

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

Financial statements for the year ended  
31 December 2013  
and  
Independent Auditor's Report

## **Independent Auditor's Report**

### **To the Shareholders of Nation International Edutainment Public Company Limited**

I have audited the accompanying consolidated and separate financial statements of Nation International Edutainment Public Company Limited and its subsidiaries (the "Group"), and of Nation International Edutainment Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2013, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated and Separate Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

*Opinion*

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and of the Company, respectively, as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

*Emphasis of Matter*

Without qualifying my opinion, I draw attention to note 3 to the financial statements describing the effect of the Company's adoption from 1 January 2013 of certain new accounting policies. The corresponding figures presented are based on the audited consolidated and separate financial statements as at and for the year ended 31 December 2012 after making the adjustments described in note 3.

(Winid Silamongkol)  
Certified Public Accountant  
Registration No. 3378

KPMG Phoomchai Audit Ltd.  
Bangkok  
12 February 2014



# Nation International Edutainment Public Company Limited and its Subsidiaries

## Statement of financial position

Assets	Note	Consolidated financial statements			Separate financial statements		
		31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)
		<i>(in Baht)</i>					
<b>Current assets</b>							
Cash and cash equivalents	6	305,872,793	6,798,586	29,446,389	303,184,757	4,567,933	26,456,273
Current investment	7	20,320,000	-	-	20,000,000	-	-
Trade accounts receivable	8	162,348,401	120,370,755	103,097,700	96,584,220	40,837,763	48,259,278
Accrued income		13,639,046	8,220,896	9,748,928	10,299,625	4,057,250	6,685,714
Other receivables from related parties	5	16,673,268	15,495,824	16,165,869	45,475,368	32,283,573	27,452,791
Short-term loans to related party	5	-	-	-	3,000,000	3,000,000	3,000,000
Inventories	9	143,856,263	119,083,000	94,304,540	40,127,594	36,184,199	32,347,746
Deposit guarantee for licencing auction	10	14,000,000	-	-	-	-	-
Other current assets	11	18,866,252	28,091,520	9,276,205	10,667,652	21,771,346	3,330,907
<b>Total current assets</b>		<b>695,576,023</b>	<b>298,060,581</b>	<b>262,039,631</b>	<b>529,339,216</b>	<b>142,702,064</b>	<b>147,532,709</b>
<b>Non-current assets</b>							
Restricted deposits	17	-	2,535,695	2,500,000	-	-	-
Investments in subsidiaries	12	-	-	-	26,963,652	25,613,652	26,363,652
Investment in jointly-controlled entity	13	-	-	-	25,046,060	25,046,060	25,046,060
Equipment	14	5,111,422	6,692,063	4,541,033	3,355,550	4,469,550	1,571,069
Intangible assets	15	41,925,940	43,402,928	38,981,370	19,104,274	14,382,555	11,336,954
Deferred tax assets	3, 16	15,406,189	15,617,129	18,874,800	5,906,733	5,621,541	6,664,970
Other non-current assets		3,285,643	2,549,646	706,246	2,586,790	1,966,927	292,912
<b>Total non-current assets</b>		<b>65,729,194</b>	<b>70,797,461</b>	<b>65,603,449</b>	<b>82,963,059</b>	<b>77,100,285</b>	<b>71,275,617</b>
<b>Total assets</b>		<b>761,305,217</b>	<b>368,858,042</b>	<b>327,643,080</b>	<b>612,302,275</b>	<b>219,802,349</b>	<b>218,808,326</b>

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

# Nation International Edutainment Public Company Limited and its Subsidiaries

## Statement of financial position

	Note	Consolidated financial statements			Separate financial statements		
		31 December	31 December	1 January	31 December	31 December	1 January
		2013	2012 (Restated)	2012 (Restated)	2013	2012 (Restated)	2012 (Restated)
<i>(in Baht)</i>							
<b>Liabilities and equity</b>							
<b>Current liabilities</b>							
Bank overdrafts	17	9,772,888	11,129,998	3,103,985	-	1,275,882	-
Trade accounts payable	18	168,133,878	130,669,330	86,136,840	95,156,290	57,756,832	47,084,083
Other payables to related parties	5	13,780,442	9,762,738	5,745,506	12,562,994	8,594,041	4,984,425
Current portion of long-term loan from financial institution	17	-	4,604,010	5,016,553	-	-	-
Accrued expenses	5	20,805,250	20,039,400	26,285,864	5,037,675	6,621,346	9,211,143
Income tax payable		1,480,133	1,309,931	5,641,467	1,198,125	-	3,640,456
Other current liabilities	19	11,485,503	5,270,522	14,228,544	8,721,519	4,418,737	6,409,985
<b>Total current liabilities</b>		<b>225,458,094</b>	<b>182,785,929</b>	<b>146,158,759</b>	<b>122,676,603</b>	<b>78,666,838</b>	<b>71,330,092</b>
<b>Non-current liabilities</b>							
Long-term loan from financial institution		-	-	4,610,680	-	-	-
Employee benefit obligations	20	5,694,057	2,572,261	6,014,341	3,642,850	877,996	4,542,267
Other non-current liabilities		514,353	439,365	-	95,325	95,325	-
<b>Total non-current liabilities</b>		<b>6,208,410</b>	<b>3,011,626</b>	<b>10,625,021</b>	<b>3,738,175</b>	<b>973,321</b>	<b>4,542,267</b>
<b>Total liabilities</b>		<b>231,666,504</b>	<b>185,797,555</b>	<b>156,783,780</b>	<b>126,414,778</b>	<b>79,640,159</b>	<b>75,872,359</b>
<b>Equity</b>							
Share capital	21						
Authorised share capital		259,250,000	85,000,000	85,000,000	259,250,000	85,000,000	85,000,000
Issued and paid-up share capital		170,048,386	85,000,000	85,000,000	170,048,386	85,000,000	85,000,000
Premium on ordinary shares	21, 22	272,705,895	18,352,106	18,352,106	272,705,895	18,352,106	18,352,106
Warrants	22	721,758	-	-	721,758	-	-
Retained earnings							
Appropriated							
Legal reserve	23	9,500,000	8,500,000	8,500,000	9,500,000	8,500,000	8,500,000
Unappropriated		76,331,350	71,207,280	59,006,521	32,911,458	28,310,084	31,083,861
<b>Equity attributable to owners of the Company</b>		<b>529,307,389</b>	<b>183,059,386</b>	<b>170,858,627</b>	<b>485,887,497</b>	<b>140,162,190</b>	<b>142,935,967</b>
Non-controlling interests		331,324	1,101	673	-	-	-
<b>Total equity</b>		<b>529,638,713</b>	<b>183,060,487</b>	<b>170,859,300</b>	<b>485,887,497</b>	<b>140,162,190</b>	<b>142,935,967</b>
<b>Total liabilities and equity</b>		<b>761,305,217</b>	<b>368,858,042</b>	<b>327,643,080</b>	<b>612,302,275</b>	<b>219,802,349</b>	<b>218,808,326</b>

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

**Nation International Edutainment Public Company Limited and its Subsidiarie**  
**Statement of comprehensive income**

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012 (Restated)	2013	2012 (Restated)
<i>(in Baht)</i>					
<b>Income</b>	5				
Revenue from sale of goods		210,886,479	242,257,935	73,960,743	79,146,234
Revenue from rendering of services		136,964,707	97,291,157	129,799,511	93,138,946
Interest income		6,725,691	2,466,653	3,545,596	551,808
Other income	25	4,877,036	12,835,958	7,504,758	8,419,274
<b>Total income</b>		<b>359,453,913</b>	<b>354,851,703</b>	<b>214,810,608</b>	<b>181,256,262</b>
<b>Expenses</b>					
Cost of sale of goods and rendering of services	5	242,060,621	235,488,173	128,538,565	109,264,461
Selling expenses	5, 26	42,210,463	32,866,669	31,545,733	27,388,675
Administrative expenses	5, 27	35,970,349	42,699,481	21,960,452	25,072,848
Management benefit expenses	28	8,465,375	10,145,158	5,274,547	6,391,465
Finance costs		1,645,740	2,396,495	691,395	883,336
<b>Total expenses</b>		<b>330,352,548</b>	<b>323,595,976</b>	<b>188,010,692</b>	<b>169,000,785</b>
<b>Profit before income tax expense</b>		<b>29,101,365</b>	<b>31,255,727</b>	<b>26,799,916</b>	<b>12,255,477</b>
Income tax expense	30	(8,655,523)	(6,304,540)	(6,907,404)	(2,279,254)
<b>Profit for the year</b>		<b>20,445,842</b>	<b>24,951,187</b>	<b>19,892,512</b>	<b>9,976,223</b>
<b>Other comprehensive income</b>					
Defined benefit plan actuarial losses	20	(2,051,360)	-	(1,926,423)	-
Income tax on other comprehensive income	16, 30	410,272	-	385,285	-
<b>Other comprehensive income for the year, net of income tax</b>		<b>(1,641,088)</b>	<b>-</b>	<b>(1,541,138)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>18,804,754</b>	<b>24,951,187</b>	<b>18,351,374</b>	<b>9,976,223</b>
<b>Profit attributable to</b>					
Owners of the Company	31	20,515,158	24,950,759	19,892,512	9,976,223
Non-controlling interests		(69,316)	428	-	-
<b>Profit for the year</b>		<b>20,445,842</b>	<b>24,951,187</b>	<b>19,892,512</b>	<b>9,976,223</b>
<b>Total comprehensive income attributable to</b>					
Owners of the Company		18,874,070	24,950,759	18,351,374	9,976,223
Non-controlling interests		(69,316)	428	-	-
<b>Total comprehensive income for the year</b>		<b>18,804,754</b>	<b>24,951,187</b>	<b>18,351,374</b>	<b>9,976,223</b>
<b>Earnings per share</b>	31				
Basic earnings per share		0.16	0.29	0.16	0.12
Diluted earnings per share		0.16	0.29	0.15	0.12

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

# Nation International Edutainment Public Company Limited and its Subsidiaries

## Statement of changes in equity

		Consolidated financial statements						
		Retained earnings				Equity		
		Issued and	Share	Legal	Unappropriated	owners of	Non-controlling	Total
Note		paid-up	premium	reserve		the Company	interests	equity
		share capital						
<i>(in Baht)</i>								
<b>Year ended 31 December 2012</b>								
		<b>85,000,000</b>	<b>18,352,106</b>	<b>8,500,000</b>	<b>40,131,721</b>	<b>151,983,827</b>	<b>673</b>	<b>151,984,500</b>
	3	-	-	-	18,874,800	18,874,800	-	18,874,800
		<b>85,000,000</b>	<b>18,352,106</b>	<b>8,500,000</b>	<b>59,006,521</b>	<b>170,858,627</b>	<b>673</b>	<b>170,859,300</b>
<b>Transactions with owners, recorded directly in equity</b>								
<i>Contributions by and distributions to owners of the Company</i>								
	32	-	-	-	(12,750,000)	(12,750,000)	-	(12,750,000)
		-	-	-	<b>(12,750,000)</b>	<b>(12,750,000)</b>	-	<b>(12,750,000)</b>
		-	-	-	<b>(12,750,000)</b>	<b>(12,750,000)</b>	-	<b>(12,750,000)</b>
<b>Comprehensive income for the year</b>								
		-	-	-	24,950,759	24,950,759	428	24,951,187
		-	-	-	-	-	-	-
		-	-	-	<b>24,950,759</b>	<b>24,950,759</b>	<b>428</b>	<b>24,951,187</b>
		<b>85,000,000</b>	<b>18,352,106</b>	<b>8,500,000</b>	<b>71,207,280</b>	<b>183,059,386</b>	<b>1,101</b>	<b>183,060,487</b>

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								
				<u>Retained earnings</u>		Equity				
		Issued and	Share			attributable to				
Note	share capital	premium	Warrant	Legal	Unappropriated	owners of	Non-controlling	Total		
				reserve			the Company	interests	equity	
				(in Baht)						
<b>Year ended 31 December 2013</b>										
<b>Balance at 1 January 2013 - as reported</b>		<b>85,000,000</b>	<b>18,352,106</b>	-	<b>8,500,000</b>	<b>55,590,151</b>	<b>167,442,257</b>	<b>1,101</b>	<b>167,443,358</b>	
	Impact of changes in accounting policies	-	-	-	-	15,617,129	15,617,129	-	15,617,129	
	<b>Balance at 1 January 2013 - restated</b>	<b>85,000,000</b>	<b>18,352,106</b>	-	<b>8,500,000</b>	<b>71,207,280</b>	<b>183,059,386</b>	<b>1,101</b>	<b>183,060,487</b>	
<b>Transactions with owners, recorded directly in equity</b>										
<i>Contributions by and distributions to owners of the Company</i>										
	Issue of ordinary shares	85,000,000	254,189,451	-	-	-	339,189,451	-	339,189,451	
	Share-based payment transactions	-	-	740,938	-	-	740,938	-	740,938	
	Share options exercised	48,386	164,338	(19,180)	-	-	193,544	-	193,544	
	Dividends to owners of the Company	-	-	-	-	(12,750,000)	(12,750,000)	-	(12,750,000)	
	<b>Total contributions by and distributions to owners of the Company</b>	<b>85,048,386</b>	<b>254,353,789</b>	<b>721,758</b>	<b>-</b>	<b>(12,750,000)</b>	<b>327,373,933</b>	<b>-</b>	<b>327,373,933</b>	
<i>Changes in ownership interests in subsidiaries</i>										
	Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	399,539	399,539	
	<b>Total changes in ownership interests in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>399,539</b>	<b>399,539</b>	
	<b>Total transactions with owners, recorded directly in equity</b>	<b>85,048,386</b>	<b>254,353,789</b>	<b>721,758</b>	<b>-</b>	<b>(12,750,000)</b>	<b>327,373,933</b>	<b>399,539</b>	<b>327,773,472</b>	
<b>Comprehensive income for the year</b>										
	Profit or loss	-	-	-	-	20,515,158	20,515,158	(69,316)	20,445,842	
	Other comprehensive income	-	-	-	-	(1,641,088)	(1,641,088)	-	(1,641,088)	
	<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,874,070</b>	<b>18,874,070</b>	<b>(69,316)</b>	<b>18,804,754</b>	
	Transfer to legal reserve	-	-	-	1,000,000	(1,000,000)	-	-	-	
	<b>Balance at 31 December 2013</b>	<b>170,048,386</b>	<b>272,705,895</b>	<b>721,758</b>	<b>9,500,000</b>	<b>76,331,350</b>	<b>529,307,389</b>	<b>331,324</b>	<b>529,638,713</b>	

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

# Nation International Edutainment Public Company Limited and its Subsidiaries

## Statement of changes in equity

	Note	Separate financial statements				Total Equity
		Issued and paid-up share capital	Share premium	Legal reserve	Retained earnings Unappropriated	
<i>(in Baht)</i>						
<b>Year ended 31 December 2012</b>						
<b>Balance at 1 January 2012 - as reported</b>		<b>85,000,000</b>	<b>18,352,106</b>	<b>8,500,000</b>	<b>24,418,891</b>	<b>136,270,997</b>
Impact of changes in accounting policies	3	-	-	-	6,664,970	6,664,970
<b>Balance at 1 January 2012 - restated</b>		<b>85,000,000</b>	<b>18,352,106</b>	<b>8,500,000</b>	<b>31,083,861</b>	<b>142,935,967</b>
<b>Transactions with owners, recorded directly in equity</b>						
<i>Contributions by and distributions to owners of the Company</i>						
Dividends to owners of the Company	32	-	-	-	(12,750,000)	(12,750,000)
<i>Total contributions by and distributions to owners of the Company</i>		-	-	-	<b>(12,750,000)</b>	<b>(12,750,000)</b>
<b>Total transactions with owners, recorded directly in equity</b>		-	-	-	<b>(12,750,000)</b>	<b>(12,750,000)</b>
<b>Comprehensive income for the year</b>						
Profit or loss		-	-	-	9,976,223	9,976,223
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	-	<b>9,976,223</b>	<b>9,976,223</b>
<b>Balance at 31 December 2012</b>		<b>85,000,000</b>	<b>18,352,106</b>	<b>8,500,000</b>	<b>28,310,084</b>	<b>140,162,190</b>

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	Warrant	Legal reserve	Unappropriated	Total Equity
(in Baht)							
<b>Year ended 31 December 2013</b>							
<b>Balance at 1 January 2013 - as reported</b>		<b>85,000,000</b>	<b>18,352,106</b>	-	<b>8,500,000</b>	<b>22,688,543</b>	<b>134,540,649</b>
Impact of changes in accounting policies	3	-	-	-	-	5,621,541	5,621,541
<b>Balance at 1 January 2013 - restated</b>		<b>85,000,000</b>	<b>18,352,106</b>	-	<b>8,500,000</b>	<b>28,310,084</b>	<b>140,162,190</b>
<b>Transactions with owners, recorded directly in equity</b>							
<i>Contributions by and distributions to owners of the Company</i>							
Issue of ordinary shares	21	85,000,000	254,189,451	-	-	-	339,189,451
Share-based payment transactions	22	-	-	740,938	-	-	740,938
Share options exercised	21, 22	48,386	164,338	-19,180	-	-	193,544
Dividends to owners of the Company	32	-	-	-	-	(12,750,000)	(12,750,000)
<i>Total contributions by and distributions to owners of the Company</i>		<b>85,048,386</b>	<b>254,353,789</b>	<b>721,758</b>	-	<b>(12,750,000)</b>	<b>327,373,933</b>
<b>Total transactions with owners, recorded directly in equity</b>		<b>85,048,386</b>	<b>254,353,789</b>	<b>721,758</b>	-	<b>(12,750,000)</b>	<b>327,373,933</b>
<b>Comprehensive income for the year</b>							
Profit or loss		-	-	-	-	19,892,512	19,892,512
Other comprehensive income		-	-	-	-	(1,541,138)	(1,541,138)
<b>Total comprehensive income for the year</b>		-	-	-	-	<b>18,351,374</b>	<b>18,351,374</b>
Transfer to legal reserve	23	-	-	-	1,000,000	(1,000,000)	-
<b>Balance at 31 December 2013</b>		<b>170,048,386</b>	<b>272,705,895</b>	<b>721,758</b>	<b>9,500,000</b>	<b>32,911,458</b>	<b>485,887,497</b>

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	
	2013	2012	2013	2012
		(Restated)		(Restated)
	<i>(in Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	20,445,842	24,951,187	19,892,512	9,976,223
<i>Adjustments for</i>				
Depreciation	2,141,785	1,892,614	1,233,362	934,950
Amortisation of intangible assets	31,635,347	28,619,213	9,963,859	8,127,310
Interest income	(6,725,691)	(2,466,653)	(3,545,596)	(551,808)
Finance costs	1,645,740	2,396,495	691,395	883,336
Bad and doubtful debts expense	707,110	1,278,949	-	20,878
Reversal of loss on obsolete stocks	(6,985,822)	(11,427,121)	(2,096,824)	(1,684,715)
(Gain) loss on disposal of equipment	(5,074)	216,316	-	160,274
Loss on disposal of intangible assets	-	918,143	-	-
Employee benefit obligations	880,868	2,141,490	723,450	2,014,194
Share-based payment transactions	740,938	-	740,938	-
Income tax expense	8,655,523	6,304,540	6,907,404	2,279,254
	53,136,566	54,825,173	34,510,500	22,159,896
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(42,684,756)	(18,552,004)	(55,746,457)	7,400,637
Accrued income	(5,418,150)	1,528,032	(6,242,375)	2,628,464
Other receivables from related parties	(1,177,444)	1,257,283	(13,191,795)	(4,268,088)
Inventories	(17,787,441)	(13,351,339)	(1,846,571)	(2,151,738)
Other current assets	9,225,268	(18,815,315)	11,103,694	(18,440,439)
Restricted deposits	2,535,695	(35,695)	-	-
Other non-current assets	(735,997)	(1,843,400)	(619,863)	(1,674,015)
Trade accounts payable	37,464,548	44,532,490	37,399,458	10,672,749
Other payables to related parties	4,017,704	4,017,232	3,968,953	3,609,616
Accrued expenses	765,850	(6,246,464)	(1,583,671)	(2,589,797)
Other current liabilities	6,214,981	(8,958,022)	4,302,782	(1,991,248)
Employee benefit obligations	-	(6,481,191)	-	(6,481,191)
Other non-current liabilities	74,988	439,365	-	95,325
Cash generated from operating activities	45,631,812	32,316,145	12,054,655	8,970,171
Income tax paid	(7,864,109)	(7,378,405)	(5,609,186)	(4,876,281)
<b>Net cash from operating activities</b>	<b>37,767,703</b>	<b>24,937,740</b>	<b>6,445,469</b>	<b>4,093,890</b>

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	
	2013	2012	2013	2012
		(Restated)		(Restated)
	<i>(in Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Interest received	6,725,691	2,466,653	3,545,596	551,808
Current investment	(20,320,000)	-	(20,000,000)	-
Cash outflow on deposit guarantee for licencing auction	(14,000,000)	-	-	-
Purchase of equipment	(2,010,690)	(4,779,974)	(1,934,528)	(4,317,305)
Sale of equipment	1,854,159	520,014	1,815,166	323,600
Purchase of intangible assets	(30,158,359)	(33,958,914)	(14,685,578)	(11,172,911)
Net cash outflow on investment in subsidiaries	-	-	(1,350,000)	(250,000)
Net cash inflow on disposal of subsidiary	-	-	-	1,000,000
<b>Net cash used in investing activities</b>	<b>(57,909,199)</b>	<b>(35,752,221)</b>	<b>(32,609,344)</b>	<b>(13,864,808)</b>
<b><i>Cash flows from financing activities</i></b>				
Interest paid	(1,456,172)	(2,086,112)	(576,414)	(643,304)
Dividends paid to owners of the Company	(12,750,000)	(12,750,000)	(12,750,000)	(12,750,000)
Bank overdrafts	(1,357,110)	8,026,013	(1,275,882)	1,275,882
Repayment of long-term loan from financial institution	(4,604,010)	(5,023,223)	-	-
Proceeds from issue of ordinary shares	340,000,000	-	#####	-
Transaction costs from issue of shares	(810,549)	-	(810,549)	-
Proceeds from exercise of share options	193,544	-	193,544	-
<b>Net cash from (used in) financing activities</b>	<b>319,215,703</b>	<b>(11,833,322)</b>	<b>324,780,699</b>	<b>(12,117,422)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>299,074,207</b>	<b>(22,647,803)</b>	<b>298,616,824</b>	<b>(21,888,340)</b>
Cash and cash equivalents at 1 January	6,798,586	29,446,389	4,567,933	26,456,273
<b>Cash and cash equivalents at 31 December</b>	<b>305,872,793</b>	<b>6,798,586</b>	<b>303,184,757</b>	<b>4,567,933</b>
<b><i>Non-cash transaction</i></b>				
Purchase of equipment	399,539	-	-	-

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 12 February 2014.

### 1 General information

Nation International Edutainment Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 1858/123-124, 29<sup>th</sup> Floor, 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 (83.76% shareholding), which was 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, character management and educations services. Details of the Company’s subsidiaries and jointly-controlled entity as at 31 December 2013 and 2012 were as follows:

Name of entities	Type of business	Country of incorporation	Ownership interest (%)	
			2013	2012
<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	99.99
Nine Be Bright Co., Ltd.	Education services	Thailand	59.99	-
<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”); and 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

The FAP has issued the following new and revised TFRS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2013:

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

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 a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 36.

### **(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- Present value of warrants
- Present value of the defined benefit obligation

### **(c) Functional and presentation currency**

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand, unless otherwise stated.

### **(d) Use of estimates and judgements**

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

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

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

Note 4(r) and 16	Current and deferred taxation
Note 20	Measurement of defined benefit obligations
Note 22	Measurement of warrants





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

### **Notes to the financial statements**

#### ***(c) Accounting for the effects of changes in foreign exchange rates***

From 1 January 2013, the Group has adopted TAS 21 (revised 2009) Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21 (revised 2009) 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 (revised 2009) 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 (revised 2009). Foreign currencies are defined by TAS 21 (revised 2009) as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21(revised 2009) from 1 January 2013 has not had a significant impact on the Group's reported assets, liabilities or retained earnings.

#### ***(d) Presentation of information on operating segments***

From 1 January 2013, the Group has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Group presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has resulted in the Group presenting segment information (note 24) in respect of the following segments: publishing, TV Media and others.

## **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 address 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").

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

## **Notes to the financial statements**

### *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 entity's assets, liabilities, revenue and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

### *Loss of control*

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee 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 the functional currency (Baht) at the dates of the transactions.

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

Foreign currency differences arising on retranslation are generally recognised in profit or loss.

## **(c) Cash and cash equivalents**

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

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

### **Notes to the financial statements**

#### **(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 make the sale.

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

#### **(f) Investments**

##### *Investments in subsidiaries and jointly-controlled entity*

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

#### **(g) Equipment**

##### *Recognition and measurement*

##### *Owned assets*

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

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

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

Gains and losses on disposal of 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.

# Nation International Edutainment Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Depreciation*

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

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

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

No depreciation is provided on assets under installation.

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

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

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

#### *Subsequent expenditure*

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

#### *Amortisation*

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

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

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

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

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

# Nation International Edutainment Public Company Limited and its Subsidiaries

## Notes to the financial statements

### (i) *Impairment*

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

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

#### *Calculation of recoverable amount*

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

#### *Reversals of impairment*

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

### (j) *Interest-bearing 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 discount rate is the yield at the reporting date on government bond that have maturity dates approximately the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

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

### **Notes to the financial statements**

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

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

#### *Short-term employee benefits*

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

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

#### *Share-based payments*

The employee share option programme allows certain of the Group's directors and employees to acquire shares of the Group under certain conditions. The proceeds received on exercise of the options, net of any directly attributable transaction cost, are credited to share capital and share premium when the options are exercised.

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met.

#### **(m) Provisions**

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

#### **(n) Share capital**

##### *Ordinary shares*

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

#### **(o) Revenue**

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

##### *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.

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

### **Notes to the financial statements**

#### *Interest income*

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

#### **(p) Finance costs**

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

#### **(q) Lease payments**

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

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

#### *Determining whether an arrangement contains a lease*

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

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

#### **(r) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entity to the extent that it is probable that they will not reverse in the foreseeable future.

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

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



# Nation International Edutainment Public Company Limited and its Subsidiaries

## Notes to the financial statements

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (s) *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

### (t) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## 5 Related parties

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

Relationships with subsidiaries, jointly-controlled entity and other related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation /nationality</b>	<b>Nature of relationships</b>
Nation Multimedia Group Public Company Limited	Thailand	Parent, 83.76% 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

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

<b>Name of entities</b>	<b>Country of incorporation /nationality</b>	<b>Nature of relationships</b>
Nine Be Bright Co., Ltd.	Thailand	Subsidiary, 59.99% 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	71.30% shareholding by parent, some common directors
Nation News Network Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
NML Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Kom Chad Luek Media Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Krungthep Turakij Media Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Nation U Co., Ltd.	Thailand	90.00% shareholding by parent, some common directors
WPS (Thailand) Co., Ltd.	Thailand	84.50% shareholding by parent, some common directors
Nation University	Thailand	University, a licence holding by Nation U Co., Ltd.
Yomiuri-Nation Information Service Limited	Thailand	45.00% shareholding by parent, some common directors
Egmont International Holding A/S	Denmark	Shareholder of Nation Egmont Edutainment Co., Ltd., 49.00% shareholding

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

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

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

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

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Parent</b>				
Sales of goods and rendering of services	3,455	9,788	2,620	6,112
Cost of sales of goods and rendering of services	16,148	16,833	12,679	14,705
Selling and administrative expenses	5,357	7,033	4,830	6,118
<b>Subsidiaries</b>				
Sales of goods and rendering of services	-	-	30,730	2
Interest income on loan	-	-	210	214
Other income	-	-	958	1,157
<b>Jointly-controlled entity</b>				
Sales of goods and rendering of services	62,495	75,095	1,640	2,667
Cost of sales of goods and rendering of services	3,327	2,144	6,652	4,289
Interest income on loan	3,355	2,077	-	-
Other income	2,091	2,051	4,182	4,101
Selling and administrative expenses	2,977	2,960	2,215	2,020
<b>Other related parties</b>				
Sales of goods and rendering of services	9,246	6,072	9,211	5,700
Cost of sales of goods and rendering of services	117,791	115,254	51,566	50,089
Selling and administrative expenses	6,203	7,147	3,057	3,891

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

<i>Trade accounts receivable from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Parent</b>				
Nation Multimedia Group Public Company Limited	1,210	2,581	1,210	2,407
<b>Subsidiary</b>				
Nation Kids Co., Ltd.	-	-	26,089	-
<b>Jointly-controlled entity</b>				
Nation Egmont Edutainment Co., Ltd.	78,405	63,918	1,652	855
<b>Other related parties</b>				
Krungthep Turakij Media Co., Ltd.	20,638	125	20,631	122
Kom Chad Luek Media Co., Ltd.	1,846	34	1,843	34
Yomiuri-Nation Information Service Limited	213	268	213	268
Nation Broadcasting Corporation Public Company Limited	264	208	264	208
Others	387	261	357	260
	<b>102,963</b>	<b>67,395</b>	<b>52,259</b>	<b>4,154</b>
<i>Less allowance for doubtful accounts</i>	(67)	(67)	(67)	(67)
<i>allowance for goods returned</i>	-	-	-	-
<b>Net</b>	<b>102,896</b>	<b>67,328</b>	<b>52,192</b>	<b>4,087</b>
Bad and doubtful debts expense for the year	-	-	-	-

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

<i>Other receivables from related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Parent</b>				
Nation Multimedia Group Public Company Limited	599	1,016	485	842
<b>Subsidiaries</b>				
Nation Edutainment Co., Ltd.	-	-	1,958	3,376
Nation Kids Co., Ltd.	-	-	14,000	5
<b>Jointly-controlled entity</b>				
Nation Egmont Edutainment Co., Ltd.	13,279	13,665	26,239	27,246
<b>Other related parties</b>				
Nation University	1,942	-	1,942	-
Krungthep Turakij Media Co., Ltd.	332	412	331	412
Kom Chad Luek Media Co., Ltd.	156	163	156	163
Nation News Network Co., Ltd.	132	125	132	125
Nation Broadcasting Corporation Public Company Limited	50	44	49	44
Others	183	71	183	71
	<b>16,673</b>	<b>15,496</b>	<b>45,475</b>	<b>32,284</b>
<i>Less allowance for doubtful accounts</i>	-	-	-	-
<b>Net</b>	<b>16,673</b>	<b>15,496</b>	<b>45,475</b>	<b>32,284</b>
Bad and doubtful debts expense for the year				
	-	-	-	-

<i>Short-term loan to related party</i>	<b>Interest rate</b>		<b>Consolidated</b>		<b>Separate</b>	
	2013	2012	<b>financial statements</b>		<b>financial statements</b>	
			2013	2012	2013	2012
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
<b>Subsidiary</b>						
Nation Edutainment Co., Ltd.	6.84	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>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
At 1 January	-	-	3,000	3,000
Increase	-	-	-	-
Decrease	-	-	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>3,000</b>

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

<i>Trade accounts payable to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Parent</b>				
Nation Multimedia Group Public Company Limited	23,388	17,001	11,381	9,136
<b>Subsidiary</b>				
Nation Kids Co., Ltd.	-	-	28,778	-
<b>Jointly-controlled entity</b>				
Nation Egmont Edutainment Co., Ltd.	92	80	184	92
<b>Other related parties</b>				
WPS (Thailand) Co., Ltd.	108,983	78,052	21,775	17,674
NML Co., Ltd.	5,425	4,678	3,490	3,757
Nation Broadcasting Corporation Public Company Limited	7,727	1,912	7,727	1,912
Krungthep Turakij Media Co., Ltd.	809	1,108	806	1,033
Others	51	100	34	16
<b>Total</b>	<b><u>146,475</u></b>	<b><u>102,931</u></b>	<b><u>74,175</u></b>	<b><u>33,620</u></b>
 <i>Other payables to related parties</i>				
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Parent</b>				
Nation Multimedia Group Public Company Limited	10,850	5,972	9,571	5,074
<b>Subsidiary</b>				
Nation Edutainment Co., Ltd.	-	-	23	38
<b>Jointly-controlled entity</b>				
Nation Egmont Edutainment Co., Ltd.	1,445	1,574	1,579	1,413
<b>Other related parties</b>				
Nation Broadcasting Corporation Public Company Limited	-	1,453	-	1,394
Nation News Network Co., Ltd.	1,309	22	1,309	22
Others	176	742	81	653
<b>Total</b>	<b><u>13,780</u></b>	<b><u>9,763</u></b>	<b><u>12,563</u></b>	<b><u>8,594</u></b>

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

<i>Accrued expenses</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Parent</b>				
Nation Multimedia Group Public Company Limited	66	-	60	-
<b>Other related parties</b>				
WPS (Thailand) Co., Ltd.	1,263	1,614	160	491
NML Co., Ltd.	-	57	-	57
<b>Total</b>	<u><b>1,329</b></u>	<u><b>1,671</b></u>	<u><b>220</b></u>	<u><b>548</b></u>

*Significant agreement with related party*

*Short-term loan agreement*

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

**6 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Cash on hand	196	303	160	167
Cash at banks - current accounts	1,205	1,284	1,191	213
Cash at banks - savings accounts	38,326	4,970	35,834	4,188
Highly liquid short-term investments	266,146	242	266,000	-
<b>Total</b>	<u><b>305,873</b></u>	<u><b>6,799</b></u>	<u><b>303,185</b></u>	<u><b>4,568</b></u>

Cash and cash equivalents of the Group and the Company as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

**7 Current investment**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Short-term deposits at financial institutions	<u><b>20,320</b></u>	<u>-</u>	<u><b>20,000</b></u>	<u>-</u>

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

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

**8 Trade accounts receivable**

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties	5	102,963	67,395	52,259	4,154
Other parties		72,957	65,654	47,406	39,542
<b>Total</b>		<b>175,920</b>	<b>133,049</b>	<b>99,665</b>	<b>43,696</b>
Less allowance for doubtful accounts		(3,789)	(3,118)	(613)	(613)
allowance for goods returned		(9,783)	(9,560)	(2,468)	(2,245)
<b>Net</b>		<b>162,348</b>	<b>120,371</b>	<b>96,584</b>	<b>40,838</b>
Bad and doubtful debts expense for the year		<b>707</b>	<b>1,279</b>	<b>-</b>	<b>21</b>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	35,533	21,515	31,435	2,958
Overdue:				
Less than 6 months	16,305	39,382	10,808	682
6-12 months	38,483	6,002	9,911	453
Over 12 months	12,642	496	105	61
	102,963	67,395	52,259	4,154
Less allowance for doubtful accounts	(67)	(67)	(67)	(67)
allowance for goods returned	-	-	-	-
	<b>102,896</b>	<b>67,328</b>	<b>52,192</b>	<b>4,087</b>
<b>Other parties</b>				
Within credit terms	37,510	55,066	29,303	31,273
Overdue:				
Less than 6 months	30,730	9,044	14,513	8,066
6-12 months	3,329	758	3,346	20
Over 12 months	1,388	786	244	183
	72,957	65,654	47,406	39,542
Less allowance for doubtful accounts	(3,722)	(3,051)	(546)	(546)
allowance for goods returned	(9,783)	(9,560)	(2,468)	(2,245)
	<b>59,452</b>	<b>53,043</b>	<b>44,392</b>	<b>36,751</b>
<b>Net</b>	<b>162,348</b>	<b>120,371</b>	<b>96,584</b>	<b>40,838</b>

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

Trade accounts receivable of the Group and the Company as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

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

**9 Inventories**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Finished goods	185,276	167,572	62,936	61,059
Raw materials	289	206	-	31
	<u>185,565</u>	<u>167,778</u>	<u>62,936</u>	<u>61,090</u>
Less allowance for decline in value	(41,709)	(48,695)	(22,809)	(24,906)
<b>Net</b>	<b><u>143,856</u></b>	<b><u>119,083</u></b>	<b><u>40,127</u></b>	<b><u>36,184</u></b>

**10 Deposit guarantee for licencing auction**

In October 2013, a subsidiary (“Nation Kids Co.,Ltd.”) paid the auction deposit of commercial digital terrestrial TV licenses at national level for a kids and family channel in amounting to Baht 14 million, to attend the said auction in December 2013. However, a subsidiary has already refunded the entire amount of auction deposit in January 2014.

**11 Other current assets**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Other receivables	628	900	487	850
Prepaid expenses	9,518	22,761	3,443	16,722
Input value added tax pending	5,374	1,243	3,806	1,243
Advances to employees	257	702	98	586
Others	3,089	2,486	2,834	2,370
<b>Total</b>	<b><u>18,866</u></b>	<b><u>28,092</u></b>	<b><u>10,668</u></b>	<b><u>21,771</u></b>



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

**12 Investments in subsidiaries**

	<b>Separate financial statements</b>	
	2013	2012
	<i>(in thousand Baht)</i>	
At 1 January	25,614	26,364
Acquisitions	1,350	250
Disposal	-	(1,000)
<b>At 31 December</b>	<b><u>26,964</u></b>	<b><u>25,614</u></b>

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

On 7 August 2013, the Board of Directors meeting of the Company approved to establish Nine Be Bright Co., Ltd., which has a registered share capital of Baht 1 million (divided into 100,000 ordinary shares at Baht 10 par value). The subsidiary registered with the Ministry of Commerce on 26 August 2013.

On 2 September 2013, the Board of Directors' meeting of a subsidiary ("Nation Kids Co., Ltd.") approved an additional call-up share capital of 75% of the subsidiary from Baht 0.25 million (divided into 100,000 ordinary shares at Baht 2.50 par value) to Baht 1 million (divided into 100,000 ordinary shares at Baht 10 par value). The subsidiary registered the increase in called-up share capital with the Ministry of Commerce on 24 September 2013.

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

Investments in subsidiaries as at 31 December 2013 and 2012, 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	
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		(%)						(in thousand Baht)					
Nation Edutainment Co., Ltd.	Publishing	99.99	99.99	41,250	41,250	25,364	25,364	-	-	25,364	25,364	-	-
Nation Kids Co., Ltd.	Production of TV programs and providing advertisements through TV media	99.99	99.99	1,000	250	1,000	250	-	-	1,000	250	-	-
Nine Be Bright Co., Ltd.	Education services	59.99	-	1,000	-	600	-	-	-	600	-	-	-
<b>Total</b>						<b>26,964</b>	<b>25,614</b>	<b>-</b>	<b>-</b>	<b>26,964</b>	<b>25,614</b>	<b>-</b>	<b>-</b>

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

**13 Investment in jointly-controlled entity**

	<b>Separate financial statements</b>	
	2013	2012
	<i>(in thousand Baht)</i>	
At 1 January	25,046	25,046
Acquisitions	-	-
<b>At 31 December</b>	<b><u>25,046</u></b>	<b><u>25,046</u></b>

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

Investments in jointly-controlled entity as at 31 December 2013 and 2012, and dividend income from the investment for the years then ended were as follows:

Name of jointly-controlled entity	Type of business	Ownership interest		Paid-up capital		Separate financial statements				Dividend income			
		2013	2012	2013	2012	Cost		Impairment		At cost - net			
		(%)				2013	2012	2013	2012	2013	2012	2013	2012
Nation Egmont Edutainment Co., Ltd.	Publishing	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>

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

The following summarised financial information on interest in jointly-controlled entity which have been proportionately consolidated 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	Non-current Liabilities	Total liabilities	Total revenues	Total expenses	Net profit
<b>2013</b>										
Nation Egmont Edutainment Co., Ltd.	49.99	<u>132,464</u>	<u>12,340</u>	<u>144,804</u>	<u>99,650</u>	<u>1,171</u>	<u>100,821</u>	<u>82,587</u>	<u>81,971</u>	<u>616</u>
<b>2012</b>										
Nation Egmont Edutainment Co., Ltd.	49.99	<u>113,509</u>	<u>3,961</u>	<u>117,470</u>	<u>82,893</u>	<u>1,223</u>	<u>84,116</u>	<u>99,753</u>	<u>90,650</u>	<u>9,103</u>

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

**14 Equipment**

	<b>Consolidated financial statements</b>			
	Leased assets improvements	Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Vehicles	Total
<b><i>Cost</i></b>				
At 1 January 2012	3,226	11,516	480	15,222
Additions	-	4,720	60	4,780
Disposals	(1,080)	(3,195)	(480)	(4,755)
<b>At 31 December 2012 and 1 January 2013</b>	<b>2,146</b>	<b>13,041</b>	<b>60</b>	<b>15,247</b>
Transfers	621	(621)	-	-
Additions	49	482	1,879	2,410
Disposals	-	-	(1,939)	(1,939)
<b>At 31 December 2013</b>	<b>2,816</b>	<b>12,902</b>	<b>-</b>	<b>15,718</b>
<b><i>Depreciation</i></b>				
At 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)
<b>At 31 December 2012 and 1 January 2013</b>	<b>1,718</b>	<b>6,837</b>	<b>-</b>	<b>8,555</b>
Transfers	259	(259)	-	-
Depreciation charge for the year	368	1,698	76	2,142
Disposals	-	(14)	(76)	(90)
<b>At 31 December 2013</b>	<b>2,345</b>	<b>8,262</b>	<b>-</b>	<b>10,607</b>
<b><i>Net book value</i></b>				
<b>At 1 January 2012</b>	<b>1,191</b>	<b>3,118</b>	<b>232</b>	<b>4,541</b>
<b>At 31 December 2012 and 1 January 2013</b>	<b>428</b>	<b>6,204</b>	<b>60</b>	<b>6,692</b>
<b>At 31 December 2013</b>	<b>471</b>	<b>4,640</b>	<b>-</b>	<b>5,111</b>

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

	<b>Separate financial statements</b>			
	Leased assets improvements	Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Vehicle	Total
<b>Cost</b>				
At 1 January 2012	1,119	4,073	480	5,672
Additions	-	4,317	-	4,317
Disposals	(823)	-	(480)	(1,303)
<b>At 31 December 2012 and 1 January 2013</b>	<b>296</b>	<b>8,390</b>	<b>-</b>	<b>8,686</b>
Additions	-	56	1,879	1,935
Disposals	-	-	(1,879)	(1,879)
<b>At 31 December 2013</b>	<b>296</b>	<b>8,446</b>	<b>-</b>	<b>8,742</b>
<b>Depreciation</b>				
At 1 January 2012	748	3,105	248	4,101
Depreciation charge for the year	23	821	91	935
Disposals	(475)	(5)	(339)	(819)
<b>At 31 December 2012 and 1 January 2013</b>	<b>296</b>	<b>3,921</b>	<b>-</b>	<b>4,217</b>
Depreciation charge for the year	-	1,169	64	1,233
Disposals	-	-	(64)	(64)
<b>At 31 December 2013</b>	<b>296</b>	<b>5,090</b>	<b>-</b>	<b>5,386</b>
<b>Net book value</b>				
<b>At 1 January 2012</b>	<b>371</b>	<b>968</b>	<b>232</b>	<b>1,571</b>
<b>At 31 December 2012 and 1 January 2013</b>	<b>-</b>	<b>4,469</b>	<b>-</b>	<b>4,469</b>
<b>At 31 December 2013</b>	<b>-</b>	<b>3,356</b>	<b>-</b>	<b>3,356</b>

The gross amount of the Group's and the Company's fully depreciated equipment that was still in use as at 31 December 2013 amounted to Baht 5.30 million and Baht 3.05 million, respectively (2012: Baht 4.75 million and Baht 2.98 million, respectively).

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

**15 Intangible assets**

	<b>Consolidated financial statements</b>		
	Computer Program and software licences	Licence fees - books	Total
	<i>(in thousand Baht)</i>		
<b>Cost</b>			
At 1 January 2012	1,839	103,245	105,084
Additions	-	33,959	33,959
Transfers	(1,204)	-	(1,204)
<b>At 31 December 2012 and 1 January 2013</b>	<b>635</b>	<b>137,204</b>	<b>137,839</b>
Additions	-	30,158	30,158
<b>At 31 December 2013</b>	<b>635</b>	<b>167,362</b>	<b>167,997</b>
<b>Amortisation</b>			
At 1 January 2012	260	65,843	66,103
Amortisation charge for the year	274	28,345	28,619
Disposals	(286)	-	(286)
<b>At 31 December 2012 and 1 January 2013</b>	<b>248</b>	<b>94,188</b>	<b>94,436</b>
Amortisation charge for the year	103	31,532	31,635
<b>At 31 December 2013</b>	<b>351</b>	<b>125,720</b>	<b>126,071</b>
<b>Net book value</b>			
At 1 January 2012	<b>1,579</b>	<b>37,402</b>	<b>38,981</b>
<b>At 31 December 2012 and 1 January 2013</b>	<b>387</b>	<b>43,016</b>	<b>43,403</b>
<b>At 31 December 2013</b>	<b>284</b>	<b>41,642</b>	<b>41,926</b>
		<b>Separate financial statements</b>	
		Licence fees - books	
		<i>(in thousand Baht)</i>	
<b>Cost</b>			
At 1 January 2012		29,765	
Additions		11,173	
<b>At 31 December 2012 and 1 January 2013</b>		<b>40,938</b>	
Additions		14,685	
<b>At 31 December 2013</b>		<b>55,623</b>	
<b>Amortisation</b>			
At 1 January 2012		18,428	
Amortisation charge for the year		8,127	
<b>At 31 December 2012 and 1 January 2013</b>		<b>26,555</b>	
Amortisation charge for the year		9,964	
<b>At 31 December 2013</b>		<b>36,519</b>	
<b>Net book value</b>			
At 1 January 2012		<b>11,337</b>	
<b>At 31 December 2012 and 1 January 2013</b>		<b>14,383</b>	
<b>At 31 December 2013</b>		<b>19,104</b>	



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

**16 Deferred tax**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Deferred tax assets	15,406	15,724	5,907	5,728
Deferred tax liabilities	-	(107)	-	(107)
<b>Deferred tax assets</b>	<b>15,406</b>	<b>15,617</b>	<b>5,907</b>	<b>5,621</b>

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

	<b>Consolidated financial statements</b>			<b>At 31 December 2013</b>
	<b>At 1 January 2013</b>	<b>(Charged) / Credited to:</b>		
		Profit or loss	Other comprehensive income	
	<i>(in thousand Baht)</i>			
<b>Deferred tax assets</b>				
Trade accounts receivable	2,535	179	-	2,714
Inventories	9,739	(1,397)	-	8,342
Other current assets	1	-	-	1
Provisions	515	214	410	1,139
Loss carry forward	2,934	276	-	3,210
<b>Total</b>	<b>15,724</b>	<b>(728)</b>	<b>410</b>	<b>15,406</b>
<b>Deferred tax liability</b>				
Trade accounts payable	107	(107)	-	-
<b>Total</b>	<b>107</b>	<b>(107)</b>	<b>-</b>	<b>-</b>
<b>Net</b>	<b>15,617</b>	<b>(621)</b>	<b>410</b>	<b>15,406</b>

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

	<b>Consolidated financial statements</b>			<b>At 31 December 2012</b>
	<b>At 1 January 2012</b>	<b>(Charged) / Credited to:</b>		
		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<b><i>Deferred tax assets</i></b>				
Trade accounts receivable	2,899	(364)	-	2,535
Other receivables from related parties	44	(44)	-	-
Inventories	12,024	(2,285)	-	9,739
Other current assets	24	(23)	-	1
Provisions	1,203	(688)	-	515
Loss carry forward	2,808	126	-	2,934
<b>Total</b>	<b>19,002</b>	<b>(3,278)</b>	<b>-</b>	<b>15,724</b>
<b><i>Deferred tax liability</i></b>				
Trade accounts payable	127	(20)	-	107
<b>Total</b>	<b>127</b>	<b>(20)</b>	<b>-</b>	<b>107</b>
<b>Net</b>	<b>18,875</b>	<b>(3,258)</b>	<b>-</b>	<b>15,617</b>
<b>Separate financial statements</b>				
	<b>(Charged) / Credited to:</b>			<b>At 31 December 2013</b>
	<b>At 1 January 2013</b>	Profit or loss	Other comprehensive income	
<b><i>Deferred tax assets</i></b>				
Trade accounts receivable	571	45	-	616
Inventories	4,981	(419)	-	4,562
Provisions	176	168	385	729
<b>Total</b>	<b>5,728</b>	<b>(206)</b>	<b>385</b>	<b>5,907</b>
<b><i>Deferred tax liability</i></b>				
Trade accounts payable	107	(107)	-	-
<b>Total</b>	<b>107</b>	<b>(107)</b>	<b>-</b>	<b>-</b>
<b>Net</b>	<b>5,621</b>	<b>(99)</b>	<b>385</b>	<b>5,907</b>

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

	At 1 January 2012	Separate financial statements (Charged) / Credited to:		At 31 December 2012
		Profit or loss (in thousand Baht)	Other comprehensive income	
<b>Deferred tax assets</b>				
Trade accounts receivable	564	7	-	571
Other receivables from related parties	2	(2)	-	-
Inventories	5,318	(337)	-	4,981
Provisions	908	(732)	-	176
<b>Total</b>	<b>6,792</b>	<b>(1,064)</b>	<b>-</b>	<b>5,728</b>
<b>Deferred tax liability</b>				
Trade accounts payable	127	(20)	-	107
<b>Total</b>	<b>127</b>	<b>(20)</b>	<b>-</b>	<b>107</b>
<b>Net</b>	<b>6,665</b>	<b>(1,044)</b>	<b>-</b>	<b>5,621</b>

**17 Interest-bearing liabilities**

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
<b>Current</b>				
Bank overdrafts				
Unsecured	9,773	11,130	-	1,276
Current portion of long-term loan from financial institution				
Secured	-	4,604	-	-
<b>Total current interest-bearing liabilities</b>	<b>9,773</b>	<b>15,734</b>	<b>-</b>	<b>1,276</b>

As at 31 December 2013, the Group and the Company had overdraft lines and other credit facilities with certain local financial institutions totalling Baht 17.03 million and Baht 6.0 million, respectively (2012: Baht 27.03 million and Baht 6.0 million, respectively) which guaranteed by parent company.

In September 2009, a subsidiary (Nation Edutainment Co., Ltd.) entered into a long-term loan agreement with a local financial institution in the amount of 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 the subsidiary amounting to Baht 2.54 million. A subsidiary repaid the entire amount of loan in 2013.

As at 31 December 2013, the Group and the Company had unutilised credit facilities totaling Baht 4.76 million and Baht 4.24 million, respectively (2012: Baht 17.50 million and Baht 2.90 million, respectively).

Interest - bearing liabilities of the Group and the Company as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

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

**18 Trade accounts payable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties	5	146,475	102,931	74,175	33,620
Other parties		21,659	27,738	20,981	24,137
<b>Total</b>		<b><u>168,134</u></b>	<b><u>130,669</u></b>	<b><u>95,156</u></b>	<b><u>57,757</u></b>

**19 Other current liabilities**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Other payables		679	665	679	665
Output value added tax pending		7,481	2,349	5,472	2,234
Accrued withholding tax		1,297	1,465	824	963
Advance received		945	19	912	15
Others		1,084	773	835	542
<b>Total</b>		<b><u>11,486</u></b>	<b><u>5,271</u></b>	<b><u>8,722</u></b>	<b><u>4,419</u></b>

**20 Employee benefit obligations**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
<b>Statement of financial position obligations for:</b>					
Post-employment benefit		<b><u>5,694</u></b>	<b><u>2,572</u></b>	<b><u>3,643</u></b>	<b><u>878</u></b>
<b>Year ended 31 December</b>					
<b>Statement of comprehensive income:</b>					
<b>Recognised in profit or loss:</b>					
Post-employment benefit		<b><u>1,071</u></b>	<b><u>2,452</u></b>	<b><u>839</u></b>	<b><u>2,254</u></b>
<b>Recognised in other comprehensive income :</b>					
Actuarial losses recognised in the year		<b><u>2,051</u></b>	<b><u>-</u></b>	<b><u>1,926</u></b>	<b><u>-</u></b>

The Group and the Company 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**

The statement of financial position obligation was determined as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Present value of unfunded obligations	5,694	2,572	3,643	878
<b>Statement of financial position obligation</b>	<b>5,694</b>	<b>2,572</b>	<b>3,643</b>	<b>878</b>

Movement in the present value of the defined benefit obligations

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	2,572	6,014	878	4,542
Transfer in	-	587	-	563
Benefits paid by the plan	-	(6,481)	-	(6,481)
Current service costs and interest	1,071	2,452	839	2,254
Actuarial losses in other comprehensive income	2,051	-	1,926	-
<b>Defined benefit obligations at 31 December</b>	<b>5,694</b>	<b>2,572</b>	<b>3,643</b>	<b>878</b>

Expense recognised in profit or loss (note 28)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Current service costs	881	2,142	724	2,014
Interest on obligation	190	310	115	240
<b>Total</b>	<b>1,071</b>	<b>2,452</b>	<b>839</b>	<b>2,254</b>

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

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Cost of sales of goods and rendering of services	265	157	164	74
Administrative expenses	616	1,985	560	1,940
Finance costs	190	310	115	240
<b>Total</b>	<b>1,071</b>	<b>2,452</b>	<b>839</b>	<b>2,254</b>

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

Actuarial losses recognised in other comprehensive income:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Included in retained earnings				
At 1 January	-	-	-	-
Recognised during the year	2,051	-	1,926	-
<b>At 31 December</b>	<b>2,051</b>	<b>-</b>	<b>1,926</b>	<b>-</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(%)</i>			
Discount rate	4.1	4.7	4.1	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.

**21 Share capital**

	Par value per share <i>(in Baht)</i>	2013		2012	
		Number	Amount	Number	Amount
		<i>(thousand shares / thousand Baht)</i>			
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	85,000	85,000	85,000	85,000
Increase of new shares	1	174,250	174,250	-	-
<b>At 31 December</b>					
<b>- ordinary shares</b>	<b>1</b>	<b>259,250</b>	<b>259,250</b>	<b>85,000</b>	<b>85,000</b>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	1	85,000	85,000	85,000	85,000
Issue of new shares	1	85,000	85,000	-	-
Share options exercised	1	48	48	-	-
<b>At 31 December</b>					
<b>- ordinary shares</b>	<b>1</b>	<b>170,048</b>	<b>170,048</b>	<b>85,000</b>	<b>85,000</b>

## Nation International Edutainment Public Company Limited and its Subsidiaries

### Notes to the financial statements

At the annual general meeting of the shareholders of the Company held on 23 April 2013, the shareholders approved the following matters:

- a) Approved the issuance and offering of warrants to the Company's existing shareholders who subscribe for additional ordinary shares in a ratio of 1 warrant for 1 existing ordinary share, without the offering price. Details of warrants are as follows:

Date of original grant	12 July 2013
No. of warrants granted (Units)	85,000,000
Terms of warrants	5 years from the issuance date on warrant
Exercisable	The dated 15 <sup>th</sup> of December and June in each year
Exercise price per 1 ordinary share (Baht)	4
Exercise ratio (warrants to ordinary shares)	1:1

- b) Approved the issuance and offering of warrants under the Employee Stock Option Program to the directors, management and/or employees of the Company and/or subsidiaries. Details of warrants are disclosed in note to financial statements 22.
- c) Approved an increase in the registered share capital from Baht 85 million (85,000,000 ordinary shares at a par value of Baht 1 per share) to Baht 259.25 million (259,250,000 ordinary shares at a par value of Baht 1 per share) by issuing not exceeding 174,250,000 ordinary shares at a par value of Baht 1 per share to reserve for the increase in share capital and exercise of warrants as referred above. The Company registered the increase in share capital with the Ministry of Commerce on 2 May 2013.

#### *Issue of ordinary share*

During the year 2013, the Company has offered additional ordinary shares to existing shareholders which exercise ratio is 1 new share for 1 existing ordinary share at the exercise price of Baht 4 per share totalling 85,000,000 shares (85,000,000 ordinary shares at a par value of Baht 1 per share) amounted to Baht 340 million. As a result, the Company's issued and paid-up share capital has increased from Baht 85 million (85,000,000 ordinary shares at a par value of Baht 1 per share) to Baht 170 million (170,000,000 ordinary shares at a par value of Baht 1 per share) with the share premium amounted Baht 254.19 million, net of the cost of the issue of ordinary shares amounted to Baht 0.81 million. The Company registered the increase in share capital with the Ministry of Commerce on 11 July 2013.

On 15 November 2013, the Company's and/or subsidiaries' directors, management and/or employees exercised the warrants of 7,000 units to purchase ordinary shares totalling of Baht 28,000 which the Company had share premium amounted to Baht 21,000. The Company registered the paid-up share capital from the exercise with the Ministry of Commerce on 19 November 2013.

On 15 December 2013, the Company's holder exercised the warrants of 41,386 units to purchase ordinary shares totalling of Baht 165,544 which the Company had share premium amounted to Baht 124,158. The Company registered the paid-up share capital from the exercise with the Ministry of Commerce on 18 December 2013.

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

# Nation International Edutainment Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Share premium*

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

### *Cost of the issued of ordinary shares*

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

## 22 Warrants

At the annual general meeting of the shareholders of the Company held on 23 April 2013, the shareholders passed a resolution to approve the issuance 4,250,000 units of warrants under the Employee Stock Option Program (ESOP) to the directors, management and/or employees of the Company and/or subsidiaries. The details are as follows:

Description	Details
Type of warrants	No value
Terms of warrants	5 years from the issuance date of warrant
Propose to sell to	The Company and/or subsidiaries’ directors, management and/or employees
Issue and sell quantities	4,250,000 units
Exercise ratio	1 warrant to 1 ordinary share
Exercise price	Baht 4 per ordinary share
Exercise period and proportion	The date 15 <sup>th</sup> of November and May in each year, to exercise not more than 20% each year.

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

The fair value of the warrant is measured using a Black-Scholes Model with the following financial assumptions:

Fair value at grant date (Baht)	2.74
Grant date share price (Baht)	4.74
Exercise price warrant (Baht)	4.00
Historical volatility in 3 years at the allotment date	81.75%
The expected period, that shareholders will completely use their right on warrant	5 years
Historical dividend yield in 3 years	2.93%
Risk free interest rate (3 years Government bond yield) at the allotment date	3.02%

As the Thai Financial Reporting Standards 2 (TFRS 2): Share-based Payment was effective for the share-based payment awards granted on or after 1 January 2011. Therefore, according to TFRS 2, ESOP has to be measured by using the fair value of the warrants on the grant date.

The expense recognised in respect of share-based payment transactions for the year ended 31 December 2013 was Baht 0.74 million and Baht 0.74 million for the consolidated and separate financial statements, respectively.



## Nation International Edutainment Public Company Limited and its Subsidiaries

### Notes to the financial statements

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

	Consolidated/Separate financial statements			
	2013		2012	
	Units	Amount	Units	Amount
	<i>(thousand units/in thousand Baht)</i>			
At 1 January	-	-	-	-
Issued warrants during the year	980	887	-	-
Exercised warrant during the year	(7)	(19)	-	-
Cancelled warrant during the year	(708)	(146)	-	-
<b>At 31 December</b>	<b>265</b>	<b>722</b>	<b>-</b>	<b>-</b>

### 23 Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (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.

### 24 Segment information

The Group has three reportable segments, as described below, which are the Group’s strategic divisions. The strategic divisions offer different products and services. The chief operating decision maker (CODM) reviews internal management reports. The following summary describes the operations in each of the Group’s reportable segments.

- *Segment 1* Publishing
- *Segment 2* TV Media
- *Segment 3* Others

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

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

*Information about reportable segments:*

	<b>Publishing</b>		<b>TV Media</b>		<b>Others</b>		<b>Total</b>	
	2013	2012	2013	2012	2013	2012	2013	2012
	<i>(in thousand Baht)</i>							
External revenue	212,354	249,631	51,314	4,330	84,183	85,588	347,851	339,549
Other income	5,875	10,052	2	-	5,726	5,251	11,603	15,303
Total revenue	<u>218,229</u>	<u>259,683</u>	<u>51,316</u>	<u>4,330</u>	<u>89,909</u>	<u>90,839</u>	<u>359,454</u>	<u>354,852</u>
Interest income	4,950	2,191	2	-	1,774	276	6,726	2,467
Interest expense	1,185	1,955	230	-	231	441	1,646	2,396
Depreciation and amortisation	26,402	29,023	5,658	717	1,717	772	53,247	51,282
Profit before income tax	16,282	35,046	2,751	(4,953)	10,068	1,163	29,101	31,256
Segment assets	459,986	316,522	174,582	23,246	126,737	29,090	761,305	368,858
Capital expenditure	702	1,214	682	2,230	1,026	1,336	2,410	4,780
Segment liabilities	137,591	139,699	49,354	3,004	44,722	43,095	231,667	185,798

*Geographic segments*

The Group is managed and operates principally in Thailand. Management considers that the Group operates in a single geographic area.

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

**25 Other income**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Internal services charge	1,895	1,678	5,974	5,158
Other service income	1,269	2,544	508	1,908
Revenue from sale of scraps	328	966	-	74
Others	1,385	7,648	1,023	1,279
<b>Total</b>	<b><u>4,877</u></b>	<b><u>12,836</u></b>	<b><u>7,505</u></b>	<b><u>8,419</u></b>

**26 Selling expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Personnel	17,794	13,605	14,226	10,197
Marketing	16,937	13,228	10,986	12,307
Others	7,479	6,034	6,334	4,885
<b>Total</b>	<b><u>42,210</u></b>	<b><u>32,867</u></b>	<b><u>31,546</u></b>	<b><u>27,389</u></b>

**27 Administrative expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Personnel	15,718	16,043	12,098	12,218
Administrative	14,626	22,294	5,856	9,208
Bad and doubtful debts expenses	707	1,279	-	21
Others	4,919	3,083	4,006	3,626
<b>Total</b>	<b><u>35,970</u></b>	<b><u>42,699</u></b>	<b><u>21,960</u></b>	<b><u>25,073</u></b>

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

**28 Employee benefit expenses**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2013	2012	2013	2012
<i>(in thousand Baht)</i>					
<b>Management</b>					
Wages and salaries		6,201	8,140	3,620	5,066
Contribution to defined contribution plans		354	473	209	296
Others		1,910	1,532	1,446	1,029
		<b>8,465</b>	<b>10,145</b>	<b>5,275</b>	<b>6,391</b>
<b>Other employees</b>					
Wages and salaries		48,521	40,171	34,488	25,709
Contribution to defined contribution plans		2,187	1,818	1,373	1,031
Others		8,348	7,453	5,998	5,074
		<b>59,056</b>	<b>49,442</b>	<b>41,859</b>	<b>31,814</b>
Post-employment benefit	20	<b>881</b>	<b>2,142</b>	<b>724</b>	<b>2,014</b>
Share-based payment transactions	22	<b>741</b>	<b>-</b>	<b>741</b>	<b>-</b>
<b>Total employee benefit expenses</b>		<b>69,143</b>	<b>61,729</b>	<b>48,599</b>	<b>40,219</b>

*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.

**29 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>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2013	2012	2013	2012
<i>(in thousand Baht)</i>					
Changes in finished goods		(17,787)	(13,351)	(1,846)	(2,152)
Paper, printing service and delivery					
Costs		129,855	122,901	79,212	63,434
Other production expenses		15,703	14,884	4,991	6,194
Operation expenses		33,843	43,251	8,833	13,834
Sharing service expenses		26,565	31,740	17,081	18,888
Selling expenses		24,416	19,262	17,320	17,192
Employee benefit expenses	28	69,143	61,729	48,599	40,219
Depreciation		2,142	1,893	1,233	935
License fees		51,106	49,038	13,993	11,237
Bad and doubtful debts expenses	8	707	1,279	-	21
Reversal of obsolete stocks		(6,986)	(11,427)	(2,097)	(1,685)
<b>Total costs, selling expenses, administrative expenses and management benefit expenses</b>		<b>328,707</b>	<b>321,199</b>	<b>187,319</b>	<b>168,117</b>

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

**30 Income tax expense**

*Income tax recognised in profit or loss*

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
<b>Current tax expense</b>					
Current year		8,035	3,047	6,808	1,235
<b>Deferred tax expense</b>	16				
Movements in temporary differences		621	3,258	99	1,044
<b>Total income tax expense</b>		<b>8,656</b>	<b>6,305</b>	<b>6,907</b>	<b>2,279</b>

*Income tax recognised in other comprehensive income*

	Consolidated financial statements					
	Before tax	2013 Tax benefit	Net of tax	Before tax	2012 Tax benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial losses	(2,051)	410	(1,641)	-	-	-

  

	Separate financial statements					
	Before tax	2013 Tax benefit	Net of tax	Before tax	2012 Tax benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial losses	(1,926)	385	(1,541)	-	-	-

*Reconciliation of effective tax rate*

	Consolidated financial statements			
	Rate (%)	2013 <i>(in thousand Baht)</i>	Rate (%)	2012 <i>(in thousand Baht)</i>
Profit before income tax expense		29,101		31,256
Income tax using the Thai corporation tax rate	20	5,820	23	7,189
Effect of different tax rates		-		(68)
Income tax reduction - current		-		(489)
Expenses not deductible for tax purposes		2,836		(327)
<b>Total</b>	<b>30</b>	<b>8,656</b>	<b>20</b>	<b>6,305</b>

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

	<b>Separate financial statements</b>			
		2013		2012
	<i>Rate</i> (%)	<i>(in thousand</i> <i>Baht)</i>	<i>Rate</i> (%)	<i>(in thousand</i> <i>Baht)</i>
Profit before income tax expense		<u>26,800</u>		<u>12,255</u>
Income tax using the Thai corporation tax rate	20	5,360	23	2,819
Income tax reduction - current		-		(157)
Expenses not deductible for tax purposes		<u>1,547</u>		<u>(383)</u>
<b>Total</b>	<b>26</b>	<b><u>6,907</u></b>	<b>19</b>	<b><u>2,279</u></b>

*Income tax reduction*

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

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

**31 Earnings per share**

*Basic earnings per share*

The calculations of basic earnings per share for the years ended 31 December 2013 and 2012 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:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht / thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b><u>20,515</u></b>	<b><u>24,951</u></b>	<b><u>19,893</u></b>	<b><u>9,976</u></b>
Number of ordinary shares outstanding at 1 January	85,000	85,000	85,000	85,000
Effect of shares issued on 11 July	40,520	-	40,520	-
Effect of shares options exercised on 19 November	1	-	1	-
Effect of shares options exercised on 18 December	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b><u>125,523</u></b>	<b><u>85,000</u></b>	<b><u>125,523</u></b>	<b><u>85,000</u></b>
<b>Earnings per share (basic) (in Baht)</b>	<b><u>0.16</u></b>	<b><u>0.29</u></b>	<b><u>0.16</u></b>	<b><u>0.12</u></b>

# Nation International Edutainment Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Diluted earnings per share*

The calculations of diluted earnings per share for the years ended 31 December 2013 and 2012 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht/ thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b>20,515</b>	<b>24,951</b>	<b>19,893</b>	<b>9,976</b>
Weighted average number of ordinary shares outstanding (basic)	125,523	85,000	125,523	85,000
Effect of exercise of shares options	3,287	-	3,287	-
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b>128,810</b>	<b>85,000</b>	<b>128,810</b>	<b>85,000</b>
<b>Earnings per share (diluted) (in Baht)</b>	<b>0.16</b>	<b>0.29</b>	<b>0.15</b>	<b>0.12</b>

### **32 Dividends**

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

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

### **33 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.

# Nation International Edutainment Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Interest rate risk*

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

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
<b>2013</b>				
<b>Current</b>				
Bank overdrafts	7.38 - 7.43	9,773	-	9,773
<b>2012</b>				
<b>Current</b>				
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
<b>Total</b>		<b>15,734</b>	<b>-</b>	<b>15,734</b>
	Effective interest rates (% per annum)	Separate financial statements		
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
<b>2012</b>				
<b>Current</b>				
Bank overdrafts	7.43 - 7.48	1,276	-	1,276

### *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.

### 34 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b><i>Non-cancellable operating lease</i></b>				
<b><i>Commitments</i></b>				
Within one year	14,407	14,489	3,620	12,188
After one year but within five years	24,949	31,304	-	30,431
<b>Total</b>	<b>39,356</b>	<b>45,793</b>	<b>3,620</b>	<b>42,619</b>
<b><i>Other commitment</i></b>				
Bank guarantees	<b>2,502</b>	<b>1,839</b>	<b>1,759</b>	<b>1,660</b>

- a) The Company 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 be renewable.
- b) The jointly-controlled entity 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 9 September 2014 and 31 December 2016, respectively.
- c) The Company 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.
- d) The Company entered into service agreements covering television broadcasting satellite services with a local company. The detail is as follow:

<u>Contract date</u>	<u>Contract period</u>	<u>Periods</u>	<u>Total fee</u>
3 December 2013	1 January 2014 to 30 June 2017	3 years 6 months	USD 0.93 million
3 December 2013	1 January 2014 to 30 June 2017	3 years 6 months	USD 0.02 million

# Nation International Edutainment Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 35 Event after the reporting period

At the Board of Directors' meeting of the Company held on 12 February 2014, the Board of Directors approved the appropriation of dividend from the 2013 operating result of Baht 0.10 per share, amounting to Baht 17.05 million. The dividend is subject to final approval in the annual general meeting of shareholders.

### 36 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the new and revised TFRS that have been issued but are not yet effective. Those new and revised TFRS that are applicable to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year Effective
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 31 (revised 2012)	Interests in Joint Ventures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 2 (revised 2012)	Share-based Payment	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014

Management expects to adopt and apply these new and revised 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 these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

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

**37 Reclassification of accounts**

Certain accounts in the 2012 financial statements have been reclassified to conform to the presentation in the 2013 financial statements.

	<b>2012</b>					
	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	<i>(in thousand Baht)</i>					
<b><i>Statement of comprehensive income</i></b>						
Cost of sales of goods and rendering of services	235,568	(80)	235,488	109,296	(31)	109,265
Administrative expenses	42,930	(231)	42,699	25,282	(209)	25,073
Finance costs	2,086	<u>311</u>	2,397	643	<u>240</u>	883
		<u>-</u>			<u>-</u>	

The reclassifications have been made by reclassifying interest on obligation of the defined benefit obligations to finance costs instead of cost of sale of goods and rendering of services and administrative expenses because, in the opinion of management, the new classification is more appropriate to the Group's business.