



Notification of the Allocation and Subscription Documents for
New Ordinary shares and Warrants No.1
Issued and Offered to Existing Shareholders
of
Nation International Edutainment Public Company Limited



June 5, 2013

Subject: Notification of the entitlement to subscribe to newly issued ordinary shares and warrants to purchase ordinary shares of Nation International Edutainment Public Company Limited

To: Shareholders of Nation International Edutainment Public Company Limited

Attachment: 1. Notification of the Allocation of Newly Issued Ordinary Shares and Warrant of Nation International Edutainment Public Company Limited
2. Subscription Certification issued by Thailand Securities Depository Co.,Ltd.
3. Subscription Form for New Ordinary Shares
4. Terms on rights and duties of the Issuer and Holders of Warrants to purchase new ordinary shares issued and offered to the existing shareholders who have subscribed for and been allocated the new shares of Nation International Edutainment Public Company Limited

In reference to the Annual General Shareholder's Meeting of Nation International Edutainment Public Company Limited ("the Company") for the year 2013 held on April 23, 2013 has approved the issuance and offering of 85,000,000 ordinary shares at a par value of Baht 1.00 per share to the existing shareholders (whose names appeared in the share register book on March 14, 2013 providing the collection of the names under Section 225 of Securities and Stock Exchange of Thailand Act B.E. 2535 by closing the shareholders register book on March 15, 2013) at the ratio of 1 existing shares to 1 new share, at the offering price of Baht 4.00 each. And also approved the issuance of 85,000,000 units of warrant, to be allocated to the existing shareholders who subscribe to the new right offering shares at the ratio of 1 new share to 1 unit of warrant, at the offering price of Baht 0 per unit and exercise price of Baht 4.00 per share at a par value of Baht 1.00 per share.

The Company has approved term, conditions and detail of the allocation of newly issued ordinary shares and warrant to purchase ordinary shares of the Company. Details are described in Attachment 1 and Attachment 4.

The Company would like to notify you of your subscription entitlement to the Company's newly issued ordinary shares as per the number indicated in the Certification of Subscription Entitlement (Attachment 2). The procedures for share subscription and payment are as follows:

Subscription and Payment Period

1. Subscription Period and Payment Period

During July 2 – 5 and 8, 2013 from 9.00 – 16.00 hrs.

2. Contact Person and Subscription and Payment Venue

Corporate Secretary Department
Nation International Edutainment Public Company Limited
TCIF Tower, 27 Floor, Meeting Room A
No. 1858/118-119, 121-122,124-130
Bangna-Trad Road, Kwang Bangna, Khet Bangna, Bangkok
Tel. 0-2338-3289 – 92 Fax. 0-2338-3904

3. Allocation of the New Ordinary Shares

- 3.1) In the case that a shareholder subscribes to the newly issued ordinary shares pursuant to his/her right or less than his/her right to receive the allocation thereof, such shareholder will receive the allocation of all newly issued ordinary shares that he/she has subscribed to.
- 3.2) In the case that the shareholder wishes to subscribe to the newly issued ordinary shares more than his/her right to receive the allocation thereof, such shareholder shall express an intention to subscribe to the newly issued ordinary shares in a number more than his/her right to receive the allocation thereof, as specified in the share subscription form, at the same time as the subscription to the newly issued ordinary shares pursuant to the right. In case that there are shares remaining from the allocation, the Board of the Directors is authorized to allot such shares to the existing shareholders who show their intention to subscribe the shares in excess of their entitlement at the same price as offered to other existing shareholders according to the Pro Rata Basis. Such allotment shall be as follow:
- (1) If the number of shares remaining exceeds the number of shares which the shareholders wish to subscribe in excess of their entitlement, all shareholders who subscribe in excess of their entitlement and make a payment for such subscription according to the number of share subscribed in excess of the entitlement shall be allotted.
 - (2) If the number of shares remaining are less than the number of shares which the shareholders wish to subscribe in excess of their entitlement, the Company shall allot such shares as follows:
 - (a) Allocate the remaining shares proportionately to those shareholders by multiply shareholding ratio of each shareholder to total remaining shares, resulting in number of shares each shareholder who subscribe in excess of entitlement shall be allotted (fraction of shares shall be discarded). Number of shares allocated to each shareholder shall not be exceeded the numbers of share each shareholder subscribe and paid for.
 - (b) In case of remaining shares existing after allotment in (a), the Company shall allocate such remaining shares proportionately to shareholders who subscribe for shares in excess of their entitlement according to the shareholding ratio of each shareholder. The Company shall multiply shareholding ratio of each shareholder to total remaining shares, resulting in number of shares each shareholder who subscribe in excess of entitlement shall be allotted (fraction of shares

shall be discarded). Number of shares allocated to each shareholder shall not be exceeded the numbers of share each shareholder subscribe and paid for. This allocation method will be applied by method in (b) until there is no remaining share.

3.3) In case where new shares are not fully subscribed, the Company will propose the shareholders to approve the decrease of registered capital in the next shareholders' meeting.

4. Method of Subscription and Payment

4.1) The shareholders can subscribe the Company's newly issued ordinary shares at subscription period and subscription location as specified in clause 1 and clause 2.

4.2) Documents required for subscription are as follows:

- (1) Share Subscription Form : which is correctly and completely filled and signed. In case the subscriber is a juristic person, the Share Subscription Form must be signed by the authorized signatory (ies) and affixed with such juristic person's company seal (if any).
- (2) Payment Evidence : including the pay-in slip or personal cheque or cashier cheque or bank draft (to be cleared at a clearing house in Bangkok within 1 business day only), specifying the name and telephone number of the subscriber on the back of such payment evidence.
- (3) Subscription Certificate: issued by Thailand Securities Depository Co., Ltd. as the Company's registrar and is sent to the shareholders by registered mail together with this notification letter.
- (4) Identification Evidence :
 - a) Thai individual subscriber : A certified copy of Identification Card, if there is no copy of Identification Card, the certified copy of House Registration at the page shown the Identification Number or the certified copy of other government documents stated the Identification Number shall be used (In the event that the subscriber is a minor, the certified copy of Identification Card of his/her parent (father/mother) and the certified copy of House Registration presenting the name of the minor). In the case of change of first name/last name, which causes a non-similarity to the name of shareholders as displayed in the share register book as of March 15, 2013 or in the Certificate of Subscription Entitlement, a certified copy of other relevant official documents shall be submitted for authentication, such as marriage certificate, divorce certificate or certificate of change of first name/last name, together with a certified photocopy thereof.
 - b) Foreign individual subscriber : A certified copy of Alien Certification or Passport.
 - c) Thai juristic person subscriber : A copy of Affidavit issued by the Ministry of Commerce no longer than 6 months prior to the subscription date, certified by the authorized signatory(ies) of the juristic person affixed with such juristic person's company seal (if any) together with a certified copy of the Identification Card, Alien Certification, or Passport (as the case may be) of the authorized signatory(ies).

d) Foreign juristic person subscriber : A copy of Certificate of Incorporation, Memorandum of Association, Article of Association, Affidavit issued no longer than 12 months prior to the subscription date, certified by the authorized signatory(ies) of the juristic person affixed with such juristic person's company seal (if any) together with a certified copy of the Identification Card, Alien Certification, or Passport (as the case may be) of the authorized signatory(ies).

The signatures of the subscriber in all subscription documents have to be the same.

- (5) A power of Attorney affixed with Baht 30 stamp duty (in case of appointment of proxy) together with a certified copy of Identification Card of the proxy.
- (6) For the subscribers who subscribed shares in excess of their right and wish to receive refund payment if they are not allotted or partial allotted by Automatic Transfer System method (ATS) have to attach the certified copy of the first page of saving account book or copy of statement of current account opened at any banks with branches in Thailand. (as the case may be).

4.3 Shareholders who intend to subscribe the newly issued ordinary shares shall make full payment of their subscription according to the number of shares to be subscribed at the subscription date. The subscription payment shall be made with the following methods:

- (1) Payment made by money transfer
- a) To transfer money to the share subscription account at "Nation International Edutainment Plc. for Share Subscription", Saving Account No.333-1-73584-7, Bank of Ayudhya Public Company Limited, Bangna-Trad Road Branch.
 - b) Full payment with only one time money transfer for each Share Subscription Form whether subscription for the shares in full, less than, or in excess of the rights offered.
 - c) Please specify shareholder's registration number (see in Subscription Certificate), first and last name, and telephone number on the back of the pay-in slip.
 - d) Subscription period for the payment made by money transfer is as following details :
 - Transfer by cash: Subscription is available between July 2 – 5 and 8, 2013 from 9.00 – 16.00 hrs.
 - Transfer by cheque: Subscription is available between July 2 – 4, 2013 from 9.00 – 16.00 hrs. The cheque must be dated not later than July 4, 2013 and must be cleared at a clearing house in Bangkok within 1 business day only.
- (2) Payment made by personal cheque, cashier cheque, or bank draft
- (a) Payable to the share subscription account at "Nation International Edutainment Plc. for Share Subscription" (must be dated not later than July 4, 2013 and must be cleared at a clearing house in Bangkok within 1 business day only)
 - (b) Full payment with only one personal cheque, cashier cheque, or bank draft for each Share Subscription Form whether subscription for the shares in full, less than, or in excess

of the rights offered.

(c) Please specify shareholder's registration number (see in Subscription Certificate), name, and telephone number on the back of the cheque, cashier cheque, or bank draft.

(d) Subscription period for the payment made by personal cheque, cashier cheque, or bank draft is between July 2 – 4, 2013 from 9.00 – 16.00 hrs.

Shareholders shall be responsible for any related expenses and bank's fees (if any) apart from the subscription amount.

4.4 The subscribers must bring Share Subscription Form, documents required for subscription in Clause 4.2 together with the payment in Clause 4.3 to show intention to subscribe shares and make payment at the Company's office stated in Clause 2 within the specified period. However, if the shareholder wishes to send the subscription documents by post, please arrange for the documents according to Clause 4.2 be posted through EMS only to the Company's headquarter. The documents must be at the Company by July 4, 2013 at 16.00 hrs. and please quote "Subscription for newly issued shares" in parenthesis on the corner of the envelope for the convenience of subscription.

If the Company will not receive the subscription documents and/or subscription payment within the specified period. In such case, the Company will allocate such new shares to other shareholder who subscribes shares in excess of their right.

4.5 The Company will deposit personal cheque, cashier cheque, or bank draft of all subscribers to the Company's bank account for clearing and will deprive the shareholder's right in case his/her personal cheque, cashier cheque, or bank draft fails to clear for payment in the first time.

4.6 The subscribers who show intention to subscribe shares and already made payment cannot cancel the subscription and refund his/her payment. The Company reserves the right to deprive the subscription right if the Company will not receive the subscription documents and/or subscription payment in Clause 4.2 and 4.3 within the specified period. In such case, the Company will allocate such new shares to other shareholder who subscribes shares in excess of their right.

5. Refund of subscription payment and return of subscription cheque

In case that there is return of subscription payment or subscription cheque, the Company will undertake as follows :

5.1 In case that there are shareholders subscribed shares in excess of their right and not allotted or partial allotted because of insufficient shares.

The Company will return the payment for the part of share that have not been allotted, without any interest or compensation within 14 days from the closing date of subscription period. However, in the event that the Company cannot make such refund payment within such period of time, the Company

shall have the duty to return the said payment to the subscribers with interest at the rate of 7.5% per annum, calculated on the amount of such payment starting from the date after the said 14 days period ended until the date on which the payment is refunded under the specified method. The subscribers can choose one of the subscription refund method as follows :

- (1) Refund by Automatic Transfer System (“ATS”): In case the subscribers choose this method, the subscribers must have either saving account or current account opened at any banks with branches in Thailand. The account name must be the same as the subscriber name specified in the Share Subscription Form by attachment of the certified copy of the first page of saving account book or copy of statement of current account (as the case may be).
- (2) Return by cheque via mail: The Company will issue a crossed cheque payable to the subscriber under the name as shown in the Share Subscription Form and will be sent by registered mail to the address shown in the share register book. However, if in any case the refund cheque is sent by registered mail to the address indicated in the share register book, it shall be deemed that the subscribers have duly received such payment refund and shall not be entitled to claim any interest of fees.

If the subscribers do not specify the refund method, the Company reserves the right to refund the subscription amount to the subscriber by registered mail at the address shown in the share register book.

5.2 In case that the shareholders are not allotted the new shares because of misconduct the subscription condition and/or subscription cheque cannot be cleared

The Company will return the subscription cheque to the unallotted subscribers who misconduct the subscription condition and/or cannot clear the subscription amount of the subscription cheque. Such subscriber has to contact the Company to take return of subscription cheque at the address specified in Clause 2 within 30 days from the closing date of the subscription period.

6. Share delivery method

The subscriber can instruct the Company to undertake one of the following methods :

- 6.1 In case the subscriber wish to receive the share certificate in the name of subscriber, the Company's registrar which is Thailand Securities Depository Co., Ltd. (“TSD”) shall deliver the share certificate in accordance with the number of allotted shares to the allotted via registered mail under the name and address shown in the share register book within 15 days from the closing date of the subscription period. In this case the subscriber cannot sell the allotted shares on the Stock Exchange of Thailand (“SET”) until receipt of the share certificate, which may be later than the shares are granted to be traded on SET.
- 6.2 In case that the subscriber does not wish to receive the share certificate, but wish to render services of TSD, that is the subscriber wishes to deposit shares in the securities company account with which subscriber has securities trading account. The Company will deposit the allotted shares to the

account “Thailand Securities Depository Company Limited for subscriber” and TSD will credit number of deposited share, in parallel, the securities company will record the allotted shares under the subscriber’s account and issue deposit evidence to the subscriber within 7 business days from the closing date of the subscription period. In this case the subscriber can sell the allotted shares on SET at the time of the shares are granted to be traded on SET.

If the subscriber instructs the Company to undertake the method in Clause 6.2, the name of subscriber must be the same as the trading account name, unless the Company reserves the right to issue share certificate by undertaking method in Clause 6.1.

- 6.3 In case that the subscriber does not wish to receive the share certificate, but wish to deposit share in the issuer account at TSD, that is the subscriber wishes to deposit shares in the issuer account No. 600. The Company will deposit the allotted share to “Thailand Securities Depository Company Limited” and TSD will record number of deposited shares and issue deposit evidence to the subscriber within 7 business days from the closing date of the subscription period. In this case the subscriber can sell the allotted shares on SET at the time of the shares are granted to be traded on SET. In case the subscriber would like to withdraw the shares, the subscriber has to contact TSD in which the withdrawal fee will be charged in accordance with the service rate of TSD.

7. Other significant information

- 7.1 In case the number of shares specified in the Share Subscription Form is inconsistent with the amount of payment received by the Company, the Company reserves the right to allocate the shares according to the subscription payment provided that such subscription payment must not exceed the value of the allocated shares.
- 7.2 In case the allocation of shares to the shareholders subscribing in excess of their right and/or the Thai shareholders waiving or not fully exercising their right have led the foreign shareholding to exceed 30% of the total number of paid-up shares, the Company reserves the right not to allocate the shares to foreign shareholders, whereby the said foreign shareholders may not be allocated or may be partially allocated the said shares in proportion to the remaining foreign shareholding %age. And the Company reserves the right to further allot the shares remaining from such allocation.
- 7.3 Shareholders subscribing for newly issued ordinary shares must correctly specify the participant number (the code of the broker as listed on the back of the Share Subscription Form) with which the shareholders have the securities trading account and the securities trading account number, to which the shareholders would like the allotted shares to be transferred. In the case of filling incorrect participant number or securities trading account number, which may cause an inability to transfer the subscribed shares to the securities trading account, the Company will not be responsible for any loss or delay in receiving the shares. If the subscriber does not completely fill in such detail, the Company

reserves the right to issue the share certificate to the subscriber instead, which may cause the shareholder cannot sell the allotted shares at the first trading day of newly issued shares on SET.

7.4 In the event that there is any problem, disruption or constraint taking place, the Company reserves the right to amend the details of payment methods, subscription terms and conditions or any information related to the subscription method as deemed fit in order to benefit the share subscription.

7.5 The existing shareholders who have subscribed for and been allocated the new shares of the Company, will be receive Warrant No.1 at the ratio of 1 new share to 1 unit of warrant, at the offering price of Baht 0 each.

If you have any question regarding the allotment, process and subscription method of newly issued ordinary shares or the detail of the allocation of warrant to purchase ordinary shares, please contact Corporate Secretary Department of the Company, telephone number 0-2338 -3289 - 92

Please be informed accordingly.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Sivaporn', followed by a horizontal line.

Mr.Sivaporn Chomsuwan

President

Notification of the Allocation of Newly Issued Ordinary Shares
and Warrant to Purchase New Ordinary Shares No.1
issued and offered to the existing shareholders of
Nation International Edutainment Public Company Limited



Offering of 85,000,000 newly issued ordinary shares to existing shareholders in proportion of shareholding
whose names appeared in the share register book on March 14, 2013

Providing the collection of the names under Section 225 of Securities and Stock Exchange of Thailand
Act B.E. 2535 by closing the shareholders register book on March 15, 2013

at the offering price of Baht 4.00 per share,

at the ratio of 1 existing shares to 1 newly issued ordinary shares

The existing shareholders who have subscribed for and been allocated the new shares of the Company,
will be receive Warrant No.1 at the ratio of 1 existing shares to 1 new share

Part 1

Information of the Allocation of New Ordinary Shares

1. Name and Location of the Company

Nation International Edutainment Public Company Limited (“the Company”) having its head office locates at TCIF Tower, 29 Floor, No. 1858/123 – 124, Bangna-Trad Road, Kwang Bangna, Khet Bangna, Bangkok, Tel No. (02) 338 – 3333 Fax. (02) 338 – 3292

2. Date and No. of the Board of Directors’ meeting and the shareholders’ meeting at which a resolution is passed for the allocation of newly issued ordinary shares

The Meeting of the Board of Directors No. 1/2013 held on February15, 2013 and the Annual General Meeting of Shareholders for the year 2013 held on April 23, 2013.

3. Details of the new ordinary shares allocation

| | | |
|--|---|--|
| Type of the new shares | : | Newly issued ordinary shares |
| Paid-up capital before the capital increase | : | Baht 85,000,000 divided into 85,000,000 shares with a par value of Baht 1.00 each |
| Paid-up capital after the capital increase (In case total new shares are fully subscribed) | : | Baht 170,000,000 divided into 170,000,000 shares with a par value of Baht 1.00 each |
| Allocation method | : | <p>Allocate to the existing shareholders, whose names appeared in the shareholder’s register book on March 14, 2013 providing the collection of the names under Section 225 of Securities and Stock Exchange of Thailand Act B.E. 2535 by closing the shareholders’ register book on March 15, 2013 in proportion of shareholding.</p> <p>In case that there are shares remaining from the allocation, the Board of Directors is authorized to allot the remaining shares to the existing shareholders who show their intention to subscribe the shares in excess of their entitlement at the same price offered to other existing shareholders according to a pro rata basis.</p> <p>If the number of shares remaining are less than the number of shares in which the shareholders wish to subscribe in excess of their entitlement, the Company will allocate such remaining shares to the shareholders who express their intention to subscribe to shares in</p> |

| | | |
|-----------------------------------|---|---|
| | | <p>excess of their shareholding proportion, on a pro rata basis until there are no shares to be sold or there are no shareholders wishing to further subscribe to those shares.</p> <p>In case where new shares are not fully subscribed, the Company will propose to the shareholders to approve for the decrease of registered capital in the next shareholders' meeting.</p> |
| Number of allocated shares | : | 85,000,000 shares |
| Subscription ratio | : | 1 existing shares to 1 newly issued ordinary share |
| Offering price per share | : | Baht 4.00 |

4. Record Date for the names of shareholders entitled to subscribe for the new ordinary shares

The Meeting of the Board of Directors No.1/2013 held on February 15, 2013 determined the date for the specification of the names of the existing shareholders who will be entitled to subscribe for and be allotted the newly issued ordinary shares in proportion with their shareholdings (Right Offering) on March 14, 2013, providing the collection of the names under Section 225 of Securities and Stock Exchange of Thailand Act B.E. 2535 by closing the shareholders' register book on March 15, 2013,

5. Subscription and payment period

During July 2 – 5 and 8, 2013 from 9.00 – 16.00 hrs.

6. Objective of the capital increase and plans to utilize the proceeds received from the capital increase

- To reserve for the allotment of newly issued ordinary shares to the existing shareholders, the exercise of warrant offering to the existing shareholders and the exercise of ESOP-Warrant offering to the Company's directors, management and/or employees.
- To utilize the proceeds for the investment in Digital Television Business, related business to the existing business of the Company as well as to reserve as the Company's working capital.

7. Benefits obtained by the Company from the capital increase and/or the shares allocation

- The Company will have an adequate amount of capital for its current operation and future expansion.
- The expansion of the Company's capital base will strengthen its financial status as well as help lowering the borrowing cost in the future.
- To reward the directors, management and/or employees of the Company and/or its subsidiaries for their dedication and contribution to the Company's success as well as to retain highly experience management and employees in order to sustain competitive advantage of the Company.

8. Dividend policy and the right to receive dividend of the newly issued shares

Dividend payout policy of the Company is not less than 30% of net profit (according to each company's financial statements) after deducting corporate income tax, legal reserves and other necessary reserves. In this regards, the dividend payout policy is subject to changes depending on the necessity and appropriateness under the condition that it will provide the best benefit to the shareholders.

The subscribers of the newly issued ordinary shares shall be entitled to receive dividend when such subscribers are registered as the shareholders of the Company.

The subscribers of the warrants shall be the shareholders of the Company when the Company has registered its paid-up capital with the Department of Business Development and shall be entitled to receive dividend when the Company considers paying dividend to the shareholders.

9. Other reasons that may be necessary for shareholders in investing in the shares of the Company

The existing shareholders who have subscribed for and been allocated the new shares of the Company, will be receive Warrant No.1 at the ratio of 1 new share to 1 unit of warrant, at the offering price of Baht 0 each.

Detail of Warrant as follow:

| | | |
|--|---|---|
| Securities | : | Warrants to purchase the ordinary shares of Nation International Edutainment Public Company Limited No.1 ("Warrants No.1") |
| Type | : | Specified warrant holders and transferable |
| Term of Warrant | : | 5 years from the issuing date of the warrants |
| Amount of Warrants | : | 85,000,000 units |
| Price Per Unit | : | Baht 0 per unit |
| Method of Allotment | : | The warrants shall be allocated to the existing shareholders who subscribe to the right offering at the ratio of 1 new share to 1 unit of warrant. In this regards, the record date to determine the list of shareholders who entitle to subscribe the right offering and the warrants is on March 14, 2013 and the closing date of share register book to collect the list of shareholders under Section 225 of the Securities and Exchange Act B.E. 2535 (amended in B.E. 2551) is on March 15, 2013. |
| No. of shares reserved for exercise of warrants | : | 85,000,000 ordinary shares (at a par value of Baht 1.00 per share), representing 50.00% of total paid-up capital after the capital increase and that there are no remaining shares from the right offering at 170,000,000 shares. |
| Exercise Ratio | : | One unit of warrant to one new ordinary share (The exercise ratio may be altered according to the right adjustment) |
| Exercise Price | : | Baht 4.00 per share, which is 56.19% discounted from the weighted average |

| | | |
|---|---|--|
| | | closing price of the Company's shares during 7 consecutive business days prior to the date of the Board of Directors' Meeting No.1/2013 on February 15, 2013, which was Baht 9.13 per share (The exercise price may be altered according to the right adjustment). |
| Issue date of warrant | : | July 12, 2013 |
| Exercise Date | : | The warrant holders can exercise their rights on 15 th of December and June (the Exercise Date) each year. In this regards, the First Exercise Date shall be on December 15, 2013 (the First Exercise Date) and The Last Exercise Date shall be on the 5-year maturity date of the warrants which is on July 11, 2018. In case that the Exercise Date falls on the Company's holiday, the Exercise Date shall be moved forward to prior business day. To exercise their rights of the Last Exercise Date, the warrant holders must declare their intention at least 15 business days prior to the Last Exercise Date. |
| Secondary Market for the Warrants | : | The warrants will be listed on the SET in the Market for Alternative Investment (mai). |
| Secondary Market of the Exercised Shares | : | The Common shares issued from the exercise of warrants will be listed on the SET in the Market for Alternative Investment (mai). |
| Share Registrar | : | Thailand Securities Depository Company Limited |

Terms on rights and duties of the Issuer and Holders of Warrants to purchase new ordinary shares No.1 (NINE-W1) is described in Attachment 4.

Part 2

Preliminary Information of Nation International Edutainment Public Company Limited

1. Business and Nature of Current Core Business

1.1 Type of Business

Nation International Edutainment Co., Ltd ("NINE") and its subsidiaries engaged in publishing business and publication related affairs.

1) **Publishing business** is divided into two categories:

a) Youth Publication: The Company imports and distributes publications for young people for the purpose of education, recreation and skill enhancement through Nation Edutainment Co., Ltd ("NED") and Nation Egmont Edutainment Publishing Co., Ltd. ("NEE") under the name of the publisher " Nation Edutainment" and " Nation Egmont " can be divided into two types:

■ Youth Publications from Japan, Thailand and other Asian countries NED received copyrights from authors and leading publishers such as Shueisha, Shogakukan, Kodansha, Kadokawa Shoten and Futabasha, etc. to import and distribute publications for youngsters. As far as 2012, NED has published and distributed youth publications under a total of more than 500 pieces, or in other words, more than 4,300 covers as follow:

- Monthly magazine "Boom" which features several popular Japanese comic taken from Japan's No.1 hit weekly magazine called "Shonen Jump", as well as Thai comic, all in the same volume
- Comic collection and comic books in limited edition, most of which are collection of the chapters in "Boom" magazine, such as "Naruto" "Hunter x Hunter" "Sket Dance" "Bakuman" "Enigma" "Blue Exorcist" and "the Apaimanee Saga"
- Other comics that are not from "Boom" magazine such as "Doraemon series" "New Crayon Shin-chan" "Slam Dunk deluxe edition"
- Comics Essay, which are books that have written words along with comic strips, in addition to entertaining plot and theme
- Edutainment comics, which are comics from Korean's leading publisher that are aimed to promote education and knowledge such as "Fun Facts with Einstein" and "Dr. Ignorbel", in addition to Thai comics, such as the "Bird Island, The Trail of the King series. "
- Story book for children, such as "Shelldon" from Thailand, "Pleasant Goat and Big Big Wolf" from China and "Canimals" from Korea
- Activity Book for children, which are filled with famous cartoon characters that kids love, such as "Shelldon" "Birdland"

- Informative books for youngsters, which can be used for additional reading, such as "The Famous People of the World" from Korea
- Youth publication from countries in Europe, America and Australia NEE has been entrusted to the production, import and distribution of publications for youngsters, having received copyrights from the owners and leading publishers in Europe, America and Australia, such as Walt Disney, Warner Bros., Simon & Schusters, Nickelodeon of USA, Hit Entertainment, Chorion, Scholastic UK, Egmont UK, Dorling Kindersley of UK, VGS of EGMONT, Verlagsgesellschaften of Germany, Larousse of France, Casterman of Belgium, Paramon of Spain, Blake Education, etc. Most of the publications are published into two languages, until 2012, NEE has been reserved in the printing and distribution of publications for youngsters from countries in Europe, America and Australia for a total of more than 900 covers as follow:
 - "Disney & Me", a monthly Disney magazine for 5-8 year-old children, which is aimed to provide knowledge and entertainment by combining the pictures and exercises for skill enhancement altogether in the same book.
 - Story-telling book, which was selected from famous tales that have been popular both domestically and internationally such as "Finding Nemo" "Mickey & Friends" "Disney Princess" "Winnie the Pooh" "Scooby-Doo" "Thomas & Friends" "Dora the Explorer" "SpongeBob"
 - Activity Book for small children, where most of the content are from popular comic book characters such as activity level skills series "Mickey & Friends" "Disney Princess" "Dora the Explorer" and "Batman".
 - Cartoon literature such as "the Shakespeare comic", etc.
 - Encyclopedia for youngsters, such as Dorling Kindersley's "The Gadget Book"

b) Pocketbooks: The Company produces and distributes publications that provide knowledge and entertainment in the form of pocketbooks under the publishing name "Nation Book" and youth publications that received copyrights from the author and famous publisher from all around the world, domestically and internationally, which covers a variety of categories, for instance: 1) management and 2) fiction and novel 3) language and learning 4) religion, psychology and philosophy, 5) general, which targets readers who are adults aged 18 years and above.

2) Foreign Publications Distribution and Related Services

As of December 31, 2012, there are 150 publications provided by the Company, which consists of newspapers and magazines in foreign languages, such as The Wall Street Journal Asia, The Yomiuri Shimbun, Fortune Time, and Newsweek. In addition, the Group is also an affiliate member and representative to sell advertisements for the Yomiuri Shimbun newspaper printed in Thailand, print without a copyright publication such as newspapers by The Wall Street Journal Asia and The

Yomiuri Shimbun, as well as delivery services for several newspapers and magazines by providing a one-stop service to facilitate coordination and solve problems that may arise.

The Company also distributes books, including “Veg Haven” which is a guidebook that recommends vegetarian restaurants in response to customer who are concerned about health. Moreover, as of the present, the Company has expanded to digital data products by being the distributor of online database for Britannica, a producer of encyclopedia, having institutions of higher education, international schools and bilingual schools as the target group.

- 3) **Digital Business** : The Company is a manufacturer and distributor of electronic publications that corresponds to the different lifestyle of reading, such as management, language, religion and philosophy, fiction and literature, comics, tales, as well as production and distribution of applications in multimedia formats such as cooking classes, yoga and language development.
- 4) **Satellite TV Business for Young Children**: The Company is the manufacturer of comic and entertainment TV channel known as "KidZone" for children aged 4-12 years who have cable TV broadcasting channels and a satellite dish that operates through a Nation Kids Co., Ltd.
- 5) **Character Management Business** : The Company is the copyright agent of various popular international cartoon characters, which gives administrative rights to the cartoon character to manufacturers who wish to purchase a license to manufacture products for distribution in Thailand as well as administrative rights to to use in promotional activities. Currently, the cartoon characters licensed to the Company to represent Thailand are CANIMALS and YOO-HOO AND FRIENDS of South Korea and ASTRO BOY from Japan. In 2012, the Company has introduced CANIMALS and signed a contract with producers of certain business line, having purchased license from the Company, as well as youth publication from affiliating companies. Moreover, there have been constant promotional activities for the cartoon characters such as broadcasting CANIMAL animation on channel “KidZone”, application on Facebook (CANTASIA), as well as LINE stickers, etc.

Structure of Sales and Service Income of the Company and its subsidiaries for the year 2010 – 2012 as follow:

| Income from business group (Unit: Baht million) | 2010 | | 2011 | | 2012 | |
|--|--------|-------|--------|-------|--------|-------|
| | Amount | % | Amount | % | Amount | % |
| 1. Publishing Business | | | | | | |
| 1.1 Production and selling of pocket books | 57.94 | 19.99 | 62.73 | 21.14 | 74.98 | 21.13 |
| 1.2 Production and selling of children book | 134.18 | 46.31 | 132.68 | 44.72 | 175.36 | 49.42 |

| Income from business group (Unit: Baht million) | 2010 | | 2011 | | 2012 | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | Amount | % | Amount | % | Amount | % |
| 2. Service business for overseas publications and related services* | 91.75 | 31.67 | 89.34 | 30.12 | 84.24 | 23.74 |
| 3. Sales of goods and Services on internet | - | - | 3.83 | 1.29 | 4.97 | 1.40 |
| 4. Other income** | 5.87 | 2.03 | 8.11 | 2.73 | 15.30 | 4.31 |
| Total income | 289.74 | 100.00 | 296.69 | 100.00 | 354.85 | 100.00 |

Remark: * Includes printing income, delivery, and service from selling advertisements for overseas publications.

** Other incomes are incomes from seminars, communal fee, other service income including sale of scraps and interest income, etc.

1.2 Industry Overview

- 1) **Publishing Business:** The Publishers and Booksellers Association of Thailand: "PUBAT" stated that the bookselling market has approximately Baht 22,600 million in value, expanding itself by 5% - 6% compared with 2011 thanks to the recovery of the publishing industry after having suffered from the effects of the flood in 2011. The beginning of 2012 had a high rate of book sales, which could be seen from the number of attendees at the 40th National Book Fair, which was held during 29 March – 8 April attracting as much as 1.7 million people and gathered up to Baht 400 million in revenue from book sales.

From 2012 – 2013, PUBAT stated that the competition of the publishing industry is likely to be higher due to the many newly established small publishing firms (although there are also many firms that are going out of business) since there is an increasing tendency for writers to start their own firm and use online media as a channel to advertise and distribute books with direct shipping to readers. Meanwhile, readers have a tendency to follow their favorite writers, which decreases the writer dependence on publishing houses or distributing company. Nonetheless, the bookselling market still remains under large publishing houses since each publishing house set their strategy to boost book sales by making interesting designs and creating flashy book covers to differentiate themselves from other books on the shelf and by attracting customers with more giveaway items, or by selecting popular writers, advertising and creating promotions for bookstores and readers, as well as increasing distributing network into new areas and choosing the right distributor are all the key factors which give larger publishing houses an upper hand and therefore allowing them to have more negotiating power.

Nowadays, publishing houses, bookstores and technological service providers such as mobile service companies, are in the process of developing E-Book technology and products to test the market. About 0.01% of those products will be published and distributed in the form of e-books.

Thus, PUBAT predicted that in the beginning, E-Books will be a new alternative for reading but will not be able to act as a replacement for books within these 5 years. Nevertheless, the future of electronic publishing business has a tendency to continue to grow. With supporting factors from the changing behavior of consumer, the development of tools and technology of the service providing company, as well as the increasing distribution channel of bookstores and publishing houses which will help consumers to be able to reach E-Books more conveniently and diversely.

In 2013, the ordering of handbooks, manuals and textbooks still remains although at a constant rate and without the ability to increase sale price due to obstacles from low expenditure. Meanwhile, entrepreneurs are being affected from rising manufacturing cost such as paper, wages and fares which led them to increase their sale prices on some books and bear some costs own their own expenses to prevent unwanted consequences such as decreased in sales. However, due to the continually growing economy of Thailand in 2013, the Bank of Thailand anticipated a growth of 4.9% along with government's incentives to promote reading such as:

- Arranging activities and campaigns to help promote reading in an attempt to label Bangkok as a City of Books of year 2013 to correspond to the qualifications arranged by UNESCO such as practical training, development of children's reading, promoting children's development through reading, and upholding the activity of reading through unique libraries such as a library of literature and tourism and comic library.
- Arranging of The International Publishers Association Congress of 2014 in Thailand
- Carryout tax measures to decrease spending by encouraging book donation in order to support reading, which was put into use in 2012
- Arranging activities to motivate reading and to increase the number of the publication's branches.

PUBAT forecasted that the factors above will help to increase the growing rate of publication business by 7%, which will equal to a value of Baht 24,200 million.

- 2) **Service business for overseas publications and related services:** Total sales of foreign publications and online databases are in relations with the Company's growth of international publications customer, which can be divided into four main groups:
- a) Overseas tourists anticipated: Tourism Authority of Thailand that, in 2012, there will be as much as Baht 21.6 million foreign tourists coming into the country, which would be 2.5 million people more than in 2011, with a growth rate of 13%.
 - b) Foreigners who live in Thailand: Data from the Immigration Bureau data suggested that, in 2012, foreigners living in Thailand, including temporary residence, overseas entrepreneurs, government

officials, and diplomats accumulated up to 2.37 million people, up by 0.45 million people, or equal to a 24% increase from the year 2011.

- c) Thais who are interested in international publication: Thais who are interested in international publication are composed of the working-age group and businessmen, and graduates with a bachelor's degree and/or above. This group is likely to continue to grow.
 - d) Educational Institution : Institutions of higher education are planning to purchase more electronic publications, as well as to subscribe to databases to research in various fields, which currently has a combined of 146 public and private institutions of higher education. Meanwhile, international program schools brought the Smart Board to be use in the classroom, which increases the need for digital content to be used on the Smart Board as well.
- 3) **Digital Business** : Nowadays, publishing houses, bookstores and technological service providers such as mobile service companies, are in the process of developing E-Book technology and products to test the market. About 0.01% of those products will be published and distributed in the form of e-books. Thus, PBAT predicted that in the beginning, E-Books will be a new alternative for reading but will not be able to act as a replacement for books within these 5 years. Nevertheless, the future of electronic publishing business has a tendency to continue to grow. With supporting factors from the changing behavior of consumer, the development of tools and technology of the service providing company, as well as the increasing distribution channel of bookstores and publishing houses which will help consumers to be able to reach E-Books more conveniently and diversely.
- 4) **Satellite TV Business for Young Children:** 2012, data from The Nielsen Company (Thailand) Public Limited ("Nielsen"), Digital Associates Co., Ltd., (Intensive Watch) and Digital Advertising Association of Thailand showed that the value of advertisement on Free TV was at Baht 68,105 million, which has a 9% growth, value of advertisement on Cable and Satellite Television was Baht 9,653 million, which has a 29% growth, and value of advertisement via digital media was Baht 3,000 million, which has a 36% growth.

In 2013, the Media Agency and Media Association of Thailand forecasted that the advertising industry should grow by 10% to value at Baht 14.9 billion, showing an increase from 2012, which was Baht 1.35 billion. The proportion of spending is divided into 52% for Free TV, 14% for newspaper, 8% for Cable TV and Satellite TV, 6% for cinematic media, 5% for radio media, and 3% for other media such as magazine, billboard, in-store, transit and the internet. Free TV continues to be the main factor for advertisement, because it is accessible by up to 98% of all the households. Nevertheless, due to a 12-minute-per-hour timeframe, advertising spaces became insufficient for the demand of customers during primetime hours, creating opportunities for related media such as satellite TV,

which has been increasing in popularity. Data from Nielsen and Satellite Television Association (Thailand) showed that, in 2010-2012, households have been viewing TV programs via cable and satellite TV by 45%, 50% and 64%, respectively. Also, it has been anticipated that, in 2013, the rate will become 78% of the 22 million households in Thailand. From such potential, it is believed that, in 2013, the value of advertisement via satellite will grow by 27% from 2012 to be at Baht 12,216 million, or calculated into 8% of the total market value.

- 5) **Character Management Business:** The current market value of copyrights in Thailand is about Baht 10 billion since popular cartoon character in Thailand are from major cartoon producers of U.S. and Japan, such as Walt Disney, Warner Brothers, Marvel, Sanrio, Doraemon, Dragon Ball, Ultraman and Arale, all of which continue to be popular, due to the constant graphic enhancement done licensed companies. Thus, the artwork of these cartoon characters brings a sense of modernism and multiplicity which conforms to audiences of all ages. Moreover, cartoon producers of Thailand are increasingly taking part in cartoon copyright business such as Kan Kluay, Pangpond, Shelldon, Birdland and Bloody Bunny. In addition, characters from comic games in mobile applications such as Angry Birds, and Plants VS Zombies broaden the range of customers from mobile phone users to consumers in general by transforming these characters into other products, which resulted in higher competition. However, if the copyright owners have clear marketing objectives and are able to consistently publish comics, it would encourage cartoon characters to become well-known and more popular among consumers.

Competitive Situation

| Business Unit | Competitors |
|---|--|
| 1) Publishing Business <ul style="list-style-type: none"> ▪ Children Book ▪ Pocket Book | Vibulkij Publishing, Siam Inter Comics publishing, Burapat Publishing and Bongkoch Publishing produce and distribute comic books from Japan. All of these publishing companies, except Siam Inter Comics publishing, do not have except a bookstore of their own. <ul style="list-style-type: none"> ▪ Publishing companies that do not have their own bookstore are Sukkhababjai Publishing and Expert Netbooks Publishing. ▪ Publishing companies that have their own bookstore, which are SE-EDUCATION Public Company Limited, Affiliated publishing companies under Amarin Printing and Publishing Public Company Limited, and Nanmeebooks Publishing. |
| 2) Service business for overseas | <ul style="list-style-type: none"> ▪ Large bookstore with many branches such as Asia Books Co., |

| Business Unit | Competitors |
|---|--|
| publications and related services | <p>Ltd., and other retail bookstores.</p> <ul style="list-style-type: none"> ▪ Competitors are companies acting as subscription agency such as Magazine International (Thailand) Co., Ltd., Post Publishing Public Company Limited, and Newspaper Direct Co., Ltd. |
| 3) Digital Business | Publishing, bookstores and technology providers that develop electronic publication that looks similar to that of the Company's. |
| 4) Satellite TV Business for Young Children | Cartoon Club channel, Gang Cartoon channel and 6 channel. |
| 5) Character Management Business | Copyright management agency or owner of the cartoon character from both overseas and in Thailand such as Fun Character International (Thailand) Co., Ltd. (Managerial representative of copyrights of cartoon characters from Disney and Marvel), Pacific Licensing (Thailand) Co., Ltd. (Managerial representative of copyrights of Angry Bird and cartoon characters under Warner and DC), Animation International (Thailand) Co., Ltd. (Managerial representative of copyrights of Doraemon and LINE), Shellhut Entertainment Co., Ltd. (manufacturer and owner of the cartoon characters, Sheldon and Birdland). |

1.3 Manufacturing, Marketing and Distribution

1) Publishing Business

Production: The procedure for production of publication is as follows:

- a) The Company will select the publications that are suitable for production and distribution from various sources such as International Book Fair and survey of targeted readers by using guidelines for consideration 1) Has the format and content meet the needs and interests of targeted audience 2) Has no sexual or violence related content and 3) Has a reasonable cost of licensing that is possible for the Company buy and make profit from production and distribution of such publication.
- b) Contact, negotiate and issue licensing agreements after receiving proper publication of the Group's right to negotiate the price and terms of the rights to the author or publisher who owns the copyright.
- c) Preparation of the manuscript, especially international publication, the Company will continue to translate into Thai, and then conduct an appropriate arrangement for pictures and books.

- d) Preparation of publication, which includes paper ordering, seeking of printing house, and printing test to deliver the original publication to the copyright owner for approval prior to publication or distribution.
- e) Publication and delivery, the Company will send the file to the printing house for printing. When the printing is completed, the publications will be stored at the warehouse of the Company in preparation for delivery to the customer.

Marketing : The Company has strategy for business operation and competition as follows:

- a) Select high quality content that is suitable, modern and can satisfy the need of different types of readers with uniqueness.
- b) Manage distribution channel to suit the behavior of consumers and the ever-changing technology and maintain the number of inventory at a steady level to increase liquidity.
- c) Seek business alliances to strengthen the business such as publishing companies that has copyrights of international publication.
- d) Set a suitable, yet competitive price for distribution, as well as creating supporting activities to boost sales in various forms to convince purchasing of books and advertise products of the Company in hopes for recognition such as giving discounts and holds competition for beginning writers.
- e) Expand and find new distribution channels such as websites, which is a low cost, yet direct type of distribution to targeted customers, and subscription center, which collects publications of the Company and affiliating companies, both domestic and international, to facilitate readers.

Distribution : The Company's distribution channels are as follows:

- a) Distribution through agencies such as bookstores and newsstands such as SE-ED Bookstore, Double A Book Tower, Booksmiles, and supermarket like 7-Eleven, etc.
- b) Direct distribution through various channels such as subscription, national book fair week, and www.nationbook.com
- c) Direct distribution to institutions or organizations that have a high number of order such as schools, universities, private companies, and government agencies.

2) Service business for overseas publications and related services

Supplying and servicing

Currently, the publishing company that owns The Yomiuri Shimbun newspaper and The Wall Street Journal Asia has hired the Company to begin printing and distributing newspaper through distribution channel of the Company, which the Company hired affiliating corporation such as WPS (Thailand) Co., Ltd., for publishing and NML Co., Ltd., for distribution. For international magazines, the publishing company will publish internationally and hire the Company to deliver to customers.

Marketing : The Company has strategy for business operation and competition as follows:

- a) Expansion of distribution through new channels such as websites, which have low cost and can access to targeted customer more easily, and Subscription Center, by collecting all the publications of the Company and affiliation both domestically and internationally for the convenience of the customer.
- b) Add more distributing agent for international publication by focusing on business publication and increase the variety of the publication to fit the need of every customer.
- c) Focus on contacting and creating good relationships with large bookstores, which have many branches and can extensive provide access to customers.
- d) The Company has held various marketing activities such as providing discounts to members at a price lower than the price at the cover or lower than the prices available at the newsstand and provide giveaways to subscribed customers to increase the number of subscription. And for general corporate hotels (Bulk), the sales team contacted airlines, hotels, educational institutions and other organizations directly to persuade those organizations to buy foreign Bulk from the Company.

Distribution : The Company's distribution channel varies according to contracts with each publication's agency, which can be categorized in to 3 groups as follows:

- a) Bookstore and newsstand: The Company is the exclusive agency of Thailand in distributing publication to bookstores and newsstand for publication producers.
- b) Members: The Company acts as a representative on approving both monthly and yearly international publication subscriptions. The publication will be delivered to the location specified by the member, with the courier company. Membership registration for the online database will be held annually in the name of the educational institution.
- c) Bulk: The Company is the distributing agency of many international publications for individual buyers such as hotels, airlines, and various organizations. The publishing company that owns such international publications will be the one to organize the distribution and the number of distributed through different types of Bulk.

3) Digital Business

Production: The Company selects publication or activity that should be developed into product or service in the form of E-book or application in the form of multimedia, and will continue to develop the content and presentation to make it suitable with the system and or technology of the New Media before distribution of the product or service to the next targeted customers.

Marketing : The Company has strategy for business operation and competition as follows:

- a) Develop and select high-quality electronic publication for diversification to make it suitable for the need and lifestyle of consumers.

- b) Carry out promotional activities, advertisement and marketing activities through the media with affiliating corporations to make the publication of the Company accessible and recognizable to the targeted audience.

Distribution : Currently, the distributing channels for the Company are as follow:

- a) Application of the Company and affiliating corporations via Apple and Android operating system.
- b) Website of business alliances
- c) E-book booths for distribution to readers in important events such as National Book Week and National Book Fair etc.

4) Satellite TV Business for Young Children

Production : The Company seek cartoon programs and entertainment shows for youngsters, as well as produce its own entertainment shows and broadcast through Kidzone channel. For cartoon and entertainment programs for youngsters produced by the Company, the Company will select and contact the copyright owner to ask for the right to broadcast such programs. Meanwhile, the Company has the tools and manpower to create, record, edit, and broadcast programs that it produced

Marketing :

- a) Select cartoon and entertainment program as well as producing high-quality entertainment program that has suitable and useful content for youngsters and their parents.
- b) Operate advertisement and other marketing activities with business alliances to popularize the channels of the Company

Distribution : The Company has a direct advertisement sale department of its own, which contact representative of advertising companies to sell ad times on KidZone channel

5) Character Management Business

Production : The Company selects internationally popular cartoon character from the licensed owner in various countries to administrate the copyrights in all types such as merchandised products, premium products for promotional activities, right to broadcast animation, publication, digital media, etc.

Marketing :

- a) Select copyrighted cartoon characters that are internationally popular and ready to be popularized in Thailand such as animation, in addition to continuous supportive marketing activities.
- b) Create interesting promotional activity to create recognition and popularize the cartoon character to boost sales for customers licensed with the Company.
- c) Collaborate with a high potential partner in doing promotional activities to advertise cartoon characters through other means.

- d) Create on-ground event for the cartoon characters to advertise to targeted groups such as creating retail event and school road show, etc.

Distribution : The Company will offer copyrights of the cartoon characters to the corporation that owns the product as well as to direct retail stores.

1.4 Assets of the Company and its subsidiaries

1) Current Asset

- a) Account receivables : From 31 December 2010 to 2012, the Company has Baht 91.08 million, Baht 103.10 million and Baht 120.37 million, respectively, in total account receivables from allowance of doubtful accounts and allowance for returned goods, with allowance of doubtful accounts valued at Baht 5.07 million, Baht 4.32 million and Baht 3.12 million respectively and a total of bad debt and allowance of doubtful accounts valued at Baht 0.91 million, Baht 0.59 million and Baht 1.28 million baht respectively. Moreover, the Company has set allowance for returned goods in sales of pocketbook, youth publication, and international newspaper and magazine, which valued at Baht 10.49 million, Baht 10.17 million and Baht 9.56 million respectively from 31 December 2010 to 2012.
- b) Inventory : 31 December 2010 to 2012, the Company has a respective Baht 68.79 million, Baht 94.30 million and Baht 119.08 million in net value of inventories from net allowance for obsolescence, with allowance for obsolescence valued at Baht 67.20 million, Baht 60.12 million and Baht 48.70 million baht respectively, which calculated into 49.42%, 38.93% and 29.02% in total inventory, respectively.

2) Non-current Asset

- a) Equipment : The detail of equipment is as follows:

| Type of Asset (Unit : Baht millions) | Type of Ownership | Net Book Value | | | Obligations |
|--|----------------------|----------------|----------------|----------------|-------------|
| | | 31 Dec 2010 | 31 Dec 2011 | 31 Dec 2012 | |
| Renovated leased assets | Owner | 1.72 | 1.19 | 0.43 | None |
| Decoration, setups and office equipments | Owner | 3.08 | 3.12 | 6.20 | None |
| Vehicle | Owner | 0.33 | 0.23 | 0.06 | None |
| Total | | 5.13 | 4.54 | 6.69 | |

b) Intangible asset : Intangible asset is as follows:

| Type of Asset (Unit : Baht millions) | Net Book Value | | |
|---|----------------|--------------|--------------|
| | 31 Dec 2010 | 31 Dec 2010 | 31 Dec 2010 |
| Royalties | 27.19 | 37.40 | 43.02 |
| Computer programs | 0.04 | 1.58 | 0.39 |
| Total | 27.23 | 38.98 | 43.40 |

In addition, the Company is also the owner of comic magazines such as “Boom” and “Disney & Me” which are licensed to the National Library and Ministry of Culture

c) Long-term leasing asset contract : The Company has made contract to lease office buildings and warehouse for operation as follows:

- Leasing contract for office rental at TCIF building at 29th Floor, No. 1858/123-124 Bangna - Trat Bangkok total area of 735.93 sqm. Lease Term: 2 years and 10 months (renewable)
- Leasing contract for warehouse at Building No. 42/8 Bangna - Trad 4 Moo 10 Bangna, Bangna, and Bangkok Thailand from Chothichaivorakul Co., Ltd which has an area of about 1,800 sqm. for a period of three years, from 1 January 2011 to December 31, 2013 (renewable).
- Leasing contract for warehouse at Building No. 69/10-11 Moo 2 Soi Watnamdaeng. Bang Kaew Bang Phli district, Samut Prakan, Srinakarin Road from Sannarong Co., Ltd, which has an area of about 1,360 sqm. for a period of three years from 10 September 2011 to September 9, 2014 (renewable).

d) Investments in subsidiaries and Jointly-controlled of the Company are as follow:

| Company Name | Relation | Paid – up Capital As of December 31 (Baht million) | | | % of Holding | | | มูลค่าเงินลงทุน วิธีราคาทุน ณ 31 ธันวาคม (ล้านบาท) | | |
|--------------------------------------|---------------------------|--|-------|-------|--------------|-------|-------|---|-------|-------|
| | | 2010 | 2011 | 2012 | 2010 | 2011 | 2012 | 2010 | 2011 | 2012 |
| Nation Edutainment Co., Ltd. | Direct Subsidiaries | 41.25 | 41.25 | 41.25 | 99.99 | 99.99 | 99.99 | 25.36 | 25.36 | 25.36 |
| Nation Kids Co., Ltd. | | - | - | 0.25 | - | - | 99.99 | - | - | 0.25 |
| N Coupon Co., Ltd. * | | 1.00 | 1.00 | - | 99.98 | 99.98 | - | 1.00 | 1.00 | - |
| Nation Egmont Edutainment Publishing | Jointly-controlled entity | 50.00 | 50.00 | 50.00 | 49.99 | 49.99 | 49.99 | 25.05 | 25.05 | 25.05 |

| Company Name | Relation | Paid – up Capital As of December 31 (Baht million) | | | % of Holding | | | มูลค่าเงินลงทุน วิธีราคาหุ้น ณ 31 ธันวาคม (ล้านบาท) | | |
|--------------|----------|--|------|------|--------------|------|------|--|-------|-------|
| | | 2010 | 2011 | 2012 | 2010 | 2011 | 2012 | 2010 | 2011 | 2012 |
| Co., Ltd. | | | | | | | | | | |
| Total | | | | | | | | 51.41 | 51.41 | 50.66 |

Remark * 2555N Coupon Co., Ltd. - liquidated and dissolved on 14 December 2012

2. Shareholding Structure and Capital Increase during the Past 3 Years

2.1 Shareholding Structure

As at April 30, 2013, the Company's paid-up capital was Baht 85,000,000 consisting of 85,000,000 shares at a par value of 1.00 Baht per share.

2.2 Capital Increase during the Past 3 Years

-None -

3. Board of Directors, Executive Committee and Top 10 Major Shareholders

3.1 Board of Directors

As of April 30, 2013, the Board of Directors are as follows:

| Name | Position |
|------------------------------|--|
| Mr. Suthichai Sae-Yoon | Chairman of the Board of Directors |
| Mr.Sivaporn Chomsuwan | Director and President |
| Mr. Sermsin Samalapa | Director |
| Miss Mathaya Osathanond | Director |
| Mr. Pana Janviroj | Director |
| Mrs. Kesery Kanjana-Vanit | Director |
| Mr. Somsak Cheet Chiranakhon | Independent director and chairman of the audit committee |
| Mr. Sutee Jintananarumit | Independent director and audit committee |
| Ms.Santhaya Kittikowit | Independent director and audit committee |

3.2 Management

As of April 30, 2013, the management are as follows

| Name | Position |
|-------------------------------|---|
| Mr.Sivaporn Chomsuwan | President |
| Ms. Phairin Nithipanich | Senior Vice President – Advertising and Event Sales |
| Ms.Wongsiri Sankhavasi Miyaji | Editor-in-Chief |

| Name | Position |
|------------------------------|---------------------------------------|
| Ms. Thanika Jearanaiphaisan | Vice President - International Media |
| Mr. Sangchai Leelanawalikhit | Vice President - Advertising Sales |
| Mr. Noppadon Pitiwongse | Vice President - Marketing |
| Mr. Somsak Chaikham | Vice President - Marketing |
| Ms. Thitagan Thana-Olarn | Vice President - Business Development |
| Ms. Boonpa Saebay | Senior Accounting Manager |

3.3 List of top 10 Major Shareholders

Top 10 major shareholders as of March 15, 2013 are as follows:

| Major Shareholders | No. of Shares (Shares) | % |
|--|------------------------|-------|
| 1. Nation International Edutainment Plc. | 66,694,076 | 78.46 |
| 2. Mr.Akom Kritvanitprasert | 2,550,000 | 3.00 |
| 3. Mrs. Siriwan Chungtheerapanich | 1,200,000 | 1.41 |
| 4. Mr. Tawepakarat Watanyusiripanya | 1,125,000 | 1.32 |
| 5. Mr. Suthichai Sae-Yoon | 768,424 | 0.90 |
| 6. Mr. Shaen Poondee | 617,900 | 0.73 |
| 7. Mr.Sarawut Puetpaiboon | 450,000 | 0.53 |
| 8. Mr.Torpong klongtrivej | 425,100 | 0.50 |
| 9. Mr.Arongkot Manorungruengrat | 333,000 | 0.39 |
| 10. Mrs.Sumittra Bawonvanitchayakul | 323,000 | 0.38 |

4. Details of the Company's subsidiaries and jointly-controlled entity

The Company's subsidiaries and jointly - controlled entity as of March 31, 2013 are as follows:

| Name of company | Type of business | Paid-up Capital (MB) | Ownership interest (%) |
|--|--|----------------------|------------------------|
| Nation Edutainment Co., Ltd. | Importing and publishing publications (cartoon) | 41.25 | 99.99 |
| Nation Egmont Edutainment Publishing Co., Ltd. | Importing, publishing cartoon and educational publications | 50.00 | 49.99 |
| Nation Kids Co., Ltd. | Broadcasting business | 0.25 | 99.99 |

5. Dividend Payout during the Last 3 Years

| | Details of dividend payment | 2010 | 2011 | 2012 |
|----|--|-------|-------|--------|
| 1. | Net profit (Baht million) | 18.69 | 20.06 | 11.02 |
| 2. | Retained earnings at year begin (Baht million) | 2.47 | 4.37 | 11.68 |
| 3. | No. of shares (million shares) | 85.00 | 85.00 | 85.00 |
| 4. | Earnings per share (Baht: share) | 0.26 | 0.24 | 0.13 |
| 5. | Total dividend per share (Baht: share) | 0.15 | 0.15 | 0.15 |
| 6. | Total dividend paid (Baht million) | 12.75 | 12.75 | 12.75 |
| 7. | Percentage of dividend payment from net profit (%) | 68.22 | 64.00 | 116.00 |

Part 3

Financial Information of the Company

1. Summary of Financial Status and Operating Performance

Summary of financial status and operating performance of the Company for the year as of December 31, 2010 – 2012 and the first quarter of 2013 are as follows

1.1 Summary of Financial Statements

| (Unit : THB '000) | 2010 | 2011 | 2012 | Jan-Mar 2013 |
|--|---------------|---------------|---------------|---------------|
| Current assets | | | | |
| Cash and cash equivalents | 51.66 | 29.45 | 6.80 | 7.59 |
| Trade accounts receivable | 91.08 | 103.10 | 120.37 | 132.94 |
| Accrued income | 11.21 | 9.75 | 8.22 | 20.28 |
| Other receivables from related parties | 12.76 | 16.16 | 15.50 | 15.21 |
| Inventories | 68.80 | 94.30 | 119.08 | 129.14 |
| Other current assets | 9.38 | 9.28 | 28.09 | 27.86 |
| Total current assets | 244.89 | 262.04 | 298.06 | 333.02 |
| Non-current assets | | | | |
| Equipment | 5.13 | 4.54 | 6.69 | 6.24 |
| Intangible assets | 27.23 | 38.98 | 43.40 | 41.82 |
| Restricted deposits | 3.77 | 2.50 | 2.54 | 2.54 |
| Deferred tax assets | - | - | - | 15.32 |
| Other non-current assets | 0.63 | 0.71 | 2.55 | 2.81 |
| Total non-current assets | 36.76 | 46.73 | 55.18 | 68.73 |
| Total assets | 281.65 | 308.77 | 353.24 | 401.75 |
| Current liabilities | | | | |
| Bank overdrafts | 4.73 | 3.10 | 11.13 | 11.11 |
| Trade accounts payable | 76.18 | 86.14 | 130.67 | 142.56 |
| Other payables to related parties | 6.44 | 5.75 | 9.76 | 9.57 |
| Current portion of long-term loan from financial institution | 7.28 | 5.02 | 4.61 | 3.28 |
| Income tax payable | 5.97 | 5.64 | 1.31 | 3.84 |
| Other current liabilities | 36.96 | 40.51 | 25.31 | 34.69 |
| Total current liabilities | 137.56 | 146.16 | 182.79 | 205.05 |
| Non-current liabilities | | | | |
| Long-term loan from financial institution | - | 4.61 | - | - |

| (Unit : THB '000) | 2010 | 2011 | 2012 | Jan-Mar 2013 |
|--|---------------|---------------|---------------|---------------|
| Employee benefit obligations | - | 6.02 | 2.57 | 4.89 |
| Other non-current liabilities | - | - | 0.44 | 0.49 |
| Total non-current liabilities | - | 10.63 | 3.01 | 5.38 |
| Total liabilities | 137.56 | 156.79 | 185.80 | 210.43 |
| Equity | | | | |
| Authorised share capital | | | | |
| Issued and paid-up share capital | 85.00 | 85.00 | 85.00 | 85.00 |
| Premium on ordinary shares | 18.35 | 18.35 | 18.35 | 18.35 |
| Retained earnings : Appropriated Legal reserve | 8.50 | 8.50 | 8.50 | 8.50 |
| Unappropriated | 32.24 | 40.13 | 55.59 | 79.47 |
| Equity attributable to owners of the Company | 144.09 | 151.98 | 167.44 | 191.32 |
| Non-controlling interest | - | - | - | - |
| Total equity | 144.09 | 151.98 | 167.44 | 191.32 |
| Total liabilities and equity | 281.65 | 308.77 | 353.24 | 401.75 |

1.2 Statement of Income

| (Unit : THB '000) | 2010 | 2011 | 2012 | Jan-Mar 2013 |
|---|---------------|---------------|---------------|---------------|
| Income | | | | |
| Revenue from sale of goods | 283.87 | 288.58 | 339.55 | 98.34 |
| Other income | 5.87 | 8.11 | 15.30 | 1.99 |
| Total income | 289.74 | 296.69 | 354.85 | 100.33 |
| Expenses | | | | |
| Cost of sale of goods and rendering of services | 194.99 | 200.97 | 235.57 | 64.45 |
| Selling and administrative expenses | 63.86 | 69.31 | 85.94 | 21.97 |
| Total expenses | 258.85 | 270.28 | 321.51 | 86.42 |
| Profit before finance costs and income tax expense | | | | 13.91 |
| Finance costs | 1.24 | 1.68 | 2.08 | 0.43 |
| Income tax expense | 8.93 | 7.25 | 3.05 | 3.58 |
| Profit for the year/ quarter | 20.72 | 17.48 | 28.21 | 9.90 |
| Other comprehensive income | | | | |
| Defined benefit plan actuarial losses | - | - | - | (2.05) |
| Income tax on other comprehensive income | - | - | - | 0.41 |
| Other comprehensive income for the period, net | - | - | - | (1.64) |

| (Unit : THB '000) | 2010 | 2011 | 2012 | Jan-Mar 2013 |
|---|------|------|------|--------------|
| of tax | | | | |
| Total comprehensive income for the period | - | - | - | 8.26 |
| Basic earnings per share (Baht) | 0.29 | 0.21 | 0.33 | 0.12 |

1.3 Statement of cash flows

| (Unit : THB '000) | 2010 | 2011 | 2012 | Jan-Mar 2013 |
|--|---------|---------|---------|--------------|
| Cash flows from operating activities | | | | |
| Profit for the year | 20.72 | 17.48 | 28.21 | 9.90 |
| Adjustments for | | | | |
| Depreciation and amortisation of intangible assets | 22.28 | 22.90 | 30.51 | 8.40 |
| Investment income | (1.28) | (2.41) | (2.47) | (0.72) |
| Employee benefit obligations | - | 0.68 | 2.45 | 0.27 |
| Finance costs | 1.24 | 1.68 | 2.09 | 0.42 |
| Bad and doubtful debts expense | 0.91 | 0.60 | 1.28 | 0.49 |
| Loss on (reversal of) obsolete stocks | 1.98 | (7.08) | (11.43) | (1.42) |
| Loss on disposal of equipment | 0.24 | - | 0.22 | - |
| Loss on disposal of intangible assets | - | - | 0.92 | - |
| Income tax expense | 8.93 | 7.25 | 3.05 | 3.58 |
| | 55.02 | 41.10 | 54.83 | 20.92 |
| <i>Changes in operating assets and liabilities</i> | | | | |
| Trade accounts receivable | (0.12) | (12.61) | (18.55) | (13.06) |
| Accrued income | (0.99) | 1.47 | 1.53 | (12.05) |
| Other receivables from related parties | (2.72) | (3.41) | 1.26 | 0.28 |
| Inventories | (17.11) | (18.44) | (13.35) | (8.64) |
| Other current assets | (4.34) | 0.11 | (18.82) | 0.23 |
| Restricted deposits | (3.77) | 1.27 | (0.04) | - |
| Other non-current assets | (0.30) | (0.07) | (1.84) | (0.27) |
| Trade accounts payable | 4.73 | 9.95 | 44.53 | 11.89 |
| Other payables to related parties | 1.89 | (0.69) | 4.02 | (0.19) |
| Accrued expenses | 0.17 | 3.55 | (15.21) | 9.38 |
| Tax paid | (17.35) | (7.58) | (7.38) | (0.35) |
| Other current liabilities | - | - | 0.44 | 0.05 |
| Employee benefit obligations | - | - | (6.48) | - |

| (Unit : THB '000) | 2010 | 2011 | 2012 | Jan-Mar 2013 |
|---|----------------|----------------|----------------|---------------|
| Net cash from (used in) operating activities | 15.11 | 14.65 | 24.94 | 8.19 |
| Cash flows from investing activities | | | | |
| Interest received | 1.28 | 2.41 | 2.47 | 0.72 |
| Temporary investment | 5.00 | - | - | - |
| Purchase of equipment | (3.53) | (1.14) | (4.78) | (0.04) |
| Purchase of intangible assets | (29.41) | (32.92) | (33.96) | (6.32) |
| Sale of equipment | - | - | 0.52 | - |
| Net cash used in investing activities | (26.66) | (31.65) | (35.75) | (5.64) |
| Cash flows from financing activities | | | | |
| Interest paid | (1.24) | (1.68) | (2.09) | (0.43) |
| Dividends paid to owners of Company | (23.20) | (4.25) | (12.75) | - |
| Bank overdrafts | 4.55 | (1.63) | 8.03 | (0.01) |
| Proceeds from long-term loan from financial institution | 12.50 | 12.50 | - | - |
| Repayment of long-term loan from financial institution | (5.09) | (10.15) | (5.03) | (1.32) |
| Proceeds from issue of ordinary shares | 36.00 | - | - | - |
| Transaction costs from issue of ordinary shares | (2.65) | - | - | - |
| Net cash used in financing activities | 20.87 | (5.21) | (11.84) | (1.76) |
| Net decrease in cash and cash equivalents | (9.32) | (22.21) | (22.65) | 0.79 |
| Cash and cash equivalents at 1 January | 42.34 | 51.66 | 29.45 | 6.80 |
| Cash and cash equivalents at 31 December | 51.66 | 29.45 | 6.80 | 7.59 |

1.4 Financial Ratio

| | | 2010 | 2011 | 2012 | Jan-Mar |
|-----------------------------|---------|------|------|------|---------|
| Liquidity Ratio | | | | | |
| Current ratio | (times) | 1.78 | 1.79 | 1.63 | 1.62 |
| Quick ratio | (times) | 1.04 | 0.91 | 0.70 | 0.69 |
| Operating cash flow ratio | (times) | 0.11 | 0.10 | 0.15 | 0.04 |
| Account receivable turnover | (times) | 2.65 | 2.57 | 2.71 | 0.71 |
| Account receivable days | (days) | 136 | 140 | 133 | 127 |
| Inventory turnover | (times) | 3.18 | 2.46 | 2.21 | 0.52 |
| Inventory days | (days) | 113 | 146 | 163 | 173 |

| | | 2010 | 2011 | 2012 | Jan-Mar |
|--------------------------------------|---------|--------|--------|--------|---------|
| Account payable turnover | (times) | 2.64 | 2.48 | 2.17 | 0.47 |
| Account payable days | (days) | 136 | 145 | 166 | 191 |
| Cash Cycle | (days) | 113 | 141 | 130 | 109 |
| Profitability Ratio | | | | | |
| Gross profit margin | (%) | 31.31 | 30.36 | 30.62 | 34.46 |
| Operating profit margin | (%) | 8.81 | 6.34 | 5.32 | 12.11 |
| Cash earning ratio | (%) | 60.39 | 80.08 | 138.17 | 68.79 |
| Net profit margin | (%) | 7.15 | 5.89 | 7.95 | 9.86 |
| Return on equity | (%) | 16.11 | 11.81 | 17.66 | 5.52 |
| Efficiency Ratio | | | | | |
| Return on assets | (%) | 7.94 | 5.92 | 8.52 | 2.62 |
| Return on fixed assets | (%) | 531.87 | 393.24 | 535.94 | 160.82 |
| Asset turnover | (times) | 1.11 | 1.01 | 1.07 | 0.27 |
| Financial Policy Ratio | | | | | |
| Debt to equity (times) | (times) | 0.95 | 1.03 | 1.11 | 1.10 |
| Cash interest coverage ratio (times) | (times) | 20.39 | 14.04 | 14.39 | 29.02 |
| Cash basis (times) | (times) | 0.27 | 0.30 | 0.44 | 1.06 |
| Dividend payout ratio (%) | (%) | 111.97 | 24.32 | 45.20 | - |

2. Analysis of Operating Performance and Financial Status of the Company and its subsidiaries

2.1 Operating Performance

In 2012, the Company has Baht 354.85 million in total revenue, Baht 58.16 million more than in 2011, which was Baht 296.69 million, calculated into a 19.60% growth due to revenue from the distribution of pocketbooks, youth publications and educational media, and comic books, which went up by 25%, 53% and 27% respectively. However, revenue from servicing decreased by 1% due to decline in printing service revenue.

In 2012, cost and expenses went up by 19% compared to 2011, mainly due to a 27% increase in cost of sales according to rising revenue in distribution of publication, cost of goods sold and administrative expenses, which went up by 24% due to marketing and personnel costs, which went up to support the expansion of business. Meanwhile, administrative expenses went down 3% due to continuous tighten control of administration in agreement to plummeted revenue from servicing.

Result of operations for the year as of 31 December 2012 showed that the Company has Baht 28.21 million in total net profit, compared to that of the previous year, which was Baht 17.48 million.

The first quarter ended on March 31, 2013, the Company has Baht 13.90 million in profit before income tax and financial cost, or Baht 4 million if income tax and financial cost are included. The overall operation for the first quarter of the 2013 shows a Baht 9.90 million in profit, whereas it was Baht 7.86 million in the previous year. The following is the summary of overall operation:

- Revenue from sales and servicing for the first quarter of 2013 increased by 8% compared to the same period of 2012, mainly due to a 9% increase in revenue of publication distribution since the distribution of youth publication and educational media went up by 16%, revenue from comic book distribution went up 13%, while revenue from servicing increased by 5% due to advertisement sale on satellite TV channel “KidZone”.
- Cost and expenses in the first quarter of 2012 went up 6% compared to the same period of the previous year, mainly due to a 4% reduction in cost of sale since the Company was able to control cost of production more effectively. However, cost of servicing escalated by 29% due to cost of production of satellite TV channel “KidZone” in accordance to the increased revenue from servicing. Cost of sale and administration went up to% due to marketing and personnel cost that went up 10% from rising marketing cost and increasing number of personnel to support current business expansion.

2.2 Result of operation of the Company Group in each business

1) Revenue

a) Revenue from production and distribution of pocketbooks

In 2011, the Company has Baht 62.73 million in total revenue, Baht 4.79 million more than Baht 57.94 million of 2010, which calculated into a 8.27% growth rate due to the content of the pocketbooks, which covers the topic of astrology, health, and influential figures such as the biography of Steve Job, which went on sale at the end of 2011 and achieved high popularity in the market. In addition, there have been continuous promotional activities to boost sales and production of books.

In 2012, the Company has Baht 74.98 million, which went up by Baht 12.25 million from 2011, which was Baht 62.73 million, calculated into a growth rate of 19.53% due to the content of the pocketbooks, which covers the topic of astrology, health, and influential figures such as the biography of Steve Job, which achieved high popularity in the market as well as other popular books in 2012, such as “Awareness of Cancer” “Healthy People Raise Your Hand”. Moreover, the Company has held promotion activities continuously to boost sales. Also, the Company accepted production of more books, which increase the 2012 revenue.

b) Revenue from production and distribution of youth publication

In 2011, the Company has Baht 132.68 in revenue from production and distribution of youth publication, which was Baht 1.50 million lower than in 2010, which was 134.18 million, calculated into

1.12% reduction rate due to a plunge in sales of Japanese comic as a result of the 2011 flood, which disabled the Company's ability to distribute books, causing the number of book orders by agencies and bookstores to fall. Meanwhile, youth publication increased from the previous year by 3%.

In 2012, the Company has Baht 175.36 million in revenue from production and distribution of youth publication, which increased from 2011 by Baht 42.68 million which was 132.68 million, calculated in to a growth rate of 32.17% due to increased sales in Japanese comics such as Naruto, Blue Exorcist, Slam Dunk, Shin Jung, etc. Moreover, there have been more newly-released books for distribution such as books for skill enhancement by Disney, Spongebob, Thomas & Friends, Scooby Doo and increase distribution channel through modern trade such as 7-Eleven and Nai-In Bookstore. Moreover, the Company launched a satellite TV channel for youngsters by the name "KidZone" resulting in higher revenue in 2012.

c) Revenue from distribution of publication and related service

In 2011, the Company has Baht 89.34 million in total revenue from distribution of publication and related service, which was Baht 2.41 million lower than in 2010, which was Baht 91.75 million, calculated into a reduction rate of 2.63% due to the 2011 flood and decrease in the number of oversea workers in Thailand, who are the main customers and members of the Company.

In 2012, the Company has Baht 84.24 million in revenue from distribution of publication and related service, which was 5.1 million lower than in 2011, which was Baht 89.34 million, calculated into a reduction rate of 5.71% due to the decrease in the number of oversea workers in Thailand, who are the main customers and members of the Company, resulting in plunging revenue of related services such as bulk sales, publishing and delivery fees.

d) Revenue from product distribution and servicing via internet

In 2012, the Company has Baht 4.97 million in total revenue, which was Baht 1.14 million more than in 2011, which was Baht 3.83 million, calculated into a growth rate of 29.76% due to additional revenue from SMS service and electronic publication, during 2012, the Company has closed down distribution of product and service via internet.

e) Other Revenue

In 2011, the Company gathered revenue from other sources by Baht 8.11 million, which was Baht 2.24 million more than in 2010, which was Baht 5.87 million, calculated into a growth rate of 38.16% due to increased interest rate as much as Baht 1.13 million in addition to other servicing fees, which was Baht 0.80 million more than the previous year.

In 2012, the Company has Baht 15.30 million in revenue from other sources, which was Baht 7.19 million more than in 2011, which was Baht 8.11 million, calculated into a growth rate of 88.66% due to common services fee, which increased by Baht 0.41 million, and other servicing fees by Baht 0.54 million. Moreover, the Company has revenue from sales of unused materials and other income at a total of Baht 6.18 million.

2) Cost of Goods Sold and Servicing

Royalties of the Company is calculated into respective 14.02%, 12.54% and 20.22% of the revenue from sales of goods and servicing in 2010, 2011, and 2012. In 2011, the ratio of royalties of the Company went down due to the royalties of Japanese comics and in 2012, the royalties of the Company increased from 2011 due to amortization of royalties from the increasing production and distribution of youth publications.

Other costs of the Company Group are calculated into respective 54.67%, 57.10% and 79.18% of the total sales and servicing revenue in 2010, 2011 and 2012. In 2011, there was a growth rate of 2.43% due to the release of JIRO magazine and increased production of newspaper and magazine from 2010 and in 2012, the growth ratio went up to 22.08% due to investment in television business which increased the fund of the Company, in addition to increased publication according to increased demand.

3) Cost of Sales and Administration of Other Expenses

The Company's rate of administration expenses equaled to respective 8.48%, 9.63% and 7.19% of the revenue from sales and servicing in 2010, 2011 and 2012. In 2011, the rate of administrative expenses rose by 1.15% due to the Company's increased cost from business expansion and, in 2012, the rate fell by 2.24% due to the Company's effective policy in reducing and controlling costs.

Employee's payment by the Company calculated to 8.37%, 8.09% and 7.78% of the total revenue from sold goods and services in 2010, 2011 and 2012 respectively. A comparison between employee's payment in 2011 and 2012 showed a slight decline. However, in 2012, employee's payment increased by Baht 3.08 million due to more number of employees in accordance to business expansion.

Cost of sales promotion by the Company is calculated into a rate of 4.32%, 5.29% and 9.68% of total sales and servicing revenue in 2010, 2011 and 2012 respectively. This constant rising is due to the constant boosting of sales and business expansion.

Other expenses of the Company included professional fees, cost of donated goods, and interests, all calculated into a rate of 1.78%, 1.59% and 1.27% of the total revenue from sold goods and servicing in

2010, 2011 and 2012, respectively, which showed a tendency in cost reduction as a result of the Company's policy to effectively lower and control cost.

4) Gross Profit and Net Profit

In 2010, 2011 and 2012, the Company's gross profit was 31.31%, 30.36% and 30.62% respectively. The Company's gross margin decreased by 0.95% due to the Company's business expansion and, in 2012, the Company's gross profit increased by 0.26% due to the Company's policy to effectively lower and control cost. Moreover, the Company's net profit margin in 2010, 2011 and 2012 has a rate of 7.15%, 5.89% and 7.95, respectively. By 2011, the Company's net profit margin decreased by 1.26% due to the Company's business expansion, causing the Company to have more expenses. Nonetheless, in 2012, the Company's net profit margin increased by 2.06% due to the Company due to the effectiveness in lowering and controlling cost.

2.3 Financial Position

1) Asset

At the end of 2011, the asset of the Company was Baht 308.77 million, which was Baht 27.12 million more than that of 2010, calculated into a growth rate of 9.63% of the total asset. At the end of 2012, the asset of the Company was Baht 353.24 million, which was 44.47 million more than that of 2010, calculated into a growth rate of 14.40% of the total asset. The main assets are categorized into four types, which are account receivable, inventory, cash or cash equivalent and intangible asset, all of which contributed to the total asset with a respective value of 34.08%, 33.71%, 1.93% and 12.29% by 2012. The changes in the main assets are as follow:

- a) Accounts receivable: In 2011, the Company had total account receivables of Baht 103.10 million, up Baht 12.2 million or grew 13.20% of total account receivables in 2010. In 2012, the Company had total account receivables of Baht 120.37 million, up by Baht 17.27 million or 16.75% of total account receivables in 2011.
- b) Inventories: In 2011, the Company had a total inventory of Baht 94.30 million, which increased by Baht 25.50 million or 37.06% from that of 2010 due to the selling of obsolete items and inventory management, which lowered the allowance for obsolete inventory, though there has previously been a purchase of inventory from the previous year at Baht 18.42 million. In 2012, the Company had a total inventory of Baht 119.08 million, increased by Baht 24.78 million or 26.28% increase from 2011 due to a Baht 13.36 million increase from escalating book sales. Moreover, the Company's inventory management became more efficient due to distribution of obsolete inventory in CSR activities and booth projects. As a result, the allowance for obsolete inventory decreased.
- c) Cash and cash equivalent: In 2011, the Company has cash and cash equivalent at a total value of Baht 29.45 million, which was Baht 22.21 million or 42.99% lower than in 2010 due to Baht 4.25

million dividend payment for shareholders, Baht 12.50 million in repayment of long term loan and purchase of intangible asset for Baht 32.92 million, increasing the Company's cash from long-term loan by Baht 12.50 million. For 2012, the Company has cash and cash equivalent at a total value of Baht 6.80 million, which was Baht 22.65 million or 76.91% lower than in 2011 due to a Baht 12.75 million dividend payment to shareholders, Baht 7.11 million in repayment of long term loan and interest, as well as purchase of intangible asset for Baht 33.96 million and purchase of equipment at Baht 4.78 million.

- d) Intangible Assets: In 2011, the Company had a value of Baht 38.98 million of intangible assets, up Baht 11.75 million or 43.15% from 2010 due to the Company's increasing purchase of the right to publication to support future publication. In 2012, the Company's intangible asset was Baht 43.40 million, up Baht 4.42 million or 11.34% 2011 due to the Company's increasing purchase of the right to publication to support future publication.

2) Source of Fund

Shareholders' equity

In 2010, the Company has Baht 144.09 million in total shareholders, which was Baht 30.87 million or 27.26% more than that of 2009 due to the issuing of new shares by Baht 15.00 million with a share premium of Baht 18.35 million. In 2011, the Company has Baht 151.98 million in total shareholders, which was 7.89 million or 5.48% more than that of 2010 due to a Baht 17.48 million in gross profit of 2011. In 2012, the Company has Baht 167.44 million in total shareholders, which was Baht 15.46 million or 10.17% from that of 2011 due to a Baht 28.21 million in gross profit of 2012.

Liabilities

The main liabilities of the Company in 2011 and 2012 are from overdrafts, long term loans from financial institution, accrued expenses and other current liabilities, all of which have a respective 4.12%, 27.90% and 13.12% in percentage of total asset of 2011 and 4.46%, 36.99% and 7.17% in 2012. Accrued expenses and current liabilities are mostly made up of accrued royalties from the Company's publication and accrued expenses that relates to business operation of the Company.

In 2011, the Company has Baht 156.79 million in total liabilities, which was Baht 19.23 million or 13.98% more than that of 2010 due to overdrafts and long term loans from financial institution as much as Baht 12.73 million, which was Baht 0.72 million more than that of 2010, since the Company took on loans for additional working capital in business operation. Accrued expenses and current liabilities went up by Baht 3.55 million or 9.60%. In 2012, the Company has a total liability of Baht 185.80 million, up Baht 29.01 million or 18.5% from that of 2011 due to account payable of Baht 130.67 million, which went up by Baht 44.53 million or 51.69%. Total of overdrafts and long term loans from banks was Baht 15.74 million, which

went up by Baht 3.01 million or 23.64% due to the increase in overdrafts for additional working capital in business operation. Accrued expenses and current liabilities reduced by Baht 15.20 million or 37.53%.

- 3) **Liquidity:** In 2011, the Company has a current ratio of 1.79 and a quick ratio of 0.91, which went down from that of 2010 by 0.01 times and 0.13 times respectively, due to delayed repayment from account receivables. In 2012, the Company has a current ratio of 1.63 and a quick ratio of 0.70, which went down from that of 2010 by 0.16 times and 0.21 times, respectively; due to increase account receivables, since NED did not pay for the comic books from NEE on time. The 2011 flood also worsen the liquidity of customers of comic books agencies to delay payment.

Cash from Operation: In 2011, the Company has Baht 14.65 million in cash from operation, which was Baht 0.46 million or 3.04% lower from that of 2010 due to the reduction in net profit of the Company in 2010 by Baht 3.24 million and reversal of loss on obsolete inventory by Baht 7.08 million, in addition to increased account receivables by Baht 12.61 million, inventory by Baht 18.44 million and account payables by Baht 9.95 million. In 2012, the Company has Baht 24.94 million in cash from operation, which was Baht 10.29 million or 70% more than that of 2011 due to the increase in net profit of the Company by Baht 10.29 million or 70% from than that of 2011 due to increase net profit from 2011 by Baht 10.73 million and reversal of loss on obsolete inventory by Baht 11.43 million, which was Baht 4.35 million more than that of 2011, and Amortization of intangible assets by Baht 30.51 million, which was Baht 7.25 million more than in 2011. In addition, in 2012, the Company has increased account receivable, inventory, other current asset, and account payable, while other current liabilities decreased.

Cash from investment activity: In 2011, the Company spent Baht 31.65 million of cash on investment activities, which was Baht 4.98 million more than in 2010 due to purchase of intangible assets by Baht 32.92 million and purchase of equipment by Baht 1.14 million with interest on interest income of the Company by Baht 2.41 million. In 2012, the Company spent Baht 35.75 million of cash on investment activities, which was Baht 4.10 million more than in 2011 due to purchase of intangible assets by Baht 33.96 million and purchase of equipment by Baht 4.78 million and equipment sale of Baht 0.52 million, in addition to interest on interest income of the Company by Baht 2.47 million.

Cash from financial activity: In 2011, the Company spent Baht 5.21 million on financial activities, whereas the Company received Baht 20.87 million from financial activities due to cash received from increasing capital stock by Baht 36 million. In 2011, the Company repaid long term loans by Baht 10.15 million and paid dividend to stockholders by Baht 4.25 million. In 2012, the Company spent Baht 11.84 million of cash on financial activities, which was Baht 6.63 million more than that of 2011 due to dividend payment to shareholders by Baht 12.75 million and an Baht 8.03 million in overdrafts in addition to repayment of long term loan by Baht 5.02 million.

Terms on rights and duties of the Issuer and Holders of Warrants to purchase new ordinary shares issued and offered to the existing shareholders who have subscribed for and been allocated the new shares of Nation International Edutainment Public Company Limited

Warrants to purchase new ordinary shares of Nation International Edutainment Public Company Limited No.1 offered to the existing shareholders who have subscribed for and been allocated the new shares (“Warrant No.1” or “NINE-W1”) are issued by Nation International Edutainment Public Company Limited (the “Warrant Issuer of NINE-W1”), according to the resolution of Annual General Meeting of Shareholders for the year 2013 held on April 23, 2013. The Warrant Issuer and the holders of NINE-W1 are bound by terms and conditions under the Warrant Terms in all respects. The NINE-W1 Holders are deemed to have acknowledged and understood all terms stipulated in these Warrant Terms as well as consented to the appointment of the Registrar of NINE-W1 and other terms in the Agreement to Appoint the Registrar. The Warrant Issuer shall retain one copy of this Warrant terms at the head office of the Warrant Issuer for the inspection by the NINE-W1 Holders during the office hour of the Warrant Issuer.

1. Definitions

Terms and wordings used in these Warrant Terms shall have their respective meanings as follows:

| | |
|--|--|
| “Warrant Terms” | : The warrant terms on rights and duties of the Warrant Issuer and warrant holders of NINE-W1 issued by Nation International Edutainment Public Company Limited offered to the existing shareholders who have subscribed for and been allocated the shares. (including the applicable amendments thereto). |
| “Warrant No.1” or “NINE-W1” | : Warrants to purchase ordinary shares of Nation International Edutainment Public Company Limited, details of which are set out in these Warrant Terms |
| “Replacement Certificates of NINE-W1” | : The Replacement Certificates of NINE-W1, issued by Thailand Securities Depository Company Limited |
| “Warrant Issuer” or “the Company” | : Nation International Edutainment Public Company Limited |
| “Business Day” | : The day the Stock Exchange of Thailand is opened to transact its business |
| “NINE-W1 Holders” or “Warrant Holders” | : Any holder of each unit of NINE-W1 as provided in Clause 3.2 |
| “NINE-W1 Register Book” or “register book” | : The register book of NINE-W1 or sources of information which contain records of NINE-W1 and NINE-W1 Holders which are in the custody of the Registrar |
| “Right of NINE-W1” | : All rights under NINE-W1 including, but not limited to, right to |

purchase newly issued ordinary shares allocated for to the exercise of right under NINE-W1, right to attend and vote at the meeting of NINE-W1 Holders, right to receive any compensation in case of inadequacy of ordinary shares allocated for the exercise of NINE-W1.

| | |
|---|---|
| “Allotted Shares” | : 85,000,000 newly issued ordinary shares of the Company allocated for the exercise of NINE-W1, including any additional ordinary shares to be issued in the case of the adjustment of rights under the Warrant Terms |
| “Issuance Date of NINE-W1” | : July 12, 2013 |
| “Expiration Date of NINE-W1” | : July 11, 2018 |
| “Maturity Date” or “Last Date for the Exercise” | : As provided in Clause 4.2 of the Warrant Terms |
| “Registrar” | : Thailand Securities Depository Company Limited |
| “TSD” | : Thailand Securities Depository Company Limited |
| “SET” | : The Stock Exchange of Thailand |

2. Characteristics and Conditions of Warrant No.1

2.1 Details of the Right offering of the warrants

| | |
|-----------------------------|---|
| Warrant Issuer | : Nation International Edutainment Public Company Limited |
| Address of Warrant Issuer | : TCIF Tower, 29 Floor, No. 1858/123 – 124, Bangna-Trad Road, Kwang Bangna, Khet Bangna, Bangkok |
| Type of Securities Offered | : Warrants to purchase ordinary shares of the Company (“Warrant No.1” or “NINE-W1”) |
| Type of Warrants | : Registered by name and transferable |
| Number of NINE-W1 | : 85,000,000 Units |
| Allotted Shares for NINE-W1 | : 85,000,000 ordinary shares (at a par value of Baht 1.00 per share), representing 50.00% of total paid-up capital after the capital increase and that there are no remaining shares from the right offering at 170,000,000 shares. |
| Allocation method | : The warrants shall be allocated to the existing shareholders who subscribe to the right offering at the ratio of 1 new share to 1 unit of warrant. In this regards, the record date to determine the list of shareholders who entitle to subscribe the right offering and the warrants is on March 14, 2013 and the closing date of share register book to collect the list of shareholders under Section 225 |

of the Securities and Exchange Act B.E. 2535 (amended in B.E. 2551) is on March 15, 2013.

| | |
|--|--|
| Offering Price | : Baht 0 (zero) per unit |
| Term of NINE-W1 | : 5 years from the Issuance Date |
| Issuance Date | : July 12, 2013 |
| Exercise Ratio | : 1 unit of NINE-W1 shall be entitled to purchase 1 newly issued ordinary share (subjected to the adjustment of exercise price and exercise ratio in Clause 6, if any) |
| Exercise Price | : Baht 4.00 per share at par value of Baht 1.00 each (subjected to the adjustment of exercise price and exercise ratio in Clause 6, if any) |
| Exercise Date | : The warrant holders can exercise their rights on 15 th of December and June (the Exercise Date) each year. In this regards, the First Exercise Date shall be on December 15, 2013 (the First Exercise Date) and The Last Exercise Date shall be on the 5-year maturity date of the warrants which is on July 11, 2018. In case that the Exercise Date falls on the Company's holiday, the Exercise Date shall be moved forward to prior business day. To exercise their rights of the Last Exercise Date, the warrant holders must declare their intention at least 15 business days prior to the Last Exercise Date. |
| Warrant maturity date | : July 11, 2018 |
| Warrant Registrar | : Thailand Securities Depository Company Limited |
| Secondary market for the NINE-W1 | : The Company will register the warrants as listed securities on the SET in the Market for Alternative Investment (mai). |
| Secondary market for the ordinary shares derived from the exercise of NINE-W1 | : The Company will register the ordinary shares derived from the exercise of warrants under this issue and offering as listed securities on the SET in the Market for Alternative Investment (mai). |
| Exercise Method and Conditions for the Exercise | : As provided in Clause 4 of the Warrant Terms |

2.2 Effects to the Shareholders as a Result of the Issuance of the NINE-W1 which is Offered to the Existing Shareholders Proportionately to their Shareholding%age

- (1) The ordinary shares of the Company resulted from the exercise of Warrants No.1 shall hold equal right to the existing ordinary shares.

- (2) Apart from the 85,000,000 ordinary shares (a par value at Baht 1.00 per share) reserved for the exercise of Warrants No.1, the Company may have to additionally increase its registered capital to reserve for the adjustment of right, in the presence of any circumstances according to the Regulations of the Office of the Securities and Exchange Commission regarding to the Issuance and Offering of Warrants.
- (3) Dilution effects on the shareholders due to the issue and offering of new ordinary shares cum Warrants No.1 to the existing shareholders and offering of warrants to the directors, management and/or employees of the Company and/or its subsidiary (“ESOP Warrants”).

Due to the Company’s approval of the issue and offering of new ordinary shares cum Warrants No.1 to the existing shareholders and offering of ESOP Warrants at the same time, which is yet subject to resolution of the shareholders’ meeting which may approve the entire issue and offering of securities mentioned above or any of the said shares offering schemes, there will be dilution effects on the shareholders in various scenarios as follows:

Case 1 There is only the issue and offering of new ordinary shares cum Warrants No.1 to the existing shareholders without an issue and offering of the ESOP Warrants or there is also an issue and offering of the ESOP Warrants No.2, but the ESOP Warrant Holders are not allowed to exercise the whole ESOP Warrants in all cases. This scenario is sub-divided as follows:

Case 1.1 The existing shareholders fully subscribe for the new ordinary shares under the rights offering on a pro rata basis and fully exercise Warrants No.1.

Case 1.2 The existing shareholders fully subscribe for the new ordinary shares under the rights offering on a pro rata basis, but Warrants No.1 are fully exercised by other parties.

Case 1.3 The existing shareholders do not fully subscribe for the new ordinary shares under the rights offering on a pro rata basis, but other existing shareholders subscribe for the shares in excess of rights without any unsubscribed shares remaining and Warrants No.1 are fully exercised by other parties

Case 2 There is only the issue and offering of the ESOP Warrants and the ESOP Warrant Holders fully exercise the ESOP Warrants.

Case 3 There is the issue and offering of new ordinary shares cum Warrants No.1 to the existing shareholders and an issue and offering of the ESOP Warrants, and the ESOP Warrant Holders are allowed to exercise the whole ESOP Warrants in all cases. This scenario is sub-divided as follows:

Case 3.1 The existing shareholders fully subscribe for the new ordinary shares under the rights offering on a pro rata basis and fully exercise Warrants No.1.

Case 3.2 The existing shareholders fully subscribe for the new ordinary shares under the rights offering on a pro rata basis, but Warrants No.1 are fully exercised by other parties.

Case 3.3 The existing shareholders do not fully subscribe for the new ordinary shares under the rights offering on a pro rata basis, but other existing shareholders subscribe for the

shares in excess of rights without any unsubscribed shares remaining and Warrants No.1 are fully exercised by other parties.

Where:

| | | |
|--------------|---|--|
| Qa | = | Number of the existing paid-up shares, equal to 85,000,000 shares |
| Qs | = | Number of additional new ordinary shares from the rights offering, equal to 85,000,000 shares |
| Qw | = | Number of additional new ordinary shares derived from the exercise of warrants No.1 allocated to the existing shareholders who have subscribed for the new ordinary shares, equal to 85,000,000 shares |
| Qesop | = | Number of additional new ordinary shares derived from the exercise of ESOP Warrants, equal to 4,250,000 shares |

(a) Control Dilution

Formula of control dilution calculation = $1 - [Qo / Qn]$

Where:

Qo = Total shares obtainable by the shareholders in each case as follows:

| | | |
|-------------|---|--------------|
| Qo Case 1.1 | = | Qa + Qs + Qw |
| Qo Case 1.2 | = | Qa + Qs |
| Qo Case 1.3 | = | Qa |
| Qo Case 2 | = | Qa |
| Qo Case 3.1 | = | Qa + Qs + Qw |
| Qo Case 3.2 | = | Qa + Qs |
| Qo Case 3.3 | = | Qa |

Qn = Total shares in each case:

| | | |
|--------------------|---|----------------------|
| Qo Cases 1.1 – 1.3 | = | Qa + Qs + Qw |
| Qo Case 2 | = | Qa + Qesop |
| Qo Cases 3.1 – 3.3 | = | Qa + Qs + Qw + Qesop |

| | | | | | | | |
|----------|---------|---------|---------|--------|---------|---------|---------|
| Control | Case1.1 | Case1.2 | Case1.3 | Case 2 | Case3.1 | Case3.2 | Case3.3 |
| Dilution | 0.00% | 33.33% | 66.67% | 4.76% | 1.64% | 34.43% | 67.21% |

In case there is only the issue and offering of the new ordinary shares cum warrants to the existing shareholders and the existing shareholders fully subscribe for the ordinary shares and fully exercise the warrants (Case 1.1), the existing shareholders will not be affected by control dilution as the issue and offering are made to the existing shareholders on a pro rata basis. However, in case the existing

shareholders do not subscribe for the new shares on a pro rata basis for the whole amount, but other existing shareholders subscribe for the shares in excess of rights without any unsubscribed shares remaining and Warrants No.1 are fully exercised by other parties (Case 1.3), the existing shareholders will be affected by control dilution equal to 66.67%. The control dilution effect could rise to 67.21% in case there is the issue and offering of the ESOP Warrants and the ESOP Warrant Holders are allowed to exercise the whole ESOP Warrants (Case 3.3).

(b) Earnings Dilution

Formula of earnings dilution calculation = $(EPS_o - EPS_n) / EPS_o$

Where:

$EPS_o = \text{Net profit} / Q_o$

Where Q_o in each case is as follows:

| | | |
|-------------|---|-------------------|
| Qo Case 1.1 | = | $Q_a + Q_s + Q_w$ |
| Qo Case 1.2 | = | $Q_a + Q_s$ |
| Qo Case 1.3 | = | Q_a |
| Qo Case 2 | = | Q_a |
| Qo Case 3.1 | = | $Q_a + Q_s + Q_w$ |
| Qo Case 3.2 | = | $Q_a + Q_s$ |
| Qo Case 3.3 | = | Q_a |

$EPS_{new} = \text{Net profit} / Q_n$

Where Q_n in each case is as follows:

| | | |
|--------------------|---|------------------------------|
| Qn Cases 1.1 – 1.3 | = | $Q_a + Q_s + Q_w$ |
| Qn Case 2 | = | $Q_a + Q_{esop}$ |
| Qn Cases 3.1 – 3.3 | = | $Q_a + Q_s + Q_w + Q_{esop}$ |

The net profit of Baht 28.21 million earned by the Company for the year ended December 31, 2012 is applied in the calculation.

| | | | | | | | |
|----------|---------|---------|---------|--------|---------|---------|---------|
| Earnings | Case1.1 | Case1.2 | Case1.3 | Case 2 | Case3.1 | Case3.2 | Case3.3 |
| Dilution | 0.00% | 33.33% | 66.67% | 4.76% | 1.64% | 34.43% | 67.21% |

In case there is only the issue and offering of the new ordinary shares cum warrants to the existing shareholders and the existing shareholders fully subscribe for the ordinary shares and fully exercise the warrants (Case 1.1), the existing shareholders will not be affected by earning dilution as the issue and offering are made to the existing shareholders on a pro rata basis. However, in case the existing

shareholders do not subscribe for the new shares on a pro rata basis for the whole amount, but other existing shareholders subscribe for the shares in excess of rights without any unsubscribed shares remaining and Warrants No.1 are fully exercised by other parties (Case 1.3), the existing shareholders will be affected by earning dilution equal to 66.67%. The earning dilution effect could rise to 67.21% in case there is the issue and offering of the ESOP Warrants and the ESOP Warrant Holders are allowed to exercise the whole ESOP Warrants (Case 3.3).

(c) Price Dilution

Formula of price dilution calculation = $(P_o - P_n) / P_o$

Where:

| | | |
|-------|---|--|
| Pa | = | Weighted average price over 7 business days before the date of the Board of Directors' meeting on February 15, 2013 (6-8 and 11-14 February, 2013), which is Baht 9.13 per share |
| Ps | = | The rights offering price of Baht 4.00 per share |
| Pw | = | The exercise price of the Warrants No.1 issued and offered to the existing shareholders who have subscribed for the new shares, which is Baht 4.00 per share |
| Pesop | = | The exercise price of the ESOP Warrants, which is Baht 4.00 per share |

P_o in each case is as follows:

| | | |
|-------------|---|---|
| Po Case 1.1 | = | $[(Pa \times Qa) + (Ps \times Qs) + (Pw \times Qw)] / (Qa + Qs + Qw)$ |
| Po Case 1.2 | = | $[(Pa \times Qa) + (Ps \times Qs)] / (Qa + Qs)$ |
| Po Case 1.3 | = | $[(Pa \times Qa)] / Qa$ |
| Po Case 2 | = | $[(Pa \times Qa)] / Qa$ |
| Po Case 3.1 | = | $[(Pa \times Qa) + (Ps \times Qs) + (Pw \times Qw)] / (Qa + Qs + Qw)$ |
| Po Case 3.2 | = | $[(Pa \times Qa) + (Ps \times Qs)] / (Qa + Qs)$ |
| Po Case 3.3 | = | $(Pa \times Qa) / Qa$ |

P_n = The average price of total shares after the offering of new ordinary shares to the existing shareholders and the exercise of Warrants No.1 and/or after the offering of the ESOP Warrants, as the case may be, as follows:

| | | |
|--------------------|---|--|
| Pn Cases 1.1 – 1.3 | = | $[(Pa \times Qa) + (Ps \times Qs) + (Pw \times Qw)] / (Qa + Qs + Qw)$ |
| Pn Case 2 | = | $[(Pa \times Qa) + (Pesop \times Qesop)] / (Qa + Qesop)$ |
| Pn Cases 3.1 – 3.3 | = | $[(Pa \times Qa) + (Ps \times Qs) + (Pw \times Qw) + (Pesop \times Qesop)] / (Qa + Qs + Qw + Qesop)$ |

| | | | | | | | |
|----------|---------|---------|---------|--------|---------|---------|---------|
| Price | Case1.1 | Case1.2 | Case1.3 | Case 2 | Case3.1 | Case3.2 | Case3.3 |
| Dilution | 0.00% | 13.02% | 37.46% | 2.68% | 0.49% | 13.45% | 37.77% |

In case there is only the issue and offering of the new ordinary shares cum warrants No.1 to the existing shareholders and the existing shareholders do not fully subscribe for the new shares, but other existing shareholders subscribe for the shares in excess of rights without any unsubscribed shares remaining and the warrants No.1 are fully exercised by other parties (Case 1.3), the existing shareholders will be affected by price dilution equal to 37.46%. The price dilution effect could rise to 37.77% in case there is the issue and offering of the ESOP Warrants and the ESOP Warrant Holders fully exercise the ESOP Warrants (Case 3.3).

3. The NINE-W1, the NINE-W1 Register Book and NINE-W1 Holders

3.1 The Registrar shall have the duty to issue the Warrant Certificates to all NINE-W1 Holders. In case of the Warrant Certificates deposited with the TSD, the name of TSD shall be registered in the NINE-W1 register book, the Registrar shall issue the Warrant Certificate or Replacement Warrant Certificate to the NINE-W1 Holders in the form prescribed by the Registrar.

3.2 NINE-W1 Holders

- General case

Rights under the NINE-W1 shall be vested in the individuals or juristic persons whose names appeared in the NINE-W1 Register Book at that time or on the first date of the closing date of NINE-W1 (in the case of closing of NINE-W1 Register Book).

- In the case of TSD registered as NINE-W1 Holder

Rights under the NINE-W1 shall be vested in the individuals or juristic persons whose names appeared in the notice of TSD to the Registrar as the NINE-W1 Holders which were registered in the NINE-W1 Register Book at TSD at that time or on the first date of the closing date of NINE-W1 (in the case of closing of NINE-W1 Register Book).

3.3 In the case where TSD is registered as the NINE-W1 Holder, if the actual NINE-W1 Holder wants to register its name in the Warrant Certificate as the holder. The Registrar shall issue the Warrant Certificate in the name of the person who deposited the NINE-W1 with TSD and register such name and number of NINE-W1 in the NINE-W1 Register Book as notified by TSD. Upon issuance of NINE-W1 and registration of the name and number of NINE-W1 in the NINE-W1 Register Book as such, the Registrar shall correct the number of warrants held by TSD by subtracting the number of NINE-W1 reallocated to the actual NINE-W1 Holder as notified by TSD from the total number of NINE-W1 held in the name of TSD. If the Registrar fails to make such correction for whatever reasons, it shall be deemed that the number of NINE-W1 held in the name of TSD shall be less the number of NINE-W1 reallocated and registered in the name of the actual NINE-W1 Holder.

4. Exercise Right of Warrants

4.1 Notification Period for the Exercise of Warrant

- Notification period of each exercise date (except for the final exercise date)

The NINE-W1 Holders who intend to exercise their rights to purchase the Company's ordinary shares shall notify their intention within 5 business days prior to each exercise date during 9.00 hrs. to 16.00 hrs. and follow the procedures to exercise warrant as described in Section 4 of terms and condition of NINE-W1.

The Company will inform the NINE-W1 Holders on the notification period, the exercise ratio and the exercise price through the information service system of the SET not less than 7 days prior to each notification period.

- Notification period of the final exercise date

The warrant holders of NINE-W1 who intend to exercise their rights to purchase the Company's ordinary shares shall notify their intention within 15 business days prior to the final exercise date of warrants during 9.00 hrs. to 16.00 hrs. and shall follow the exercise procedures as described in Section 4 of terms and condition of NINE-W1.

The Company shall send a notice by registered mail to all of NINE-W1 Holders whose names appeared in the NINE-W1 Register Book on the closing date which shall not be less than 21 days before the maturity date. In addition, during such 21 – day period before the maturity date, the Company shall notify to the SET to suspend the trading of NINE-W1 (or the SP sign shall be posted by the SET) provided that the SET shall post the SP sign 3 days prior to the closing date of NINE-W1 Register Book.

4.2 Exercise Date of Warrant

- Exercise date of warrant (except the final exercise date)

NINE-W1 Holders can exercise right to purchase the Company's ordinary shares on on 15th of December and June each year. In this regards, the First Exercise Date shall be on December 15, 2013. In case that the Exercise Date falls on the Company's holiday, the Exercise Date shall be moved forward to prior business day.

- Final exercise date of warrant

NINE-W1 Holders can exercise the right to purchase the Company's ordinary shares on the date falling fifth anniversary of the issuing date of warrant which is on July 11, 2018. If such date falls on the date which is the Company's holiday, such date shall be moved forward to prior business day.

4.3 Exercise of warrants Procedures

4.3.1 Persons and Place to exercise warrants

Corporate Secretary Department
Nation International Entertainment Public Company Limited
TCIF Tower, 27 Floor, Meeting Room A
No. 1858/118-119, 121-122, 124-130
Bangna-Trad Road, Kwang Bangna, Khet Bangna, Bangkok
Tel. 0-2338-3289 – 92 Fax. 0-2338-3904

4.3.2 Exercise Procedures

The NINE-W1 Holders who intend to exercise their rights to purchase the ordinary shares shall comply with the following conditions and procedures;

(1) The NINE-W1 Holders who intend to exercise the right must accurately complete and sign the notification form (in case of a juristic person, the notification form must be signed by the authorized person(s) of such juristic person with company seal (if applicable)) and submit the form together with warrant certificates of NINE-W1 or substitute document and the following documents;

- Thai individual: A certified true copy of the valid Identification Card, Civil Servant Identification Card or State Enterprise Employee Card. In case of the Civil Servant Identification Card or State Enterprise Employee Card, a certified true copy of his/her house registration is also required, and in case of child, the parents' confirmation letter together with a certified true copy of the identification card of parents and a certified true copy of the house registration containing the child's name are also required.
- Foreign individual: A certified true copy of the alien certificate or passport.
- Juristic Person Incorporated in Thailand: A copy of the Affidavit issued by the Ministry of Commerce not more than 6 months prior to the exercise date, certified by the authorized person(s) of such juristic person and affixed with the seal of the juristic person (if any) together with a certified true copy of the valid identification card, civil servant identification card, state enterprise employee (in the case of civil servant and state enterprise employee identification card, a certified true and correct copy of the house registration is also required). In the case where authorized person is non-Thai, a certified true and correct copy of the alien certificate or passport (as the case may be) is also required.
- Juristic Person Incorporated outside Thailand: Copies of the Certificate of Incorporation, Memorandum of Association, and Affidavit, issued not more than 12 months prior to the exercise date, certified by the authorized person(s) of such juristic person and affixed with the seal of the juristic person (if any) together with a certified true copy of alien certificate or passport (as the case may be) of such authorized person(s) of such juristic persons.

Copies of documents referred to above which were certified true and correct shall be notarized by the notary public and legalized by the official at the Thai embassy or Thai Consul

of the country where the documents as such were prepared or certified true and correct. The notarization and legalization as such shall be done within 12 months prior to the maturity date.

As for NINE-W1 in the form of scriptless, any holder thereof wanting to exercise its right to purchase the ordinary share of the Company shall express its intention and fill out the form for a revocation of NINE-W1 or an issuance of the replacement certificate of NINE-W1 or NINE-W1 as required by the TSD by submitting the same to the securities company acting as its broker and the securities company shall notify the TSD to revoke the warrant certificate of NINE-W1 and the revocation as such shall be used as evidence to purchase the ordinary share of the Company for the exercise of right as provided.

- (2) NINE-W1 Holders shall submit the completed application and comply with the conditions as prescribed in the "Exercise Procedures" in Clause 4.3 and follow the conditions as prescribed in "Exercise Right of Warrant" in Clause 4.1.
- (3) The number of share purchased from the exercise right of warrant should be an integer number while 1 unit of warrant has the right to purchase 1 ordinary share of the Company except for the case of an adjustment of the exercise ratio in Clause 6.
- (4) Payment should be made in whole of the exercise amount as specified in the notification form. The payment can be made in form of cash, transfer, personal cheque, draft, or cashier cheque (Bank cheque). In case payment is made by personal cheque, draft or cashier cheque, such personal cheque, draft or cashier cheque (Bank cheque) must be collectable in cash in Bangkok when called within 1 business days from each notification date. Cheque, draft, or cashier cheque (Bank cheque) must be crossed cheque payable to "Nation International Edutainment Plc. for Share Subscription", Saving Account No.333-1-73584-7, Bank of Ayudhya Public Company Limited, Bangna-Trad Road Branch. NINE-W1 Holders shall also write their names, address, and telephone numbers on the back of personal cheque, draft, or cashier cheque (Bank cheque). The exercise of warrant is complete upon the collection of payment to the Company.
- (5) NINE-W1 Holders shall be responsible for duty stamp or other related tax. NINE-W1 Holders shall also comply with any regulations or other laws that govern the exercise the right of warrant for new ordinary share.
- (6) If the Company does not receive warrant certificates at the amount specified in the notification form or does not receive the payment in an amount equal to the amount as specified in the notification

form or finds that information filled in the notification form is inaccurate or incomplete or does not receive a proper amount of duty stamp required by laws, the Company will allow NINE-W1 Holders to correct such errors within each exercise date. Otherwise, the notification of intention to exercise the right of warrants shall be deemed to expire without exercise and the Company shall refund the exercise amount without any interest together with warrant certificate or temporary warrant certificate by registered mail within 14 days from each exercise date. However, the NINE-W1 Holders can re-submit the notification form on the next exercise date, except for the final exercise date on which the rights to exercise is expired and cannot be exercised later.

If the warrant holder does not pay the exercised amount or duty stamp in full, the Company reserves its right to proceed with one of the following alternatives as it sees fit:

- (a) Deem that the notice of intention to exercise the right of warrant shall have been nullified without any exercise of right as such; or
- (b) Deem that the number of shares subscribed is equivalent to the corresponding number of shares which could have been purchased by the amount paid to the Company at the prevailing exercise price; or
- (c) Demand the warrant holder to make payment for the balance of the exercise amount due for payment within the notification period. If the Company does not receive a payment (representing the balance of the exercise amount and/or the unpaid tax) within such period in full, it shall be deemed that the notice of intention to exercise the right of warrant shall have been nullified without any exercise of right as such.

In case of (a) or (c) (for the case that warrant holder does not pay the remaining balance) occurs, the Company shall refund the exercise amount without any interest together with warrant certificate or replacement warrant certificate by the registered mail within 14 days from the date following each exercise date. In case of (b), the Company shall notify the NINE-W1 Holders regarding their exercised amount as deemed as partial exercise and send the unexercised warrant by the registered mail within 30 days from the date following each exercise date. However, the unexercised warrant certificate is valid until the final exercise date.

- (7) When the NINE-W1 Holders has fully complied with the conditions as prescribed in the notification form by deliver all of the evidence representing the amount of warrants that they have allotted and the complete and accurate notification form together with a payment, the intention to exercise the right of warrants cannot be cancelled unless a written consent from the Company is obtained.

- (8) Upon a lapse of the last day for the exercise of right, if the warrant holder of NINE-W1 still fails to exercise its right or fails to fully comply with procedures required for an exercise of right as such, it shall be deemed that the warrant of NINE-W1 has been nullified without any exercise of right and the warrant holder of NINE-W1 shall no longer be entitled to exercise its right to purchase ordinary shares of the Company.
- (9) Upon a lapse of each and any exercise date, the Company shall notify the names of new shareholders holding ordinary shares as a result of an exercise of right under NINE-W1 to the TSD who has been acting as the registrar of the Company and register such names and corresponding capital increase resulting from the exercise of warrant with the Ministry of Commerce in accordance with the corresponding number of shares newly issued as a result of the exercise right of warrants, within 14 days from the date the Company received the payment representing the exercise of right to purchase ordinary shares in full or from the maturity date.

From the date that the notification of intention to exercise the right is submitted to the date before names of NINE-W1 Holders are recorded in the share register book, the rights of the exercising NINE-W1 Holders shall be deemed as other NINE-W1 Holders who do not notify the intention to exercise the warrants.

4.4 Status of Warrant during the Notification Period

During the day the NINE-W1 Holders completed their notification of their intention to exercise warrants and the day the Company register the increased capital, the Company shall regard the aforementioned NINE-W1 Holders in the same status as other NINE-W1 Holders who have not declared their intention to exercise their warrants. Starting from the day the Ministry of Commerce acknowledged the register of the increased paid-up capital of the Company, the Company shall regard the aforementioned NINE-W1 Holders in the same status as shareholders of the Company.

In the case where there is a right adjustment during the period where the Company has not yet registered the new shares (resulted from the exercise of warrants) with the Ministry of commerce, the rights of NINE-W1 Holders who had already exercised their rights will be adjusted accordingly. The Company will proceed on issuing additional shares to the NINE-W1 Holders as soon as possible to ascertain that the NINE-W1 Holders receive a number of shares as they would have received if they were to exercise warrants subsequent to the right adjustment. The NINE-W1 Holders may receive the additional shares after the previously received shares, but not later than 15 days from the right adjustment date.

4.5 Other Conditions for Exercising of Warrant

The NINE-W1 Holders may exercise their right without any limitation except for the case that such the exercise causes the foreign holding of shares to exceed 35.00% of the paid up capital of the Company. The Company reserves its right to reject any share transfer that will result in the violation of such foreign shareholding ratio.

5. Warrant Registrar

Thailand Securities Depository Company Limited
62 The Stock Exchange of Thailand Building 4th and 7th Floor,
Ratchadapisek Road, Klongtoey, Bangkok 10110
Tel: 0-2229-2888 Fax: 0-2654-5427

The Registrar shall be responsible for closing the warrant register book. The warrant register book must consist of the full names, nationalities and addresses of the NINE-W1 Holders as well as the details as required by the TSD. Shall there be any cases of inconsistency of any information, the Company will treat the information in the NINE-W1 Register Book as correct information.

The NINE-W1 Holders shall have the duty to report on any change or error in the particulars recorded in the warrant register book, and the Registrar shall make a rectification or correction accordingly. The Company reserves the right to replace the Registrar, provided that a notice thereof must be given to the NINE-W1 Holders prior to the date of such replacement.

6. Adjustment of Exercise Price and Exercise Ratio

6.1 The Company will not extend the term nor adjust the exercise price and exercise ratio of NINE-W1, except for the case as stated in 1 (1)-(6). In such cases, the adjustment can be made throughout the terms of warrants which shall not reduce the warrant holder's benefits in case of the occurrence of the following events;

(1) In case the Company changes the par value of its share as a result of a division or consolidation of its issued ordinary shares

The Company shall adjust the exercise price and exercise ratio which became effective before the effectiveness of the change in par value of the ordinary shares of the Company as such (which was effective on the date of registration of such change at the Ministry of Commerce) so that the entitlement of any holder of NINE-W1 is adjusted by and reflects the change in par value as such.

(a) Exercise price shall be adjusted in accordance with the following formula;

$$\text{Price 1} = \text{Price 0} \times [(\text{Par1})/(\text{Par0})]$$

(b) Exercise ratio shall be adjusted in accordance with the following formula;

$$\text{Ratio 1} = \text{Ratio 0} \times [(\text{Par0})/(\text{Par1})]$$

where; Price 1 = New exercise price after the adjustment
Price 0 = Exercise price before the adjustment
Ratio 1 = New exercise ratio after the adjustment
Ratio 0 = Exercise ratio before the adjustment
Par 1 = New par value of ordinary share after the adjustment
Par 0 = Par value of ordinary share before the adjustment

- (2) **The Company offers new ordinary shares to existing shareholders and/or to the public and/or to limited persons (a private placement) at an average price per share below 90% of "the Market Price of the Ordinary Shares".**

The adjustment of the exercise price and the exercise ratio shall be effective immediately on the first day that the shareholders have not obtained the right to subscribe for newly issued ordinary shares (the first day that the SET posts a "XR" sign) in the event that the offering is made to existing shareholders (a "rights issue"), and/or the first offering day of new ordinary shares to the general public, and/or the first day that has been agreed to sell and purchase new ordinary shares offering to limited persons (a private placement) (as the case may be). For the purpose of comparison, the average price of newly issued ordinary share and the Market Price of the Ordinary Shares shall be compared at the same basis of registered par value. With this regard, the average price of newly issued ordinary shares is calculated by dividing total proceeds received from the offering (net of relevant expense, if any) by total number of newly issued shares.

"The Market Price of the Ordinary Shares" is equal to the "The Weighted Average Market Price of the Ordinary Shares". "The Weighted Average Market Price of the Ordinary Shares" is equivalent to the total trading value of the Company's issued shares in the SET divided by the total number of shares that has been traded during 7 (seven) consecutive business days of the SET (exclusive of weekend and public holiday, if any) before the Calculation Date. In case there is no trading transaction during 7 (seven) consecutive business days for calculation of "The Market Price of the Ordinary Shares" as such, the Company will determine the "fair price" for such calculation instead.

"The Calculation Date" defined as the first date that the shareholders have not obtained the right to subscribe for the newly issued ordinary shares and/or convertible securities (the first day that the SET posts a "XR" sign) in the event that the offering is made to existing shareholders (a "rights issue"), the first date of public offering, and/or the first date that has been agreed to sell and purchase newly issued ordinary shares to a private placement, as the case may be.

(a) Exercise price shall be adjusted in accordance with the following formula;

$$\text{Price 1} = \text{Price 0} \times \left[\frac{(A1 \times MP) + B1X}{MP \times (A1 + B1)} \right]$$

(b) Exercise ratio shall be adjusted in accordance with the following formula;

$$\text{Ratio 1} = \text{Ratio 0} \times \left[\frac{MP \times (A1 + B1)}{(A1 \times MP) + B1X} \right]$$

where:

| | | |
|---------|---|--|
| Price 1 | = | New exercise price after the adjustment |
| Price 0 | = | Exercise price before the adjustment |
| Ratio 1 | = | New exercise ratio after the adjustment |
| Ratio 0 | = | Exercise ratio before the adjustment |
| MP | = | "The Market Price of Ordinary Share" as specified in (2) |
| A1 | = | Numbers of paid up ordinary shares as of the date prior to the closing date of share register book for the right to subscribe newly issued ordinary shares and/or the first date of public offering of newly issued ordinary shares and/or the first day that has been agreed to sell and purchase newly issued ordinary shares to a private placement |
| B1 | = | Total number of newly issued ordinary shares offered to existing shareholders and/or public offering and/or private placement |
| B1X | = | Net proceeds from the offering of newly issued ordinary shares, net of relevant expenses, if any, to existing shareholders and/or public and/or limited persons |

(3) Company offers any newly issued securities to existing shareholders and/or the public and/or limited persons (a private placement), where such securities are convertible/changeable into ordinary shares or which provide a right to subscribe for ordinary shares (i.e. convertible debentures or warrants to purchase ordinary shares), with the average price per share of such newly issued ordinary shares reserved for such securities being below 90% of "the Market Price of the Ordinary Shares".

The adjustment of the exercise price and the exercise ratio shall be effective immediately on the first date the ordinary shareholders have not obtained a right to subscribe for such securities convertible/changeable into ordinary shares or which provide a right to subscribe for ordinary shares (the first day the SET posts "XW" sign in case of right issue), and/or the first date of public offering, and/or to a private placement (as the case may be).

The average price per share of newly issued ordinary shares reserved for those securities can be calculated from the net proceeds from the offering of such securities plus the money received from

exercise of the rights to purchase ordinary shares (assume all securities are exercised) then divided by the total number of newly issued shares reserved for the exercise of such securities.

(a) Exercise price shall be adjusted in accordance with the following formula;

$$\text{Price 1} = \text{Price 0} \times [((A2 \times \text{MP}) + B2X) / (\text{MP} \times (A2+B2))]$$

(b) Exercise ratio shall be adjusted in accordance with the following formula;

$$\text{Ratio 1} = \text{Ratio 0} \times [(\text{MP} \times (A2+B2)) / ((A2 \times \text{MP}) + B2X)]$$

where: Price 1 = New exercise price after the adjustment

Price 0 = Exercise price before the adjustment

Ratio 1 = New exercise ratio after the adjustment

Ratio 0 = Exercise ratio before the adjustment

MP = "The Market Price of Ordinary Share" as specified in (2)

A2 = Numbers of paid up ordinary shares as at the date prior to the closing date of share register book for the right to subscribe securities convertible/changeable to ordinary shares or the first date of public offering or the first day that has been agreed to sell and purchase securities convertible/changeable to ordinary shares to a private placement

B2 = Total number of new ordinary shares reserved for the exercise of convertible /changeable securities

B2X = Net proceeds from the offering of securities convertible/changeable to ordinary shares of the Company to existing shareholders and/or the public and/or a private placement plus proceeds from the exercise of such securities

(4) The Company makes a stock dividend payment (all or partial) to shareholders of the Company.

The adjustment of the exercise price and the exercise ratio shall be effective immediately on the first date that the shareholders do not have a right to such stock dividend (the first date that the SET posts a "XD" sign).

(a) Exercise price shall be adjusted in accordance with the following formula;

$$\text{Price 1} = \text{Price 0} \times [(A3) / (A3+B3)]$$

(b) Exercise ratio shall be adjusted in accordance with the following formula;

$$\text{Ratio 1} = \text{Ratio 0} \times [(A3+B3)/(A3)]$$

- where:
- Price 1 = New exercise price after the adjustment
 - Price 0 = Exercise price before the adjustment
 - Ratio 1 = New exercise ratio after the adjustment
 - Ratio 0 = Exercise ratio before the adjustment
 - A3 = Numbers of paid up ordinary shares as of the date prior to the closing date of share register book for the right to receive stock dividend
 - B3 = Total number of new ordinary shares reserved for the stock dividend

(5) The Company pays cash dividends more than 90% of its net profit after tax of the separate financial statement of the Company for the operation of any accounting year during the term of the NINE-W1.

The percentage of cash dividend paid to the shareholders shall be calculated from the actual cash dividend paid of each accounting year divided by the net profits after tax deduction from the same accounting year.

(a) Exercise price shall be adjusted in accordance with to the following formula;

$$\text{Price 1} = \text{Price 0} \times [(MP-(D-R))/(MP)]$$

(b) Exercise ratio shall be adjusted in accordance with to the following formula;

$$\text{Ratio 1} = \text{Ratio 0} \times [(MP)/(MP-(D-R))]$$

- where:
- Price 1 = New exercise price after the adjustment
 - Price 0 = Exercise price before the adjustment
 - Ratio 1 = New exercise ratio after the adjustment
 - Ratio 0 = Exercise price before the adjustment
 - MP = "The Market Price of Ordinary Share" as specified in (2)
 - D = Actual dividend paid per share
 - R = Dividend per share calculated by assuming the Company pays 90% of the net profit after tax

The adjustment of the exercise price and the exercise ratio shall be effective immediately on the first date that the shareholders do not have a right to such cash dividend (the first date that the SET posts a "XD" sign).

- (6) Upon the occurrence of any event which causes the warrant holders to lose their rights and benefits and such event is not prescribed in (1) to (5) above or in the event that market price of the Company's ordinary share is undetermined as ordinary shares are not traded in the stock market.

The Company will adjust and fix the new exercise price and/or the new exercise ratio of warrants to ensure that the rights of the warrant holders are no less favorable. The consideration will be final and the Company will inform the SEC and the SET within 15 days from the date the Company has final consideration (or within 15 days from the occurrence of event which causes the adjustment of exercise price and/or exercise ratio.)

6.2 The adjustment of the exercise price and the exercise ratio following (1) to (6) is independent from each other and the calculation as such shall be made in chronological order of the events in comparison with the market price of the ordinary shares of the Company. In addition, the adjustment will be made respectively to the occurrence of such events. In case that several events occur at the same time, the adjustment will be made in accordance to the following order, (1) (5) (4) (2) (3) and (6) and in each calculation for adjustment the exercise price shall remain intact at 3 decimal place for exercise and 5 decimal place for exercise ratio.

6.3 The adjustment of the exercise price and the exercise ratio following (1) to (6) that results in higher exercise price and/or lower exercise ratio will be disregarded, except for the consolidation of share

6.4 Shall there be any fraction of share resulting from exercise of warrant in each exercise period (calculated by using 5 decimal places of new exercise ratio), such the fraction will be disregarded and/or there is fraction of Baht resulting from the multiplication between exercise price and number of shares to be subscribed (using 3 decimal places of exercise price), such fraction of money will also be disregarded. Such the cases occur, the Company shall not be responsible for any compensation.

6.5 In the case that the new exercise price after adjustment is lower than the par value of the Company's ordinary shares, the new exercise price shall be determined at the par value, however, the new exercise ratio shall be in accordance to the formulas prescribed in (1) to (6), as the case may be.

6.6 Shall the occurrence of events for warrant adjustment occur, the Company will immediately notify the adjustment of the exercise price and the exercise ratio according to (1) to (6) together with causes and details

of the calculation to the warrant holders via the information service system of the SET (SET SMART/ ELCID) as well as notify to the SEC within 15 day after the occurrence of such events

7. In case that the Company is unable to provide the Allotted Shares for the exercise of warrants

7.1 Compensation

In the event that the Company is unable to provide sufficiently ordinary shares for the exercise of warrants, the Company will compensate only to the NINE-W1 Holders who notify their intention to exercise their rights in each notification period and follow the prescribed procedures except in the case that specified in the transferring restriction. The Company shall close the NINE-W1 Register Book within 30 days from the exercise date that the Company is unable to provide sufficient ordinary shares for the purpose to determine the list of warrant holders. In this case, the closing of warrant register book shall not affect the trading price of warrants.

7.2 Compensatory Payment

The compensation that the Company agrees to compensate to the NINE-W1 Holders pursuant to the above Clause shall be made by way of crossed cheque sent by registered mail to the NINE-W1 Holders at the address specified in notification form within 30 days after each exercise date, without interest. If the Company cannot return the money to those warrant holders within the specified period, the Company shall pay the interest of 7.5% per year calculated from the unsubscribed amount of warrants from the day beyond the 30 day period until the day the NINE-W1 Holders receive the money. However, if the Company has sent the crossed cheque by registered mail to the NINE-W1 Holders at the address as specified in notification form correctly, it shall be deemed that the warrant holders receive their unsubscribed amount so that the warrant holders shall not have the right to claim for any interest or compensation.

7.3 Calculation of the compensation

Compensation to the NINE-W1 Holders according to Clause 7.1 shall be calculated according to the following formula;

$$\text{Compensation per 1 unit of NINE-W1} = B \times [\text{MP} - \text{Price}]$$

Where: B = Number of ordinary share which is unable to be sufficiently allotted and/or increased according to exercise ratio of each unit of NINE-W1
MP = "Market Price of Ordinary Share" as specified in Clause 6.1 (2)
Price = Exercise price of NINE-W1 of Baht 4.00 per share or the exercise price according to the adjustment of exercise price

8. Transfer Restriction

8.1 Warrant transfer

The warrant has no transferring restrictions except in case of such transferring occurs during the closing date of NINE-W1 Register Book. The Company may close the NINE-W1 Register Book for the transfer of NINE-W1 in the following condition;

- (1) For the final exercise date, the Company will close the NINE-W1 Register Book within 21 days prior to the final exercise date.
- (2) In case that the Company does not have sufficient ordinary shares for the exercise of warrant.

If the closing date of the warrant register book is not a business day of the SET, it shall be postponed to the prior business day.

The transfer of NINE-W1 shall become effective upon registering such transfer in the NINE-W1 Register Book.

8.2 Transferring restrictions of the new ordinary shares resulting from the exercise of NINE-W1 in case NINE-W1 Holders are foreigner

- (1) The Article of Association of the Company stated that "there is no limitation on the transfer of the Company's shares except the transfer of such shares causes the foreign share holding to exceed 35% of the company's paid-up capital". The Company reserves its right to reject any share transfer that will result in the violation of the foreign shareholding limit.

The Company reserves the right to change the Article of Association regarding the share transfer after the issue of NINE-W1. Any changes as such may effect the exercise of right under NINE-W1 only after the registration of the amendment of Article of Association with the Ministry of Commerce.

- (2) The Company shall not issue new ordinary shares to foreign NINE-W1 Holders if such issue causes foreign shareholding to violate the limit as stated in the Company's Article of Association.
- (3) If the aforementioned transfer restriction causes the foreign NINE-W1 Holders, who exercise their rights, to be unable to exercise warrants as specified in the notification form either partially or in whole, the Company shall allow the exercise of rights only for the amount that comply with the transfer restriction. For the amount of warrants that cannot be exercised due to transfer restriction, foreign NINE-W1 Holders may request the Company to act either of the followings:
 - (a) Return NINE-W1 certificates and the balance of the exercise price of NINE-W1 (which could not be exercised by a non-Thai warrant holder) without interest via registered mail within 14 days from each exercise date.

(b) Hold notification form, NINE-W1 certificates or substitute document, and payment for the amount of NINE-W1 which cannot be exercised in order that the Company shall be able to allow the exercise of right to purchase ordinary shares partially or in whole when the exercise of warrant comply with the transfer restriction regarding foreign shareholding limit.

Any foreign NINE-W1 Holders shall clearly notify its to the Company to proceed with either case No. (a) or (b) in the notification form on the date that the NINE-W1 Holders express their intention to exercise.

(5) The Company will allow the exercise of NINE-W1 or the substitute document, either partially or in whole, for the amount of warrants which cannot be exercised according to No. (3) (b) on the first exercise date that such exercise complies with the transfer restriction. However, if the amount of NINE-W1 to be exercised during such exercise period exceeds the number of shares to be exercised according to the transfer restriction regarding foreign shareholding limit, the Company shall allow the exercise of foreign NINE-W1 Holders in the order of their express of intention on and the complete notification that the Company received of each exercise.

(6) In case that foreign NINE-W1 Holder cannot exercise their right to purchase ordinary shares of the Company due to the foreign shareholding limit, such NINE-W1 Holder shall not have any right to any claims and the Company shall not be held liable for any damages arisen therefore in any way whatsoever.

If NINE-W1 Holder notifies the Company according to No. (3) (b) and on the last exercise date such warrant holder is unable to exercise the right to purchase ordinary shares of the Company due to the foreign limit restriction, such NINE-W1 shall be deemed expire. Foreign warrant holder shall not have any right to claim and the Company will not have to pay any compensation in any cases.

9. Delivery of Ordinary Shares Resulting from the Exercise of NINE-W1

In case the NINE-W1 Holders exercise their right, the NINE-W1 Holders can choose either alternative provided by the Company as follows:

9.1 In case the NINE-W1 Holders would like the Company to issue a share certificate bearing the name of the NINE-W1 Holder, TSD will deliver a share certificate according to the entitled amount that the NINE-W1 Holders exercise their right by registered mail at the address as specified in the NINE-W1 Register Book within 15 business days from each exercise date. In this case, the NINE-W1 Holders who exercise their right to purchase ordinary shares as such may not immediately be able to sell the ordinary shares in the SET until the receipt of those share certificates which may be received after the SET has approved the trading date of the ordinary shares as such.

9.2 In case the NINE-W1 Holders would like the Company to deposit the newly subscribed shares into the security trading account which the NINE-W1 Holders have opened with the securities company, TSD will deposit allotted shares in the account "Thailand Securities Depository Company Limited for Depositors" and record the number of shares in the account of such securities company. At the same time, the securities company will record the number of shares deposited by the NINE-W1 Holders and issue the evidence of deposit of the allotted shares to the NINE-W1 Holders within 7 business days from each exercise date. In this case, the NINE-W1 Holders can sell the ordinary share in the SET immediately upon the SET approves the trading date of shares.

In this case, the name of securities trading account must be the same as the NINE-W1 Holders. Otherwise, the Company reserves the right to issue a share certificate identified the NINE-W1 Holders' name as pursuant to clause 9.1 instead.

9.3 In case the NINE-W1 Holders would like the Company to deposit the newly issued ordinary shares with TSD in the issuer account number 600, TSD will deposit the Allotted Shares in the account "Thailand Securities Depository Company Limited for Depositors" and record the number of shares in the issuer account number 600 and issue a deposit slip to the NINE-W1 Holders within 7 business days from each exercise date. In case the NINE-W1 Holders would like to sell their shares, they have to contact the securities company acting as their broker to withdraw the shares from the issuer account number 600 and deposit them into the security trading account. In this case, the NINE-W1 Holders will be subject to a fee specified by TSD and/or the securities company. The NINE-W1 Holders can sell the ordinary share in the SET after the SET approves the trading date of shares and shares are withdrawing from the issuer account number 600.

During the period commencing from the date the NINE-W1 Holders notified their intention to exercise warrants to the day the Company completes its registration of capital increase, the Company shall treat the aforementioned NINE-W1 Holders in the same status as other NINE-W1 Holders who have not notified their intention to exercise their warrants. Such status will subsist unless and until the name of such NINE-W1 Holder is registered as a shareholder at the Ministry of Commerce following the exercise of such NINE-W1.

In the case where there is a right adjustment during the period where the Company has not yet registered the new shares (resulted from the exercise of warrants) with the Ministry of commerce, the rights of NINE-W1 Holders who had already exercised their rights will be adjusted accordingly. The Company will proceed to issue additional shares to the NINE-W1 Holders as soon as possible to ascertain that the NINE-W1 Holders receive a number of shares as they would have received if they were to exercise warrants subsequent to the adjustment. The NINE-W1 Holders may receive the additional shares later than the ordinary shares received previously, but it shall not be later than 15 days from the date of adjustment.

10. Status of New Ordinary Shares as a Result of Exercise of NINE-W1

The ordinary share issued as a result of exercising the NINE-W1 will rank pari passu as the existing ordinary shares of the Company on the day the Registrar recorded the names of the NINE-W1 Holders as shareholders in the share register book and the Ministry of Commerce acknowledges the registration of the paid-up capital increase of the Company. In the case the Company declares a dividend payment or any benefits prior to the date at which the Registrar recorded the names of the NINE-W1 Holders as shareholders in the share register book, such the NINE-W1 Holders have no right to receive the dividend payment or any benefits that have been declared.

11. Amendment of the Warrant Terms

11.1 Amendment of contents, which are minor or to comply with the legal requirements.

Amendments or changes of the terms, which may affect the rights, but are minor for the NINE-W1 Holders, such as the adjustment in exercise procedure, or the adjustment of some parts that are significantly be beneficial to the NINE-W1 Holders, or the parts that have no negative impacts to the rights of the NINE-W1 Holders, or the adjustment that are required by relevant laws and regulations regarding the securities and stock market, or other relevant laws, rules, regulations, or relevant SEC's general rules, orders, regulations and announcements. It is allowed that, the Company may adopt these amendments or changes, without having to obtain prior consent of the NINE-W1 Holders in the general meeting, provided that the Company has already informed the SEC.

11.2 The amendments or changes that are material

Any amendments or changes of terms of right other than the ones provided in Clause 11.1 shall be approved by Company and the NINE-W1 Holders in their general meeting as provided in Clause 12.8 or 12.10 as the case may be.

11.3 Notice of amendments or changes of terms of right

The Warrants Issuer shall notify all of the NINE-W1 Holders on the amendments or changes of right and will deliver the amended version of Warrant Terms to the NINE-W1 Holders upon receipt of the request which shall not be later than 15 days from the date of receipt of the written request.

11.4 The amendments of right or changes of terms of the Warrant Terms must not contradict with all the relevant laws.

The amendments of right or changes of terms, in any case, must not be in contradiction with any laws related to securities and stock market, including other relevant laws. (if any)

12. Meeting of NINE-W1 Holders

12.1 Meeting of the NINE-W1 Holders

Upon occurrence of following events, the Company shall convene the meeting of NINE-W1 Holders within 30 days from the date of the occurrence of such events:

- (1) In case there is a proposed material change or amendment as provided in Clause 11.2, whether by the Company or NINE-W1 Holders, the NINE-W1 Holders is not entitle to propose any change on the extension of warrants maturity period or the adjustment in the exercise price or exercise ratio that may adversely affect rights or benefits of the shareholders of the Company or the amendments that violate any resolutions of the shareholders of the Company, unless approved otherwise by the shareholders.
- (2) In case there is an event that could significantly affect NINE-W1 Holders' benefits or the Company's capability in upholding or complying with its obligations under the Warrant Terms. If the Company does not convene a meeting within 30 days after the occurrence of the aforementioned events in (1) and (2), NINE-W1 Holders who have not exercised their rights or have partially exercised their rights holding altogether at least 25% of total issued warrants may jointly submit a petition to request the Company to convene al meeting of NINE-W1 Holders. The reason for convening the meeting as such must be clearly stated in such petition and the Company must hold a meeting of NINE-W1 Holders within 30 days from the date of receipt of such petition.

12.2 Eligible persons to attend the meeting of NINE-W1 Holders

Eligible persons to attend the meeting of NINE-W1 Holders consist of:

- (1) The NINE-W1 Holders and the Company
- (2) The financial advisor, the legal advisor or any persons who determined related persons to the agenda that will be considered, as requested by the NINE-W1 Holders or the Company, in order to present or provide opinion to the Meeting
- (3) Any persons that the Chairman of the Meeting allows to attend the Meeting as the observers

12.3 Notice of Meeting

In order to call for a meeting of NINE-W1 Holders, the Company shall send a notice of meeting specifying the venue of meeting, date, time and the agenda that will be considered in the meeting, and then will send to each of the NINE-W1 Holders whose names and addresses appeared in the NINE-W1 Register Book on the closing date, not less than 7 days prior to the meeting date.

12.4 The proxy

In the meeting of NINE-W1 Holder, the NINE-W1 Holders may give proxy to any persons to attend the meeting and vote on their behalf. However, those NINE-W1 Holders must submit the proxy to the Chairman of the Meeting or to the individual who is appointed by the Chairman of the meeting before the meeting starts.

12.5 The quorum

The meeting of NINE-W1 Holders must have the NINE-W1 Holders or their proxy not less than 25% of the total number of NINE-W1 Holders who have not yet exercised their rights to constitute a valid quorum for the meeting

12.6 Chairman of the meeting

The Chairman of the Company or a Director of the Company shall preside over the meeting as a Chairman of the meeting of NINE-W1 Holders.

12.7 Cancellation of the meeting

12.7.1 In the event that after 45 minutes have lapsed, and the number of NINE-W1 Holders attending the meeting does not reach the required quorum, it will be considered that the meeting is adjourned.

(1) In case the NINE-W1 Holders' meeting is called by the resolution of the Company's Board of Directors, the new meeting date will be fixed, but not less than 7 days or more than 14 days from the first meeting date of NINE-W1 Holders. The Company will then proceed to send the notice of meeting to all NINE-W1 Holders, as per details and methods as stated above.

(2) In case the meeting of NINE-W1 Holders is called by the NINE-W1 Holders, the new meeting as stated in (1) shall not be rearranged.

(3) In case this meeting is rearranged from the previous Meeting as result of a lack of quorum of such first meeting, the new meeting as stated in clause (1) will not be rearranged.

12.7.2 The Registrar will sent a new notice of meeting that will specify the location, date, time, the agenda that will be considered in the meeting, and the quorum needed in the new meeting to each of NINE-W1 Holders according to the names and addresses appeared in the NINE-W1 Register Book on the closing date of the book, not less than 3 days prior to the new meeting date.

12.8 The resolutions of the meeting

The resolutions adopted by the NINE-W1 Holders in the meeting shall comprise of majority affirmative votes of total units of NINE-W1 Holders and proxies who attend the Meeting and eligible to vote in such agenda. Any resolution adopted in the Meeting by the NINE-W1 Holders shall be binding upon all of the NINE-W1 Holders, irrespective of their presence in the meeting.

12.9 The minute of the NINE-W1 Holders' Meeting

The Company will make the minutes of all meetings within 14 days from the date of meeting of NINE-W1 Holders. The minutes as such shall be certified by the Chairman of such meeting. The minutes shall be kept at the Company and it shall be deemed that the minutes certified by the Chairman is complete and binding all of the NINE-W1 Holders, irrespective of their presence in the meeting. Upon request by the NINE-W1

Holder, the Company shall send a copy of the minutes to the NINE-W1 as requested, but the expenses therefore shall be borne by the requesting NINE-W1 Holders as such.

12.10 The written resolutions

In case the meeting of NINE-W1 Holders is to be convened as required by the Warrant Terms, the Company may request the NINE-W1 to adopt the written resolution in lieu of the resolution to be adopted in the actual meeting, but the resolution as such shall be approved by the majority of the NINE-W1 Holders who have not yet exercised their rights under the NINE-W1 by signing their respective names to adopt such resolution (whether in one document or otherwise) and the resolution shall be delivered to the Chairman of the Board of Directors or designated person. The resolution adopted according to this Clause 12.10 may not be revoked by the NINE-W1 Holders unless otherwise consented by the Company and such resolution shall be binding upon all of the NINE-W1 Holders (irrespective of whether the NINE-W1 have affixed their names in such resolution.

12.11 Expenses

All costs and expenses for NINE-W1 Holders' Meeting under this Warrant Covenant shall be borne by the Company.

13. Applicable Laws and Regulations

This Warrant Terms shall be governed and interpreted in accordance with the Thai Laws.

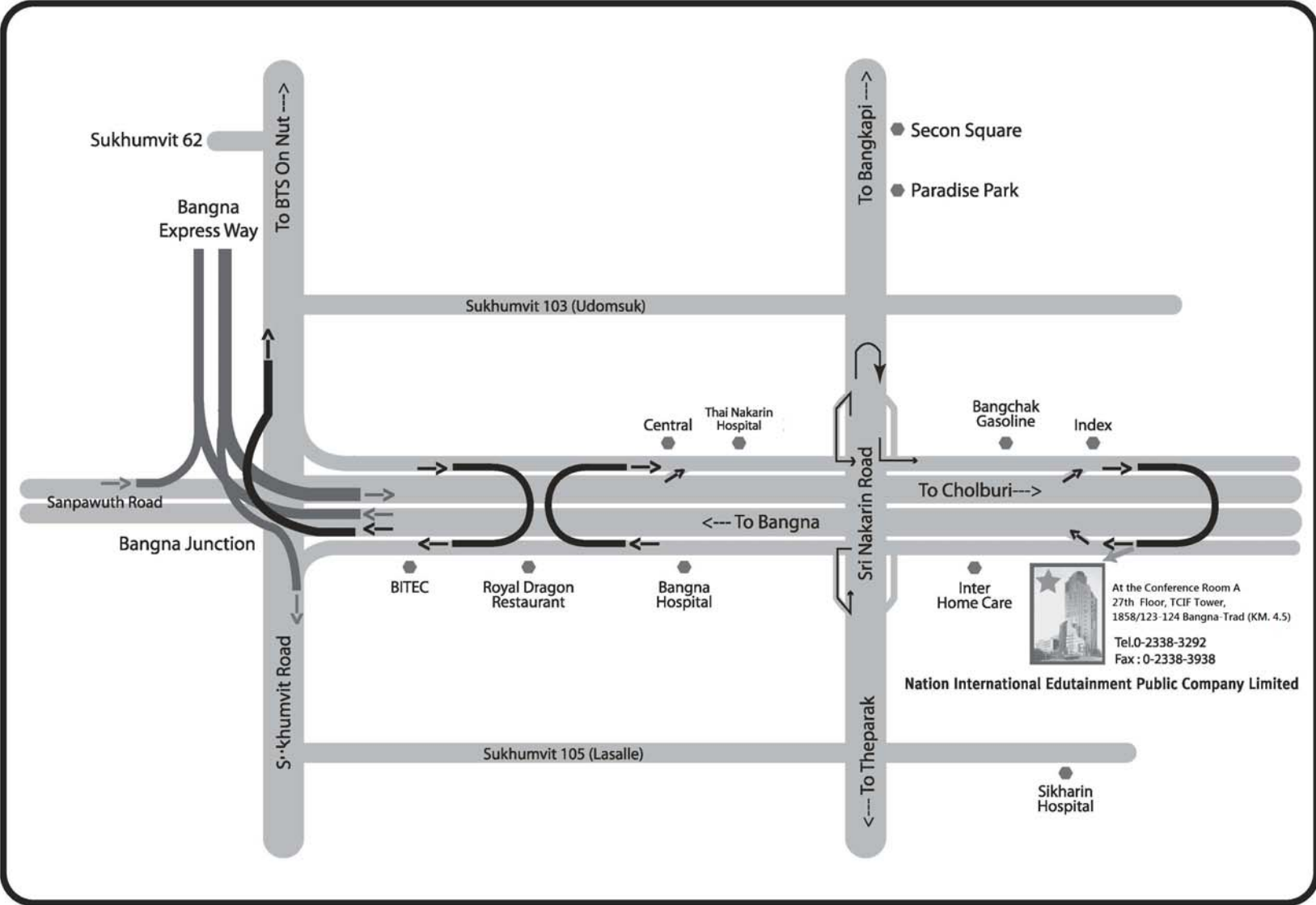
The warrant issuer

Nation International Edutainment Public Company Limited



.....
Mr.Sivaporn Chomsuwan

President





Nation International Edutainment Public Company Limited

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