

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

Interim financial statements
and
Independent Auditor's Report
on Review of Interim Financial Information

For the three-month and six-month periods ended
30 June 2012



KPMG Phoomchai Audit Ltd.

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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 2012; the consolidated and separate statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011, changes in equity and cash flows for the six-month periods ended 30 June 2012 and 2011; 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 reviews.

Scope of Review

I conducted my reviews 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.

Conclusion

Based on my reviews, 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".

The comparative consolidated and separate statement of financial position as at 31 December 2011

I have previously audited the consolidated and separate financial statements of Nation International Edutainment Public Company Limited and its subsidiaries, and of Nation International Edutainment Public Company Limited, respectively, for the year ended 31 December 2011 in accordance with Thai Standards on Auditing and expressed an unqualified opinion on those financial statements in my report dated 15 February 2012. The consolidated and separate statements of financial position as at 31 December 2011, which are included in the accompanying interim financial information for comparative purposes, are components of those financial statements. I have not performed any auditing procedures since the date of my audit report.



(Vichien Thamtrakul)
Certified Public Accountant
Registration No. 3183

KPMG Phoomchai Audit Ltd.
Bangkok
8 August 2012

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of financial position

As at 30 June 2012 and 31 December 2011

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June	31 December	30 June	31 December
		2012	2011	2012	2011
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Current assets					
Cash and cash equivalents		16,592	29,446	14,638	26,456
Trade accounts receivable	4	112,582	103,098	39,124	48,259
Accrued income		9,354	9,749	6,861	6,686
Other receivables from related parties	3	17,877	16,166	30,773	27,453
Short-term loan to related party	3	-	-	3,000	3,000
Inventories		107,195	94,305	33,617	32,348
Other current assets		16,744	9,276	10,075	3,331
Total current assets		280,344	262,040	138,088	147,533
Non-current assets					
Investments in subsidiaries	5	-	-	26,364	26,364
Investment in jointly-controlled entity	6	-	-	25,046	25,046
Equipment	7	6,709	4,541	3,884	1,571
Intangible assets	8	41,919	38,981	12,069	11,336
Restricted deposits	9	2,504	2,500	-	-
Other non-current assets		910	706	293	293
Total non-current assets		52,042	46,728	67,656	64,610
Total assets		332,386	308,768	205,744	212,143

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of financial position

As at 30 June 2012 and 31 December 2011

Liabilities and equity	Note	Consolidated		Separate	
		30 June 2012 (Unaudited)	31 December 2011	30 June 2012 (Unaudited)	31 December 2011
<i>(in thousand Baht)</i>					
Current liabilities					
Bank overdrafts		7,989	3,104	-	-
Trade accounts payable	10	104,723	86,137	45,769	47,084
Other payables to related parties	3	5,748	5,746	4,935	4,984
Current portion of long-term loan from financial institution		7,169	5,017	-	-
Accrued expenses	3	30,346	26,286	11,159	9,211
Income tax payable		3,280	5,641	2,687	3,641
Other current liabilities		11,111	14,228	6,113	6,410
Total current liabilities		170,366	146,159	70,663	71,330
Non-current liabilities					
Long-term loan from financial institution		-	4,611	-	-
Employee benefit obligations	11	4,430	6,014	2,465	4,542
Total non-current liabilities		4,430	10,625	2,465	4,542
Total liabilities		174,796	156,784	73,128	75,872
Equity					
Share capital:					
Authorised share capital		85,000	85,000	85,000	85,000
Issued and paid-up share capital		85,000	85,000	85,000	85,000
Premium on ordinary shares		18,352	18,352	18,352	18,352
Retained earnings					
Appropriated					
Legal reserve		8,500	8,500	8,500	8,500
Unappropriated		45,737	40,131	20,764	24,419
Equity attributable to owners of the Company		157,589	151,983	132,616	136,271
Non-controlling interests		1	1	-	-
Total equity		157,590	151,984	132,616	136,271
Total liabilities and equity		332,386	308,768	205,744	212,143

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the three-month periods ended 30 June 2012 and 2011 (Unaudited)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Income					
	3				
Revenue from sale of goods		60,577	46,293	19,970	16,314
Revenue from rendering of services		23,390	24,078	22,074	23,080
Investment income		600	694	187	259
Other income		6,201	2,107	1,521	1,690
Total income		90,768	73,172	43,752	41,343
Expenses					
Cost of sale of goods and rendering					
of services	3	60,478	52,852	27,026	25,013
Selling expenses	3	5,586	1,466	4,734	994
Administrative expenses	3	9,904	12,367	5,957	7,730
Management benefit expenses		2,580	1,819	1,387	637
Finance costs		548	517	166	173
Total expenses		79,096	69,021	39,270	34,547
Profit before income tax		11,672	4,151	4,482	6,796
Income tax expense		(1,932)	(1,327)	(1,228)	(1,665)
Profit for the period		9,740	2,824	3,254	5,131
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		9,740	2,824	3,254	5,131
Profit attributable to:					
Owners of the Company	13	9,740	2,824	3,254	5,131
Non-controlling interests		-	-	-	-
Profit for the period		9,740	2,824	3,254	5,131
Total comprehensive income attributable to:					
Owners of the Company		9,740	2,824	3,254	5,131
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		9,740	2,824	3,254	5,131
Basic earnings per share (in Baht)	13	0.11	0.03	0.04	0.06

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the six-month periods ended 30 June 2012 and 2011 (Unaudited)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Income					
	3				
Revenue from sale of goods		127,047	95,852	45,781	29,362
Revenue from rendering of services		47,907	48,169	44,528	46,031
Investment income		1,206	1,139	384	408
Other income		7,476	2,941	2,874	3,080
Total income		183,636	148,101	93,567	78,881
Expenses					
Cost of sale of goods and rendering of services	3	122,086	103,188	55,884	48,275
Selling expenses	3	12,115	2,753	9,665	2,132
Administrative expenses	3	20,584	22,549	12,467	13,486
Management benefit expenses		5,442	3,892	2,820	1,373
Finance costs		1,026	823	313	232
Total expenses		161,253	133,205	81,149	65,498
Profit before income tax		22,383	14,896	12,418	13,383
Income tax expense		(4,027)	(3,532)	(3,323)	(3,250)
Profit for the period		18,356	11,364	9,095	10,133
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		18,356	11,364	9,095	10,133
Profit attributable to:					
Owners of the Company	13	18,356	11,364	9,095	10,133
Non-controlling interests		-	-	-	-
Profit for the period		18,356	11,364	9,095	10,133
Total comprehensive income attributable to:					
Owners of the Company		18,356	11,364	9,095	10,133
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		18,356	11,364	9,095	10,133
Basic earnings per share (in Baht)	13	0.22	0.13	0.11	0.12

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

Nation International Edutainment Public Company Limited and its Subsidiaries
Statements of changes in equity

For the six-month periods ended 30 June 2012 and 2011 (Unaudited)

	Consolidated financial statements							Total equity
	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Unappropriated	Legal reserve	Shares premium	Issued and paid-up share capital	
	<i>(in thousand Baht)</i>							
Balance at 1 January 2011		138,754	1	26,902	8,500	18,352	85,000	138,755
Dividends to owners of the Company		(4,250)	-	(4,250)	-	-	-	(4,250)
Comprehensive income for the period		11,364	-	11,364	-	-	-	11,364
Balance at 30 June 2011		145,868	1	34,016	8,500	18,352	85,000	145,869
Balance at 1 January 2012		151,983	1	40,131	8,500	18,352	85,000	151,984
Dividends to owners of the Company		(12,750)	-	(12,750)	-	-	-	(12,750)
Comprehensive income for the period		18,356	-	18,356	-	-	-	18,356
Balance at 30 June 2012		157,589	1	45,737	8,500	18,352	85,000	157,590

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

Nation International Edutainment Public Company Limited and its Subsidiaries
Statements of changes in equity

For the six-month periods ended 30 June 2012 and 2011 (Unaudited)

	Issued and paid-up share capital	Shares premium	Separate financial statements			Total Equity
			Legal reserve	Unappropriated	Retained earnings	
	<i>(in thousand Baht)</i>					
Balance at 1 January 2011	85,000	18,352	8,500	8,610	120,462	
Dividends to owners of the Company	-	-	-	(4,250)	(4,250)	
Comprehensive income for the period	-	-	-	10,133	10,133	
Balance at 30 June 2011	85,000	18,352	8,500	14,493	126,345	
Balance at 1 January 2012	85,000	18,352	8,500	24,419	136,271	
Dividends to owners of the Company	-	-	-	(12,750)	(12,750)	
Comprehensive income for the period	-	-	-	9,095	9,095	
Balance at 30 June 2012	85,000	18,352	8,500	20,764	132,616	

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of cash flows

For the six-month periods ended 30 June 2012 and 2011 (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the period	18,356	11,364	9,095	10,133
<i>Adjustments for</i>				
Depreciation	868	801	388	289
Amortisation of intangible assets	14,593	11,494	3,512	2,419
Employee benefit obligations	1,358	340	865	251
Investment income	(1,206)	(1,139)	(384)	(408)
Finance costs	1,026	823	313	232
Bad and doubtful debts expense	291	88	12	-
Loss on obsolete stocks (reversal)	(3,157)	(1,704)	946	(953)
Loss on disposal of equipment	33	-	343	-
Income tax expense	4,027	3,532	3,323	3,250
	36,189	25,599	18,413	15,213
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(9,987)	(10,700)	9,123	(8,440)
Accrued income	395	6,103	(175)	6,058
Other receivables from related parties	(1,499)	2,402	(3,320)	(101)
Inventories	(9,733)	(10,650)	(2,215)	(4,760)
Other current assets	(7,453)	(3,316)	(6,730)	(2,333)
Restricted deposits	(4)	(47)	-	-
Other non-current assets	(204)	(108)	-	-
Trade accounts payable	18,586	11,657	(1,315)	5,348
Other payables to related parties	2	1,071	(49)	1,275
Accrued expenses	4,060	(1,141)	1,948	(374)
Other current liabilities	(3,117)	(956)	(297)	(3,360)
Employee benefit obligations	(2,942)	-	(2,942)	-
Cash generated from operating activities	24,293	19,914	12,441	8,526
Income tax paid	(6,388)	(4,138)	(4,277)	(3,483)
Net cash from operating activities	17,905	15,776	8,164	5,043

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

