

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

Interim financial statements
for the three-month period ended
31 March 2018

and

Independent auditor's report
on review of interim financial information

Independent Auditor's Report on Review of Interim Financial Information

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

I have reviewed the accompanying consolidated and separate statements of financial position of Nation Broadcasting Corporation Public Company Limited and its subsidiary, and of Nation Broadcasting Corporation Public Company Limited, respectively, as at 31 March 2018; the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2018; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”.

Emphasis of Matter

I draw attention to Note 2 to the interim financial statements, which indicates that the Group and the Company incurred a net loss of Baht 41.15 million and Baht 36.50 million, respectively, for the three-month period ended 31 March 2018 and, as of that date, the Group and the Company had deficit of Baht 1,305.69 million and Baht 1,126.69 million, respectively. As stated in Note 2 to the interim financial statements, these events or conditions, along with other matters as set forth in Note 2 to the interim financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group and the Company’s ability to continue as a going concern. My conclusion is not modified in respect of these matters.

(Sasithorn Pongadisak)
Certified Public Accountant
Registration No. 8802

KPMG Phoomchai Audit Ltd.
Bangkok
11 May 2018

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Related parties
4	Other investments
5	Trade accounts receivable
6	Investment in subsidiary
7	Digital television licence
8	Warrants
9	Operating segment
10	Income tax expense
11	Loss per share
12	Financial instruments
13	Commitments with non-related parties

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were approved and authorised for issue by the Board of Directors on 11 May 2018.

1 General information

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

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

The parent company during the financial period was Nation Multimedia Group Public Company Limited (71.45% of shareholding), which was incorporated in Thailand.

The principal activities of the Group are production of TV and radio programmes and providing advertisements through TV media, radio media and new media forms.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2017) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2017. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiary for the year ended 31 December 2017.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2017 except that the Group has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2018. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group or the Company.

In addition to the above new and revised TFRS, the FAP has issued TFRS 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard in preparing these interim financial statements.

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled. It replaces existing revenue recognition standards as follows:

- TAS 11 (revised 2017) *Construction contract*,
- TAS 18 (revised 2017) *Revenue*,
- TSIC 31 (revised 2017) *Revenue-Barter Transactions Involving Advertising Services*,
- TFRIC 13 (revised 2017) *Customer Loyalty Programmes*,
- TFRIC 15 (revised 2017) *Agreement for the Construction of Real Estate*, and
- TFRIC 18 (revised 2017) *Transfer assets from customer*,

Management is presently considering the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements.

(b) Functional and presentation currency

The interim financial statements are prepared and presented in Thai Baht, which is the Company's functional currency.

(c) Use of judgements and estimates

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and report directly to Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be reclassified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfer in levels of the fair value hierarchy at the end of reported period that the transfer occurs.

Further information about the assumptions made in measuring fair values is included in Note 12 financial instruments.

Use of going concern basis of accounting

The Group and the Company incurred a net loss of Baht 41.15 million and Baht 36.50 million, respectively for the three-month period ended 31 March 2018 (2017: Baht 68.67 million and Baht 10.96 million, respectively) and, as of that date, the Group and the Company had deficit of retained earnings of Baht 1,305.69 million and Baht 1,126.69 million, respectively (31 December 2017: Baht 1,264.54 million and Baht 1,090.19 million, respectively). This represents a material uncertainty over the appropriateness of using the going concern basis of accounting. Furthermore, the parent company disclosed in a note to the interim financial statements for the three-month and nine-month periods ended 30 September 2017 regarding the basis of preparation of the financial statements on a going concern basis, the financial position and liquidity of the parent company along with implemented policies and procedures in an attempt to manage its liquidity risk.

The Group's management has given careful consideration to the Group's and the Company's financial position and liquidity by restructuring workforces of the marketing department and production team to be effective, transforming the television program schedule to be outstanding, implementing Artificial Intelligence technology to increase revenues, expanding the digital media segment and discontinuing the other unprofitable businesses. This included the implementation of plans to control expenses, such as reducing the manpower to appropriate level, reducing the unused office space, reducing the production costs and reducing other administrative expenses in order to continually improve the financial position, liquidity, cash flows and performance of the Group and the Company.

The Group's management believes that the preparation of the financial statements on a going concern basis is appropriate. Accordingly, the consolidated and separate financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to amounts and classifications of liabilities that may be necessary if the Group and the Company is not able to continue as a going concern.

3 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.

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

Relationships with subsidiary are described in Note 6. Relationship with key management and other related parties which have transaction with the Group were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.
Nation Multimedia Group Public Company Limited	Thailand	Parent, 71.45% shareholding, and some common directors
Nation International Edutainment Public Company Limited	Thailand	71.04% shareholding by parent and some common directors
Nation News Network Co., Ltd.	Thailand	99.99% shareholding by parent and some common directors
NML Co., Ltd.	Thailand	99.99% shareholding by parent and some common directors
Kom Chad Luek Media Co., Ltd.	Thailand	99.99% shareholding by parent and some common directors
Krungthep Turakij Media Co., Ltd.	Thailand	99.99% shareholding by parent and some common directors
Bangkok Business Broadcasting Co., Ltd.	Thailand	99.93% shareholding by parent and some common directors
WPS (Thailand) Co., Ltd.	Thailand	84.50% shareholding by parent and some common directors
Nation University	Thailand	University, a license holding by Nation U Co., Ltd.
Nation Global Edutainment Co., Ltd.	Thailand	99.74% shareholding by Nation International Edutainment Public Company Limited, some common directors
Thai Portal Co., Ltd.	Thailand	Related party, 19.00% shareholding by Kom Chad Luek Media Co., Ltd.

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Sales of goods and rendering of services	General price and negotiable rate
Costs of sales of goods and rendering of services	Actual cost allocation rate and negotiable rate
Sale of equipment	Book value plus margin
Purchase of equipment	Book value plus margin
Other income	Negotiable rate
Distribution costs and administrative expenses	Negotiable rate

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

Significant transactions for the three-month period ended 31 March with related parties were as follows:

<i>Three-month period ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Parent				
Rendering of services	901	738	901	738
Cost of rendering of services	1,240	3,134	269	836
Sale of equipment	-	32	-	32
Other income	-	7	-	7
Distribution costs and administrative expenses	3,509	2,778	1,389	2,623
Subsidiary				
Sales of goods and rendering of services	-	-	-	859
Cost of rendering of services	-	-	306	-
Other income	-	-	4,395	6,632
Other related parties				
Rendering of services	158	107	-	107
Costs of sales of goods and rendering of services	1,301	2,128	1,226	2,128
Other income	300	300	300	300
Distribution costs and administrative expenses	966	210	27	208
Key management personnel				
Key management personnel compensation				
Wages and salaries	2,145	3,483	2,145	3,483
Defined contribution plan	137	256	137	256
Total key management personnel compensation	<u>2,282</u>	<u>3,739</u>	<u>2,282</u>	<u>3,739</u>

Balances as at 31 March 2018 and 31 December 2017 with related parties were as follows:

<i>Trade accounts receivable - related parties</i>	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>			
Parent	29,376	28,411	29,376	28,411
Subsidiary	-	-	95,819	105,204
Other related parties	3,081	2,915	1,935	1,937
	<u>32,457</u>	<u>31,326</u>	<u>127,130</u>	<u>135,552</u>
Less allowance for doubtful accounts	<u>(32,105)</u>	<u>(31,100)</u>	<u>(31,127)</u>	<u>(30,122)</u>
Net	<u>352</u>	<u>226</u>	<u>96,003</u>	<u>105,430</u>

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Bad and doubtful debts expense for the three-month period ended 31 March	1,005	-	1,005	-

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>			
Subsidiary	-	-	-	23,088

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>			
Parent	11,877	11,676	11,877	11,676
Subsidiary	-	-	187,715	177,281
Other related parties	24,340	24,064	23,801	23,526
	36,217	35,740	223,393	212,483
Less allowance for doubtful accounts	(35,152)	(33,589)	(204,216)	(175,726)
Net	1,065	2,151	19,177	36,757

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Bad and doubtful debts expense for the three-month period ended 31 March	1,563	-	28,490	-

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>			
Parent	14	41	-	41
Subsidiary	-	-	112,788	129,704
Other related parties	1,082	2,740	861	622
Total	1,096	2,781	113,649	130,367

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>			
Parent	3,644	4,539	916	1,985
Subsidiary	-	-	1,144	10,105
Other related parties	59	207	58	126
Total	3,703	4,746	2,118	12,216

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

<i>Accrued expenses - related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Parent	140	182	54	103
Subsidiary	-	-	2,124	1,818
Other related parties	105	92	105	92
Total	245	274	2,283	2,013

Significant agreements with related parties

The Company and a subsidiary entered into agreements with a parent company to be granted services in relation to management, operations and other services. The Company and the subsidiary committed to pay the service fees as specified in the agreements.

The Company entered into an agreement with a subsidiary to provide services in relation to management, operations, marketing and other services. The Company will receive the service fee as specified in the agreements.

The Company entered into an agreement with a parent company for rent space and related services. The Company committed to pay rental and service fees as specified in the agreement.

The Company entered into an agreement with a related company to receive information technology system service. The Company committed to pay service fee as specified in the agreement.

4 Other investments

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Current investments</i>				
Debt security held for trading (Private fund)	18,975	18,990	18,975	18,990
<i>Other long-term investment</i>				
Equity security available for sale	2,467	7,401	2,467	7,401
Total	21,442	26,391	21,442	26,391

The Company established a private fund by engaging an independent assets management company for the purpose of cash management of the Company. This private fund invested in debt securities in response to capital market conditions. As at 31 March 2018, the value of private fund outstanding totalled Baht 19.46 million (including cash and cash equivalents of Baht 0.49 million) (31 December 2017: the valuation of private fund outstanding totalled Baht 19.42 million including cash and cash equivalent of Baht 0.43 million.)

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

Movements during the three-month period ended 31 March 2018 and 2017 of marketable equity and debt securities were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Current investments				
Trading security				
At 1 January	-	71,048	-	71,048
Purchases during the period	124,000	147,700	122,000	145,200
Sales during the period	(124,000)	(151,232)	(122,000)	(148,732)
Transfer during the period	-	(67,606)	-	(67,606)
Valuation adjustment	-	90	-	90
At 31 March	-	-	-	-
Trading security (Private fund)				
At 1 January	18,990	-	18,990	-
Valuation adjustment	(15)	-	(15)	-
At 31 March	18,975	-	18,975	-
Available-for-sale security				
At 1 January	-	-	-	-
Transfer during the period	-	67,606	-	67,606
At 31 March	-	67,606	-	67,606
Available-for-sale security (Private fund)				
At 1 January	-	-	-	-
Purchases during the period	-	88,047	-	88,047
Valuation adjustment	-	407	-	407
At 31 March	-	88,454	-	88,454
Other long-term investment				
Available-for-sale security				
At 1 January	7,401	18,092	7,401	18,092
Valuation adjustment	(4,934)	-	(4,934)	-
At 31 March	2,467	18,092	2,467	18,092

5 Trade accounts receivable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		31 March 2018	31 December 2017	31 March 2018	31 December 2017
		<i>(in thousand Baht)</i>			
Related parties	3	32,457	31,326	127,130	135,552
Other parties		52,691	95,176	49,411	89,006
Total		85,148	126,502	176,541	224,558
<i>Less allowance for doubtful accounts</i>		(35,408)	(34,664)	(34,385)	(33,641)
Net		49,740	91,838	142,156	190,917

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Bad and doubtful debts expense for the three-month period ended 31 March	1,048	173	1,048	173

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	1,133	8,695	23,086	10,200
Overdue:				
Less than 3 months	8,694	1,758	10,198	2,960
3-6 months	1,758	2,459	2,960	2,459
6-12 months	3,070	2,178	24,269	23,377
Over 12 months	17,802	16,236	66,617	96,556
	32,457	31,326	127,130	135,552
<i>Less allowance for doubtful accounts</i>	<i>(32,105)</i>	<i>(31,100)</i>	<i>(31,127)</i>	<i>(30,122)</i>
	352	226	96,003	105,430
Other parties				
Within credit terms	31,504	51,367	30,540	48,442
Overdue:				
Less than 3 months	15,455	37,879	15,046	36,541
3-6 months	522	2,112	522	249
6-12 months	1,907	255	44	255
Over 12 months	3,303	3,563	3,259	3,519
	52,691	95,176	49,411	89,006
<i>Less allowance for doubtful accounts</i>	<i>(3,303)</i>	<i>(3,564)</i>	<i>(3,258)</i>	<i>(3,519)</i>
	49,388	92,612	46,153	85,487
Net	49,740	91,838	142,156	190,917

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

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

6 Investment in subsidiary

<i>Three-month period ended 31 March</i>	Separate financial statements	
	2018	2017
At 1 January	-	810,250
At 31 March	<u>-</u>	<u>810,250</u>

During the three-month period ended 31 March 2018, there were no acquisitions and disposals of investment in subsidiary.

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

Investment in subsidiary as at 31 March 2018 and 31 December 2017, and dividend income from those investments for the three-month periods ended 31 March were as follows:

Name of subsidiary	Type of business	Separate financial statements										Dividend income for the three-month periods ended	
		Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		31	31
		31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	March 2018	March 2017
		(%)				(in thousand Baht)							
NBC Next Vision Co., Ltd.	Production of TV programme and advertisements through TV media	99.99	99.99	800,000	800,000	800,000	800,000	800,000	800,000	-	-	-	-
Total						800,000	800,000	800,000	800,000	-	-	-	-

A subsidiary was incorporated in Thailand. None of the Company's subsidiary is publicly listed and consequently do not have published price quotations.

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

7 Digital television licence

NBC Next Vision Co., Ltd., a subsidiary, received the commercial digital terrestrial television licence (“licence”) at national level for a news channel category in standard-definition for a period of 15 years, commencing from 25 April 2014 to 24 April 2029 at a bid price of Baht 1,338 million (exclusive of VAT). The subsidiary was required to make payments to Nation Broadcasting and Telecommunication commission (“NBTC”).

Digital television licence payable as at 31 March 2018 and 31 December 2017 were as follows:

	Consolidated financial statements					
	31 March 2018			31 December 2017		
	Future payments	Interest	Present value of payments <i>(in thousand Baht)</i>	Future payments	Interest	Present value of payments
Within one year	122,800	(9,241)	113,559	122,800	(9,829)	112,971
After one year but within five years	447,200	(14,498)	432,702	447,200	(16,737)	430,463
Total	<u>570,000</u>	<u>(23,739)</u>	<u>546,261</u>	<u>570,000</u>	<u>(26,566)</u>	<u>543,434</u>

Change of digital television license payable for the three-month periods ended March 2018 and 2017 were as follows:

	Consolidated financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Present value at 1 January	543,435	651,463
Interest expense	2,826	5,958
Present value at 31 March	<u>546,261</u>	<u>657,421</u>

As at 31 March 2018, the subsidiary had the outstanding balance of letter of guarantee issued by a financial institution placed to NBIC for the remaining license fee amounting to Baht 570 million (*31 December 2017: Baht 570 million*).

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

8 Warrants

1) NBC-WB

Movements of warrants NBC-WB during the three-month periods ended 31 March 2018 and 2017 of the warrants were as follows:

	Consolidated financial statements / Separate financial statements			
	2018		2017	
	Number of warrants	Grant date fair value	Number of warrants	Grant date fair value
	<i>(in thousand units / thousand Baht)</i>			
At 1 January	1,830	2,251	2,273	2,796
Issued warrants during the period	172	200	601	489
Forfeited warrants during the period	(128)	(146)	(738)	(658)
At 31 March	<u>1,874</u>	<u>2,305</u>	<u>2,136</u>	<u>2,627</u>

The Group and the Company had expenses for share-based payment transaction for the three-month period ended 31 March 2018 of Baht 0.05 million in the consolidated and separate financial statements (2017: reversal of expenses for share-based payment transactions amounting to Baht 0.17 million).

2) NBC-W1

The outstanding unexercised warrants NBC-W1 as at 31 March 2018 were as follows:

Unexercised warrants as at 1 January 2018	Issued warrants <i>(million units)</i>	Exercised warrants	Unexercised warrants as at 31 March 2018	Exercise price <i>(Baht / share)</i>	Expiry date
<u>177</u>	-	-	<u>177</u>	3	5 years from the grant date

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

9 Operating segment

Information about reportable segments

<i>Three-month period ended 31 March</i>	TV advertising media		Radio advertising media		New media advertising		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	<i>(in thousand Baht)</i>							
External revenue	65,664	126,323	106	4,491	7,176	36,214	72,946	167,028
Other income	7,035	2,200	-	5	4	20	7,039	2,225
Total segment revenue	72,699	128,523	106	4,496	7,180	36,234	79,985	169,253
Segment profit (loss) before income tax	(43,153)	(78,441)	10	(2,653)	4,253	9,652	(38,890)	(71,442)
Segment assets as at								
31 March / 31 December	635,683	688,998	541	3,663	8,288	28,695	644,512	721,356
Segment liabilities as at								
31 March / 31 December	651,027	641,464	71	701	7,058	16,326	658,156	658,491

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

Reconciliations of reportable segment assets and liabilities

	2018	2017
	<i>(in thousand Baht)</i>	
Assets		
Total assets for reportable segments	644,512	721,356
Other unallocated amounts	113,058	77,167
Consolidated total assets	<u>757,570</u>	<u>798,523</u>
Liabilities		
Total liabilities for reportable segments	658,156	658,491
Other unallocated amounts	18,825	18,349
Consolidated total liabilities	<u>676,981</u>	<u>676,840</u>

10 Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period. The Group's consolidated and the Company's effective tax rates in respect of continuing operations for the three-month ended 31 March 2018 were 5.81% and 0.13%, respectively (2017: 3.88% and 20.22%, respectively). These changes in effective tax rates were mainly caused by taxable loss carry forward, which will expire in 2018 - 2023. Deferred tax assets have not been recognised in respect of these items because management considered that it is not probable that future taxable profit of the Group will be available against which they can utilise the benefits therefrom and the different treatment for accounting and taxation purposes of amortisation of digital television licence.

11 Loss per share

Basic loss per share

The calculations of basic loss per share for the three-month periods ended 31 March 2018 and 2017 were based on the loss for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

	Consolidated		Separate	
	financial statements		financial statements	
<i>Three-month period ended 31 March</i>	2018	2017	2018	2017
	<i>(in thousand Baht / thousand shares)</i>			
Loss attributable to ordinary shareholders of the Company (basic)	<u>(41,148)</u>	<u>(68,671)</u>	<u>(36,498)</u>	<u>(10,958)</u>
Number of ordinary shares outstanding	<u>535,437</u>	<u>535,437</u>	<u>535,437</u>	<u>535,437</u>
Loss per share (basic) (in Baht)	<u>(0.076)</u>	<u>(0.128)</u>	<u>(0.068)</u>	<u>(0.020)</u>

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

Diluted loss per share

The Group and the Company did not assumed the conversion of the warrants (NBC-W1) and the warrants issued to the directors, management and/or employee of the Company and/or its subsidiaries (NBC-WB) in the calculation of diluted loss per share, as the exercise prices (including fair value of services to be rendered per warrant) were higher than the weighted average market prices in the consolidated and separate financial statements for the three-month periods ended 31 March 2018 and 2017.

12 Financial instruments

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Consolidated financial statements / Separate financial statement			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
31 March 2018					
<i>Financial assets measured at fair value</i>					
Debt security held for trading (Private fund)	18,975	-	18,975	-	18,975
Equity security available for sale	2,467	2,467	-	-	2,467
31 December 2017					
<i>Financial assets measured at fair value</i>					
Debt security held for trading (Private fund)	18,990	-	18,990	-	18,990
Equity security available for sale	7,401	7,401	-	-	7,401

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 fair values at 31 March 2018 and 31 December 2017 for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in Note 2 (c) to the interim financial statements.

Nation Broadcasting Corporation Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the three-month period ended 31 March 2018 (Unaudited)

Financial instruments measured at fair value

Type	Valuation technique
Investments in marketable unit trusts classified as trading	The net asset value as of the reporting date.

13 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>			
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	82,325	82,085	9,701	7,648
After one year but within five years	289,953	296,460	42,591	43,954
After five years	296,429	312,678	3,766	5,854
Total	<u>668,707</u>	<u>691,223</u>	<u>56,058</u>	<u>57,456</u>
<i>Other commitment</i>				
Bank guarantees	<u>612,073</u>	<u>572,206</u>	<u>2,173</u>	<u>2,206</u>

- a) The Company entered into lease and service agreements for its office premises and facilities with a local company for a period of 3 years, expiring in various periods up to 30 November 2020 with an option for renewal. The Company agreed to pay rental and service fees at the rate specified in the agreements.
- b) A subsidiary entered into a news supply agreement with a foreign company for a period of 5 years, commencing from 1 June 2016 to 31 May 2021 with an option for renewal. The Subsidiary agreed to pay a fee at the rate specified in the agreement.
- c) A subsidiary entered into service agreements covering television broadcasting satellite services with two local companies for periods ranging from 3 years and 3 months to 5 years and 11 months, expiring in various periods up to 31 March 2020. The subsidiary committed to pay the fees for such television broadcasting totaling USD 2.08 million.
- d) A subsidiary entered into a Standard Definition Terrestrial Digital Television Network Services agreement with Thai Royal Army Radio and Television Station for a period of 14 years and 5 months, commencing from 16 January 2014 to 31 May 2028. The subsidiary committed to pay a licence fee for such channel totalling approximately Baht 784.74 million.
- e) The Company entered into a service agreement for ratings measurement in television audiences of television channels in Thailand with a local association for a period of 6 years, commencing from 17 December 2015 to 30 September 2021. The Company agreed to pay a service fee at the rate specified in the agreement. During the year 2017, the service provider entered into an amendment of the agreement to change the expiry date of the agreement from 30 September 2021 to 30 September 2023 and all the other provision of the agreement remain unchanged.