

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

Interim financial statements  
for the three-month and six-month periods ended  
30 June 2017

and

Independent auditor's report  
on review of interim financial information



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## **Independent Auditor's Report on Review of Interim Financial Information**

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

I have reviewed the accompanying consolidated and separate statements of financial position of Nation International Edutainment Public Company Limited and its subsidiaries, and of Nation International Edutainment Public Company Limited, respectively, as at 30 June 2017; the consolidated and separate statements of comprehensive income for the three-month and six-month periods ended 30 June 2017, and the consolidated and separate statements of changes in equity and cash flows for the six-month period ended 30 June 2017; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

#### *Scope of Review*

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



*Conclusion*

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

A handwritten signature in black ink, appearing to read 'Patamavan Vadhanakul', written in a cursive style.

(Patamavan Vadhanakul)  
Certified Public Accountant  
Registration No. 9832

KPMG Phoomchai Audit Ltd.  
Bangkok  
2 August 2017

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
**Statement of financial position**

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
<b>Assets</b>		30 June	31 December	30 June	31 December
		2017	2016	2017	2016
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<b><i>Current assets</i></b>					
Cash and cash equivalents	4	108,454	20,829	105,073	13,826
Current investments	4	88,497	243,521	88,437	243,261
Trade accounts receivable	5	53,746	50,342	48,770	47,272
Accrued income	3	4,873	6,055	3,744	4,686
Other current receivables	3	11,996	6,557	51,406	53,700
Short-term loans to related party	3	-	-	-	36,000
Inventories	6	21,018	24,335	7,536	8,833
Other current assets		545	1,617	526	1,170
<b>Total current assets</b>		<b>289,129</b>	<b>353,256</b>	<b>305,492</b>	<b>408,748</b>
<b><i>Non-current assets</i></b>					
Restricted deposit		400	400	-	-
Investments in subsidiaries	7	-	-	163,410	61,410
Leasehold improvements and equipment		902	1,206	810	1,060
Intangible assets	8	13,838	4,202	12,550	2,065
Deferred tax assets		13,859	15,430	8,184	8,026
Other non-current assets		2,551	1,999	2,169	1,617
<b>Total non-current assets</b>		<b>31,550</b>	<b>23,237</b>	<b>187,123</b>	<b>74,178</b>
<b>Total assets</b>		<b>320,679</b>	<b>376,493</b>	<b>492,615</b>	<b>482,926</b>

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		30 June	31 December	30 June	31 December
<b>Liabilities and shareholders' equity</b>	<i>Note</i>	2017	2016	2017	2016
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<b><i>Current liabilities</i></b>					
Trade accounts payable	3	14,737	75,572	12,088	11,454
Other current payables	3	13,388	6,121	12,482	4,924
Accrued expenses	3	8,247	10,462	4,833	6,120
Current income tax payable		-	5	-	-
Other current liabilities		5,774	4,939	5,082	4,364
<b>Total current liabilities</b>		<b>42,146</b>	<b>97,099</b>	<b>34,485</b>	<b>26,862</b>
<b><i>Non-current liabilities</i></b>					
Non-current provisions for employee benefit		11,736	11,353	8,695	8,436
Other non-current liabilities		873	903	105	105
<b>Total non-current liabilities</b>		<b>12,609</b>	<b>12,256</b>	<b>8,800</b>	<b>8,541</b>
<b>Total liabilities</b>		<b>54,755</b>	<b>109,355</b>	<b>43,285</b>	<b>35,403</b>
<b><i>Shareholders' equity</i></b>					
Share capital					
Authorised share capital		259,250	259,250	259,250	259,250
Issued and paid share capital		170,048	170,048	170,048	170,048
Share premium on ordinary shares		272,706	272,706	272,706	272,706
Warrants	9	4,047	4,087	4,047	4,087
Deficit					
Appropriated					
Legal reserve		10,650	10,650	10,650	10,650
Deficit		(190,805)	(189,699)	(7,451)	(9,968)
Other components of shareholders' equity		(670)	-	(670)	-
<b>Equity attributable to owners</b>					
<b>of the parent</b>		<b>265,976</b>	<b>267,792</b>	<b>449,330</b>	<b>447,523</b>
Non-controlling interests		(52)	(654)	-	-
<b>Total shareholders' equity</b>		<b>265,924</b>	<b>267,138</b>	<b>449,330</b>	<b>447,523</b>
<b>Total liabilities and shareholders' equity</b>		<b>320,679</b>	<b>376,493</b>	<b>492,615</b>	<b>482,926</b>

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

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
**Statement of comprehensive income (Unaudited)**

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		Three month period ended		Three month period ended	
		30 June		30 June	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
<b>Revenues</b>	3				
Revenues from sales		20,772	29,014	4,847	6,372
Revenues from services		12,771	13,294	12,758	13,271
Interest income		2,153	2,231	2,572	2,272
Other income		3,283	2,234	8,129	4,801
<b>Total revenues</b>		<b>38,979</b>	<b>46,773</b>	<b>28,306</b>	<b>26,716</b>
<b>Expenses</b>					
Costs of sales of goods and rendering of services	3	20,329	25,984	12,289	18,572
Distribution costs	3	6,641	7,912	5,358	6,087
Administrative expenses	3	11,761	16,807	8,191	10,076
Loss on business restructuring		-	204,445	-	23,969
Finance costs		226	248	159	159
<b>Total expenses</b>		<b>38,957</b>	<b>255,396</b>	<b>25,997</b>	<b>58,863</b>
<b>Profit (loss) before income tax expense</b>		<b>22</b>	<b>(208,623)</b>	<b>2,309</b>	<b>(32,147)</b>
Tax (expense) income		(1,346)	44,327	(270)	6,047
<b>Profit (loss) for the period</b>		<b>(1,324)</b>	<b>(164,296)</b>	<b>2,039</b>	<b>(26,100)</b>
<b>Other comprehensive income</b>					
<i>Component of other comprehensive income that will be reclassified to profit or loss</i>					
Losses on remeasurement investments held as available for sale	4	(838)	-	(838)	-
Income tax relating to component of other comprehensive income that will be reclassified to profit or loss		168	-	168	-
<b>Total component of other comprehensive income that will be reclassified to profit or loss</b>		<b>(670)</b>	<b>-</b>	<b>(670)</b>	<b>-</b>

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

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
**Statement of comprehensive income (Unaudited)**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Three month period ended		Three month period ended	
	30 June		30 June	
<i>Note</i>	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
Losses on remeasurements of defined benefit plan	-	-	-	-
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
<b>Total components of other comprehensive income that will not be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income (expense) for the period, net of income tax</b>	<b>(670)</b>	<b>-</b>	<b>(670)</b>	<b>-</b>
<b>Total comprehensive income (expense) for the period</b>	<b>(1,994)</b>	<b>(164,296)</b>	<b>1,369</b>	<b>(26,100)</b>
<b>Profit (loss) attributable to</b>				
Owners of parent	(1,323)	(162,633)	2,039	(26,100)
Non-controlling interests	(1)	(1,663)	-	-
<b>Profit (loss) for the period</b>	<b>(1,324)</b>	<b>(164,296)</b>	<b>2,039</b>	<b>(26,100)</b>
<b>Total comprehensive income (expense) attributable to</b>				
Owners of parent	(1,993)	(162,633)	1,369	(26,100)
Non-controlling interests	(1)	(1,663)	-	-
<b>Total comprehensive income (expense) for the period</b>	<b>(1,994)</b>	<b>(164,296)</b>	<b>1,369</b>	<b>(26,100)</b>
<b>Earnings (loss) per share (in Baht)</b>				
	<i>12</i>			
Basic and diluted earnings (loss) per share	(0.008)	(0.956)	0.012	(0.153)

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**Nation International Edutainment Public Company Limited and its Subsidiaries**  
**Statement of comprehensive income (Unaudited)**

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		Six month period ended		Six month period ended	
		30 June		30 June	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
<b>Revenues</b>					
	3				
Revenues from sales		39,516	49,634	10,825	12,761
Revenues from services		25,618	30,724	25,592	30,684
Interest income		3,932	4,116	4,918	4,203
Other income	7	6,715	4,793	12,097	8,445
<b>Total revenues</b>		<b>75,781</b>	<b>89,267</b>	<b>53,432</b>	<b>56,093</b>
<b>Expenses</b>					
Costs of sales of goods and rendering of services	3, 6	37,489	59,652	23,759	38,099
Distribution costs	3	11,935	13,872	8,824	10,246
Administrative expenses	3	24,713	27,671	18,020	17,069
Loss on business restructuring		-	204,445	-	23,969
Finance costs		409	483	302	318
<b>Total expenses</b>		<b>74,546</b>	<b>306,123</b>	<b>50,905</b>	<b>89,701</b>
<b>Profit (loss) before income tax expense</b>		<b>1,235</b>	<b>(216,856)</b>	<b>2,527</b>	<b>(33,608)</b>
Tax (expense) income	11	(1,739)	43,363	(10)	6,233
<b>Profit (loss) for the period</b>		<b>(504)</b>	<b>(173,493)</b>	<b>2,517</b>	<b>(27,375)</b>
<b>Other comprehensive income</b>					
<i>Component of other comprehensive income that will be reclassified to profit or loss</i>					
Losses on remeasurement investments held as available for sale	4	(838)	-	(838)	-
Income tax relating to component of other comprehensive income that will be reclassified to profit or loss		168	-	168	-
<b>Total component of other comprehensive income that will be reclassified to profit or loss</b>		<b>(670)</b>	<b>-</b>	<b>(670)</b>	<b>-</b>

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



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
**Statement of comprehensive income (Unaudited)**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Six month period ended		Six month period ended	
	30 June		30 June	
<i>Note</i>	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
Losses on remeasurements of defined benefit plan	-	(3,230)	-	(3,841)
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	-	646	-	768
<b>Total components of other comprehensive income that will not be reclassified to profit or loss</b>	<b>-</b>	<b>(2,584)</b>	<b>-</b>	<b>(3,073)</b>
<b>Other comprehensive income (expense) for the period, net of income tax</b>	<b>(670)</b>	<b>(2,584)</b>	<b>(670)</b>	<b>(3,073)</b>
<b>Total comprehensive income (expense) for the period</b>	<b>(1,174)</b>	<b>(176,077)</b>	<b>1,847</b>	<b>(30,448)</b>
<b>Profit (loss) attributable to</b>				
Owners of parent	(505)	(171,786)	2,517	(27,375)
Non-controlling interests	1	(1,707)	-	-
<b>Profit (loss) for the period</b>	<b>(504)</b>	<b>(173,493)</b>	<b>2,517</b>	<b>(27,375)</b>
<b>Total comprehensive income (expense) attributable to</b>				
Owners of parent	(1,175)	(174,370)	1,847	(30,448)
Non-controlling interests	1	(1,707)	-	-
<b>Total comprehensive income (expense) for the period</b>	<b>(1,174)</b>	<b>(176,077)</b>	<b>1,847</b>	<b>(30,448)</b>
<b>Earnings (loss) per share (in Baht)</b>				
	<i>12</i>			
Basic and diluted earnings (loss) per share	(0.003)	(1.010)	0.015	(0.161)

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

## Nation International Edutainment Public Company Limited and its Subsidiaries

### Statement of changes in equity (Unaudited)

	Consolidated financial statements								
	Note	Issued and paid share capital	Share premium	Warrants	<u>Retained earnings (Deficit)</u>		Equity attributable to owners of parent	Non-controlling interests	Total shareholders' equity
Legal reserve					Unappropriated (Deficit)				
<i>(in thousand Baht)</i>									
<b>Six month period ended 30 June 2016</b>									
<b>Balance at 1 January 2016</b>		<b>170,048</b>	<b>272,706</b>	<b>3,800</b>	<b>10,650</b>	<b>29,648</b>	<b>486,852</b>	<b>181</b>	<b>487,033</b>
<b>Transactions with owners, recorded directly in equity</b>									
<i>Contributions by and distributions to owners of the parent</i>									
Share-based payment transactions	9	-	-	602	-	-	602	-	602
Dividends to owners of the Company	13	-	-	-	-	(3,741)	(3,741)	-	(3,741)
<i>Other current assets of the parent</i>		-	-	<b>602</b>	-	<b>(3,741)</b>	<b>(3,139)</b>	-	<b>(3,139)</b>
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>602</b>	<b>-</b>	<b>(3,741)</b>	<b>(3,139)</b>	<b>-</b>	<b>(3,139)</b>
<b>Comprehensive income (expense) for the period</b>									
Profit or loss		-	-	-	-	(171,786)	(171,786)	(1,707)	(173,493)
Other comprehensive income (expense)		-	-	-	-	(2,584)	(2,584)	-	(2,584)
<b>Total comprehensive income (expense) for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(174,370)</b>	<b>(174,370)</b>	<b>(1,707)</b>	<b>(176,077)</b>
<b>Balance at 30 June 2016</b>		<b>170,048</b>	<b>272,706</b>	<b>4,402</b>	<b>10,650</b>	<b>(148,463)</b>	<b>309,343</b>	<b>(1,526)</b>	<b>307,817</b>

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

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

**Statement of changes in equity (Unaudited)**

	Consolidated financial statements									
	Note	Issued and paid share capital	Share premium	Warrants	Legal reserve	Deficit	Other component of shareholders' equity	Equity attributable to owners of parent	Non-controlling interests	Total shareholders' equity
						Deficit	Investments held as available for sale			
<i>(in thousand Baht)</i>										
<b>Six month period ended 30 June 2017</b>										
<b>Balance at 1 January 2017</b>		<b>170,048</b>	<b>272,706</b>	<b>4,087</b>	<b>10,650</b>	<b>(189,699)</b>	<b>-</b>	<b>267,792</b>	<b>(654)</b>	<b>267,138</b>
<b>Transactions with owners, recorded directly in equity</b>										
<i>Contributions by and distributions to owners of the parent</i>										
Share-based payment transactions	9	-	-	(40)	-	-	-	(40)	-	(40)
<i>Other current assets of the parent</i>		-	-	(40)	-	-	-	(40)	-	(40)
<i>Change in ownership interest in subsidiary</i>										
Acquisition of non-controlling interest without a change in control		-	-	-	-	(601)	-	(601)	601	-
<b>Total change in ownership interest in subsidiary</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(601)</b>	<b>-</b>	<b>(601)</b>	<b>601</b>	<b>-</b>
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>(40)</b>	<b>-</b>	<b>(601)</b>	<b>-</b>	<b>(641)</b>	<b>601</b>	<b>(40)</b>
<b>Comprehensive income (expense) for the period</b>										
Profit or loss		-	-	-	-	(505)	-	(505)	1	(504)
Other comprehensive income (expense)		-	-	-	-	-	(670)	(670)	-	(670)
<b>Total comprehensive income (expense) for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(505)</b>	<b>(670)</b>	<b>(1,175)</b>	<b>1</b>	<b>(1,174)</b>
<b>Balance at 30 June 2017</b>		<b>170,048</b>	<b>272,706</b>	<b>4,047</b>	<b>10,650</b>	<b>(190,805)</b>	<b>(670)</b>	<b>265,976</b>	<b>(52)</b>	<b>265,924</b>

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

## Nation International Edutainment Public Company Limited and its Subsidiaries

### Statement of changes in equity (Unaudited)

	Note	Issued and paid share capital	Share premium	Separate financial statements		Total shareholders' equity	
				Warrants	Retained earnings (Deficit)		
				Legal reserve	Unappropriated (Deficit)		
<i>(in thousand Baht)</i>							
<b>Six month period ended 30 June 2016</b>							
<b>Balance at 1 January 2016</b>		<b>170,048</b>	<b>272,706</b>	<b>3,800</b>	<b>10,650</b>	<b>22,807</b>	<b>480,011</b>
<b>Transactions with owners, recorded directly in equity</b>							
<i>Contributions by and distributions to owners of the Company</i>							
Share-based payment transactions	9	-	-	602	-	-	602
Dividends to owners of the Company	13	-	-	-	-	(3,741)	(3,741)
<i>Total contributions by and distributions to owners</i>							
<b>Other current assets</b>		<b>-</b>	<b>-</b>	<b>602</b>	<b>-</b>	<b>(3,741)</b>	<b>(3,139)</b>
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>602</b>	<b>-</b>	<b>(3,741)</b>	<b>(3,139)</b>
<b>Comprehensive income (expense) for the period</b>							
Profit or loss		-	-	-	-	(27,375)	(27,375)
Other comprehensive income (expense)		-	-	-	-	(3,073)	(3,073)
<b>Total comprehensive income (expense) for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,448)</b>	<b>(30,448)</b>
<b>Balance at 30 June 2016</b>		<b>170,048</b>	<b>272,706</b>	<b>4,402</b>	<b>10,650</b>	<b>(11,382)</b>	<b>446,424</b>

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

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

**Statement of changes in equity (Unaudited)**

	Note	Separate financial statements				Other component		Total shareholders' equity
		Issued and paid share capital	Share premium	Warrants	Deficit		Investments held as available for sale	
					Legal reserve	Deficit		
<i>(in thousand Baht)</i>								
<b>Six month period ended 30 June 2017</b>								
<b>Balance at 1 January 2017</b>		<b>170,048</b>	<b>272,706</b>	<b>4,087</b>	<b>10,650</b>	<b>(9,968)</b>	<b>-</b>	<b>447,523</b>
<b>Transactions with owners, recorded directly in equity</b>								
<i>Contributions by and distributions to owners of the Company</i>								
Share-based payment transactions	9	-	-	(40)	-	-	-	(40)
<i>Total contributions by and distributions to owners</i>								
<i>Other current assets</i>		-	-	(40)	-	-	-	(40)
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>(40)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40)</b>
<b>Comprehensive income (expense) for the period</b>								
Profit or loss		-	-	-	-	2,517	-	2,517
Other comprehensive income (expense)		-	-	-	-	-	(670)	(670)
<b>Total comprehensive income (expense) for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,517</b>	<b>(670)</b>	<b>1,847</b>
<b>Balance at 30 June 2017</b>		<b>170,048</b>	<b>272,706</b>	<b>4,047</b>	<b>10,650</b>	<b>(7,451)</b>	<b>(670)</b>	<b>449,330</b>

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

# Nation International Edutainment Public Company Limited and its Subsidiaries

## Statement of cash flows (Unaudited)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Six month period ended		Six month period ended	
	30 June		30 June	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit (loss) for the period	(504)	(173,493)	2,517	(27,375)
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>				
Tax expense (income)	1,739	(43,363)	10	(6,233)
Finance costs	409	483	302	318
Depreciation	304	712	250	567
Amortisation of intangible assets	2,839	7,885	1,079	3,077
Non-current provisions for employee benefit	228	441	139	316
(Reversal of) share-based payments	(40)	602	(40)	602
Loss on fair value adjustment of investment in debt security	243	-	243	-
Gain on disposal of investment in debt security	(864)	(38)	(864)	(38)
Gain on disposal of investment in subsidiary	-	-	(3,264)	-
Bad and doubtful debts expense	186	694	48	29
(Reversal of) allowance for goods returned	(1,721)	865	(414)	(376)
(Reversal of) losses on inventories devaluation	(76,579)	191,504	(5,456)	22,942
Gain on disposal of equipment	-	(113)	-	(58)
Loss on written-off of intangible assets	-	12,354	-	4,521
Loss on written-off of withholding tax	61	-	-	-
Interest income	(3,932)	(4,116)	(4,918)	(4,203)
	<u>(77,631)</u>	<u>(5,583)</u>	<u>(10,368)</u>	<u>(5,911)</u>
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	(1,869)	(1,306)	(1,132)	3,658
Accrued income	1,182	751	942	1,549
Other current receivables	(3,821)	1,488	3,912	(14,967)
Inventories	79,896	6,600	6,753	2,790
Other current assets	785	(12)	400	(140)
Restricted deposit	-	193	-	-
Other non-current assets	(89)	400	(89)	197
Trade accounts payable	(60,835)	(3,465)	634	(3,920)
Other current payables	10	4,958	(783)	3,854
Accrued expenses	(2,215)	(4,705)	(1,287)	(1,723)
Other current liabilities	835	138	718	(294)
Other non-current liabilities	(30)	49	-	-
Net cash used in operating	<u>(63,782)</u>	<u>(494)</u>	<u>(300)</u>	<u>(14,907)</u>
Taxes paid	(243)	(440)	(219)	(410)
Withholding tax refunded	-	1,855	-	1,855
<b>Net cash from (used in) operating activities</b>	<b><u>(64,025)</u></b>	<b><u>921</u></b>	<b><u>(519)</u></b>	<b><u>(13,462)</u></b>

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

## Nation International Edutainment Public Company Limited and its Subsidiaries

### Statement of cash flows (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	Six month period ended		Six month period ended	
	30 June		30 June	
2017	2016	2017	2016	
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Proceed from disposal of subsidiary, net of cash disposal	-	-	4,264	-
Acquisition of subsidiary, net of cash acquired	-	-	(103,000)	-
Current investments	140,200	95,205	140,000	95,399
Acquisition of debt security in private fund	(89,275)	-	(89,275)	-
Proceeds from sale of other debt security	328,882	122,054	328,882	122,054
Acquisition of other debt security	(225,000)	(117,000)	(225,000)	(117,000)
Proceeds from sale of equipment	-	57	-	-
Acquisition of equipment	-	(50)	-	(43)
Acquisition of intangible assets	(5,217)	(4,198)	(3,223)	(861)
Short-term loan to related party	-	-	(3,000)	-
Proceeds from repayment of short-term loans to related party	-	-	39,000	-
Interest received	2,314	4,481	3,300	4,570
<b>Net cash from investing activities</b>	<b>151,904</b>	<b>100,549</b>	<b>91,948</b>	<b>104,119</b>
<b><i>Cash flows from financing activities</i></b>				
Bank overdrafts	-	(9,915)	-	-
Dividends paid to owners of the Company	-	(3,741)	-	(3,741)
Interest paid	(254)	(323)	(182)	(200)
<b>Net cash used in financing activities</b>	<b>(254)</b>	<b>(13,979)</b>	<b>(182)</b>	<b>(3,941)</b>
<b>Net increase in cash and cash equivalents</b>	<b>87,625</b>	<b>87,491</b>	<b>91,247</b>	<b>86,716</b>
Cash and cash equivalents at beginning of period	20,829	68,405	13,826	64,140
<b>Cash and cash equivalents at ending of period</b>	<b>108,454</b>	<b>155,896</b>	<b>105,073</b>	<b>150,856</b>
<b><i>Non-cash transaction</i></b>				
Payables for purchase of intangible assets	9,171	2,582	8,389	-

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

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2017 (Unaudited)**

<b>Note</b>	<b>Contents</b>
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4	Current investments
5	Trade accounts receivable
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**Nation International Edutainment Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2017 (Unaudited)**

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were approved and authorised for issued by the Board of Directors on 2 August 2017.

**1 General information**

Nation International Edutainment Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 1858/123-124, 29<sup>th</sup> Floor, Bangna-Trad Road, Kwang Bangna, Khet Bangna, Bangkok.

The Company was listed on the Market for Alternative Investment in November 2010.

The immediate parent company during the financial period was Nation Multimedia Group Public Company Limited (71.04% shareholding), which was incorporated in Thailand.

The principal activities of the Company are importing, publishing and distributing local and foreign publications, production of TV programmes and providing advertisements through TV media, digital media and character management.

At the Board of Directors’ meeting of the Company held on 3 August 2016, the Board of Directors approved the restructuring of the Group’s publishing and distributing of publications in accordance with the current situation and focusing on the publishing and distributing of certain profitable publications. This included the implementation of plans to control expenses. In addition, the Group is in the process of assessing the business valuation by business alliances for the investment.

**2 Basis of preparation of the interim financial statements**

*(a) Statement of compliance*

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2016) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2016. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2016.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2016 except that the Group has adopted all the revised TFRS that are effective for annual periods beginning on or after 1 January 2017. The adoption of these revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group or the Company.

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2017 (Unaudited)**

(b) *Functional and presentation currency*

The interim financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

(c) *Use of judgements and estimates*

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2016.

Measurement of fair values

Significant valuations are reported to the Group Audit Committee.

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

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

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

Further information about the assumptions made in measuring fair values is included in note 14 - financial instruments.

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2017 (Unaudited)**

**3 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries are described in note 7. Relationship with key management and other related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation /nationality</b>	<b>Nature of relationships</b>
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.
Nation Multimedia Group Public Company Limited	Thailand	Parent, 71.04% shareholding, some common directors
Nation Broadcasting Corporation Public Company Limited	Thailand	71.45% shareholding by parent, some common directors
Nation News Network Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
NML Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Kom Chad Luek Media Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Krungthep Turakij Media Co., Ltd.	Thailand	99.99% shareholding by parent, some common directors
Bangkok Business Broadcasting Co., Ltd.	Thailand	99.90% shareholding by parent, some common directors
Nation U Co., Ltd.	Thailand	90.00% shareholding by parent, some common directors
WPS (Thailand) Co., Ltd.	Thailand	84.50% shareholding by parent, some common directors
Nation University	Thailand	University, a license holding by Nation U Co., Ltd.
NBC Next Vision Co., Ltd.	Thailand	99.99% shareholding by Nation Broadcasting Corporation Public Company Limited, some common directors
Yomiuri-Nation Information Service Limited	Thailand	45.00% shareholding by parent, some common directors

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2017 (Unaudited)**

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

<b>Transactions</b>	<b>Pricing policies</b>
Revenue from sales and services	General market price
Cost of sales of goods and rendering of services	Negotiable rate which approximates market price
Sale of equipment	Book value plus margin
Purchase of equipment	Book value plus margin
Interest income on loan	Approximated loan rate of financial institutions
Other income	Negotiable rate
Distribution costs and administrative expenses	Negotiable rate

Significant transactions for the three-month and six-month periods ended 30 June with related parties were as follows:

<i>Three-month period ended 30 June</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Parent</b>				
Revenues from sales and services	1,207	604	1,046	491
Cost of sales of goods and rendering of services	2,201	4,021	2,160	3,906
Sale of equipment	-	766	-	709
Other income	1,000	11	423	11
Distribution costs and administrative expenses	1,335	1,364	799	893
<b>Subsidiaries</b>				
Cost of sales of goods and rendering of services	-	-	-	139
Interest income on loan	-	-	421	47
Other income	-	-	2,315	2,744
Distribution costs and administrative expenses	-	-	337	345
<b>Other related parties</b>				
Revenues from sales and services	532	1,159	532	1,159
Cost of sales of goods and rendering of services	6,156	9,072	4,794	4,498
Sale of equipment	-	27	-	27
Other income	983	1,370	971	1,335
Distribution costs and administrative expenses	513	1,204	95	579
<b>Key management personnel</b>				
Key management personnel compensation				
Wages and salaries	1,560	2,565	1,560	2,565
Defined contribution plan	114	187	114	187
Total key management personnel compensation	<u>1,674</u>	<u>2,752</u>	<u>1,674</u>	<u>2,752</u>

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2017 (Unaudited)**

<i>Six-month period ended 30 June</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Parent</b>				
Revenues from sales and services	2,438	2,691	1,795	2,085
Cost of sales of goods and rendering of services	4,599	6,978	4,341	6,703
Sale of equipment	-	766	-	709
Other income	1,921	17	854	17
Distribution costs and administrative expenses	2,691	3,011	1,659	2,067
<b>Subsidiaries</b>				
Revenues from sales and services	-	-	-	4
Cost of sales of goods and rendering of services	-	-	-	139
Interest income on loan	-	-	989	96
Other income	-	-	3,447	4,118
Distribution costs and administrative expenses	-	-	635	716
<b>Other related parties</b>				
Revenues from sales and services	1,161	5,978	1,151	5,976
Cost of sales of goods and rendering of services	12,678	19,864	9,114	10,135
Sale of equipment	-	27	-	27
Other income	2,176	2,471	2,152	2,424
Distribution costs and administrative expenses	1,076	1,935	184	728
<b>Key management personnel</b>				
Key management personnel compensation				
Wages and salaries	3,120	5,131	3,120	5,131
Defined contribution plan	228	375	228	375
Total key management personnel compensation	<u>3,348</u>	<u>5,506</u>	<u>3,348</u>	<u>5,506</u>

Balances as at 30 June 2017 and 31 December 2016 with related parties were as follows:

<i>Trade accounts receivable - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<i>(in thousand Baht)</i>			
Parent	18,327	15,745	17,035	15,095
Subsidiary	-	-	3,288	3,645
Other related parties	12,889	12,695	12,883	12,690
	<u>31,216</u>	<u>28,440</u>	<u>33,206</u>	<u>31,430</u>
Less allowance for doubtful accounts	(67)	(67)	(67)	(67)
allowance for goods returned	-	-	-	-
<b>Net</b>	<u><b>31,149</b></u>	<u><b>28,373</b></u>	<u><b>33,139</b></u>	<u><b>31,363</b></u>
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			

Bad and doubtful debts expense for the:

- Three-month period ended 30 June	-	-	-	-
- Six-month period ended 30 June	-	-	-	-

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2017 (Unaudited)**

<i>Accrued income - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Parent	507	671	507	671
Other related parties	283	435	283	435
<b>Total</b>	<b>790</b>	<b>1,106</b>	<b>790</b>	<b>1,106</b>

<i>Other current receivables - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Parent	5,622	2,938	3,627	2,123
Subsidiary	-	-	42,186	48,779
Other related parties	3,023	1,966	2,843	1,882
	<b>8,645</b>	<b>4,904</b>	<b>48,656</b>	<b>52,784</b>
<i>Less allowance for doubtful accounts</i>	-	-	-	-
<b>Net</b>	<b>8,645</b>	<b>4,904</b>	<b>48,656</b>	<b>52,784</b>

	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Bad and doubtful debts expense for the:				
- Three-month period ended 30 June	-	-	-	-
- Six-month period ended 30 June	-	-	-	-

<i>Short-term loans to related party</i>	<b>Interest rate</b>		<b>Consolidated</b>		<b>Separate</b>	
	2017	2016	<b>financial statements</b>		<b>financial statements</b>	
			30 June	31 December	30 June	31 December
			2017	2016	2017	2016
	<i>(% per annum)</i>					
	<i>(in thousand Baht)</i>					
Subsidiary	-	6.35	-	-	-	<b>36,000</b>

Movements during the six-month periods ended 30 June 2017 and 2016 of short-term loans to related party were as follows:

<i>Short-term loans to related party</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
At 1 January	-	-	36,000	3,000
Increase	-	-	3,000	-
Decrease	-	-	(39,000)	-
<b>At 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,000</b>

<i>Trade accounts payable - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Parent	1,385	1,398	1,347	1,340
Other related parties	4,994	67,284	3,084	3,781
<b>Total</b>	<b>6,379</b>	<b>68,682</b>	<b>4,431</b>	<b>5,121</b>

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
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<i>Other current payables - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Parent	2,259	1,528	1,480	1,142
Subsidiary	-	-	790	1,190
Other related parties	486	165	351	30
<b>Total</b>	<b>2,745</b>	<b>1,693</b>	<b>2,621</b>	<b>2,362</b>

<i>Accrued expenses - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Parent	56	61	53	59
Other related parties	39	684	39	530
<b>Total</b>	<b>95</b>	<b>745</b>	<b>92</b>	<b>589</b>

***Significant agreements with related parties***

***Short-term loans agreement***

The Company entered into short-term loans agreements with a subsidiary (“Nation Global Edutainment Co., Ltd”) amounting to Baht 39 million. The loans were promissory notes and repayable at call. The loans bear interest rate at the average Minimum Loan Rate (average MLR) of four local financial institutions. The Company fully received the short-term loans from the subsidiary during the second quarter of 2017.

***Other agreements***

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

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

A subsidiary entered into agreements with a parent company and a related party for rent space and related services. The subsidiary committed to pay rental and service fees as specified in the agreements.

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2017 (Unaudited)**

**4 Current investments**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Short-term deposits at financial institutions	60	260	-	-
Promissory notes	-	140,000	-	140,000
Debt security held for trading	-	103,261	-	103,261
Debt security available for sale (Private fund)	88,437	-	88,437	-
<b>Total</b>	<b>88,497</b>	<b>243,521</b>	<b>88,437</b>	<b>243,261</b>

During the second quarter of 2017, the Company established a private fund by engaging an independent assets management company for the purpose of cash management of the Company. This private fund invested in equity and debt securities in response to capital market conditions. As at 30 June 2017, the value of private fund outstanding totalling Baht 100.78 million (including cash and cash equivalents of Baht 10.73 million).

Movements during the six-month periods ended 30 June 2017 and 2016 of the marketable debt securities were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Trading security</b>				
At 1 January	103,261	5,016	103,261	5,016
Purchases during the period	83,000	117,000	83,000	117,000
Sales during the period	(54,832)	(122,016)	(54,832)	(122,016)
Transfer during the period	(131,552)	-	(131,552)	-
Valuation adjustment	123	-	123	-
<b>At 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Available for sale security</b>				
At 1 January	-	-	-	-
Purchases during the period	142,000	-	142,000	-
Sales during the period	(273,186)	-	(273,186)	-
Transfer during the period	131,552	-	131,552	-
Valuation adjustment	(366)	-	(366)	-
<b>At 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Available for sale security (Private fund)</b>				
At 1 January	-	-	-	-
Purchases during the period	89,275	-	89,275	-
Valuation adjustment	(838)	-	(838)	-
<b>At 30 June</b>	<b>88,437</b>	<b>-</b>	<b>88,437</b>	<b>-</b>



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2017 (Unaudited)**

**5 Trade accounts receivable**

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2017	31 December 2016	30 June 2017	31 December 2016
		<i>(in thousand Baht)</i>			
Related parties	3	31,216	28,440	33,206	31,430
Other parties		30,776	31,684	16,317	16,961
<b>Total</b>		<b>61,992</b>	<b>60,124</b>	<b>49,523</b>	<b>48,391</b>
Less allowance for doubtful accounts		(6,492)	(6,307)	(167)	(119)
allowance for goods returned		(1,754)	(3,475)	(586)	(1,000)
<b>Net</b>		<b>53,746</b>	<b>50,342</b>	<b>48,770</b>	<b>47,272</b>
		2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Bad and doubtful debts expense for the:					
- Three-month period ended 30 June		<b>43</b>	<b>180</b>	<b>26</b>	<b>23</b>
- Six-month period ended 30 June		<b>186</b>	<b>694</b>	<b>48</b>	<b>29</b>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	1,059	3,066	898	2,850
Overdue:				
Less than 3 months	2,276	4,759	1,794	4,396
3-6 months	2,799	1,052	2,582	976
6-12 months	5,518	16,714	5,080	16,772
Over 12 months	19,564	2,849	22,852	6,436
	<b>31,216</b>	<b>28,440</b>	<b>33,206</b>	<b>31,430</b>
Less allowance for doubtful accounts	(67)	(67)	(67)	(67)
allowance for goods returned	-	-	-	-
	<b>31,149</b>	<b>28,373</b>	<b>33,139</b>	<b>31,363</b>
<b>Other parties</b>				
Within credit terms	21,383	19,770	15,942	16,525
Overdue:				
Less than 3 months	2,861	5,339	171	320
3-6 months	66	188	66	44
6-12 months	85	294	77	41
Over 12 months	6,381	6,093	61	31
	<b>30,776</b>	<b>31,684</b>	<b>16,317</b>	<b>16,961</b>
Less allowance for doubtful accounts	(6,425)	(6,240)	(100)	(52)
allowance for goods returned	(1,754)	(3,475)	(586)	(1,000)
	<b>22,597</b>	<b>21,969</b>	<b>15,631</b>	<b>15,909</b>
<b>Net</b>	<b>53,746</b>	<b>50,342</b>	<b>48,770</b>	<b>47,272</b>

The normal credit term granted by the Group ranges from 15 days to 90 days.

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

During the six-month period ended 30 June 2017, the Group and the Company had made the reversal of write-down its inventories according to sales of inventories by Baht 76.58 million and Baht 5.46 million in the consolidated and separate financial statements, respectively. The Group and the Company recorded the reversal of write-down in “cost of sales of goods” in the consolidated and separate statements of comprehensive income, respectively.

**7 Investments in subsidiaries**

<i>Six-month period ended 30 June</i>	<b>Separate financial statements</b>	
	2017	2016
	<i>(in thousand Baht)</i>	
At 1 January	61,410	61,410
Acquisition	103,000	-
Disposal	(1,000)	-
<b>At 30 June</b>	<b><u>163,410</u></b>	<b><u>61,410</u></b>

*Acquisition*

At the extraordinary meeting of the shareholders of a subsidiary (“Nation Global Edutainment Co., Ltd.”) held on 20 May 2017, the shareholders of the subsidiary approved an increase in the registered share capital from Baht 97 million (divided into 97,000 ordinary shares at Baht 1,000 per share) to Baht 200 million (divided into 200,000 ordinary shares at Baht 1,000 per share). The subsidiary registered the increase in share capital with the Ministry of Commerce on 5 June 2017.

*Disposal*

At the extraordinary meeting of the shareholders of a subsidiary (“Nation Kids Co., Ltd.”) held on 26 December 2016, the shareholders of the subsidiary approved the extraordinary resolution of the liquidation. The subsidiary registered the liquidation with the Ministry of Commerce on 27 December 2016 and completed to liquidate on 29 June 2017. The Company recognised a profit of Baht 3.26 million on disposal of such investment in the separate statements of comprehensive income for the six-month period ended 30 June 2017.

# Nation International Edutainment Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the three-month and six-month periods ended 30 June 2017 (Unaudited)

Investments in subsidiaries as at 30 June 2017 and 31 December 2016, and dividend income from those investments for the six-month periods ended 30 June 2017 and 2016 were as follows:

Name of subsidiaries	Type of business	Separate financial statements										Dividend income for the six-month periods ended	
		Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		30	30
		30	31	30	31	30	31	30	31	30	31	30	30
		June 2017	December 2016	June 2017	December 2016	June 2017	December 2016	June 2017	December 2016	June 2017	December 2016	June 2017	June 2016
		(%)											
		<i>(in thousand Baht)</i>											
Nation Kids Co., Ltd. (liquidated and completed the liquidation on 29 June 2017)	Production of TV programmes and providing advertisements through TV media	-	99.99	-	1,000	-	1,000	-	-	-	1,000	-	-
Nation Global Edutainment Co., Ltd.	Importing, publishing and distributing children's books for edutainment	99.74	99.47	200,000	97,000	163,410	60,410	-	-	163,410	60,410	-	-
<b>Total</b>						<u>163,410</u>	<u>61,410</u>	<u>-</u>	<u>-</u>	<u>163,410</u>	<u>61,410</u>	<u>-</u>	<u>-</u>

All subsidiaries were incorporated in Thailand. None of the Company's subsidiaries is publicly listed and consequently does not have published price quotations.

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**8 Intangible assets**

During the six-month period ended 30 June 2017, the Company acquired computer programmes and software licences at a total cost of Baht 10.97 million. There was no other significant additions to disposals of intangible assets during the period.

**9 Warrants**

*NINE-WA*

At the annual general meeting of the shareholders of the Company held on 23 April 2013, the shareholders approved an issuance of warrants to the directors, management and/or employees of the Company and/or its subsidiaries of 4,250,000 units.

On 15 August 2013, the Company granted the rights and notified terms and conditions for exercising the rights to the directors, management and/or employees of the Company and/or its subsidiaries.

The Company had made a reversal of the expenses for share-based payment transactions for the six-month period ended 30 June 2017 of Baht 0.04 million and Baht 0.04 million in the consolidated and separate financial statements, respectively (*2016: expenses for share-based payment transactions amounting to Baht 0.60 million and Baht 0.60 million, respectively*).

Movements during the six-month periods ended 30 June 2017 and 2016 of warrants were as follows:

	<b>Consolidated financial statements / Separate financial statements</b>			
	2017		2016	
	Number of warrants	Grant date fair value	Number of warrants	Grant date fair value
	<i>(thousand units / in thousand Baht)</i>			
At 1 January	1,492	4,087	1,387	3,800
Issued warrants during the period	289	606	346	800
Forfeited warrants during the period	(304)	(646)	(126)	(198)
<b>At 30 June</b>	<b><u>1,477</u></b>	<b><u>4,047</u></b>	<b><u>1,607</u></b>	<b><u>4,402</u></b>

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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*NINE-WI*

The outstanding unexercised warrants as at 30 June 2017 were as follows:

Unexercised warrants as at 1 January 2017	Issued warrants (million units)	Exercised warrants	Unexercised warrants as at 30 June 2017	Exercise price (Baht / share)	Expiry date
84.96	-	-	84.96	4	5 years from the grant date

At the annual general meeting of the shareholders of the Company held on 23 April 2013, the shareholders approved an issuance and offering of warrants to the Company's existing shareholders who subscribe for additional ordinary shares in a ratio of 1 warrant for 1 existing ordinary share, without the offering price and approved an increase in the registered share capital from Baht 85 million (divided into 85,000,000 ordinary shares at Baht 1 per share) to Baht 259.25 million (divided into 259,250,000 ordinary shares at Baht 1 per share) by issuing of not exceeding 174,250,000 ordinary shares at Baht 1 per share to reserve for the increase in share capital and exercise of warrants as referred above.

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**10 Segment information**

*Information about reportable segments*

<i>Six-month period ended 30 June</i>	<b>Publishing and services</b>		<b>TV and new media</b>		<b>Others</b>		<b>Total</b>	
	2017	2016	2017	2016	2017	2016	2017	2016
	<i>(in thousand Baht)</i>							
External revenue	62,147	74,731	1,991	4,570	996	1,056	65,134	80,357
Other income	9,238	7,506	11	46	1,398	1,358	10,647	8,910
<b>Total segment revenues</b>	<b><u>71,385</u></b>	<b><u>82,237</u></b>	<b><u>2,002</u></b>	<b><u>4,616</u></b>	<b><u>2,394</u></b>	<b><u>2,414</u></b>	<b><u>75,781</u></b>	<b><u>89,267</u></b>
Segment profit (loss) before income tax	<u>3,579</u>	<u>(211,425)</u>	<u>(1,682)</u>	<u>(4,536)</u>	<u>(662)</u>	<u>(895)</u>	<u>1,235</u>	<u>(216,856)</u>
Segment assets as at 30 June / 31 December	<u>191,553</u>	<u>323,969</u>	<u>27,482</u>	<u>25,259</u>	<u>15,129</u>	<u>3,893</u>	<u>234,164</u>	<u>353,121</u>
Segment liabilities as at 30 June / 31 December	<u>30,354</u>	<u>94,309</u>	<u>746</u>	<u>224</u>	<u>9,878</u>	<u>2,022</u>	<u>40,978</u>	<u>96,555</u>

The Group has reconsidered an information about reportable segments in relevant to its business restructuring according to the operation plan in note 1.

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*Reconciliations of reportable segment assets and liabilities*

	30 June 2017	31 December 2016
	<i>(in thousand Baht)</i>	
<b>Assets</b>		
Total assets for reportable segments	234,164	353,121
Other unallocated amounts	86,515	23,372
<b>Consolidated total assets</b>	<b><u>320,679</u></b>	<b><u>376,493</u></b>
<b>Liabilities</b>		
Total liabilities for reportable segments	40,978	96,555
Other unallocated amounts	13,777	12,800
<b>Consolidated total liabilities</b>	<b><u>54,755</u></b>	<b><u>109,355</u></b>

**11 Income tax expense**

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period. The Group's consolidated and the Company's effective tax rates in respect of continuing operations for the six-month period ended 30 June 2017 were 140.81% and 0.40%, respectively (*30 June 2016: 20% and 18.55%, respectively*). These changes in effective tax rates were mainly caused by taxable loss carry forward, which will expire in 2018 - 2022. Deferred tax assets have not been recognised in respect of these items because management considered that it is not probable that future taxable profit of a subsidiary will be available against which they can utilise the benefits therefrom and the different treatment for accounting and taxation purposes of allowance for inventories devaluation.

**12 Earnings (loss) per share**

*Basic earnings (loss) per share*

The calculations of basic earnings (loss) per share for the three-month and six-month periods ended 30 June 2017 and 2016 were based on the profit (loss) for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Three-month period ended 30 June</i>	2017	2016	2017	2016
	<i>(in thousand Baht / thousand shares)</i>			
<b>Profit (loss) attributable to ordinary shareholders of the Company (basic)</b>	<b><u>(1,323)</u></b>	<b><u>(162,633)</u></b>	<b><u>2,039</u></b>	<b><u>(26,100)</u></b>
<b>Number of ordinary shares outstanding</b>	<b><u>170,048</u></b>	<b><u>170,048</u></b>	<b><u>170,048</u></b>	<b><u>170,048</u></b>
<b>Earnings (loss) per share (basic) (in Baht)</b>	<b><u>(0.008)</u></b>	<b><u>(0.956)</u></b>	<b><u>0.012</u></b>	<b><u>(0.153)</u></b>

**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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<i>Six-month period ended 30 June</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht / thousand shares)</i>			
<b>Profit (loss) attributable to ordinary shareholders of the Company (basic)</b>	<b><u>(505)</u></b>	<b><u>(171,786)</u></b>	<b><u>2,517</u></b>	<b><u>(27,375)</u></b>
<b>Number of ordinary shares outstanding</b>	<b><u>170,048</u></b>	<b><u>170,048</u></b>	<b><u>170,048</u></b>	<b><u>170,048</u></b>
<b>Earnings (loss) per share (basic) <i>(in Baht)</i></b>	<b><u>(0.003)</u></b>	<b><u>(1.010)</u></b>	<b><u>0.015</u></b>	<b><u>(0.161)</u></b>

*Diluted earnings (loss) per share*

The Group and the Company did not assumed the conversion of the warrants (NINE-W1) and the warrants issued to the directors, management and/or employee of the Company and/or its subsidiaries (NINE-WA) in the calculation of diluted earnings (loss) per share, as the exercise prices (including fair value of services to be rendered per warrant) were higher than the weighted average market prices in the consolidated and separate financial statements for the three-month and six-month periods ended 30 June 2017 and 2016.

**13 Dividends**

At the annual general meeting of the shareholders of the Company held on 25 April 2016, the shareholders approved the appropriation of dividends from the 2015 operating results of Baht 0.022 per share, amounting to Baht 3.74 million. The dividends were paid to the shareholders in May 2016.

**14 Financial instruments**

*Carrying amounts and fair values*

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

	Carrying amount	<b>Consolidated financial statements</b>			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
<b>30 June 2017</b>					
<i>Financial assets measured at fair value</i>					
Debt security available for sale (Private fund)	88,437	-	88,437	-	88,437
<b>31 December 2016</b>					
<i>Financial assets measured at fair value</i>					
Debt security held for trading	103,261	-	103,261	-	103,261



**Nation International Edutainment Public Company Limited and its Subsidiaries**  
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	Carrying amount	Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
<b>30 June 2017</b>					
<i>Financial assets measured at fair value</i>					
Debt security available for sale (Private fund)	88,437	-	88,437	-	88,437
<b>31 December 2016</b>					
<i>Financial assets measured at fair value</i>					
Debt security held for trading	103,261	-	103,261	-	103,261

**Measurement of fair values**

*Valuation techniques and significant unobservable inputs*

The following table show the valuation techniques used in measuring Level 2 fair values at 30 June 2017 and 31 December 2016 for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in note 2 (c).

**Financial instruments measured at fair value**

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investments in marketable unit trusts classified as trading investments and available for sale investments	The net asset value as of the reporting date.	Not applicable	Not applicable

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**15 Commitments with non-related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<i>(in thousand Baht)</i>			
<b><i>Future minimum lease payments under non-cancellable operating leases</i></b>				
Within one year	<u>2,508</u>	<u>5,237</u>	<u>1,104</u>	<u>2,429</u>
<b><i>Other commitment</i></b>				
Bank guarantees	<u>1,758</u>	<u>1,072</u>	<u>1,358</u>	<u>672</u>

- a) The Company entered into lease and service agreements for its office premises and facilities with a local company for the period of 3 years, commencing from 1 December 2014 to 30 November 2017 with an option for renewal. The Company agreed to pay rental and service fees at the rate as specified in the agreements.
- b) A subsidiary entered into a building rental agreement with a local company for use as warehouse. The subsidiary agreed to pay a rental fee at the rate as specified in the agreement. The agreement has a period of 1 year, expiring on 31 December 2017.

**16 Reclassification of accounts**

Certain accounts in the statement of comprehensive income for the three-month and six-month periods ended 30 June 2016, which are included in the 2017 interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2017 interim financial statements as follows:

	<b>2016</b>					
	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	<i>(in thousand Baht)</i>					
<b><i>Statement of comprehensive income</i></b>						
<b><i>- Three-month period ended 30 June</i></b>						
Administrative expenses	221,252	(204,445)	16,807	34,045	(23,969)	10,076
Loss on business restructuring	-	<u>204,445</u>	204,445	-	<u>23,969</u>	23,969
		<u>-</u>			<u>-</u>	
<b><i>- Six-month period ended 30 June</i></b>						
Administrative expenses	232,116	(204,445)	27,671	41,038	(23,969)	17,069
Loss on business restructuring	-	<u>204,445</u>	204,445	-	<u>23,969</u>	23,969
		<u>-</u>			<u>-</u>	