

The Results of the Consolidated Financial Statements

The consolidated financial statements of Nation International Edutainment Public Company Limited and its subsidiaries for the six-month period ended 30 June 2016 represented a loss before income tax benefit of Baht 215.15 million. Inclusive of income tax benefit of Baht 43.36 million, the operations for the six-month period ended 30 June 2016 showed a loss of Baht 171.79 million. Compared to the same period of 2015, the loss was Baht 6.97 million, an increase loss of 2,364%. Since the shift of consumer behaviors, the Company has considered the effect of such changes and continually resolving its operations and the Group has restructured of the publishing and distribution of publications by setting an increase in 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 cost, management expenses, distribution expenses and other administrative expenses. Moreover, the Group is in the process of launching new businesses and seeking for business alliances for the investment within 2016. The Company would like to clarify significant changes in the Group's operating results are as follows:

1. Revenues from sales and services for the six-month period of 2016 decreased 29% compared to the same period of 2015. The main reasons were:
 - Revenues from circulation decreased 23% with circulation revenue of pocket books decreased 42%, comic books decreased 25% and foreign publication decreased 43% . Whereas, revenue from children books increased 25%.
 - Revenues from rendering of services decreased 37% with publishing, distributing and other service from foreign publications decreased 35%. Moreover, revenues from advertising and production of program in Digital TV decreased 63%.
2. Costs and expenses for the six-month period of 2016 increased 139% compared to the same period of 2015. The main reasons were:
 - Cost of goods sold decreased 31% in line with circulation revenue.
 - Cost of rendering of services decreased 19% in line with service revenue.

- Selling and administrative expenses increased 430% due to the Group has restructured of the publishing and distribution of publications due to the shift of consumer behaviors. The Group has set up a provision for inventory obsolescence and written-off the licences for publication in accordance with the current situation for the six-month period ended 30 June 2016 amounted to Baht 193.48 million and Baht 10.97 million in the consolidated financial statements of comprehensive income.

Conclusion :

The Group reported a loss before income tax benefit for the six-month period ended 30 June 2016 was Baht 215.15 million. Inclusive of income tax benefit of Baht 43.36 million, the operations for the six-month period ended 30 June 2016 showed a loss of Baht 171.79 million. Compared to the same period of 2015, the loss was Baht 6.97 million.