

**Nation Broadcasting Corporation Public Company
Limited and its Subsidiary**

Annual financial statements
and
Audit report of Certified Public Accountant

For the years ended
31 December 2009 and 2008



KPMG Phoomchai Audit Ltd.

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Audit Report of Certified Public Accountant

To the Board of Directors of Nation Broadcasting Corporation Public Company Limited

I have audited the accompanying consolidated balance sheet as at 31 December 2008 and separate balance sheets as at 31 December 2009 and 2008, and the related statements of income for the years ended 31 December 2009 and 2008, consolidated changes in equity for the year ended 31 December 2008 and separate changes in equity for the years ended 2009 and 2008, and related consolidated and separate cash flows for the years then ended of Nation Broadcasting Corporation Public Company Limited and its subsidiary, and of Nation Broadcasting Corporation Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated financial positions as at 31 December 2008 and the separate financial positions as at 31 December 2009 and 2008, and the consolidated and separate results of operations, and cash flows for the years ended 31 December 2009 and 2008 of Nation Broadcasting Corporation Public Company Limited and its subsidiary, and of Nation Broadcasting Corporation Public Company Limited, respectively, in accordance with generally accepted accounting principles.

(Vichien Thamtrakul)
Certified Public Accountant
Registration No. 3183

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2010

Nation Broadcasting Corporation Public Company Limited and its Subsidiary

Balance sheets

As at 31 December 2009 and 2008

Assets	Note	Consolidated	Separate	
		financial statements	financial statements	
		2008	2009	2008
		<i>(in Baht)</i>		
Current assets				
Cash and cash equivalents	6	14,744,503	22,883,389	10,424,261
Current investments	7	-	147,000,000	-
Trade accounts receivable	8	108,581,510	117,161,703	108,508,064
Accrued income		7,881,525	23,028,001	7,881,525
Other receivables from related parties	5	3,068,110	2,769,670	3,031,321
Short-term loans to related party	5	5,000,000	-	5,000,000
Inventories	9	5,057,044	1,862,970	5,057,044
Other current assets	10	9,012,971	7,904,955	8,863,355
Total current assets		153,345,663	322,610,688	148,765,570
Non-current assets				
Investment in subsidiary	11	-	-	2,999,400
Equipment	12	52,361,541	28,509,710	51,306,404
Intangible assets		260,833	376,083	260,833
Withholding tax deducted at source		16,783,395	22,476,972	16,612,559
Other non-current assets	13	892,054	4,004,922	837,484
Total non-current assets		70,297,823	55,367,687	72,016,680
Total assets		223,643,486	377,978,375	220,782,250

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

Nation Broadcasting Corporation Public Company Limited and its Subsidiary

Balance sheets

As at 31 December 2009 and 2008

Liabilities and equity	Note	Consolidated	Separate	
		financial statements	2009	financial statements
		2008		2008
		(in Baht)		
Current liabilities				
Bank overdrafts and short-term loans from				
financial institutions	14	46,757,309	817,692	46,757,309
Trade accounts payable	15	8,914,144	22,737,369	9,228,458
Other payables to related parties	5	13,644,339	9,559,685	13,436,236
Other current liabilities	16	40,666,045	47,177,907	39,941,044
Total liabilities		109,981,837	80,292,653	109,363,047
Equity				
Share capital	1,17			
Authorised share capital		240,000,000	170,000,000	240,000,000
Issued and paid-up share capital		240,000,000	170,000,000	240,000,000
Share premium	1,18	-	90,940,000	-
Legal reserves	18	-	3,600,000	-
Retained earnings (Deficit)		(126,349,965)	33,145,722	(128,580,797)
Total equity attributable to equity holders of the Company		113,650,035	297,685,722	111,419,203
Minority interests		11,614	-	-
Total equity		113,661,649	297,685,722	111,419,203
Total liabilities and equity		223,643,486	377,978,375	220,782,250

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

Nation Broadcasting Corporation Public Company Limited and its Subsidiary

Statements of income

For the years ended 31 December 2009 and 2008

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		<i>(in Baht)</i>			
Revenues	5				
Revenue from sale of goods and rendering of services		463,661,799	341,993,775	463,661,799	341,990,400
Dividends income	11	-	-	1,800,000	-
Other income		4,723,006	12,831,899	4,723,006	12,801,845
Total revenues		468,384,805	354,825,674	470,184,805	354,792,245
Expenses	5				
Cost of sale of goods and rendering of services		322,388,607	260,349,585	322,388,607	260,428,591
Selling expenses	20	27,702,189	18,882,964	27,702,189	18,882,964
Administrative expenses	21	39,409,673	37,227,756	39,409,673	36,512,744
Management benefit expenses	22	8,026,257	7,023,500	8,026,257	7,023,500
Total expenses		397,526,726	323,483,805	397,526,726	322,847,799
Profit before finance costs		70,858,079	31,341,869	72,658,079	31,944,446
Finance costs	23	(1,831,560)	(4,434,827)	(1,831,560)	(4,434,814)
Profit for the year		69,026,519	26,907,042	70,826,519	27,509,632
Attributable to:					
Equity holders of the Company		69,026,519	26,906,922	70,826,519	27,509,632
Minority interests		-	120	-	-
Profit for the year		69,026,519	26,907,042	70,826,519	27,509,632
Basic earnings per share	24	0.56	0.22	0.57	0.22

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

Nation Broadcasting Corporation Public Company Limited and its Subsidiary

Statement of changes in equity

For the year ended 31 December 2008

	Consolidated financial statements				
	Issued and paid-up share capital	Deficit	Total equity attributable to equity holders of the Company <i>(in Baht)</i>	Minority interests	Total equity
Balance at 1 January 2008	240,000,000	(153,256,887)	86,743,113	11,494	86,754,607
Changes in equity for 2008					
Profit for the year	-	26,906,922	26,906,922	120	26,907,042
Balance at 31 December 2008	<u>240,000,000</u>	<u>(126,349,965)</u>	<u>113,650,035</u>	<u>11,614</u>	<u>113,661,649</u>

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

Nation Broadcasting Corporation Public Company Limited and its Subsidiary

Statements of changes in equity

For the years ended 31 December 2009 and 2008

	Note	Issued and paid-up share capital	Share premium	Separate financial statements			Total equity attributable to equity holders of the Company
				Premiums on business transfers under common control <i>(in Baht)</i>	Retained earnings (Deficit)		
					Legal reserve	Unappropriated	
Balance at 1 January 2008		240,000,000	-	-	(156,090,429)	83,909,571	
Changes in equity for 2008		-	-	-	27,509,632	27,509,632	
Profit for the year		-	-	-	(128,580,797)	111,419,203	
Balance at 31 December 2008		240,000,000	-	-	(128,580,797)	111,419,203	
Balance at 1 January 2009		240,000,000	-	-	(128,580,797)	111,419,203	
Changes in equity for 2009							
Reduction of ordinary shares	17	(120,000,000)	-	-	120,000,000	-	
Issue of ordinary shares	1,17	50,000,000	-	-	-	50,000,000	
Share premium	1,18	-	90,940,000	-	-	90,940,000	
Profit for the year		-	-	-	70,826,519	70,826,519	
Dividends	25	-	-	-	(25,500,000)	(25,500,000)	
Transfer to legal reserve	18	-	-	3,600,000	(3,600,000)	-	
Premiums on business transfer under common control	4	-	-	4,766,638	-	4,766,638	
Reversal of premiums on business transfer under common control	4	-	-	(4,766,638)	-	(4,766,638)	
Balance at 31 December 2009		170,000,000	90,940,000	3,600,000	33,145,722	297,685,722	

The accompanying notes are an integral part of these financial statements

Nation Broadcasting Corporation Public Company Limited and its Subsidiary

Statements of cash flows

For the years ended 31 December 2009 and 2008

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
	(in Baht)			
<i>Cash flows from operating activities</i>				
Profit for the year	69,026,519	26,907,042	70,826,519	27,509,632
<i>Adjustments for</i>				
Depreciation and amortisation	24,044,126	26,722,984	24,044,126	25,362,079
Withholding tax deducted at source written-off	3,826,490	-	3,826,490	-
Interest income	(671,955)	(76,292)	(671,955)	(69,041)
Finance costs	1,831,560	4,434,827	1,831,560	4,434,814
Dividends income	-	-	(1,800,000)	-
Doubtful debts expense	3,108,715	2,659,695	3,108,715	2,696,180
Accrued income written-off	-	10,220,143	-	10,220,143
Gain on disposal of equipment	(3,169,340)	-	(3,169,340)	-
Loss on obsolete stocks	4,020,270	1,086,550	4,020,270	1,086,550
	<u>102,016,385</u>	<u>71,954,949</u>	<u>102,016,385</u>	<u>71,240,357</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(11,762,354)	(20,866,938)	(11,762,354)	(21,661,957)
Accrued income	(15,146,476)	29,719,144	(15,146,476)	28,199,944
Other receivables from related parties	261,650	1,538,204	261,650	1,216,896
Inventories	(826,196)	92,025	(826,196)	92,025
Other current assets	958,401	3,857,112	958,401	3,666,903
Other non-current assets	(3,167,438)	621,006	(3,167,438)	623,342
Trade accounts payable	13,508,910	(7,078,759)	13,508,910	(4,831,201)
Other payables to related parties	(3,876,550)	(3,036,336)	(3,876,550)	(3,175,094)
Other current liabilities	6,955,061	5,308,833	6,901,207	4,833,202
Income taxes paid	(9,690,905)	(7,730,471)	(9,690,905)	(7,551,131)
Net cash provided by operating activities	<u>79,230,488</u>	<u>74,378,769</u>	<u>79,176,634</u>	<u>72,653,286</u>

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

Nation Broadcasting Corporation Public Company Limited and its Subsidiary

Statements of cash flows

For the years ended 31 December 2009 and 2008

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
	(in Baht)			
<i>Cash flows from investing activities</i>				
Interest received	671,955	76,292	671,955	69,041
Dividend received	-	-	1,800,000	-
Current investments	(147,000,000)	-	(147,000,000)	-
Repayment of short-term loans to related party	40,000,000	-	40,000,000	-
Short-term loans to related party	(35,000,000)	(5,000,000)	(35,000,000)	(5,000,000)
Return of capital from a liquidated subsidiary	-	-	3,335,057	-
Purchase of equipment	(11,059,792)	(6,323,974)	(11,820,753)	(6,323,974)
Sale of equipment	13,807,412	-	13,807,412	-
Purchase of intangible assets	(180,000)	(290,000)	(180,000)	(290,000)
Net cash used in investing activities	(138,760,425)	(11,537,682)	(134,386,329)	(11,544,933)
<i>Cash flows from financing activities</i>				
Bank overdrafts and short-term loans from financial institutions	(45,939,617)	(11,472,838)	(45,939,617)	(11,472,838)
Interest paid	(1,831,560)	(4,434,827)	(1,831,560)	(4,434,814)
Dividends paid to equity holders of the Company	(25,500,000)	-	(25,500,000)	-
Repayment of short-term loans from related party	-	(35,500,000)	-	(35,500,000)
Proceed from issuance of ordinary shares	145,000,000	-	145,000,000	-
Transaction costs from issue of ordinary shares	(4,060,000)	-	(4,060,000)	-
Net cash provided by (used in) financing activities	67,668,823	(51,407,665)	67,668,823	(51,407,652)
Net increase in cash and cash equivalents	8,138,886	11,433,422	12,459,128	9,700,701
Cash and cash equivalents at beginning of year	14,744,503	3,311,081	10,424,261	723,560
Cash and cash equivalents at end of year	22,883,389	14,744,503	22,883,389	10,424,261

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

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2009 and 2008

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Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2009 and 2008

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 23 February 2010.

1 General information

Nation Broadcasting Corporation Public Company Limited, the “Company”, was incorporated in Thailand on 8 January 1993 and has its registered office at 1858/51-62, Nation tower, 12th and 13th floor, Bangna-Trad Road, Kwang Bangna, Khet Bangna, Bangkok, Thailand.

The immediate parent company during the financial year was Nation Multimedia Group Public Company Limited (62.82% shareholding and 99.99% shareholding in 2009 and 2008), a company was 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. Details of the Company’s subsidiary as at 31 December 2008 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest 2008 (%)
<i>Subsidiary</i>			
Nation Radio Network Co., Ltd.	Advertising media	Thailand	99.98

Initial public offering

In September 2009, the Company received approval from the Securities and Exchange of Thailand to offer its common shares to the public by issuing 50,000,000 common shares. The new shares will be sold to subscribers at a price of Baht 2.9 per share (Baht 1 paid in capital and Baht 1.9 share premium). The Company registered the increase in paid-up share capital with the Ministry of Commerce on 9 November 2009. Directly attributable expenses of the initial public offering amounting to Baht 4.06 million were deductible from the premium on share capital received from new investors.

On 24 December 2009, the Company received all the investment in Nation Radio Network Co., Ltd. because Nation Radio Network Co., Ltd. registered for liquidation with the Ministry of Commerce on 30 July 2009 and completed the dissolution on 30 December 2009. Therefore, the Company did not prepared consolidated balance sheet and changes in equity for the year 2009, however, consolidated statements of income for the year ended 31 December 2009 are included the statements of income of Nation Radio Network Co., Ltd. proportionately up to date of received the investment in such subsidiary.

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the financial statements
For the years ended 31 December 2009 and 2008

2 Basis for preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") and Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand.

On 15 May 2009, the FAP announced (Announcement No. 12/2009) the re-numbering of TAS to the same numbers as the International Accounting Standards ("IAS") on which the TAS/TFRS are based.

The Group has adopted the following revised TAS/TFRS and accounting guidance which were issued by the FAP during 2008 and 2009 and effective for annual accounting periods beginning on or after 1 January 2009:

TAS 36 (revised 2007)	Impairment of Assets
TFRS 5 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)

Framework for the Preparation and Presentation of Financial Statements (revised 2007) (effective on 26 June 2009)

Accounting Guidance about Business Combination under Common Control

The adoption of these new and revised TAS/TFRS and accounting guidance does not have any material impact on the consolidated or separate financial statements.

The FAP has issued during 2009 a number of new and revised TAS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised TAS are disclosed in note 29 to the financial statements.

The financial statements are presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS and 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 these 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.