.</li> </ul>

## *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.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.





### *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.

*Marisa*





- 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.

(Marisa Tharathornbunpakul)  
Certified Public Accountant  
Registration No. 5752

KPMG Phoomchai Audit Ltd.  
Bangkok  
13 February 2019

# 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	2018	2017	2018	2017
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	6	338,748,381	92,218,333	333,480,852	86,056,523
Current investments	7	100,000	103,024,834	100,000	102,961,205
Trade accounts receivable	8	12,790,188	62,423,050	6,332,196	55,347,802
Accrued income		932,067	3,555,300	102,643	2,607,924
Other receivables	9	10,813,283	14,728,807	17,540,633	51,169,242
Short-term loans to related parties	5	-	-	3,000,000	-
Inventories	10	12,483,563	18,649,108	4,868,855	5,699,270
Other current assets		6,178,243	670,956	782,015	624,683
<b>Total current assets</b>		<b>382,045,725</b>	<b>295,270,388</b>	<b>366,207,194</b>	<b>304,466,649</b>
<i>Non-current assets</i>					
Restricted deposit		-	400,100	-	-
Investments in subsidiaries	11	-	-	46,385,838	-
Leasehold improvements and equipment	12	13,474,991	1,121,067	10,286,374	651,044
Goodwill	4, 13	-	-	-	-
Other intangible assets	14	49,240,772	12,617,083	3,982,624	11,344,174
Deferred tax assets	15	1,719,520	11,326,116	1,286,344	8,863,522
Other non-current assets		1,789,867	502,285	1,595,267	501,385
<b>Total non-current assets</b>		<b>66,225,150</b>	<b>25,966,651</b>	<b>63,536,447</b>	<b>21,360,125</b>
<b>Total assets</b>		<b>448,270,875</b>	<b>321,237,039</b>	<b>429,743,641</b>	<b>325,826,774</b>

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	
		2018	2017	2018	2017
		(in Baht)			
<i>Current liabilities</i>					
Trade accounts payable	16	4,537,715	13,167,296	522,492	12,037,218
Other payables	17	41,056,694	3,937,522	7,947,591	3,461,089
Accrued expenses	5	13,390,887	10,532,871	5,333,478	5,582,995
Output value added tax pending		4,007,913	4,647,587	3,785,365	4,632,102
Other current liabilities		2,101,737	937,323	1,495,640	665,298
<b>Total current liabilities</b>		<b>65,094,946</b>	<b>33,222,599</b>	<b>19,084,566</b>	<b>26,378,702</b>
<i>Non-current liabilities</i>					
Non-current provisions for employee benefit	18	8,597,601	12,721,180	6,431,719	9,607,370
Other non-current liabilities		815,121	848,662	111,309	111,309
<b>Total non-current liabilities</b>		<b>9,412,722</b>	<b>13,569,842</b>	<b>6,543,028</b>	<b>9,718,679</b>
<b>Total liabilities</b>		<b>74,507,668</b>	<b>46,792,441</b>	<b>25,627,594</b>	<b>36,097,381</b>
<i>Equity</i>					
Share capital	19				
Authorised share capital		390,549,286	259,250,000	390,549,286	259,250,000
Issued and paid share capital		365,549,286	170,048,386	365,549,286	170,048,386
Share premium on ordinary shares	19	342,646,051	272,705,895	342,646,051	272,705,895
Warrants	20	-	4,214,805	-	4,214,805
Deficit					
Appropriated					
Legal reserve	21	10,650,000	10,650,000	10,650,000	10,650,000
Deficit		(344,997,760)	(183,135,207)	(314,729,290)	(167,889,693)
<b>Equity attributable to owners</b>					
<b>of the parent</b>		<b>373,847,577</b>	<b>274,483,879</b>	<b>404,116,047</b>	<b>289,729,393</b>
Non-controlling interests		(84,370)	(39,281)	-	-
<b>Total equity</b>		<b>373,763,207</b>	<b>274,444,598</b>	<b>404,116,047</b>	<b>289,729,393</b>
<b>Total liabilities and equity</b>		<b>448,270,875</b>	<b>321,237,039</b>	<b>429,743,641</b>	<b>325,826,774</b>

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



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

## **Statement of comprehensive income**

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
		(in Baht)			
<b>Revenues</b>	5				
Revenue from sale of goods		50,412,200	84,043,110	21,198,984	25,001,945
Revenue from rendering of services		37,922,287	53,239,894	29,965,076	53,200,317
Interest income		3,700,246	6,027,254	4,116,210	7,006,958
Other income	23	10,681,715	14,963,205	16,149,672	21,996,208
<b>Total revenues</b>		<b>102,716,448</b>	<b>158,273,463</b>	<b>71,429,942</b>	<b>107,205,428</b>
<b>Expenses</b>	5				
Cost of sale of goods and rendering of services		118,864,942	73,038,220	38,321,546	49,126,517
Distribution costs	24	30,675,814	28,521,046	15,676,759	21,219,661
Administrative expenses	25	56,164,866	44,507,793	34,428,878	31,570,759
Impairment losses and other provisions	8, 9, 11, 13	56,165,691	137,413	129,256,624	163,459,339
Finance costs		706,840	786,116	526,201	588,303
<b>Total expenses</b>		<b>262,578,153</b>	<b>146,990,588</b>	<b>218,210,008</b>	<b>265,964,579</b>
<b>Profit (loss) before income tax expense</b>		<b>(159,861,705)</b>	<b>11,282,875</b>	<b>(146,780,066)</b>	<b>(158,759,151)</b>
Tax (expense) income	28	(9,091,264)	(4,104,181)	(7,037,033)	837,481
<b>Profit (loss) for the year</b>		<b>(168,952,969)</b>	<b>7,178,694</b>	<b>(153,817,099)</b>	<b>(157,921,670)</b>
<b>Other comprehensive income</b>					
<b>Items that will be reclassified subsequently to profit or loss</b>					
Gains on remeasuring available-for-sale investments	7	-	2,191,051	-	2,191,051
Net change in fair value of available-for-sale investments transferred to profit or loss	7	-	(2,191,051)	-	(2,191,051)
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

หมายเหตุประกอบงบการเงินเป็นส่วนหนึ่งของงบการเงินนี้

# Nation International Edutainment Public Company Limited and its Subsidiaries

## Statement of comprehensive income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
<i>(in Baht)</i>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Gains on remeasurements of defined benefit plan	18	2,785,509	-	2,700,728	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	15, 28	(557,102)	-	(540,146)	-
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>2,228,407</b>	<b>-</b>	<b>2,160,582</b>	<b>-</b>
<b>Other comprehensive income for the year, net of income tax</b>		<b>2,228,407</b>	<b>-</b>	<b>2,160,582</b>	<b>-</b>
<b>Total comprehensive income (expense) for the year</b>		<b>(166,724,562)</b>	<b>7,178,694</b>	<b>(151,656,517)</b>	<b>(157,921,670)</b>
<b>Profit (loss) attributable to</b>					
Owners of parent		(168,907,524)	7,165,752	(153,817,099)	(157,921,670)
Non-controlling interests		(45,445)	12,942	-	-
<b>Profit (loss) for the year</b>		<b>(168,952,969)</b>	<b>7,178,694</b>	<b>(153,817,099)</b>	<b>(157,921,670)</b>
<b>Total comprehensive income (expense) attributable to</b>					
Owners of parent		(166,679,117)	7,165,752	(151,656,517)	(157,921,670)
Non-controlling interests		(45,445)	12,942	-	-
<b>Total comprehensive income (expense) for the year</b>		<b>(166,724,562)</b>	<b>7,178,694</b>	<b>(151,656,517)</b>	<b>(157,921,670)</b>
<b>Earnings (loss) per share</b>					
Basic and diluted earnings (loss) per share	29	(0.90)	0.04	(0.82)	(0.93)

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					
	Deficit			Equity		Total equity
	Issued and paid-up share capital	Share premium	Warrants	Legal reserve	attributable to owners of the parent	
Note					Deficit (in Baht)	Non-controlling interests
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)	(653,611)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners of the parent						
Share-based payment transactions	20	-	127,410	-	-	-
Total contributions by and distributions to owners of the parent		-	127,410	-	-	-
Change in ownership interests in subsidiaries						
Acquisition of non-controlling interest without a change in control		-	-	-	(601,388)	601,388
Total change in ownership interests in subsidiaries		-	-	-	(601,388)	601,388
Total transactions with owners, recorded directly in equity		-	127,410	-	(601,388)	601,388
Comprehensive income for the year						
Profit		-	-	-	7,165,752	12,942
Total comprehensive income for the year		-	-	-	7,165,752	12,942
Balance at 31 December 2017	170,048,386	272,705,895	4,214,805	10,650,000	(183,135,207)	(39,281)

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							
Deficit				Equity			



# Nation International Edutainment Public Company Limited and its Subsidiaries

## Statement of changes in equity

Separate financial statements						
		Deficit				
	Issued and paid-up share capital	Share premium	Warrants	Legal reserve	Deficit	Total equity
Note						
(in Baht)						
Year ended 31 December 2017						
Balance at 1 January 2017	170,048,386	272,705,895	4,087,395	10,650,000	(9,968,023)	447,523,653
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners of the Company						
Share-based payment transactions	-	-	127,410	-	-	127,410
Total contributions by and distributions to owners of the Company	-	-	127,410	-	-	127,410
Total transactions with owners, recorded directly in equity						
Comprehensive income (expense) for the year	-	-	-	-	(157,921,670)	(157,921,670)
Total comprehensive income (expense) for the year	-	-	-	-	(157,921,670)	(157,921,670)
Balance at 31 December 2017	170,048,386	272,705,895	4,214,805	10,650,000	(167,889,693)	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 changes in equity

Separate financial statements						
		Deficit				
		Issued and paid-up share capital	Share premium	Warrants	Legal reserve	Total equity
Note					(in Baht)	
Year ended 31 December 2018						
	Balance at 1 January 2018	170,048,386	272,705,895	4,214,805	10,650,000	289,729,393
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners of the Company						
19	Issue of ordinary shares	195,500,000	69,937,456	-	-	265,437,456
19, 20	Shares options exercised	900	2,700	-	-	3,600
20	Share-based payment transactions	-	-	602,115	-	602,115
	Total contributions by and distributions to owners of the Company	195,500,900	69,940,156	602,115	-	266,043,171
Total transactions with owners, recorded directly in equity						
		195,500,900	69,940,156	602,115	-	266,043,171
Comprehensive income (expense) for the year						
	Loss	-	-	-	-	(153,817,099)
	Other comprehensive income	-	-	-	-	2,160,582
	Total comprehensive income (expense) for the year	-	-	-	-	(151,656,517)
20	Transfer to deficit	-	-	(4,816,920)	-	4,816,920
	Balance at 31 December 2018	365,549,286	342,646,051	-	10,650,000	404,116,047

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



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

**Statement of cash flows**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Year ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
	<i>(in Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit (loss) for the year	(168,952,969)	7,178,694	(153,817,099)	(157,921,670)
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>				
Tax expense (income)	9,091,264	4,104,181	7,037,033	(837,481)
Finance costs	706,840	786,116	526,221	588,303
Depreciation	1,171,114	485,402	703,599	408,512
Amortisation of other intangible assets	15,099,345	5,570,357	3,779,696	2,985,618
Impairment losses	5,614,162	-	46,614,162	163,409,712
(Reversal of ) non-current provisions for employee benefit	(1,873,820)	447,015	(739,450)	320,954
Unrealised loss on exchange	434,839	-	-	-
Share-based payment	602,115	127,410	602,115	127,410
Gain on fair value adjustment of investments in debt securities	(2,070,322)	(2,482,252)	(2,070,322)	(2,482,252)
Gain on return of investment in subsidiary	-	-	-	(3,264,083)
Bad and doubtful debts expense	50,551,529	137,413	82,642,462	49,627
Reversal of allowance for goods returned	(1,381,736)	(1,016,044)	(451,771)	(511,161)
Loss on inventories devaluation	1,798,718	2,074,450	1,092,685	847,522
Gain on disposal of leasehold improvements and equipment	(43,080)	(380,754)	(27,856)	(5,762)
Gain on disposal of other intangible assets	(48,219)	-	(48,219)	-
Loss on written-off of withholding tax	46,858	83,882	584	23,069
Interest income	(3,700,246)	(6,027,254)	(4,116,210)	(7,006,958)
	<u>(92,953,608)</u>	<u>11,088,616</u>	<u>(18,272,370)</u>	<u>(3,268,640)</u>
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	7,509,365	(11,202,892)	5,847,518	(7,614,400)
Accrued income	2,623,233	2,500,099	2,505,281	2,078,040
Other receivables	4,649,630	(7,553,642)	2,272,200	3,149,912
Inventories	4,366,827	3,611,145	(262,270)	2,286,521
Other current assets	(5,322,896)	883,276	(54,367)	496,553
Restricted deposit	400,100	-	-	-
Other non-current assets	(1,140,730)	439,402	(1,141,030)	58,301
Trade accounts payable	(8,629,581)	(62,404,676)	(11,514,727)	583,016
Other payables	4,607,827	(672,409)	3,256,078	(1,415,306)
Accrued expenses	1,300,120	71,053	(249,518)	(536,434)
Output value added tax pending	(639,673)	749,717	(846,736)	751,109
Other current liabilities	497,533	(103,458)	830,342	182,413
Non-current provisions for employee benefit	(22,495)	-	(8,715)	-
Other non-current liabilities	(33,541)	(54,016)	-	5,984
Net cash used in operating	<u>(82,787,889)</u>	<u>(62,647,785)</u>	<u>(17,638,314)</u>	<u>(3,242,931)</u>
Taxes paid	(632,165)	(467,518)	(518,977)	(416,012)
Withholding tax refunded	462,576	1,498,760	462,576	1,498,760
<b>Net cash used in operating activities</b>	<u><b>(82,957,478)</b></u>	<u><b>(61,616,543)</b></u>	<u><b>(17,694,715)</b></u>	<u><b>(2,160,183)</b></u>

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

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

**Statement of cash flows**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Year ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
	(in Baht)			
<b><i>Cash flows from investing activities</i></b>				
Proceed from return on capital of subsidiary	-	-	-	4,264,083
Acquisition of subsidiary, net of cash acquired	(1,557,622)	-	(10,000,000)	-
Current investments	(36,370)	140,196,109	(100,000)	140,000,000
Proceeds from sale of other debt security in private fund	104,872,578	-	104,872,578	-
Acquisition of debt security in private fund	-	(101,268,592)	-	(101,268,592)
Proceeds from sale of other debt security	133,158,949	416,050,860	133,158,949	416,050,860
Acquisition of other debt security	(133,000,000)	(312,000,000)	(133,000,000)	(312,000,000)
Proceeds from sale of leasehold improvements and equipment	40,460	382,064	37,189	5,787
Acquisition of leasehold improvements and equipment	(12,397,731)	-	(10,340,013)	-
Acquisition of other intangible assets	(27,063,019)	(15,898,727)	(2,379,252)	(12,311,936)
Proceeds from repayment of short-term loans to related party	-	-	-	39,000,000
Short-term loans to related parties	-	-	(36,000,000)	(3,000,000)
Interest received	3,267,844	6,020,425	3,681,517	6,999,600
<b>Net cash from investing activities</b>	<b>67,285,089</b>	<b>133,482,139</b>	<b>49,930,968</b>	<b>177,739,802</b>
<b><i>Cash flows from financing activities</i></b>				
Investment in subsidiaries	-	-	(50,000,000)	(103,000,000)
Proceeds from issue of shares	273,700,000	-	273,700,000	-
Proceeds from exercise of share options	3,600	-	3,600	-
Transaction costs from issue of shares	(8,262,545)	-	(8,262,545)	-
Repayment of borrowing	(2,881,172)	-	-	-
Interest paid	(357,446)	(476,641)	(252,979)	(349,239)
<b>Net cash from (used in) financing activities</b>	<b>262,202,437</b>	<b>(476,641)</b>	<b>215,188,076</b>	<b>(103,349,239)</b>
<b>Net increase in cash and cash equivalents</b>	<b>246,530,048</b>	<b>71,388,955</b>	<b>247,424,329</b>	<b>72,230,380</b>
Cash and cash equivalents at 1 January	92,218,333	20,829,378	86,056,523	13,826,143
<b>Cash and cash equivalents at 31 December</b>	<b>338,748,381</b>	<b>92,218,333</b>	<b>333,480,852</b>	<b>86,056,523</b>
<b><i>Non-cash transactions</i></b>				
Payable for purchase of leasehold improvements and equipment	237,785	402,024	-	-
Payables for purchase of other intangible assets	31,851,545	-	1,230,425	-

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 2018**

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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 13 February 2019.

**1 General information**

Nation International Edutainment Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 333 Lao Peng Nguan 1 Tower, 24<sup>th</sup> Floor, Soi Choeiphuang, Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok (Former address: 1858/121-122, 125-128 Bangna-Trad Road, Kwang Bangna, Khet Bangna, Bangkok).

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

The Company’s major shareholders during the financial year were Silom Road Limited (48.13% shareholding), which was incorporated in British Virgin Islands and Nation Multimedia Group Public Company Limited (33.05% 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 2018 and 2017 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 issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 33.

*(b) Basis of measurement*

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

<b>Items</b>	<b>Measurement bases</b>
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



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*(c) Functional and presentation currency*

The financial statements are prepared and 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 carrying amounts of assets and liabilities within the year ending 31 December 2019 is included in the following notes:

Note 4	Acquisition of subsidiary fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis;
Note 5, 8 and 9	Measurement of expected receivable;
Note 10	Measurement of net realisable value of inventories;
Note 11 and 14	Impairment test: key assumptions underlying recoverable amounts;
Note 15	Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and
Note 18	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.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.



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Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 Acquisition of a subsidiary;
- Note 20 Share-based payments;
- 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 2016. For the year ended 31 December 2018, the Group incurred net loss of Baht 168.95 million and Baht 153.28 million in the consolidated and separate statements of comprehensive income, respectively, and as of the date, the Group had deficit of Baht 345.00 million and Baht 314.73 million in the consolidated and separate statements of financial position, respectively. The Group is still in the process of business restructuring and development in order to enhance its potential and competitiveness in the future. These response to the change of customer behaviour which are more online-oriented such as increasing the efficiency of online distribution channels, selecting of quality books, improving the speed of delivery of books, reducing the distribution through modern trade and expanding its business to increase target customers. Consequently, the Company expanded its businesses in providing information services over offline and online media as described in note 4, as well as the Group has financial restructuring by increasing in the registered share capital for working capital within the Group as described within note 19.

The management of the Group believes that the preparation of the financial statements on a going concern basis is appropriate since the Group has sufficient liquidity to continue its operations at least 12 months from the end of the reporting period. 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").

*Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.



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Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

#### *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.



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*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.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

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 accounts receivable and short-term loans**

Trade and other accounts receivable and short-term loans, are stated at their invoices value or agreement less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(e) Inventories**

Inventories are 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:

Finished goods and work in progress - books	- Weighted average
TV programmes / video	- Represent the production costs for both in progress and completed. Costs of the programmes/or video 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



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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.

**(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.



## Nation International Edutainment Public Company Limited and its Subsidiaries

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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 assets under construction and installation.

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

#### **(h) Intangible assets**

##### *Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

##### *Other intangible assets*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated 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, including expenditure on initially generated goodwill and brands, is recognised in profit or loss as incurred.



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*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, other than goodwill, 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	3 - 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
Trademark	3	years

No amortisation is provided on software under development.

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 goodwill and 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.

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.



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*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 profit or loss.

An impairment loss in respect of goodwill is not reversed. 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 accounts payable**

Trade and other 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 the benefit of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains 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. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.



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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.

*Advertising revenue*

Advertising revenue is recognised when the advertisements 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.

*Investment*

Revenue from investment is consisted of interest income from investment and bank deposits.

*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.



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**(o) Finance costs**

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

**(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 goodwill, 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.

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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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 weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

**(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, current investments, deferred tax assets, other non-current assets, other current liabilities and non-current provisions for employee benefit.

**4 Acquisition of a subsidiary**

On 4 April 2018, the Group obtained control of One World Media Co., Ltd., a company operating in providing information services over offline and online media, by acquiring 99.99% of the ordinary shares in the company from existing shareholder. As a result, the Group's equity interest in the company increased to 99.99%.

Taking control of One World Media Co., Ltd. will enable the Group to expand its operating channel from publishing to digital media more streamlined.

During the period from acquisition date to 31 December 2018, One World Media Co., Ltd. contributed revenue of Baht 7.77 million and loss of Baht 70.82 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue would have not been changed and consolidated loss for the year would have increased by Baht 5.61 million.

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

*Consideration transferred*

	<b>Fair value</b> <i>(in thousand Baht)</i>
Cash	10,000
<b>Total</b>	<b>10,000</b>



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*Identifiable assets acquired and liabilities assumed*

	<b>Fair value</b> <i>(in thousand Baht)</i>
Cash and cash equivalents	8,442
Other receivables	105
Other current assets	15
Equipment	1,266
Deferred tax assets	42
Other non-current assets	194
Short-term loan	(2,881)
Other payables	(363)
Accrued expenses	(1,558)
Other current liabilities	(667)
Non-current provisions for employee benefit	(209)
<b>Total identifiable net assets</b>	<b>4,386</b>
Goodwill arising from the acquisition	5,614
<b>Purchase consideration transferred</b>	<b>10,000</b>

	<i>(in thousand Baht)</i>
Net cash acquired with the subsidiary	8,442
Cash paid	(10,000)
<b>Net cash outflow from acquisition of the subsidiary</b>	<b>1,558</b>

In accordance with TFRS 3, management is required to make a preliminary assessment of the fair values of businesses acquired as at the acquisition date. During the measurement period, which must not exceed one year from the acquisition date, the acquirer shall retrospective adjust the provisional amount recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date, then the acquisition accounting will be revised.

*Goodwill*

The goodwill is attributable mainly to the skills and technical talent of One World Media Co., Ltd. work force, and the synergies expected to be achieved from integrating the company into the Group. None of the goodwill recognised is expected to be deductible for income tax purposes (see note 13).

*Acquisition-related costs*

The Group incurred acquisition-related costs of Baht 0.10 million related to external legal fees. The legal fees have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

## **5 Related parties**

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



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Relationships with subsidiaries are described in note 11. Relationships with key management and other related parties were as follows:

<b>Name of the entities</b>	<b>Country of incorporation /nationality</b>	<b>Nature of relationships</b>
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.
<b>Major shareholders</b>		
Silom Road Limited	British Virgin Islands	Major shareholder, 48.13% shareholding, representative director of the Company
Nation Multimedia Group Public Company Limited	Thailand	Major shareholder, 33.05% shareholding, representative director of the Company
<b>Other related parties</b>		
Nation Broadcasting Corporation Public Company Limited	Thailand	71.45% shareholding by Nation Multimedia Group Public Company Limited, some common directors
Nation News Network Co., Ltd.	Thailand	99.99% shareholding by Nation Multimedia Group Public Company Limited, some common directors
NML Co., Ltd. (*)	Thailand	99.99% shareholding by Nation Multimedia Group Public Company Limited, some common directors
Kom Chad Luek Media Co., Ltd.	Thailand	99.99% shareholding by Nation Multimedia Group Public Company Limited, some common directors
Krungthep Turakij Media Co., Ltd.	Thailand	99.99% shareholding by Nation Multimedia Group Public Company Limited, some common directors
Bangkok Business Broadcasting Co., Ltd.	Thailand	99.93% shareholding by Nation Multimedia Group Public Company Limited, some common directors
WPS (Thailand) Co., Ltd. (*)	Thailand	84.50% shareholding by Nation Multimedia Group Public Company Limited, some common directors
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 Nation Multimedia Group Public Company Limited, some common directors

(\*) Nation Multimedia Group Public Company Limited disposed NML Co., Ltd., WPS (Thailand) Co., Ltd. and Nation U Co., Ltd. during the year 2018.



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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**For the year ended 31 December 2018**

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

<b>Transactions</b>	<b>Pricing policies</b>
Sale of goods and rendering of services	General market price
Cost of sale of goods and rendering of services	Negotiable rate which approximates market price
Sale of equipment and intangible assets	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:

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Major shareholders</b>				
Sale of goods and rendering of services	3,509	10,884	3,509	8,544
Cost of sale of goods and rendering of services	5,073	8,881	4,803	8,444
Purchase of equipment	306	-	-	-
Sale of intangible assets	7,240	-	7,240	-
Other income	322	2,168	332	1,899
Distribution costs and administrative expenses	7,492	5,722	4,264	3,615
<b>Subsidiaries</b>				
Interest income on loan	-	-	446	989
Other income	-	-	6,936	7,095
Distribution costs and administrative expenses	-	-	880	1,245
<b>Other related parties</b>				
Sale of goods and rendering of services	3,328	2,552	3,326	2,542
Cost of sale of goods and rendering of services	38,523	25,004	14,281	18,642
Sale of equipment	31	-	19	-
Purchase of equipment	17	-	17	-
Other income	3,876	4,272	3,876	4,223
Distribution costs and administrative expenses	977	2,250	225	713
<b>Key management personnel</b>				
Key management personnel compensation				
Wages and salaries	15,357	7,240	15,357	7,240
Defined contribution plan	833	458	833	458
Total key management personnel compensation	<u>16,190</u>	<u>7,698</u>	<u>16,190</u>	<u>7,698</u>



# Nation International Edutainment Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

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

<i>Trade accounts receivable - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017 (in thousand Baht)	2018	2017
Major shareholders	25,147	27,959	25,143	24,970
Subsidiary	-	-	125	719
Other related parties	9,845	13,270	9,845	13,265
	<b>34,992</b>	<b>41,229</b>	<b>35,113</b>	<b>38,954</b>
Less allowance for doubtful accounts	(34,899)	(67)	(35,024)	(67)
allowance for goods returned	-	-	-	-
<b>Net</b>	<b>93</b>	<b>41,162</b>	<b>89</b>	<b>38,887</b>
Bad and doubtful debts expense for the year	<b>34,899</b>	<b>-</b>	<b>35,024</b>	<b>-</b>

<i>Other receivable - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017 (in thousand Baht)	2018	2017
Major shareholders	14,648	8,745	14,648	6,681
Subsidiaries	-	-	40,397	39,730
Other related parties	897	4,079	768	3,776
	<b>15,545</b>	<b>12,824</b>	<b>55,813</b>	<b>50,187</b>
Less allowance for doubtful accounts	(7,047)	-	(39,023)	-
<b>Net</b>	<b>8,498</b>	<b>12,824</b>	<b>16,790</b>	<b>50,187</b>
Bad and doubtful debts expense for the year	<b>7,047</b>	<b>-</b>	<b>39,023</b>	<b>-</b>

<i>Short-term loans to related parties</i>	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017 (% per annum)	2018	2017 (in thousand Baht)	2018	2017
Subsidiaries	6.20	-	-	-	36,000	-
Less allowance for doubtful accounts			-	-	(33,000)	-
<b>Short-term loans to related parties, net</b>			<b>-</b>	<b>-</b>	<b>3,000</b>	<b>-</b>
Bad and doubtful debts expense for the year			<b>-</b>	<b>-</b>	<b>33,000</b>	<b>-</b>

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

<i>Short-term loans to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017 (in thousand Baht)	2018	2017
<b>Subsidiaries</b>				
At 1 January	-	-	-	36,000
Increase	-	-	37,500	3,000
Decrease	-	-	(1,500)	(39,000)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>36,000</b>	<b>-</b>

The Group determines allowance for doubtful account to reflect the valuation of expected receivable of trade and other accounts receivable and short-term loans. Management uses their judgement to set the allowance by considering from each of debtors according to the age profile of the receivables and the financial position of the borrowers as well as analysing payment histories and expectation of future payment from debtors.



# Nation International Edutainment Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### *Trade accounts payable - related parties*

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Major shareholders	-	1,224	-	1,156
Other related parties	1	3,548	1	2,924
<b>Total</b>	<b>1</b>	<b>4,772</b>	<b>1</b>	<b>4,080</b>

### *Other payables - related parties*

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Major shareholders	1,325	1,677	745	1,143
Subsidiary	-	-	361	635
Other related parties	200	277	197	112
<b>Total</b>	<b>1,525</b>	<b>1,954</b>	<b>1,303</b>	<b>1,890</b>

### *Accrued expenses - related parties*

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Major shareholders	51	145	48	113
Other related parties	-	543	-	284
<b>Total</b>	<b>51</b>	<b>688</b>	<b>48</b>	<b>397</b>

### *Significant agreements with related parties*

#### *Short-term loans agreements*

As at 31 December 2018, the Company entered into short-term loans agreements with two subsidiaries ("Nation Global Edutainment Co., Ltd.," and "One World Media Co., Ltd") amounting to Baht 3 million and Baht 33 million, respectively. 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.

#### *Other agreements*

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



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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The Company entered into agreements with a major shareholder, subsidiaries and other related parties to provide information technology system services. The Company will receive service fees as specified in the agreements.

**6 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash on hand	90	49	30	12
Cash at banks - current accounts	542	442	274	387
Cash at banks - saving accounts	38,613	13,822	33,674	7,753
Highly liquid short-term investments	299,503	77,905	299,503	77,905
<b>Total</b>	<b>338,748</b>	<b>92,218</b>	<b>333,481</b>	<b>86,057</b>

**7 Current investments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Short-term deposits at financial institutions	100	64	100	-
Debt security held for trading (Private fund)	-	102,961	-	102,961
<b>Total</b>	<b>100</b>	<b>103,025</b>	<b>100</b>	<b>102,961</b>

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 2018, the Company has fully redeemed cash from the private fund.

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Trading security</b>				
At 1 January	-	103,261	-	103,261
Purchases during the year	133,000	83,000	133,000	83,000
Sales during the year	(133,159)	(54,832)	(133,159)	(54,832)
Transfer during the year	-	(131,552)	-	(131,552)
Valuation adjustment	159	123	159	123
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Trading security (Private fund)</b>				
At 1 January	102,961	-	102,961	-
Sales during the year	(104,872)	-	(104,872)	-
Transfer during the year	-	102,961	-	102,961
Valuation adjustment	1,911	-	1,911	-
<b>At 31 December</b>	<b>-</b>	<b>102,961</b>	<b>-</b>	<b>102,961</b>



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Available for sale security</b>				
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
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Available for sale security (Private fund)</b>				
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
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**8 Trade accounts receivable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	5	34,992	41,229	35,113	38,954
Other parties		13,847	27,561	6,301	17,051
<b>Total</b>		<b>48,839</b>	<b>68,790</b>	<b>41,414</b>	<b>56,005</b>
Less allowance for doubtful accounts		(34,972)	(3,908)	(35,046)	(169)
allowance for goods returned		(1,077)	(2,459)	(36)	(488)
<b>Net</b>		<b>12,790</b>	<b>62,423</b>	<b>6,332</b>	<b>55,348</b>
Bad and doubtful debts expense for the year		<b>43,505</b>	<b>137</b>	<b>43,620</b>	<b>50</b>

Aging analyses for trade accounts receivable were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	93	3,743	89	2,047
Overdue:				
Less than 3 months	-	6,877	-	6,877
3-6 months	-	790	-	630
6-12 months	2,006	4,737	2,006	4,038
Over 12 months	32,893	25,082	33,018	25,362
	<b>34,992</b>	<b>41,229</b>	<b>35,113</b>	<b>38,954</b>
Less allowance for doubtful accounts	(34,899)	(67)	(35,024)	(67)
allowance for goods returned	-	-	-	-
	<b>93</b>	<b>41,162</b>	<b>89</b>	<b>38,887</b>



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Other parties</b>				
Within credit terms	10,499	21,195	6,201	16,602
Overdue:				
Less than 3 months	3,266	2,390	61	164
3-6 months	11	71	11	128
6-12 months	12	127	11	111
Over 12 months	59	3,778	17	46
	<b>13,847</b>	<b>27,561</b>	<b>6,301</b>	<b>17,051</b>
Less allowance for doubtful accounts	(73)	(3,841)	(22)	(102)
allowance for goods returned	(1,077)	(2,459)	(36)	(488)
	<b>12,697</b>	<b>21,261</b>	<b>6,243</b>	<b>16,461</b>
<b>Net</b>	<b>12,790</b>	<b>62,423</b>	<b>6,332</b>	<b>55,348</b>

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

The Group determines allowance for doubtful account to reflect the valuation of expected receivable of trade accounts receivable. Management uses their judgement to set the allowance by considering from each debtors according to the age profile of debtors as well as analysing payment histories and expectation of future payment from debtors.

**9 Other receivables**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
<b>Related parties</b>	<b>5</b>	<b>15,545</b>	<b>12,824</b>	<b>55,813</b>	<b>50,187</b>
<b>Other parties</b>					
Other receivables		13	-	13	-
Prepaid expenses		2,128	1,224	643	776
Advances to employees		133	311	54	199
Accrued interest income		41	10	41	7
Deposit		-	360	-	-
		<b>2,315</b>	<b>1,905</b>	<b>751</b>	<b>982</b>
<b>Total</b>		<b>17,860</b>	<b>14,729</b>	<b>56,564</b>	<b>51,169</b>
Less allowance for doubtful account		(7,047)	-	(39,023)	-
<b>Net</b>		<b>10,813</b>	<b>14,729</b>	<b>17,541</b>	<b>51,169</b>
<b>Bad and doubtful debts expense for the year</b>		<b>7,047</b>	<b>-</b>	<b>39,023</b>	<b>-</b>

The Group determines allowance for doubtful account to reflect the valuation of expected receivable of other receivables. Management uses their judgement to set the allowance by considering from each debtors according to the age profile of debtors as well as analysing payment histories and expectation of future payment from debtors.



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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Finished goods	<u>12,484</u>	<u>18,649</u>	<u>4,869</u>	<u>5,699</u>
Finished goods recognised as an expense in ‘cost of sale of goods and rendering of services’:				
- Cost of sale of goods	117,066	70,964	37,229	48,279
- Write-down to net realisable value	1,799	2,074	1,093	848
<b>Net total</b>	<u><b>118,865</b></u>	<u><b>73,038</b></u>	<u><b>38,322</b></u>	<u><b>49,127</b></u>

The Group estimates the measurement of net realisable value of inventories in publication category. The management involved judgement in the classification of inventories based on its distribution channel and future business.

**11 Investments in subsidiaries**

	<b>Separate financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
At 1 January	-	61,410
Acquisition	10,000	-
Addition	50,000	103,000
Allowance for impairment	(13,614)	(163,410)
Disposal	-	(1,000)
<b>At 31 December</b>	<u><b>46,386</b></u>	<u><b>-</b></u>

*Acquisition*

On 4 April 2018, the Company had acquired in 99.99% of the issued and paid-up capital of One World Media Co., Ltd., which incorporated in Thailand, in the amount of Baht 10 million. One World Media Co., Ltd. thereby became a subsidiary of the Group (see note 4).

*Additions*

At the extraordinary meeting of the shareholders of a subsidiary (“One World Media Co., Ltd.”) held on 11 May 2018, the shareholders of the subsidiary approved an increase in the registered share capital from Baht 10 million (divided into 100,000 ordinary shares at Baht 100 per share) to Baht 60 million (divided into 600,000 ordinary shares at Baht 100 per share) and paid-up 80% of the increase in registered share capital amounting to Baht 40 million. The subsidiary registered the increase in share capital with the Ministry of Commerce on 17 May 2018.

At the Board of Directors’ meeting of a subsidiary (“One World Media Co., Ltd.”) held on 3 July 2018, the Board of Directors approved an additional call-up 20% of the registered share capital amounting to Baht 10 million. The subsidiary registered the increase in paid-up share capital with the Ministry of Commerce on 25 July 2018.



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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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 subsidiaries. The recoverable amount was based on its value in use, determined by discounted future cash flows to be generated from the continuing operations of CGU according to the business plan and discount rate which is calculated by weighted average cost of capital.

**CGU 1: Investment in Nation Global Edutainment Co., Ltd (“NGE”)**

Based on the impairment test of the carrying amount of investment in Nation Global Edutainment Co., Ltd., the recoverable amount was based on its value in use, determined by discounting the future cash flows. The carrying amount of investment in NGE was higher than the recoverable amount of Baht 163.41 million. The Company recognised an impairment loss of Baht 163.41 million in separate financial statements for the year ended 31 December 2017.

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

Key assumptions	Separate financial statements	
	2018	2017
	(%)	
Discount rate	8.53	11.05
Terminal growth rate	0.00	0.00

**CGU 2: Investment in One World Media Co., Ltd (“OWM”)**

Based on the impairment test of the carrying amount of investment in One World Media Co., Ltd., the recoverable amount was based on its value in use, determined by discounting the future cash flows. The carrying amount of investment in OWM was higher than the recoverable amount of Baht 13.61 million and an impairment loss of Baht 13.61 million in separate financial statements for the year ended 31 December 2018.

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

Key assumptions	Separate financial statements	
	2018	2017
	(%)	
Discount rate	10.22	-
Terminal growth rate	0.00	-



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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The discount rate was a pre-tax measure based on the rate of 10-30 year 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 these specific CGU.

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.

## Nation International Edutainment Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2018

Investments in subsidiaries as at 31 December 2018 and 2017, and dividend income from those investments for the years then ended, were as follows:

Name of subsidiaries	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		(in thousand Baht)											
Nation Global Edutainment Co., Ltd.	Importing, publishing and distributing children's books for edutainment	99.74	99.74	200,000	200,000	163,410	163,410	163,410	163,410	-	-	-	-
One World Media Co., Ltd.	Providing information service over offline and online media	99.99	-	60,000	-	60,000	-	13,614	-	46,386	-	-	-
<b>Total</b>						<b>223,410</b>	<b>163,410</b>	<b>177,024</b>	<b>163,410</b>	<b>46,386</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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**12 Leasehold improvements and equipment**

	<b>Consolidated financial statements</b>				<b>Total</b>
	<b>Leasehold improvements</b>	<b>Furniture, fixtures and office equipment</b>	<b>Vehicles</b>	<b>Assets under construction and installation</b>	
			<i>(in thousand Baht)</i>		
<b>Cost</b>					
At 1 January 2017	1,591	6,746	1,200	-	9,537
Additions	-	-	-	402	402
Disposals / written off	(1,591)	(564)	-	-	(2,155)
<b>At 31 December 2017 and 1 January 2018</b>	<b>-</b>	<b>6,182</b>	<b>1,200</b>	<b>402</b>	<b>7,784</b>
Additions	6,116	3,465	327	2,352	12,260
Acquisition through Business combination	-	1,266	-	-	1,266
Transfers	1,254	1,485	-	(2,739)	-
Disposals	-	(3,455)	-	-	(3,455)
<b>At 31 December 2018</b>	<b>7,370</b>	<b>8,943</b>	<b>1,527</b>	<b>15</b>	<b>17,855</b>
<b>Depreciation</b>					
At 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)
<b>At 31 December 2017 and 1 January 2018</b>	<b>-</b>	<b>6,083</b>	<b>580</b>	<b>-</b>	<b>6,663</b>
Depreciation charge for the year	367	525	279	-	1,171
Disposals	-	(3,454)	-	-	(3,454)
<b>At 31 December 2018</b>	<b>367</b>	<b>3,154</b>	<b>859</b>	<b>-</b>	<b>4,380</b>
<b>Net book value</b>					
At 1 January 2017	-	346	860	-	1,206
At 31 December 2017 and 1 January 2018	-	99	620	402	1,121
<b>At 31 December 2018</b>	<b>7,003</b>	<b>5,789</b>	<b>668</b>	<b>15</b>	<b>13,475</b>



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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	Separate financial statements				Total
	Leasehold improvements	Furniture, fixtures and office equipment	Vehicles (in thousand Baht)	Assets under construction and installation	
<b>Cost</b>					
At 1 January 2017	-	3,999	1,200	-	5,199
Disposals / written off	-	(445)	-	-	(445)
<b>At 31 December 2017 and 1 January 2018</b>	-	<b>3,554</b>	<b>1,200</b>	-	<b>4,754</b>
Additions	6,024	1,964	-	2,352	10,340
Transfers	860	1,477	-	(2,337)	-
Disposals	-	(3,455)	-	-	(3,455)
<b>At 31 December 2018</b>	<b>6,884</b>	<b>3,540</b>	<b>1,200</b>	<b>15</b>	<b>11,639</b>
<b>Depreciation</b>					
At 1 January 2017	-	3,799	340	-	4,139
Depreciation charge for the year	-	169	240	-	409
Disposals / written off	-	(445)	-	-	(445)
<b>At 31 December 2017 and 1 January 2018</b>	-	<b>3,523</b>	<b>580</b>	-	<b>4,103</b>
Depreciation charge for the year	288	176	240	-	704
Disposals	-	(3,454)	-	-	(3,454)
<b>At 31 December 2018</b>	<b>288</b>	<b>245</b>	<b>820</b>	<b>-</b>	<b>1,353</b>
<b>Net book value</b>					
At 1 January 2017	-	200	860	-	1,060
At 31 December 2017 and 1 January 2018	-	31	620	-	651
<b>At 31 December 2018</b>	<b>6,596</b>	<b>3,295</b>	<b>380</b>	<b>15</b>	<b>10,286</b>

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 2018 amounted to Baht 1.12 million and Baht 0.04 million, respectively (2017: Baht 6.15 million and Baht 3.45 million, respectively).

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

	<i>Note</i>	<b>Consolidated financial statements</b> <i>(in thousand Baht)</i>
<b><i>Cost</i></b>		
At 1 January		-
Acquired through business combination	4	5,614
<b>At 31 December</b>		<b>5,614</b>
<b><i>Impairment loss</i></b>		
At 1 January		-
Impairment loss		5,614
<b>At 31 December</b>		<b>5,614</b>
<b><i>Net book value</i></b>		
At 1 January		-
<b>At 31 December</b>		<b>-</b>

According to One Word Media Co., Ltd., a subsidiary, has operated its business during the year of 2018. The management of the Company believes that the goodwill which arose from the business acquisition, is impaired. Based on the result of the management judgement, the Group recognised impairment loss on goodwill amounting to Baht 5.61 million.

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**14 Other intangible assets**

	Consolidated financial statements				
	Computer programmes and software licences	Licence fees - books	Programme licences	Trademark	Software under development
	<i>(in thousand Baht)</i>				
<b>Cost</b>					<b>Total</b>
At 1 January 2017	1,016	19,940	-	-	20,956
Additions	10,109	2,691	1,185	-	13,985
Written-off	-	(10,839)	-	-	(10,839)
<b>At 31 December 2017 and 1 January 2018</b>	<b>11,125</b>	<b>11,792</b>	<b>1,185</b>	<b>-</b>	<b>24,102</b>
Additions	20,491	2,172	304	30,000	58,915
Disposals	(10,042)	-	-	-	(10,042)
<b>At 31 December 2018</b>	<b>21,574</b>	<b>13,964</b>	<b>1,489</b>	<b>30,000</b>	<b>72,975</b>
<b>Amortisation</b>					
At 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)
<b>At 31 December 2017 and 1 January 2018</b>	<b>1,933</b>	<b>9,078</b>	<b>474</b>	<b>-</b>	<b>11,485</b>
Amortisation charge for the year	5,943	2,595	670	5,891	15,099
Disposals	(2,850)	-	-	-	(2,850)
<b>At 31 December 2018</b>	<b>5,026</b>	<b>11,673</b>	<b>1,144</b>	<b>5,891</b>	<b>23,734</b>
<b>Net book value</b>					
At 1 January 2017	147	4,055	-	-	4,202
At 31 December 2017 and 1 January 2018	9,192	2,714	711	-	12,617
At 31 December 2018	16,548	2,291	345	24,109	49,241



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

## **Notes to the financial statements**

**For the year ended 31 December 2018**

### **Separate financial statements**

	Computer programmes and software licences	Licence fees - books	Programme licences (in thousand Baht)	Software under development	Total
<b>Cost</b>					
At 1 January 2017	206	15,631	-	-	15,837
Additions	10,109	970	1,185	-	12,264
Written-off	-	(13,085)	-	-	(13,085)
<b>At 31 December 2017 and 1 January 2018</b>	<b>10,315</b>	<b>3,516</b>	<b>1,185</b>	<b>-</b>	<b>15,016</b>
Additions	-	810	304	2,497	3,611
Disposals	(10,042)	-	-	-	(10,042)
<b>At 31 December 2018</b>	<b>273</b>	<b>4,326</b>	<b>1,489</b>	<b>2,497</b>	<b>8,585</b>
<b>Amortisation</b>					
At 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)
<b>At 31 December 2017 and 1 January 2018</b>	<b>1,123</b>	<b>2,075</b>	<b>474</b>	<b>-</b>	<b>3,672</b>
Amortisation charge for the year	1,893	1,217	670	-	3,780
Disposals	(2,850)	-	-	-	(2,850)
<b>At 31 December 2018</b>	<b>166</b>	<b>3,292</b>	<b>1,144</b>	<b>-</b>	<b>4,602</b>
<b>Net book value</b>					
At 1 January 2017	147	1,918	-	-	2,065
At 31 December 2017 and 1 January 2018	9,192	1,441	711	-	11,344
At 31 December 2018	107	1,034	345	2,497	3,983

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

Management of a subsidiary performed impairment test of carrying amount of assets related to the computer programmes and software licenses and trademark. The recoverable amount was based on its value in use, determined by discounted future cash flows to be generated from the continuing use of assets until expiration date of assets, based on 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	
	2018	2017
		(%)
Discount rate	10.22	-
Terminal growth rate	0.00	-

**CGU: Providing information service offline and online media**

Based on impairment test, the carrying amount of the CGU was similar to its recoverable amount. Therefore, the Group does not recognise impairment loss in the consolidated financial statements for the year ended 31 December 2018.

**15 Deferred tax**

Deferred tax assets as at 31 December were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2018	2017	2018	2017
		(in thousand Baht)		
Total	1,719	11,326	-	-
Set off of tax	-	-	-	-
<b>Net deferred tax assets</b>	<b>1,719</b>	<b>11,326</b>	<b>-</b>	<b>-</b>

	Separate financial statements			
	Assets		Liabilities	
	2018	2017	2018	2017
		(in thousand Baht)		
Total	1,286	8,864	-	-
Set off of tax	-	-	-	-
<b>Net deferred tax assets</b>	<b>1,286</b>	<b>8,864</b>	<b>-</b>	<b>-</b>



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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Movements in total deferred tax assets during the year were as follows:

	At 1 January 2018	Consolidated financial statements (Charged) / Credited to:			At 31 December 2018
		Profit or loss	Other comprehensive income (in thousand Baht)	Acquired in business combination	
<b>Deferred tax assets</b>					
Trade accounts receivable	1,273	(1,273)	-	-	-
Inventories	1,876	(1,876)	-	-	-
Provisions	2,544	(310)	(557)	42	1,719
Loss carry forward	5,633	(5,633)	-	-	-
<b>Total</b>	<b>11,326</b>	<b>(9,092)</b>	<b>(557)</b>	<b>42</b>	<b>1,719</b>

	At 1 January 2017	Consolidated financial statements (Charged) / Credited to:			At 31 December 2017
		Profit or loss	Other comprehensive income (in thousand Baht)		
<b>Deferred tax assets</b>					
Trade accounts receivable	1,956	(683)	-	-	1,273
Inventories	9,100	(7,224)	-	-	1,876
Provisions	2,270	274	-	-	2,544
Loss carry forward	2,104	3,529	-	-	5,633
<b>Total</b>	<b>15,430</b>	<b>(4,104)</b>	<b>-</b>	<b>-</b>	<b>11,326</b>

	At 1 January 2018	Separate financial statements (Charged) / Credited to:			At 31 December 2018
		Profit or loss	Other comprehensive income (in thousand Baht)		
<b>Deferred tax assets</b>					
Trade accounts receivable	132	(132)	-	-	-
Inventories	1,178	(1,178)	-	-	-
Provisions	1,921	(95)	(540)	-	1,286
Loss carry forward	5,633	(5,633)	-	-	-
<b>Total</b>	<b>8,864</b>	<b>(7,038)</b>	<b>(540)</b>	<b>-</b>	<b>1,286</b>

	At 1 January 2017	Separate financial statements (Charged) / Credited to:			At 31 December 2017
		Profit or loss	Other comprehensive income (in thousand Baht)		
<b>Deferred tax assets</b>					
Trade accounts receivable	224	(92)	-	-	132
Inventories	4,011	(2,833)	-	-	1,178
Provisions	1,687	234	-	-	1,921
Loss carry forward	2,104	3,529	-	-	5,633
<b>Total</b>	<b>8,026</b>	<b>838</b>	<b>-</b>	<b>-</b>	<b>8,864</b>



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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Deferred tax assets have not been recognised in respect of the following items:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Trade accounts receivable	7,210	-	7,016	-
Other receivables	1,409	-	7,805	-
Short-term loans to related party	-	-	6,600	-
Inventories	3,739	3,595	2,463	2,416
Investment in subsidiaries	-	-	35,405	32,682
Goodwill	1,123	-	-	-
Loss carry forward	83,817	55,368	10,273	-
<b>Total</b>	<b>97,298</b>	<b>58,963</b>	<b>69,562</b>	<b>35,098</b>

The tax losses expire in 2019 - 2023. 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 Group can utilise the benefits therefrom.

**16 Trade accounts payable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	5	1	4,772	1	4,080
Other parties		4,537	8,395	521	7,957
<b>Total</b>		<b>4,538</b>	<b>13,167</b>	<b>522</b>	<b>12,037</b>

**17 Other payables**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
<b>Related parties</b>	<b>5</b>	<b>1,525</b>	<b>1,954</b>	<b>1,303</b>	<b>1,890</b>
<b>Others</b>					
Other payables		5,944	1,007	5,163	996
Advance received		252	575	252	575
Payables for purchase leasehold improvements and equipment		254	402	1,230	-
Payables for purchase of other intangible assets		33,082	-	-	-
		<b>39,532</b>	<b>1,984</b>	<b>6,645</b>	<b>1,571</b>
<b>Total</b>		<b>41,057</b>	<b>3,938</b>	<b>7,948</b>	<b>3,461</b>

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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**18 Non-current provisions for employee benefit**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Statement of financial position</b>				
<b>Non-current provisions for:</b>				
Defined benefit plan	<u>8,598</u>	<u>12,721</u>	<u>6,432</u>	<u>9,607</u>
<b>Year ended 31 December</b>				
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Defined benefit plan	<u>(1,316)</u>	<u>757</u>	<u>(466)</u>	<u>560</u>
<b>Recognised in other comprehensive income:</b>				
Actuarial gain recognised in the year	(2,785)	-	(2,701)	-
Cumulative actuarial losses recognised	<u>7,786</u>	<u>10,571</u>	<u>7,107</u>	<u>9,808</u>

**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.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
At 1 January	12,721	11,353	9,607	8,436
<b>Include in profit or loss:</b>				
Current service cost	2,022	784	674	606
Interest on obligation	349	310	273	239
Curtailment gain	<u>(3,896)</u>	<u>(337)</u>	<u>(1,413)</u>	<u>(285)</u>
	<u>(1,525)</u>	<u>757</u>	<u>(466)</u>	<u>560</u>
<b>Include in other comprehensive income:</b>				
Actuarial gain	<u>(2,785)</u>	-	<u>(2,701)</u>	-
	<u>(2,785)</u>	-	<u>(2,701)</u>	-
<b>Others</b>				
Transfer in (out)	(22)	611	(8)	611
Acquisition through business combination	<u>209</u>	-	-	-
	<u>187</u>	<u>611</u>	<u>(8)</u>	<u>611</u>
<b>At 31 December</b>	<u>8,598</u>	<u>12,721</u>	<u>6,432</u>	<u>9,607</u>



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Actuarial gains recognised in other comprehensive income arising from:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Demographic assumptions	21	-	12	-
Financial assumptions	416	-	311	-
Experience adjustment	(3,222)	-	(3,024)	-
<b>Total</b>	<b>(2,785)</b>	<b>-</b>	<b>(2,701)</b>	<b>-</b>

**Actuarial assumptions**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(%)</i>			
Discount rate	2.89	2.90	2.89	2.90
Future salary growth	4.0 - 8.5	4.0 - 7.0	4.0 - 8.5	4.0 - 7.0

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

At 31 December 2018, the weighted-average duration of the defined benefit obligation was 14.4 years (2017: 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.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Increase	Decrease	Increase	Decrease
	<i>(in thousand Baht)</i>			
<b>At 31 December 2018</b>				
Discount rate (1% movement)	(475)	554	(298)	349
Future salary growth (1% movement)	536	(470)	337	(294)
Mortality improvement (1% movement)	14	(15)	8	(9)
<b>At 31 December 2017</b>				
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)

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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On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognised during that period in the consolidated and the separate financial statements is estimated to increase by an amount of approximately Baht 2.07 million and Baht 1.78 million, respectively.

**19 Share capital**

	Par value per share (in Baht)	2018		2017	
		Number	Amount	Number	Amount
		(thousand shares / in thousand Baht)			
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	259,250	259,250	259,250	259,250
Reduction of shares	1	(89,201)	(89,201)	-	-
Increase of new shares	1	220,500	220,500	-	-
<b>At 31 December</b>					
- ordinary shares	1	<b>390,549</b>	<b>390,549</b>	<b>259,250</b>	<b>259,250</b>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	1	170,048	170,048	170,048	170,048
Exercised of share options	1	1	1	-	-
Issue of new shares	1	195,500	195,500	-	-
<b>At 31 December</b>					
- ordinary shares	1	<b>365,549</b>	<b>365,549</b>	<b>170,048</b>	<b>170,048</b>

**Issue of ordinary shares**

During the year 2018, 900 ordinary shares were issued as a result of the exercise of warrant NINE-W1 of the shareholders. The Company registered paid-up resulting from the exercise of warrant with the Ministry of Commerce on 16 July 2018.

Additionally, the extraordinary meeting of shareholders of the Company held on 30 October 2018, the shareholders approved the following matters;

- The shareholders approved a reduction of the Company's registered share capital from Baht 259.25 million (divided into 259,250,000 ordinary shares at Baht 1 per share) to Baht 170.05 million (divided into 170,049,286 ordinary shares at Baht 1 per share) by decreasing of 89,200,714 ordinary shares at Baht 1 per share. These are the remaining from the allotment to reserve for an issuance and offering of warrants to the Company's existing shareholders and an issuance to the directors, management and/or employees of the Company and/or its subsidiaries. The Company registered the reduction in registered share capital with the Ministry of Commerce on 8 November 2018.



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- b) The shareholders approved an increase of the Company's registered share capital under the specific objective basis by Baht 220.50 million from Baht 170.05 million (divided into 170,049,286 ordinary shares at Baht 1 per share) to Baht 390.55 million (divided into 390,549,286 ordinary shares at Baht 1 per share) to offer to Private Placement as specified in the meeting at Baht 1.40 per share, totalling Baht 308.70 million, which is considered a connected transaction. The increase will be utilised for working capital within the Group by increasing the liquidity and supporting the expansion of the Company's core businesses, as well as investing in related businesses. The Company registered the increase in share capital with the Ministry of Commerce on 9 November 2018. The Company received the paid-up share capital by 195,500,000 ordinary shares, totalling Baht 273.70 million and the Company registered with the Ministry of Commerce on 29 November 2018.

***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.

***Transaction costs from issue of shares***

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

**20 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 <sup>th</sup> of November and May in each year, to exercise not more than 20% each year.

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%



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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 2018 were Baht 0.60 million and Baht 0.60 million for consolidated and separate financial statements, respectively (2017: Baht 0.13 million and Baht 0.13 million, respectively).

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

	Consolidated financial statements / Separate financial statements			
	2018		2017	
	Number of warrant	Grant date fair value (thousand units / in thousand Baht)	Number of warrant	Grant date fair value
At 1 January	1,538	4,215	1,492	4,087
Issued warrants during the year	220	602	498	1,211
Forfeited warrants during the year	-	-	(452)	(1,083)
Expired warrants	(1,758)	(4,817)	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>1,538</b>	<b>4,215</b>

**NINE-W1**

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.

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

Unexercised warrants as at 1 January 2018				Unexercised warrants as at 31 December 2018		
Issued warrants	Exercised warrants (thousand units)	Expired		Exercise price (Baht / share)	Expiry date	
84,959	-	1	(84,958)	-	4	11 July 2018

Unexercised warrants as at 1 January 2017				Unexercised warrants as at 31 December 2017		
Issued warrants	Exercised warrants (thousand units)			Exercise price (Baht / share)	Expiry date	
84,959	-	-	84,959	4		11 July 2018



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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**21 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.

**22 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.

# Nation International Edutainment Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### Information about reportable segments

	Publishing and services		TV and new media		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	<i>(in thousand Baht)</i>							
External revenue	76,779	128,937	9,617	6,301	1,938	2,045	88,334	137,283
Other income	12,006	18,600	24	6	2,352	2,384	14,382	20,990
<b>Total segment revenues</b>	<b>88,785</b>	<b>147,537</b>	<b>9,641</b>	<b>6,307</b>	<b>4,290</b>	<b>4,429</b>	<b>102,716</b>	<b>158,273</b>
Segment profit (loss) before income tax	(26,806)	18,442	(105,308)	(4,952)	(27,748)	(2,207)	(159,862)	11,283
Interest income	3,675	6,019	24	6	1	2	3,700	6,027
Depreciation and amortisation	2,764	4,122	10,933	484	2,573	1,449	16,270	6,055
Other material non-cash items								
- impairment losses and other provisions	18,210	137	32,808	-	5,148	-	56,166	137
Capital expenditures	4,640	3,092	57,000	1,253	10,801	10,042	72,441	14,387
Segment assets as at 31 December	82,009	227,956	59,645	31,615	19,555	17,185	161,209	276,756
Segment liabilities as at 31 December	19,151	30,105	41,415	581	2,229	1,202	62,795	31,888

During the year 2017, the Group has reconsidered an information about reportable segments in relevant to its business restructuring according to the operation plan in note 2 (e).



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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*Reconciliations of reportable segment assets and liabilities*

	<b>Consolidated financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
<b>Assets</b>		
Total assets for reportable segments	161,209	276,756
Other unallocated amounts	287,062	44,481
<b>Consolidated total assets</b>	<b>448,271</b>	<b>321,237</b>
<b>Liabilities</b>		
Total liabilities for reportable segments	62,795	31,888
Other unallocated amounts	11,713	14,904
<b>Consolidated total liabilities</b>	<b>74,508</b>	<b>46,792</b>

*Geographical segments*

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

**23 Other income**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Central services charge	4,233	5,691	11,169	12,663
Other services income	1,828	1,849	1,791	1,892
Gain on return of investment in subsidiary	-	-	-	3,264
Others	4,621	7,423	3,190	4,177
<b>Total</b>	<b>10,682</b>	<b>14,963</b>	<b>16,150</b>	<b>21,996</b>

**24 Distribution costs**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Personnel	13,110	10,208	4,645	6,484
Marketing	14,344	14,117	7,852	10,784
Others	3,222	4,196	3,180	3,952
<b>Total</b>	<b>30,676</b>	<b>28,521</b>	<b>15,677</b>	<b>21,220</b>



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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**25 Administrative expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Personnel	20,688	17,237	10,424	12,720
Management compensation	12,970	7,698	12,970	7,698
Office expenses	17,055	14,391	8,219	6,598
Others	5,451	5,182	2,815	4,554
<b>Total</b>	<b>56,164</b>	<b>44,508</b>	<b>34,428</b>	<b>31,570</b>

**26 Employee benefit expenses**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Wages and salaries		61,979	40,869	29,585	30,462
Defined contribution plan		2,257	2,444	1,648	1,804
(Reversal of) defined benefit plan	18	(1,874)	447	(739)	321
Share-based payment transactions	20	602	128	602	128
Voluntary resignation plan		11,599	2,087	5,547	1,565
Others		5,076	3,711	1,800	2,548
<b>Total</b>		<b>79,639</b>	<b>49,686</b>	<b>38,443</b>	<b>36,828</b>

At the Board of Directors' meeting of the Company held on 6 September 2018 and 20 December 2018, the Board of Directors approved to pay compensation to its employees in some business units in order to business structuring of the Group. This responses to the change of publication business to digital media more streamlined.

*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.

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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**27 Expenses by nature**

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

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Changes in inventories		4,367	3,611	(262)	2,287
Paper, printing service and delivery costs		58,067	34,855	19,136	24,971
Other production expenses		5,070	9,239	4,012	7,525
License fees		14,842	7,718	2,089	2,570
Loss on decline in value of inventories	10	1,799	2,074	1,093	848
Employee benefit expenses	26	79,639	49,686	38,443	36,828
Distribution costs		17,555	18,294	11,021	14,719
Office expenses	25	17,055	14,391	8,219	6,598
Others		7,311	6,199	4,675	5,571
<b>Total cost of sales of goods and rendering of services, distribution costs and administrative expenses</b>		<b>205,705</b>	<b>146,067</b>	<b>88,426</b>	<b>101,917</b>

**28 Income tax**

*Income tax recognised in profit or loss*

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
<b>Current tax expense</b>					
Current year		-	-	-	-
<b>Deferred tax expense</b>	15				
Movements in temporary differences		9,092	4,104	7,038	(838)
<b>Total income tax</b>		<b>9,092</b>	<b>4,104</b>	<b>7,038</b>	<b>(838)</b>

*Income tax recognised in other comprehensive income*

	<b>Consolidated financial statements</b>					
	2018		2017			
	Before tax	Tax (expense) benefit	Before tax	Tax (expense) benefit	Net of tax	
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gains	2,786	(557)	2,229	-	-	-



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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	Separate financial statements					
	Before tax	2018 Tax (expense) benefit	Net of tax (in thousand Baht)	Before tax	2017 Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains	<u>2,701</u>	<u>(540)</u>	<u>2,161</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Reconciliation of effective tax rate**

	Consolidated financial statements			
	Rate (%)	2018 (in thousand Baht)	Rate (%)	2017 (in thousand Baht)
Profit (loss) before income tax expense		<u>(159,862)</u>		<u>11,283</u>
Income tax using the Thai corporation tax rate	20	(31,972)	20	2,257
Expenses not deductible for tax purposes		2,732		1,142
Expenses for tax incentives		(3)		(1)
Temporary differences for which no deferred tax assets was recognised		6,738		(31,356)
Current year losses for which no deferred tax assets was recognised		22,815		32,062
Reversal from previously recognised deferred tax expense		8,782		-
<b>Total</b>	<u>(6)</u>	<u>9,092</u>	<u>36</u>	<u>4,104</u>

	Separate financial statements			
	Rate (%)	2018 (in thousand Baht)	Rate (%)	2017 (in thousand Baht)
Loss before income tax expense		<u>(146,780)</u>		<u>(158,759)</u>
Income tax using the Thai corporation tax rate	20	(29,356)	20	(31,752)
Expenses not deductible for tax purposes		1,930		(56)
Expenses for tax incentives		-		(1)
Temporary differences for which no deferred tax assets was recognised		22,881		30,971
Current year losses for which no deferred tax assets was recognised		4,640		-
Reversal from previously recognised deferred tax expense		6,943		-
<b>Total</b>	<u>(5)</u>	<u>7,038</u>	<u>(1)</u>	<u>(838)</u>



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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**29 Earnings (loss) per share**

***Basic earnings (loss) per share***

The calculations of basic earnings (loss) per share for the years ended 31 December 2018 and 2017 were based on the profit (loss) for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht / thousand shares)</i>			
<b>Profit (loss) attributable to ordinary shareholders of the Company (basic)</b>	<b><u>(168,908)</u></b>	<b><u>7,166</u></b>	<b><u>(153,817)</u></b>	<b><u>(157,922)</u></b>
Number of ordinary shares				
Outstanding at 1 January	170,048	170,048	170,048	170,048
Effect of shares option exercised	-	-	-	-
Effect of shares issued	<u>18,211</u>	<u>-</u>	<u>18,211</u>	<u>-</u>
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b><u>188,259</u></b>	<b><u>170,048</u></b>	<b><u>188,259</u></b>	<b><u>170,048</u></b>
<b>Earnings (loss) per share (basic) (in Baht)</b>	<b><u>(0.90)</u></b>	<b><u>0.04</u></b>	<b><u>(0.82)</u></b>	<b><u>(0.93)</u></b>

***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 2018 and 2017.

**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 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.



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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***Foreign currency risk***

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

***Credit risk***

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base. Management does not anticipate material losses from its debt collection.

***Liquidity risk***

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

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



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

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

**31 Commitments with non-related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<i>(in thousand Baht)</i>			
<b><i>Capital commitment</i></b>				
<i>Contracted but not provided for:</i>				
Computer programmes and Software licences	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><i>Future minimum lease payments under non-cancellable operating leases</i></b>				
Within one year	6,050	-	4,795	-
After one year but within five years	12,165	-	8,169	-
<b>Total</b>	<b>18,215</b>	<b>-</b>	<b>12,964</b>	<b>-</b>
<b><i>Other commitment</i></b>				
Bank guarantees	<b>10</b>	<b>1,096</b>	<b>10</b>	<b>696</b>

A subsidiary entered into an agreement with a local company whereby a local company granted the right in respect of the use of trademark to the subsidiary for the period of 3 years, commencing from 31 May 2018 to 31 May 2021. Under the term of agreement, the subsidiary committed to share revenue from the right of trademark at the rate as specified in the agreement.

**32 Event after the reporting period**

At the Board of Directors' meeting of the Company held on 13 December 2018, the Board of Directors approved to establish a company, Street Eyeball Co., Ltd., which has a registered share capital of Baht 1 million (divided into 10,000 ordinary shares at Baht 100 per share) with fully paid-up share capital. The subsidiary registered with the Ministry of Commerce on 3 January 2019.



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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**For the year ended 31 December 2018**

**33 Thai Financial Reporting Standards (TFRS) not yet adopted**

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

<b>TFRS</b>	<b>Topic</b>	<b>Effective</b>
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

\* TFRS - Financial instruments standards

**(a) TFRS 15 Revenue from Contracts with Customers**

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

The Group has made a preliminary assessment of the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements and expects that there will be no material impact on the financial statements in the period of initial application.

**(b) TFRS - Financial instruments standards**

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS – Financial instruments standards on the consolidated and separate financial statements.

**34 Reclassification of accounts**

Certain accounts in the 2017 financial statements have been reclassified to conform to the presentation in the 2018 financial statements as follows:

	<b>2017</b>					
	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	<i>(in thousand Baht)</i>					
<b>Statement of comprehensive income</b>						
Administrative expenses	44,645	(137)	44,508	31,620	(50)	31,570
Impairment losses and other provisions	-	137	137	163,410	50	163,460
		<u>-</u>			<u>-</u>	

## Other Reference Persons

### Security Registrar (Common Share)

**Thailand Securities Depository Company Limited**

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2. Mrs. Sasithorn Pongadisak Certified Public Accountant Registration No.8802 or
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### Audit Fee

1. The audit fee of the Company and subsidiaries for the year 2018 is Bt 2,000,000
  2. Non-audit fee
- None-

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