

**Nation Broadcasting Corporation Public Company
Limited**

Annual financial statements
and
Audit report of Certified Public Accountant

For the years ended
31 December 2011 and 2010



KPMG Phoomchai Audit Ltd.

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

บริษัท เคพีเอ็มจี ภูมิภาค ไทย สอบบัญชี จำกัด

ชั้น 50-51 เอ็มไพร์ทาวเวอร์
195 ถนนสาทรใต้
กรุงเทพฯ 10120
Tel: +66 2677 2000
Fax: +66 2677 2222
www.kpmg.co.th

Audit Report of Certified Public Accountant

To the Shareholders of Nation Broadcasting Corporation Public Company Limited

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

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

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

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

(Vichien Thamtrakul)
Certified Public Accountant
Registration No. 3183

KPMG Phoomchai Audit Ltd.
Bangkok
14 February 2012

Nation Broadcasting Corporation Public Company Limited

Statements of financial position

As at 31 December 2011 and 2010

Assets	Note	2011	2010
		<i>(in Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents	6	86,083,908	118,144,387
Trade accounts receivable	7	178,638,721	167,504,582
Accrued income		40,720,600	50,860,999
Other receivables from related parties	5	255,016	2,450,726
Inventories	8	11,916,088	6,945,956
Other current assets	9	17,720,872	8,089,278
Total current assets		335,335,205	353,995,928
<i>Non-current assets</i>			
Equipment	10	108,981,339	75,229,129
Intangible assets		3,522,755	259,583
Withholding tax deducted at source		22,476,972	22,476,972
Other non-current assets	11	11,380,051	6,572,622
Total non-current assets		146,361,117	104,538,306
Total assets		481,696,322	458,534,234

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

Nation Broadcasting Corporation Public Company Limited

Statements of financial position

As at 31 December 2011 and 2010

Liabilities and equity	Note	2011	2010
<i>(in Baht)</i>			
<i>Current liabilities</i>			
Bank overdrafts	12	-	2,194,919
Trade accounts payable	13	30,070,435	29,372,353
Other payables to related parties	5	10,427,312	11,260,151
Accrued expenses		51,029,485	58,249,168
Other payables		22,676,593	14,544,358
Income tax payable		2,440,484	6,127,032
Other current liabilities	14	<u>28,190,290</u>	<u>19,281,083</u>
Total current liabilities		144,834,599	141,029,064
<i>Non-current liabilities</i>			
Employee benefit obligations	15	<u>14,792,785</u>	-
Total liabilities		159,627,384	141,029,064
<i>Equity</i>			
Share capital	16, 19		
Authorised share capital		<u>178,500,000</u>	<u>178,500,000</u>
Issued and paid-up share capital		173,438,000	172,259,000
Treasury shares	17	(4,535,543)	-
Premium on ordinary shares	16, 19	98,950,540	96,203,470
Retained earnings			
Appropriated			
Legal reserve	18	13,100,000	8,700,000
Treasury shares reserve	18	4,535,543	-
Unappropriated		<u>36,580,398</u>	<u>40,342,700</u>
Total equity		322,068,938	317,505,170
Total liabilities and equity		481,696,322	458,534,234

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

Nation Broadcasting Corporation Public Company Limited

Statements of comprehensive income

For the years ended 31 December 2011 and 2010

	<i>Note</i>	2011	2010
		<i>(in Baht)</i>	
<i>Income</i>	5		
Revenue from sale of goods and rendering of services		666,497,130	625,345,630
Other income	21	<u>1,821,414</u>	<u>3,047,359</u>
Total income		<u>668,318,544</u>	<u>628,392,989</u>
<i>Expenses</i>	5		
Cost of sale of goods and rendering of services		400,765,630	391,057,973
Selling expenses	22	84,672,664	67,761,380
Administrative expenses	23	48,535,270	26,226,313
Management benefit expenses	24	23,108,940	20,266,181
Finance costs		<u>313,283</u>	<u>285,212</u>
Total expenses		<u>557,395,787</u>	<u>505,597,059</u>
Profit before income tax expense		110,922,757	122,795,930
Income tax expense	26	<u>(23,842,667)</u>	<u>(22,098,952)</u>
Profit for the year		87,080,090	100,696,978
Other comprehensive income		-	-
Total comprehensive income for the year		<u>87,080,090</u>	<u>100,696,978</u>
Profit attributable to:			
Owners of the Company		87,080,090	100,696,978
Non-controlling interests		<u>-</u>	<u>-</u>
Profit for the year		<u>87,080,090</u>	<u>100,696,978</u>

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

Nation Broadcasting Corporation Public Company Limited

Statements of comprehensive income

For the years ended 31 December 2011 and 2010

	<i>Note</i>	2011	2010
		<i>(in Baht)</i>	
Total comprehensive income attributable to:			
Owners of the Company		87,080,090	100,696,978
Non-controlling interests		-	-
Total comprehensive income for the year		<u><u>87,080,090</u></u>	<u><u>100,696,978</u></u>
Earnings per share	27		
Basic earnings per share		<u>0.51</u>	<u>0.59</u>
Diluted earnings per share		<u>0.50</u>	<u>0.58</u>

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

Nation Broadcasting Corporation Public Company Limited

Statements of changes in equity

For the years ended 31 December 2011 and 2010

	Note	Issued and paid-up share capital	Retained earnings			Total equity attributable to equity holders of the Company
			Share premium	Legal reserve <i>(in Baht)</i>	Unappropriated	
Balance at 1 January 2010		170,000,000	90,940,000	3,600,000	33,145,722	297,685,722
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Shares options exercised	16, 19	2,259,000	-	-	-	2,259,000
Premium on ordinary shares	16, 19	-	5,263,470	-	-	5,263,470
Dividends to owners of the Company	28	-	-	-	(88,400,000)	(88,400,000)
<i>Total contributions by and distributions to owners of the Company</i>						
Comprehensive income for the year		2,259,000	5,263,470	-	(88,400,000)	(80,877,530)
Transfer to legal reserve	18	-	-	-	100,696,978	100,696,978
		-	-	5,100,000	(5,100,000)	-
Balance at 31 December 2010		172,259,000	96,203,470	8,700,000	40,342,700	317,505,170

The accompanying notes are an integral part of these financial statements

Nation Broadcasting Corporation Public Company Limited

Statements of changes in equity

For the years ended 31 December 2011 and 2010

	Note	Issued and paid-up share capital	Treasury shares	Share premium	Legal reserve (in Baht)	Retained earnings		Total equity attributable to equity holders of the Company
						Treasury shares reserve	Unappropriated	
Balance at 1 January 2011 - as reported		172,259,000	-	96,203,470	8,700,000	-	40,342,700	317,505,170
Impact of changes in accounting policies	3	-	-	-	-	-	(12,966,349)	(12,966,349)
Balance at 1 January 2011 - adjusted		172,259,000	-	96,203,470	8,700,000	-	27,376,351	304,538,821
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners of the Company</i>								
Shares options exercised	16, 19	1,179,000	-	-	-	-	-	1,179,000
Premium on ordinary shares	16, 19	-	-	2,747,070	-	-	-	2,747,070
Treasury shares purchased	17	-	(4,535,543)	-	-	-	-	(4,535,543)
Dividends to owners of the Company	28	-	-	-	-	-	(68,940,500)	(68,940,500)
Total contributions by and distributions to owners of the Company		1,179,000	(4,535,543)	2,747,070	-	-	(68,940,500)	(69,549,973)
Comprehensive income for the year		-	-	-	-	-	87,080,090	87,080,090
Transfer to legal reserve	18	-	-	-	4,400,000	-	(4,400,000)	-
Transfer to treasury shares reserve	18	-	-	-	-	4,535,543	(4,535,543)	-
Balance at 31 December 2011		173,438,000	(4,535,543)	98,950,540	13,100,000	4,535,543	36,580,398	322,068,938

The accompanying notes are an integral part of these financial statements

Nation Broadcasting Corporation Public Company Limited

Statements of cash flows

For the years ended 31 December 2011 and 2010

	2011	2010
	<i>(in Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit for the year	87,080,090	100,696,978
<i>Adjustments for</i>		
Depreciation	24,352,400	20,400,529
Amortisation of intangible assets	701,828	71,500
Investment income	(1,103,848)	(2,463,149)
Finance costs	313,283	285,212
Bad debt and doubtful debts expense	3,688,455	1,666,401
Loss on disposal of equipment	467,900	-
Income tax expense	23,842,667	22,098,952
	<u>139,342,775</u>	<u>142,756,423</u>
<i>Changes in operating assets and liabilities</i>		
Trade accounts receivable	(13,122,593)	(52,009,280)
Accrued income	8,440,400	(27,832,999)
Other receivables from related parties	2,195,710	318,945
Inventories	(4,970,133)	(5,082,986)
Other current assets	(9,631,536)	(184,324)
Withholding tax deducted at source	(14,085,258)	(11,461,992)
Other non-current assets	(4,807,429)	(2,567,700)
Trade accounts payable	698,081	6,634,984
Other payables to related parties	(832,840)	1,700,466
Accrued expenses	(7,219,683)	26,874,791
Other payables	8,132,235	8,980,371
Other current liabilities	8,909,206	9,041,541
Employee benefit obligations	1,826,436	-
Cash generated from operating activities	114,875,371	97,168,240
Income tax paid	(13,443,956)	(4,509,928)
Net cash from operating activities	<u>101,431,415</u>	<u>92,658,312</u>

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

Nation Broadcasting Corporation Public Company Limited

Statements of cash flows

For the years ended 31 December 2011 and 2010

	2011	2010
	<i>(in Baht)</i>	
<i>Cash flows from investing activities</i>		
Interest received	1,103,848	2,463,149
Proceed from short-term loans to related parties	-	212,000,000
Short-term loans to related parties	-	(212,000,000)
Purchase of equipment	(58,869,016)	(67,119,948)
Sale of equipment	296,449	-
Transfer (purchase) of intangible assets	(3,965,000)	45,000
Net cash used in investing activities	<u>(61,433,719)</u>	<u>(64,611,799)</u>
<i>Cash flows from financing activities</i>		
Interest paid	(313,283)	(285,212)
Bank overdrafts	(2,194,919)	1,377,227
Dividends paid to owners of the Company	(68,940,500)	(88,400,000)
Proceeds from share options exercised	3,926,070	7,522,470
Treasury shares purchased	(4,535,543)	-
Net cash used in financing activities	<u>(72,058,175)</u>	<u>(79,785,515)</u>
Net decrease in cash and cash equivalents	(32,060,479)	(51,739,002)
Cash and cash equivalents at 1 January	<u>118,144,387</u>	<u>169,883,389</u>
Cash and cash equivalents at 31 December	<u><u>86,083,908</u></u>	<u><u>118,144,387</u></u>

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

Nation Broadcasting Corporation Public Company Limited

Notes to the financial statements

For the years ended 31 December 2011 and 2010

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Notes to the financial statements

For the years ended 31 December 2011 and 2010

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 14 February 2012.

1 General information

Nation Broadcasting Corporation Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 1858/51-62, Nation tower, 12th and 13th floors, Bangna-Trad Road, Kwang Bangna, Khet Bangna, Bangkok, Thailand.

The Company was listed on the Market for Alternative Investment in November 2009.

The parent company during the financial year was Nation Multimedia Group Public Company Limited (61.99% of shareholding and 62.14% of shareholding in 2011 and 2010, respectively), which is incorporated in Thailand.

The principal businesses of the Company are production of TV programs and radio programs and providing advertisements through TV media, radio media and new media forms.

2 Basis for preparation of the financial statements

(a) Statement of compliance

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

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

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
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TAS 24 (revised 2009)	Related Party Disclosures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
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TAS 38 (revised 2009)	Intangible Assets
TIC 31	Revenue - Barter Transactions Involving Advertising Services

Nation Broadcasting Corporation Public Company Limited

Notes to the financial statements

For the years ended 31 December 2011 and 2010

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

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 32.

(b) *Basis of measurement*

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

(c) *Presentation currency*

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

(d) *Use of estimates and judgements*

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

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

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 15 Measurement of defined benefit obligations

3 Changes in accounting policies

(a) *Overview*

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

- Presentation of financial statements
- Accounting for employee benefits

Nation Broadcasting Corporation Public Company Limited
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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

	<i>Note</i>	<i>(in thousand Baht)</i>
Statement of financial position		
Equity at 31 December 2010		317,505
Impact of the adoption prospectively of:		
TAS 19 Employee benefits	3(c), 15	<u>(12,967)</u>
Equity at 1 January 2011		<u>304,538</u>
Statement of comprehensive income for the year ended 31 December 2011		
Decrease in profit before income tax as a result of the adoption of:		
TAS 19 Employee benefits	3(c), 15	<u>1,826</u>
Decrease in profit		<u>1,826</u>
Decrease in earnings per share:		
- Basic earnings per share <i>(in Baht)</i>		<u>0.011</u>
- Diluted earnings per share <i>(in Baht)</i>		<u>0.010</u>

(b) Presentation of financial statements

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

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

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

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

(c) Accounting for employee benefits

From 1 January 2011, the Company has adopted TAS 19 employee benefits under the new policy, the Company's liability for post-employment benefits obligations is recognised.

In the financial statements based on calculations performed by a qualified actuary using the projected unit credit method. Previously, this liability was recognised as and when payments were made.

Nation Broadcasting Corporation Public Company Limited

Notes to the financial statements

For the years ended 31 December 2011 and 2010

The Company's liability for post-employment benefits obligations as at 1 January 2011 has been determined to be Baht 12.97 million. The Company has opted to record this liability as an adjustment to retained earnings as at 1 January 2011, in accordance with the transitional provisions of TAS 19. The impact on the 2011 financial statements was as follows:

	<i>(in thousand Baht)</i>
Statement of financial position	
Retained earnings at 31 December 2010 - as reported	40,343
Increase in employee benefit obligations	(12,967)
Retained earnings at 1 January 2011	27,376
Statement of comprehensive income for the year ended 31 December 2011	
Increase in employee expenses resulting in:	
Increase in cost of sales of goods and rendering of services	894
Increase in administrative expenses	932
Decrease in profit	1,826
Decrease in earnings per share:	
- Basic earnings per share <i>(in Baht)</i>	0.011
- Diluted earnings per share <i>(in Baht)</i>	0.010

4 Significant accounting policies

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

(a) Foreign currencies

Foreign currency transactions

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

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

(b) Cash and cash equivalents

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

(c) 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.

Nation Broadcasting Corporation Public Company Limited
Notes to the financial statements
For the years ended 31 December 2011 and 2010

(d) Inventories

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

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

Costs are determined by the following principle:

Finished goods	-	Average cost principle
Production in process	-	Costs of productions, which are in process of production and film, will be recognised as costs when rights are transferred and delivered or broadcasted.

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

(e) Equipment

Recognition and measurement

Owned assets

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

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

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

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 Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

Depreciation

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

Nation Broadcasting Corporation Public Company Limited

Notes to the financial statements

For the years ended 31 December 2011 and 2010

Depreciation is charged to 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
Operating equipment	5 and 10 years
Furniture, fixtures and office equipment	5 years
Vehicle	5 years

No depreciation is provided on assets under installation.

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

(f) *Intangible assets*

Intangible assets that are acquired by the Company 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 calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

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

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

Computer program and software licenses	5 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(g) *Impairment*

The carrying amounts of the Company'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 the profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Nation Broadcasting Corporation Public Company Limited
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Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's 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.

(h) *Interest-bearing liabilities*

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

(i) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(j) *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 Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

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

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

Short-term employee benefits

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

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A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company 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.

Shares options exercised

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

(k) Provisions

A provision is recognised if, as a result of a past event, the Company 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.

(l) Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is classified as treasury shares and recognised as a deduction from equity. An equal amount is appropriated from retained earnings and taken to a reserve for treasury shares within equity. When treasury shares are sold, the amount received is recognised as an increase in equity by crediting the cost of the treasury shares sold, calculated using the weighted average method, to the treasury shares account and transferring the equivalent amount back from reserve for treasury shares to retained earnings. Surpluses on the sale of treasury shares are taken directly to a separate category within equity, 'Surplus on treasury shares'. Net deficits on sale or cancellation of treasury shares are debited to retained earnings after setting off against any remaining balance of surplus on treasury shares.

(m) Revenue

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

Sale of goods and services rendered

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

Interest income

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

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(n) Finance costs

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

(o) Lease payments

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

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company 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 Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company 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 Company 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 Company's incremental borrowing rate.

(p) Income tax

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

In determining the amount of current tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company 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 Company 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.

(q) Earnings per share

The Company 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 period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

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5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company 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 Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Nation Multimedia Group Public Company Limited	Thailand	Parent, 61.99% shareholding in 2011 and 62.14% shareholding in 2010, some common directors
Nation International Edutainment Public Company Limited	Thailand	78.46% shareholding in 2011 and 77.65% shareholding in 2010 by parent, some common directors
Kom Chad Luek Media Co., Ltd	Thailand	99.99% shareholding by parent, some common directors
NML Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Nation News Network Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Krungthep Turakij Media Co., Ltd.	Thailand	99.97% shareholding by parent, some common directors
WPS (Thailand) Co., Ltd.	Thailand	84.50% shareholding by parent, some common directors
Nation Edutainment Co., Ltd.	Thailand	99.99% shareholding by Nation International Edutainment Public Company Limited, some common directors
N Coupon Co., Ltd.	Thailand	99.98% shareholding by Nation International Edutainment Public Company Limited, some common directors
Nation Egmont Edutainment Co., Ltd.	Thailand	49.99% shareholding by Nation International Edutainment Public Company Limited, some common directors

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Name of entities	Country of incorporation/ nationality	Nature of relationships
Nation Printing Services Co., Ltd.	Thailand	99.99% shareholding by WPS (Thailand) Co., Ltd., some common directors (dissolution and in process of liquidation in 2011)
Thai Portal Co., Ltd.	Thailand	Related party, 19% shareholding by Kom Chad Luek Media Co., Ltd.
Nation Properties Co., Ltd.	Thailand	Related party, 18% shareholding by parent

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

Transactions	Pricing policies
Rendering of services and others	General market price
Interest income on loans	Approximates loan rate of the financial institutions
Cost of services and expenses	Actual cost allocation rate and negotiable rate

Significant transactions for the years ended 31 December 2011 and 2010 with related parties were as follows:

Year ended 31 December

	2011	2010
	<i>(in thousand Baht)</i>	
<i>Parent</i>		
Revenue from rendering of services	13,181	13,916
Investment income	-	1,255
Cost of services and expenses	40,680	52,224
<i>Other related parties</i>		
Revenue from rendering of services	4,274	2,450
Investment income	-	353
Cost of services and expenses	25,483	17,587

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

Trade accounts receivable from related parties

	2011	2010
	<i>(in thousand Baht)</i>	
<i>Parent</i>		
Nation Multimedia Group Public Company Limited	1,512	5,138

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Trade accounts receivable from related parties

	2011	2010
	<i>(in thousand Baht)</i>	
<i>Other related parties</i>		
Nation International Edutainment Public Company Limited	1,232	496
Nation News Network Co., Ltd.	165	662
Krungthep Turakij Media Co., Ltd.	1,973	-
Kom Chad Luek Media Co., Ltd	335	-
Others	-	24
Total	<u>5,217</u>	<u>6,320</u>
Bad and doubtful debts expense for the year	<u>-</u>	<u>-</u>

Other receivables from related parties

	2011	2010
	<i>(in thousand Baht)</i>	
<i>Parent</i>		
Nation Multimedia Group Public Company Limited	36	2,129
<i>Other related parties</i>		
Thai Portal Co., Ltd.	447	447
Nation International Edutainment Public Company Limited	19	55
Nation Egmont Edutainment Co., Ltd.	4	12
Krungthep Turakij Media Co., Ltd.	134	-
Others	62	255
	<u>702</u>	<u>2,898</u>
Less allowance for doubtful accounts	(447)	(447)
Total	<u>255</u>	<u>2,451</u>
Bad and doubtful debts expense for the year	<u>-</u>	<u>-</u>

Short-term loans to related parties

	Interest rate		2011	2010
	2011	2010		
	<i>(% per annum)</i>			
<i>Parent</i>				
Nation Multimedia Group Public Company Limited	-	5.86	-	-
<i>Related party</i>				
WPS (Thailand) Co., Ltd.	-	5.86 - 6.00	-	-
Total	<u>-</u>		<u>-</u>	<u>-</u>

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

Short-term loans to related parties

	2011 <i>(in thousand Baht)</i>	2010 <i>(in thousand Baht)</i>
<i>Parent</i>		
At 1 January	-	-
Increase	-	170,000
Decrease	-	(170,000)
At 31 December	-	-
<i>Other related party</i>		
At 1 January	-	-
Increase	-	42,000
Decrease	-	(42,000)
At 31 December	-	-
<i>Total short-term loans to related parties</i>		
At 1 January	-	-
Increase	-	212,000
Decrease	-	(212,000)
At 31 December	-	-

Trade accounts payable - related parties

	2011 <i>(in thousand Baht)</i>	2010 <i>(in thousand Baht)</i>
<i>Parent</i>		
Nation Multimedia Group Public Company Limited	321	4,912
<i>Related parties</i>		
Nation News Network Co., Ltd.	1,037	2,600
Kom Chad Luek Media Co., Ltd	1,388	-
Krungthep Turakij Media Co., Ltd.	2,105	-
WPS (Thailand) Co., Ltd.	1,349	-
Others	10	-
Total	6,210	7,512

Other payables - related parties

	2011 <i>(in thousand Baht)</i>	2010 <i>(in thousand Baht)</i>
<i>Parent</i>		
Nation Multimedia Group Public Company Limited	10,109	9,379
<i>Related parties</i>		
Nation International Edutainment Public Company Limited.	241	391
Nation Printing Services Co., Ltd.	-	1,423
Others	77	67
Total	10,427	11,260

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6 Cash and cash equivalents

	2011	2010
	<i>(in thousand Baht)</i>	
Cash on hand	362	372
Cash at banks - current accounts	-	194
Cash at banks - savings accounts	45,722	27,578
Highly liquid short-term investments	40,000	90,000
Total	<u>86,084</u>	<u>118,144</u>

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

7 Trade accounts receivable

	<i>Note</i>	2011	2010
		<i>(in thousand Baht)</i>	
Related parties	5	5,217	6,320
Other parties		178,630	167,921
Total		<u>183,847</u>	<u>174,241</u>
<i>Less allowance for doubtful accounts</i>		<i>(5,208)</i>	<i>(6,736)</i>
Net		<u>178,639</u>	<u>167,505</u>
Bad and doubtful debts expense for the year		<u>1,988</u>	<u>1,666</u>

Aging analyses for trade accounts receivable were as follows:

	2011	2010
	<i>(in thousand Baht)</i>	
Related parties		
Within credit terms	4,095	3,882
Overdue:		
Less than 6 months	-	-
6-12 months	903	2,433
Over 12 months	219	5
	<u>5,217</u>	<u>6,320</u>
<i>Less allowance for doubtful accounts</i>	<i>-</i>	<i>-</i>
	<u>5,217</u>	<u>6,320</u>
Other parties		
Within credit terms	129,024	135,768
Overdue:		
Less than 6 months	40,923	19,607
6-12 months	4,705	8,205
Over 12 months	3,978	4,341
	<u>178,630</u>	<u>167,921</u>
<i>Less allowance for doubtful accounts</i>	<i>(5,208)</i>	<i>(6,736)</i>
	<u>173,422</u>	<u>161,815</u>
Net	<u>178,639</u>	<u>167,505</u>

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

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

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8 Inventories

	2011	2010
	<i>(in thousand Baht)</i>	
Finished goods	9,013	2,117
Production in process	2,903	4,829
Total	<u>11,916</u>	<u>6,946</u>

9 Other current assets

	2011	2010
	<i>(in thousand Baht)</i>	
Other receivables	4,680	1,782
Prepaid expenses	6,346	3,488
Input value added tax pending	3,015	2,818
Advances to employees	1,835	-
Others	1,845	1
Total	<u>17,721</u>	<u>8,089</u>

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10 Equipment

<i>Cost</i>	Leased assets improvements	Operating equipment	Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Vehicle	Assets under installation	Total
At 1 January 2010	6,881	191,937	3,284	3,848	-	205,950
Additions	1,530	63,304	954	856	4,062	70,706
Transfers	-	-	-	-	(3,586)	(3,586)
At 31 December 2010 and 1 January 2011	8,411	255,241	4,238	4,704	476	273,070
Additions	727	45,607	1,304	-	11,231	58,869
Transfers	768	10,310	-	-	(11,078)	-
Disposals/written off	-	(61,807)	(408)	(503)	-	(62,718)
At 31 December 2011	9,906	249,351	5,134	4,201	629	269,221
<i>Accumulated depreciation</i>						
At 1 January 2010	5,091	167,599	2,175	2,575	-	177,440
Depreciation charge for the year	735	18,378	427	861	-	20,401
At 31 December 2010 and 1 January 2011	5,826	185,977	2,602	3,436	-	197,841
Depreciation charge for the year	684	22,544	747	377	-	24,352
Disposals/written off	-	(61,184)	(372)	(397)	-	(61,953)
At 31 December 2011	6,510	147,337	2,977	3,416	-	160,240
<i>Net book value</i>						
At 1 January 2010	1,790	24,338	1,109	1,273	-	28,510
At 31 December 2010 and 1 January 2011	2,585	69,264	1,636	1,268	476	75,229
At 31 December 2011	3,396	102,014	2,157	785	629	108,981