

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

Interim financial statements
and
Review Report of Certified Public Accountant

For the three-month and six-month periods ended
30 June 2011



KPMG Phoomchai Audit Ltd.

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Review Report of Certified Public Accountant

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

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

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

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

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



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

(Vichien Thamtrakul)
Certified Public Accountant
Registration No. 3183

KPMG Phoomchai Audit Ltd.
Bangkok
8 August 2011

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of financial position

As at 30 June 2011 and 31 December 2010

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June	31 December	30 June	31 December
		2011	2010	2011	2010
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<i>Current assets</i>					
Cash and cash equivalents		18,774	21,631	15,295	14,908
Current investments		22,980	30,030	22,980	30,030
Trade accounts receivable	5	101,697	91,085	41,101	32,660
Accrued income		5,112	11,215	3,496	9,555
Other receivables from related parties	4	10,354	12,756	21,708	21,607
Short-term loans to related party	4	-	-	3,000	-
Inventories		81,142	68,788	24,641	18,928
Other current assets		12,698	9,382	9,031	6,699
Total current assets		252,757	244,887	141,252	134,387
<i>Non-current assets</i>					
Investments in subsidiaries	6	-	-	26,364	26,364
Investments in jointly-controlled entity	7	-	-	25,046	25,046
Equipment	8	4,977	5,135	1,678	1,690
Intangible assets	9	33,894	27,228	10,686	8,749
Restricted deposits	10	3,821	3,773	-	-
Other non-current assets		737	630	293	293
Total non-current assets		43,429	36,766	64,067	62,142
Total assets		296,186	281,653	205,319	196,529

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of financial position

As at 30 June 2011 and 31 December 2010

Liabilities and equity	Note	Consolidated		Separate	
		30 June 2011 (Unaudited)	31 December 2010	30 June 2011 (Unaudited)	31 December 2010
<i>(in thousand Baht)</i>					
Current liabilities					
Bank overdrafts	11	3,186	4,732	-	-
Trade accounts payable	12	87,841	76,184	54,489	49,141
Other payables to related parties	4	7,507	6,436	5,902	4,627
Current portion of long-term loan from financial institution	11	5,877	7,276	-	-
Income tax payable		5,369	5,975	3,085	3,319
Accrued expenses	4	22,163	23,304	6,300	6,674
Other current liabilities		12,699	13,656	4,906	8,265
Total current liabilities		144,642	137,563	74,682	72,026
Non-current liabilities					
Employee benefit obligations	13	5,675	-	4,292	-
Total liabilities		150,317	137,563	78,974	72,026
Equity					
Share capital					
Authorised share capital		85,000	85,000	85,000	85,000
Issued and paid-up share capital		85,000	85,000	85,000	85,000
Premium on ordinary shares		18,352	18,352	18,352	18,352
Retained earnings					
Appropriated					
Legal reserve		8,500	8,500	8,500	8,500
Unappropriated		34,016	32,237	14,493	12,651
Total equity attributable to owners of the Company		145,868	144,089	126,345	124,503
Non-controlling interests		1	1	-	-
Total equity		145,869	144,090	126,345	124,503
Total liabilities and equity		296,186	281,653	205,319	196,529

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of comprehensive income

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
<i>Income</i>	4				
Revenue from sale of goods		46,293	42,006	16,314	13,984
Revenue from rendering of services		24,078	19,971	23,080	19,903
Investment income		694	443	259	31
Other income		2,107	1,184	1,690	1,355
Total income		73,172	63,604	41,343	35,273
<i>Expenses</i>					
Cost of sale of goods and rendering of services	4	52,852	41,924	25,013	22,332
Selling expenses	4	1,466	1,918	994	1,032
Administrative expenses	4	12,367	11,719	7,730	4,608
Management benefit expenses		1,819	2,383	637	1,344
Finance costs		517	432	173	89
Total expenses		69,021	58,376	34,547	29,405
Profit before income tax expense		4,151	5,228	6,796	5,868
Income tax expense		(1,327)	(2,057)	(1,665)	(1,482)
Profit for the period		2,824	3,171	5,131	4,386
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		2,824	3,171	5,131	4,386

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 2011 and 2010 (Unaudited)

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
<i>(in thousand Baht)</i>					
Profit attributable to:					
Owners of the Company		2,824	3,171	5,131	4,386
Non-controlling interests		-	-	-	-
Profit for the period		<u>2,824</u>	<u>3,171</u>	<u>5,131</u>	<u>4,386</u>
Total comprehensive income attributable to:					
Owners of the Company		2,824	3,171	5,131	4,386
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		<u>2,824</u>	<u>3,171</u>	<u>5,131</u>	<u>4,386</u>
Basic earnings per share <i>(in Baht)</i>	<i>15</i>	<u>0.03</u>	<u>0.05</u>	<u>0.06</u>	<u>0.06</u>

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

Nation International Edutainment Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the six-month periods ended 30 June 2011 and 2010 (Unaudited)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Income	4				
Revenue from sale of goods		95,852	93,368	29,362	29,188
Revenue from rendering of services		48,169	42,481	46,031	42,370
Investment income		1,139	706	408	31
Other income		2,941	3,067	3,080	3,527
Total income		148,101	139,622	78,881	75,116
Expenses					
Cost of sale of goods and rendering of services	4	103,188	90,514	48,275	45,083
Selling expenses	4	2,753	2,839	2,132	1,557
Administrative expenses	4	22,549	24,640	13,486	11,263
Management benefit expenses		3,892	4,689	1,373	2,612
Finance costs		823	590	232	188
Total expenses		133,205	123,272	65,498	60,703
Profit before income tax expense		14,896	16,350	13,383	14,413
Income tax expense		(3,532)	(5,478)	(3,250)	(4,440)
Profit for the period		11,364	10,872	10,133	9,973
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		11,364	10,872	10,133	9,973

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 2011 and 2010 (Unaudited)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Profit attributable to:					
Owners of the Company		11,364	10,872	10,133	9,973
Non-controlling interests		-	-	-	-
Profit for the period		<u>11,364</u>	<u>10,872</u>	<u>10,133</u>	<u>9,973</u>
Total comprehensive income					
Owners of the Company		11,364	10,872	10,133	9,973
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		<u>11,364</u>	<u>10,872</u>	<u>10,133</u>	<u>9,973</u>
Basic earnings per share <i>(in Baht)</i>	15	<u>0.13</u>	<u>0.16</u>	<u>0.12</u>	<u>0.14</u>

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 six -month periods ended 30 June 2011 and 2010 (Unaudited)

Note	Consolidated financial statements							Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Retained earnings			Equity attributable to the Company	
				Unappropriated	Non-controlling interests	Total equity		
				<i>(in thousand Baht)</i>				
	70,000	-	8,500	34,720	113,220	1	113,221	
Dividends to owners of the Company	-	-	-	(14,700)	(14,700)	-	(14,700)	
Comprehensive income for the period	-	-	-	10,872	10,872	-	10,872	
Balance at 30 June 2010	70,000	-	8,500	30,892	109,392	1	109,393	
Balance at 1 January 2011 - as reported	85,000	18,352	8,500	32,237	144,089	1	144,090	
Impact of changes in accounting policy	-	-	-	(5,335)	(5,335)	-	(5,335)	
Balance at 1 January 2011 - adjusted	85,000	18,352	8,500	26,902	138,754	1	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	85,000	18,352	8,500	34,016	145,868	1	145,869	

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

