

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

Interim financial statements
for the three-month and six-month periods ended
30 June 2016

and

Independent auditor's report
on review of interim financial information

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 2016; the consolidated and separate statements of comprehensive income for the three-month and six-month periods ended 30 June 2016, and the consolidated and separate statements of changes in equity and cash flows for the six-month period ended 30 June 2016; 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.

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". //

Emphasis of Matter

Without qualifying my conclusion in respect of the above interim financial information, I draw attention to note 2 (d) describing the use of going concern basis of accounting. On 3 August 2016, the Board of Directors approved the Group's restructuring of publishing and distribution of publications which the Group has considered to set up the provision for inventory obsolescence and written-off the licences for publications for the six-month period ended 30 June 2016 amounted to Baht 193.48 million and Baht 10.97 million in the consolidated statement of comprehensive income, and Baht 20.83 million and Baht 3.13 million in the separate statement of comprehensive income, respectively. This included the recognition of deferred tax assets as at 30 June 2016 amounted to Baht 38.70 million and Baht 4.17 million in the consolidated and separate financial statements, respectively. Such matters indicate the existence of a material uncertainty that may cast significant doubt on the ability to continue as a going concern.



(Patamavan Vadhanakul)
Certified Public Accountant
Registration No. 9832

KPMG Phoomchai Audit Ltd.
Bangkok
3 August 2016

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
Assets	<i>Note</i>	2016	2015	2016	2015
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<i>Current assets</i>					
Cash and cash equivalents		155,896	68,405	150,856	64,140
Current investments	4	150,486	250,707	150,084	250,499
Trade accounts receivable	5	46,976	47,229	41,554	44,865
Accrued income	3	5,799	6,550	1,784	3,333
Other receivables	3	4,486	5,603	58,468	43,132
Short-term loan to related party	3	-	-	3,000	3,000
Inventories	2	25,458	223,562	9,066	34,798
Other current assets		1,431	1,105	989	565
Total current assets		390,532	603,161	415,801	444,332
<i>Non-current assets</i>					
Restricted deposit		610	803	-	-
Investments in subsidiaries	6	-	-	61,410	61,410
Leasehold improvements and equipment		1,743	3,128	1,500	2,745
Intangible assets	2	4,552	21,584	1,214	7,951
Deferred tax assets	2, 7	70,546	26,537	13,445	6,444
Other non-current assets		1,934	4,189	1,552	3,604
Total non-current assets		79,385	56,241	79,121	82,154
Total assets		469,917	659,402	494,922	526,486

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
Liabilities and equity	<i>Note</i>	2016	2015	2016	2015
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<i>Current liabilities</i>					
Bank overdrafts		-	9,915	-	-
Trade accounts payable	3	119,361	122,826	22,490	26,410
Other payables	3	14,389	9,698	8,851	4,273
Accrued expenses	3	10,685	15,390	4,514	6,237
Income tax payable		-	126	-	126
Other current liabilities		5,557	5,419	4,305	4,599
Total current liabilities		149,992	163,374	40,160	41,645
<i>Non-current liabilities</i>					
Employee benefit obligations	8	11,206	8,142	8,233	4,725
Other non-current liabilities		902	853	105	105
Total non-current liabilities		12,108	8,995	8,338	4,830
Total liabilities		162,100	172,369	48,498	46,475
<i>Equity</i>					
Share capital					
Authorised share capital		259,250	259,250	259,250	259,250
Issued and paid-up share capital		170,048	170,048	170,048	170,048
Premium on ordinary shares		272,706	272,706	272,706	272,706
Warrants	9	4,402	3,800	4,402	3,800
Retained earnings (Deficit)					
Appropriated					
Legal reserve		10,650	10,650	10,650	10,650
Unappropriated (Deficit)		(148,463)	29,648	(11,382)	22,807
Equity attributable to owners					
of the Company		309,343	486,852	446,424	480,011
Non-controlling interests		(1,526)	181	-	-
Total equity		307,817	487,033	446,424	480,011
Total liabilities and equity		469,917	659,402	494,922	526,486

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)

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		Three month period ended 30 June		Three month period ended 30 June	
		2016	2015	2016	2015
<i>(in thousand Baht)</i>					
<i>Income</i>					
	3				
Revenue from sales of goods		29,014	32,528	6,372	11,893
Revenue from rendering of services		13,294	19,845	13,271	19,514
Interest income		2,231	1,994	2,272	2,026
Other income		2,234	1,776	4,801	2,768
Total income		46,773	56,143	26,716	36,201
<i>Expenses</i>					
Cost of sales of goods and rendering of services	3	25,984	40,398	18,572	23,283
Selling expenses	3	7,912	9,547	6,087	6,358
Administrative expenses	2, 3	221,252	14,239	34,045	6,751
Finance costs		248	276	159	180
Total expenses		255,396	64,460	58,863	36,572
Loss before income tax expense		(208,623)	(8,317)	(32,147)	(371)
Income tax (expense) benefit		44,327	(83)	6,047	53
Loss for the period		(164,296)	(8,400)	(26,100)	(318)

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)

	Consolidated		Separate	
	financial statements		financial statements	
	Three month period ended 30 June		Three month period ended 30 June	
Note	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Other comprehensive income				
<i>Item that will not be reclassified to profit or loss</i>				
Defined benefit plan actuarial losses	-	-	-	-
Income tax on other comprehensive income	-	-	-	-
Other comprehensive income (loss)	-	-	-	-
for the period, net of income tax	-	-	-	-
Total comprehensive income (loss) for the period	(164,296)	(8,400)	(26,100)	(318)
Loss attributable to				
Owners of the Company	(162,633)	(8,262)	(26,100)	(318)
Non-controlling interests	(1,663)	(138)	-	-
Loss for the period	(164,296)	(8,400)	(26,100)	(318)
Total comprehensive income (loss) attributable to				
Owners of the Company	(162,633)	(8,262)	(26,100)	(318)
Non-controlling interests	(1,663)	(138)	-	-
Total comprehensive income (loss) for the period	(164,296)	(8,400)	(26,100)	(318)
Loss per share (in Baht)				
	<i>11</i>			
Basic loss per share	(0.956)	(0.049)	(0.153)	(0.002)
Diluted loss per share	-	-	-	-

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)

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		Six month period ended		Six month period ended	
		30 June		30 June	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
<i>Income</i>	3				
Revenue from sales of goods		49,634	64,322	12,761	22,140
Revenue from rendering of services		30,724	48,940	30,684	48,378
Interest income		4,116	4,616	4,203	4,697
Other income		4,793	4,410	8,445	6,047
Total income		89,267	122,288	56,093	81,262
<i>Expenses</i>					
Cost of sales of goods and rendering of services	3	59,652	81,333	38,099	47,337
Selling expenses	3	13,872	19,976	10,246	14,441
Administrative expenses	2, 3	232,116	26,431	41,038	13,390
Finance costs		483	514	318	325
Total expenses		306,123	128,254	89,701	75,493
Profit (loss) before income tax expense		(216,856)	(5,966)	(33,608)	5,769
Income tax (expense) benefit		43,363	(1,281)	6,233	(1,185)
Profit (loss) for the period		(173,493)	(7,247)	(27,375)	4,584

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)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Six month period ended 30 June		Six month period ended 30 June	
		2016	2015	2016	2015
<i>(in thousand Baht)</i>					
Other comprehensive income					
<i>Item that will not be reclassified to profit or loss</i>					
Defined benefit plan actuarial losses	8	(3,230)	-	(3,841)	-
Income tax on other comprehensive income	7	646	-	768	-
Other comprehensive income (loss)					
for the period, net of income tax		(2,584)	-	(3,073)	-
Total comprehensive income (loss) for the period		(176,077)	(7,247)	(30,448)	4,584
Profit (loss) attributable to					
Owners of the Company		(171,786)	(6,972)	(27,375)	4,584
Non-controlling interests		(1,707)	(275)	-	-
Profit (loss) for the period		(173,493)	(7,247)	(27,375)	4,584
Total comprehensive income (loss) attributable to					
Owners of the Company		(174,370)	(6,972)	(30,448)	4,584
Non-controlling interests		(1,707)	(275)	-	-
Total comprehensive income (loss) for the period		(176,077)	(7,247)	(30,448)	4,584
Earnings (loss) per share (in Baht)					
	11				
Basic earnings (loss) per share		(1.010)	(0.041)	(0.161)	0.027
Diluted earning (loss) per share		-	-	(0.161)	0.023

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-up share capital	Share premium	Warrants	<u>Retained earnings</u>		Equity attributable to owners of the Company	Non-controlling interests	Total equity
					Legal reserve	Unappropriated			
<i>(in thousand Baht)</i>									
Six month period ended 30 June 2015									
Balance at 1 January 2015		170,048	272,706	2,279	10,300	60,254	515,587	680	516,267
Transactions with owners, recorded directly in equity									
<i>Contributions by and distributions to owners of the Company</i>									
Share-based payment transactions	9	-	-	737	-	-	737	-	737
Dividends to owners of the Company	12	-	-	-	-	(11,904)	(11,904)	-	(11,904)
<i>Total contributions by and distributions to owners of the Company</i>		<u>-</u>	<u>-</u>	<u>737</u>	<u>-</u>	<u>(11,904)</u>	<u>(11,167)</u>	<u>-</u>	<u>(11,167)</u>
Total transactions with owners, recorded directly in equity		<u>-</u>	<u>-</u>	<u>737</u>	<u>-</u>	<u>(11,904)</u>	<u>(11,167)</u>	<u>-</u>	<u>(11,167)</u>
Comprehensive income for the period									
Profit or loss		-	-	-	-	(6,972)	(6,972)	(275)	(7,247)
Total comprehensive income (loss) for the period		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,972)</u>	<u>(6,972)</u>	<u>(275)</u>	<u>(7,247)</u>
Transfer to legal reserve		-	-	-	250	(250)	-	-	-
Balance at 30 June 2015		<u>170,048</u>	<u>272,706</u>	<u>3,016</u>	<u>10,550</u>	<u>41,128</u>	<u>497,448</u>	<u>405</u>	<u>497,853</u>

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								
<u>Retained earnings (Deficit)</u>								
	Issued and paid-up	Share premium	Warrants	Legal reserve	Unappropriated (Deficit)	Equity attributable to owners of the Company	Non-controlling interests	Total equity
<i>Note</i>	share capital							
<i>(in thousand Baht)</i>								
Six month period ended 30 June 2016								
Balance at 1 January 2016	170,048	272,706	3,800	10,650	29,648	486,852	181	487,033
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners of the Company</i>								
Share-based payment transactions	9	-	-	602	-	-	602	602
Dividends to owners of the Company	12	-	-	-	(3,741)	(3,741)	-	(3,741)
<i>Total contributions by and distributions to owners of the Company</i>		-	-	602	(3,741)	(3,139)	-	(3,139)
Total transactions with owners, recorded directly in equity		-	-	602	(3,741)	(3,139)	-	(3,139)
Comprehensive income for the period								
Profit or loss		-	-	-	(171,786)	(171,786)	(1,707)	(173,493)
Other comprehensive income (loss)		-	-	-	(2,584)	(2,584)	-	(2,584)
Total comprehensive income (loss) for the period		-	-	-	(174,370)	(174,370)	(1,707)	(176,077)
Balance at 30 June 2016	170,048	272,706	4,402	10,650	(148,463)	309,343	(1,526)	307,817

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	Issued and paid-up share capital	Share premium	Separate financial statements		Total Equity	
				Warrants	Legal reserve		Unappropriated
(in thousand Baht)							
Six month period ended 30 June 2015							
Balance at 1 January 2015		170,048	272,706	2,279	10,300	30,364	485,697
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners of the Company</i>							
Share-based payment transactions	9	-	-	737	-	-	737
Dividends to owners of the Company	12	-	-	-	-	(11,904)	(11,904)
Total contributions by and distributions to owners of the Company		-	-	737	-	(11,904)	(11,167)
Total transactions with owners, recorded directly in equity		-	-	737	-	(11,904)	(11,167)
Comprehensive income for the period							
Profit or loss		-	-	-	-	4,584	4,584
Total comprehensive income for the period		-	-	-	-	4,584	4,584
Transfer to legal reserve		-	-	-	250	(250)	-
Balance at 30 June 2015		170,048	272,706	3,016	10,550	22,794	479,114

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	Issued and paid-up share capital	Share premium	Separate financial statements			Total Equity
				Warrants	Legal reserve	Retained earnings (Deficit) Unappropriated (Deficit)	
<i>(in thousand Baht)</i>							
Six month period ended 30 June 2016							
Balance at 1 January 2016		170,048	272,706	3,800	10,650	22,807	480,011
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners of the Company</i>							
Share-based payment transactions	9	-	-	602	-	-	602
Dividends to owners of the Company	12	-	-	-	-	(3,741)	(3,741)
Total contributions by and distributions to owners of the Company		-	-	602	-	(3,741)	(3,139)
Total transactions with owners, recorded directly in equity		-	-	602	-	(3,741)	(3,139)
Comprehensive income for the period							
Profit or loss		-	-	-	-	(27,375)	(27,375)
Other comprehensive income (loss)		-	-	-	-	(3,073)	(3,073)
Total comprehensive income (loss) for the period		-	-	-	-	(30,448)	(30,448)
Balance at 30 June 2016		170,048	272,706	4,402	10,650	(11,382)	446,424

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	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit (loss) for the period	(173,493)	(7,247)	(27,375)	4,584
<i>Adjustments for</i>				
Depreciation	712	1,123	567	660
Amortisation of intangible assets	7,885	10,562	3,077	3,577
Interest income	(4,116)	(4,616)	(4,203)	(4,697)
Finance costs	483	514	318	325
Bad and doubtful debts expense	694	3,502	29	-
Allowance for goods return (reversal of)	865	(4,630)	(376)	(381)
Loss on decline in value of inventories	191,504	333	22,942	379
Gain on disposal of investment in debt security	(38)	-	(38)	-
Gain on disposal of equipment	(113)	-	(58)	-
Loss on written-off of intangible assets	12,354	-	4,521	-
Employee benefit obligations	441	528	316	402
Share-based payment transactions	602	737	602	737
Income tax expense (benefit)	(43,363)	1,281	(6,233)	1,185
	(5,583)	2,087	(5,911)	6,771
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(1,306)	4,410	3,658	4,809
Accrued income	751	424	1,549	(1,878)
Other receivables	1,488	8,033	(14,967)	5,456
Inventories	6,600	5,056	2,790	2,645
Other current assets	(12)	565	(140)	514
Restricted deposit	193	(108)	-	-
Other non-current assets	400	(39)	197	-
Trade accounts payable	(3,465)	(12,198)	(3,920)	(13,363)
Other payables	4,958	278	3,854	(2,153)
Accrued expenses	(4,705)	(307)	(1,723)	368
Other current liabilities	138	(488)	(294)	(95)
Other non-current liabilities	49	15	-	-
Cash generated from (used in) operating activities	(494)	7,728	(14,907)	3,074
Income tax paid	(440)	(3,414)	(410)	(3,007)
Withholding tax refunded	1,855	-	1,855	-
Net cash from (used in) operating activities	921	4,314	(13,462)	67

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	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	4,481	3,776	4,570	3,867
Current investments	95,205	(100,233)	95,399	(100,200)
Purchase of investment in debt security	(117,000)	-	(117,000)	-
Net cash inflow on disposal of investment in debt security	122,054	-	122,054	-
Purchase of equipment	(50)	-	(43)	-
Sale of equipment	57	-	-	-
Purchase of intangible assets	(4,198)	(4,191)	(861)	(595)
Net cash from (used in) investing activities	100,549	(100,648)	104,119	(96,928)
<i>Cash flows from financing activities</i>				
Interest paid	(323)	(356)	(200)	(229)
Dividends paid to owners of the Company	(3,741)	(11,904)	(3,741)	(11,904)
Bank overdrafts	(9,915)	27	-	-
Net cash used in financing activities	(13,979)	(12,233)	(3,941)	(12,133)
Net increase (decrease) in cash and cash equivalents	87,491	(108,567)	86,716	(108,994)
Cash and cash equivalents at 1 January	68,405	222,491	64,140	218,161
Cash and cash equivalents at 30 June	155,896	113,924	150,856	109,167
<i>Non-cash transactions</i>				
Payables for purchase of equipment	-	74	-	74
Payables for purchase of intangible assets	2,582	4,189	-	-

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 2016 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Related parties
4	Current investments
5	Trade accounts receivable
6	Investments in subsidiaries
7	Deferred tax
8	Employee benefit obligations
9	Warrants
10	Segment information
11	Earnings (loss) per share
12	Dividends
13	Financial instruments
14	Commitments with non-related parties
15	Thai Financial Reporting Standards (TFRS) not yet adopted
16	Reclassification of accounts

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 2016 (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 3 August 2016.

1 General information

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

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 (76.49% shareholding), which was incorporated in Thailand.

The principal activities of the Company are importing, publishing and distributing local and foreign publications, production of TV programs and providing advertisements through TV media, digital media and character management. Details of the Company’s subsidiaries as at 30 June 2016 and 31 December 2015 are given in note 6.

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 2015) *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 2015. 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 2015.

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 2015 except that the Group has adopted all the revised TFRS that are effective for annual periods beginning on or after 1 January 2016. 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 2016 (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 2015.

Measurement of fair values

Significant valuation 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 13 - financial instruments.

(d) *Use of going concern basis of accounting*

Due to the shift of consumer behaviours, the Company has considered the effects of such changes and continually resolving its operations. 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 distribution of publications by setting a provision for inventory obsolescence in accordance with the current situation and focusing on the publishing and distributions of certain profitable publications. This included the implementation of plans to control and saved production costs by continually reducing costs, management expenses, distribution expenses and others administrative expenses. According to the aforementioned operation's results, the Group has considered to set up a provision for inventory obsolescence and written-off the licences for publications for the six-month period ended 30 June 2016 amounted to Baht 193.48 million and Baht 10.97 million in the consolidated statement of comprehensive income, and Baht 20.83 million and Baht 3.13 million in the separate statement of comprehensive income, respectively. This included the recognition of deferred tax assets as at 30 June 2016 amounted to Baht 38.70 million and Baht 4.17 million in the consolidated and separate financial statements, respectively. Moreover, the Group is in the process of launching new businesses and seeking for business alliances for the investment in 2016.

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 2016 (Unaudited)

However, the Group's management believes that the net assets are adequate to operate as a going concern and the preparation of the financial statements on a going concern basis is appropriate. Accordingly, the consolidated and separate financial statements do not include any adjustments relating to the recoverability and classifications of recorded assets amounts or to amounts and classifications of liabilities that may be necessary if the Group is unable to continue as a going concern.

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 6. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation /nationality	Nature of relationships
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, 76.49% 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.

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 2016 (Unaudited)

Name of entities	Country of incorporation /nationality	Nature of relationships
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

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

Transactions	Pricing policies
Revenue from sales of goods and rendering of 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
Interest income on loan	Approximated loan rate of financial institutions
Other income	Negotiable rate
Selling and administrative expenses	Negotiable rate

Significant transactions for the three-month and six-month periods ended 30 June 2016 and 2015 with related parties were as follows:

<i>Three-month period ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sales of goods and rendering of services	615	641	502	573
Cost of sales of goods and rendering of services	4,021	3,142	3,906	3,018
Sale of equipment	766	-	709	-
Selling and administrative expenses	1,364	1,655	893	1,302
Subsidiaries				
Cost of sales of goods and rendering of services	-	-	139	-
Interest income on loan	-	-	47	49
Other income	-	-	2,744	1,075
Selling and administrative expenses	-	-	345	501

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 2016 (Unaudited)

<i>Three-month period ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Other related parties				
Revenue from sales of goods and rendering of services	2,079	2,978	2,044	2,535
Cost of sales of goods and rendering of services	9,072	13,357	4,498	8,204
Sale of equipment	27	-	27	-
Other income	450	-	450	-
Selling and administrative expenses	1,204	696	579	178
Key management personnel				
Key management personnel compensation				
Wages and salaries	2,565	2,051	2,565	2,051
Others	187	148	187	148
Total key management personnel compensation	<u>2,752</u>	<u>2,199</u>	<u>2,752</u>	<u>2,199</u>
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Parent				
Revenue from sales of goods and rendering of services	2,708	2,341	2,102	1,718
Cost of sales of goods and rendering of services	6,978	6,758	6,703	5,994
Sale of equipment	766	-	709	-
Selling and administrative expenses	3,011	6,242	2,067	5,470
Subsidiaries				
Revenue from sales of goods and rendering of services	-	-	4	7
Cost of sales of goods and rendering of services	-	-	139	-
Interest income on loan	-	-	96	99
Other income	-	-	4,118	2,148
Selling and administrative expenses	-	-	716	931
Other related parties				
Revenue from sales of goods and rendering of services	7,305	6,058	7,256	5,960
Cost of sales of goods and rendering of services	19,864	29,574	10,135	17,692
Sale of equipment	27	-	27	-
Other income	1,144	-	1,144	-
Selling and administrative expenses	1,935	1,483	728	380
Key management personnel				
Key management personnel compensation				
Wages and salaries	5,131	4,102	5,131	4,102
Others	375	296	375	296
Total key management personnel compensation	<u>5,506</u>	<u>4,398</u>	<u>5,506</u>	<u>4,398</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 2016 (Unaudited)

Balances as at 30 June 2016 and 31 December 2015 with related parties were as follows:

<i>Trade accounts receivable - related parties</i>	Consolidated financial statements		Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
		<i>(in thousand Baht)</i>		
Parent	10,764	16,427	10,503	16,270
Subsidiary	-	-	3,676	3,671
Other related parties	12,077	9,132	12,077	8,861
	22,841	25,559	26,256	28,802
<i>Less</i> allowance for doubtful accounts	(67)	(67)	(67)	(67)
allowance for goods return	(11)	(19)	(11)	(19)
Net	22,763	25,473	26,178	28,716
	2016	2015	2016	2015
		<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>Accrued income - related parties</i>	Consolidated financial statements		Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
		<i>(in thousand Baht)</i>		
Other related parties	88	34	88	34
<i>Other receivables - related parties</i>	Consolidated financial statements		Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
		<i>(in thousand Baht)</i>		
Parent	1,293	112	1,293	112
Subsidiaries	-	-	54,312	39,134
Other related parties	1,273	1,666	1,204	1,637
	2,566	1,778	56,809	40,883
<i>Less</i> allowance for doubtful accounts	-	-	-	-
Net	2,566	1,778	56,809	40,883
	2016	2015	2016	2015
		<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 2016 (Unaudited)

<i>Short-term loan to related party</i>	Interest rate		Consolidated		Separate	
			financial statements		financial statements	
	2016	2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Subsidiary	6.43	6.59	-	-	3,000	3,000

Movements during the six-month periods ended 30 June 2016 and 2015 of short-term loan to related party were as follows:

<i>Short-term loan to related party</i>	Consolidated		Separate	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Subsidiary				
At 1 January	-	-	3,000	3,000
Increase	-	-	-	-
Decrease	-	-	-	-
At 30 June	-	-	3,000	3,000

<i>Trade accounts payable - related parties</i>	Consolidated		Separate	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Parent	19,302	18,598	4,713	3,634
Subsidiaries	-	-	3,723	3,584
Other related parties	91,295	92,647	6,244	8,419
Total	110,597	111,245	14,680	15,637

<i>Other payables - related parties</i>	Consolidated		Separate	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Parent	6,290	3,801	2,502	1,141
Subsidiary	-	-	1,121	995
Other related parties	1,221	666	932	479
Total	7,511	4,467	4,555	2,615

<i>Accrued expenses - related parties</i>	Consolidated		Separate	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Parent	42	195	40	187
Other related parties	278	3,015	30	712
Total	320	3,210	70	899

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 2016 (Unaudited)

Significant agreements with related parties

Short-term loan agreement

The Company entered into a short-term loan agreement with a subsidiary (“Nation Edutainment Co., Ltd.”) amounting to Baht 3 million. The loan was a promissory note and repayable at call. The loan bears interest rate at the average Minimum Loan Rate (average MLR) of four local financial institutions.

On 30 June 2016, the Company entered into a memorandum of change in short-term loan with such subsidiary whereby the Company permitted to change a counter party in the promissory note from Nation Edutainment Co., Ltd. to Nation Global Edutainment Co., Ltd. with the remaining conditions of the agreement remain unchanged.

Other agreements

The Company and a subsidiary entered into agreements with a parent company to be granted services relating 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 an agreement with a related party to rent a warehouse. The subsidiary committed to pay a rental fee as specified in the agreement.

4 Current investments

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Short-term deposits at financial institutions	10,486	125,691	10,084	125,483
Promissory notes	140,000	120,000	140,000	120,000
Debt security held for trading	-	5,016	-	5,016
Total	150,486	250,707	150,084	250,499

Movements during the six-month periods ended 30 June 2016 and 2015 of the marketable debt security were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Trading security				
At 1 January	5,016	-	5,016	-
Purchases during the period	117,000	-	117,000	-
Sales during the period	(122,016)	-	(122,016)	-
At 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 2016 (Unaudited)

5 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015
		<i>(in thousand Baht)</i>			
Related parties	3	22,841	25,559	26,256	28,802
Other parties		36,546	32,550	16,461	17,573
Total		59,387	58,109	42,717	46,375
Less allowance for doubtful accounts		(6,043)	(5,377)	(107)	(78)
allowance for goods return		(6,368)	(5,503)	(1,056)	(1,432)
Net		46,976	47,229	41,554	44,865
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Bad and doubtful debts expense for the three-month period ended 30 June		180	2,685	23	-
six-month period ended 30 June		694	3,502	29	-

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	1,493	17,382	1,379	17,022
Overdue:				
Less than 3 months	4,808	7,502	4,664	7,570
3-6 months	13,691	431	13,760	431
6-12 months	2,782	149	2,850	167
Over 12 months	67	95	3,603	3,612
	22,841	25,559	26,256	28,802
Less allowance for doubtful accounts	(67)	(67)	(67)	(67)
allowance for goods return	(11)	(19)	(11)	(19)
	22,763	25,473	26,178	28,716
Other parties				
Within credit terms	23,935	21,750	16,115	17,072
Overdue:				
Less than 3 months	6,104	5,450	228	450
3-6 months	510	31	59	31
6-12 months	42	20	38	20
Over 12 months	5,955	5,299	21	-
	36,546	32,550	16,461	17,573
Less allowance for doubtful accounts	(5,976)	(5,310)	(40)	(11)
allowance for goods return	(6,357)	(5,484)	(1,045)	(1,413)
	24,213	21,756	15,376	16,149
Net	46,976	47,229	41,554	44,865

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

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 2016 (Unaudited)

6 Investments in subsidiaries

<i>Six-month period ended 30 June</i>	Separate financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
At 1 January	61,410	62,010
Acquisitions	-	-
At 30 June	61,410	62,010

The merger of subsidiaries

At the Board of Directors' meeting of the Company held on 10 February 2016, the Board of Directors approved the merger of Nation Global Edutainment Co., Ltd. and Nation Edutainment Co., Ltd. which were the entire business transfer under the common controls for the restructuring of the Group's business operations.

Pursuant to the terms of an entire business transfer agreement, Nation Edutainment Co., Ltd. agreed to transfer its entire assets and liabilities to Nation Global Edutainment Co., Ltd. which Nation Global Edutainment Co., Ltd. paid the compensation of Baht 47 million to Nation Edutainment Co., Ltd. at the transfer date on 30 June 2016. Thereafter, Nation Edutainment Co., Ltd. registered the liquidation with the Ministry of Commerce on 30 June 2016.

For the six-month period ended 30 June 2016, Nation Edutainment Co., Ltd. contributed revenue of Baht 3.74 million and loss of Baht 6.19 million to the Group's results using equity method.

Acquisition

At the extraordinary meeting of the shareholders of a subsidiary ("Nation Global Edutainment Co., Ltd.") held on 1 June 2016, the shareholders of the subsidiary approved an increase in the registered share capital from Baht 50 million (divided into 50,000 ordinary shares at a par value of Baht 1,000 per share) to Baht 97 million (divided into 97,000 shares at a par value of Baht 1,000 per share) to the shareholders of a subsidiary ("Nation Edutainment Co., Ltd"). The subsidiary has fully received the paid-up capital on 30 June 2016 and registered the increase in share capital with the Ministry of Commerce on 4 July 2016.

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 2016 (Unaudited)

Investments in subsidiaries as at 30 June 2016 and 31 December 2015, and dividend income from those investments for the six-month periods ended 30 June 2016 and 2015 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 2016	December 2015	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015	June 2016	June 2015
		(%)						<i>(in thousand Baht)</i>					
Nation Edutainment Co., Ltd. (transferred business and registered the liquidation on 30 June 2016)	Importing publishing and distributing cartoon's books for edutainment	99.99	99.99	41,250	41,250	25,364	25,364	-	-	25,364	25,364	-	-
Nation Kids Co., Ltd. (ceased its operations since May 2014)	Production of TV programs and providing advertisements through TV media	99.99	99.99	1,000	1,000	1,000	1,000	-	-	1,000	1,000	-	-
Nation Global Edutainment Co., Ltd.	Importing, publishing and distributing children's books for edutainment	98.99	98.99	50,000	50,000	35,046	35,046	-	-	35,046	35,046	-	-
Total						61,410	61,410	-	-	61,410	61,410	-	-

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

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 2016 (Unaudited)

7 Deferred tax

Deferred tax assets as at 30 June 2016 and 31 December 2015 were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Total	70,546	26,537	-	-
Set off of tax	-	-	-	-
Net deferred tax assets	70,546	26,537	-	-

	Separate financial statements			
	Assets		Liabilities	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Total	13,445	6,444	-	-
Set off of tax	-	-	-	-
Net deferred tax assets	13,445	6,444	-	-

Movements in total deferred tax assets during the six-month periods ended 30 June 2016 and 2015 were as follows:

	Consolidated financial statements			
	At 1 January 2016	(Charged) / Credited to:		At 30 June 2016
		Profit or loss	Other comprehensive income	
	<i>(in thousand Baht)</i>			
Deferred tax assets				
Trade accounts receivable	2,176	306	-	2,482
Inventories	13,884	42,817	-	56,701
Provisions	1,628	(33)	646	2,241
Loss carry forward	8,849	273	-	9,122
Total	26,537	43,363	646	70,546

	Consolidated financial statements			
	At 1 January 2015	(Charged) / Credited to:		At 30 June 2015
		Profit or loss	Other comprehensive income	
	<i>(in thousand Baht)</i>			
Deferred tax assets				
Trade accounts receivable	4,194	(899)	-	3,295
Inventories	13,275	67	-	13,342
Provisions	1,354	137	-	1,491
Share-based payment transactions	456	147	-	603
Loss carry forward	10,326	698	-	11,024
Total	29,605	150	-	29,755

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 2016 (Unaudited)

	At 1 January 2016	Separate financial statements (Charged) / Credited to:		At 30 June 2016
		Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
Trade accounts receivable	302	(69)	-	233
Inventories	5,197	4,588	-	9,785
Provisions	945	(67)	768	1,646
Loss carry forward	-	1,781	-	1,781
Total	6,444	6,233	768	13,445

	At 1 January 2015	Separate financial statements (Charged) / Credited to:		At 30 June 2015
		Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
Trade accounts receivable	565	(76)	-	489
Inventories	5,070	76	-	5,146
Provisions	746	99	-	845
Share-based payment transactions	456	147	-	603
Total	6,837	246	-	7,083

The Group does not record deferred tax assets from tax losses amounting to Baht 43.67 million, expire in 2016 and 2020-2021, since the management considered that it is not probable that future taxable profits will be available against which the subsidiary can utilise the benefits therefrom.

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 2016 (Unaudited)

8 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015

(in thousand Baht)

**Statement of financial position
obligation for:**

Post-employment benefits	<u>11,206</u>	<u>8,142</u>	<u>8,233</u>	<u>4,725</u>
--------------------------	---------------	--------------	--------------	--------------

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015

(in thousand Baht)

Three-month period ended 30 June

Statement of comprehensive income:

Recognised in profit or loss:

Post-employment benefits	<u>290</u>	<u>369</u>	<u>206</u>	<u>268</u>
--------------------------	------------	------------	------------	------------

**Recognised in other comprehensive
income:**

Actuarial losses recognised in the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
---	----------	----------	----------	----------

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015

(in thousand Baht)

Six-month period ended 30 June

Statement of comprehensive income:

Recognised in profit or loss:

Post-employment benefits	<u>601</u>	<u>686</u>	<u>434</u>	<u>498</u>
--------------------------	------------	------------	------------	------------

**Recognised in other comprehensive
income:**

Actuarial losses recognised in the period	<u>3,230</u>	<u>-</u>	<u>3,841</u>	<u>-</u>
---	--------------	----------	--------------	----------

The Group and the Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

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 2016 (Unaudited)

Movement during the six-month periods ended 30 June 2016 and 2015 in the present value of the defined benefit obligations were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	8,142	6,769	4,725	3,729
Include in profit or loss:				
Current service costs	441	528	316	402
Interest on obligation	160	158	118	96
	601	686	434	498
Include in other comprehensive income:				
Actuarial losses	3,230	-	3,841	-
	3,230	-	3,841	-
Other:				
Transfer in (out)	(767)	-	(767)	-
	(767)	-	(767)	-
Defined benefit obligations at 30 June	11,206	7,455	8,233	4,227

Actuarial assumptions

The followings were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated financial statements		Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(%)</i>			
Discount rate	2.9	4.1	2.9	4.1
Future salary growth	4.0 - 7.0	4.0 - 7.0	4.0 - 7.0	4.0 - 7.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

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 4.25 million 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 expenses for share-based payment transactions for the six-month period ended 30 June 2016 were Baht 0.60 million and Baht 0.60 million in the consolidated and separate financial statements, respectively (2015: Baht 0.74 million and Baht 0.74 million, respectively).

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 2016 (Unaudited)

Movements during the six-month periods ended 30 June 2016 and 2015 of warrants were as follows:

	Consolidated financial statements / Separate financial statements			
	2016		2015	
	Number of warrants	Grant date fair value	Number of warrants	Grant date fair value
	<i>(thousand units /in thousand Baht)</i>			
At 1 January	1,387	3,800	832	2,279
Issued warrants during the period	346	800	377	848
Forfeited warrants during the period	(126)	(198)	(108)	(111)
At 30 June	<u>1,607</u>	<u>4,402</u>	<u>1,101</u>	<u>3,016</u>

NINE-W1

The outstanding unexercised warrants as at 30 June 2016 were as follows:

Unexercised warrants as at 1 January 2016	Issued warrants <i>(million units)</i>	Exercised warrants	Unexercised warrants as at 30 June 2016	Exercise price <i>(Baht / share)</i>	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 a par value of Baht 1 per share) to Baht 259.25 million (divided into 259,250,000 ordinary shares at a par value of Baht 1 per share) by issuing of not exceeding 174,250,000 ordinary shares at a par value of Baht 1 per share to reserve for the increase in share capital and exercise of warrants as referred above.

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 2016 (Unaudited)

10 Segment information

Information about reportable segments

<i>Six-month period ended 30 June</i>	Publishing and services		TV Media		Others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	<i>(in thousand Baht)</i>							
External revenue	74,731	97,432	4,570	13,069	1,056	2,761	80,357	113,262
Other income	7,506	6,967	46	270	1,358	1,789	8,910	9,026
Total segment revenue	82,237	104,399	4,616	13,339	2,414	4,550	89,267	122,288
Segment loss before income tax	(211,425)	(4,054)	(4,536)	(846)	(895)	(1,066)	(216,856)	(5,966)
Reportable segment assets as at 30 June / 31 December	373,205	597,052	22,001	24,251	3,889	3,911	399,095	625,214
Reportable segment liabilities as at 30 June / 31 December	141,347	155,895	1,212	3,831	7,003	3,319	149,562	163,045

The Group has reconsidered an information about reportable segments in relevant to its business restructuring according to the operation plan in note 2 (d).

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 2016 (Unaudited)

Reconciliations of reportable segment assets and liabilities

	30 June 2016	31 December 2015
	<i>(in thousand Baht)</i>	
Assets		
Total assets for reportable segments	399,095	625,214
Other unallocated amounts	70,822	34,188
Consolidated total assets	<u>469,917</u>	<u>659,402</u>
Liabilities		
Total liabilities for reportable segments	149,562	163,045
Other unallocated amounts	12,538	9,324
Consolidated total liabilities	<u>162,100</u>	<u>172,369</u>

11 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 2016 and 2015 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:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<i>Three-month period ended 30 June</i>	<i>(in thousand Baht / thousand shares)</i>			
Loss attributable to ordinary shareholders of the Company (basic)	<u>(162,633)</u>	<u>(8,262)</u>	<u>(26,100)</u>	<u>(318)</u>
Number of ordinary shares outstanding	<u>170,048</u>	<u>170,048</u>	<u>170,048</u>	<u>170,048</u>
Loss per share (basic) (in Baht)	<u>(0.956)</u>	<u>(0.049)</u>	<u>(0.153)</u>	<u>(0.002)</u>

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<i>Six-month period ended 30 June</i>	<i>(in thousand Baht / thousand shares)</i>			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	<u>(171,786)</u>	<u>(6,972)</u>	<u>(27,375)</u>	<u>4,584</u>
Number of ordinary shares outstanding	<u>170,048</u>	<u>170,048</u>	<u>170,048</u>	<u>170,048</u>
Earnings (loss) per share (basic) (in Baht)	<u>(1.010)</u>	<u>(0.041)</u>	<u>(0.161)</u>	<u>0.027</u>

Diluted earnings (loss) per share

The calculations of diluted earnings (loss) per share for the three-month and six-month periods ended 30 June 2016 and 2015 were based on profit (loss) for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods after adjusting for the effects of all dilutive potential ordinary shares as follows:

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 2016 (Unaudited)

<i>Six-month period ended 30 June</i>	Separate financial statements	
	2016	2015
	<i>(in thousand Baht / thousand shares)</i>	
Profit (loss) attributable to ordinary shareholders of the Company (basic)	<u>(27,375)</u>	<u>4,584</u>
Number of ordinary shares outstanding (basic)	170,048	170,048
Effect of exercises of share options	<u>-</u>	<u>30,791</u>
Number of ordinary share outstanding (diluted)	<u>170,048</u>	<u>200,839</u>
Earnings (loss) per share (diluted) (in Baht)	<u>(0.161)</u>	<u>0.023</u>

The Company did not present diluted loss per share due to the loss from operating results attributable to ordinary shareholders in the consolidated and separate financial statements for the three-month periods ended 30 June 2016 and 2015.

The Company did not present diluted loss per share due to the loss from operating results attributable to ordinary shareholders in the consolidated financial statements for the six-month periods ended 30 June 2016 and 2015.

The Company has not assumed the conversion of the warrants (NINE-W1) and the warrants issued to the directors, management and/or employees of the Company and/or its subsidiaries (NINE-WA) in the calculation of diluted loss per share due to the loss from operating results attributable to ordinary shareholders in the separate financial statements for the six-month period ended 30 June 2016.

The Company has not assumed the conversion of the warrants issued to the directors, management and/or employees of the Company and/or its subsidiaries (NINE-WA) in the calculation of diluted loss per share due to the loss from operating results attributable to ordinary shareholders in the separate financial statements for the six-month period ended 30 June 2015.

12 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.

At the annual general meeting of the shareholders of the Company held on 28 April 2015, the shareholders approved the appropriation of dividends from the 2014 operating results of Baht 0.07 per share, amounting to Baht 11.90 million. The dividends were paid to the shareholders in May 2015.

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 2016 (Unaudited)

13 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	Consolidated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
30 June 2016					
<i>Financial assets / Financial liabilities not measured at fair value</i>					
Cash and cash equivalents	155,896				
Current investments	150,486				
Trade accounts receivables	46,976				
Accrued income	5,799				
Other receivables	4,486				
Trade accounts payable	119,361				
Other payables	14,389				
Accrued expenses	10,685				
31 December 2015					
<i>Financial assets measured at fair value</i>					
Debt security held for trading	5,016	-	5,016	-	5,016
<i>Financial assets / Financial liabilities not measured at fair value</i>					
Cash and cash equivalents	68,405				
Current investments	245,691				
Trade accounts receivables	47,229				
Accrued income	6,550				
Other receivables	5,603				
Bank overdrafts	9,915				
Trade accounts payable	122,826				
Other payables	9,698				
Accrued expenses	15,390				

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 2016 (Unaudited)

	Carrying amount	Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
30 June 2016					
<i>Financial assets / Financial liabilities not measured at fair value</i>					
Cash and cash equivalents	150,856				
Current investments	150,084				
Trade accounts receivables	41,554				
Accrued income	1,784				
Other receivables	58,468				
Short-term loan to related party	3,000				
Trade accounts payable	22,490				
Other payables	8,851				
Accrued expenses	4,514				
31 December 2015					
<i>Financial assets measured at fair value</i>					
Debt security held for trading	5,016	-	5,016	-	5,016
<i>Financial assets / Financial liabilities not measured at fair value</i>					
Cash and cash equivalents	64,140				
Current investments	245,483				
Trade accounts receivable	44,865				
Accrued income	3,333				
Other receivables	43,132				
Short-term loan to related party	3,000				
Trade accounts payable	26,410				
Other payables	4,273				
Accrued expenses	6,237				

Financial instruments carried at fair value

Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group determines Level 2 fair values for debt security held for trading using total net assets value of investment from Assets Management Entity's Report.

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 2016 (Unaudited)

14 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in thousand Baht)</i>			
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	3,962	5,268	2,612	2,568
After one year but within five years	1,104	2,429	1,104	2,429
Total	<u>5,066</u>	<u>7,697</u>	<u>3,716</u>	<u>4,997</u>
<i>Other commitment</i>				
Bank guarantees	<u>1,303</u>	<u>1,497</u>	<u>694</u>	<u>694</u>

- a) The Company entered into lease and service agreements for its office premises and facilities with a local company for a 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 specified in the agreements.
- b) A subsidiary entered into a warehouse rental agreement with a local company. The subsidiary agreed to pay a rental fee at the rate specified in the agreement. The agreement had a period of 3 years, expiring on 31 December 2016.

15 Thai Financial Reporting Standards (TFRS) not yet adopted

A new TFRS has been issued but is not yet effective and has not been applied in preparing these interim financial statements. This new TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2017, is set out below. The Group does not plan to adopt this TFRS early.

TFRS	Topic
FAP Announcement no. 5/2016	FAP Guidance for derecognition of financial assets and financial liabilities

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of this new TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

16 Reclassification of accounts

Certain accounts in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2015, which are included in the 2016 interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2016 interim financial statements as follows:

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 2016 (Unaudited)

	2015					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass. <i>(in thousand Baht)</i>	Before reclass.	Reclass.	After reclass.
<i>Statement of comprehensive income for the three-month period ended 30 June</i>						
Administrative expenses	12,040	2,199	14,239	4,552	2,199	6,751
Management benefit expenses	2,199	<u>(2,199)</u>	-	2,199	<u>(2,199)</u>	-
		<u>-</u>			<u>-</u>	
<i>Statement of comprehensive income for the six-month period ended 30 June</i>						
Administrative expenses	22,033	4,398	26,431	8,992	4,398	13,390
Management benefit expenses	4,398	<u>(4,398)</u>	-	4,398	<u>(4,398)</u>	-
		<u>-</u>			<u>-</u>	