

The Post Publishing Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2012

## **Independent Auditor's Report**

To the Shareholders of The Post Publishing Public Company Limited

I have audited the accompanying consolidated financial statements of The Post Publishing Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of The Post Publishing Public Company Limited for the same period.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Post Publishing Public Company Limited and its subsidiaries and of The Post Publishing Public Company Limited as at 31 December 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Narong Puntawong  
Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited  
Bangkok: 14 February 2013

The Post Publishing Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2012

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	61,773,609	64,310,766	16,785,478	8,340,382
Trade and other receivables	7, 8	662,201,654	457,730,452	517,010,646	328,463,539
Inventories	9	84,069,974	120,973,227	81,761,206	114,456,808
Corporate income tax deducted at source		75,881,284	46,897,061	67,532,169	41,722,716
Other current assets		30,212,589	22,297,476	26,529,127	17,488,958
<b>Total current assets</b>		<b>914,139,110</b>	<b>712,208,982</b>	<b>709,618,626</b>	<b>510,472,403</b>
<b>Non-current assets</b>					
Long-term loans to related parties	7	-	-	6,120,000	6,120,000
Investments in subsidiaries	10	-	-	106,017,450	106,017,450
Investment in associate	11	-	-	-	-
Other long-term investment	12	16,124	16,124	16,124	16,124
Property, plant and equipment	13	870,994,575	933,802,640	861,597,733	923,100,331
Goodwill	10	53,769,227	53,769,227	-	-
Other intangible assets - computer software	14	100,221,212	106,189,657	96,578,576	104,131,698
Deferred tax assets	24	34,119,098	53,531,950	23,888,022	43,768,473
Other non-current assets		8,533,521	8,536,696	1,983,319	2,173,728
<b>Total non-current assets</b>		<b>1,067,653,757</b>	<b>1,155,846,294</b>	<b>1,096,201,224</b>	<b>1,185,327,804</b>
<b>Total assets</b>		<b>1,981,792,867</b>	<b>1,868,055,276</b>	<b>1,805,819,850</b>	<b>1,695,800,207</b>

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

The Post Publishing Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from					
financial institutions	15	233,544,978	50,581,560	233,544,978	30,581,560
Trade and other payables	7, 16	288,571,351	300,636,694	232,436,261	256,919,080
Current portion of long-term loans	18	100,000,000	122,500,000	100,000,000	122,500,000
Current portion of liabilities under					
finance lease agreements	19	4,110,917	1,014,748	4,110,917	1,014,748
Short-term loans from related party	7	-	-	10,000,000	6,000,000
Income tax payable		4,229,198	10,193,737	-	-
Unearned subscription fee		75,022,012	69,561,328	67,165,040	62,497,370
Other current liabilities		93,281,102	87,114,540	78,622,024	72,306,887
<b>Total current liabilities</b>		<b>798,759,558</b>	<b>641,602,607</b>	<b>725,879,220</b>	<b>551,819,645</b>
<b>Non-current liabilities</b>					
Long-term loans from non-controlling interests					
of the subsidiary	17	5,880,000	5,880,000	-	-
Long-term loans, net of current portion	18	250,000,000	350,000,000	250,000,000	350,000,000
Liabilities under finance lease agreements - net					
of current portion	19	12,945,889	3,860,952	12,945,889	3,860,952
Provision for long-term employee benefits	20	69,895,557	71,525,294	67,964,309	70,090,979
<b>Total non-current liabilities</b>		<b>338,721,446</b>	<b>431,266,246</b>	<b>330,910,198</b>	<b>423,951,931</b>
<b>Total liabilities</b>		<b>1,137,481,004</b>	<b>1,072,868,853</b>	<b>1,056,789,418</b>	<b>975,771,576</b>

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

The Post Publishing Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Shareholders' equity</b>					
Share capital					
Registered					
505,000,000 ordinary shares of Baht 1 each		<u>505,000,000</u>	<u>505,000,000</u>	<u>505,000,000</u>	<u>505,000,000</u>
Issued and fully paid up					
500,000,000 ordinary shares of Baht 1 each		500,000,000	500,000,000	500,000,000	500,000,000
Retained earnings					
Appropriated - statutory reserve	21	50,500,000	50,500,000	50,500,000	50,500,000
Unappropriated		287,581,669	241,210,063	198,530,432	169,528,631
Other components of shareholders' equity		-	-	-	-
Equity attributable to owners of the Company		838,081,669	791,710,063	749,030,432	720,028,631
Non-controlling interests of the subsidiary		6,230,194	3,476,360	-	-
<b>Total shareholders' equity</b>		<u>844,311,863</u>	<u>795,186,423</u>	<u>749,030,432</u>	<u>720,028,631</u>
<b>Total liabilities and shareholders' equity</b>		<u>1,981,792,867</u>	<u>1,868,055,276</u>	<u>1,805,819,850</u>	<u>1,695,800,207</u>
		-	-	-	-

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

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 Directors  
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The Post Publishing Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	22	2,376,173,287	1,963,293,444	1,999,162,246	1,563,478,000
Costs of sales and services		<u>(1,657,468,496)</u>	<u>(1,332,797,339)</u>	<u>(1,429,248,640)</u>	<u>(1,116,976,156)</u>
<b>Gross profit</b>		718,704,791	630,496,105	569,913,606	446,501,844
Selling expenses		<u>(304,467,198)</u>	<u>(268,152,526)</u>	<u>(290,944,704)</u>	<u>(228,291,582)</u>
Administrative expenses		<u>(256,088,010)</u>	<u>(261,708,735)</u>	<u>(198,561,967)</u>	<u>(200,021,161)</u>
<b>Income from sales and rendering of services</b>		158,149,583	100,634,844	80,406,935	18,189,101
Other income					
Dividend income from subsidiary and jointly controlled entity	10	250,880	-	41,300,000	34,900,000
Reversal of allowance for loss from loan to associate	7	600,000	360,000	600,000	360,000
Gain on disposal of equipment		7,157,191	491,118	7,157,191	491,118
Others		<u>28,978,139</u>	<u>30,334,830</u>	<u>26,799,637</u>	<u>22,514,936</u>
<b>Profit before finance cost and income tax</b>		195,135,793	131,820,792	156,263,763	76,455,155
Finance cost		<u>(26,280,755)</u>	<u>(24,632,188)</u>	<u>(25,891,994)</u>	<u>(23,076,443)</u>
<b>Profit before income tax</b>		168,855,038	107,188,604	130,371,769	53,378,712
Income tax	24	<u>(39,729,598)</u>	<u>(53,126,604)</u>	<u>(21,369,968)</u>	<u>(23,372,746)</u>
<b>Profit for the year</b>		<u>129,125,440</u>	<u>54,062,000</u>	<u>109,001,801</u>	<u>30,005,966</u>
<b>Other comprehensive income:</b>					
		-	-	-	-
<b>Total comprehensive income for the year</b>		<u>129,125,440</u>	<u>54,062,000</u>	<u>109,001,801</u>	<u>30,005,966</u>
<b>Profit attributable to:</b>					
Equity holders of the Company		126,371,606	50,585,640	<u>109,001,801</u>	<u>30,005,966</u>
Non-controlling interests of the subsidiary		<u>2,753,834</u>	<u>3,476,360</u>		
		<u>129,125,440</u>	<u>54,062,000</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		126,371,606	50,585,640	<u>109,001,801</u>	<u>30,005,966</u>
Non-controlling interests of the subsidiary		<u>2,753,834</u>	<u>3,476,360</u>		
		<u>129,125,440</u>	<u>54,062,000</u>		
<b>Earnings per share</b>					
25					
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.25</u>	<u>0.10</u>	<u>0.22</u>	<u>0.06</u>

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

The Post Publishing Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2012

(Unit: Baht)

<b>Consolidated financial statements</b>						
Equity attributable to the owners of the Company						
Ordinary shares - issued and fully paid fully paid	Retained earnings		Total equity attributable to the owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity	
	Appropriated - statutory reserve	Unappropriated				
<b>Balance as at 1 January 2011</b>	500,000,000	50,500,000	235,624,423	786,124,423	-	786,124,423
Total comprehensive income for the year	-	-	50,585,640	50,585,640	3,476,360	54,062,000
Dividened paid (Note 28)	-	-	(45,000,000)	(45,000,000)	-	(45,000,000)
<b>Balance as at 31 December 2011</b>	<u>500,000,000</u>	<u>50,500,000</u>	<u>241,210,063</u>	<u>791,710,063</u>	<u>3,476,360</u>	<u>795,186,423</u>
<b>Balance as at 1 January 2012</b>	500,000,000	50,500,000	241,210,063	791,710,063	3,476,360	795,186,423
Total comprehensive income for the year	-	-	126,371,606	126,371,606	2,753,834	129,125,440
Dividened paid (Note 28)	-	-	(80,000,000)	(80,000,000)	-	(80,000,000)
<b>Balance as at 31 December 2012</b>	<u>500,000,000</u>	<u>50,500,000</u>	<u>287,581,669</u>	<u>838,081,669</u>	<u>6,230,194</u>	<u>844,311,863</u>

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



**The Post Publishing Public Company Limited and its subsidiaries**

**Statement of changes in shareholders' equity (continued)**

**For the year ended 31 December 2012**

(Unit: Baht)

	<b>Separate financial statements</b>			Total shareholders' equity
	Ordinary shares - issued and fully paid	Retained earnings		
		Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2011</b>	500,000,000	50,500,000	184,522,665	735,022,665
Total comprehensive income for the year	-	-	30,005,966	30,005,966
Dividened paid (Note 28)	-	-	(45,000,000)	(45,000,000)
<b>Balance as at 31 December 2011</b>	<u>500,000,000</u>	<u>50,500,000</u>	<u>169,528,631</u>	<u>720,028,631</u>
<b>Balance as at 1 January 2012</b>	500,000,000	50,500,000	169,528,631	720,028,631
Total comprehensive income for the year	-	-	109,001,801	109,001,801
Dividened paid (Note 28)	-	-	(80,000,000)	(80,000,000)
<b>Balance as at 31 December 2012</b>	<u>500,000,000</u>	<u>50,500,000</u>	<u>198,530,432</u>	<u>749,030,432</u>

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

**The Post Publishing Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the year ended 31 December 2012**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities</b>				
Profit before tax	168,855,038	107,188,604	130,371,769	53,378,712
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Allowance for doubtful debts (reversal)	(603,791)	6,680,449	1,143,774	1,922,573
Allowance for sales returns (reversal)	1,457,853	(2,935,394)	1,457,853	(2,935,394)
Allowance to reduce cost to net realisable value	13,515,463	5,303,893	9,747,095	5,093,939
Reversal of provision for loss on loan to associate	(600,000)	(360,000)	(600,000)	(360,000)
Dividend income from subsidiary and jointly controlled entity	(250,880)	-	(41,300,000)	(34,900,000)
Depreciation and amortisation	140,213,960	143,990,947	135,053,612	131,379,126
Gain on disposal of equipment	(7,157,191)	(491,118)	(7,157,191)	(491,118)
Reversal of allowance for impairment of computer software	(1,026,586)	(1,116,738)	(1,026,586)	(1,116,738)
Provision for long-term employee benefits	6,651,232	6,382,092	6,153,890	6,007,719
Interest expenses	<u>26,280,755</u>	<u>24,632,188</u>	<u>25,891,994</u>	<u>23,076,443</u>
Profit from operating activities before changes in operating assets and liabilities	347,335,853	289,274,923	259,736,210	181,055,262
Operating assets (increase) decrease				
Trade and other receivables	(205,325,264)	(27,112,405)	(191,148,734)	(6,842,713)
Inventories	23,387,790	(27,845,499)	22,948,507	(24,562,382)
Other current assets	(7,915,113)	12,962,949	(9,040,170)	12,862,656
Other non-current assets	3,175	(7,016,458)	190,409	(1,838,587)
Operating liabilities increase (decrease)				
Trade and other payables	(6,948,838)	93,495,572	(19,243,237)	89,037,470
Other current liabilities	11,664,264	6,545,899	10,982,807	6,625,407
Other non-current liabilities	<u>(8,280,969)</u>	<u>(5,907,689)</u>	<u>(8,280,560)</u>	<u>(5,907,689)</u>
Cash flows from operating activities	153,920,898	334,397,292	66,145,232	250,429,424
Cash paid for interest expenses	(25,980,596)	(25,557,596)	(24,891,498)	(24,726,072)
Cash paid for corporate income tax	<u>(55,302,527)</u>	<u>(48,093,213)</u>	<u>(27,298,970)</u>	<u>(22,678,453)</u>
<b>Net cash flows from operating activities</b>	<u>72,637,775</u>	<u>260,746,483</u>	<u>13,954,764</u>	<u>203,024,899</u>

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

**The Post Publishing Public Company Limited and its subsidiaries**

**Cash flow statement (continued)**

**For the year ended 31 December 2012**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Cash flow from investing activities</b>				
Dividend received from subsidiary and jointly controlled entity	250,880	-	41,300,000	34,900,000
Loan repayment from associate	600,000	360,000	600,000	360,000
Proceeds from sales of equipment	7,224,147	491,125	7,224,147	491,125
Cash paid for purchase of right to use equipment	-	(9,808,165)	-	-
Cash paid for purchase of equipment	(43,790,036)	(33,924,426)	(41,433,989)	(29,841,057)
Cash paid for purchase of computer software	(17,070,254)	(14,541,116)	(14,810,157)	(13,812,406)
<b>Net cash flows used in investing activities</b>	<u>(52,785,263)</u>	<u>(57,422,582)</u>	<u>(7,119,999)</u>	<u>(7,902,338)</u>
<b>Cash flows from financing activities</b>				
Bank overdrafts and short-term loans from financial institutions (repayment)	182,963,418	(524,418,440)	202,963,418	(524,418,440)
Long-term loans from banks	-	500,000,000	-	500,000,000
Repayment of long-term loans from banks	(122,500,000)	(130,000,000)	(122,500,000)	(130,000,000)
Repayment of liabilities under finance lease agreements	(2,853,087)	(108,500)	(2,853,087)	(108,500)
Increase in loans from subsidiary	-	-	4,000,000	6,000,000
Dividend paid	(80,000,000)	(45,000,000)	(80,000,000)	(45,000,000)
<b>Net cash flows from (used in) financing activities</b>	<u>(22,389,669)</u>	<u>(199,526,940)</u>	<u>1,610,331</u>	<u>(193,526,940)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(2,537,157)</u>	<u>3,796,961</u>	<u>8,445,096</u>	<u>1,595,621</u>
Cash and cash equivalents at beginning of year	<u>64,310,766</u>	<u>60,513,805</u>	<u>8,340,382</u>	<u>6,744,761</u>
<b>Cash and cash equivalents at end of year</b>	<u>61,773,609</u>	<u>64,310,766</u>	<u>16,785,478</u>	<u>8,340,382</u>
	-	-	-	-
<b>Supplemental cash flows information:</b>				
Non-cash item				
Purchase of equipment and computer software for which cash has not been paid	2,188,550	7,041,069	1,182,588	6,858,521
Assets acquired under finance lease agreements	14,470,048	4,984,200	14,470,048	4,984,200

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

**The Post Publishing Public Company Limited and its subsidiaries**  
**Consolidated notes to financial statements**  
**For the year ended 31 December 2012**

**1. Corporate information**

The Post Publishing Public Company Limited (“the Company”) is a public company under Thai laws and is domiciled in Thailand. The Company is principally engaged in the publishing and distribution of newspapers, magazines and books and production of television programs. Its registered address is 136 Sunthorn Kosa Road, Kwang Klong Toey, Khet Klong Toey, Bangkok.

**2. Basis of preparation**

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2012, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**2.2 Basis of consolidation**

a) The consolidated financial statements include the financial statements of the Company and the following subsidiaries and jointly controlled entity:

Company's name	Nature of business	Percentage of shareholding		Country of incorporation
		<u>2012</u> Percent	<u>2011</u> Percent	
<b>Subsidiaries</b>				
Job Job Company Limited	Rental service for internet domain name	100	100	Thailand
Post International Media Company Limited	Publishing and distribution of magazines	100	100	Thailand
Post-IM Plus Company Limited (49% owned by the Company and 51% owned by Post International Media Company Limited)	Publishing and distribution of magazines	100	100	Thailand
Post News Company Limited	Production of television programming	51	51	Thailand
<b>Jointly controlled entity</b>				
Post-ACP Company Limited (owned by Post International Media Company Limited)	Publishing and distribution of magazines	70	70	Thailand





Advertising service income is recognised when the service has been rendered. The service is generally considered to be rendered when the publication carrying the advertisement is issued.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

#### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables which is generally based on collection experience and analysis of debt aging and allowance for sales return which is based on past experience and prevailing market condition.

### **4.4 Inventories**

Finished goods is valued at the lower of cost (determined on the first-in, first-out method) and net realisable value. Such cost include all production costs which consist of cost of materials, labour and production overheads.

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of cost (determined on the first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.

The Company and its subsidiaries set aside allowance to reduce cost to net realisable value for obsolete and slow-moving inventories.

### **4.5 Investments**

- a) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method.
- c) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

#### 4.6 Property, plant and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment loss of the assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Buildings	20 years
Machinery and equipment	3 to 15 years
Office furniture, equipment and vehicles	4 and 5 years

Depreciation is included in determining income.

No depreciation is provided for land, and machinery and equipment under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

#### 4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 4.8 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and allowance for impairment losses of the assets.

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follow:

	<u>Useful lives</u>
Computer software	3 to 10 years
Right to use equipment	In accordance with the agreement for co-producer of television news programming (1 to 2 years)

No amortisation is provided for computer software under installation.



## **4.9 Goodwill**

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

## **4.10 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.11 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **4.12 Long-term leases**

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period, if the Company expects not to purchase such assets at the end of the lease period.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.13 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the exchange rates ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of the reporting period.

Gains and losses on exchange are included in determining income.

#### **4.14 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### **4.15 Employee benefits**

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits and other long-term employee benefits***

###### *Defined contribution plans*

The Company and its subsidiaries, and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the contributions of the Company and its subsidiaries are recognised as expenses when incurred.

###### *Defined benefit plans and other long-term employee benefits*

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

#### **4.16 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

## **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

## **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, debt collection experience, aging profile of outstanding debts and the prevailing economic condition.

## **Allowance for sales return**

In determining an allowance for sales return, the management needs to make judgment and estimates based upon past experience and prevailing market condition.

## **Impairment of investments**

The Company treats investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement.

## **Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

## **Goodwill**

The initial recognition and measurement of goodwill and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

### Litigation

The Company has contingent liabilities as a result of litigations. The Company's management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of the reporting period.

## 6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash	413	665	210	465
Bank deposits	61,361	63,646	16,575	7,875
Total	<u>61,774</u>	<u>64,311</u>	<u>16,785</u>	<u>8,340</u>

As at 31 December 2012, bank deposits in savings accounts and fixed deposits carried interest at the rates between 0.6 and 2.25 percent per annum (2011: between 0.5 and 2.25 percent per annum).

## 7. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchase of goods	-	-	32	27	Market price
Rental income	-	-	6	6	Market price
Advertising income	-	-	42	12	Market price
Television production service income	-	-	57	58	Contract price
Advertising expenses	-	-	40	13	Market price
Rental expenses of television air time	-	-	5	4	Market price
Management fee income	-	-	2	1	Contract price
<u>Transactions with jointly controlled entity</u>					
(eliminated from the consolidated financial statements at the Company's proportionated interest)					
Purchase of goods	16	15	33	30	Market price

The balances of the accounts as at 31 December 2012 and 2011 between the Company and those related companies are as follow:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b><u>Trade and other receivables - related parties (Note 8)</u></b>				
Subsidiaries	-	-	9,080	18,375
Jointly controlled entity	383	3	4	6
Associate	1	-	1	-
<b>Total trade and other receivables - related parties</b>	<b>384</b>	<b>3</b>	<b>9,085</b>	<b>18,381</b>
<b><u>Trade and other payables - related parties (Note 16)</u></b>				
Subsidiaries	-	-	9,679	12,726
Jointly controlled entity	4,402	3,103	8,933	6,333
Associate	-	5	-	5
<b>Total trade and other payables - related parties</b>	<b>4,402</b>	<b>3,108</b>	<b>18,612</b>	<b>19,064</b>

### Long-term loans to related parties

As at 31 December 2012 and 2011, the balance of loans between the Company and those related parties and the movement are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements		
Loan to related party	Related by	Balance as at 31 December 2011	Decrease during the year	Balance as at 31 December 2012
Flash News Co., Ltd.	Associate	600	(600)	-
Less: Allowance for loss		(600)	600	-
Total		-	-	-

(Unit: Thousand Baht)

		Separate financial statements		
Loans to related parties	Related by	Balance as at 31 December 2011	Decrease during the year	Balance as at 31 December 2012
Post News Co., Ltd.	Subsidiary	6,120	-	6,120
Flash News Co., Ltd.	Associate	600	(600)	-
Less: Allowance for loss		(600)	600	-
Total		6,120	-	6,120

In 2010, Post News Company Limited received a loan of Baht 6.1 million from the Company. The loan is repayable on demand and carries interest at the rate with reference to Minimum Loan Rate a commercial bank charges to its prime customers. The Company does not have an intention to recall the loan within the next 12 months period. The Company therefore classified the loan as a long-term loan.

In 2008, Flash New Company Limited received a loan of Baht 2.4 million from the Company. The loan is repayable on demand and carries interest at a rate with reference to the Minimum Overdraft Rate that commercial banks charge to their prime customers. Because that company had a significant loss in 2008, the Company recorded full allowance for loss from the loan in the accounts. However, during 2012 and 2011, that company made loan payments totaling approximately Baht 0.6 million and Baht 0.4 million, respectively, to the Company. The balance of allowance for loss from the loan was therefore reversed to statements of comprehensive income.

### Short-term loans from related party

As at 31 December 2012 and 2011, the balance of loans between the Company and this related party and the movement are as follows:

(Unit: Thousand Baht)

Loans to related party	Related by	Separate financial statements			
		Balance as at 31 December 2011	Increase during the year	Decrease during the year	Balance as at 31 December 2012
Post International Media					
Company Limited	Subsidiary	6,000	10,000	(6,000)	10,000

The above short-term loans are repayable on demand and subject to interest at the rate reference to the 12-month fixed deposit of a local commercial bank.

### Directors and management's benefits

During the year ended 31 December 2012 and 2011, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Short-term employee benefits	81	83	51	52
Post-employment benefits	1	1	1	1
Total	82	84	52	53

### Guarantee obligation with related party

The Company has outstanding guarantee obligation with a subsidiary, as described in Note 29.4 a) to the financial statements.



## 8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Trade receivables - related party</u>				
Age on the basis of due dates				
Not yet due	-	-	5,118	4,667
Past due				
Up to 3 months	-	-	2,559	13,161
Total trade receivables - related party	-	-	7,677	17,828
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	295,941	222,899	219,270	156,886
Past due				
Up to 3 months	322,790	211,537	251,991	133,571
3 - 6 months	33,475	17,996	29,861	16,818
6 - 12 months	12,528	8,655	11,264	6,961
Over 12 months	12,031	12,800	8,254	9,899
Total	676,765	473,887	520,640	324,135
Less : Allowance for doubtful accounts	(9,789)	(14,450)	(6,836)	(9,632)
Allowance for sales returns	(5,878)	(4,420)	(5,878)	(4,420)
Total trade receivables - unrelated parties, net	661,098	455,017	507,926	310,083
Total trade receivables - net	661,098	455,017	515,603	327,911
<u>Other receivables</u>				
Amounts due from related parties	384	3	1,408	553
Other receivables	720	2,710	-	-
Total other receivables	1,104	2,713	1,408	553
Trade and other receivables - net	662,202	457,730	517,011	328,464

## 9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Allowance to reduce cost to net realisable value		Inventories - net	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Finished goods	50,639	41,878	(34,010)	(20,708)	16,629	21,170
Raw materials	52,735	59,291	(2,219)	(601)	50,516	58,690
Raw materials in transit	4,110	30,332	-	-	4,110	30,332
Others	15,025	14,396	(2,210)	(3,615)	12,815	10,781
<b>Total</b>	<b>122,509</b>	<b>145,897</b>	<b>(38,439)</b>	<b>(24,924)</b>	<b>84,070</b>	<b>120,973</b>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Allowance to reduce cost to net realisable value		Inventories - net	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Finished goods	38,072	31,692	(18,510)	(9,079)	19,562	22,613
Raw materials	52,735	59,291	(2,219)	(601)	50,516	58,690
Raw materials in transit	4,110	30,332	-	-	4,110	30,332
Others	9,173	5,724	(1,600)	(2,902)	7,573	2,822
<b>Total</b>	<b>104,090</b>	<b>127,039</b>	<b>(22,329)</b>	<b>(12,582)</b>	<b>81,761</b>	<b>114,457</b>

## 10. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follow:

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Carrying amount based on cost method		Dividend received during	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
			(%)	(%)				
Job Job Company Limited	25	25	100	100	25	25	-	-
Post-IM Plus Company Limited (Another 51% owned by Post International Media Company Limited)	50,000	50,000	49	49	2	2	-	-
Post International Media Company Limited	25,000	25,000	100	100	100,890	100,890	41,300	34,900
Post News Company Limited	10,000	10,000	51	51	5,100	5,100	-	-
<b>Total</b>					<b>106,017</b>	<b>106,017</b>	<b>41,300</b>	<b>34,900</b>

## Post International Media Company Limited

The excess of the investment cost over the fair value of the identifiable assets and liabilities of the subsidiary as at the purchase date in 2008 was Baht 59.3 million. The amount was presented as goodwill in the consolidated statements of financial position. Later, the amount of the goodwill was reduced by Baht 5.5 million to Baht 53.8 million in the statements of financial position. This was a result of the adoption of the accounting policy for income tax by Post International Media Company Limited in 2009.

### 11. Investment in associate

#### 11.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method - net		
			2012 (%)	2011 (%)	2012	2011	2012	2011	
Flash News Company Limited	Production of radio programming	Thailand	40	40	10,000	10,000	2,704	2,704	
Less: Allowance for loss from investment						(10,000)	(10,000)	(2,704)	(2,704)
Net						-	-	-	-

#### 11.2 Summarised financial information of associate

Financial information of the associate is summarised below:

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the year ended		Profit for the year ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Flash News Company Limited	23	23	6	12	4	5	21	20	2	1

## 12. Long-term investment

Long-term investment represents investment in ordinary shares of the following company:

	Paid up Capital	Equity interest Percent	(Unit: Thousand Baht)	
			Cost	
			2012	2011
Singapore Press Holdings Limited	27,393,300	0.00	16	16

## 13. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements					Total
	Land	Buildings	Machinery and equipment	Office furniture, equipment and vehicles	Machinery and equipment under installation	
<b>Cost</b>						
1 January 2011	202,076	859,496	1,024,605	152,880	70	2,239,127
Additions	-	-	13,516	11,691	19,294	44,501
Disposals	-	-	(34)	(2,926)	-	(2,960)
Transfers	-	-	420	13,803	(14,223)	-
Receipt of transfer from deferred right to use equipment - at net book value	-	-	-	3,266	-	3,266
31 December 2011	202,076	859,496	1,038,507	178,714	5,141	2,283,934
Additions	-	-	9,200	31,448	12,785	53,433
Disposals	-	-	(4,143)	(19,329)	-	(23,472)
Transfers	-	-	1,832	12,564	(14,396)	-
31 December 2012	202,076	859,496	1,045,396	203,397	3,530	2,313,895
<b>Accumulated depreciation</b>						
1 January 2011	-	584,516	512,702	138,383	-	1,235,601
Depreciation for the year	-	42,866	66,963	7,661	-	117,490
Depreciation on disposals	-	-	(34)	(2,926)	-	(2,960)
31 December 2011	-	627,382	579,631	143,118	-	1,350,131
Depreciation for the year	-	35,399	57,946	22,830	-	116,175
Depreciation on disposals	-	-	(4,143)	(19,263)	-	(23,406)
31 December 2012	-	662,781	633,434	146,685	-	1,442,900
<b>Net book value</b>						
31 December 2011	202,076	232,114	458,876	35,596	5,141	933,803
31 December 2012	202,076	196,715	411,962	56,712	3,530	870,995
<b>Depreciation for the year</b>						
2011 (Baht 96 million included in manufacturing cost, and the balance in selling and administrative expenses)						117,490
2012 (Baht 95 million included in manufacturing cost, and the balance in selling and administrative expenses)						116,175

(Unit: Thousand Baht)

	Separate financial statements					Total
	Land	Buildings	Machinery and equipment	Office furniture, equipment and vehicles	Machinery and equipment under installation	
<b>Cost</b>						
1 January 2011	202,076	859,495	1,015,655	143,507	70	2,220,803
Additions	-	-	10,716	10,986	19,294	40,996
Disposals	-	-	(34)	(2,926)	-	(2,960)
Transfers	-	-	420	13,803	(14,223)	-
31 December 2011	202,076	859,495	1,026,757	165,370	5,141	2,258,839
Additions	-	-	6,567	30,902	12,785	50,254
Disposals	-	-	(4,092)	(19,980)	-	(24,072)
Transfers	-	-	1,831	12,564	(14,395)	-
31 December 2012	202,076	859,495	1,031,063	188,856	3,531	2,285,021
<b>Accumulated depreciation</b>						
1 January 2011	-	584,516	505,753	134,752	-	1,225,021
Depreciation for the year	-	42,866	65,440	5,372	-	113,678
Depreciation on disposals	-	-	(34)	(2,926)	-	(2,960)
31 December 2011	-	627,382	571,159	137,198	-	1,335,739
Depreciation for the year	-	35,399	55,970	20,321	-	111,690
Depreciation on disposals	-	-	(4,092)	(19,914)	-	(24,006)
31 December 2012	-	662,781	623,037	137,605	-	1,423,423
<b>Net book value</b>						
31 December 2011	202,076	232,113	455,598	28,172	5,141	923,100
31 December 2012	202,076	196,714	408,026	51,251	3,531	861,598
<b>Depreciation for the year</b>						
2011 (Baht 91 million included in manufacturing cost, and the balance in selling and administrative expenses)						113,678
2012 (Baht 92 million included in manufacturing cost, and the balance in selling and administrative expenses)						111,690

As at 31 December 2012, the Company, subsidiaries and jointly controlled entity had certain equipment items which have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 1,004 million (2011: Baht 414 million) (Separate financial statements: Baht 994 million (2011: Baht 405 million)).

## 14. Computer software

The net book value of computer software as at 31 December 2012 and 2011 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Cost</b>				
1 January	249,012	234,091	240,444	227,075
Additions	17,045	14,098	14,785	13,369
Disposals	(15,241)	-	(15,512)	-
Receipt from transfer from deferred right to use equipment at net book value	-	823	-	-
31 December	<u>250,816</u>	<u>249,012</u>	<u>239,717</u>	<u>240,444</u>
<b>Accumulated amortisation</b>				
1 January	137,650	119,435	131,140	113,439
Amortisation during the year	24,039	18,215	23,363	17,701
Accumulated amortisation of disposals	(15,240)	-	(15,511)	-
31 December	<u>146,449</u>	<u>137,650</u>	<u>138,992</u>	<u>131,140</u>
<b>Allowance for impairment</b>				
1 January	5,172	6,289	5,172	6,289
Reversal of allowance for impairment of computer software	(1,026)	(1,117)	(1,026)	(1,117)
31 December	<u>4,146</u>	<u>5,172</u>	<u>4,146</u>	<u>5,172</u>
<b>Net book value as at 31 December</b>	<u>100,221</u>	<u>106,190</u>	<u>96,579</u>	<u>104,132</u>
<b>Amortisation expenses:</b>				
Included in manufacturing cost	19,987	15,599	19,507	15,201
Included in selling and administrative expenses	4,052	2,616	3,856	2,500
Total amortisation expenses for the year	<u>24,039</u>	<u>18,215</u>	<u>23,363</u>	<u>17,701</u>

As at 31 December 2012, the Company's computer software included computer software under installation amounting to Baht 8 million (2011: Baht 60 million).

As at 31 December 2012, the Company and its subsidiaries had certain computer software which have been fully amortised but are still in use. The gross carrying amount (before deducting accumulated amortisation and allowance for impairment loss) of those assets amounted to approximately Baht 62 million (2011: Baht 62 million) (Separate financial statements: Baht 52 million (2011: Baht 52 million)).

**15. Bank overdrafts and short-term loans from financial institutions**

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated		Separate	
		financial statements		financial statements	
		2012	2011	2012	2011
Bank overdrafts	MOR	15,545	2,582	15,545	2,582
Short-term loans from financial institutions	MMR	218,000	48,000	218,000	28,000
Total		233,545	50,582	233,545	30,582

As at 31 December 2011, the subsidiary's short-term loans from financial institutions were guaranteed by the Company and the non-controlling interest shareholders of the subsidiary.

**16. Trade and other payables**

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2012	2011	2012	2011
Trade payables - related parties	4,377	3,103	18,354	17,207
Trade payables - unrelated parties	144,322	158,950	85,268	112,838
Amount due to related parties	25	5	258	1,857
Accrued expenses	101,283	78,848	93,393	71,048
Other payables	38,564	59,731	35,163	53,969
Total trade and other payables	288,571	300,637	232,436	256,919

**17. Long-term loans from non-controlling interests of subsidiary**

As at 31 December 2012 and 2011, a subsidiary had a short-term Baht loans from its shareholders who have non-controlling interests. The loans carry interest at the rates with reference to Minimum Loan Rate a commercial bank charges to its prime customers, and repayable on demand. However, they confirmed not to call for repayment of this loan within the next twelve months. The subsidiary therefore classified the loans as a long-term loans.

## 18. Long-term loans

The balance represents the Company's long-term Baht loans from local banks, which are summarised below.

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	2012	2011
1	Fixed rate for the first two years and thereafter at a rate referenced to the Minimum Loan Rate	Quarterly installments of Baht 7.5 million each, commencing October 2011	-	22,500
2	Fixed rate for the first two years and thereafter at a rate referenced to the Minimum Loan Rate	Quarterly installments of Baht 25 million each, commencing September 2012	350,000	450,000
Total			350,000	472,500
Less: Current portion			(100,000)	(122,500)
Long-term loans - net of current portion			250,000	350,000

The long-term loan agreements contain certain covenants pertaining to the maintenance of financial ratios.

## 19. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	<u>2012</u>	<u>2011</u>
Liabilities under finance lease agreements	19,154	5,598
Less : Deferred interest expenses	(2,097)	(722)
Total	17,057	4,876
Less : Portion due within one year	(4,111)	(1,015)
Liabilities under finance lease agreements - net of current portion	12,946	3,861

The Company has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are 4 years.



Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

	As at 31 December 2012		
	Less than 1		
	year	1-4 years	Total
Future minimum lease payments	5.1	14.1	19.2
Deferred interest expenses	(1.0)	(1.1)	(2.1)
Present value of future minimum lease payments	<u>4.1</u>	<u>13.0</u>	<u>17.1</u>

(Unit: Million Baht)

	As at 31 December 2011		
	Less than 1		
	year	1-4 years	Total
Future minimum lease payments	1.3	4.3	5.6
Deferred interest expenses	(0.3)	(0.4)	(0.7)
Present value of future minimum lease payments	<u>1.0</u>	<u>3.9</u>	<u>4.9</u>

## 20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensations payable to employees on their retirement, was as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<b>Defined benefit obligation at beginning of year</b>	71,525	71,051	70,091	69,991
Current service cost	4,734	4,692	4,262	4,571
Interest cost	1,918	1,690	1,892	1,437
Benefits paid during the year	(8,281)	(5,908)	(8,281)	(5,908)
<b>Defined benefit obligation at end of year</b>	<u>69,896</u>	<u>71,525</u>	<u>67,964</u>	<u>70,091</u>

Long-term employee benefit expenses included in the profit or loss was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Current service cost	4,734	4,692	4,262	4,571
Interest cost	1,918	1,690	1,892	1,437
<b>Total expense recognized in profit or loss</b>	<b>6,652</b>	<b>6,382</b>	<b>6,154</b>	<b>6,008</b>
Line items under which such expenses are included in profit or loss				
Cost of sales	4,008	3,841	3,651	3,588
Selling and administrative expenses	2,644	2,541	2,503	2,420

Principal actuarial assumptions of the Company and its subsidiaries at the valuation date in 2012 and 2011 were as follows:

	(% per annum)
Discount rate (depending on employee's remaining service year)	1.9 - 4.3
Future salary increase rate	3.0
Staff turnover rate	5.2 - 14.0

## 21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The reserve has now been fully set aside. The statutory reserve is not available for dividend distribution.

## 22. Sales and service income

These include sales and advertising revenues of approximately Baht 53 million (2011: Baht 39 million) (Separate financial statements: Baht 92 million (2011: Baht 47 million)) arising from exchanges of dissimilar goods or services with other companies.

## 23. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Salaries, wages and other employee benefits	727	686	611	567
Depreciation and amortisation	140	144	135	131
Advertising expenses	114	110	137	107
News service expenses	60	56	40	38
Travelling expenses	81	53	69	42
Raw materials and consumables used	648	525	610	449
Changes in inventories of finished goods and work in progress	9	4	10	1

## 24. Deferred tax assets/Income tax

Income tax expenses for the years ended 31 December 2012 and 2011 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Current income tax:</b>				
Current income tax charge	20,366	23,248	1,912	-
Adjustment of prior year's income tax	(49)	-	(422)	-
<b>Total</b>	<u>20,317</u>	<u>23,248</u>	<u>1,490</u>	<u>-</u>
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(2,115)	(514)	(1,016)	1,496
Utilisation of tax loss carried forward during the year	19,828	9,813	19,828	5,361
Effect of the change in income tax rate	1,700	20,580	1,068	16,516
<b>Total</b>	<u>19,413</u>	<u>29,879</u>	<u>19,880</u>	<u>23,373</u>
<b>Income tax expense reported in the statement of comprehensive income</b>	<u>39,730</u>	<u>53,127</u>	<u>21,370</u>	<u>23,373</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2012 and 2011 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Accounting profit before tax	168,855	107,189	130,372	53,379
Applicable tax rate	23%	30 %	23%	30%
Accounting profit before tax multiplied by applicable tax rate	38,837	32,157	29,986	16,014
Adjustment of prior year's income tax	(49)	-	(422)	-
Utilisation of previously unrecognised tax losses	(1,123)	(1,028)	-	-
Effect of the change in income tax rates	1,700	20,580	1,068	16,516
Effects of:				
Non-deductible expenses	422	1,418	237	1,313
Exempted dividend income	(57)	-	(9,499)	(10,470)
Income tax expense reported in the statement of comprehensive income	<u>39,730</u>	<u>53,127</u>	<u>21,370</u>	<u>23,373</u>

As of 31 December 2012 and 2011, the components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Provision for long-term employee benefits	13,695	14,312	13,593	14,267
Tax loss carried forward	-	19,763	-	19,763
Allowance for loss from loan to and investment in subsidiary and associate	7,100	7,220	2,000	2,120
Allowance for doubtful accounts	1,958	3,138	1,367	2,180
Allowance for sales returns	1,269	1,107	491	528
Allowance for diminution in value of inventories	7,354	5,037	4,466	2,586
Accrued expenses	1,577	1,700	1,107	1,069
Allowance for impairment of computer software	829	1,190	829	1,190
Others	67	65	35	65
<b>Total deferred tax assets</b>	<u>34,119</u>	<u>53,532</u>	<u>23,888</u>	<u>43,768</u>

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to implement the resolution of the cabinet, in December 2011, the tax rate decreases for 2012 to 2014 were enacted through a royal decree. The Company reflected the changes in tax rates in its deferred tax calculations, as presented above.

As at 31 December 2012 a subsidiary has deductible temporary differences, unused tax losses and unused tax credits totaling Baht 20 million (2011: Baht 40 million), on which deferred tax assets have not been recognised as the subsidiary believes that it is not probable that future taxable profit will be available to allow the deferred tax assets to be utilised.

## **25. Earnings per share**

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

## **26. Segment information**

The Company and its subsidiaries' business operations involve 3 principal segments: (1) Publishing and advertising (2) Production of television programs and (3) Others. These operations are carried on only in Thailand. Below is the consolidated financial information, by segment, of the Company and its subsidiaries for the years ended 31 December 2012 and 2011.

(Unit: Million Baht)

	Publishing and advertising segment		Production of television programs segment		Others segments		Elimination of inter-segment revenues		Consolidation	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue from external customers	1,980	1,650	239	181	157	132	-	-	2,376	1,963
Intersegment revenues	91	56	102	74	66	55	(259)	(185)	-	-
Total revenues	<u>2,071</u>	<u>1,706</u>	<u>341</u>	<u>255</u>	<u>223</u>	<u>187</u>	<u>(259)</u>	<u>(185)</u>	<u>2,376</u>	<u>1,963</u>
Segment operating profit	407	332	6	21	1	8	(1)	(1)	413	360
Unallocated income and expenses:										
Other income									37	31
Administrative expenses									(256)	(262)
Financial cost									(26)	(25)
Income tax expenses									(40)	(53)
Non-controlling interests of the subsidiary									1	3
Profit for the year									<u>129</u>	<u>54</u>

(Unit: Million Baht)

	Publishing and advertising segment		Production of television programs segment		Others segments		Unallocated		Elimination of inter-segment		Consolidation	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Property, plant and equipment and computer software	429	463	11	14	9	10	422	447	-	-	871	934
Other intangible assets - computer software	77	97	2	1	5	4	16	4	-	-	100	106
Unallocated assets											1,012	828
Total assets											<u>1,983</u>	<u>1,868</u>

Transfer prices between business segments are as set out in Note 7 to the financial statements.

## 27. Provident fund

The Company and its subsidiaries, and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contributed to the fund monthly at the rates of 4 percent to 8 percent of basis salary. The fund, which is managed by The Bangkok Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During 2012, the Company and its subsidiaries contributed Baht 30 million (2011: Baht 29 million) (Separate financial statements: Baht 27 million (2011: Baht 25 million)) to the fund.

## 28. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	(Unit: Million Baht)
			Dividend per share (Baht per share)
Final dividends for 2010	Annual General Meeting of the shareholders on 22 April 2011	45,000	0.09
Total for 2011		<u>45,000</u>	<u>0.09</u>
Final dividends for 2011	Annual General Meeting of the shareholders on 25 April 2012	50,000	0.10
Interim dividends for 2012	Board of Directors' meeting on 9 November 2012	30,000	0.06
Total for 2012		<u>80,000</u>	<u>0.16</u>

## 29. Commitments and contingent liabilities

### 29.1 Capital commitments

The Company had commitments relating to the acquisition of equipment and the developing and maintaining of computer systems as follows:

Payable within:	(Unit: Million Baht)	
	As at 31 December	
	<u>2012</u>	<u>2011</u>
1 year	50	30
2 to 5 years	8	54

## **29.2 Purchase newsprint commitments**

The subsidiaries have outstanding commitments, payable within one year, in respect of the purchase of paper for magazine printing at the rate and quantities stipulated in the agreement.

## **29.3 Long-term service commitments**

The subsidiaries and jointly controlled entity have entered into trademark agreements under which foreign companies granted their permission to use their trademarks. The subsidiaries and jointly controlled entity are obliged to pay the counterparties service fees, which are calculated in accordance with the conditions and at rates stipulated in the agreements.

## **29.4 Guarantees**

- (a) As at 31 December 2012 and 2011, the Company has guaranteed a bank credit facility of a subsidiary amounting to Baht 10 million.
- (b) As at 31 December 2012 and 2011, there were outstanding bank guarantees of approximately Baht 20 million issued in the normal course of business of the Companies.

## **29.5 Litigation**

The Company has been named a defendant in a labor suit arising in the ordinary course of its business. The management believes that the resolution of this case will not have any material adverse effect on the Company's financial statements.

## **29.6 Significant agreement**

A government agency selected the Company as a co-producer of daily television news programming. The Company agreed to compensate the government agency in terms of cash, and through provision of equipment, news production staff and advertising service, in accordance with the conditions and amounts specified in the agreement. The agreement is expiring in April 2013.



## **30. Financial instruments**

### **30.1 Financial risk management**

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, long-term loans to related parties, trade and other payables, bank overdrafts and short-term loans from financial institutions, short-term loans and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and long-term loans to related parties. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses, except for the amount provided by an allowance for doubtful debts. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and long-term loans to related parties as stated in the statements of financial position.

#### ***Interest rate risk***

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, long-term loans to related parties, bank overdrafts and short-term loans from financial institutions, short-term loans and long-term borrowings. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2012 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2012						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective Interest rate (% per annum)
	Within 1 year	1 to 5 years				
<u>Financial Assets</u>						
Cash and cash equivalents	-	-	37	25	62	0.6 - 2.25
Trade and other receivables	-	-	-	662	662	-
	-	-	37	687	724	
<u>Financial Liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	-	-	234	-	234	MMR, MOR
Trade and other payables	-	-	-	289	289	-
Long-term loans from non-controlling interests of the subsidiary	-	-	6	-	6	Reference to MLR
Long-term loans	50	-	300	-	350	Fixed rates and MLR
Liabilities under finance lease agreement	4	13	-	-	17	Fixed rates
	54	13	540	289	896	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2011						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective Interest rate (% per annum)
	Within 1 year	1 to 5 years				
<u>Financial Assets</u>						
Cash and cash equivalents	-	-	46	18	64	0.5 - 2.25
Trade and other receivables	-	-	-	458	458	-
	-	-	46	476	522	
<u>Financial Liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	-	-	51	-	51	MMR, MOR
Trade and other payables	-	-	-	301	301	-
Long-term loans from non-controlling interests of the subsidiary	-	-	6	-	6	Reference to MLR
Long-term loans	100	50	323	-	473	Fixed rates and MLR
Liabilities under finance lease agreement	1	4	-	-	5	Fixed rates
	101	54	380	301	836	

(Unit: Million Baht)

## Separate financial statements as at 31 December 2012

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective Interest rate (% per annum)
	Within 1 year	1 to 5 years				
<u>Financial Assets</u>						
Cash and cash equivalents	-	-	1	16	17	0.62 - 2.25
Trade and other receivables	-	-	-	517	517	-
Long-term loan to related party	-	-	6	-	6	Reference to MLR
	<u>-</u>	<u>-</u>	<u>7</u>	<u>533</u>	<u>540</u>	
<u>Financial Liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	-	-	234	-	234	MMR, MOR
Trade and other payables	-	-	-	232	232	-
Short-term loans from related party	-	-	10	-	10	Reference to the 12 month fixed deposit rates
Long-term loans	50	-	300	-	350	Fixed rates and MLR
Liabilities under finance lease agreement	4	13	-	-	17	Fixed rates
	<u>54</u>	<u>13</u>	<u>544</u>	<u>232</u>	<u>843</u>	

(Unit: Million Baht)

## Separate financial statements as at 31 December 2011

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective Interest rate (% per annum)
	Within 1 year	1 to 5 years				
<u>Financial Assets</u>						
Cash and cash equivalents	-	-	1	7	8	0.5 - 2.25
Trade and other receivables	-	-	-	328	328	-
Long-term loans to related parties	-	-	6	-	6	Reference to MLR and MOR
	<u>-</u>	<u>-</u>	<u>7</u>	<u>335</u>	<u>342</u>	
<u>Financial Liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	-	-	31	-	31	MMR, MOR
Trade and other payables	-	-	-	257	257	-
Short-term loans from related party	-	-	6	-	6	Reference to the 12 month fixed deposit rates
Long-term loans	100	50	323	-	473	Fixed rates and MLR
Liabilities under finance lease agreement	1	4	-	-	5	Fixed rates
	<u>101</u>	<u>54</u>	<u>360</u>	<u>257</u>	<u>772</u>	

### ***Foreign currency risk***

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from purchase of goods and services that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when it considers appropriate. However, as at 31 December 2012 and 2011, there were no forward contracts outstanding.

### **30.2 Fair values of financial instruments**

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### **31. Capital management**

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have an appropriate financial structure in order to support their businesses and maximise shareholder value. As at 31 December 2012, the Group's debt-to-equity ratio was 1.36:1 (2011: 1.35:1) (Separate financial statements: 1.41:1 (2011: 1.36:1)).

### **32. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised directors on 14 February 2013.