

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

Interim financial statements
and
Review Report of Certified Public Accountant

For the three-month and nine-month periods ended
30 September 2011



KPMG Phoomchai Audit Ltd.

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

บริษัท เคพีเอ็มจี ภูมิภาค ไทย สอบบัญชี จำกัด

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

Review Report of Certified Public Accountant

To the Board of Directors of Nation International Edutainment Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position as at 30 September 2011, and the related statements of comprehensive income for the three-month and nine-month periods ended 30 September 2011 and 2010, and the related statements of changes in equity and cash flows for the nine-month periods ended 30 September 2011 and 2010 of Nation International Edutainment Public Company Limited and its subsidiaries, and of Nation International Edutainment Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with the auditing standard on review engagements. This Standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit in accordance with generally accepted auditing standards. I have not performed an audit and, accordingly, I do not express an audit opinion on the reviewed financial statements.

Based on my reviews, nothing has come to my attention that causes me to believe that the financial statements referred to above are not presented fairly, in all material respects, in accordance with Financial Reporting Standards.

As explained in notes 2 and 3 to the interim financial statements, with effect from 1 January 2011, the Company has adopted certain new and revised financial reporting standards. The consolidated and separate financial statements for the three-month and nine-month periods ended 30 September 2010, which are included in the accompanying financial statements for comparative purposes, have been restated accordingly.



I have previously audited the consolidated and separate financial statements for the year ended 31 December 2010 of Nation International Edutainment Public Company Limited and its subsidiaries, and of Nation International Edutainment Public Company Limited, respectively, in accordance with generally accepted auditing standards and expressed an unqualified opinion on those financial statements in my report dated 14 February 2011. As explained in notes 2 and 3 to the accompanying financial statements, those financial statements have been restated consequent to the adoption of certain new and revised financial reporting standards. I have audited the adjustments that were applied to the restatement of those financial statements and in my opinion those adjustments are appropriate and have been properly applied. Other than the audit of those adjustments, I have not performed any auditing procedures since the date of my audit report. The consolidated and separate statements of financial position as at 31 December 2010, which are included in the accompanying financial statements for comparative purposes, are components of those restated financial statements.

A handwritten signature in blue ink, appearing to read 'Vichien Thamtrakul', with a small dot at the end of the signature.

(Vichien Thamtrakul)
Certified Public Accountant
Registration No. 3183

KPMG Phoomchai Audit Ltd.
Bangkok
9 November 2011

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of financial position

As at 30 September 2011 and 31 December 2010

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
		2011	2010	2011	2010
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Current assets					
Cash and cash equivalents		13,180	21,631	9,708	14,908
Current investments		23,000	30,030	23,000	30,030
Trade accounts receivable	5	109,591	91,085	45,660	32,660
Accrued income		5,238	11,215	3,122	9,555
Other receivables from related parties	4	13,329	12,756	25,203	21,607
Short-term loans to related party	4	-	-	3,000	-
Inventories		84,185	68,788	25,547	18,928
Other current assets		13,239	9,382	8,321	6,699
Total current assets		261,762	244,887	143,561	134,387
Non-current assets					
Investments in subsidiaries	6	-	-	26,364	26,364
Investments in jointly-controlled entity	7	-	-	25,046	25,046
Equipment	8	4,650	5,135	1,533	1,690
Intangible assets	9	38,356	27,228	10,887	8,749
Restricted deposits	10	3,838	3,773	-	-
Other non-current assets		738	630	293	293
Total non-current assets		47,582	36,766	64,123	62,142
Total assets		309,344	281,653	207,684	196,529

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of financial position

As at 30 September 2011 and 31 December 2010

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		30 September 2011 (Unaudited)	31 December 2010	30 September 2011 (Unaudited)	31 December 2010
<i>(in thousand Baht)</i>					
Current liabilities					
Bank overdrafts	11	4,119	4,732	-	-
Trade accounts payable	12	97,311	76,184	54,536	49,141
Other payables to related parties	4	7,784	6,436	6,254	4,627
Current portion of long-term loan from financial institution	11	3,886	7,276	-	-
Accrued expenses	4	24,738	23,304	4,797	6,674
Income tax payable		3,892	5,975	1,891	3,319
Other current liabilities		12,233	13,656	4,625	8,265
Total current liabilities		153,963	137,563	72,103	72,026
Non-current liabilities					
Employee benefit obligations	13	5,845	-	4,417	-
Total liabilities		159,808	137,563	76,520	72,026
Equity					
Share capital					
Authorised share capital		85,000	85,000	85,000	85,000
Issued and paid-up share capital		85,000	85,000	85,000	85,000
Premium on ordinary shares		18,352	18,352	18,352	18,352
Retained earnings					
Appropriated					
Legal reserve		8,500	8,500	8,500	8,500
Unappropriated		37,683	32,237	19,312	12,651
Total equity attributable to owners of the Company		149,535	144,089	131,164	124,503
Non-controlling interests		1	1	-	-
Total equity		149,536	144,090	131,164	124,503
Total liabilities and equity		309,344	281,653	207,684	196,529

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the three-month periods ended 30 September 2011 and 2010 (Unaudited)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Income	4				
Revenue from sale of goods		55,102	45,944	17,994	15,018
Revenue from rendering of services		23,445	20,709	20,957	20,309
Investment income		625	326	283	28
Other income		1,488	608	1,482	1,216
Total income		80,660	67,587	40,716	36,571
Expenses					
Cost of sale of goods and rendering					
of services	4	61,733	46,017	25,900	22,662
Selling expenses	4	3,056	1,333	221	775
Administrative expenses	4	8,118	10,051	6,833	6,483
Management benefit expenses		1,758	2,342	636	1,304
Finance costs		443	923	140	99
Total expenses		75,108	60,666	33,730	31,323
Profit before income tax expense		5,552	6,921	6,986	5,248
Income tax expense		(1,885)	(1,876)	(2,167)	(1,711)
Profit for the period		3,667	5,045	4,819	3,537
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		3,667	5,045	4,819	3,537

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the three-month periods ended 30 September 2011 and 2010 (Unaudited)

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Profit attributable to:					
Owners of the Company		3,667	5,045	4,819	3,537
Non-controlling interests		-	-	-	-
Profit for the period	15	<u><u>3,667</u></u>	<u><u>5,045</u></u>	<u><u>4,819</u></u>	<u><u>3,537</u></u>
Total comprehensive income					
attributable to:					
Owners of the Company		3,667	5,045	4,819	3,537
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		<u><u>3,667</u></u>	<u><u>5,045</u></u>	<u><u>4,819</u></u>	<u><u>3,537</u></u>
Basic earnings per share (in Baht)	15	<u><u>0.04</u></u>	<u><u>0.07</u></u>	<u><u>0.06</u></u>	<u><u>0.05</u></u>

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the nine-month periods ended 30 September 2011 and 2010 (Unaudited)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Income	4				
Revenue from sale of goods		150,954	139,312	47,356	44,206
Revenue from rendering of services		71,614	63,190	66,988	62,679
Investment income		1,764	1,032	691	59
Other income		4,429	3,675	4,562	4,743
Total income		228,761	207,209	119,597	111,687
Expenses					
Cost of sale of goods and rendering					
of services	4	164,921	136,531	74,175	67,745
Selling expenses	4	5,809	4,172	2,353	2,332
Administrative expenses	4	30,667	34,691	20,319	17,746
Management benefit expenses		5,650	7,031	2,009	3,916
Finance costs		1,266	1,513	372	287
Total expenses		208,313	183,938	99,228	92,026
Profit before income tax expense		20,448	23,271	20,369	19,661
Income tax expense		(5,417)	(7,354)	(5,417)	(6,151)
Profit for the period		15,031	15,917	14,952	13,510
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		15,031	15,917	14,952	13,510

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

