

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

Annual financial statements
and
Audit report of Certified Public Accountant

For the years ended
31 December 2011 and 2010



KPMG Phoomchai Audit Ltd.

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Audit report of Certified Public Accountant

To the Shareholders of Nation International Edutainment Public Company Limited

I have audited the accompanying consolidated and separate statements of financial position as at 31 December 2011 and 2010, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended of Nation International Edutainment Public Company Limited and its subsidiaries, and of Nation International Edutainment Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2011 and 2010 and the results of operations and cash flows for the years then ended of Nation International Edutainment Public Company Limited and its subsidiaries, and of Nation International Edutainment Public Company Limited, respectively, in accordance with Financial Reporting Standards.

As explained in notes 2 and 3 to the financial statements, with effect from 1 January 2011 the Company has adopted certain new and revised financial reporting standards. The consolidated and separate financial statements for the year ended 31 December 2010 have been restated accordingly.

(Vichien Thamtrakul)
Certified Public Accountant
Registration No. 3183

KPMG Phoomchai Audit Ltd.
Bangkok
15 February 2012

Nation International Edutainment Public Company Limited and its Subsidiaries
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For the years ended 31 December 2011 and 2010

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Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of financial position

As at 31 December 2011 and 2010

Assets	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		<i>(in Baht)</i>			
Current assets					
Cash and cash equivalents	6	29,446,389	51,660,982	26,456,273	44,937,670
Trade accounts receivable	7	103,097,700	91,084,950	48,259,278	32,660,124
Accrued income		9,748,928	11,214,896	6,685,714	9,554,835
Other receivables from related parties	5	16,165,869	12,756,346	27,452,791	21,606,915
Short-term loans to related party	5	-	-	3,000,000	-
Inventories	8	94,304,540	68,787,886	32,347,746	18,928,320
Other current assets	9	9,276,205	9,381,804	3,330,907	6,698,769
Total current assets		262,039,631	244,886,864	147,532,709	134,386,633
Non-current assets					
Investments in subsidiaries	10	-	-	26,363,652	26,363,652
Investment in jointly-controlled entity	11	-	-	25,046,060	25,046,060
Equipment	12	4,541,033	5,134,723	1,571,069	1,690,984
Intangible assets	13	38,981,370	27,228,227	11,336,954	8,748,600
Restricted deposits	14, 15	2,500,000	3,773,486	-	-
Other non-current assets		706,246	629,627	292,912	292,912
Total non-current assets		46,728,649	36,766,063	64,610,647	62,142,208
Total assets		308,768,280	281,652,927	212,143,356	196,528,841

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of financial position

As at 31 December 2011 and 2010

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in Baht)			
Current liabilities					
Bank overdrafts	15	3,103,985	4,731,720	-	-
Trade accounts payable	16	86,136,840	76,184,041	47,084,083	49,141,175
Other payables to related parties	5	5,745,506	6,436,310	4,984,425	4,627,311
Current portion of long-term loan from financial institution	15	5,016,553	7,276,496	-	-
Accrued expenses	5	26,285,864	23,303,762	9,211,143	6,673,778
Income tax payable		5,641,467	5,974,883	3,640,456	3,318,404
Other current liabilities	17	14,228,544	13,655,679	6,409,985	8,265,365
Total current liabilities		146,158,759	137,562,891	71,330,092	72,026,033
Non-current liabilities					
Employee benefit obligations	18	6,014,341	-	4,542,267	-
Long-term loan from financial institution	15	4,610,680	-	-	-
Total liabilities		156,783,780	137,562,891	75,872,359	72,026,033
Equity					
Share capital	1, 19				
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	1, 19	18,352,106	18,352,106	18,352,106	18,352,106
Retained earnings					
Appropriated					
Legal reserve	20	8,500,000	8,500,000	8,500,000	8,500,000
Unappropriated		40,131,721	32,237,313	24,418,891	12,650,702
Total equity attributable to equity holders of the Company		151,983,827	144,089,419	136,270,997	124,502,808
Non-controlling interest		673	617	-	-
Total equity		151,984,500	144,090,036	136,270,997	124,502,808
Total liabilities and equity		308,768,280	281,652,927	212,143,356	196,528,841

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in Baht)			
Income	5				
Revenue from sale of goods		190,452,440	196,166,630	65,076,590	62,803,801
Revenue from rendering of services		98,125,250	87,710,369	88,612,437	85,270,515
Investment income	22	2,411,495	1,280,282	940,686	98,011
Other income	23	5,699,628	4,587,670	6,044,006	6,196,375
Total income		296,688,813	289,744,951	160,673,719	154,368,702
Expenses					
Cost of sale of goods and rendering of services	5	200,966,596	194,986,666	95,101,954	93,406,617
Selling expenses	5, 24	15,280,571	12,260,078	8,493,914	5,655,777
Administrative expenses	5, 25	45,305,584	41,828,947	25,922,718	23,641,182
Management benefit expenses	26	8,724,222	9,777,469	3,358,378	5,396,116
Finance costs		1,683,338	1,243,493	488,903	393,330
Total expenses		271,960,311	260,096,653	133,365,867	128,493,022
Profit before income tax expense		24,728,502	29,648,298	27,307,852	25,875,680
Income tax expense	28	(7,248,861)	(8,931,705)	(7,248,861)	(7,189,588)
Profit for the year		17,479,641	20,716,593	20,058,991	18,686,092
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		17,479,641	20,716,593	20,058,991	18,686,092
Profit attributable to:					
Owners of the Company		17,479,585	20,716,542	20,058,991	18,686,092
Non-controlling interest		56	51	-	-
Profit for the year		17,479,641	20,716,593	20,058,991	18,686,092
Total comprehensive income attributable to:					
Owners of the Company		17,479,585	20,716,542	20,058,991	18,686,092
Non-controlling interest		56	51	-	-
Total comprehensive income for the year		17,479,641	20,716,593	20,058,991	18,686,092
Basic earnings per share	29	0.21	0.29	0.24	0.26

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of changes in equity

For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements				Total equity attributable to equity holders of the Company	Non-controlling interest	Total equity
		Issued and paid-up share capital	Share premium	Legal reserve	Retained earnings Unappropriated (in Baht)			
Balance at 1 January 2010		70,000,000	-	8,500,000	34,720,771	113,220,771	566	113,221,337
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners of the Company</i>								
Issue of ordinary shares	1, 19	15,000,000	-	-	-	15,000,000	-	15,000,000
Premium on ordinary shares	1, 19	-	18,352,106	-	-	18,352,106	-	18,352,106
Dividends to owners of the Company	30	-	-	-	(23,200,000)	(23,200,000)	-	(23,200,000)
Total contributions by and distributions to owners of the Company		15,000,000	18,352,106	-	(23,200,000)	10,152,106	-	10,152,106
Comprehensive income for the year		-	-	-	20,716,542	20,716,542	51	20,716,593
Balance at 31 December 2010		85,000,000	18,352,106	8,500,000	32,237,313	144,089,419	617	144,090,036

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of changes in equity

For the years ended 31 December 2011 and 2010

		Consolidated financial statements						
		<u>Retained earnings</u>				Total equity	Non-	Total
<i>Note</i>	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated <i>(in Baht)</i>	attributable to equity holders of the Company	controlling interest	equity	
	85,000,000	18,352,106	8,500,000	32,237,313	144,089,419	617	144,090,036	
Impact of changes in accounting policy	3	-	-	(5,335,177)	(5,335,177)	-	(5,335,177)	
	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								
<i>Contributions by and distributions to owners of the Company</i>								
Dividends to owners of the company	30	-	-	(4,250,000)	(4,250,000)	-	(4,250,000)	
<i>Total contributions by and distributions to owners of the Company</i>								
	-	-	-	(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

Statements of changes in equity

For the years ended 31 December 2011 and 2010

	Note	Issued and paid-up share capital	Share premium	Separate financial statements		Total equity attributable to equity holders of the Company
				Legal reserve (in Baht)	Retained earnings Unappropriated	
Balance at 1 January 2010		70,000,000	-	8,500,000	17,164,610	95,664,610
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Issue of ordinary shares	1, 19	15,000,000	-	-	-	15,000,000
Premium on ordinary shares	1, 19	-	18,352,106	-	-	18,352,106
Dividends to owners of the Company	30	-	-	-	(23,200,000)	(23,200,000)
Total contributions by and distributions to owners of the Company		15,000,000	18,352,106	-	(23,200,000)	10,152,106
Comprehensive income for the year		-	-	-	18,686,092	18,686,092
Balance at 31 December 2010		85,000,000	18,352,106	8,500,000	12,650,702	124,502,808

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of changes in equity

For the years ended 31 December 2011 and 2010

	Note	Separate financial statements			Total equity attributable to equity holders of the Company	
		Issued and paid-up share capital	Share premium	Retained earnings		
			Legal reserve	Unappropriated		
			(in Baht)			
Balance at 1 January 2011 - as reported		85,000,000	18,352,106	8,500,000	12,650,702	124,502,808
Impact of changes in accounting policy	3	-	-	-	(4,040,802)	(4,040,802)
Balance at 1 January 2011 - adjusted		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	30	-	-	-	(4,250,000)	(4,250,000)
<i>Total contributions by and distributions to owners of the Company</i>		-	-	-	(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

Statements of cash flows

For the years ended 31 December 2011 and 2010

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the year	17,479,641	20,716,593	20,058,991	18,686,092
<i>Adjustments for</i>				
Depreciation	1,535,964	1,325,988	574,081	496,468
Amortisation of intangible assets	21,365,940	20,958,543	5,156,450	6,788,481
Investment income	(2,411,495)	(1,280,282)	(940,686)	(98,011)
Finance costs	1,683,338	1,243,493	488,903	393,330
Doubtful debts expense	592,799	910,118	5,942	9,095
Loss on obsolete stocks (Reversal)	(7,078,829)	1,983,281	1,998,022	(1,853,362)
Gain on disposal of equipment	-	(649)	-	-
Equipment written-off	-	233,825	-	-
Income tax expense	7,248,861	8,931,705	7,248,861	7,189,588
	<u>40,416,219</u>	<u>55,022,615</u>	<u>34,590,564</u>	<u>31,611,681</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(12,605,059)	(124,233)	(15,605,095)	(2,468,485)
Accrued income	1,465,968	(990,092)	2,869,120	(331,178)
Other receivables from related parties	(3,409,523)	(2,715,653)	(5,845,876)	(7,838,544)
Inventories	(18,437,825)	(17,105,001)	(15,417,449)	(4,189,278)
Other current assets	105,656	(4,344,835)	3,367,862	(4,067,709)
Restricted deposits	1,273,486	(3,773,486)	-	-
Other non-current assets	(76,619)	(301,161)	-	(292,912)
Trade accounts payable	9,952,799	4,734,059	(2,057,092)	1,512,149
Other payables to related parties	(690,804)	1,887,909	357,113	978,613
Accrued expenses	2,981,978	(4,116,271)	2,537,366	2,215,875
Other current liabilities	572,443	4,292,011	(1,855,379)	4,029,736
Other non-current liabilities	-	-	-	(96,600)
Employee benefit obligations	679,164	-	501,465	-
Income taxes paid	(7,582,278)	(17,352,072)	(6,926,810)	(9,914,947)
Net cash from (used in) operating activities	<u>14,645,605</u>	<u>15,113,790</u>	<u>(3,484,211)</u>	<u>11,148,401</u>

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2011 and 2010

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	(in Baht)			
<i>Cash flows from investing activities</i>				
Interest received	2,411,495	1,280,282	940,686	98,011
Purchase of equipment	(1,142,274)	(3,532,560)	(454,166)	(596,843)
Purchase of intangible assets	(32,919,083)	(29,417,699)	(7,744,803)	(9,053,703)
Sale of equipment	-	649	-	-
Short-term loans to related party	-	-	(3,000,000)	-
Current investment	-	5,000,000	-	5,000,000
Investment in subsidiary	-	-	-	(1,000,000)
Net cash used in investing activities	(31,649,862)	(26,669,328)	(10,258,283)	(5,552,535)
<i>Cash flows from financing activities</i>				
Interest paid	(1,683,338)	(1,243,493)	(488,903)	(393,330)
Dividends paid to owners of the Company	(4,250,000)	(23,200,000)	(4,250,000)	(23,200,000)
Bank overdrafts	(1,627,735)	4,557,962	-	-
Proceeds from long-term loan	12,499,600	12,498,000	-	-
Repayment of long-term loan	(10,148,863)	(5,090,494)	-	-
Proceeds from issue of ordinary shares	-	36,000,000	-	36,000,000
Transaction costs from issue of ordinary shares	-	(2,647,894)	-	(2,647,894)
Net cash from (used in) financing activities	(5,210,336)	20,874,081	(4,738,903)	9,758,776
Net increase (decrease) in cash and cash equivalents				
	(22,214,593)	9,318,543	(18,481,397)	15,354,642
Cash and cash equivalents at 1 January	51,660,982	42,342,439	44,937,670	29,583,028
Cash and cash equivalents at 31 December	29,446,389	51,660,982	26,456,273	44,937,670

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

Nation International Edutainment Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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 2012.

1 General information

Nation International Edutainment Public Company Limited, the “Company”, was incorporated in Thailand and has its registered office at 1854, 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 and 77.65% shareholding in 2011 and 2010, respectively), which is incorporated in Thailand.

The principal businesses of the Company are importing, publishing and distributing local and foreign publications. Details of the Company’s subsidiaries and jointly-controlled entity as at 31 December 2011 and 2010 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
<i>Direct subsidiaries</i>				
Nation Edutainment Co., Ltd.	Publishing	Thailand	99.99	99.99
N Coupon Co., Ltd.	Sale of goods and service on internet	Thailand	99.98	99.98
<i>Jointly-controlled entity</i>				
Nation Egmont Edutainment Co., Ltd.	Publishing	Thailand	49.99	49.99

Initial public offering

In October 2010, the Company offered its new common shares to the public by issuing 15,000,000 common shares. The new shares sold to subscribers at a price of Baht 2.40 per share (Baht 1 paid in capital and Baht 1.40 share premium). The Company registered the increase in paid-up share capital with the Ministry of Commerce on 9 November 2010 and the shares of the Company began trading in the Market for Alternative Investment on 17 November 2010. Directly attributable expenses of the initial public offering amounted to Baht 2.65 million were deductible from the premium on share capital received from new investors.

2 Basis for preparation of the financial statements

(a) Statement of compliance

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

Nation International Edutainment Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

During 2010 and 2011, the FAP issued the following new and revised TFRS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2011:

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 24 (revised 2009)	Related Party Disclosures
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets

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

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other 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 32.

(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.

Nation International Edutainment Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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 18 Measurement of defined benefit obligations

3 Changes in accounting policies

(a) Overview

From 1 January 2011, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following areas:

- Presentation of financial statements
- Accounting for employee benefits

Details of the new accounting policies adopted by the Group and the impact of the changes on the financial statements are included in notes 3(b) to 3(c) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group. The impact of the changes on the financial statements for the years ended 31 December 2011 is summarised as follows:

	<i>Note</i>	Consolidated financial statements 2011	Separate financial statements 2011
		<i>(in thousand Baht)</i>	
<i>Statement of financial position</i>			
Equity at 31 December 2010		144,090	124,503
Impact of the adoption prospectively of:			
TAS 19 Employee benefits	3(c), 18	<u>(5,335)</u>	<u>(4,041)</u>
Equity at 1 January 2011		<u>138,755</u>	<u>120,462</u>
<i>Statement of comprehensive income for the year ended 31 December 2011</i>			
Decrease in profit before income tax as a result of the adoption of:			
TAS 19 Employee benefits	3 (c), 18	<u>679</u>	<u>501</u>
Decrease in profit		<u>679</u>	<u>501</u>
Decrease in basic earnings per share (in Baht)		<u>0.008</u>	<u>0.006</u>

(b) Presentation of financial statements

From 1 January 2011, the Group has adopted TAS 1 Presentation of Financial Statements (Revised 2009). Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows; and
- Notes to the financial statements.

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As a result, the Group presents all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

(c) Accounting for employee benefits

From 1 January 2011, the Group has adopted TAS 19 Employee Benefits.

Under the new policy, the Group's liability for post-employment benefits is recognised in the financial statements based on calculations performed by a qualified actuary using the projected unit credit method. Previously, this liability was recognised as and when payments were made.

The Group's and the Company's liability for post-employment benefits obligations as at 1 January 2011 has been determined to be Baht 5.34 million and Baht 4.04 million, respectively. The Group has opted to record this liability as an adjustment to retained earnings as at 1 January 2011, in accordance with the transitional provisions of TAS 19. The impact on the 2011 financial statements was as follows:

	Consolidated financial statements 2011	Separate financial statements 2011
	<i>(in thousand Baht)</i>	
Statement of financial position		
Retained earnings at 31 December 2010 - as reported	32,237	12,651
Increase in employee benefit obligations	<u>(5,335)</u>	<u>(4,041)</u>
Retained earnings at 1 January 2011	<u>26,902</u>	<u>8,610</u>
Statement of comprehensive income for the year ended 31 December 2011		
Increase in employee expenses resulting in:		
Increase in cost of sales and rendering of services	211	99
Increase in administrative expenses	<u>468</u>	<u>402</u>
Decrease in profit	<u>679</u>	<u>501</u>
Decrease in basic earnings per share (in Baht)	<u>0.008</u>	<u>0.006</u>

4 Significant accounting policies

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

(a) Basis of consolidation

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

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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.

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.

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(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.

(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 by using the cost method. Investments in jointly-controlled entities in the consolidated financial statements are accounted for using the proportionate consolidation.

(g) Equipment

Recognition and measurement

Owned assets

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

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 income or expense in profit or loss.

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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 part 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 construction and installation.

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

(h) Intangible assets

Intangible assets that are acquired by the Group, which 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 calculated over 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.

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(i) Impairment

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

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

Reversals of impairment

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

(j) Interest-bearing liabilities

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

(k) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(l) Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

The Company 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.

(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 other sales 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 the statement of income on the date the Group's right to receive payments is established.

Interest income

Interest income is recognised in the statement of income as it accrues.

(o) Finance costs

Interest expenses and similar costs are charged to the statement of income in the period in which they are incurred.

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(p) Lease payments

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

Determining whether an arrangement contains a lease

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

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

(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.

5 Related parties

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

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Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Nation Multimedia Group Public Company Limited	Thailand	Parent, 78.46% shareholding in 2011 and 77.65% shareholding in 2010 some common directors
Nation Edutainment Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, some common directors
N Coupon Co.,Ltd.	Thailand	Subsidiary, 99.98% shareholding, some common directors
Nation Egmont Edutainment Co., Ltd.	Thailand	Jointly-controlled entity, 49.99% shareholding, some common directors
Nation Broadcasting Corporation Public Company Limited	Thailand	61.99% shareholding in 2011 and 62.14% shareholding in 2010 by Parent, 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	99.97% 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 (dissolution and in process of liquidation in 2011)
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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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 institutions
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 2011 and 2010 with related parties were as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Parent				
Sales of goods and rendering of services	12,583	10,997	7,776	10,602
Cost of sale of goods and rendering of services	16,970	38,002	15,161	19,761
Selling and administrative expenses	7,093	5,095	6,563	3,626
Subsidiaries				
Sales of goods and rendering of services	-	-	32	2
Interest income on loan	-	-	177	-
Other income	-	-	836	854
Jointly-controlled entity				
Sales of goods and rendering of services	53,624	55,784	238	400
Cost of sale of goods and rendering of services	1,309	1,519	2,626	-
Interest income on loan	1,360	1,140	-	-
Other income	1,812	1,897	1,450	3,793
Selling and administrative expenses	2,065	4,003	1,647	4,473
Other related parties				
Sales of goods and rendering of services	4,703	4,397	4,672	4,356
Cost of sale of goods and rendering of services	106,111	75,740	56,375	46,091
Selling and administrative expenses	3,459	3,253	620	225

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Balances as at 31 December 2011 and 2010 with related parties were as follows:

Trade accounts receivable - related parties

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<i>Parent</i>				
Nation Multimedia Group Public Company Limited	4,920	2,902	3,109	2,480
<i>Subsidiary</i>				
N Coupon Co.,Ltd.	328	-	328	-
<i>Jointly-controlled entity</i>				
Nation Egmont Edutainment Co., Ltd.	43,196	39,969	318	237
<i>Other related parties</i>				
Yomiuri-Nation Information Service Limited	275	535	275	535
Nation Broadcasting Corporation Public Company Limited	132	282	132	282
Kom Chad Luek Media Co., Ltd.	328	147	328	147
Others	29	147	43	144
	49,208	43,982	4,533	3,825
<i>Less</i> allowance for doubtful accounts	(100)	(100)	(100)	(100)
Net	49,108	43,882	4,433	3,725
Bad and doubtful debts expense for the year	-	-	-	-

Other receivables - related parties

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<i>Parent</i>				
Nation Multimedia Group Public Company Limited	2,087	3,614	658	3,535
<i>Subsidiaries</i>				
Nation Edutainment Co., Ltd.	-	-	2,207	1,733
N Coupon Co., Ltd.	-	-	2,611	687
<i>Jointly-controlled entity</i>				
Nation Egmont Edutainment Co., Ltd.	12,439	7,322	20,363	13,849

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<i>Other receivables - related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<i>Other related parties</i>				
Krungthep Turakij Media Co., Ltd.	1,108	1,398	1,084	1,381
Nation Broadcasting Corporation Public Company Limited	119	109	119	109
Kom Chad Luek Media Co., Ltd.	408	291	407	291
Others	230	247	14	32
	<u>16,391</u>	<u>12,981</u>	<u>27,463</u>	<u>21,617</u>
<i>Less allowance for doubtful accounts</i>	(225)	(225)	(10)	(10)
Net	<u>16,166</u>	<u>12,756</u>	<u>27,453</u>	<u>21,607</u>

Bad and doubtful debts expenses for the year

-	-	-	-
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<i>Short-term loans to related party</i>	Interest rate		Consolidated		Separate	
	2011	2010	financial statements		financial statements	
			2011	2010	2011	2010
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Subsidiary						
Nation Edutainment Co., Ltd.	6.15-6.40	-	-	-	3,000	-

Movements during the year ended 31 December 2011 and 2010 of short-term loans to related party were as follows:

<i>Short-term loans to related party</i>	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Subsidiary				
At 1 January	-	-	-	-
Increase	-	-	3,000	-
Decrease	-	-	-	-
At 31 December	-	-	3,000	-

Trade accounts payable - related parties

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Parent				
Nation Multimedia Group Public Company Limited	10,000	16,408	2,868	6,065
Jointly-controlled entity				
Nation Egmont Edutainment Co., Ltd.	404	2,040	463	3,046

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Trade accounts payable - related parties

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<i>Other related parties</i>				
WPS (Thailand), Co., Ltd.	37,017	16,395	11,918	4,325
Nation Broadcasting Corporation Public Company Limited	883	219	881	219
Nation Printing Services Co., Ltd.	-	7,252	-	7,075
NML Co., Ltd.	3,973	3,787	3,030	2,858
Krungthep Turakij Media Co., Ltd.	977	-	977	-
Others	115	3	114	-
Total	<u>53,369</u>	<u>46,104</u>	<u>20,251</u>	<u>23,588</u>

Other payables to related parties

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<i>Parent</i>				
Nation Multimedia Group Public Company Limited	3,984	2,274	3,043	1,597
<i>Subsidiary</i>				
Nation Edutainment Co., Ltd.	-	-	83	19
<i>Jointly-controlled entity</i>				
Nation Egmont Edutainment Co., Ltd.	983	2,455	1,186	1,677
<i>Other related parties</i>				
Nation Broadcasting Corporation Public Company Limited	414	381	370	331
Nation News Network Co., Ltd.	-	997	249	997
Nation Printing Services Co., Ltd.	249	242	-	-
Others	116	87	53	6
Total	<u>5,746</u>	<u>6,436</u>	<u>4,984</u>	<u>4,627</u>

Accrued expenses

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<i>Other related parties</i>				
WPS (Thailand) Co., Ltd.	4,268	-	3,031	-
Nation Printing Services Co., Ltd.	-	2,125	-	923
Total	<u>4,268</u>	<u>2,125</u>	<u>3,031</u>	<u>923</u>

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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 two financial institutions.

6 Cash and cash equivalents

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Cash on hand	813	1,218	59	63
Cash at banks - current accounts	31	1,780	54	1,751
Cash at banks - savings accounts	10,395	18,504	8,343	12,987
Highly liquid short-term investments	18,000	30,030	18,000	30,030
Others	207	129	-	107
Total	29,446	51,661	26,456	44,938

Cash and cash equivalents of the Group and the Company as at 31 December 2011 and 2010 were denominated entirely in Thai Baht.

7 Trade accounts receivable

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Related parties	5	49,208	43,982	4,533	3,825
Other parties		68,383	62,668	46,546	31,787
		117,591	106,650	51,079	35,612
<i>Less</i> allowance for doubtful accounts		(4,319)	(5,073)	(618)	(618)
allowance for goods returned		(10,174)	(10,492)	(2,202)	(2,334)
Net		103,098	91,085	48,259	32,660
Bad and doubtful debts expense for the year		593	910	6	9

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Aging analysis for trade accounts receivable were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	15,076	20,939	3,301	3,508
Overdue:				
Less than 6 months	29,325	18,153	950	28
6-12 months	4,712	4,790	190	189
Over 12 months	95	100	92	100
	<u>49,208</u>	<u>43,982</u>	<u>4,533</u>	<u>3,825</u>
Less allowance for doubtful accounts	<u>(100)</u>	<u>(100)</u>	<u>(100)</u>	<u>(100)</u>
	<u>49,108</u>	<u>43,882</u>	<u>4,433</u>	<u>3,725</u>
Other parties				
Within credit terms	52,123	52,135	37,622	27,389
Overdue:				
Less than 6 months	6,297	4,526	2,831	3,186
6-12 months	1,455	2,256	1,044	1,199
Over 12 months	8,508	3,751	5,049	13
	<u>68,383</u>	<u>62,668</u>	<u>46,546</u>	<u>31,787</u>
Less allowance for doubtful accounts	<u>(4,219)</u>	<u>(4,973)</u>	<u>(518)</u>	<u>(518)</u>
allowance for goods returned	<u>(10,174)</u>	<u>(10,492)</u>	<u>(2,202)</u>	<u>(2,334)</u>
	<u>53,990</u>	<u>47,203</u>	<u>43,826</u>	<u>28,935</u>
Net	<u>103,098</u>	<u>91,085</u>	<u>48,259</u>	<u>32,660</u>

The normal credit term granted by the Group is 90 days.

Trade accounts receivable of the Group and the Company as at 31 December 2011 and 2010 were denominated entirely in Thai Baht.

8 Inventories

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Finished goods	154,241	134,788	58,938	43,520
Raw materials	185	1,201	-	-
	<u>154,426</u>	<u>135,989</u>	<u>58,938</u>	<u>43,520</u>
Less allowance for obsolete stocks	<u>(60,122)</u>	<u>(67,201)</u>	<u>(26,590)</u>	<u>(24,592)</u>
Net	<u>94,304</u>	<u>68,788</u>	<u>32,348</u>	<u>18,928</u>

The cost of inventories which is recognised as an expense and included in cost of sale of goods in the consolidated and separate financial statements for the year ended 31 December 2010 amounted to Baht 133.84 million and Baht 13.7 million, respectively (2009: Baht 103.3 million and Baht 16.1 million, respectively).

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9 Other current assets

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Other receivable	366	3,459	128	3,459
Prepaid expenses	7,861	3,560	2,375	1,442
Input value added tax pending	771	843	697	754
Advances to employees	189	588	131	401
Others	89	932	-	643
Total	9,276	9,382	3,331	6,699

10 Investments in subsidiaries

	Separate	
	financial statements	
	2011	2010
	<i>(in thousand Baht)</i>	
At 1 January	26,364	25,364
Acquisitions	-	1,000
At 31 December	26,364	26,364

On 27 December 2010, the management committee of the Company approved to invest in N Coupon Co., Ltd. with the authorised share capital of Baht 1 million (divided into 10,000 shares at Baht 100 per share). The management committee of the Company approved to pay for the share subscription in such subsidiary at Baht 100 per share, amounted to Baht 1 million.

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Investments in subsidiaries as at 31 December 2011 and 2010, and dividend income from investments for the years ended were as follows:

	Ownership interest		Paid-up capital		Separate financial statements				At cost-net		Dividend income	
	2011	2010	2011	2010	Cost method		Impairment		2011	2010	2011	2010
	(%)				2011	2010	2011	2010				
<i>Subsidiaries</i>												
Nation Edutainment Co., Ltd.	99.99	99.99	41,250	41,250	25,364	25,364	-	-	25,364	25,364	-	-
N Coupon Co., Ltd.	99.98	99.98	1,000	1,000	1,000	1,000	-	-	1,000	1,000	-	-
Total					26,364	26,364	-	-	26,364	26,364	-	-

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11 Investment in jointly-controlled entity

	Separate financial statements	
	2011	2010
	<i>(in thousand Baht)</i>	
At 1 January	25,046	25,046
Acquisitions	-	-
At 31 December	<u>25,046</u>	<u>25,046</u>

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Investments in jointly-controlled entity as at 31 December 2011 and 2010, and dividend income from investment for the ended were as follows:

	Ownership interest		Paid-up capital		Separate financial statements				At cost, net		Dividend income		
	2011	2010	2011	2010	Cost method		Impairment		2011	2010	2011	2010	
	(%)				2011	2010	2011	2010					
	<i>(in thousand Baht)</i>												
<i>Jointly-controlled entity</i>													
Nation Egmont Edutainment Co., Ltd.	49.99	49.99	50,000	50,000	<u>25,046</u>	<u>25,046</u>	<u>-</u>	<u>-</u>	<u>25,046</u>	<u>25,046</u>	<u>-</u>	<u>-</u>	

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

	Ownership (%)	Current assets	Non- current assets	Total assets	Current liabilities <i>(in thousand Baht)</i>	Total liabilities	Total revenues	Total expenses	Net profit (loss)
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>
2010									
Nation Egmont Edutainment Co., Ltd.	49.99	<u>84,793</u>	<u>8,274</u>	<u>93,067</u>	<u>62,782</u>	<u>62,782</u>	<u>83,643</u>	<u>83,996</u>	<u>(353)</u>

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12 Equipment

	Consolidated financial statements			
	Leased assets improvements	Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Vehicle	Total
<i>Cost</i>				
At 1 January 2010	2,090	8,563	480	11,133
Additions	1,398	2,135	-	3,533
Disposals	(383)	(3)	-	(386)
At 31 December 2010 and 1 January 2011	3,105	10,695	480	14,280
Additions	121	1,021	-	1,142
Transfers	-	(200)	-	(200)
At 31 December 2011	3,226	11,516	480	15,222
<i>Accumulated depreciation</i>				
At 1 January 2010	935	6,980	56	7,971
Depreciation charge for the year	827	637	96	1,560
Disposals	(383)	(3)	-	(386)
At 31 December 2010 and 1 January 2011	1,379	7,614	152	9,145
Depreciation charge for the year	656	784	96	1,536
At 31 December 2011	2,035	8,398	248	10,681
<i>Net book value</i>				
At 1 January 2010	1,155	1,583	424	3,162
At 31 December 2010 and 1 January 2011	1,726	3,081	328	5,135
At 31 December 2011	1,191	3,118	232	4,541

The gross amount of the Group's fully depreciated equipment that was still in use as at 31 December 2011 amounted to Baht 7.6 million (2010: Baht 6.6 million).

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	Separate financial statements			
	Leased assets improvements	Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Vehicle	Total
<i>Cost</i>				
At 1 January 2010	1,119	3,022	480	4,621
Additions	-	597	-	597
At 31 December 2010 and 1 January 2011	1,119	3,619	480	5,218
Additions	-	454	-	454
At 31 December 2011	1,119	4,073	480	5,672
<i>Depreciation</i>				
At 1 January 2010	313	2,661	56	3,030
Depreciation charge for the year	224	177	96	497
At 31 December 2010 and 1 January 2011	537	2,838	152	3,527
Depreciation charge for the year	211	267	96	574
At 31 December 2011	748	3,105	248	4,101
<i>Net book value</i>				
At 1 January 2010	806	361	424	1,591
At 31 December 2010 and 1 January 2011	582	781	328	1,691
At 31 December 2011	371	968	232	1,571

The gross amount of the Company's fully depreciated equipment that was still in use as at 31 December 2011 amounted to Baht 2.9 million (2010: Baht 2.5 million).

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13 Intangible assets

	Consolidated financial statements		
	Computer Program and software licenses	Licence fees - Books	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2010	89	42,458	42,547
Additions	-	29,418	29,418
At 31 December 2010 and 1 January 2011	89	71,876	71,965
Additions	1,550	31,369	32,919
Transfers	200	-	200
At 31 December 2011	1,839	103,245	105,084
Amortisation			
At 1 January 2010	24	23,754	23,778
Amortisation charge for the year	24	20,935	20,959
At 31 December 2010 and January 2011	48	44,689	44,737
Amortisation charge for the year	212	21,154	21,366
At 31 December 2011	260	65,843	66,103
Net book value			
At 1 January 2010	65	18,704	18,769
At 31 December 2010 and January 2011	41	27,187	27,228
At 31 December 2011	1,579	37,402	38,981
	Separate financial statements		
	Computer Program and software licenses	Licence fees - Books	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2010	-	12,966	12,966
Additions	-	9,054	9,054
At 31 December 2010 and 1 January 2011	-	22,020	22,020
Additions	-	7,745	7,745
At 31 December 2011	-	29,765	29,765
Amortisation			
At 1 January 2010	-	6,483	6,483
Depreciation charge for the year	-	6,788	6,788
At 31 December 2010 and January 2011	-	13,271	13,271
Depreciation charge for the year	-	5,157	5,157
At 31 December 2011	-	18,428	18,428
Net book value			
At 1 January 2010	-	6,483	6,483
At 31 December 2010 and January 2011	-	8,749	8,749
At 31 December 2011	-	11,337	11,337

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14 Restricted deposits

As at 31 December 2011, the savings account of a subsidiary held with a local financial institution of Baht 2.5 million has been pledged as collateral for long-term loan from financial institution of Baht 10 million.

15 Interest-bearing liabilities

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<i>Current</i>				
Bank overdrafts				
Unsecured	3,104	4,732	-	-
Current portion of long-term loan from financial institution				
Secured	5,017	7,276	-	-
Total current interest-bearing liabilities	8,121	12,008	-	-
<i>Non-current</i>				
Long-term loans from financial institutions				
Secured	4,611	-	-	-
Total non-current interest-bearing liabilities	4,611	-	-	-

As at 31 December 2011, 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 (2010: Baht 15.6 million and Baht 5.6 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 drawn down 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 2011, a subsidiary has drawn down the entire amount of the loan.

As at 31 December 2011, the Group and the Company have unutilised credit facilities totalling Baht 13.5 million and Baht 5.3 million, respectively (2010: Baht 26.7 million and Baht 5.6 million, respectively).

Interest - bearing liabilities of the Group as at 31 December 2011 and 2010 were denominated entirely in Thai Baht.

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16 Trade accounts payable

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Related parties	5	53,369	46,104	20,251	23,588
Other parties		32,768	30,080	26,833	25,553
Total		86,137	76,184	47,084	49,141

17 Other current liabilities

		Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Other payables		700	3,459	700	3,459
Output value added tax pending		2,997	2,223	2,397	2,031
Accrued withholding tax		815	1,802	557	1,278
Income received in advance		2,111	1,295	1,757	1,008
Others		7,606	4,877	999	489
Total		14,229	13,656	6,410	8,265

18 Employee benefit obligations

	Consolidated	Separate
	financial	financial
	statements	statements
	<i>(in thousand Baht)</i>	
Statement of financial position		
Statement of financial position-obligations for at 31 December 2011	6,014	4,542
Year ended 31 December 2011		
Statement of comprehensive income		
Recognised in profit or loss	679	501

The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011; the effect on the financial statements is discussed in note 3(c). As stated in note 3(c), the Group has opted to record the entire amount of the transitional obligation as at 1 January 2011, totalling Baht 5.34 million for the Group and Baht 4.04 million for the Company, as an adjustment to retained earnings as at 1 January 2011.

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

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Movement in the present value of the defined benefit obligations

	Consolidated financial statements	Separate financial statements
<i>Year ended 31 December 2011</i>	<i>(in thousand Baht)</i>	
Defined benefit obligations at 1 January 2011	5,335	4,041
Current service costs and interest	<u>679</u>	<u>501</u>
Defined benefit obligations at 31 December 2011	<u>6,014</u>	<u>4,542</u>

Expense recognised in profit or loss

	Consolidated financial statements	Separate financial statements
<i>Year ended 31 December 2011</i>	<i>(in thousand Baht)</i>	
Current service costs	427	315
Interest on obligation	<u>252</u>	<u>186</u>
Total	<u>679</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
<i>Year ended 31 December 2011</i>	<i>(in thousand Baht)</i>	
Cost of sale of goods and rendering of services	211	99
Administrative expenses	<u>468</u>	<u>402</u>
Total	<u>679</u>	<u>501</u>

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

	Consolidated financial statements	Separate financial statements
	(%)	
Discount rate	4.7	4.7
Future salary increases	4.0 - 7.0	4.0 - 7.0

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

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19 Share capital

	Par value per share (in Baht)	2011 Number Amount (thousand shares / thousand Baht)		2010 Number Amount	
<i>Authorised</i>					
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>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	85,000	85,000	70,000	70,000
Increase of new shares	1	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>
At 31 December					
- ordinary shares	1	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>

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

Share premium

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

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.

20 Reserves

Reserve comprise:

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.

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21 Segment reporting

The Group's operations involve a single industry segment in publishing and distributing 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.

22 Investment income

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Interest income				
Subsidiaries	-	-	177	-
Jointly-controlled entity	1,360	1,140	-	-
Other parties	1,051	140	764	98
Total	2,411	1,280	941	98

23 Other income

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Internal services charge	1,267	1,638	4,356	4,643
Others	4,433	2,950	1,688	1,553
Total	5,700	4,588	6,044	6,196

24 Selling expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Personnel	5,750	4,298	2,263	1,766
Marketing	5,807	6,377	3,872	2,855
Others	3,724	1,585	2,359	1,035
Total	15,281	12,260	8,494	5,656

25 Administrative expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Personnel	15,065	12,655	11,597	9,507
Administrative	25,561	25,382	10,576	11,787
Others	4,679	3,792	3,750	2,347
Total	45,305	41,829	25,923	23,641

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26 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Management				
Wages and salaries	7,557	8,287	3,132	4,419
Contribution to defined contribution plans	390	541	147	305
Others	777	949	79	672
	8,724	9,777	3,358	5,396
Other employees				
Wages and salaries	32,991	30,702	19,763	18,545
Contribution to defined contribution plans	1,206	1,198	546	593
Others	7,010	2,912	4,374	1,754
	41,207	34,812	24,683	20,892
Total employee benefit expenses	49,931	44,589	28,041	26,288

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.

27 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 :

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Paper purchase		33,433	37,191	7,712	8,411
Publishing cost		34,610	45,189	9,761	12,253
Changes in finished goods		(18,437)	(17,105)	(15,418)	(4,189)
Printing service and delivery costs		41,160	42,120	40,719	40,850
Other production expenses		7,617	9,921	2,262	3,958
Operation expenses		48,658	12,267	23,654	11,109
Sharing service expenses		26,799	28,175	17,604	16,831
Selling expenses	24	15,281	12,260	8,494	5,656
Employee benefit expenses	26	49,931	44,589	28,041	26,288

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	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Depreciation		1,536	1,326	574	496
License fees		36,176	39,793	7,470	8,281
Doubtful debts expenses		593	910	6	9
Loss on obsolete stocks (reversal)		(7,079)	1,983	1,998	(1,853)
Equipment written-off		-	234	-	-
Total costs, selling expense, administrative expenses and management fee		270,277	258,853	132,877	128,100

28 Income tax expense

Royal Decree No. 531 B.E. 2554 dated 14 December 2011 grants companies listed on the Stock Exchange of Thailand under the regulation of the Stock Exchange of Thailand governing the approval of listed companies on the Market for Alternative Investment (MAI) and listed during 1 January 2010 to 31 December 2011, a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 50 million for the accounting period beginning on or after 1 January 2011.

29 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the years ended 31 December 2011 and 2010 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		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	17,480	20,717	20,059	18,686
Number of ordinary shares outstanding at 1 January	85,000	70,000	85,000	70,000
Effect of shares issued during the years	-	2,178	-	2,178
Weighted average number of ordinary shares outstanding (basic)	85,000	72,178	85,000	72,178
Earnings per share (basic) (in Baht)	0.21	0.29	0.24	0.26

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30 Dividends

At the annual general meeting of 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 as 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 shareholders' meeting of the Company held on 23 April 2010, the shareholders approved the appropriation of dividends of Baht 0.71 per share, amounted to Baht 49.7 million. The dividend amounted of Baht 35 million was paid to shareholders as the interim dividend during the year 2009 and the dividend amounted of Baht 14.7 million was paid to shareholders during the year 2010.

31 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's 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.

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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:

	Effective interest rates (% per annum)	Consolidated financial statements		
		Within 1 year	After 1 year But within, 5 years (in thousand Baht)	Total
2011				
Current				
Bank overdrafts	6.15 - 8.10	3,104	-	3,104
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
2010				
Current				
Bank overdrafts	6.15 - 6.40	4,732	-	4,732
Current portion of long-term loan from financial institution	7.15 - 7.95	7,276	-	7,276
Total		12,008	-	12,008

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 balance sheet. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

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

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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.

32 Commitments with non-related parties

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<i>Non-cancellable operating lease commitments</i>				
Within one year	2,958	3,797	1,233	1,947
After one year but within five years	3,217	5,832	1,335	2,465
Total	<u>6,175</u>	<u>9,629</u>	<u>2,568</u>	<u>4,412</u>
<i>Other commitment</i>				
Bank guarantees	<u>687</u>	<u>585</u>	<u>657</u>	<u>555</u>

The Company has entered into a lease and service agreements for its office premises and facilities with a local company for the period of 2 years, commencing from 30 April 2009 to 29 April 2011. The Company has an option to renew for further period of one year under the same condition.

The jointly-controlled entity entered into two warehouse rental agreements with a local company. 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.

33 Events after the reporting period

At the Board of Directors' meetings held on 15 February 2012, the Board of Directors' passed resolutions to approve the payment of dividend to shareholders of Baht 0.15 per share, amounting to Baht 12.75 million.

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34 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

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 Company's 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 carryforward of unused tax losses. Currently, the Group/Company does not recognise deferred tax in the financial statements.

Management is presently considering the potential impact of adopting and initially applying these new and revised TFRS on the Company's financial statements.

TAS 21– 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 Company's reported assets, liabilities or retained earnings.

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35 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2010 and the statement of comprehensive income for the year ended 31 December 2010, which are included in the 2011 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2011 financial statements as follows:

	Consolidated			2010		
	financial statements			Separate		
	Before	Reclass.	After	Before	Reclass.	After
	reclass.		reclass.	reclass.		reclass.
	<i>(in thousand Baht)</i>					
<i>Statement of financial position</i>						
Cash and cash equivalents	21,500	30,161	51,661	14,905	30,033	44,938
Short term investment	30,030	(30,030)	-	30,030	(30,030)	-
Trade accounts receivable	91,216	(131)	91,085	32,663	(3)	32,660
Accrued expenses	23,834	(530)	23,304	6,757	(83)	6,674
Other current liabilities	13,126	530	13,656	8,182	83	8,265
<i>Statement of comprehensive income</i>						
Cost of sales of goods and rendering of services	193,003	1,984	194,987	95,260	(1,853)	93,407
Selling expenses	7,962	4,298	12,260	3,890	1,766	5,656
Administrative expenses	47,400	(5,571)	41,829	22,619	1,022	23,641
Management benefit expenses	11,100	(1,323)	9,777	6,719	(1,323)	5,396
Finance costs	631	612	1,243	5	388	393