



ANNUAL REPORT 2012

Nation International Edutainment Public Co., Ltd.
www.nine.co.th



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General Information

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

Mission: To provide knowledge and fun from around the world

Core Values:

Passion Put a wholehearted effort and dedication in to all work to obtain the best results.

Integrity To perform with honesty, transparency, and trustworthiness.

Synergy Be consistent in team-working for mutual success.

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

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

General Information

Name	Nation International Edutainment Public Company Limited
Symbol	NINE
Core Business	- Publishing Business: Publishes and distributes a wide range of books and magazines for both children and adults. - Service Business for Overseas Publications: Provides overseas periodical publishers with a variety of services, including printing, advertising sales, subscription sales, distribution and delivery. - Digital Business : Provides digital content through various devices and operating systems, eg., online, mobiles, tablets, etc. - Character Management Business - Satellite TV Business for Young Children
Head Office	1858/123-124, 29th TCIF Tower Building, Bangna-Trad Road, Bangna, Bangkok 10260
Registration	PLC no. 0107551000312
Telephone	(66) 2338-3333
Fax	(66) 2338-3334 Ext. 3292
Registered Capital	Baht 85,000,000
Paid-up Capital	Baht 85,000,000

The Company's Shareholding Exceeded 10% of Paid Capital. (December 31, 2012)

Company Name / Address	Business	% of Holding	Registered Capital	Paid-up Capital
Direct Subsidiaries				
Nation Edutainment Co., Ltd. 1858/123-124 29th Floor, Bangna-Trad Road, Bangna, Bangkok	Publishing	99.99	41,250,000	41,250,000
N Coupon Co., Ltd. 1858/123-124 29th Floor, Bangna-Trad Road, Bangna, Bangkok	Sales of goods and services on the Internet	99.98	1,000,000	1,000,000
Nation Kids Co., Ltd. 1858/123-124 29th Floor, Bangna-Trad Road, Bangna, Bangkok	Produces and conducts business as content provider with multimedia Channels including TV.	99.99	1,000,000	250,000
Jointly-controlled entity				
Nation Egmont Edutainment Co., Ltd. 1858/123-124 29th Floor, Bangna-Trad Road, Bangna, Bangkok	Publishing	49.99	50,000,000	50,000,000

Remarks: N Coupon Co., Ltd. - liquidated and dissolved on 14 December 2012

Summary of Financial Data and Investments

(Units: in Million Baht)

1. Data from Consolidated Financial Statements		2012	2011	2010
• Sales and Service Income		339.55	288.58	283.87
• Total Revenues		354.85	296.69	289.74
• Gross Profit Margin		103.98	87.61	88.88
• Profit Before Interest, Taxes, Depreciation, Amortization and Extraordinary items		63.85	49.31	53.17
• Net Profit		28.21	17.48	20.72
• Total Assets		353.24	308.77	281.65
• Shareholders' Equity		167.44	151.98	144.09
2. Financial Ratios		2012	2011	2010
• Total Debts to Equity	Times	1.11	1.03	0.95
• Gross Profit Margin	%	30.62	30.36	31.31
• Net Profit on Total Revenues	%	7.95	5.89	7.15
• Return on Equity	%	17.66	11.81	16.11
• Return on Total Assets	%	8.52	5.92	7.94
• Earnings per Share	Baht	0.33	0.21	0.29
• Dividend per Share	Baht	0.15	0.05	0.31
• Book Value per Share	Baht	1.97	1.79	1.99

Summary of Financial Data and Investments

Investments in subsidiaries and jointly-controlled entity of Nation International Edutainment PLC.

	Registered Capital (Million Baht)	Percentage of Investment
PUBLISHING BUSINESSES		
Nation Edutainment Co., Ltd.	41.25	99.99
Nation Egmont Edutainment Co., Ltd.	50.00	49.99
TV Program		
Nation Kids Co., Ltd.	1.00	99.99
SALE OF GOODS AND SERVICES ON INTERNET BUSINESS		
N Coupon Co., Ltd.	1.00	99.98
(liquidated and dissolved on December 14, 2012)		

Dividend Policy

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

Message from Chairman

2012 saw Thailand commence rehabilitation of the entire nation after the massive floods, the government expecting an overall economic growth rate at about 5.5%. Revenue growth of International Edutainment Public Co., Ltd. (NINE) in 2012 was 19.6%, compared with 2011 and rose by 61.4%. NINE's 5 main businesses are Publishing Business (books for children and adults), Satellite TV Business, Character Business, Digital Business and Services Business for Overseas Publications.

The publishing industry in 2012 was at first expected to grow by 5-6 percent, with a value of 22.6 billion Baht. NINE's publishing business grew by 28.5% in 2012, mainly from 3 key publications — pocket books for adults, Japanese comics and books for children.

Pocket books for adults published by Nation Books inprint were particularly successful, attributed mainly by Steve Jobs' biography, which gained increasing popularity from late 2011. Sales were satisfactory and in addition, other pocket books selected according to readers' tastes, for instance, "health" and "management" books, were popular and revenue from this business grew by 19.5%, compared with the previous year.

Japanese comics selection was more specific for the really popular titles, in addition to the implementation of aggressive strategies through distributors and marketing campaigns, in cooperation with leading bookstores across the nation.

Books for children featured books with Character licensed from Western countries, for example, Disney and Nickelodeon, by Thai companies such as Shelldon and Byrdland, which rapidly gained popularity, as well as character books from Korea, eg. "Canimals." In addition to translated books, NINE also Created its own content to meet Thai Readers' tastes and demands.

In all, the revenue from Japanese comics and books for children in 2012 grew by 32.2 percent.

For those three main publications, NINE expanded its distribution channels in 2012, increasing the number of distributors, convenience stores, online bookstores and booths in various fairs nationwide, in addition to aggressive marketing strategies in the digital era through social media in cooperation with all other media in the Nation Group, attracting millions of people. Thus, NINE's overall revenue rose significantly to a satisfactory level.

The Satellite TV Business, KidZone, though only launched in August 2012, gained rapid popularity among children and parents and eventually was rated as a popular TV channel. Its success was attributed to a 360-degree marketing campaign with clear contents as a variety channel for kids. The campaign was made side-by-side with on-print media, launching books at the same time with animation on air via KidZone and on-ground activities — mascots playing performing for kids at various events Nationwide.



For the Character Management NINE started several Business marketing campaigns to introduce characters that NINE was licensed through various creative activities to obtain the trust and confidence from production companies, department store and other organizations, to encourage them to buy copyrights to produce products for distribution. NINE is currently planning children to buy additional internationally-known characters in 2013 to cover a wider scope of target customers.

In 2012, the Digital Business developed its production and distribution of electronic publications in line with readers' needs and lifestyles for their reading convenience. They can read electronic books and magazines anywhere they want and it's convenient for them to buy through application stores anywhere around-the-clock without wasting traveling time. In 2013, NINE will move more on digital contents to meet consumers' changing lifestyles, in which digital media play roles in their daily lives.

In 2013, NINE will be fully prepared to usher in the digital world, starting with a bid for Digital TV, preparing contents for every channel of digital media to lay a foundation for a main source of revenue in the future. At the same time, the Publishing Business will continue to strengthen cooperation with its alliances with both public and private organizations to present exclusive and quality contents for its esteemed readers.

NINE's Management and all members of staff are all fully committed to ensuring stability to all shareholders through continuous product quality improvement, corporate governance, business expansion to other media platforms for a sustainable, higher income in the long term and maximal benefits to shareholders and other interest groups, as we have always adhered to and will continue to do so.

The Board of Directors wishes to express its sincere thanks to all shareholders, stakeholders, and public and private organizations, as well as the general public, all of whom, have been very supportive to NINE's products and activities and have placed their trust in NINE's product quality and edutainment contents and presentations, through different media. With our alliances, NINE will continue to present quality contents from around the world for the overall benefit of Thai children and the general public.

Suthichai Yoon,
Chairman, Board of Directors

**Board of Directors
&
Management Team**

Nation International Edutainment Public Co., Ltd.



Board of Directors





1. Mr. Suthichai Yoon

Chairman

2. Mr. Sermsin Samalapa

Director

3. Mr. Sivaporn Chomsuwan

Director and President

4. Mr. Somsak Cheer Chiranakhon

Independent Director and Chairman
of The Audit Committee

5. Mr. Sutee Jintananarumit

Independent Director and Chairman
of The Audit Committee

6. Mr. Kreetha Matitanaviroon

Independent Director and Member
of The Audit Committee

7. Mrs. Kesery Kanjana-Vanit

Director

8. Ms. Mathaya Osathanond

Director

9. Mr. Pana Janviroj

Director

Board of Directors



Mr. Suthichai Yoon

Position Chairman

Age 67 years

Education Background

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

Training Course(s)

Thai Institute of Directors Association

- Director Accreditation Program (DAP # 54)

No. of Shares Held as at December 28, 2012

- Mr. Suthichai Yoon : 768,424 shares (0.91%)
- Mrs. Nantawan Yoon : 14,894 shares (0.02%)

Relationship with NINE's Executive : N/A

Experience

1971 - 2012	Editor-in-Chief Nation Multimedia Group Plc.
2011 — Present	Chairman Nation Broadcasting Corporation Plc.
Mar 6, 2012 - Present	Chairman & Editor - in - Chief Nation Multimedia Group Plc.
April 17, 2012 - Present	Chairman Nation International Edutainment Plc.

Remarks : Mr. Suthichai Yoon replaced Mr. Thanachai Santichaikul as Chairman.

Director of Other Listed Companies

Mar 6, 2012 - Present	Chairman	Nation Multimedia Group Plc.
2011 - Present	Chairman	Nation Broadcasting Corporation Plc.

Director of Other Non - Listed Companies

1994 - Present	Director	Nation International Co., Ltd.
2006 - Present	Director	NML Co., Ltd.
2008 - Present	Chairman	Nation News Network Co., Ltd.
2011 - Present	Executive Director	Nation U Co., Ltd.
2012 - Present	Director	NBC Next Media Co., Ltd.
2012 - Present	Director	Nation Edutainment Co., Ltd.
2012 - Present	Director	Nation Kids Co., Ltd.

Director of a competing company or a related business company

: N/A

Meeting Attendance / Meeting held (Frequency)

Board of Directors	5/8
Annual General Meeting of Shareholders	1/1

Board of Directors



Mr. Sermsin Samalapa

Position Director

Age 45 years

Education Background

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

Training Course(s)

Thai Institute of Directors Association

- Director Accreditation Program (DAP # 24)

No. of Shares Held as at December 28, 2012 : N/A

Relationship with NINE's Executive : N/A

Experience

1997 - 2011	Lecturer of Real Estate Finance, Faculty of Commerce and Accountancy, Chulalongkorn University
1999 - 2002	Managing Director Thai Portal Co., Ltd.
2003 - 2005	Chairman Pacific Assets Plc.
2003 - 2011	President and Chief Executive Officer Natural Park Plc. and its Subsidiaries
2003 - 2011	Director Kempin Siam Co., Ltd
2010 - Present	Chairman South-East Asia University
2010 - Present	Director Nation Multimedia Group Plc.

2011 - Present	Director
	Nation-U Co., Ltd.
2011 - Present	Director
	Nation Broadcasting Corporation Plc.
2011 - Present	Director
	Nation International Edutainment Plc.

Director of Other Listed Companies

2010 - Present	Director	Nation Multimedia Group Plc.
2011 - Present	Director	Nation Broadcasting Corporation Plc.

Director of Other Non - Listed Companies

2011 - Present	Director	Nation-U Co., Ltd.
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Director of a competing company or a related business company

: N/A

Meeting Attendance / Meeting held (Frequency)

Board of Directors	6/8
Annual General Meeting of Shareholders	1/1

Board of Directors



Mr. Sivaporn Chomsuwan

Position Director and President

Age 53 years

Education Background

- MBA, Oklahoma City University, USA
- BA, Accounting, Thammasat University

Training Course(s)

Thai Institute of Directors Association

- Director Accreditation Program (DAP # 64)
- Director Certification Program (DCP#101)

No. of Shares Held as at December 28, 2012 : N/A

Relationship with NINE's Executive : N/A

Experience

2009 - 2011	Member of The Audit Committee Nation Broadcasting Corporation Plc.
2009 - 2011	Managing Director Amarin Book Center Co., Ltd.
2011 - 2012	Executive Vice President Nation International Edutainment Plc.
April 17, 2012 — Present	Director Nation Broadcasting Corporation Plc.
April 24, 2012 — Present	Director and President Nation International Edutainment Plc.

Director of Other Listed Companies

April 17, 2012 - Present Director Nation Broadcasting Corporation Plc.

Director of Other Non - Listed Companies

2008 - Present	Director	Memotion Co., Ltd.
2012 - Present	Director	Nation Egmont Edutainment Co., Ltd.
2012 - Present	Director	Nation Edutainment Co., Ltd.
2012	Director	Ncoupon Co., Ltd.
2012 - Present	Director	Yomiuri-Nation Information Service Co., Ltd.
2012 - Present	Director	WPS (Thailand) Co., Ltd.
2012 - Present	Director	Nation Kids Co., Ltd.

Director of a competing company or a related business company

: N/A

Meeting Attendance / Meeting held (Frequency)

Position on the Board of Directors on April 24, 2012.

Board of Directors 4/8

Annual General Meeting of Shareholders 1/1

Board of Directors



Mr. Somsak Cheer Chiranakhon

Position Independent Director and
Chairman of The Audit
Committee

Age 69 years

Education Background

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

Training Course(s)

Thai Institute of Directors Association

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

No. of Shares Held as at December 28, 2012 : N/A

Relationship with NINE's Executive : N/A

Experience

2000 - Present	Managing Director Wrebbit Asia Co., Ltd.
2002 - Present	Chairman Energy Control Co., Ltd.
2005 - Present	Managing Director P.R.S.S. Co., Ltd.
2008 - Present	Independent Director & Chairman of The Audit Committee Nation International Edutainment Plc.

Director of Other Listed Companies

: N/A

Director of Other Non - Listed Companies

2000 - Present	Managing Director	Wrebbit Asia Co., Ltd.
2002 - Present	Chairman	Energy Control Co., Ltd.
2005 - Present	Managing Director	P.R.S.S. Co., Ltd.

Director of a competing company or a related business company

: N/A

Meeting Attendance / Meeting held (Frequency)

Board of Directors	7/8
Audit Committee	4/4
Annual General Meeting of Shareholders	1/1

Board of Directors



Mr. Sutee Jintananarumit

Position Independent Director and
Chairman of The Audit
Committee

Age 68 years

Education Background

- BA in Architecture, Chulalongkorn University

Training Course(s)

Thai Institute of Directors Association

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

No. of Shares Held as at December 28, 2012 : N/A

Relationship with NINE's Executive : N/A

Experience

1975 - Present	Partner Pac Design Partner Co., Ltd.
1988 - Present	Chairman Topcon Co., Ltd.
1989 - Present	Chairman Narumit Co., Ltd.
1995 - Present	Chairman Pac Create Co., Ltd.
2006 - Present	Managing Director Energy Control Co., Ltd.
2008 - Present	Independent Director & Members of The Audit Committee Nation International Edutainment Plc.
2011 - Present	Director Hadyai Nakarin Co., Ltd.
2011 - Present	Director Ruam Klum Phatthana Co., Ltd.

Director of Other Listed Companies

: N/A

Director of Other Non - Listed Companies

1975 - Present	Partner	Pac Design Partner Co., Ltd.
1988 - Present	Chairman	Topcon Co., Ltd.
1989 - Present	Chairman	Narumit Co., Ltd.
1995 - Present	Chairman	Pac Create Co., Ltd.
2000 - Present	Managing Director	Engery Control Co., Ltd.
2011 - Present	Director	Hadyai Nakarin Co., Ltd.
2011 - Present	Director	Ruam Klum Phatthana Co., Ltd.

Director of a competing company or a related business company

: N/A

Meeting Attendance / Meeting held (Frequency)

Board of Directors	8/8
Audit Committee	4/4
Annual General Meeting of Shareholders	1/1

Board of Directors



Mr. Kreetha Matitanaviroon

Position Independent Director and
Member of The Audit
Committee

Age 64 years

Education Background

- BA. of Business Administration, Methodist
University North Carolina, USA

Training Course(s)

Thai Institute of Directors Association

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

No. of Shares Held as at December 28, 2012 : N/A

Relationship with NINE's Executive : N/A

Experience

1975 - Present	Managing Director Universal White Cement Co., Ltd.
2008 - Present	Independent Director & Member of The Audit Committee Nation International Edutainment Plc.
2009 - 2012	Independent Director Chumporn Palm Oil Industry Plc.

Director of Other Listed Companies

2009 - 2012 Independent Director Chumporn Palm Oil Industry Plc.

Director of Other Non - Listed Companies

1975 - Present Managing Director Universal White Cement Co., Ltd.

Director of a competing company or a related business company

: N/A

Meeting Attendance / Meeting held (Frequency)

Board of Directors	8/8
Audit Committee	4/4
Annual General Meeting of Shareholders	1/1

Board of Directors



Mrs. Kesery Kanjana-Vanit

Position Director

Age 55 years

Education Background

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

Training Course(s)

Thai Institute of Directors Association

- Director Certification Program (DCP # 71)

No. of Shares Held as at December 28, 2012 : 1,214 shares (0.00%)

Relationship with NINE's Executive : N/A

Experience

1996 - 2012	Director Nation International Co., Ltd.
1997 - 2012	Director Nation Edutainment Co., Ltd.
1998 - 2012	Director Nation Egmont Edutainment Co., Ltd.
2006 - Present	Director Nation International Edutainment Plc.

Director of Other Listed Companies

: N/A

Director of Other Non - Listed Companies

1996 - 2012	Director	Nation International Co., Ltd.
1997 - 2012	Director	Nation Edutainment Co., Ltd.
1998 - 2012	Director	Nation Egmont Edutainment Co., Ltd.
2010 - 2012	Director	Ncoupon Co., Ltd.

Director of a competing company or a related business company

: N/A

Meeting Attendance / Meeting held (Frequency)

Board of Directors	8/8
Annual General Meeting of Shareholders	1/1

Board of Directors



Ms. Mathaya Osathanond

Position Director

Age 44 years

Education Background

- BA, Accounting, Faculty of Commerce and Accountancy, Thammasat University

Training Course(s)

Thai Institute of Directors Association

- Directors Certification Program (DCP # 150)

No. of Shares Held as at December 28, 2012 : N/A

Relationship with NINE's Executive : N/A

Experience

2003 - 2005	Vice President - Finance Nation Multimedia Group Plc.
2006 - 2012	Assistant Senior Vice President - Finance Nation Multimedia Group Plc.
Sep 1, 2012 - Present	Senior Vice President - Finance Nation Multimedia Group Plc.
2011 - Present	Director Nation International Edutainment Plc.

Director of Other Listed Companies

: N/A

Director of Other Non - Listed Companies

2006 - Present	Director	Nation Edutainment Co., Ltd.
2008 - Present	Director	Nation News Network Co., Ltd.
2011 - Present	Director	Nation Egmont Edutainment Co., Ltd.
2012 - Present	Director	Nation Kids Co., Ltd.
2012 - Present	Director	NNN Next Frontier Co., Ltd.

Director of a competing company or a related business company

: N/A

Meeting Attendance / Meeting held (Frequency)

Board of Directors	7/8
Annual General Meeting of Shareholders	1/1

Board of Directors



Mr. Pana Janviroj

Position Director

Age 54 years

Education Background

- MA Tufts University, USA

Training Course(s)

Thai Institute of Directors Association

- Directors Certification Program (DCP # 71)

Thai Listed Companies Association, The Stock Exchange of Thailand

- Risk Management Seminar & Workshop

No. of Shares Held as at December 28, 2012 : N/A

Relationship with NINE's Executive : N/A

Experience

1988 - 1992	Senior Reporter - The Nation Nation Publishing Group Co., Ltd.
1993 - 1994	Business Editor Nation Publishing Group Plc.
1994 - 1995	Executive Editor Nation Publishing Group Plc.
1995 - 1997	Editor - The Nation Nation Publishing Group Plc.
1997 - 1999	Group Assistant Editor Nation Multimedia Group Plc.
2000 - 2004	Editor - The Nation Nation Multimedia Group Plc.
2005 - 2008	Chief Operating Officer of English News Business Unit Nation Multimedia Group Plc.
2008 - Present	President Nation News Network Co., Ltd.
2011 - Present	Director Nation International Edutainment Plc.

Director of Other Listed Companies

April 2012 - Present	Director	Nation Multimedia Group Plc.
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Director of Other Non - Listed Companies

2008 - Present	President of English News Business Unit	Nation News Network Co., Ltd.
2012 - Present	Director	Yomiuri-Nation Information Service Co., Ltd.
2012 - Present	Director	Nation Egmont Edutainment Co., Ltd.
2012 - Present	Director	NNN Next Frontier Co., Ltd.

Director of a competing company or a related business company

: N/A

Meeting Attendance / Meeting held (Frequency)

Board of Directors	7/8
Annual General Meeting of Shareholders	1/1



Management Team





1. Mr. Sivaporn Chomsuwan
Director and President

2. Ms. Phairin Nithipanich
Senior Vice President - Sales

3. Dr. Wongsiri Sankhavasi Miyaji
Editor-in-Chief

4. Mr. Somsak Chaikham
Vice President - Marketing

5. Mr. Noppadon Pitiwongse
Vice President - Marketing - Satellite TV

6. Ms. Thanika Jearanaiphaisan
Vice President - International Media

7. Mr. Sangchai Leelanawalikhit
Vice President - Advertising Sales

8. Ms. Thitagan Thana-Olarn
Vice President - Business Development

9. Ms. Boonpa Saebay
Senior Accounting Manager

Management Team



Ms. Phairin Nithipanich

Position Senior Vice President - Sales

Age 51 years

Education Background

- Bachelor of Science, Psychology,
Ramkamhaeng University

Training Course(s)

Faculty of Commerce and Accountancy,
Chulalongkorn University
- Strategy Management Program

No. of Shares Held as at December 28, 2012 : 10,000 shares (0.00%)

Relationship with NINE's Executive : N/A

Experience

1992 - 1993	Manager Nation Multimedia Group Plc.
1993 - 2003	Vice President Nation Multimedia Group Plc.
2004 - 2012	Senior Vice President Nation Multimedia Group Plc.
2012 - Present	Senior Vice President - Sales Nation International Edutainment Plc.

Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders 1/1

Management Team



Dr. Wongsiri Sankhavasi Miyaji

Position Editor-in-Chief

Age 49 years

Education Background

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

Training Course(s)

- N/A

No. of Shares Held as at December 28, 2012 : 10,000 shares (0.00%)

Relationship with NINE's Executive : N/A

Experience

2002 - 2006	Chief Operating Officer Nation Books International Co., Ltd.
2006 - 2012	Advisor Nation International Edutainment Plc.
2012 - Present	Editor-in-Chief Nation International Edutainment Plc.

Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders 1/1

Management Team



Mr. Somsak Chakham

Position Vice President - Marketing

Age 42 years

Education Background

- Master of Arts in Mass Communications Administration, Thammasat University
- Bachelor of Arts in Economics, Thammasat University

Training Course(s)

- N/A

No. of Shares Held as at December 28, 2012 : N/A

Relationship with NINE's Executive : N/A

Experience

1995 - 2010	Marketing Manager Advanced Info Service Plc.
2010 - 2012	Assistant Vice President - Marketing Amarin Book Center Co., Ltd.
Mar. 2012 - Present	Vice President - Marketing Nation International Edutainment Plc.

Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders -

Management Team



Mr. Noppadon Pitiwongse

Position Vice President - Marketing -
Satellite TV

Age 46 years

Education Background

- BBA-Marketing, Assumption Business
Administration College (ABAC)
- Assumption College Sriracha M.G. (ABAC)

Training Course(s)

- N/A

No. of Shares Held as at December 28, 2012 : N/A

Relationship with NINE's Executive : N/A

Experience

1996 - 2002	Marketing Manager Exertain Group Management Co., Ltd.
2003 - 2005	Marketing Director Extra Bean Co., Ltd.
2006 - 2011	Marketing Director Live TV Co., Ltd.
Jan 2012 - Present	Vice President. - Marketing-Sattelite TV Nation International Edutainment Plc.

Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders -

Management Team



Ms. Thanika Jearanaiphaisan

Position Vice President - International Media

Age 39 years

Education Background

- MBA-General Management, Assumption University (ABAC)
- BBA-Marketing, Assumption University (ABAC)

Training Course(s)

- N/A

No. of Shares Held as at December 28, 2012 : N/A

Relationship with NINE's Executive : N/A

Experience

2006 - 2008	Product Manager Reader's Digest (Thailand) Co., Ltd.
2008 - 2010	Marketing Manager Reader's Digest (Thailand) Co., Ltd.
2011 - Present	Vice President-International Media Nation International Edutainment Plc.

Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders -

Management Team



Mr. Sangchai Leelanawalikhit

Position Vice President - Advertising Sales

Age 45 years

Education Background

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

Training Course(s)

- N/A

No. of Shares Held as at December 28, 2012 : 1,000 shares (0.00%)

Relationship with NINE's Executive : N/A

Experience

2004 - 2010	Marketing Manager Nation Multimedia Group Plc.
Oct 2010 - Present	Vice President - Advertising Sales Nation International Edutainment Plc.

Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders -

Management Team



Ms. Thitagan Thana-Olarn

Position Vice President - Business Development

Age 49 years

Education Background

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

Training Course(s)

- N/A

No. of Shares Held as at December 28, 2012 : N/A

Relationship with NINE's Executive : N/A

Experience

1994 - 2004	Senior Group Product and Marketing Division Manager and Director Asia Books Publishing Co., Ltd.
2004 - 2006	Director Asia Books Publishing Co., Ltd.
2006 - Present	Vice President - Business Development Nation International Edutainment Plc.

Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders -

Management Team



Ms. Boonpa Saebay

Position Senior Accounting Manager

Age 39 years

Education Background

- BA Accounting, Bangkok University

Training Course(s)

- N/A

No. of Shares Held as at December 28, 2012 : N/A

Relationship with NINE's Executive : N/A

Experience

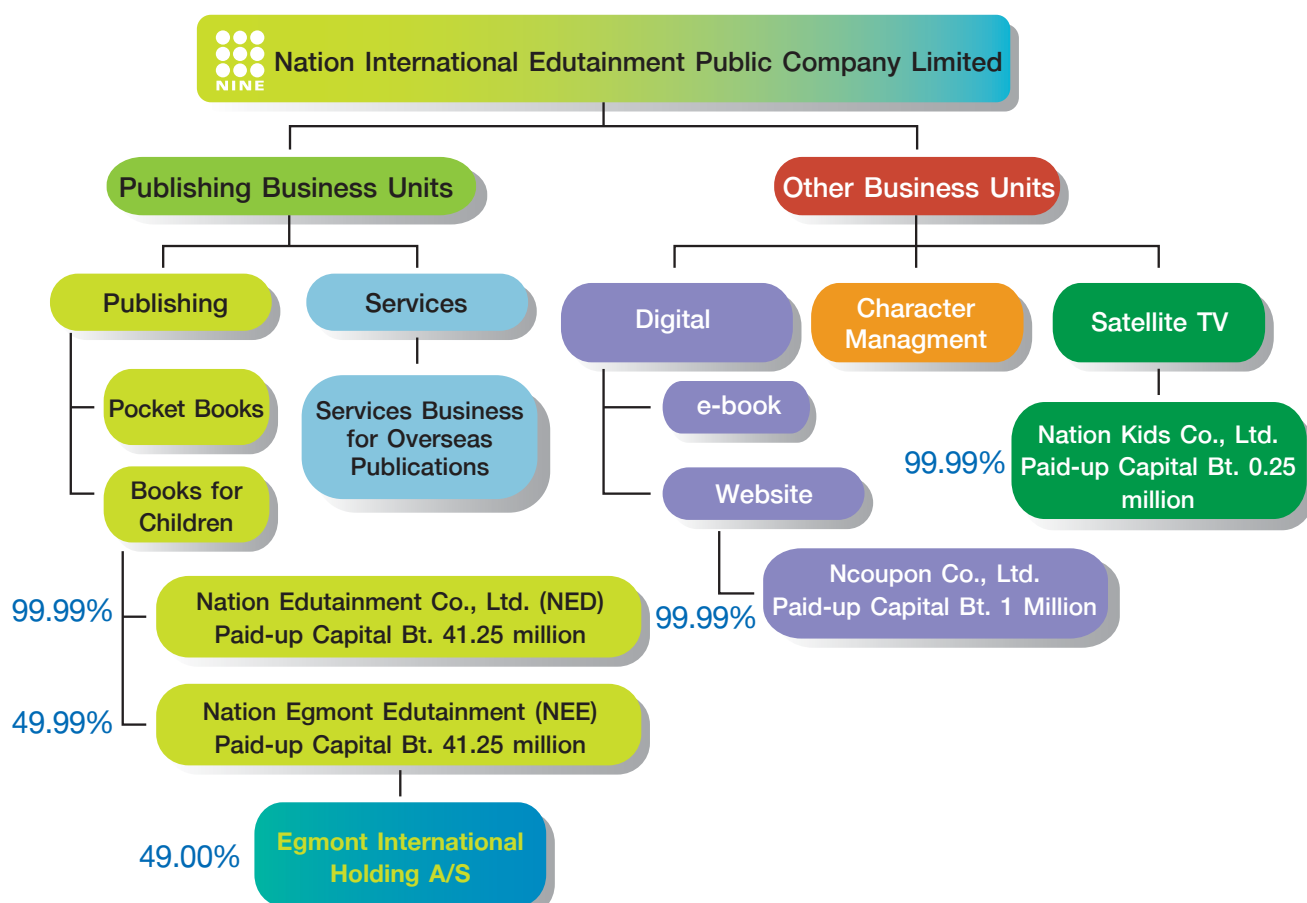
2008 - 2010	Manager Accounting Nation International Edutainment Plc.
2010 - Present	Senior Accounting Manager Nation International Edutainment Plc.

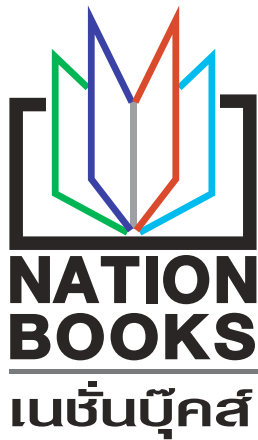
Meeting Attendance / Meeting Held (Frequency)

Annual General Meeting of Shareholders 1/1

Business Group Structure

Business Group Structure 2012





1. Pocket Books

Nation International Edutainment Public Co., Ltd. (NINE) operates its pocket book publishing business through its own "Nation Books" inprint house. Recognized by local and international authors and leading publishers, NINE is trusted with the production and distribution of quality bestselling work in various disciplines covering consumers' needs such as business & management, novel, language & learning, religion, psychology & philosophy and general interests.

Website: www.nationbook.com





เนชั่น เอ็ดมونت Nation Egmont

2. Books for Children

Nation Egmont Edutainment Co., Ltd. (NEE) produces, imports and distributes education, entertainment and extracurricular activity publications youths under 18 years of age with licenses from European countries, USA and Australia, such as Walt Disney, Warner Bros. NEE is also a sole distributor Nation Edutainment Co., Ltd. (NED)

NEE's popular books and learning materials include Disney's story and activity books, the Adventures of Tin Tin, Pleasant Goaf and Big Big Wolf, Dora the Explorer and SpongeBob from Nickelodeon, etc.

Website: www.nationegmont.com





Nation Edutainment (NED) produces and distributes education and entertainment publications for youths under 18 years of age with licenses from local and Asian authors and publishers in Japan, etc., including edutainment comics and youth publications from Shueisha., Shogakukan, Kodansha and Futabasha.

Popular titles include “Boom” weekly magazine, “SOS” bimonthly, collections of short stories by Thai comic writers, Doraemon series, Dragonball, Bleach, Naruto, Death Note, Apaimanee Saga, Mead Thi 13 and etc.

In addition, the Company produces and distributes a comic titled “Flying with Byrd” for GMM Grammy Plc. in the 3rd series, and “Sheldon” for Shell Hut Entertainment Co., Ltd., Which are Thai comics known worldwide.

Website: www.ned-comics.com



Products and Services

The Company's business also involves being a representative of 150 publications distribution; both newspapers magazines, as well as an online database. The Company also provides related such as subscription sales and advertising sales representative for The Yomiuri (Thailand issue), printing service for The Street Journal Asia and The Yomiuri Shimbun as well as a delivery service for various newspapers and magazines. Such services provided are in the format of One-Stop-Service to facilitate clients in coordinating and problem-solving.

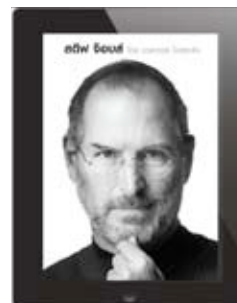
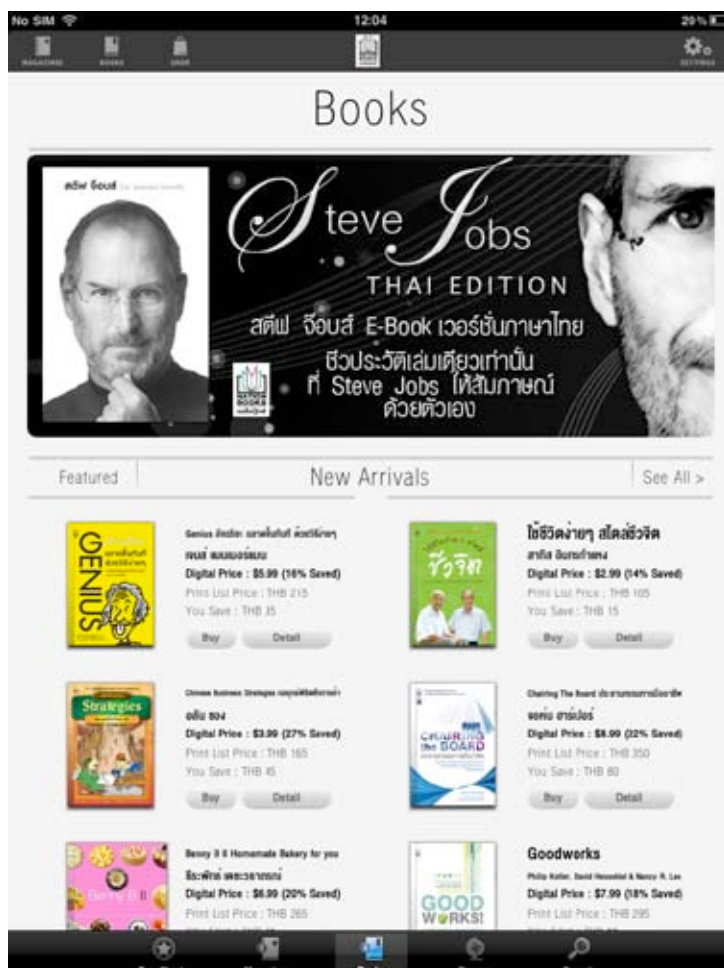
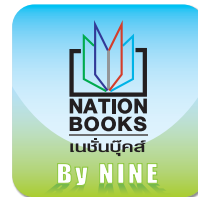
Foreign Publications Distribution and Related Services



Other Media Businesses

Digital Business

The Company produces and distributes a variety electronic media in line with readers' tastes and lifestyles, inclusive of administration, management, religion, psychology, philosophy, language, novels, literature, fairy tales, cartoons, among others, for the convenience of readers in buying, without wasting traffic time. Products are available for sale around the clock and readers can enjoy reading real electronic books and magazines anywhere and in any quantity they want. The Company also produces and distributes applications for skills development, knowledge and fun games.





Character Management Business

The Company is a licensing agent for various international popular cartoon providing license for entrepreneurs interested producing goods distributed in Thailand or for department stores organizing sales promotion activities by using cartoon characters. To increase sales volumes, the Company runs a marketing campaign for these cartoon characters to promote their popularity and consumption in Thailand.



[illegible]



Satellite TV Business

The Company operates a satellite TV channel for children broadcasting through the satellite signal, C-Band, called “KidZone”, targeting kids in the 4-12 range and their parents under the concept of Kid Edutainment, more than just cartoons, full of fun and knowledge, stimulating creativity in children so that they may play and learn and have fun at the same time.

The contents primarily feature cartoon characters popular overseas without violence, but offering some thoughts after viewing, appropriate child development at different age ranges. Most the cartoons have never been broadcast on free TV. In addition, the Company runs a live “KidZone Club” on air two hours from Monday to Friday, 17.00-19.00 hrs. aiming to communicate interact with viewers. Other programs include “Diary” presenting an imaginary journey in a diary with children, “Learn & Play” featuring new techniques from additional sources of learning, tuition, workshops, edutainment activities, in which moderators learn something new in the program and kids have direct experiences.



The “Kid Naroo, Doodai, Doodee” program features a collection of edutainment activities from different organizations through creative media such as “kid citizens” and “scientific experiments” by the Thai Health Promotion Foundation and “learn and love Thai language” from The Royal Institute, animation on decorum by the Department of Cultural Promotion, etc.

Another program, “Friends of KidZone” open to alliances, TV program producers and other interest groups to join the program productions. The Company has received support from alliances who are media professionals to develop quality content under the concept of “fun, informative and creative”.



Overview and Competition

Publishing Business and Competition

The Publishers and Booksellers Association of Thailand (PUBAT) reported that the publishing industry grew by 5-6% in 2012, compared to that of 2011. Overall, book markets value of 22,600 million Baht approximately, especially in the first quarter of 2012; the book growth has been promising as a result of the suspension, caused by the great floods in late and the rebound of growing demand and purchases in early 2012, as evidenced by the number of visitors attending the 40th National Book Fair held between March 29 and April 8, 2012, accounting for up to 1.7 million people, with a total revenue of over 400 million Baht (Source: The Publishers and Booksellers Association of Thailand :PUBAT)

According to the National Statistics Office's survey in 2011 (the latest survey was conducted in 2008), results showed that more than half preschool students under 6-years of age (53.5%), increased their reading of books outside class hours by 17.5%, compared to that in 2008. In particular, young children residing in the municipality and central part, increased their reading more than those in other parts. Meanwhile, reading growth rate in the population aged above 6-years, increased very slightly; increasing from 66.3% in 2008 to 68.8% in 2011, particularly among youths aged between 15-24 years; reading growth rates were constant, indicating that the youth paid more attention to other social activities than reading. The most popular books of interest to youths, other than textbooks, are novels, cartoons and general books, which are currently published by NINE (Nation International Edutainment Plc.) primarily.

There has been a tendency towards stiffer competition within the industry each year, mainly due to the many newly-emerging small publishers (at the same time, many of them have also closed down); today, even writers are more likely to run their own publishing houses. Online media has become more prominent in advertising and public relations activities, where only small amounts of capital are required. In addition, online bookselling is increasingly more accessible to readers directly, while other readers are more likely to follow-up their admired writers. Online marketing is therefore becoming an increasingly popular mechanism, providing access to its customers immediately, without any dependence on large publishers, or distributors, as before. However, most markets have, in the past, been subjected to the whims of large publishers, few, of whom, now currently exist. Due to the increasing stiff competition, large publishers have sought out various strategies to increase sales. For example, making their book covers more attractive, by designing more distinctive cover illustrations than their competitors for display on the shelves. Offering increased premiums to attract target groups, or recruiting famous writers, public relations personnel and launching associated promotion activities,

along with bookstore highlights and prominent reader recommendations, All this, plus an increase in sales networks to new sources, as well as selecting distributors appropriate to each type of product, have all contributed to large publishers being able to offer greater advantages than smaller publishers due to their considerable bargaining power.

In addition to implementation of the aforementioned strategies, NINE has devised various launch strategies with a wide range of full-service products to accommodate the conglomerate's diversification; such as publishers, satellite TV business, character management business and digital business, in which a company may buy the right to use cartoon characters that could be applied to their products in any channels that facilitate increased book sales.

With regard to the average monthly spending on books for small children, survey results showed that small children able to read made significant progress through the additional reading materials purchased for them by adults, which tended to be publications different to traditional children's textbooks. On average, 63.2% spent less than Bt100 on purchasing these books, while 3.3% spent more than Bt300 per month. In addition, the survey indicated that purchasers less than Bt100 on books mainly resided in the Bangkok municipality, rather than in other parts country. This demonstrates that in areas where the population is well-educated, it is more likely the people pay more attention to reading. If this is true, then it would appear that if the promoted reading seriously outside the municipality, the overall reading-rate would definitely

The results also showed that readers aged 6-years, or older, bought additional books, other than tradition textbooks, spending an average Bt1-200 per month (29.7%); Bt201-500 (4.8%); and Bt500+ (1.8%) respectively.

Overview and Competition in the Service Business for Overseas Publications.

Distribution sales of foreign publications and online database have been associated with the growth of overseas publications customers, mainly comprising four groups, as follows:

1) Foreign tourists

Foreign tourists checked-in hotels throughout Thailand are considered major customers for the foreign newspapers and magazines distribution business. According to Tourism Authority of Thailand information for 2012, it is expected to indicate that 21.6 million foreign visitors travelled to Thailand, an increase of 2.5 million people from 2011, with a growth rate of 13%.

2) Expatriates residing in Thailand

Foreigners staying over 1-month in Thailand additionally represent customers interested in

reading a wide range of foreign newspapers and magazines. According to the Immigration Control Bureau, it found that foreigners who stay in Thailand temporarily, including those resident in Thailand, including foreign businesspeople, ambassadors and civil servants, etc., numbered 2,374,584 people in total, an increase of 454,390 people (24%) over that for 2011.

3) **Thais interested in overseas publications**

This group represents Thai adult workers and business people with high purchasing power, undergraduate students, or higher, plus Thai nationals who have studied or worked overseas and are interested in international publications with news about where they resided overseas. This group has indicated a growth tendency.

4) **Educational institutions**

Higher educational institutions have increasingly appropriated budgets for e-publication and are in receipt of database sites access for searches in different disciplines. There are a total of 146 government and private educational institutions. "Smart Board", advanced technology has already been applied to international school classrooms; resulting in a growing demand for digital content applied on the smart board. Likewise, bilingual schools have pursued the same direction. The digital content market has a promising opportunity for growth, while there is no cost incurred on storage and logistics.

The competition in the service business as an overseas publication's representative in a member ship category has less rivals and three major rivals, including Magazine International (Thailand) Co., Ltd., Post Publishing Plc, and Newspaper Direct Co., Ltd. Foreign publication sale representatives in the bookstore category have more rivals; major rivals include the large bookstores with many branches; for instance, Asia Books Co.,Ltd. and other minor operators, etc.

Overview and Competition in Character Management Business

The Character Management Business is interesting for its high market value and continuous year-on-year growth rate. Currently, many highly competitive copyright competitors represent the copyright representative because the cartoon characters the competitors having been granted a license for are famous and universally renowned. The market situation and competition are featured primarily as follows:

- 1) Famous cartoon characters are mainly from major licensors in the USA and Japan, for example, Walt Disney, Warner Bros., Marvel, Sario, Doraemon, Dragonball, Ultraman, Arare Chan, Naruto and many more.
- 2) The cartoon characters above mentioned are classic and have been popular down the generations from the past to the present. Besides, with defined and precise marketing strategies,

the most important being its continuity, as seen in TV broadcasting animations and animation films which are on-air every year, as well as holding big marketing activities. All these activities repeatedly stamp a popular image of these respective characters in the eyes of consumers apparently.

In terms of famous copyrighted cartoon characters products, they have remained famous as licensees have developed graphic artworks around the characters with various modern features that respond to all target groups, ranging from infants to working adults. In this way, many licensees operators have bought licenses for the characters and featured them in their products and promotions, as is frequently seen in the market at present. As the total value of the copyright market in Thailand is as high as 10 Billion Baht, many companies are interested in sharing the market and even Thai cartoon characters such as Kan Kluai, Pangpond, Sheldon, Flying with Byrd, Bloody Bunny, Unsleep Sheep and many more.

Over the past year, new cartoon characters popular and well-known from game applications on smart phones, for example, Angry Birds, Plants VS Zombies, etc., have been able to expand their customer base from mobile phones to general customers, in which cartoon characters are featured in products, especially children who are major prospective customers of the copyright products. This signifies a new step in copyright business activities.

Overall, it is obvious that competition in the copyright business in Thailand is intense. Nonetheless, there are channels to make a profit out of this business, especially with potentially interesting cartoon characters and precise marketing plans, as well as continuous public relations activities to promote exposure of the characters and ensure they are well recognized, popular and trusted among customers, including licensees, product owners and retailers, as well as organizations that will also boost and promote and promoted the cartoon characters to be recognized and renowned among their customers.

Overview and Competition in the Digital Business

Thailand's digital print industry has been initiated; business competition has not been fierce and consumer behavior in using the internet through personal computers, smart phones, and portable notebooks for data searching has become more intense. In addition, internet service providers and mobile phone operators have been competitive and invested in the network development to respond to consumers' needs with faster accessibility. The innovative smart phones and portable devices and operating systems that support the electronic books have also been introduced increasingly.

All publishers currently give great attention to electronic books by producing a variety of electronic content corresponding to the customer's various needs and lifestyles; e.g. management,

health, foods, travel, language, religion, psychology, biography, literature, cars, computers, home decoration, cartoons, and many more.

The distribution channels of electronic book have expanded; including bookstores, publishing houses, and mobile service providers. Application development companies have made investments in distribution through computer applications and websites. Higher educational institutions and universities have also indicated strong interest in producing applications for electronic book of their own, enabling their students to download electronic book delivered by the universities, or publishers, for educational purposes.

Overall, the tendency of the digital book industry growth in Thailand has been promising with several factors and consumer behavior, technology development, and portable device development, and with electronic book development investment by organizations, consumers are now more conveniently and diversely able to access digital content.

Overview and Competition on Satellite TV Business

In 2012, television business markets were not only restricted to completions between the same broadcasting platforms, but included stiffer competition and cooperation between operations; either free TV, satellite TV, cable TV, and the current digital TV that has been playing a role as an alternative, is expected to affect satellite TV competition in 2013.

A survey conducted by AJB Nielsen (Thailand) Co., Ltd. found that satellite and cable-based TV audiences accounted for up to 50% of overall households; Thailand has a total 11 million households, with access to 38.5 million people (one household has an average 3.5 family members), so there is no difference in audience bases between 6-channel free TV and satellite-based TV).

The increase in satellite cable-based TV and satellites in 2012 was 0.7-1% monthly, or an increase of 150,000-200,000 households monthly, or 2-2.4 million households yearly, zoned in Bangkok and its vicinity with 2.2 million households, or accounted for 56% of households with satellite cable-based TV and satellites, meaning a growth of 15%, much higher than in the past year. In respect of the municipalities and districts in all provinces, figures indicated an increase 3.5 million households accounted for 57% of overall households, or an increase of 4%, mainly cable TV installation.

In such a situation, the major content owners; either entertainment groups or newspaper groups have envisioned the competition opportunity and made investments to open satellite TV channels continuously for over the past three years, making every effort to build their strength in both content and marketing, to achieve a leading position in this industry. Currently, since the near completion and increase of satellite TV channels, consumers as audiences, have the power

to determine what programmes best meet their needs, choosing creative, quality programmes, leading to the decline of poorer quality programmes.

Overall, from the advertising industry in 2012, AJB Nielsen (Thailand)'s Co., Ltd. report demonstrated its advertising budgets through the media accounted for Bt135,428 million, a growth of 12.42% from the previous year. Expenditure for all media increased; including the television media, valued at Bt68,105 million, which grew by 9.43%, or an increase of over Bt5,860 million, compared to the previous year.

Regarding cable TV and satellite TV in 2012, monthly advertisement spending accounted for approximately Bt800 million, or Bt9,600 million yearly. In 2013, it is anticipated that advertising budgets will increase by 25-30%. Rapidly-expanding TV, cable TV, and digital TV channels will have a positive impact on the advertisement industry in 2013 as a whole, and consequently lead to a growing alternative media. Furthermore, customers who are local product owners will turn to focus media-aided branding in readiness for entering the Asian Economic Community (AEC) in 2015. It is estimated that communications and advertising budgets will increase accordingly this year.

Overall, it's obvious that the satellite TV industry growth and TV-media advertisement appropriation has been increasing constantly. Thus, it's a good opportunity for precise marketing targeting at the prospective; children and parents, as well as content development in response to audience's needs, and attracting advertising budgets from customers and agencies who need a relations media to convey their products and services to prospective customers.

Risk Factors

1. External Factors

1.1 Risks of competition and the increasing number of competitors

In 2012, the Publishers and Booksellers Association of Thailand (PUBAT) expected that the publishing industry will grow by 5-6 percent compared to the year 2011. Overall, the book market values of approximately 22,600 million Baht. Since the competition in book publishing industry has a tendency to be more intense because there is growing number of the newly-emerging small publishers (in the meanwhile a number of the small publishers have closed down). In addition, more writers are likely to run their own publishing houses through the use of online advertisement social media while the readers are more likely to follow-up their admired writers. This is how the marketing strategies have been implemented cogently with no depending on the large-scale or distributors as ever before. However, most markets are subjected to the large-scale publishers a few firms have been currently existent.

Because of the stiffer competition, many publishers make an effort to find out the increase sales, for instances, conveying an attractive appearance of the books, distinctive design superior to the competitors when the books are placed on the shelves, giving away the premiums draw the attention of the prospective groups, recruit the popular writers, stimulate a public relation promotion along together with the bookstores and the readers. Moreover, increasing sales network source and recruit new distributors with each product expand the network to new sources; select appropriate distributors to each kind of products. In doing so, the large publishers are more advantageous than small publishers because they gain a greater power of bargaining.

Over the past, there emerged the growing number of the operators in the copyright including the existing major competitors like copyright representatives of the famous foreign and newly-emerging operators that have been growing continuously, for examples, Thai-owned companies which have developed its own cartoon characters in pursuit to its own copyright management, and those foreign companies which buy the cartoon copyright from overseas to as serve as representative and pursue on copyright management covering the Southeast Asian as well as Thailand. However, the company firmly believes that media of the affiliates will help and publicize to build an awareness of the duly authorized cartoon character copyrights

1.2 Risks of technology change and competitors providing the similar content

Currently, books, newspapers, and magazine markets have been declined, especially magazines and newspapers which many firms have to be adaptive to the online business. E-book sales in the www.amazon.com have been greater than that of Physical books for a period. sales of electronic books in the Thailand shows no significant shares of books, it tends to steadily. What the publishers need to lay the foundation today is to systematize the e-books for future, produce the content that is corresponding to target groups so as to generate the income

steadfast growth. The NINE has launched the e-books for over two years, especially, Steve Jobs books with over 10,000 volumes sold. It is phenomenal downloaded. Currently, the company has increased the number of e-books continuously, especially books written by Thai writers, which e-agreement is always covered. However, the violation of e-book copyright should be cautious for it no absolute protection in any countries currently,

In recent years, printing technology has changed, as well as news and content. The newly-developed devices will enable the consumers to access a variety of content and service models became more clear, the service providers understand how to and be able to adapt themselves rapidly, and be more effective in responding to the customer needs.

One benefit of the technological change is that the operators are able to access the more broadly in both domestically and internationally through various applications. Over the past the company has pursued on developing the models of content services, products and e-distribution diversely and consistently with the consumers' reading taste and lifestyles. This is to facilitate the consumers who love reading; that is to say; the consumers can make an order at time throughout 24-hours a day with no time waste of trip. Additionally, the electronic books and magazines can be carried along to read anywhere they need. The company focuses on fast implementation, quick access of the consumers, and content development that is more distinct than those competitors in the similar business; thereby the consumers will become more interested in products.

1.3 Risks of more intense competition and variety of channels

Currently, the tendency of the competition in the satellite TV industry has been stiffer in of the number of channels and the variety of programmes which currently have been growing up 200 channels. Despite such continuously increasing satellite TV channels, it has the gap for programmes, especially programmes for the youth. So, it is regarded a good opportunity to the business of the satellite TV programmes for the youth aged between 4-12 years old and primarily focusing on creative quality programmes suitable to the youth virtually. This can reduce risk of the fiercely competitive satellite TV channel business.

1.4 Risks of unclear interpretation, control and supervision of "satellite TV" business

Currently, the Office of the National Broadcasting and Telecommunications Commission (NBTC)'s regulations on licensing the cable TV and satellite TV remain ambiguous and unclear, especially in levying a charge 2% and 2% fees obliged to pay the NBTC development funds regarding of which type of licenses, network and channels, distribution and installation, and satellite receivers. As a result, it leads to the uncertainty of the business and other obligations; "satellite television broadcasting", that has influenced the advertisement timing. Consequently, the content service providers have flocked together to file a petition to the NBTC for equitability of all parties, including abatement and exemption for radio and television broadcasting licenses, and



advertisement requirements, etc.

2. Risks from Operations

2.1 Risks of business reliance on affiliates of the Nation Group and independence of the Management of the Group

As the Nation Group is the majority shareholder of the Group with holdings of 78.46% of the total issued shares after the initial public offering (IPO). Until today, the Group various related transactions with Nation Group affiliates such as purchasing paper, contracting for printing services, contracting for delivery of publications and contracting for other services, as in Section 10 — “Related Transactions”. In 2012 and 2011, the Group incurred costs of sales, of services and selling and administrative expenses from transactions with affiliates of the Nation Group accounted approximately 151.37 and 137.01 million Baht totally, or accounted for 46.78% 50.38% respectively of total expenses in the consolidated financial statements of the Group in the same period. The Group aims to continue such related transactions in the future since affiliates Nation Group have experienced teams, distribution networks and equipments, which have been with lower costs than the Group has done. In addition, affiliates of the Nation Group have capacity to serve the Group. So, the Group may be at risk of reliance on affiliates of the Nation Group in supporting its businesses. Should affiliates of the Nation Group be unable to support above services, the Group’s businesses may be affected in aspects of printing and delivery of publications for only a short period because the Group can purchase paper and receive services many other distributors and service providers in Thailand under normal commercial terms and at market prices. In addition, the value of the related transactions in 2012 and 2011 represents approximately 4.88% and 4.90% of total revenue of the Nation Group in the same period, which very small proportion. So, the Nation Group does not depend on income from the Group and motivation to exploit any of these related transactions.

The Group has administrative policy and decision-making that is independent out of the Nation Group by taking into account the best interests of minority shareholders and all stakeholders of the Group. The Group has the freedom to source goods or services from other external service provider under normal commercial terms and market prices to ensure the best interests of the Group. For example, the Group currently hires external printing companies such H.N. Group Co., Ltd. and Print Pro Co., Ltd. to produce some publications. In addition, related transactions between Nation Egmont Edutainment Co., Ltd. (NEE) and affiliates of the Nation are controlled by another shareholder, Egmont International Holding A/S, under the pricing and fair commercial terms and conditions

2.2 Risks of paper price fluctuations and paper shortages

Paper used in the publishing business is classified as a commodity product whose price



varies depending on the needs of consumption and production of paper manufacturers (demand & supply) and is an important raw material in the production of publications of the Group, about 16.91% and 16.64% of the cost of sales and services of the Group. In 2012 and 2011, Group has been at risk of the paper price fluctuation that might have direct impact on the cost and net profits. Also, the Group also has a risk of shortages of roll newsprint paper for newspapers, magazines and high-print-volume books, which is an important raw material in publications since this kind of paper is difficult to source from the local market and must be in large volumes.

To reduce the risks of paper shortages and rising prices of roll newsprint paper, the purchases it from affiliates of the Nation Group for printing with affiliates of the Nation Group, represents the largest portion of printing work of the Group. The Nation Group affiliates have long experience in purchasing paper, maintain reserve paper stocks and thoroughly understand the mechanisms of paper. In addition, the affiliates manage exchange rate risks by purchasing forward contracts accordance with the expected amount of paper use. So, purchase of paper from Nation Group affiliates can reduce the risks involved in paper price fluctuations and paper shortages.

Moreover, the Group orders paper before setting the selling price of books so that the correct ratio of paper cost to the price of the book can be maintained. The Group can also adjust the price of many categories of books in the event that the cost of paper increases substantially.

2.3 Risk of sourcing new publishing licenses

The publishing business accounted for 70.55% of total revenues of the Group in 2012. However, the Group is not the owner of most of the licenses that are published and distributed. Instead, the Group has acquired publishing licenses from several license owners who are local or overseas authors or publishers for exclusive printing and distribution in Thailand. Most of contract period is 3 — 5 year with the right to extending the validity of the contracts on the same price, and conditions. The Licensors can terminate the contracts if the Group breaches the contracts has the financial problems and/or becomes bankrupt, etc. The Group may therefore be at risk of being able to acquire publishing licenses for printing and distribution. In addition, the Group may risk from licensors who do not renew contracts or terminate contracts, which may affect the financial status and operating results of the Group in the future.

However, the Group has never faced any problem of sourcing publishing licenses from local or foreign licensors in the past due to the extensive market size of the publishing business the numerous publishing licenses available for sale. In addition, the Group enjoys good relations well-known authors and publishers and has experienced continuous success in publishing and distributing books. The Group can select desired publishing licenses while licensors grant licenses titles that are likely to be popular. The Group has always strictly complied with contracts so



rejection or cancellation of the contracts has not been a problem so far.

Besides, the Group plans to produce books from a broad spectrum of content/licensors origin countries in order to reduce reliance on a particular content category/licensor or country of origin. The Group is preparing to produce more books written by Thai authors, as a way to risk, by developing the potential of personnel to produce or source content developed in

2.4 Risk in renewal of distribution agreements of foreign newspapers and magazines

The Group acts as a sales representative and distributor of foreign publications for international publishers generating revenues representing about 23.74% and 30.12% of total in 2012 and 2011, respectively. The Group has distributor agreements with the owners of publications. Most of the magazine distributorship agreements have a period of one year. The Group has the right to renew the agreements at the same price and with the same terms and conditions. Newspaper distributor agreements expire at the termination of the agreements. publications may cancel the agreements if the Group is in breach of contract and/or faces problems and/or is bankrupt and/or when another party is informed in advance, etc. So, the faces a risk that the owners of publications may not renew or may cancel agreements, possibly affecting the business, financial status and operating results of the Group.

However, the Group and the owners of publications have enjoyed close relations with other for a long time. The management and staff of the Group have been dealing with the publication owners since the commencement of business. In addition, the Group has strictly with the terms and conditions of the contracts. So, failure to renew or cancellation of the has not been a problem of the Group so far. Furthermore, the owners of The Yomiuri Shimbun The Wall Street Journal Asia have hired the Group to print and deliver these foreign and have invested in building databases, developing customer databases in the information of the Group and transferring particular operation expertise to the staff of the Group. So, the possibility that the owners will cancel their distribution agreements with the Group is unlikely.

2.5 Risks of reliance on experienced and skilled specialist and personnel

In the past, the Group operated its publishing businesses by relying on experienced executives and personnel, who are regarded the valuable human resource in production and distribution of the Group's publications, including relying on the good relationship between writers, and publishers who are the well-known owners of publication copyrights both locally and internationally, distributors and other partners. Thus, in case of the loss of these qualified personnel, the Group's operation might be affected in the future. However, Group has measures reduce this risk by promoting and supporting the decentralization of authority and responsibility to other junior executives which can take over responsibilities and duties if necessary. In addition, Group provides the employees with training on a regular basis to enhance their knowledge and performance that they are qualified to replace the key personnel when necessary.



2.6 Risks of impairment and depreciation of inventories

Currently, publications of the Group are mostly distributed through distributors. The Group accepts the returned publications which cannot be sold from the distributors, thereby affecting the stock residues and they would become degraded, damaged and obsolete when time has gone thereby affecting the operating results of the Group. As of December 31, 2012 and 2011, the had net inventories worth 119.08 and 94.30 million Baht, respectively, representing 33.71% and 30.54% of total assets of the Group. However, the Group sets a 100% allowance for obsolete inventories with age over a year and already produced in full as well as with age more than 3 but not yet produced in full series. This allowance is set on a monthly basis. As of December 2012 and 2011, the Group had allowances for obsolete inventories of 48.70 and 60.12 million respectively. To reduce inventory, the Group periodically sells books by organizing special events the various annual exhibitions. For comic book series, the Group sells newly released books with older editions including full-series packages of comic books to stimulate sales. Besides, to pile of inventories, the Group has the management policy by which the amount of the inventories set to the level of not higher than that of the previous year.

2.7 Risk of operating the digital business

Currently, digital business operation include various channels; computers, smart phones, tablets, E-readers, or other devices, which may be reproduced, copied, or misuse that leads to the illegal risks and has a negative impact on the print media business. To minimize the risk of content piracy, the Group selectively uses the highly safe and technology, select the right content and the timing of content release in distribution. Another risk is that digital business needs for huge amount of investment and rapidly-change technology. In risk management, the Group has sought for alliances fully furnished with technological strengths and co-operation in development of digital business into modernized way continuously.

2.8 Risk of satellite TV media business

Transition from analog to digital television system which the resolution of the digital system is higher than that of the analog television system and the digital television system has interface interacting with the audiences, which is a crucial distinction as compared to the current TV and satellite TV, this is an important variable that brings about the two-way television and the new model of entertainments. Because of the digital advance technology that can be surmounted to the interactive television, TV on demand, and mobile television, in this significant change, certainly it has resulted in the stiffer competition of the television, cable TV, satellite TV free TV business that have been transformed into the digital television system.

However, since the resolution of the digital television system has not been materialized in

term of production and consumption cost borne to the manufacturers and the consumers. Other terms and conditions may have subsequent impact on the worth of investment, advertisement fees and number of audiences, so, the satellite TV has remained a media accessing to the audiences and answering the questions, and accepted by the customers who contribute the sponsorships to the programmes mostly today, as evidenced by the growing number of the audiences and advertisement capital that has been growing continuously over the past years.

2.9 Risk of character copyright management

Because of the growing number of competitors in the market and copyrights of popular cartoon characters already held by other companies as agent dealing with character copyrights, Company needs to search for information about new characters, both locally and internationally show potential of commercial development of the products. In addition, the Company is aware of interesting cartoon animations with content matching the tastes of Thai consumers and nominating Company as copyright agent. The Company also plans to develop company's characters from known comic books to further surmount the business in future. In doing so, the Company gets with creating the animated cartoons and developing the artworks and style guide for further the various kinds of the products. Furthermore, as the period of the agreement for copyright management agent averages 3-5 years, depending on the agreement set forth by each copyright owner, in such extension of the agreement the Company may be charged of the additional the fees. Furthermore, as being offered as agent from other companies, it may cause the Company risk of charging additional costs and expenses or being refused of renewing a contract for such respective cartoon characters.

2.10 Risk of limited distribution channels of the copyright products

There are three main channels for the distribution of copyright products as follows:

1. Department stores: This channel can effectively help promote the image of copyright products as styles and locations for product displays in department stores are clearly specified by product categories. Partners (lionsees) can also decorate their outlets with their own promotional media. However, this channel is not really attractive to partners as it leads to high costs of sale suffers some limitations as dictated by the department stores.

2. Retail stores: this channel enables the partners to generate high revenues and the image of copyright of copyright products. With a large number of branches, consumers can gain access to the products at retail stores, resulting in higher sales. Locations for product are divided by product categories. However, sales-promoting media can only be utilized in the specified by the stores. This means the stores have influence over copyright holders in selecting products (either copyright or non copyright) to be sold. If the retail stores are interested in a

copyright product, it will be easy for the partners to decide to acquire the copyright for the Retail stores are distinct from department stores in offering lower product quality, as a result of competition strategies.

3. Wholesale markets: This channel can generate high revenues for copyright holders of minimal limitations, cash payment and agents to distribute products nationwide. The portion of product sales via this channel is, therefore, larger than those via the aforementioned channels by The main disadvantage of this channel is that it does not promote the image of copyright products cartoon characters because product displays are not emphasized. Sales via this channel are high volume and low price.

3. Risks of major shareholders dictating the policies and management of the Group

After the initial public offering (IPO), the Nation Group holds about 78.46% of the paid-up capital which gives it power to control the voting at the meeting of shareholders, as well as resolutions which are required, under the law or the Articles of Association, to obtain 3 out of 4 total votes from attending shareholders with voting rights. As a result, other shareholders may not able to gather sufficient votes to monitor and counterbalance agenda proposed by the major shareholder. In addition, the Nation Group has participated in the management of the Group by appointing representatives in the company's board of directors from the total of 9 directors and appointing 3 out of 9 representatives, and 3 out of 5 the Nation Group's executive directors as representatives.

However, the Company has appointed 3 independent directors to counterbalance the power the major shareholders and to inspect the executives' performance and take care of the interests of the minor shareholders.



List of Major Shareholders

Name of top ten shareholders as of at closing book dated on December 28, 2012:

No.	Name	Shares	% Total Share
1	Nation Multimedia Group Plc.	66,694,076	78.464
2	Mrs. Siriwan Chungtheerapanich	1,200,000	1.412
3	Mr. Taweepakarat Watanyusiripanya	1,048,600	1.234
4	Mr. Suthichai Yoon	768,424	0.904
5	Mrs. Worrapa Boonyongrattanakoon	750,000	0.882
6	Mr. Shaen Poondee	627,900	0.739
7	Mr. Viput Mantadilok	580,000	0.682
8	Mr. Issarapong Santhumpon	555,500	0.654
9	Mrs. Duangjai Tribanyatkul	450,000	0.529
10	Mr. Sarawut Peuchpaiboon	450,000	0.529
	Other	11,875,500	13.971
Total		85,000,000	100.00

Source : Thailand Securities Depository Co., Ltd.

Remarks : The shareholders from the same entity voted unanimously, being Nation Multimedia Public Co., Ltd., to have its major shareholder : Mr.Suthichai Yoon, another major shareholder of Company, assume the position of Chairman.

- Types of Shareholders — Shares allotment by nationality

Share Distribution by Nationality	Number of Shareholders	Number of Shares	% Total Shares
Thai Shareholders	805	84,959,173	99.95
Foreign Shareholders	8	40,827	0.05
Total Shareholders	813	85,000,000	100.00
* Nation International Edutainment Plc's regulation stipulates that "non-Thai shareholders are not permitted to hold the Company's stake in excess of 35% of total issued shares"			

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

Corporate Governance Report

Nation International Edutainment Plc's Board of Directors strongly believe 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 the corporate governance policy, and periodically adjusting the policy to suit circumstances and shareholders' expectations, ensuring shareholders' interests are well protected.

The current corporate governance policy is the 2nd edition which has received the consent of the Board of Directors and was first announced on November 17, 2008. It is organized so that the policy is revised annually to comply with the code of best practices for listed companies introduced in 2006 by the Stock Exchange of Thailand. In 2010, the board reviewed and approved the policy to be partially adjusted on February 12, 2010 and then announced it to all employees for acknowledgement and strict adherence.

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

Monitoring of the Practice of Corporate Governance Policy

2011 was the first year that the company was listed in the Stock Exchange of Thailand and started to follow the Stock Exchange of Thailand's code of best practices. The evaluation result for the organizing of the annual general meeting for the year 2012 was at the "well-done" level and the evaluation result for the company's good corporate governance, as evaluated by the Thai Institute of Directors, was at the "good" level (four stars).

In 2012 the company'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' responsibilities

1. Rights of Shareholders

The Company appreciates that 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 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 company and the company protects the interests of the shareholders more than what is normally required by the law, thus, the Investor Relations Division was set up to provide information and respond to enquiries. The website: www.nine.co.th publicizes the company's information for shareholders and investors both in Thai and English. The information provided includes the latest information and the investors' newsletter. Apart from that, the Company organizes shareholders' meetings at least twice - a - year according to the Stock Exchange of Thailand's arranged for shareholders, to inquire, request explanations and express their opinions with equality.

General Meetings of Shareholders

Holding a General Meeting of Shareholders

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

In 2012, the Company held the 2012 Annual General Meeting on April 24, 2012 on the 27th Floor, TCIF Tower at 14.00 hrs. with registration started at 12.00 hrs. Eight Directors and 41 shareholders and proxies carrying 68,303,673 out of 85,000,000 distributed shares or 80.36% attended the AGM. The meeting proceeded according to the recognized guidelines and legal requirements.

Before the AGM

The Company presented data in the notification for the AGM, featuring complete details in Company's website 30 days before the meeting. The Company asked Thailand Securities Depository Co., Ltd., the Company's Share Registrar, to send out notifications for the meeting to every 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, 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 was also published in a daily newspaper for 3 successive days at least 3 days before the meeting notify shareholders in advance and allow share minor holders to propose an agenda, nominate to become a Director and send in questions before the meeting from November 24, 2011 to 31, 2012. It was also published on www.set.or.th and www.nine.co.th. No shareholders nominated anyone to become a Director, or propose an agenda for the meeting.

The Company also outlined shareholders' rights in nominating persons to become Directors proposing an agenda for the AGM on its website on February 9, 2012.

Before the 2012 AGM, the Company solicited shareholders to send in their questions in advance through the Company's website and Fax at 02-338-3938 from March 7, 2012 to March 21, 2012 for the Board and management to prepare data to clarify to the shareholders at the AGM, but no shareholders sent in any questions.

On the date of the AGM

The Company scheduled the date and time and chose a venue convenient for shareholders attend the AGM, and assigned 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 each person attending. In addition, the had requested an auditor from KPMG Bhumichai Audit Co., Ltd. and legal advisor from Pao Office Associates Law Co., Ltd. to attend the AGM, hear shareholders' opinions and answer questions shareholders. At every shareholders' meeting, the Chairman of the Board chairs the meeting.

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

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

After the AGM

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

2. Equitable Treatment of Shareholders

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

- In the shareholders' meeting the company has a policy to treat the rights of every shareholder equally. No item shall be included in the agenda and no important information shall be changed, if the shareholders have not been informed in advance. Moreover, no document containing additional important information shall be provided at the meeting, to ensure shareholders have sufficient time to make decisions.

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

- Shareholders with 1 share and above can propose to add agenda items for the

general meeting in 2012, as well as nominate a person with appropriate qualifications to sit in the Board of Directors from December 24, 2011 — January 31, 2012. The company shall make the information through the Stock Exchange of Thailand's information channel and the company's website with transparent steps and procedures in line with the extra procedure on rights of small shareholders. However, in 2012 there were no additional proposed agendas or Board of Directors' nominations.

- Shareholders who are unable to attend the meeting may authorize an independent director who has no conflict of interest with the meeting agenda to attend and cast a ballot. Shareholders can download the proxy form from the Company's website.
- No transactions shall be mutually made with any joint-venture, or related companies, it may lead to significant conflict of interest.

Policy to Prevent Insider Information

The company maintains a policy to prevent the directors and management from abusing power, by taking advantage of or damaging other shareholders as follows:

1. Directors, management and any staff who have access to inside information shall not disclose the inside information to third parties.
2. Directors, management and any staff shall not transact the company's shares within one month prior to the date that the financial statements are announced.

Information Disclosure

The Board of Directors has set guidelines for directors and executives of the company and subsidiaries to disclose information on any conflicts of interest and those involved, in accordance Section 89/14 of the Securities and Exchange Act B.E. 2551, to ensure transparency and prevent conflicts of interest, as follows. The directors and executives have to report any movements in their shareholdings to the SEC and SET and should there be any transaction trading, the SEC must be notified within 3 days after the trading. The directors and executives must report any information on their conflicts of interest, as well as those involved according to the SEC's announcement Torjor 2/ which the company has followed since July 1, 2009.

1. The directors and executives must report any information on their conflicts of as well as those involved annually. The company's secretary is responsible for collecting and the information and having this information ready for disclosure to the Board of Directors, should require, for cross-transaction consideration between companies and directors and / or executives or involved parties who have conflicts of interest.
2. In case that there is a change in the information disclosure, it needs to be

immediately and reported within 7 days.

3. The company's secretary is responsible for sending a copy of the conflict of interest report to the Chairman, the Audit Committee Chairman within 7 days after the company receives such a report.

Report on Shareholding

Regarding report on security trading of the Company's Board of Directors 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 B.E. 1992 The Company has also informed the Company's Board of Directors every time there is purchase, selling, transfer or acquisition of securities.

In 2012 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 their shareholdings at the Board of Director's meeting on February 15, 2013. And the Company's Board of Directors has reported the shareholding by comparing an increase (decrease) between December 31, 2012 and December 31, 2011 as follows :-

No.	Name	No. of shares (shares)		
		December 31, 2012	December 31, 2011	No. of shares increase (decrease) during the period (shares)
1	Mr. Suthichai Yoon	768,424	768,424	-
2	Mrs. Kesery Kanjana-Vanit	1,214	1,214	-
3	Mrs. Wongsiri Miyaji	10,000	10,000	-
4	Ms. Phairin Nithipanich	10,000	10,000	-
5	Mr. Sangchai Leelanawalikhit	1,000	1,000	-

Cross-transactions between the Company and its Subsidiaries

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

In 2012 the company and its subsidiaries had cross-transactions with other related companies under market price conditions. Other cross-transaction items, whereby the appropriateness and transaction value is being considered by the audit committee, can be viewed in the accompanying notes as an integral part of the financial statements.

3. Role of Stakeholders

Apart from caretaking and ensuring the shareholders' rights, the Board of Directors has set a policy to take care of all stakeholders, not only regarding the impact of the business operations, but also on the community.

The rights of stakeholders will be protected in compliance with relevant laws. The Board of Directors approved the establishment of a procedure to foster cooperation between stakeholders and company to enhance wealth, financial strength and sustainable business for the company.

In supervising the company's business, stakeholders are classified in several groups as employees, customers, shareholders, investors, trading partners, creditors, trade competitors, society, government agencies, neighboring communities and independent auditors. The Board of Directors maintained a policy to protect the rights of each group of stakeholders in accordance with related or agreements shareholders have made with the company, and has aimed to boost cooperation between stakeholders and the company to ensure a more productive performance and sustainable growth by disclosing relevant and sufficient information. Hence, the Board of Directors set ethics covering various areas on November 17, 2008 and later reviewed them on February 12, (Ethics of Nation International Edutainment's directors, management and employees can be viewed www.nine.co.th.)

1. Ethics on Responsibilities to Shareholders

The company determines to act in a trustworthy manner and ensure the best interests of the shareholders by placing high priority on steady corporate growth and sustainable returns. The company shall operate in a transparent manner with a credible accounting system. The company's Investor Relations Division was set up to communicate with the investors and shareholders who would like to make inquiries and seek explanation on related issues.

The company has a policy to pay dividends to the shareholders of no less than 30% of the net profit (according to specific company's financial statements). The dividend payment rate may change depending on the necessity and circumstances. However, these conditions will be considered in the best interests of the shareholders.

The company has paid a total dividend of 0.15 baht per share for the year 2012 and Retained Earnings, totaling 12.75 Million Baht, and setting the date of dividend payment to be on May 20, 2013.

2. Ethics on Responsibilities to the Board of Directors and Employees

- The Board of Directors has acknowledged their right and the caretaking of the company's stakeholders with equality and fairness.

- Employees

The company realizes that human resources are the most valuable asset that drives the organization to success. The company is committed to develop the quality of employees as well enhance the corporate culture, promote employees' physical and mental health, ensure a positive environment, promote team work to build up the employees' confidence, and encourage the of staff representatives to get actively involved in managing staff welfare as stipulated by the law. Furthermore, the company facilitated the setting up of a "Thai Mass Media Labor Union" the Labor Relations Act B.E. 2518 to protect the interests of the employees and promote good relations between employees and employers as well as among the employees themselves. activities involving the employees include, for example, monthly alms giving for the executives and employees, Dhamma lectures, and activities of employees' clubs, such as volunteer for rural development camps.

In terms of human resources development, the company encourages its staff to attend both internal and external training courses. For instance, the company organizes internal training courses on new programs to improve the work process, both in the printing and broadcasting businesses, trains reporters on the usage of new media communications technology and social media as well as the basic qualifications and ethics of journalists.

The company encourages its staff to express opinions, suggestions, and claims or inform of any irregularities to the management via various channels such as through the representatives, elected as stipulated by law, who have monthly meetings with the management. The employees can also express their views through the website: nationhouse which is an intranet system or send their comments directly to the management via e-mail which is available on the intranet system.

Compensation and Welfare

The company has hired an HR consulting firm to study the company's compensation and welfare policy as well as succession planning in order to raise the employees' capability and to fair and transparent in managing its people. The company has started to adopt IFRS regarding employees' welfare after their retirement, as enacted in 2011, and sourced specialists in statistics calculate appropriate welfare levels for retired employees so as to propose to the Company's Directors for approval and recognized on the 2012 budget.

To provide financial security to employees who may leave the company or retire, the has set up a provident fund which accumulates a certain percentage of the employee's salary with the Company's joint fund and the return on investment.

Human Rights

The Company has set guidelines in business ethics that all the employees will be treated respect, prestige and humanity. The employees must not perform any act of legal injury, threats other employees of different nationality, sex, religion, age or physical or mental handicap.

During the past year, there have been no disputes between the Company and its The Company has received cooperation from the labor union in providing information and building strong understanding among the employees and the Company.

3. Ethics on Relations with Trade Partners, Competitors and Trade Creditors

The Company realizes the importance of equality and honesty in business practice as well the mutual benefits with trade partners. The Company strictly abides by laws and regulations as business ethics. In regards to the competition, the Company adheres to the rules of fair good practice and fair treatment, as well as supports the establishment of trading partnerships.

The Company does not have any disputes relating to trade partners, competitors, trade creditors or financial institutions.

4. Ethics on Social Responsibility and Environment

The Company shares national concerns over the quality of life and the information of Thais, especially children and youth. The Company therefore places high priority on presenting quality and useful content to society and the public. As a business operator in Thailand, the cares about environmental issues and is determined to instill an environmental conservation mindset Thai society as well as organize social contribution activities (details as stated in Social Activities in the Annual Report (56-2)).

In 2012 the Company enabled all stakeholders to submit complaints and suggestions to the Chairman of the Board or Audit Director or Independent Director through the website: nine.co.th or mail to Nation International Edutainment Plc. 1858/123-124 29th Floor TCIF Tower, Bangna-Trad Bangna, Bangkok 10260.

The Company's secretary is responsible for receiving the messages addressed to the Board Directors and proceeds to a sub-committee or an involved director to summarize the suggestion propose actions to the Board of Directors.

4. Information disclosure and transparency policies

The Board of Directors ensures that the Company provides its information including reports and non-financial reports in a manner that is accurate, complete, timely and transparent through easy-to-access channels to interested parties on an equal and reliable footing.

To observe corporate governance principles, the Company requires the directors and management to report any changes of their securities holdings to the Securities and Exchange Commission and the Stock Exchange of Thailand as well as provide the copies thereof to the Company's secretary. The Company's secretary will provide for the document to be forwarded to directors and the management in November so that they can update their information. Then, the secretary will collect the shareholding reports to present to the Board of Directors at least once a year.

The Company recognizes the importance of preserving confidential data and/or internal information, and the Company has issued a 'corporate supervision policy', which prohibits anyone the Company's management or internal agencies who has access to any inside information from disclosing such information to outside parties or non-related persons, except in the case that the disclosure was meant to benefit the Company's operations. They shall be barred from buying, transferring, or accepting the Company's securities by using the Company's confidential data and/inside information in a manner to cause harm to the Company either directly or indirectly.

The Company's annual report 2012 provides the following information:

1. Vision, mission and values of the organization
2. List of Directors as well as their work and educational backgrounds, their family relationship with the management, their service in other listed companies and their holding of the Company's securities
3. Shareholders' structure
4. Risk factors
5. Corporate Governance Report
6. Supervision policy and compliance policy
7. Directors' remuneration and board meeting attendance
8. Board of Directors' performance in the past year and the training record of the board
9. Audit Committee's performance in the past year
10. Remuneration policy for Directors and high-level management
11. The remuneration for service in the Board of Directors and other assignments for Company and its subsidiaries
12. Annual report of the Audit Committee

13. The Board's accountability report to the financial statements with the required endorsed by the Chairman of the Board and the Chief Executive Officer

14. Explanation and analysis of the financial status of the management

15. Accurate and complete financial statements in accordance with accounting standards

16. Financial statements and operating results

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

1. Roles, duties and responsibilities of the Directors, Executive Directors, Sub- and Chief Executive Officer

2. List of related transactions or conflicts of interest

3. Business Ethics

4. Corporate Governance Policy

5. Audit Committee Charter

6. Quarterly and Annual Financial Statements

7. Annual Report

8. Human Resources Management Policy

9. Conflict of Interest Policy

10. Internal Control Policy

Investor Relations Section

The Investor Relations Section is responsible for communicating with the shareholders, institutional investors, and analysts in an equal and fair manner. The investor relations section queries related to the Company and its operations for investors through the Company's website, by telephone or via other channels. The Company facilitates the distribution of important information by meeting with investors in the Opportunity Day event held at the Stock Exchange of Thailand at twice a year. In 2012, the Company attended the event on March 28, 2012, June 7, 2012, 3, 2012 and November 12, 2012.

Company Secretary Department

The Company recognizes the significance of working in compliance with the regulations by the Stock Exchange of Thailand, the Securities and Exchange Commission and other relevant in an accurate, complete and transparent manner, which passes through sequential consideration inspection. The Company secretary takes charge of assisting the Chairman of the Board of monitoring the Board of Directors, Sub-Committee and all directors to perform in accordance with relevant laws, regulations, and rules. Moreover, the Company 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 the board has considered all the proposed agenda fully, faithfully, and responsibly, as a normal

operating the same business should do in the same situation. Also, the Company secretary has 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 a director or an executive in carrying out duties in full compliance with the guidelines.

5. Responsibilities of the Board of Directors

The Board of Directors has an important duty in supervising business operations to the best interests of the Company. The Board of Directors is accountable to the shareholders and independent from the management.

The Board of Directors has clearly stipulated the duties and responsibilities of the Board Directors, Executive Directors and President to ensure the independent judgments of the board to serve the best interests of the Company and shareholders. Besides, a monitoring and supervision procedure is in place to ensure the Company operates in a manner consistent with the relevant and business ethics stipulated by the board.

Counterbalance of Non-Executive Directors

In 2012, the Board of Directors consists of 9 members, three of them are independent directors, one is an executive director, while the other five are non-executive directors. directors account for one third of the board, ensuring proper checks and balance.

The three independent directors are fully qualified according to the Company's definition of independent directors, approved by the board, and the requirements of the Securities and Commission issued in 2008. The three independent directors are members of the Audit One of them is the Chairman of the Audit Committee and two of them are members of the Committee.

Appointment of the Board of Directors

According to the company's requirement, one third of the directors shall vacate their when their tenures end every year. The Company can re-appoint directors whose tenure ends to same positions again for another term. The Company does not set requirements on the term limit according to the requirement of the Securities and Exchange Commission. The Company's shall not hold the status of director in more than five other listed companies on the Stock of Thailand concurrently. The Company's directors shall not be directors in competing companies have conflicts of interest with the Company's business. In the case that directors hold positions in other companies, those company names, types of business and positions of the directors shall be disclosed in the director profile. In 2012, none of the Company's directors or executives held

as directors in more than five listed companies.

The high-level management of the Company will not hold any position in other companies, except for subsidiaries and joint ventures. If any member of the high-level management sits in the board of other companies, such service shall be reported in form 56-1.

The Company has appointed Ms. Punapa Thongthaveephan as the Company's secretary on August 8, 2012 to perform duties according to relevant requirements as stipulated by the Securities Exchange Act. The secretary summarizes the important issues regarding the implementation and the revised requirements of the Securities and Exchange Commission and the Stock Exchange Thailand as well as the newly-enacted laws that the board should be aware of in performing their duties. The secretary shall collect information regarding the directors and related parties, take care the board's activities and work with the management to ensure the Board of Directors' resolutions been duly executed.

The Board of Directors approves the important issues relating to the Company's operation as the business plan, the operation budget, financial goals, and business strategy that the proposes as well as regularly monitors the operations according to policy and plans.

Sub-Committee

The Company's Board of Directors appoints sub-committees to help them screen information relating to the operations by setting the qualifications and responsibility in the requirements for each sub-committee. The members of the sub-committees are independent directors. The Chairman of the Board is not entitled to hold any position in the sub-committees. Sub-committees are chaired by independent directors.

The process to name sub-committees is transparent and without any interference from the management. The Company's Board of Directors didn't set up a nomination committee to nominate sub-committee members or the remuneration committee. Instead, the entire Board of Directors jointly nominate the names and consider the qualifications and appropriateness of the nominated. Then, the Chairman of the Board shall propose the qualified candidates to be approved during the shareholders' meeting. The sub-committee's nomination is performed in such a way as to ensure they are capable, possess leadership qualities, skills and experience, have vision as well as are devote their time and effort to perform their duties. Furthermore, they should have a thorough understanding of the media culture and business ethics.

At present, the company has one sub-committee, namely the Audit Committee. The duties responsibilities of the Audit Committee are detailed in the Chapter covering the Structure of the Company's Board of Directors.



Conflicts of Interest

The Board of Directors acknowledges the importance of the potential for conflicts of interest. Therefore, the company has announced its conflicts of interest policy which prevents the directors, management and employees operating any business which can come into competition with the company, as well as getting involved in a transaction that is likely to lead to a conflict of interest with the company. If it is necessary to do so, the Board of Directors will ensure that the transaction will be transparent and fair. The consideration will be thorough as if the transaction was executed with a third party, whereby the directors, the management or the employees involved shall not be to take part in the approval process. Furthermore, the Stock Exchange of Thailand's regulations will be strictly observed. Related transactions between the company and its subsidiaries, or associated companies in 2012 were presented before the audit committee and the Board of Directors in 2013 and the company has disclosed with details and necessities/reasons in the Annual Report (56-1 form).

The Board of Directors' Meeting

The Board of Directors' meeting is scheduled in advance with a minimum of once a month and special meetings are held as required. Agendas are clearly announced prior to the meetings. The company secretary is responsible for sending invitation letters informing approved agendas by the Chairman and the President together with related documents to all directors 7 days in advance. This is to allow time for the directors to review the information prior to the meeting. Should any director wish to propose additional agenda or the management to update the progress on any particular issue, he or she can inform their intention to the chairman of the board or the company secretary.

Generally, each board meeting takes 2-3 hours. The Chairman of the Board gives equal opportunity for all directors to independently express their ideas and opinions. The Board of Directors views that to prevent the unintentional leakage of information, the management will report the results of the company's operations only in the month that the meeting is being held. Independent and non-executive directors have met regularly to discuss the management issues without the presence of the management. Should there be any issues of concern, the management will be notified to solve, or improve them.

In 2012, eight Board of Directors' meetings were held, with written minutes for each meeting. Meeting minutes are approved by the Board of Directors and available for inspection by directors and related parties.

Attendance by each director in 2012 and 2011 was as follows:

Name	Position	No. of attendances / No. of meetings	
		2012	2011
1. Mr. Suthichai Yoon	Chairman of the Board	5/8	-
2. Mrs. Kesery Kanjana-Vanit	Director	8/8	4/4
3. Mr. Sivaporn Chomsuwan	Director	4/8	-
4. Mr. Sermsin Samalapa	Director	6/8	-
5. Ms. Mathaya Osathanond	Director	7/8	4/4
6. Mr. Pana Janviroj	Director	7/8	4/4
7. Mr. Somsak Cheer Chiranakhon	Independent Director	7/8	4/4
8. Mr. Kreetha Matitanaviroon	Independent Director	8/8	4/4
9. Mr. Sutee Jintananarumit	Independent Director	8/8	4/4

Remarks: The Board of Directors in the 2/2012 Board meeting resolved to appoint Mr. Suthichai Yoon as Chairman of the Board, replacing Mr. Thanachai Santichaikul, and appointed Mr. Sivaporn Chomsuwan as Director and President.

In 2012 and 2011, the audit committee held the 4 and 4 meetings respectively. Each of audit committee attended the meetings as follows:

Name	Position	No. of attendances / No. of meetings	
		2012	2011
1. Mr. Somsak Cheer Chiranakhon	The Chairman of Audit Committee	4/4	4/4
2. Mr. Kreetha Matitanaviroon	The Member of Audit Committee	4/4	4/4
3. Mr. Sutee Jintananarumit	The Member of Audit Committee	4/4	4/4

Evaluation of the Board of Directors' Performance

The Board of Directors arranges for self-performance evaluation of the entire board every In 2012 the evaluation was executed in December with the new evaluation form provided by the Exchange of Thailand. The result of the performance evaluation is acknowledged in the Board of Directors' meeting No.1/2013, on February 15, 2013 and will be used as a guideline to improve Board of Directors' performance.

Directors' Remuneration

The Company sets a clear and transparent policy regarding remunerations of directors. 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. tasked with more responsibility and duties shall have appropriate levels of remuneration in line their newly-assigned duties and responsibilities.

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

In 2013 (Year of Proposal) and 2012, remunerations for Directors are as follows:

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



Director and Management Development Plan

Every new director will attend a basic orientation program conducted by the Chairman of the Board, regarding the company's nature of business, history, background, the company's location and branches, the corporate culture as well as being briefed by the President and the company's secretary regarding the structure, supervision policy, internal control with related documents.

The Board of Directors and high-level management value training courses and seminars to enhance directors' knowledge and capability in performing their duties (details can be viewed in each director's profile).

The Company has a policy to provide additional relevant knowledge to the directors, the audit the company secretary, high-level management and internal audit division by attending training courses and with the Thai Institute of Directors and other agencies, e.g., seminars on new accounting standards and newly-revised Securities and Exchange Supervision Act.

Succession Plans

The Company's Board of Directors realizes that the organization's efficiency is a result of its staff. The sustainable growth of the Company depends on whether the Company will be able to create the qualified to execute the Company's mission. The Company has involved high-level management in clearly defined responsibilities and tasks, to effectively distribute authority to secondary management, as part of the succession plans.

Internal Control

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

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

During 2012, the Audit Committee convened four meetings, each of which took approximately four order to accomplish its duties as specified in the Audit Committee Charter. All three members of the Audit

Committee attended all meetings. In addition, there were additional meeting agendas with independent auditors, internal audit personnel, and top executives of the Company in the relevant matters. From the aforementioned meetings, the Audit Committee was of the opinion that the annual financial statements 2012 of the Company presented fairly and did not find any items that may impact the Financial Statements. The Audit Committee the opinion that the Company's internal control system was appropriate, adequate and efficient, and operated by the three experienced internal audit personnel. Cross transactions performed in the ordinary course business were reasonable and no irregular item was found. It was determined that the Company has complied with the Act of securities and stock exchange and the regulations of the Stock Exchange of well as to related laws. The Audit Committee agreed that the Company's current Independent Auditor for the 2012 was suitable due to his independence and experience.

The Audit Committee reported to the Board of Directors after reviewing the financial statements and report, including the internal auditor's report every quarter. The Board of Directors was of the opinion that the Company's overall internal control system was satisfactory, ensuring the creditability of the Company's financial statements and consolidated financial statements for the year ended December 31, 2012. The Company appropriately safeguarded assets to prevent any illicit use by management or employees, operated as specified procedures, and had cautious, adequate, and appropriate internal control systems in all respects — organization and environment, risk management, management control, information and communication and monitoring system achieve goals and objectives in order to align with the circumstances and be able to resolve problems

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

In the audit of the Company's financial statements as of December 31, 2012, the auditor had some observations and suggestions, which were reported to the Audit Committee on February 13, 2013. The said observations were not of major significance to the financial statements, but the Company noted them and following corrections:

- 1) Preparing documents concerning the calculation of possible bad debts for formal approval,
- 2) Sorting damaged goods by item code to facilitate complete counting.

In addition, observations were made about the internal control of the information technology system, the Company had made the following improvements:

- 1) Improving the information technology policy and procedures to make sure that the contents complete and regularly updated,
- 2) Assigning a password to each user and identifying rights of access according to each role and responsibilities.

In 2012, observations were made about certain issues in the internal control

and the Company had briefed and accelerated related organizations to improve accordingly. In the Company had to prevent old books already sold on discount from returning to the warehouse and keepers should be more careful in recording goods in and out to ensure the inventory report is correct and

Social Contribution Activities 2012

Nation International Edutainment Public Co., Ltd. (NINE), a producer and distributor of education and edutainment publications from local and international authors and publishers, the significance of social contributions. In 2012, NINE organized and participated in the following social activities with primary aims of promoting youth learning:

“Fuen Kwamru Soo Rongrien” (Knowledge and Books to School)

Realizing the significance of youth education, Nation International Edutainment Plc. in cooperation with other private organizations created a campaign, “Fuen Kwamru Soo Rongrien” (Knowledge and Books to School) by procuring learning materials for schools hit by disasters. campaign was launched on March 23, 2012 at Siam Paragon. The launch was presided over by Veena Akratham, Director of the Bureau of Academic Affairs and Educational Standards. During launch, books were presented to schools attached to the Office of the Basic Education



- ☐ “Fuen Kwamru Soo Rongrien” campaign in 2012 in cooperation with the following private organizations:



- ☐ Jointly with EDF Southeast Asia Co., Ltd. presenting the EDF Smart Room and books to in Nonthaburi Province.





Jointly with Ch. Karnchang Plc. presenting books and other learning materials to schools in Phra Nakhon Si Ayutthaya Province.



Jointly with Shell Thailand Co., Ltd. presenting books and learning materials to libraries in schools affected by floods in Pathum Thani Province.



- Jointly with Siam City Cement Plc. presenting books and other learning materials to in Saraburi Province.



- Jointly with Nissan Motors Co., Ltd. presenting books and other learning materials to Chiang Mai, Lampang, Singburi, Loei, Nakhon Ratchasima, Prachuap Khiri Khan, Sa Kaeo, Rayong, Trang and Krabi provinces.





50 years
Chevron Thailand
Advancing People, Protecting Our Planet



“4th Books: The World of Knowledge Campaign”

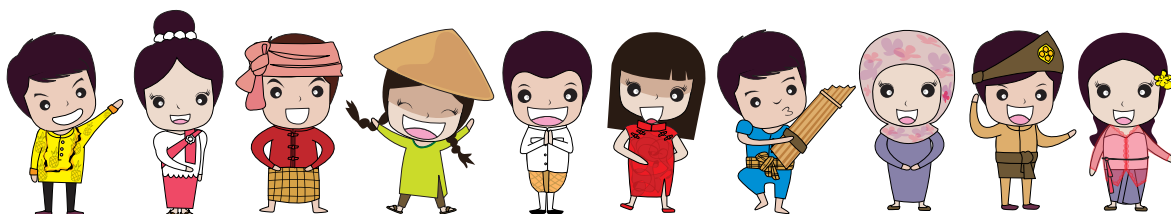
Nation International Edutainment Plc. cooperation with Chevron Thailand Exploration and Production Co., Ltd. presented books and educational materials, worth more than 3.9 million Baht to 100 schools — 60 of which were schools in the coastal fishery across the nation and the other 40 schools affected by the massive floods in Phra Si Ayutthaya Province.





“Book Donation Campaign”

Nation International Edutainment Plc. presented books and educational materials, worth 4 million Baht 178 schools attached to the Nakhon Sawan Primary Education Service Area Office.



“ASEAN Library Corner Campaign”

As Thailand is ushered into the ASEAN Community, it's necessary for it to get a variety fields prepared. Realizing the significance of preparing children in terms of language skills, English, the medium of communication among ASEAN member countries, Nation International Edutainment Plc. came up with an “ASEAN Library Corner Campaign” for children and youths in primary and secondary schools, by arranging a corner in school libraries as an ASEAN Library and presenting bilingual edutainment books (Thai and English) for youths to learn English through cartoon characters in story books, or activity books.

Awards that Nation International Edutainment Plc. received in 2012

Awards received by Nation International Edutainment Plc. in 2012

Nation Books : 4 Awards.

- Gold Award in General Books Category from the Book Contest, held by the ASEAN Publishers Association (ABPA Book Awards 2012) presented to “Bazi Profiling: The Five” written by Joey Yap, a Thai version translated by Amnuaychai Patipatpowpong.
- Silver Award in General Books Category from the Book Contest, held by the ASEAN Publishers Association (ABPA Book Awards 2012) presented to “Bazi Profiling: The Ten Day Masters,” written by Joey Yap, a Thai version translated by Amnuaychai Patipatpowpong.



Characteristics of the Business

Structure of Sales and Services Income

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

Unit: million Baht

Income from business group	Operated by	2012		2011		2010	
		Amount	%	Amount	%	Amount	%
1. Publishing Business							
1.1 Production and selling of pocket books	NINE	74.98	21.13	62.73	21.14	57.94	19.99
1.2 Production and selling of children book	NEE,NED	175.36	49.42	132.68	44.72	134.18	46.31
2. Service business for overseas publications and related services ^A	NINE	84.24	23.74	89.34	30.12	91.75	31.67
3. Sales of goods and Services on internet	Ncoupon	4.97	1.40	3.83	1.29	-	-
4. Other income ^B	15.30	4.31	8.11	2.73	5.87	2.03	
Total income	354.85	100.00	296.69	100.00	289.74	100.00	

Remarks: A Includes printing income, delivery, and service from selling advertisements for overseas publications.

B Other incomes are incomes from seminars, communal fee, other service income including sale of scraps and interest income, etc.

Audit Committee's Report for The Year 2012

Attn. Shareholders of

Nation International Edutainment Public Company Limited

The Audit Committee

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

During 2012, the Audit Committee arranged four meetings, each took a few hours, implementing the responsibilities specified in the Audit Committee Charter. All three members of Committee attended all 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 2012, 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 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 mutual transactions between the Company, its affiliates and its joint ventures, as well as transactions, in order to ensure the Company had complied with and fulfilled all approved 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 the organization structure of the Internal Audit Department to ensure independence of operation. The Committee considered the Internal Audit System Plan for the Year 2012, with due concern for possible risk factors that adversely affect the Company's operations. The Committee also made suggestions and provided guidance on adjusting the plan to be compatible with the current situation. In addition, the resolutely pursued the implementation of adjustments on significant issues for the administrative section, as specified in the Audit Report. For the year 2012, the auditor could not find any discrepancy for the internal control of the company.

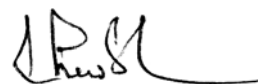
Compliance with laws on securities and stock exchange and the regulations of the Stock Exchange of Thailand, as well as other laws relative to the Company's business: In February 2013, the Audit Committee arranged a meeting with the Company Secretary at which it determined that the company had appropriately complied with all laws on securities and stock exchange and the regulations of the Stock Exchange of Thailand, as well as with other laws to the Company's business.

Auditors: The Audit Committee agrees that the Company's current Independent Auditor for year 2012, Mr. Vichien Thamtrakul, auditor registration No. 3183, is a suitable, independent, knowledgeable and long-experienced auditor. With regard to the appointment of the Company's Independent Auditor for the year 2013, the Audit Committee proposes the following persons from Poomchai Audit Co., Ltd. for due consideration as the Company's Independent Auditor for the year 2013: Mr. Winid Silamongkol, registration No. 3378; Mr. Vichien Thamtrakul, registration No. 3183, Veerachai Ratanajaratkul, registration No. 4323; Ms. Vannaporn Jongperadechanon, registration No. 4098.

Connected Transactions: The Audit Committee considered all connected transactions that 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 of prices by considering relevant market factors and comparable prices with a 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 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, 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 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, 2012, has disclosed sufficient information and contains no problematic situations, or transactions that could materially affect the company's statement, which has been organized correctly in its subject matter in accordance with generally accepted accounting principles.



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

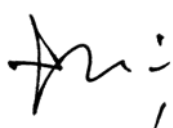
Report of Responsibilities of The Board

Nation International Edutainment Public Company Limited Report on Responsibilities of the Board of Directors

The Company's Board of Directors recognizes the significance of its duties and responsibilities, as directors of a listed company. The Board of Directors ensures that the financial report contains accurate, transparent and full accounting records that reflect the actual financial status and operational results. The Company's financial statements are adequately disclosed to prevent any fraud or mismanagement of the company's assets. The Company to conform with recognized accounting standards that are fair and circumspect in the financial reporting processes of the Company and its Subsidiaries in the year ended 31 December 2012.

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

The Board of Directors is of the opinion that the financial statements for the year ended December 2012 of the Company and the Subsidiaries, which have been reviewed by the Audit Committee in conjunction with the management and audited by the Company's auditor, reflect accurate and complete financial status, operational results and cash flow in accordance with accepted accounting standards, rules, regulations and laws relating to the Company's businesses.



Mr. Suthichai Yoon
Chairman



Mr. Sivaporn Chomsuwan
President

The Results of the Consolidated Financial Statements

The consolidated financial statements of Nation International Edutainment Public Company Limited and its subsidiaries for the year ended 31 December 2012 represented a profit before tax, financial cost and doubtful debts expense of 34.62 million Baht. An inclusion of income tax finance cost of 5.13 million Baht and doubtful debts expense of 1.28 million Baht, resulted in profit the year 2012 of 28.21 million Baht, comparing to the same period of last year which showed a of 17.48 million Baht. The Group's significant operation results are summarized as follows:

1. Revenue from sales and services for the year 2012 increased by 18% compared to same period of 2011. The main reasons were:
 - Revenues from book sale increased by 27%. The main reason is the revenue of pocket books, which rose by 25%, as well as the growing of children and books by 53%. Moreover, revenue from comic books increased by 27%.
 - Revenues from rendering of services decreased by 1% as services revenue from printing decreased, whereas revenue from advertising increased.
2. Costs and expenses for the year 2012 increased by 19% compared to the same 2011. The main reasons were:
 - Costs of goods sold increased by 27% in line with circulation revenue.
 - Cost of rendering of services decreased by 3% due to close monitoring of service expenses and associated with the dropping of service revenue.
 - Selling and administrative expenses increased by 24% due to the increase in expenses as well as increase in number of employees to support new business expansion.

Conclusion:

The Group reported profit for the year ended 31 December 2012 before income tax, cost and doubtful debts expense of 34.62 million Baht. An inclusion of income tax and finance 5.13 million Baht and doubtful debts expense of 1.28 million Baht, resulted in profit for the year 28.21 million Baht, comparing to the same period of last year which showed a profit of 17.48 Baht.

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

Financial statements for the year ended
31 December 2012
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.

Empire Tower, 50th-51st Floors
195 South Sathorn Road
Bangkok 10120, Thailand

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด

ชั้น 50-51 เอ็มไพร์ทาวเวอร์
195 ถนนสาทรใต้
กรุงเทพฯ 10120

Tel: +66 2677 2000
Fax: +66 2677 2222
www.kpmg.co.th

Independent Auditor's Report

To the Shareholders of Nation International Edutainment Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Nation International Edutainment Public Company Limited and its subsidiaries, and of Nation International Edutainment Public Company Limited, respectively, which comprise the consolidated and separate statement of financial position as at 31 December 2012, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory note.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2012 and the financial performance and cash flows for the year then ended of Nation International Edutainment Public Company Limited and its subsidiaries, and of Nation International Edutainment Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.

A handwritten signature in blue ink, appearing to read 'Vichien Thamtrakul'.

(Vichien Thamtrakul)
Certified Public Accountant
Registration No. 3183

KPMG Phoomchai Audit Ltd.
Bangkok
15 February 2013

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of financial position

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2012	2011	2012	2011
Assets					
		<i>(in Baht)</i>			
Current assets					
Cash and cash equivalents	5	6,798,586	29,446,389	4,567,933	26,456,273
Trade accounts receivable	6	120,370,755	103,097,700	40,837,763	48,259,278
Accrued income		8,220,896	9,748,928	4,057,250	6,685,714
Other receivables from related parties	4	15,495,824	16,165,869	32,283,573	27,452,791
Short-term loan to related party	4	-	-	3,000,000	3,000,000
Inventories	7	119,083,000	94,304,540	36,184,199	32,347,746
Other current assets	8	28,091,520	9,276,205	21,771,346	3,330,907
Total current assets		298,060,581	262,039,631	142,702,064	147,532,709
Non-current assets					
Investments in subsidiaries	9	-	-	25,613,652	26,363,652
Investment in jointly-controlled entity	10	-	-	25,046,060	25,046,060
Equipment	11	6,692,063	4,541,033	4,469,550	1,571,069
Intangible assets	12	43,402,928	38,981,370	14,382,555	11,336,954
Restricted deposits	13, 14	2,535,695	2,500,000	-	-
Other non-current assets		2,549,646	706,246	1,966,927	292,912
Total non-current assets		55,180,332	46,728,649	71,478,744	64,610,647
Total assets		353,240,913	308,768,280	214,180,808	212,143,356

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	
		2012	2011	2012	2011
		(in Baht)			
Current liabilities					
Bank overdrafts	14	11,129,998	3,103,985	1,275,882	-
Trade accounts payable	15	130,669,330	86,136,840	57,756,832	47,084,083
Other payables to related parties	4	9,762,738	5,745,506	8,594,041	4,984,425
Current portion of long-term loan from financial institution	14	4,604,010	5,016,553	-	-
Accrued expenses	4	20,039,400	26,285,864	6,621,346	9,211,143
Income tax payable		1,309,931	5,641,467	-	3,640,456
Other current liabilities	16	5,270,522	14,228,544	4,418,737	6,409,985
Total current liabilities		182,785,929	146,158,759	78,666,838	71,330,092
Non-current liabilities					
Long-term loan from financial institution	14	-	4,610,680	-	-
Employee benefit obligations	17	2,572,261	6,014,341	877,996	4,542,267
Other non-current liabilities		439,365	-	95,325	-
Total non-current liabilities		3,011,626	10,625,021	973,321	4,542,267
Total liabilities		185,797,555	156,783,780	79,640,159	75,872,359
Equity					
Share capital:	18				
Authorised share capital		85,000,000	85,000,000	85,000,000	85,000,000
Issued and paid-up share capital		85,000,000	85,000,000	85,000,000	85,000,000
Premium on ordinary shares	18	18,352,106	18,352,106	18,352,106	18,352,106
Retained earnings					
Appropriated					
Legal reserve	19	8,500,000	8,500,000	8,500,000	8,500,000
Unappropriated		55,590,151	40,131,721	22,688,543	24,418,891
Equity attributable to owners of the Company		167,442,257	151,983,827	134,540,649	136,270,997
Non-controlling interest		1,101	673	-	-
Total equity		167,443,358	151,984,500	134,540,649	136,270,997
Total liabilities and equity		353,240,913	308,768,280	214,180,808	212,143,356

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2012	2011	2012	2011
		(in Baht)			
Income	4				
Revenue from sale of goods		242,257,935	190,452,440	79,146,234	65,076,590
Revenue from rendering of services		97,291,157	98,125,250	93,138,946	88,612,437
Investment income	21	2,466,653	2,411,495	551,808	940,686
Other income	22	12,835,958	5,699,628	8,419,274	6,044,006
Total income		354,851,703	296,688,813	181,256,262	160,673,719
Expenses					
Cost of sale of goods and rendering of services	4	235,567,920	200,966,596	109,295,682	95,101,954
Selling expenses	4, 23	32,866,669	15,280,571	27,388,675	8,493,914
Administrative expenses	4, 24	42,930,117	45,305,584	25,281,659	25,922,718
Management benefit expenses	25	10,145,158	8,724,222	6,391,465	3,358,378
Finance costs		2,086,112	1,683,338	643,304	488,903
Total expenses		323,595,976	271,960,311	169,000,785	133,365,867
Profit before income tax expense		31,255,727	24,728,502	12,255,477	27,307,852
Income tax expense	27	(3,046,869)	(7,248,861)	(1,235,825)	(7,248,861)
Profit for the year		28,208,858	17,479,641	11,019,652	20,058,991
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		28,208,858	17,479,641	11,019,652	20,058,991
Profit attributable to:					
Owners of the Company		28,208,430	17,479,585	11,019,652	20,058,991
Non-controlling interests		428	56	-	-
Profit for the year		28,208,858	17,479,641	11,019,652	20,058,991
Total comprehensive income attributable to:					
Owners of the Company		28,208,430	17,479,585	11,019,652	20,058,991
Non-controlling interests		428	56	-	-
Total comprehensive income for the year		28,208,858	17,479,641	11,019,652	20,058,991
Basic earnings per share	28	0.33	0.21	0.13	0.24

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of changes in equity

Consolidated financial statements								
			Retained earnings					
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated (in Baht)	Equity attributable to owners of the Company	Non- controlling interests	Total equity
Year ended 31 December 2011								
Balance at 1 January 2011		85,000,000	18,352,106	8,500,000	26,902,136	138,754,242	617	138,754,859
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners of the Company								
Dividends to owners of the company	29	-	-	-	-4,250,000	-4,250,000	-	-4,250,000
Total contributions by and distributions to owners of the Company								
		-	-	-	-4,250,000	-4,250,000	-	-4,250,000
Total transactions with owners, recorded directly in equity								
		-	-	-	-4,250,000	-4,250,000	-	-4,250,000
Comprehensive income for the year		-	-	-	17,479,585	17,479,585	56	17,479,641
Balance at 31 December 2011		85,000,000	18,352,106	8,500,000	40,131,721	151,983,827	673	151,984,500

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of changes in equity

Consolidated financial statements								
			Retained earnings					
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated (in Baht)	Equity attributable to owners of the Company	Non- controlling interests	Total equity
Year ended 31 December 2012								
Balance at 1 January 2012		85,000,000	18,352,106	8,500,000	40,131,721	151,983,827	673	151,984,500
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners of the Company</i>								
Dividends to owners of the company	29	-	-	-	-12,750,000	-12,750,000	-	-12,750,000
<i>Total contributions by and distributions to owners of the Company</i>								
		-	-	-	-12,750,000	-12,750,000	-	-12,750,000
Total transactions with owners, recorded directly in equity								
		-	-	-	-12,750,000	-12,750,000	-	-12,750,000
Comprehensive income for the year		-	-	-	28,208,430	28,208,430	428	28,208,858
Balance at 31 December 2012		85,000,000	18,352,106	8,500,000	55,590,151	167,442,257	1,101	167,443,358

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of changes in equity

		Separate financial statements				
				Retained earnings		
	Note	Issued and paid-up share capital	Share premium	Legal reserve (in Baht)	Unappropriated	Total equity
Year ended 31 December 2011						
Balance at 1 January 2011		85,000,000	18,352,106	8,500,000	8,609,900	120,462,006
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Dividends to owners of the Company	29	-	-	-	-4,250,000	-4,250,000
<i>Total contributions by and distributions to owners of the Company</i>						
		-	-	-	-4,250,000	-4,250,000
Total transactions with owners, recorded directly in equity		-	-	-	-4,250,000	-4,250,000
Comprehensive income for the year		-	-	-	20,058,991	20,058,991
Balance at 31 December 2011		85,000,000	18,352,106	8,500,000	24,418,891	136,270,997

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of changes in equity

		Separate financial statements				
			Retained earnings			
	Note	Issued and paid-up share capital	Share premium	Legal reserve (in Baht)	Unappropriated	Total equity
Year ended 31 December 2012						
Balance at 1 January 2012		85,000,000	18,352,106	8,500,000	24,418,891	136,270,997
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Dividends to owners of the Company	29	-	-	-	-12,750,000	-12,750,000
<i>Total contributions by and distributions to owners of the Company</i>						
		-	-	-	-12,750,000	-12,750,000
Total transactions with owners, recorded directly in equity		-	-	-	-12,750,000	-12,750,000
Comprehensive income for the year		-	-	-	11,019,652	11,019,652
Balance at 31 December 2012		85,000,000	18,352,106	8,500,000	22,688,543	134,540,649

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2012	2011	2012	2011
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the year	28,208,858	17,479,641	11,019,652	20,058,991
<i>Adjustments for</i>				
Depreciation	1,892,614	1,535,964	934,950	574,081
Amortisation of intangible assets	28,619,213	21,365,940	8,127,310	5,156,450
Investment income	(2,466,653)	(2,411,495)	(551,808)	(940,686)
Employee benefit obligations	2,451,873	679,164	2,254,226	501,465
Finance costs	2,086,112	1,683,338	643,304	488,903
Bad and doubtful debts expense	1,278,949	592,799	20,878	5,942
Loss on (reversal of) obsolete stocks	(11,427,121)	(7,078,829)	(1,684,715)	1,998,022
Loss on disposal of equipment	216,316	-	160,274	-
Loss on disposal of intangible assets	918,143	-	-	-
Income tax expense	<u>3,046,869</u>	<u>7,248,861</u>	<u>1,235,825</u>	<u>7,248,861</u>
	54,825,173	41,095,383	22,159,896	35,092,029
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(18,552,004)	-12,605,059	7,400,637	-15,605,095
Accrued income	1,528,032	1,465,968	2,628,464	2,869,120
Other receivables from related parties	1,257,283	-3,409,523	(4,268,088)	-5,845,876
Inventories	(13,351,339)	-18,437,825	(2,151,738)	-15,417,449
Other current assets	(18,815,315)	105,656	(18,440,439)	3,367,862
Restricted deposits	(35,695)	1,273,486	-	-
Other non-current assets	(1,843,400)	-76,619	(1,674,015)	-
Trade accounts payable	44,532,490	9,952,799	10,672,749	-2,057,092
Other payables to related parties	4,017,232	-690,804	3,609,616	357,113
Accrued expenses	(6,246,464)	2,981,978	(2,589,797)	2,537,366
Other current liabilities	(8,958,022)	572,443	(1,991,248)	-1,855,379
Employee benefit obligations	(6,481,191)	-	(6,481,191)	-
Other non-current liabilities	<u>439,365</u>	<u>-</u>	<u>95,325</u>	<u>-</u>
Cash generated from operating activities	32,316,145	22,227,883	8,970,171	3,442,599
Income tax paid	<u>(7,378,405)</u>	<u>-7,582,278</u>	<u>(4,876,281)</u>	<u>-6,926,810</u>
Net cash from (used in) operating activities	<u>24,937,740</u>	<u>14,645,605</u>	<u>4,093,890</u>	<u>-3,484,211</u>

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2012	2011	2012	2011
	<i>(in Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	2,466,653	2,411,495	551,808	940,686
Short-term loan to related party	-	-	-	(3,000,000)
Purchase of equipment	(4,779,974)	(1,142,274)	(4,317,305)	(454,166)
Sale of equipment	520,014	-	323,600	-
Purchase of intangible assets	(33,958,914)	(32,919,083)	(11,172,911)	(7,744,803)
Cash outflow on invest in subsidiary	-	-	(250,000)	-
Cash inflow on disposal of subsidiary	-	-	1,000,000	-
Net cash used in investing activities	(35,752,221)	(31,649,862)	(13,864,808)	(10,258,283)
<i>Cash flows from financing activities</i>				
Interest paid	(2,086,112)	(1,683,338)	(643,304)	(488,903)
Dividends paid to owners of the Company	(12,750,000)	(4,250,000)	(12,750,000)	(4,250,000)
Bank overdrafts	8,026,013	(1,627,735)	1,275,882	-
Proceeds from long-term loan from financial institution	-	12,499,600	-	-
Repayment of long-term loan from financial institution	(5,023,223)	(10,148,863)	-	-
Net cash used in financing activities	(11,833,322)	(5,210,336)	(12,117,422)	(4,738,903)
Net decrease in cash and cash equivalents	(22,647,803)	(22,214,593)	(21,888,340)	(18,481,397)
Cash and cash equivalents at 1 January	29,446,389	51,660,982	26,456,273	44,937,670
Cash and cash equivalents at 31 December	6,798,586	29,446,389	4,567,933	26,456,273

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

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Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 15 February 2013.

1 General information

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

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

The parent company during the financial year was Nation Multimedia Group Public Company Limited (78.46% shareholding), which is incorporated in Thailand.

The principal businesses of the Company are importing, publishing and distributing local and foreign publications, production of TV programs and providing advertisements through TV media, digital media and character management. Details of the Company’s subsidiaries and jointly-controlled entity as at 31 December 2012 and 2011 are as follows:

Name of entities	Type of business	Country of incorporation	Percentage of ownership interest	
			2012	2011
<i>Direct subsidiaries</i>				
Nation Edutainment Co., Ltd.	Publishing	Thailand	99.99	99.99
Nation Kids Co., Ltd.	Production of TV programs and providing advertisements through TV media	Thailand	99.99	-
N Coupon Co., Ltd.	Sale of goods and service on internet	Thailand	-	99.98
<i>Jointly-controlled entity</i>				
Nation Egmont Edutainment Co., Ltd.	Publishing	Thailand	49.99	49.99

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

At 31 December 2012, the FAP has issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 33.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

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

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

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

Note 17 Measurement of defined benefit obligations

3 Significant accounting policies

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

(a) Basis of consolidation

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

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Jointly-controlled entity

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

Loss of control

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

Transactions eliminated on consolidation

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

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

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

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(d) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

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

(e) Inventories

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

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

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

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

(f) **Investments**

Investments in subsidiaries and jointly-controlled entity

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

(g) **Equipment**

Recognition and measurement

Owned assets

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

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

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

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

Subsequent costs

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

Depreciation

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

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

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

No depreciation is provided on assets under installation.

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

(h) *Intangible assets*

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

Subsequent expenditure

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

Amortisation

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

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

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

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

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

(i) *Impairment*

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

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

Calculation of recoverable amount

The recoverable amount of non-financial assets is the greater of the assets' value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

Reversals of impairment

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Interest-bearing liabilities

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

(k) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(l) Employee benefits

Defined contribution plans

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

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

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

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

Short-term employee benefits

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

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) Revenue

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

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Investments

Revenue from investments comprises dividend and interest income from investments and bank deposits.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Interest income

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

(o) Finance costs

Interest expense and similar costs are recognised in profit or loss in 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.

Determining whether an arrangement contains a lease

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

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

(q) *Income tax*

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

In determining the amount of current 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.

(r) *Earnings per share*

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

4 Related parties

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

Relationships with subsidiaries and other related parties are described as follows:

Name of entities	Country of incorporation /nationality	Nature of relationships
Nation Multimedia Group Public Company Limited	Thailand	Parent, 78.46% shareholding of the Company, some common directors
Nation Edutainment Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, some common directors
Nation Kids Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, some common directors
N Coupon Co., Ltd.	Thailand	Subsidiary, 99.98% shareholding, some common directors (liquidated and dissolution on 14 December 2012)

Nation International Edutainment Public Company Limited and its Subsidiaries
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Name of entities	Country of incorporation /nationality	Nature of relationships
Nation Egmont Edutainment Co., Ltd.	Thailand	Jointly-controlled entity, 49.99% shareholding, some common directors
Nation Broadcasting Corporation Public Company Limited	Thailand	61.10% shareholding by parent in 2012 and 61.99% shareholding by parent in 2011, some common directors
Kom Chad Luek Media Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
NML Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Nation News Network Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Krungthep Turakij Media Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Nation U Co., Ltd.	Thailand	90% shareholding by parent, some common directors
WPS (Thailand) Co., Ltd.	Thailand	84.50% shareholding by parent, some common directors
Nation Printing Services Co., Ltd.	Thailand	99.99% shareholding by WPS (Thailand) Co., Ltd., some common directors (liquidated and dissolution on 18 October 2012)
Nation University	Thailand	University, a license holding by Nation U Co., Ltd.
Yomiuri-Nation Information Service Limited	Thailand	45% shareholding by parent, some common directors
Egmont International Holding A/S	Denmark	Shareholder of Nation Egmont Edutainment Co., Ltd., 49% shareholding

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Notes to the financial statements

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

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

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

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Parent				
Sales of goods and rendering of services	9,788	12,583	6,112	7,776
Cost of sales of goods and rendering of services	16,833	16,970	14,705	15,161
Selling and administrative expenses	7,033	7,093	6,118	6,563
Subsidiaries				
Sales of goods and rendering of services	-	-	2	32
Interest income on loan	-	-	214	177
Other income	-	-	1,157	836
Jointly-controlled entity				
Sales of goods and rendering of services	75,095	53,624	2,667	238
Cost of sales of goods and rendering of services	2,144	1,309	4,289	2,626
Interest income on loan	2,077	1,360	-	-
Other income	2,051	1,812	4,101	1,450
Selling and administrative expenses	2,960	2,065	2,020	1,647
Other related parties				
Sales of goods and rendering of services	6,072	4,703	5,700	4,672
Cost of sales of goods and rendering of services	115,254	106,111	50,089	56,375
Selling and administrative expenses	7,147	3,459	3,891	620

Nation International Edutainment Public Company Limited and its Subsidiaries

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

<i>Trade accounts receivable from related parties</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Parent				
Nation Multimedia Group Public Company Limited	2,581	4,920	2,407	3,109
Subsidiary				
N Coupon Co., Ltd.	-	-	-	328
Jointly-controlled entity				
Nation Egmont Edutainment Co., Ltd.	63,918	43,196	855	318
Other related parties				
Yomiuri-Nation Information Service Limited	268	275	268	275
Nation Broadcasting Corporation Public Company Limited	208	132	208	132
Kom Chad Luek Media Co., Ltd.	34	328	34	328
Others	386	29	382	43
	67,395	48,880	4,154	4,533
Less allowance for doubtful accounts	(67)	(100)	(67)	(100)
Net	67,328	48,780	4,087	4,433
Bad and doubtful debts expense for the year	-	-	-	-

<i>Other receivables from related parties</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Parent				
Nation Multimedia Group Public Company Limited	1,016	2,087	842	658
Subsidiaries				
Nation Edutainment Co., Ltd.	-	-	3,376	2,207
N Coupon Co., Ltd.	-	-	-	2,611
Nation Kids Co., Ltd.	-	-	5	-
Jointly-controlled entity				
Nation Egmont Edutainment Co., Ltd.	13,665	12,439	27,246	20,363

Nation International Edutainment Public Company Limited and its Subsidiaries
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<i>Other receivables from related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Other related parties				
Krungthep Turakij Media Co., Ltd.	412	1,108	412	1,084
Nation Broadcasting Corporation Public Company Limited	44	119	44	119
Kom Chad Luek Media Co., Ltd.	163	408	163	407
Nation News Network Co., Ltd.	125	-	125	-
Others	71	230	71	14
	<u>15,496</u>	<u>16,391</u>	<u>32,284</u>	<u>27,463</u>
Less allowance for doubtful accounts	-	(225)	-	(10)
Net	<u>15,496</u>	<u>16,166</u>	<u>32,284</u>	<u>27,453</u>

Bad and doubtful debts expenses
for the year

-	-	-	-
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<i>Short-term loan to related party</i>	Interest rate		Consolidated		Separate	
	2012	2011	financial statements		financial statements	
			2012	2011	2012	2011
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Subsidiary						
Nation Edutainment Co., Ltd.	6.15-6.40	6.15-6.40	-	-	3,000	3,000

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

<i>Short-term loan to related party</i>	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Subsidiary				
At 1 January	-	-	3,000	-
Increase	-	-	-	3,000
Decrease	-	-	-	-
At 31 December	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>

<i>Trade accounts payable to related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Parent				
Nation Multimedia Group Public Company Limited	17,001	10,000	9,136	2,868
Jointly-controlled entity				
Nation Egmont Edutainment Co., Ltd.	80	404	92	463

Nation International Edutainment Public Company Limited and its Subsidiaries
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<i>Trade accounts payable from related parties</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Other related parties				
WPS (Thailand) Co., Ltd.	78,052	37,017	17,674	11,918
NML Co., Ltd.	4,678	3,973	3,757	3,030
Nation Broadcasting Corporation Public Company Limited	1,912	883	1,912	881
Krungthep Turakij Media Co., Ltd.	1,108	977	1,033	977
Others	100	115	16	114
Total	102,931	53,369	33,620	20,251
 <i>Other payables to related parties</i>				
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Parent				
Nation Multimedia Group Public Company Limited	5,972	3,984	5,074	3,043
Subsidiary				
Nation Edutainment Co., Ltd.	-	-	38	83
Jointly-controlled entity				
Nation Egmont Edutainment Co., Ltd.	1,574	983	1,413	1,186
 Other related parties				
Nation Broadcasting Corporation Public Company Limited	1,453	414	1,394	370
Nation News Network Co., Ltd.	22	249	22	249
Krungthep Turakij Media Co., Ltd.	379	-	373	-
Others	363	116	280	53
Total	9,763	5,746	8,594	4,984
 <i>Accrued expenses</i>				
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Other related parties				
WPS (Thailand) Co., Ltd.	1,614	4,268	491	3,031
NML Co., Ltd.	57	-	57	-
Total	1,671	4,268	548	3,031

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Significant agreement with related party

Short-term loan agreement

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

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Cash on hand	303	813	167	59
Cash at banks - current accounts	1,284	31	213	54
Cash at banks - savings accounts	4,970	10,395	4,188	8,343
Highly liquid short-term investments	242	18,207	-	18,000
Total	6,799	29,446	4,568	26,456

Cash and cash equivalents of the Group and the Company as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

6 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Related parties	4	67,395	48,880	4,154	4,533
Other parties		65,654	68,711	39,542	46,546
Total		133,049	117,591	43,696	51,079
Less allowance for doubtful accounts		(3,118)	(4,319)	(613)	(618)
allowance for goods returned		(9,560)	(10,174)	(2,245)	(2,202)
Net		120,371	103,098	40,838	48,259
Bad and doubtful debts expense for the year		1,279	593	21	6

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	21,515	14,748	2,958	3,301
Overdue:				
Less than 6 months	39,382	29,325	682	950
6-12 months	6,002	4,712	453	190
Over 12 months	496	95	61	92
	67,395	48,880	4,154	4,533
Less allowance for doubtful accounts	(67)	(100)	(67)	(100)
allowance for goods returned	-	-	-	-
	67,328	48,780	4,087	4,433
Other parties				
Within credit terms	55,066	52,451	31,273	37,622
Overdue:				
Less than 6 months	9,044	6,297	8,066	2,831
6-12 months	758	1,455	20	1,044
Over 12 months	786	8,508	183	5,049
	65,654	68,711	39,542	46,546
Less allowance for doubtful accounts	(3,051)	(4,219)	(546)	(518)
allowance for goods returned	(9,560)	(10,174)	(2,245)	(2,202)
	53,043	54,318	36,751	43,826
Net	120,371	103,098	40,838	48,259

The normal credit term granted by the Group ranges from 7 days to 90 days.

Trade accounts receivable of the Group and the Company as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

7 Inventories

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Finished goods	167,572	154,241	61,059	58,938
Raw materials	206	185	31	-
	167,778	154,426	61,090	58,938
Less allowance for obsolete stocks	(48,695)	(60,122)	(24,906)	(26,590)
Net	119,083	94,304	36,184	32,348

Nation International Edutainment Public Company Limited and its Subsidiaries
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8 Other current assets

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Other receivable	900	366	850	128
Prepaid expenses	22,761	7,861	16,722	2,375
Input value added tax pending	1,243	771	1,243	697
Advances to employees	702	189	586	131
Others	2,486	89	2,370	-
Total	28,092	9,276	21,771	3,331

9 Investments in subsidiaries

	Separate	
	financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
At 1 January	26,364	26,364
Acquisition	250	-
Disposal	(1,000)	-
At 31 December	25,614	26,364

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

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

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

Name of subsidiaries	Type of business	Separate financial statements											
		Ownership interest		Paid-up capital		Cost		Impairment		At cost-net		Dividend income	
		2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
		(%)		(in thousand Baht)									
Subsidiaries													
Nation Edutainment Co., Ltd.	Publishing	99.99	99.99	41,250	41,250	25,364	25,364	-	-	25,364	25,364	-	-
Nation Kids Co., Ltd.	Production of TV programs and providing advertisements through TV media	99.99	-	250	-	250	-	-	-	250	-	-	-
N Coupon Co., Ltd.	Sale of goods and service on internet	-	99.98	-	1,000	-	1,000	-	-	-	1,000	-	-
Total						25,614	26,364	-	-	25,614	26,364	-	-

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

	Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
At 1 January	25,046	25,046
Acquisitions	-	-
At 31 December	25,046	25,046

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

Name of jointly-controlled entity	Type of business	Ownership interest 2012 2011 (%)		Paid-up capital 2012 2011		Separate financial statements				At cost- net 2012 2011		Dividend income 2012 2011	
						Cost		Impairment					
						2012	2011	2012	2011				
						(in thousand Baht)							
<i>Jointly-controlled entity</i>													
Nation Egmont Edutainment Co., Ltd.	Publishing	49.99	49.99	50,000	50,000	25,046	25,046	-	-	25,046	25,046	-	-

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

Name of jointly-controlled entity	Ownership (%)	Current assets	Non- current assets	Total assets	Current liabilities <i>(in thousand Baht)</i>	Total liabilities	Total revenues	Total expenses	Net profit (loss)
2012									
Nation Egmont Edutainment Co., Ltd.	49.99	<u>113,509</u>	<u>3,961</u>	<u>117,470</u>	<u>82,893</u>	<u>84,116</u>	<u>99,753</u>	<u>90,650</u>	<u>9,103</u>
2011									
Nation Egmont Edutainment Co., Ltd.	49.99	<u>84,362</u>	<u>4,249</u>	<u>88,611</u>	<u>63,611</u>	<u>64,360</u>	<u>74,027</u>	<u>79,404</u>	<u>(5,377)</u>

Nation International Edutainment Public Company Limited and its Subsidiaries
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11 Equipment

	Consolidated financial statements			
	Leased assets improvements	Furniture, fixtures and office equipment (in thousand Baht)	Vehicle	Total
Cost				
At 1 January 2011	3,105	10,695	480	14,280
Additions	121	1,021	-	1,142
Transfers	-	(200)	-	(200)
At 31 December 2011 and 1 January 2012	3,226	11,516	480	15,222
Additions	-	4,720	60	4,780
Disposals	(1,080)	(3,195)	(480)	(4,755)
At 31 December 2012	2,146	13,041	60	15,247
Accumulated depreciation				
At 1 January 2011	1,379	7,614	152	9,145
Depreciation charge for the year	656	784	96	1,536
At 31 December 2011 and 1 January 2012	2,035	8,398	248	10,681
Depreciation charge for the year	307	1,495	91	1,893
Disposals	(624)	(3,056)	(339)	(4,019)
At 31 December 2012	1,718	6,837	-	8,555
Net book value				
At 1 January 2011	1,726	3,081	328	5,135
At 31 December 2011 and 1 January 2012	1,191	3,118	232	4,541
At 31 December 2012	428	6,204	60	6,692

The gross amount of the Group's fully depreciated equipment that was still in use as at 31 December 2012 amounted to Baht 6.44 million (2011: Baht 7.60 million).

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

	Separate financial statements			
	Leased assets improvements	Furniture, fixtures and office equipment (in thousand Baht)	Vehicle	Total
Cost				
At 1 January 2011	1,119	3,619	480	5,218
Additions	-	454	-	454
At 31 December 2011 and 1 January 2012	1,119	4,073	480	5,672
Additions	-	4,317	-	4,317
Disposals	(823)	-	(480)	(1,303)
At 31 December 2012	296	8,390	-	8,686
Accumulated depreciation				
At 1 January 2011	537	2,838	152	3,527
Depreciation charge for the year	211	267	96	574
At 31 December 2011 and 1 January 2012	748	3,105	248	4,101
Depreciation charge for the year	23	821	91	935
Disposals	(475)	(5)	(339)	(819)
At 31 December 2012	296	3,921	-	4,217
Net book value				
At 1 January 2011	582	781	328	1,691
At 31 December 2011 and 1 January 2012	371	968	232	1,571
At 31 December 2012	-	4,469	-	4,469

The gross amount of the Company's fully depreciated equipment that was still in use as at 31 December 2012 amounted to Baht 2.98 million (2011: Baht 2.91 million).

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12 Intangible assets

Consolidated financial statements			
	Computer Program and software licenses	Licence fees - books (in thousand Baht)	Total
Cost			
At 1 January 2011	89	71,876	71,965
Additions	1,550	31,369	32,919
Transfers	200	-	200
At 31 December 2011 and 1 January 2012	1,839	103,245	105,084
Additions	-	33,959	33,959
Disposals	(1,204)	-	(1,204)
At 31 December 2012	635	137,204	137,839
Amortisation			
At 1 January 2011	48	44,689	44,737
Amortisation charge for the year	212	21,154	21,366
At 31 December 2011 and 1 January 2012	260	65,843	66,103
Amortisation charge for the year	274	28,345	28,619
Disposals	(286)	-	(286)
At 31 December 2012	248	94,188	94,436
Net book value			
At 1 January 2011	41	27,187	27,228
At 31 December 2011 and 1 January 2012	1,579	37,402	38,981
At 31 December 2012	387	43,016	43,403
Separate financial statements			
	Computer Program and software licenses	Licence fees - books (in thousand Baht)	Total
Cost			
At 1 January 2011	-	22,020	22,020
Additions	-	7,745	7,745
At 31 December 2011 and 1 January 2012	-	29,765	29,765
Additions	-	11,173	11,173
At 31 December 2012	-	40,938	40,938
Amortisation			
At 1 January 2011	-	13,271	13,271
Depreciation charge for the year	-	5,157	5,157
At 31 December 2011 and 1 January 2012	-	18,428	18,428
Amortisation charge for the year	-	8,127	8,127
At 31 December 2012	-	26,555	26,555
Net book value			
At 1 January 2011	-	8,749	8,749
At 31 December 2011 and 1 January 2012	-	11,337	11,337
At 31 December 2012	-	14,383	14,383

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13 Restricted deposits

As at 31 December 2012, the savings account of a subsidiary held with a local financial institution of Baht 2.54 million (*2011: Baht 2.50 million*) has been pledged as collateral for long-term loan from financial institution of Baht 10 million.

14 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Current				
Bank overdrafts				
Unsecured	11,130	3,104	1,276	-
Current portion of long-term loan from financial institution				
Secured	4,604	5,017	-	-
Total current interest-bearing liabilities	15,734	8,121	1,276	-
Non-current				
Long-term loans from financial institutions				
Secured	-	4,611	-	-
Total non-current interest -bearing liabilities	-	4,611	-	-

As at 31 December 2012, the Group and the Company had overdraft lines and other credit facilities with certain local financial institutions totalling Baht 27.03 million and Baht 6.0 million, respectively (*2011: Baht 27.03 million and Baht 6.0 million, respectively*) and guaranteed by the parent company.

In September 2009, a jointly-controlled entity has entered into a long-term loan agreement with a local financial institution totalling Baht 30 million. This loan bears interest at the Minimum Loan Rate (MLR) minus specified rate in the agreement. Such loan agreement was guaranteed by the Company and major shareholders of the jointly-controlled entity and savings account of such jointly-controlled entity amounted to Baht 7.6 million. As at 31 December 2011, the jointly-controlled entity has repaid the entire amount of loans.

In September 2009, a subsidiary has entered into a long-term loan agreement with a local financial institution for total Baht 10 million. This loan bears interest at the Minimum Loan Rate (MLR) minus specified rate in the agreement. Such loan agreement was guaranteed by the Company and savings account of such subsidiary amounting to Baht 2.5 million.

As at 31 December 2012, the Group and the Company have unutilised credit facilities totalling Baht 17.5 million and Baht 2.9 million, respectively (*2011: Baht 13.5 million and Baht 5.3 million, respectively*).

Interest - bearing liabilities of the Group as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

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

15 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Related parties	4	102,931	53,369	33,620	20,251
Other parties		27,738	32,768	24,137	26,833
Total		130,669	86,137	57,757	47,084

16 Other current liabilities

		Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Other payables		665	700	665	700
Output value added tax pending		2,349	2,997	2,234	2,397
Accrued withholding tax		1,465	815	963	557
Income received in advance		19	2,111	15	1,757
Others		773	7,606	542	999
Total		5,271	14,229	4,419	6,410

17 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in thousand Baht)			
Statement of financial position				
obligations for:				
Post-employment benefit	<u>2,572</u>	<u>6,014</u>	<u>878</u>	<u>4,542</u>
Year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefit	2,452	679	2,254	501

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

Movement in the present value of the defined benefit obligations

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	6,014	5,335	4,542	4,041
Transfer in (out)	587	-	563	-
Benefits paid by the plan	(6,481)	-	(6,481)	-
Current service costs and interest	<u>2,452</u>	<u>679</u>	<u>2,254</u>	<u>501</u>
Defined benefit obligations at 31 December	<u>2,572</u>	<u>6,014</u>	<u>878</u>	<u>4,542</u>

Expense recognised in profit or loss

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Current service costs	310	427	240	315
Interest on obligation	<u>2,142</u>	<u>252</u>	<u>2,014</u>	<u>186</u>
Total	<u>2,452</u>	<u>679</u>	<u>2,254</u>	<u>501</u>

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

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Cost of sales of goods and rendering of services	237	211	105	99
Administrative expenses	<u>2,215</u>	<u>468</u>	<u>2,149</u>	<u>402</u>
Total	<u>2,452</u>	<u>679</u>	<u>2,254</u>	<u>501</u>

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

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(%)</i>			
Discount rate	4.7	4.7	4.7	4.7
Future salary increases	4.0 - 7.0	4.0 - 7.0	4.0 - 7.0	4.0 - 7.0

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

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Notes to the financial statements

18 Share capital

	Par value per share (in Baht)	2012 Number Amount (thousand shares / thousand Baht)		2011 Number Amount	
Authorised					
At 1 January					
- ordinary shares	1	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>
At 31 December					
- ordinary shares	1	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>
Issued and paid-up					
At 1 January					
- ordinary shares	1	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>
At 31 December					
- ordinary shares	1	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Expenses for issuing new ordinary share

The directly attributable expenses of issuing new ordinary shares are accounted for a deduction from the premium on those ordinary shares.

19 Reserve

Reserve comprises:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a 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.

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

20 Segment information

The Group's operations involve a single industry segment in publishing and distributing, production of TV programs and providing advertisements through TV media, digital media and character management and are carried on in the single geographic area in Thailand. As a result, all of the revenues and operating results as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

21 Investment income

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Interest income					
Subsidiaries	4	-	-	214	177
Jointly-controlled entity	4	2,077	1,360	-	-
Other parties		390	1,051	338	764
Total		2,467	2,411	552	941

22 Other income

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Internal services charge	1,678	1,267	5,158	4,356
Other service income	2,544	2,001	1,908	681
Revenue from sale of scraps	966	13	74	-
Others	7,648	2,419	1,279	1,007
Total	12,836	5,700	8,419	6,044

23 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Personnel	13,605	5,750	10,197	2,263
Marketing	13,228	5,807	12,307	3,872
Others	6,034	3,724	4,885	2,359
Total	32,867	15,281	27,389	8,494

24 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Personnel	16,274	15,065	12,427	11,597
Administrative	22,294	25,561	9,208	10,576
Others	4,362	4,679	3,647	3,750
Total	42,930	45,305	25,282	25,923

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

25 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Management				
Wages and salaries	8,140	7,557	5,066	3,132
Contribution to defined contribution plans	473	390	296	147
Others	1,532	777	1,029	79
	10,145	8,724	6,391	3,358
Other employees				
Wages and salaries	40,171	32,991	25,709	19,763
Contribution to defined contribution plans	1,818	1,206	1,031	546
Others	9,906	7,010	7,328	4,374
	51,895	41,207	34,068	24,683
Total employee benefit expenses	62,040	49,931	40,459	28,041

Defined contribution plans

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

26 Expenses by nature

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

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Changes in finished goods		(13,351)	(18,438)	(2,152)	(15,418)
Paper , printing service and delivery costs		122,901	109,203	63,434	58,192
Other production expenses		14,884	7,617	6,194	2,262
Operation expenses		43,251	54,408	13,834	25,917
Sharing service expenses		31,740	26,799	18,888	17,604
Selling expenses		19,262	9,531	17,192	6,231
Employee benefit expenses	25	62,040	49,931	40,459	28,041

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

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Depreciation	1,893	1,536	935	574
License fees	49,038	36,176	11,237	7,470
Bad and doubtful debts expenses	1,279	593	21	6
Loss on (reversal of) obsolete stocks	<u>(11,427)</u>	<u>(7,079)</u>	<u>(1,685)</u>	<u>1,998</u>
Total costs, selling expenses, administrative expenses and management fee	<u>321,510</u>	<u>270,277</u>	<u>168,357</u>	<u>132,877</u>

27 Income tax expense

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

28 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2012 and 2011 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>28,208</u>	<u>17,480</u>	<u>11,020</u>	<u>20,059</u>
Number of ordinary shares outstanding	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>
Earnings per share (basic) <i>(in Baht)</i>	<u>0.33</u>	<u>0.21</u>	<u>0.13</u>	<u>0.24</u>

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

29 Dividends

At the annual general meeting of the shareholders of the Company held on 7 April 2011, the shareholders approved the appropriation of dividend of Baht 0.15 per share, amounted to Baht 12.75 million from the operating result 2010. The dividend of Baht 0.10 per share, amounted to Baht 8.50 million was paid to shareholders as the interim dividend during the year 2010 and the dividend of Baht 0.05 per share, amounted to Baht 4.25 million was paid to shareholders during the year 2011.

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

30 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

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

Capital management

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

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The management believes that the Group has low interest rate risk because it has minimal borrowing and its borrowing interest rate is the market rate.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

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

	Consolidated financial statements			Total
	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	
2012				
Current				
Bank overdrafts	7.43 - 7.48	11,130	-	11,130
Current portion of long-term loan from financial institution	8.22	4,604	-	4,604
Total		15,734	-	15,734
2011				
Current				
Bank overdrafts	6.15 - 8.10	3,104	-	3,104
Current portion of long-term loan from financial institution	8.45	5,017	-	5,017
Non Current				
Long-term loan from financial institution	8.45	-	4,611	4,611
Total		8,121	4,611	12,732

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.

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

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

31 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<i>Non-cancellable operating lease commitments</i>				
Within one year	14,489	2,958	12,188	1,233
After one year but within five years	31,304	3,217	30,431	1,335
Total	45,793	6,175	42,619	2,568
<i>Other commitment</i>				
Bank guarantees	1,839	687	1,660	657

- The Company has entered into lease and service agreements for its office premises and facilities with a local company for the period of 2 years and 10 months, commencing from 1 February 2012 to 30 November 2014 with an option to renew.
- The jointly-controlled entity has entered into the warehouse rental agreements with two local companies. The jointly-controlled entity agrees to pay rental fees at the rate specified in the agreements. The agreements have durations for 3 years, expiring on 30 November 2013 and 31 December 2013, respectively.
- The Company has entered into a rights for broadcasting agreement with a local company for the period of 2 years, commencing from 15 July 2012 to 15 July 2014.
- The Company has entered into service agreement covering television broadcasting satellite service with a local company. The detail is as follow:

<u>Contract date</u>	<u>Contract period</u>	<u>Periods</u>	<u>Total fee</u>
22 May 2012	16 June 2012 to 30 June 2017	5 years	USD 1.36 million

Nation International Edutainment Public Company Limited and its Subsidiaries

Notes to the financial statements

32 Events after the reporting period

At the Board of Directors' meeting of the Company held on 15 February 2013, the Board of Directors' has passed the following resolutions:

- 32.1 Approved the appropriation of interim dividends from the 2012 operating result and retained earnings to shareholders of Baht 0.15 per share, amounting to Baht 12.75 million.
- 32.2 Approved the increase in authorised share capital of 85,000,000 ordinary shares, Baht 1 par value to offer to the existing shareholders at the ratio of 1 new share for 1 exiting share held with the price of Baht 4.
- 32.3 Approved the increase in authorised share capital of 85,000,000 ordinary shares, Baht 1 par value to reserve for the exercise of warrant issued and offer to the existing shareholders as the allotment as described in 32.2 with the proportion ratio of 1 warrant to 1 existing share held with no value.
- 32.4 Approved the increase in authorised share capital of 4,250,000 ordinary shares, Baht 1 par value to reserve for the exercise warrant issued under the Employee Stock Option Program (ESOP) to sell to the directors, management and/or employees of the Company and/or the subsidiary.

Such interim dividends and increase in authorised share capital are subject to final approval in the shareholders' meeting.

33 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

TAS 12 - Income taxes

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carry forward of unused tax losses. Currently, the Group does not recognise deferred tax in the financial statements.

The Group will adopt TAS 12 with effect from 1 January 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 December 2012 and 2011 will be adjusted accordingly. Management estimates that the impact on the statements of financial position as at 31 December 2012 and 2011 will be as follows:

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

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<i>Statement of financial position</i>				
Estimated changes as a result of the adoption				
Retrospectively of TAS 12 – Income taxes:				
Increase in deferred tax assets	15.62	18.88	5.62	6.66
Increase in retained earnings	15.62	18.88	5.62	6.66

The impact on the statements of comprehensive income for 2013 and subsequent periods is not presently determinable.

TAS 21 (revised 2009) - The effects of changes in foreign exchange rates

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

Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Group's reported assets, liabilities or retained earnings.

TFRS 8 - Operating segments

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Group's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no impact on the Group's financial statements.

Other Reference Persons

Security Registrar (Common Share)

Thailand Securities Depository Company Limited

62 The Stock Exchange of Thailand Building, 4th Floor,
Rachadapisek Road, Klongtoey, Bangkok 10110

Tel : (02) 229-2800

Fax : (02) 359-1259

Certified Public Accountant

1. Mr. Vichien Thamtrakul Registration No. 3183 and/or
2. Mr. Winid Silamongkol Registration No. 3378 and/or
3. Mr. Charoen Phosamritlert Registration No. 4068

KPMG Phoomchai Audit Company Limited

195 Empire Tower, 50-51 Floor, South Sathorn Road, Yannawa, Bangkok 10120

Tel : (66) 2677-2000

Fax : (66) 2677-2222

Audit Fee

1. The audit fee of the Company and subsidiaries for the year 2011 is Bt 1,850,000
2. Non-audit fee
-None-

Financial Advisor

JayDee Partners Company Limited

Ocean Tower 1, 11 Floor , 170/30 , Soi Sukhumvit 16 (Sammith)
Ratchadapisek Road, Klongtoey , Bangkok 10110,

Tel : (66) 2661-8803-5

Fax : (66) 2661-8813

Legal Consultants

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

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

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

Investor Relations

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



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



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