



ELECTRONICS INDUSTRY PUBLIC COMPANY LIMITED

ANNUAL REPORT

2015

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1. Chairman's Statement



"Diversification and globalization are the keys to the future"

Fujio Mitarai

As our shareholders are aware, the Company's management is keenly mindful of the need to diversify the Company's business beyond the narrow focus of local semiconductors and to expand further into the global market. In parallel to this, the Company's tenet remains that our investments are for the long term, through building a solid business foundation. Our first step towards a more diversified business model was the acquisition of Smart Traffic, the country's leading provider of Electronic Toll Collection Systems. In line with our diversification model, Smart Traffic is expanding rapidly into Systems Integration of Electronic Toll Collection, Automated Fare Collection, and Electronic Payment Solutions such as the Mangmoom (Spider) Card. The Company is further broadening its outlook by issuing the Mangmoom Card as a means to unify Thailand's public transportation system, along with providing the software supporting the clearing house service.

The sharp growth potential envisaged for Smart Traffic was curtailed on the back of a postponement in spending on major infrastructure projects in 2014 and the first half of 2015 due to the change in government. However, the latter half of 2015 saw a strong increase in government spending as infrastructure projects started to come back on track. Smart Traffic benefited from this roll out and management is confident that the company's outlook is bright, and the pipeline of projects has once again gained traction.

2015 was an exciting year for the Company as we took our first steps toward globalization, by investing not only outside Thailand, but also into an exciting new business arena; namely, sports. Through Thai Prime Investments Limited, the Company invested in Sport Events International and Global Legends Series. A recent report estimates the global sports business is worth in excess of US\$700bn annually, including infrastructure construction, sporting goods, licensed products and live events. Live events, in which SEI and GLS both focus, are particularly lucrative given the different industry participants ranging from free TV broadcasters profiting via viewers and advertising, to Pay TV profiting from subscribers, and most importantly digital platforms and social media. Narrowing the focus to sports events, global revenues topped US\$80bn in 2014, and continue to expand at a pace exceeding global GDP.

Football is the largest segment, commanding over 40% of global sports revenue, and growing at a weighted average CAGR of 8%. Simply taking into account European Money League Clubs, the numbers are truly compelling.

Our investment in SEI and GLS intends to capitalize on the four pillars of the sports value chain:

- Properties – our key assets that draw fans and sponsors
- Rights Management – management of media and marketing rights
- Events Management – licensing and hosting live events
- Content Packaging – packaging content for broadcasters and sponsors, and ultimately fans via digital media

The development and enhancement of the properties/brands will ultimately create tremendous value for shareholders on the back of the diversification and enhancement of the businesses under the Thai Prime model. Already today we are a world leader in amateur sports properties and events.

The Board of Directors would like to extend their sincere appreciation to the company's shareholders, business partners, financiers and all related parties for their continued trust and support. The Board is committed to achieving growth for all stakeholders.

Bee Taechaubol
Chief Executive Officer
Chairman of the Board of Directors

2. Operation Review


Fiscal 2015 saw a return to profitability for Smart Traffic on the back of a 516% increase in sales revenues, from Baht 82.9 million in 2014 to Baht 510.7 million in 2015. Net income also increased sharply from a net loss of Baht -84.4 million in 2014 to a net profit of Baht 69.9 million in 2015. It was encouraging to see that many of the projects that were delayed by the political unrest in 2014 came back in 2015 and that the momentum appears to be continuing into 2016. In parallel to the success of Smart Traffic, the diode business continued its slow decline with revenues dropping another 3% year-on-year and negative gross margins for the second year in a row due to increased provisions for obsolete materials and sale of scrap. The Company's diversification efforts resulted in an investment in the global sports business in August via a wholly owned subsidiary, Thai Prime Investments Limited.


- **EIC Pcl:**
 - The Company generated an operating loss of Baht 67.5 million.
 - The Company's overhead increased ahead of the Company's plans to invest in football related business.
 - The Company's losses were further increased by the fact that the Baht 70 million share deposit plus interest has been 100% provisioned thus causing an additional loss of Baht 71 million.
 - A Baht 38 million increase in impairment of the Company's investment in Smart Traffic was caused by a conservative valuation of the company's prospects.
- **EIC Semi:**
 - EIC Semi generated an operating loss of Baht 44.8 million. Revenues declined by 3%.
 - Increased provision for material obsolescence and sale of scrap material resulted in a Baht 66.7 million reduction in inventory balance and an Baht 80 million increase in COGS. The policy for material obsolescence has been changed again so that all slow moving or obsolete material more than one year old will be 100% provisioned. In effect, all material more than one year old is slow moving.
- **Smart Traffic:**
 - Smart Traffic generated approximately Baht 70 million of operating profit.
 - Revenues were approximately Baht 510.7 million.
- **Thai Prime Investments Limited**
 - The Company generated an operating loss of Baht 15.1 million of which Baht 0.96 million is from TPIL's share of loss from Global Legends Series and Baht1.18 million is from TPIL's share of loss from Sport Events International.
 - The impairment review of TPIL's investment in GLS and SEI was not completed on time so the auditor did not have adequate time to review the valuations and analyze the assumptions. The auditor has noted this in his qualified opinion.


As a result of delays in restating Smart Traffic's financial statements, EIC was in turn unable to respond in a timely fashion to the SEC's request to restate its financial statements for fiscal 2014 and for the first quarter of 2015 as instructed by letter on May 9th, 2015. The Company was eventually able to present restated 2014 financial statements in January 2016 and expects to submit restated first quarter 2015 financial statements shortly.


3. The Board of Directors


The Board of Directors of EIC currently consists of none Directors. Summary bio data follows:

| | |
|---|---|
|  | |
| Name | Bee Taechaubol (40) |
| Current Position in EIC | 2015-date: Chief Executive Officer |
| Education | <ul style="list-style-type: none"> • Masters of Business Administration, Sasin Business School, Chulalongkorn University, Bangkok • Bachelor of Civil Engineering (Structural Engineering and Engineering Management), University of New South Wales, Sydney, Australia |
| Experience | 2015-date: EIC Pcl, Chairman and Chief Executive Officer 2007-date: Thai Prime Co Ltd, Managing Director 2012-2013: KTech Construction Pcl, Director 2010-2010: MFC Asset Management Pcl, Director 2009-2011: Country Group Securities Pcl, Chief Executive Officer 2008-2009: Country Group Securities Pcl, Vice President 2007-2008: Country Group Securities Pcl, Director 2005-2006: International Engineering Pcl, Director General 2000-2007: Global Estates Co Ltd., President |
| Other Current Position | |
| - Non-Listed Company | <ul style="list-style-type: none"> • Thai Prime Co Ltd, Managing Director • Thai Prime International Limited, Director • Sport Events International Ltd, Director • Global Legends Series Ltd, Director |
| Shareholding in EIC | 168,151,757 (25.19%) |


| | |
|---|---|
|  | |
| Name | Somkad Sueptrakul (64) |
| Current Position in EIC | 2013-date: Chairman of Nomination & Remuneration Committee |
| Education | <ul style="list-style-type: none"> • Master of Public Administration, Political and Administrative Science (Public Policy Planning), NIDA • Bachelor Degree of Law, Ramkhamhaeng University |
| Director Training | <ul style="list-style-type: none"> • Director Certification Program (DCP) 77 /2009 • Director Accreditation Program (DAP) 115 /2009 • College of Politics and Governance for High-Level Administrators, King Prajadhipok's Institute (KPI-Class 10) • College of Administrative Justice, the Administrative Court (Class 2) • Institute of Urban Development, Bangkok (Mahanakorn 2) |
| Experience | <p>2002-2006: Consultant to the Chairman of the Senate 2000-2006: Consultant to the Senate Budget Committee 2001 : Judicial Selection Commission of the Constitutional Court, The House of Representatives 1998-1999: Consultant to the Chairman of the Executive Committee of the Telephone Organization of Thailand. 1996-2000: Secretary to the Governor of Bangkok 1992-1996: Consultant to the Commission on Human Rights, The House of Representatives</p> |
| Other Current Position | |
| - Listed Company | <ul style="list-style-type: none"> • Country Group Holdings Plc, Director, Chairman of Investment Committee • Areeya Properties PLC. Legal Consultant • Thai Rubber Latex Corporation (Thailand) PLC. Legal Consultant • Country Group Securities Pcl, Director and Chairman of the Investment Committee |
| - Non-Listed Company | None |
| Shareholding in EIC | None |


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|  | |
| Name | Teepat Sutabutra (42) |
| Current Position in EIC | 2014-date: Director |
| Education | <ul style="list-style-type: none"> • Doctor of Philosophy in Sociology, Ramkhamhaeng University • Master of Science in Finance, American University, Washington D.C., USA • Master of Science in Marketing and Technology, American University, Washington D.C., USA • Bachelor of Economics, Kasetsart University |
| Director Training | Thai Institute of Directors (IOD) |
| Experience | <p>2011-date: Sub-Committee on Macro- economic Study of Committee on Agricultural Product Price Promotion</p> <p>2008-date: Enrich Holdings Co., Ltd., Chief Executive Officer</p> <p>2011-2013: MFC Asset Management Pcl., Independent Director</p> <p>2009-2010: Advisor to the Deputy Prime Minister for Economic</p> <p>2006-2008: Advisor to the Minister of Agriculture and Cooperatives</p> <p>2001: Advisor to the Minister of University Affairs</p> |
| Other Current Position | |
| - Listed Company | None |
| - Non-Listed Company | <ul style="list-style-type: none"> • Enrich Holdings Co Ltd, Chief Executive Officer |
| Shareholding in EIC | None |


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|---|--|
|  | |
| Name | Luca Roveda (54) |
| Current Position in EIC | 2014-date: General Manager |
| Education | <ul style="list-style-type: none"> • Diploma in Management Studies, Kingston Regional Management Center, London, UK • Bachelor of Arts, History of Art & Italian, University College London |
| Director Training | Institute of Directors Director Accreditation Program Class 115/2015 |
| Experience | <p>2012-2014: Far East Capital Co Ltd, Managing Director 2001-2011: General Electronics International Co Ltd, Managing Director 1998-2000: K.R. Precision Pcl, Finance Director 1997-1998: Rauscher, Pierce & Clark (Asia) Ltd, Managing Director 1993-1996: Raimon Land Pcl, Finance Manager 1991-1993: Ital Gold Co Ltd, Finance Manager 1989-1991: K.R. Precision Co Ltd, Sales & Finance Manager 1986-1989: Chinavest NV, Financial Analyst</p> |
| Other Current Position | |
| - Listed Company | <ul style="list-style-type: none"> • Scan Global Pcl, Chairman of the Audit Committee |
| - Non-Listed Company | <ul style="list-style-type: none"> • Far East Capital Co Ltd, Director • Thai Prime International, Managing Director |
| Shareholding in EIC | None |

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|  | |
| Name | Donald Ian McBain (62) |
| Current Position in EIC | 2015-date: Non-Executive Director |
| Education | <ul style="list-style-type: none"> • Bachelor of Engineering (Civil Engineering) Capricornia Institute of Advanced Education, Queensland, Australia • Master of Business Administration Deakin University, Victoria, Australia |
| Director Training | |
| Experience | <p>2014-date: GL Ktech Construction Co Ltd (Myanmar). Director</p> <p>2008-2015: K-Tech Construction Pcl. Chief Executive Officer, Business Reorganization Plan Administrator</p> <p>2008-2009: Worldgas (Thailand) Co Ltd, Chairman of Board of Directors</p> <p>2006-2011: Alliance Select Foods International Inc (Philippines), Alliance Tuna International Inc. Independent Director and Member of Remuneration Committee</p> <p>2006-date: SAS Advisory Co Ltd (Hong Kong), Director</p> <p>2002-date: Siam Advisory Services Co Ltd (Thailand). Director</p> <p>2000-2001: Ernst & Young Corporate Services Ltd (Thailand). Associate Director</p> <p>1998-2014: Diogenes Ltd (Thailand). Managing Director</p> <p>1997-1999: Sahaviriya City Pcl. Senior Vice President</p> <p>1995-1997: Sahaviriya City Pcl. Vice President</p> <p>1991-1995: Sindhu Maunsell Consultants Thailand, Business Development Manager</p> <p>1989-1991: Maunsell Pty Ltd (Australia). Principal Project Manager</p> <p>1985-1988: Maunsell Pty Ltd (Australia). Senior Engineer</p> <p>1980-1984: Maunsell Pty Ltd (Australia). Design Engineer</p> <p>1976-1980: Sir William Halcrow & Partners (England). Design Engineer</p> <p>1973-1975: M. L. Hallahan & Associates (Australia). Trainee Engineer Structural Design</p> |
| Other Current Position | |
| - Listed Company | None |
| - Non-Listed Company | <ul style="list-style-type: none"> • GL KTech Construction Co Ltd., Director |
| Shareholding in EIC | None |

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|  | |
| Name | Songphon Chaovanayothin (40) |
| Current Position in EIC | 2015-date: Director |
| Education | <ul style="list-style-type: none"> • Bachelor of Business Administration, Advertising and Business Management, Assumption University, ABAC • Certificate of Enterprise Diagnosis and Consultation (Kaizen), Technology Promotion Institute (Thailand-Japan) with the cooperation of JICA, JODC and Ministry of Industry of Thailand. |
| Director Training | |
| Experience | 2003-date: Pace Development Pcl., Chief Executive Director 2003-2007: Toyota Motors Thailand Co Ltd., Senior Supervisor 2002-2003: Technology Promotion Institute (Thailand-Japan), Business Analyst & Consultant 2002-2003: Instructor for Enterprise Diagnosis and Consultation Program, Technology Promotion Institute (Thailand-Japan) |
| Other Current Position | |
| - Listed Company | <ul style="list-style-type: none"> • Pace Development Co Ltd, Executive Director, |
| - Non-Listed Company | <ul style="list-style-type: none"> • Lean Enterprise Co Ltd, Managing Director |
| Shareholding in EIC | None |

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|---|---|
|  | |
| Name | Stephane Benayon (49) |
| Current Position in EIC | 2015-date: Chairman of the Audit Committee |
| Education | <ul style="list-style-type: none"> • Economics, York University, Toronto, Canada |
| Director Training | |
| Experience | 2010-date: BC Fine Living Limited, Director 2001-date: Soho Holdings, Director 2009-2011: Mill Con Steel Pcl., Independent Director 2007: JP Morgan Securities (Asia) Ltd., Vice President 2003-2007: Gsteel Pcl, Executive Director 1999-2001: Prebon Yamane (HK) Ltd, Director, 1997-1999: Prebon Yamane (HK) Ltd, Manager- Asian Distressed Assets 1995-1997: Prebon Yamane (HK) Ltd, Manager Local Currency Debt Desk 1994-1995: Prebon Yamane (HK) Ltd, Senior Broker FX Forward |
| Other Current Position | |
| - Listed Company | None |
| - Non-Listed Company | <ul style="list-style-type: none"> • BC Fine Living Ltd., Director • Soho Holdings, Director |
| Shareholding in EIC | None |

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|  | |
| Name | Yutthana Phanumaphorn (54) |
| Current Position in EIC | 2014-date: Member of the Audit Committee, Independent Director |
| Education | <ul style="list-style-type: none"> • Institute for Psychological Stability, Defense of Academic Institutions, Thai Army HQ, 2009 • Course Director for Psychological Operations Department, Class 100 • King Prajadhipok's Institute, Public Economics Management for Executive Course, Class 4/2004 • MBA University of Scranton, Operations Management, 1988 • Chulalongkorn University, Commerce and Accounting Course, 1984 |
| Director Training | |
| Experience | <p>2015-date: Office of the Committee of the National Human Rights, Sub-committee</p> <p>2012-date: The Appeal Court, Sector 1</p> <p>2011-date: SAP Media Network Co., Ltd., Director</p> <p>2011-date: Parliament, Honorary Advisory Committee on Police, Consultant,</p> <p>2010-date: Nonthaburi Provincial Court, Mediator</p> <p>2013: Nonthaburi District Court, Mediator</p> <p>2013-2014: Kitzcho International Financial Consultant,</p> <p>2011-2015: Riverside Bangkok, Financial Consultant</p> <p>2010-2011: Central Marketing Group, Vice President</p> <p>2000: Phanumaphorn Co., Ltd., Director</p> <p>1987-1988: Bangkok Bank Pcl., Financial Statement Analysis</p> |
| Other Current Position | |
| - Listed Company | <ul style="list-style-type: none"> • None |
| - Non-Listed Company | <ul style="list-style-type: none"> • Phanumaphorn Co., Ltd, Director |
| Shareholding in EIC | None |

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|  | |
| Name | Khomchan Hathailak (65) |
| Current Position in EIC | 2015-date: The Member of the Audit Committee, Independent Director |
| Education | <ul style="list-style-type: none"> • Bachelor of Law Ramkhamhaeng University, Thailand • Bachelor of Thai Traditional Medicine Program, Sukhothai Thammathirat Open University, Thailand • Certificate of “Political parties and democracy for Executive” (1st Batch 2002) College of Politics and Governance for High-Level Administrators, King Prajadhipok’s Institute. |
| Experience | 2002-2006: Silapathat Law Firm, Lawyer and Manager 1999-2001: Danai & Friend Firm, Lawyer 1983-1998: Pracharuk Law & Business Firm, Lawyer 1980-1982: Jaturamith Law Firm, Lawyer 1975-1977: Chor Amornphan Co., Ltd., Lawyer and Head of Debt Management |
| Other Current Position | |
| - Listed Company | <ul style="list-style-type: none"> • None |
| - Non-Listed Company | <ul style="list-style-type: none"> • None |
| Shareholding in EIC | None |

4. Major Shareholders and Dividend Policy

4.1. The major shareholders of EIC Pcl

As of the date the shareholders' register was closed on 4th December 2015, the Company's major shareholders were as follows:

| No. | Name of Shareholders | No. of shares | Ownership |
|-----|------------------------------|--------------------|----------------|
| 1. | Group of Mr. Bee Taechaubol* | 176,951,757 | 26.50% |
| | - Mr. Bee Taechaubol | 168,151,757 | 25.19% |
| | - Thai Prime Co., Ltd ** | 8,800,000 | 1.32% |
| 2. | Ms. Phenchon Yothin-uppamai | 16,422,140 | 2.46% |
| 3. | Mr.Vithoon Lertpanomwan | 14,416,600 | 2.16% |
| 4. | Mr.Asada Wipakul | 13,137,300 | 1.97% |
| 5. | Thai NVDR Co., Ltd. | 12,150,863 | 1.82% |
| 6. | Mr.Suthipat Petchwara | 11,560,900 | 1.73% |
| 7. | Mrs.Wipawee Thanomjaturong | 11,303,620 | 1.69% |
| 8. | Ms.Suwanna Sae-Ngo | 10,823,820 | 1.62% |
| 9. | Mrs.Rattiwan Chotchaoraj | 9,431,500 | 1.41% |
| 10. | Mrs.Maneewan Chang | 9,000,000 | 1.35% |
| 11. | Others | 382,435,103 | 57.28% |
| | Total | 667,633,603 | 100.00% |

Note:

* The percentage ownership in the Company by the Group of Mr. Bee Taechaubol is 26.50%, of which 25.19% is held by Mr. Bee Taechaubol and 1.32% is held by Thai Prime Co., Ltd. In this case as Mr. Bee Taechaubol holds 99.009% of the shares of Thai Prime Co., Ltd he is considered as related person in compliance with section 258 of the Securities and Exchange Commission.

** Thai Prime Co., Ltd, has investments in businesses both in and out of the Stock Exchange of Thailand, with a capital Baht 2,000,000 and its list of shareholders is as follows:

| No. | Name of Shareholders | No. of shares | Ownership |
|-----|-----------------------------|----------------|-----------------|
| 1. | Mr. Bee Taechaubol | 199,996 | 99.009% |
| 2. | Mr. Thiti Phoonwathu | 2 | 0.001% |
| 3. | Mrs. Thanaporn Suntarekanon | 2 | 0.001% |
| | Total | 200,000 | 100.000% |

4.2. EIC Semiconductor Co Ltd

As at December 31, 2015 the shareholders were as follows:

| No. | Name of Shareholders | No. of shares | Ownership |
|-----|--------------------------|------------------|----------------|
| 1. | Electronics Industry Pcl | 4,740,317 | 99.99% |
| 2. | Mr. Withaya Chakphet | 1 | 0.00% |
| 3. | Mrs Tippawan Chakphet | 1 | 0.00% |
| | Total | 4,740,319 | 100.00% |

4.3. Thai Prime Investments Limited

The major shareholders of Thai Prime Investments Limited, a subsidiary company, as at December 31, 2015, were as follows:

| No. | Name of Shareholders | No. of shares | Ownership |
|-----|--------------------------|---------------|-----------|
| 1. | Electronics Industry Pcl | 2 | 100.00% |

4.4. Agreements between majority shareholders

None

4.5. Dividend Policy

The Company's dividend policy to pay shareholders is not less than 50% of its consolidated net profit after corporate income tax, excluding gains or loss on exchange rate which has not been accrued yet. However, dividend payment also depends on the Company's investment plan and other relevant factors. The Board of Directors may reconsider or modify the dividend policy from time to time to meet the company's future growth plans, the demand for investment, and other factors as deemed appropriate. However, the dividend payment will not exceed the retained earnings shown in the financial statements of the company.

Summary of historical dividend payment:

| Dividend payment from operation | 2011 | 2012 | 2013 | 2014 restated | 2015 |
|---------------------------------|-------|-------|-------|------------------|-------|
| Earnings per share (Baht) | 0.02 | -0.02 | -0.03 | -0.53 | -0.38 |
| Dividend per share (Baht) | 0.015 | - | - | - | - |
| Dividend Payout Ratio (%) | 75 | - | - | - | - |

4.6. Dividend policy of Subsidiaries and Associated Companies

As of 31 December 2015, EIC Semiconductor Company Limited (Subsidiary Company) has no policy to distribute dividends.

Thai Prime Investments Limited (Subsidiary Company) has a dividend policy of distributing 100% of net profits after corporate income tax and legal reserves and reserves for investment

Smart Traffic Company Limited (Associated Company) has a dividend policy of distributing 70% of net profits after corporate income tax and legal reserves and reserves for investment.

5. Overview and Nature of Business

EIC is Thailand's leading independent manufacturer of discrete semiconductor diodes. The company's headquarter is located in Bangkok and its manufacturing operations are located in Latkrabang Industrial Park.

5.1. Vision, Objectives and goals

Vision:

To manufacture quality discrete semiconductor diodes equivalent to international standards.

Objectives:

To build the "EIC" brand to stand for high quality products, recognized by manufacturers in every industry.

Goals:

To produce discrete semiconductor diodes which are of a quality accepted by every industry.

Corporate Goals and Future Plans

1. Develop our human resources for continuous expansion and in order to meet the ever changing demands of the market and for their own personal career paths
2. Build strong and long relationships with our core customers to foster continuous growth
3. Understand our customers' demands and endeavor to meet them
4. Continue to diversity our income streams, geographic and industry exposure in order to cope with fluctuations in economic cycles
5. Create and grow shareholder value through the distribution of profits and increasing returns
6. Maintain integrity through business ethics in dealings with all stakeholders

Strategy and Future Plans

The company plans to expand its business activities into related electronics business and software which offers potentially higher returns on investment and to diversify into other business sectors with higher investment returns. The Company has invested in a related business which provides Electronic Tollway Collection Systems (ETCS) for tollway collection (Easy Pass) and payment by credit card (VISA Paywave) for transportation, management system and exchange of points from retail outlets and telecoms (Loyalty Program), and the preparation of a common ticket system and Clearing House (Clearing House).

The Company has invested in the sport events business starting with three exclusive global football brands: Global Legends Series, Football Five's World Championship and World Soccer 5's.

5.2. Major changes and development of the Company

The major changes and development of the Company and its subsidiaries over the last few years can be explained as follows:

| | |
|------------------|--|
| 1984 | On 17 February 1984, Mr. Sarawuth Jinwuth, founded Electronics Industry (USA) Co., Ltd with a registered capital of Baht 103 million, with the main objective of engaging in the business of designing, manufacturing and distributing semiconductor devices (diodes) which is one of the fundamental components in electronic circuits, for electronic appliances and electronic equipment industries. The Company's first factory was located in an export zone 1 industrial estate, Latkrabang Industrial Estate, and was opened in 1984. The first business was the sale and purchase of transistors. |
| 1990 | Commenced the manufacture of semiconductors (diodes) |
| 1996 | Increased the registered and paid-up capital to Baht 300 million |
| 1997-2000 | Received ISO 9001 and ISO 14001 certification from SGS Yarsley International Certification Services, England. |
| 2002 | Introduced a new product, glass diodes and SMD (Surface Mounted Devices), and also received investment promotion from the Board of Investment. |
| 2003 | Converted into a public limited company and changed the Company's name to Electronics Industry Public Company Limited, increased the registered and paid-up capital to Baht 400 million and became a listed company in the Stock Exchange of Thailand. The Company's securities were first traded on 22 December 2003, in the Electronic Parts Sector, under the name "EIC". |
| 2006 | Expanded the business to become a manufacturer and seller of silicon wafers, manufacturing both Open Junction and Glass Passivated Processed (GPP) products. Received investment promotion under the Investment Promotion Act B.E. 2520, being exempted from corporate income tax for 8 years for investment in the development of technological skills and innovation (commencing 30 October 2006 and ending 29 October 2014) under the following condition: the Company must invest or undertake research or design expenditure, high technology training expenditure, or learning support or research facility expenditure of no less than 3% of the Company's total sales in the first 3 years or have a total expenditure of no less than Baht 450 million, whichever is lower. |
| 2007 | Received ISO/TS 16949 standard certification from SGS Yarsley International Certification Services, England. |
| 2013 | On 29 November 2013 and 2 December 2013 there occurred a big lot sale and purchase, on the board, by the major shareholders of the Company. The transaction occurred between 4 shareholders, as the sellers, and Thai Prime Co., Ltd and Mr. Bee Taechaubol and 6 others as follows: 1) Mr. Sawaeng Sirijuntharopas 2) Ms. Phannee Akkaraj 3) Ms. Uthumporn Junkabutr 4) Mr. Suthep Sirichanropas 5) Quam Securities Limited 6) Siam Knight Fund Management Co., Ltd., who purchased the shares of the Company on the Stock Exchange, engaging in a big lot, at Baht 1.25 (One Baht and Twenty Five Satang) per share, constituting a total of 267,809,600 shares or 66.95 percent of the total issued and paid-up shares of the Company. This resulted in a change of management control, shareholder structure and board composition of the Company. |

Change of management control after big lot transaction on 29 November 2013

| | Name of Shareholder | Before Transaction | | After Transaction | |
|----|--|--------------------|--------------|--------------------|--------------|
| | | Number of Shares | % | Number of Shares | % |
| 1 | Mr. Sarawuth Jinwuth | 204,000,000 | 51.00 | 0 | 0 |
| 2 | Mr. Withaya Chakphet | 38,327,000 | 9.58 | 0 | 0 |
| 3 | Mr. Sanga Wanasinchai | 20,000,000 | 5.00 | 0 | 0 |
| 4 | Mr. Worakorn Chakphet | 5,482,600 | 1.37 | 0 | 0 |
| 5 | Thai Prime Co., Ltd. | 0 | 0 | 173,409,600 | 43.35 |
| 6 | Mr. Bee Taechaubol | 0 | 0 | 32,000,000 | 8.00 |
| 7 | Mr. Sawaeng Sirijuntharopas | 0 | 0 | 14,800,000 | 3.70 |
| 8 | Ms. Utumporn Junkabutr | 0 | 0 | 7,900,000 | 1.95 |
| 9 | Ms. Phanee Akaraj | 0 | 0 | 11,900,000 | 2.98 |
| 10 | Mr. Suthep Sirijanharopas | 0 | 0 | 7,800,000 | 1.98 |
| 11 | Siam Knight Fund Management Securities Co., Ltd. | 0 | 0 | 12,000,000 | 3.00 |
| 12 | Quam Securities Limited | 0 | 0 | 8,000,000 | 2.00 |
| | Total | 267,809,600 | 66.95 | 267,809,600 | 66.95 |

Remarks: On 13 December 2013 Mr. Bee Taechaubol and Thai Prime Co., Ltd. restructured their shareholding in the Company amongst themselves. Thai Prime Co., Ltd. transferred 31,409,600 shares to Mr. Bee Taechaubol, increasing his shareholding to 63,409,600 shares or 15.85 % and decreasing Thai Prime Co., Ltd.'s shareholding to 142,000,000 shares or 35.50 %. There was no change in the total number of shares held between them, namely 51.53 % of the total issued and sold shares.

New Composition of the Board after the Big Lot Transaction

| | Name of Director | Position |
|---|-----------------------------|--|
| 1 | Mr. Patiparn Karnjanaviroje | Chairman of the Board of Directors |
| 2 | Mr. Somkad Sueptrakul | Vice-Chairman of the Board of Directors/Chairman of the Audit Committee/Independent Director |
| 3 | Mr. Withaya Chakphet | Managing Director |
| 4 | Mrs. Tippawan Chakphet | Director |
| 5 | Mr. Thanabodhi Swadsiri | Director |
| 6 | Mrs. Krishna Jitpatima | Independent Director/Audit Committee Member |
| 7 | Mr. Tawich Pimpapan | Independent Director/Audit Committee Member |

On 4 December 2013, the Company established a subsidiary, EIC Semiconductor Co., Ltd ("EIC Semi" or "Subsidiary"), based on the resolution of Board of Directors' Meeting No. 7/2013, held on 2 December 2013, approving the establishment of the subsidiary in order to improve the business structure of the Company.

2014

The resolutions of the Extraordinary General Meeting of Shareholders No. 1/2014 held on 13 February 2014 and the Extraordinary General Meeting of Shareholders No. 2/2014 held on 27 June 2014 are as follows:

- Transferring the assets and debts involved in the manufacturing of diodes of the Company to EIC Semiconductor Co., Ltd., for settlement of share subscription payable to the subsidiary by assets and cash not exceeding Baht 500 million.
- Investing in Smart Traffic Co., Ltd. by purchasing ordinary shares of 49 percent of the total shares from the existing shareholders at a price of Baht 500 per share with the total investment amount of Baht 245 million.
- Issuance and offer for sales of warrants to purchase ordinary shares of the Company No. 1 (EIC-W1) in the amount not exceeding 100,000,000 units to the existing shareholders of the Company whose name appeared on the shareholders' register on the closing date of 16 May 2014 on pro rata of shareholding (Right Offering), in the ratio of 4 existing shares to 1 EIC-W1.
- Issuance and offer for sale of convertible debentures to a specific foreign investor (Private Placement) in the amount not exceeding 20 million Singapore Dollars or an equivalent amount of Baht 500 million or an equivalent amount in other currencies
- Increase the registered capital by Baht 200 million from Baht 400 million to Baht 600 million by issuing ordinary shares of 200 million shares with a par value of Baht 1 per share and allocate ordinary shares as follows:
 - (1) Ordinary shares not exceeding 100 million shares to reserve for the exercise of EIC-W1
 - (2) Ordinary shares not exceeding 20 million shares to reserve for the right adjustment of EIC-W1
 - (3) Ordinary shares not exceeding 80 million shares to reserve for the exercise of convertible debentures

On 1 April 2014, the company was reorganized by the transfer of assets and liabilities associated with the manufacture of diodes to its subsidiary, EIC Semi.

EIC Semi has a registered and paid-up capital of Baht 474,031,900 consisting of 4,740,319 ordinary shares with a par value of Baht 100 per share. The Company holds 4,740,317 shares, representing 99.99% of EIC Semi's issued and paid-up shares.

The Company purchased 302,000 ordinary shares of Smart Traffic Co Ltd, representing 30.2% of its paid-up capital, at a price of Baht 500 per share for a total consideration of Baht 152 million. The Extraordinary General Meeting of Shareholders No.1./2014 held on February 13, 2014 approved the investment in Smart Traffic up to 49% at a price of Baht 500 per share for a total investment of Baht 245 million.

Major shareholders as at 15 December 2014:

| | Name of shareholders | Number of shares | Ownership |
|----|------------------------------|--------------------|----------------|
| 1 | Mr. Bee Taechaubol | 120,108,398 | 25.19% |
| 2 | Thai Prime Co., Ltd | 22,000,000 | 4.61% |
| 3 | Mrs. Rattiwat Chotchaorj | 12,258,500 | 2.57% |
| 4 | Ms. Phenchana Yothin-uppamai | 11,730,100 | 2.46% |
| 5 | Ms. Wiphawee Thanomjaturong | 8,788,300 | 1.84% |
| 6 | Ms. Patinya Wongkusollert | 8,650,000 | 1.81% |
| 7 | Miss Suwanna Saengow | 7,731,300 | 1.62% |
| 8 | Mrs. Maneewan Jang | 6,623,600 | 1.39% |
| 9 | Mr. Narong Wangcharoenwong | 5,875,900 | 1.23% |
| 10 | Mr. Wisit Dechawitayathorn | 5,000,000 | 1.05% |
| 11 | THAI NVDR CO.,LTD. | 4,771,100 | 1.00% |
| 12 | Others | 263,343,947 | 55.23% |
| | Total | 476,881,145 | 100.00% |

Remarks:

On 17 February 2014, Thai Prime Co., Ltd transferred 120,000,000 shares of the Company to Mr. Bee Taechaubol. As a result Thai Prime Co Ltd holds 22,000,000 shares of the Company and Mr. Bee Taechaubol holds 183,409,600 shares. Therefore the total shares of the Company held by Mr. Bee Taechaubol and Thai Prime Co Ltd is 205,409,600 shares or equivalent to 51.35% of total issued and paid-up shares.

In addition, on 10 and 21 April 2014, Mr. Bee Taechaubol transferred 63,101,202 shares equivalent to 15.77 % of total issued and paid-up shares of the Company to 8 investors. After this transaction, Mr. Bee Taechaubol and Thai Prime Co Ltd held 142,308,398 shares of the Company. Subsequently, Mr. Bee Taechaubol also transferred 200,000 shares of the Company after which Mr. Bee Taechaubol and Thai Prime Co Ltd held 142,108,398 shares of the Company equivalent to 29.80% of the total issued and paid-up shares of the Company.

Composition of the Board of Directors as of 31 December 2014

| | Name of Director | Position |
|---|-------------------------|--|
| 1 | Mr. Bee Taechaubol | Chairman of the Board of Directors, Chairman of Executive Director |
| 2 | Mr. Somkad Sueptrakul | Vice-Chairman of the Board of Directors, Chairman of the Audit Committee, Independent Director, Chairman of the Nominating and Remuneration Committee |
| 3 | Mrs. Krishna Jitpatima | Director, Audit Committee, Independent Director |
| 4 | Mr. Yuthana Phnumaphorn | Director, Audit Committee, Independent Director |
| 5 | Mr. Withaya Chakphet | Director, Managing Director, Executive Committee, Nominating and Remuneration Committee |
| 6 | Mrs. Tippawan Chakphet | Director, Executive Committee |
| 7 | Mr. Teepat Sutabutra | Director |

2015

In accordance with the Extraordinary General Meeting of Shareholders No. 1/2014 held on 13 February 2014, EIC's shareholders resolved to approve the Company's investment in Smart Traffic by acquiring ordinary shares from its major shareholder up to 49% of total shares, at a price of Baht 500 per share, for a total consideration of Baht 245 million. As of 31 December 2014, the Company paid deposit of Baht 70 million and purchased the ordinary shares of smart traffic of 302,000 shares, representing 30.2% of total paid-up capital, at a price of Baht 500 per share, at a cost of Baht 150 million.

However, the Board of Director's meeting No. 1/2015 held on 27 February 2015 unanimously resolved to cancel the Sale & Purchase Agreement for the remaining 188,000 ordinary shares of Smart Traffic and requested reimbursement of the advance payment for share subscription of Baht 70 million from the seller.

In May 2015 EIC's Extraordinary Meeting of Shareholders No1/2015 approved to reduce capital from 600,000,000 Baht to 596,881,145 Baht in order to eliminate shares reserved for the Convertible Debenture which was terminated. The Shareholders then approved to increase the registered capital from Baht 596,881,145 to Baht 1,318,386,061 by way of the following offering of 721,504,916 new shares:

| | | | |
|---|--------------------|--------------------|---|
| 1 | Rights Offer | 190,752,458 | new shares at 1 Baht per Share (2 new for 5 old) |
| 2 | | 190,752,458 | EIC-W2 (1 Warrant for 1 new share subscribed) |
| 3 | Private Placement | 330,000,000 | new shares at 1.76 Baht/share |
| 4 | Additional Reserve | 10,000,000 | new shares reserved for EIC-W1 |
| | TOTAL | 721,504,916 | |

In July 2015 the Company acquired 100% of Thai Prime Investments Limited "TPIL", a BVI registered company with a view to utilizing it to invest in overseas sports and entertainment ventures.

In August the Company extended loans to TPIL to acquire a 30% interest in Sport Events International Limited "SEI" for a total consideration of US\$428,571.42 (15,107,142.56 Baht) and a 28.5% stake in Global Legends Series Limited "GLS" for a total consideration of US\$1,950,000 (68,913,000 Baht).

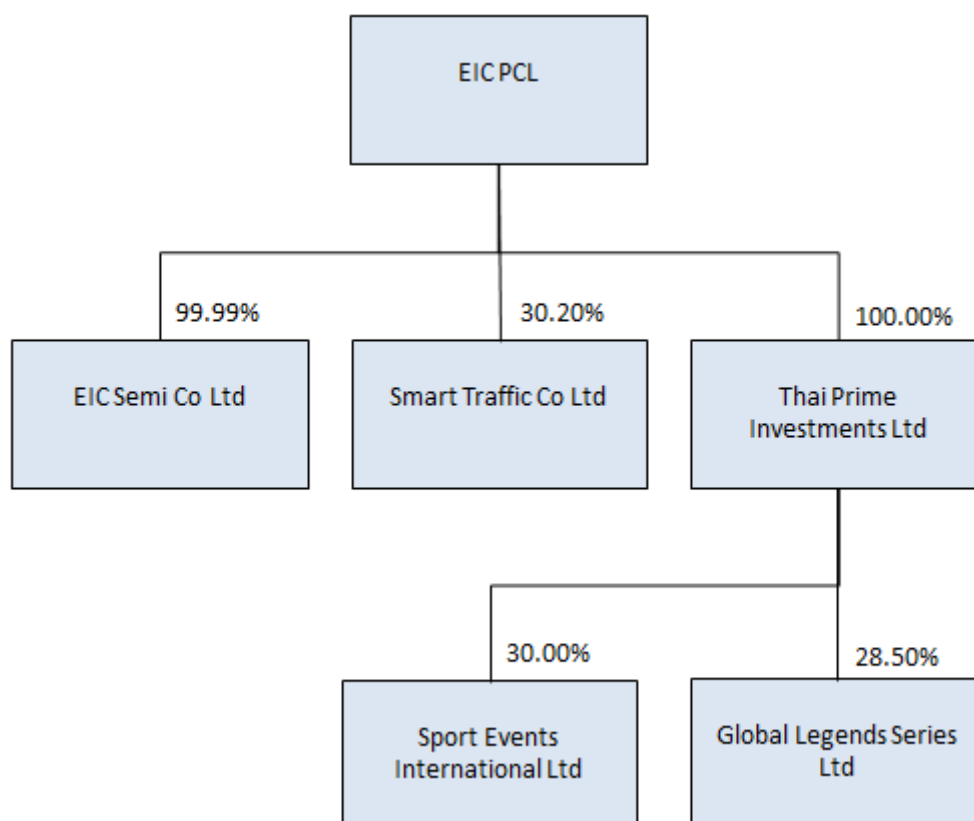
In August the Company subscribed to the Rights Offer of Smart Traffic in the amount of 15,100,000 Baht. This brought the company's total cost of investment in Smart Traffic to 161,000,000 Baht.

On December 30th, 2015, the Company entered into a Sale & Purchase Agreement ("SPA") with Smart Merchant International, the major shareholder of Smart Traffic, to sell EIC's shares in Smart Traffic for a total consideration of 185 million Baht within 120 days of the SPA. On the settlement date the 70 million Baht share deposit will be returned to the Company.

5.3. EIC Group Structure

The Company restructured its business operations by establishing EIC Semiconductor Co Ltd. as a wholly owned subsidiary on 4 December 2013 in order to improve the business structure of the Company. On 1 April 2014, the Company transferred the manufacture of Diodes to this subsidiary including assets, liabilities, business license as well as all employees related to the business for settlement of share subscription payable by assets and cash.

As of 31 December 2014, the Company investment in the electronics business and related electronics business by holding 100% of the shares of EIC Semiconductor Co Ltd. Additionally, the Company invested in Smart Traffic Co Ltd (“Smart Traffic”) by holding 30.20% of the total shares of Smart Traffic which can be shown in the diagram as follows:



The business of the subsidiary and affiliated companies can be described as follows:

| | Name | Line of Business | % Share holding |
|---|--|---|-----------------|
| 1 | EIC Semiconductor Co Ltd (“EIC Semi”) | Manufacture and sale of a wide range of discrete semiconductor diodes and silicon wafers for use in the assembly of diodes. | 99.99% |
| 2 | Smart Traffic Co Ltd (“Smart Traffic”) | Design, development and installation of Electronic Tollway Collection Systems (ETCS) for the collection of tolls, automatic cash (Easy Pass), electronic payment system with a mobile phone or Near Field Communication (NFC) and payment by credit card VISA Paywave for transportation, management system and exchange of points from retail outlets and communication (Loyalty Program), and the preparation of a common ticketing system and Clearing House (Clearing House). | 30.20% |
| 3 | Thai Prime Investments Limited (“TPIL”) | Thai prime Investments is an investment holding company for EIC’s global investments in sports and entertainment ventures. | 100.00% |
| 3 | Sport Events International Limited (“SEI”) | Sport Events International manages and activates sport events around the world. It has two major properties: F5WC (Football Five’s World Championship), World Soccer 5’s. SEI develops, manages, licenses and represents its own sport properties in over 48 countries worldwide, ranging in mass participation to elite sport experiences, creating and delivering marketing initiatives, sales and sponsorship opportunities to brands through accessing these platforms. SEI brings brands to life through a mix of communications, events and sponsorship integration. SEI Advise clients on their sports marketing investments by identifying and negotiating strategic partnerships and commercial opportunities. | 30.00% |
| 4 | Global Legends Series (“GLS”) | Global Legends is a brand created by SEI that features famous soccer stars such as Luis Figo, Fabio Cannavaro, Paul Scholes, Michael Owen amongst others. These legends come together to compete in one off exhibition matches around the world in support of their chosen charities. The only question is — which team of legendary soccer stars will win? | 28.50% |

5.4. General Information of the Subsidiaries and Affiliated Companies

1. EIC Semiconductor Co Ltd: Subsidiary Company and core business

Date of Incorporation: 4 December, 2013

Directors: Mr. Withaya Chakphet
Mrs. Tippawan Chakphet
Mr. Luca Roveda

Registered Capital: 474,031,900 Baht

Head Office: No.65 and 68, Chalong Krung 31 Road, Lumplatiew Sub-district,
Latkrabang District, Bangkok 10520

Shareholders: as at December 31, 2015

| | Name | Number of Shares | % ownership |
|---|---|------------------|----------------|
| 1 | Electronics Industry Public Company Limited | 4,740,317 | 99.99% |
| 2 | Mrs. Tippawan Chakphet | 1 | 0.01% |
| 3 | Mr. Withaya Chakphet | 1 | 0.01% |
| | Total | 4,740,319 | 100.00% |

2. Smart Traffic Co Ltd: Affiliated Company

Date of Incorporation: 29 September, 1999

Directors: Miss Pornphan Siriwong Na Ayuthaya

Registered Capital: 60,000,000 Baht

Head Office: 565/1 Soi Ramkhamhaeng 39 (Theplila1) Phlapphla, Wang Thong Lang,
Bangkok 10310

Shareholders: As at December 31, 2015

| | Name | Number of Shares | % Ownership |
|---|---|-------------------|----------------|
| 1 | Miss Pornphan Siriwong Na Ayuthaya | 4,800,000 | 40.00% |
| 2 | ELECTRONICS INDUSTRY PUBLIC COMPANY LIMITED | 3,624,000 | 30.20% |
| 3 | SMART MERCHANT INTERNATIONAL LIMITED | 2,256,000 | 18.80% |
| 4 | Mrs. Rochana Kriangwatthanasiri | 1,199,880 | 10.00% |
| 5 | Mr. Apiruk Nongpho | 120,000 | 1.00% |
| 6 | Mr. Phisit Kriangwatthanasiri | 120 | 0.00% |
| | Total | 12,000,000 | 100.00% |

Relationship with business of majority shareholders: none

5.5. The Company's Business and Revenue Structure

Electronic Industry Public Company Limited's core business is the manufacture of electronic components with investments in businesses with growth potential and high returns. The Company has invested in Smart Traffic Co Ltd a company that designs, develops and sells Electronic Tollway Collection Systems (ETCS) for use in the collection of expressway tolls (Easy Pass), electronic payment via mobile phone or Near Field Communication (NFC) and payment by credit card (VISA Paywave) for transportation, management systems and exchange of points issued by retail outlets and telecoms (Loyalty Programs), and the preparation of a common ticketing system and Clearing House (Clearing House).

EIC Semiconductor Company Limited ("EIC Semi").

The Company holds 99.99% of the total shares of EIC Semi. EIC Semi designs, manufactures and sells discrete semiconductors in the form of wafers and Diodes with a wide range of discrete semiconductors. EIC Semi also designs and manufactures discrete semiconductors (diodes), with specific characteristics in accordance with the requirements of its customers. Diodes are a basic component for all types of electronic equipment. EIC Semi produces Diodes to the highest levels of quality expected by manufacturers in all industries in order for its customers to use its products as an effective component in all types of electronic equipment and electrical appliances – "EIC Quality Diodes behind every great system".

Smart Traffic Company Limited ("Smart Traffic").

The Company holds 30.20% of the total shares of Smart Traffic. Smart Traffic designs, develops and sells Electronic Tollway Collection Systems (ETCS) for use in the collection of expressway tolls, automatic cash (Easy Pass), electronic payment via mobile phone or Near Field Communication (NFC) and payment by credit card (VISA Paywave) for transportation, management system and exchange of points issued by retail outlets and communication (Loyalty Program), and the preparation of a common ticketing system and Clearing House (Clearing House). Smart Traffic also operates a business which combines and remits information through smart cards without touch system and provides cutting edge software and hardware to gather information for use in fare collection systems for toll ways, car parks and traffic control centers for both private and public entities.

5.6. The Company's Revenue Structure

The Company derives the majority of its revenue from its core business manufacturing diodes. The Company's revenue streams can be summarized as follows:

| Business Group | Company | 2015 | | 2014 | | 2013 | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | Million Baht | % | Million Baht | % | Million Baht | % |
| Electronic Components | EIC, EIC Semi | 174.33 | 85.4% | 180.91 | 97.2% | 187.04 | 93.6% |
| Electronic Tollway Collection Systems | Smart Traffic | 0.00 | 0.0% | 1.92 | 1.0% | 0.00 | 0.0% |
| Share of Profit from Subsidiaries & Affiliates | | 18.99 | 9.3% | -1.46 | -0.7% | 0.00 | 0.0% |
| Sales Revenue | | 193.32 | 94.7% | 181.37 | 98.3% | 187.04 | 93.6% |
| Other Income | | 10.89 | 5.3% | 3.21 | 1.7% | 12.81 | 6.4% |
| Total | | 204.21 | 100.0% | 184.58 | 100.0% | 199.85 | 100.0% |

Note:

- EIC Semiconductor began operations on 1 April 2014, after transfer of operating assets and liabilities related to the production of Diodes from the Company.
- The Company acquired shares of Smart Traffic in 2014. As a result, as of 31 December 2014, the Company holds 30.2% of the total shares of Smart Traffic.

5.7. The Company's Core Business

1. Revenue Structure of Electronic Components:

| | Type of Products | 2015 | | 2014 | | 2013 | |
|---|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | Million Baht | % of Sales | Million Baht | % of Sales | Million Baht | % of Sales |
| 1 | Rectifier Diodes | 84.05 | 48.2% | 88.54 | 48.9% | 72.94 | 39.0% |
| 2 | High Speed Switching Diodes | 5.20 | 3.0% | 7.31 | 4.0% | 5.99 | 3.2% |
| 3 | Zener Diodes | 38.44 | 22.1% | 41.23 | 22.8% | 62.85 | 33.6% |
| 4 | Transient Voltage Suppressor Diodes | 41.06 | 23.6% | 42.02 | 23.2% | 35.13 | 18.8% |
| 5 | Transistors | 1.49 | 0.9% | 1.80 | 1.0% | 3.20 | 1.7% |
| 6 | Wafer | 4.09 | 2.3% | 0.00 | 0.0% | 6.70 | 3.7% |
| 7 | Other | 0.00 | 0.0% | 0.00 | 0.0% | 0.24 | 1.3% |
| | TOTAL REVENUE | 174.33 | 100.0% | 180.90 | 100.0% | 187.05 | 100.0% |

2. Type of products and services

EIC Semi manufactures and sells a wide range of discrete semiconductors manufactured with in-house wafer fabrication and also a manufacturer of silicon wafers for use in the assembly of diodes.

2.1. Wafer Products (Open Junction Wafer. Glass Passivated Processed Wafer)

The wafers and dices that the Company produces, for use as raw material in the assembly of its diodes, can be classified into 4 categories:

- (1) Zener Wafer
- (2) TVS Wafer
- (3) Standard Rectifier Wafer
- (4) Unipolar & Bipolar Wafer

The production of wafers also assists the Company in the design of products according to customer requirements. In addition, the Company has also developed an innovation in using GPP Wafers or Glass Passivated Processed Wafers as raw materials in the assembly of diodes. Using Glass Passivated Processed Wafers improves the quality and use of the product, in particular for Zener Diodes, Rectifiers, TVS and Bridges, Rectifiers, increasing the reverse breakdown voltage by approximately 10%, and increasing the working life of the products by approximately 30%. This has the added benefit of reducing reverse leakage at high temperatures and, for TVS and Zener Diodes, the transient protection also increases by approximately 12%.

2.2. Diode Products

The diodes which the Company manufactures can be classified into 4 groups as follows:

- (1) **Zener Diodes** are a special type of diode which allows the reverse flow of electrical current and is capable of withstanding extremely high reverse currents. Therefore, they are used to regulate and stabilize voltage. This is because if the incoming electrical voltage is unstable, the electrical appliance will not function properly. As an example, flickering light bulbs, thus, Zener Diodes are used in automobile light control systems. The Company's Zener Diode products have over 4000 part numbers, including both Axial Leads and SMDs ranging from 2V-200V, 0.25W -5W, Low Power Zeners, Medium Power Zeners and High Power Zeners, for use in designing products in accordance with customer requirements.
- (2) **Transient Voltage Suppressor Diodes (TVS)** are diodes used to cut-off electricity flowing into various types of parts or protect against power surges. For example, where lightning strikes, this type of diode will direct the excess electricity into the ground. These diodes are used in various telephones, water sprinkler controller systems, automobile windscreen wiper systems and machinery controller systems.

The Company's Transient Voltage Suppressor Diodes (TVS) products range from 200W to 50kW and 6.2V to 462V. The Company has also designed 150kW products based on our customer's requirements. For SMA/SMB/SMC products, the Company is capable of manufacturing up to 3000W and 660W for D2PAK products, based on customer requirements.

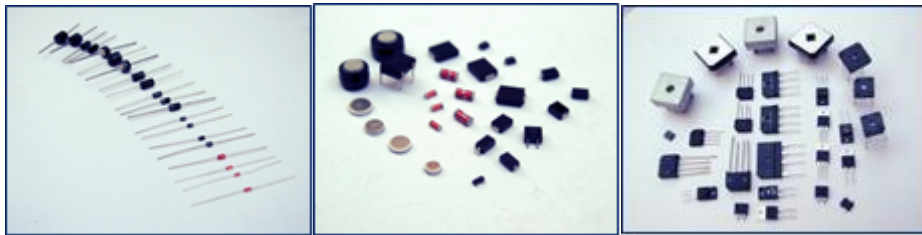
- (3) **Rectifier Diodes** are diodes which only allow current to flow in one direction. Thus, it has the feature of converting current from Alternating Current (AC) to Direct Current (DC) and is used in power supplies. This feature is a basic feature and is important for most types of electrical appliances and electronic equipment. This is because the current generally supplied is AC whereas electrical appliances and electronic equipment use only DC. Therefore it is necessary to convert AC into DC before sending the current into the circuits in the electrical appliances and electronic equipment.

For the aforementioned products, the Company has sub-categories as follows:

- **Standard Rectifiers** are diodes for general use in circuits with low frequency (not exceeding 1 KHz) that are used in converting current for general household electrical appliances.
 - **Fast Recovery Rectifiers (FR)** are diodes for use in higher frequencies compared to normal diodes (not exceeding 30 KHz) in switching power supply circuits such as small telephones and ballasts for lighting equipment.
 - **High Efficient Rectifiers (HER)** are diodes used in switching circuits which have a frequency of over FR (not exceeding 200 KHz) such as switching power supplies for printers and automatic breaking systems (ABS) in automobiles, as well as other equipment.
 - **Super Fast Rectifiers (SF)** are diodes used in switching circuits which have a frequency of higher than HER (not exceeding 1 MHz) such as voltage control circuits in televisions and inverters for air conditioners.
 - **Schottky Rectifiers** are diodes which are designed for use in switching circuits which have high frequencies (exceeding 1 MHz) and low voltages. These diodes are capable of short time reverse, which allows current to flow continuously. With these features, they are used in switching power supply circuits for computers.
 - **Bridge Rectifier Diodes** are a combination of 4 to 6 diodes allowing a full wave conversion of current as well as providing more resistance to current. These are used in power supplies for air conditioners and amplifiers.
 - **Rectifier Diodes** manufactured by the Company range from standard to super-fast recovery, along with Schottky ranging from 1A-50A (20V-10,000V). Further, these can be designed in accordance with the requirements of the customer.
- (4) **High Speed Switching Diodes** are diodes used in circuits for electronic equipment which require fast on & off switching, such as digital circuits or small signal circuits with high frequencies. Currently products in the high speed category will be glass diodes, which are different from normal diodes in that they are encased in glass instead of epoxy compound used in normal diodes. These diodes are used for equipment or electrical circuits which must receive and separate signals with low current or voltage.

The diodes which the company manufactures have more than 14,000 part numbers or more than 50 packages which can be classified into two:

- 1) The Company's standard products, which mean products which the company manufactures to comply with electrical requirements specified by the Company. These products are generally manufactured for the Company's customers.
- 2) General standard products, which means products which the company manufactures having different electrical properties from those specified by the Company. These are a result of manufacturing defects and are not products which the company intended to manufacture. However, these products are still of international standard and can be used generally. The Company sells these products without using the "EIC" brand.



3. Investment Promotion Benefits and Privileges

The Company transferred to EIC Semi the promotional privileges under the Investment Promotion Act B.E. 2520 for the manufacture of Wafer (GPP, Open Junction), Diode, Transistor and Thyristor under promotion certificate no. 2017 (2) / 2549 dated 27 October 2006 and a revision of promotion certificate OR GOR 0906/008204 dated 4 April 2007 from Electronics Industry Public Company on 1 April 2014. The main privileges are as follows:

1. Exemption of import duty on machinery.
2. Exemption of corporate income tax for the promoted activities at the rate not exceeding 100% of investments excluding cost of land and working capital for a period of eight years from the date income is first derived (30 October 2006).
3. On completion of the initial eight year exemption period, the company is entitled to utilize the accumulated losses in respect of the promoted activities, if any, incurred during the promotional period against the corporate income tax for the following 5 years from the expiry date of promotional privileges.

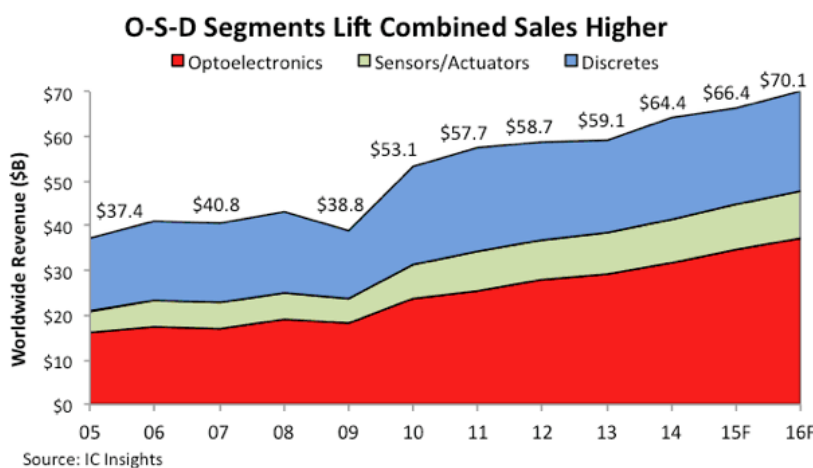
To be entitled to the privileges, the subsidiary must comply with certain conditions and restrictions relating to the rights and privileges included in the promotional certificates.

4. The Market and Competitive Environment

The global market for optoelectronics, sensors & actuators, and discrete semiconductors (O-S-D) has turned into a mixed bag of double-digit growth for several major product categories (lamp devices, infrared circuits, and CMOS image sensors) combined with single-digit declines in sales for nearly a dozen other categories (including most sensors, diodes, rectifiers, and power transistors).

According to IC Insights, combined revenues for O-S-D products are expected to grow 3% in 2015 to a new record-high \$66.4 billion from the current peak of \$64.4 billion set in 2014, when sales increased by 9%.

With integrated circuit sales on track to decline by 1% this year, the market share of O-S-D products is projected to reach nearly 19% of total semiconductor revenues in 2015, which are now expected to drop by less than a half percent to \$354.1 billion.



IC Insights expects growth in the sensor/actuator market segment to slightly strengthen in 2016 with revenues projected to rise 4% to \$10.5 billion after increasing just 2% in 2015 to \$10.1 billion due to significant price erosion in many sensor product categories.

The commodity-filled discretes segment is expected to recover and grow 3% in 2016 to \$22.2 billion after being knocked down 6% in 2015 to \$21.5 billion because of a slowdown in equipment manufacturing and weakness in the global economy during the second half of this year.

Optoelectronics is expected to continue to be the strongest growing segment in the O-S-D marketplace during the second half of this decade, primarily because of increasing demand for CMOS image sensors in a wide range of embedded applications (such as automotive, medical, video-surveillance networks, and image recognition systems) along with the spread of solid-state lighting products built with high-brightness light-emitting diodes (LEDs), and the need for more laser transmitters in high-speed optical communication networks.

The other two O-S-D segments—sensors/actuators and discretes—have struggled to maintain consistent growth after rebounding in 2014 from slumps in 2012 and 2013. Discretes semiconductor sales continue to be whipsawed by volatility in product purchases, which have quickly switched on or off depending upon changes in the economic outlook or end-use market demand. Power transistors, which account for more than half of discrete sales, have also seen tremendous swings in demand since 2010.

5. Marketing Strategy

The Company's Diodes are essential components in electrical control systems in appliances and electronic equipment. The Company's main customers are manufacturers of electrical appliances and electronic equipment (Original Equipment Manufacturers), companies which are contracted to manufacture components or parts of electrical appliances and electronic equipment and companies which agents are selling semiconductors. The majority of the Company's customers focus on the quality of the products. The Company also designs products with special characteristics based on customer requirements, for example, Sew Motor Driver GmbH in Germany.

Regarding product distribution channels, the Company sells its products through its appointed distributors as well as directly to customers, both foreign and domestic, as follows:

Distributors:

- (1) EIC International Co., Ltd., responsible for distributing products in Hong Kong and China; and
- (2) EIC Semiconductor Co., Ltd, responsible for distributing products in the United States of America.

Sales Agents:

Sales through agents are under the terms and conditions in the 'Sole Agent Agreement', the contents of which can be summarized below:

- (1) The Agent is appointed to be a distributor for the Company and to sell products under the "EIC" brand. The Agent is authorized to use the Company's brand for advertising purposes and the Agent will be responsible for promoting, advertising and conducting marketing activities, or appointing sales staff, to promote the Company's products, in the sales area mutually agreed upon between the parties.
- (2) The relationship between the Company and the Agent is only that of seller and purchaser. Each party may cancel the agreement, and the agreement does not specify an expiry date.
- (3) The value and quantity of products ordered must coincide with the criteria set by the Company.
- (4) The price of the products sold to the Agent is the Sole Agent Price, a form of discount, which is different from that sold to general customers.

The details of sales through the distributors appointed by the Company for last three years are as follows:

| Distributor/Sales Channel | 2015 | | 2014 | | 2013 | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| 1 EIC International Co., Ltd. | 43.54 | 24.98 | 53.47 | 29.56 | 58.67 | 31.37 |
| 2. EIC Semiconductor Inc. | 8.90 | 5.11 | 12.45 | 6.88 | 11.41 | 6.10 |
| 3. General Customers (Direct Sales) | 121.89 | 69.92 | 114.99 | 63.56 | 116.96 | 62.53 |
| Total | 174.33 | 100.00 | 180.91 | 100.00 | 187.04 | 100.00 |

6. Competitive Environment

The Semiconductor Industry Association has divided products in the semiconductor devices industry, in the world market, as follows (1) Discrete Semiconductors; (2) Optoelectronics; (3) Sensors; and (4) Integrated Circuits.

Discrete Semiconductor consists of 1) Photosensitive and LED semiconductor devices; 2) Transistors; 3) Diodes; 4) Mounted Piezo-electronics crystals; 5) Diacs, thyristors and triacs. These components are important elements of electronic equipment.

Manufacturers and sellers of semiconductors can be divided into 3 groups as follows:

- Group 1: Manufacturers of semiconductors (diodes) for use as a component for products produced by the manufacturer itself, with no sales of the semiconductors such as Toshiba, which subsequently changed its policy and outsourced this activity.
- Group 2: Manufacturers of semiconductors (diodes) for use as a component for products produced by the manufacturer itself. These manufacturers also sell the semiconductors to other manufacturers of electrical appliances and electronic equipment. For example, Phillips Semiconductor, Onsemi and Hitachi.
- Group 3: Manufacturers of semiconductors for sale in all industries. These are large scale manufacturers and sells all types of semiconductors including 1) Photosensitive and LED semiconductor devices; 2) Transistors 3) Diodes; 4) Mounted Piezo-electronics crystals; 5) Diacs, thyristors and triacs. These manufacturers have manufacturing bases around the world, such as in China, Taiwan and South Korea and offer the full range of products, prices and quality of products. Usually these manufacturers use take overs as a strategy in expanding their business which allows for rapid growth.

Large scale manufacturers and sellers of semiconductors in the world market that manufacture and sell the full range of discrete semiconductors, have a variety of products, and have manufacturing bases in many countries around the world include Infineon, Mitsubishi Electric, Toshiba, STM Microelectronics, International Rectifier, Fuji Electric, Fairchild, Vishay, Renesa and Semikron. The Competition Is limited to a manufacturer and distributor of Group 2 and Group 3 only.

EIC Semiconductor Ltd. ("EIC Semi") is a small manufacturer and distributor that focuses on the product quality and also focuses on customer needs therefore product quality is key. The customers are loyal to the brand so there is the low propensity of customers to switch to other manufacturers. Therefore, EIC Semi is not in any groups as discussed above.

7. Procurement

The factory is located in in Latkrabang Industrial Estate, Bangkok, with a total area of approximately 16,000 square meters; the production area is approximately 10,000 square meters. . This factory is used to produce wafers and diodes. The capacity of the factory for wafers is approximately 44,000 units per month for wafers and 400 million per year for diodes. Presently, the production capacity is about 227.5 million units per year, and use 50% of total production capacity per year.

The Company's diode production lines are divided according to the shape of the diode, and can be categorized as follows:

- Axial Lead (Standard) are diodes which have standard shape, having legs coming out of both sides;
- SMD (Surface Mounted Diodes) are special diodes, having no legs and are mounted on their surface;
- Diode Bridges are a combination of 4 to 6 diodes arranged together in a straight line or in a square; and
- Glass Diodes.

The Company manages the sourcing of its principal raw materials used in the production of diodes, namely silicon wafers, solder, lead wires, terminals, lead frames, silicon resin, compounds and chemicals, which are imported from countries such as Japan, Germany, Taiwan, and the United States of America. The Company's policy is to conduct business with many raw material suppliers to eliminate dependence on a single supplier. Throughout its history, the Company has always maintained good relationships with all raw material suppliers and has never experienced a shortage of raw materials.

However, the Company does not source its raw materials from any single supplier having a value exceeding 30% of the total value of supplies. The imported raw materials constitute 80% of the total raw materials while domestic supplies constitute 20%.

In relation to the procurement of raw materials, the Company orders from a list of suppliers that have passed quality and standard verification by the Company so that the Company can be certain and confident in the quality of raw materials used to manufacture the Company's products. The list of suppliers is updated every year, for the benefit of the Company in terms of allocation of risk in procurement and in terms of price advantages.

For its past operations, the Company has never encountered a critical situation of a shortage of raw materials for production.

8. Plans to Reduce Environmental Impact.

Electronic Industries Co. Ltd. (Thailand) "EIC" has been active for more than 20 years and the company has been certified by ISO 9001 which is a quality system certification covering research, design and production services including international standards ISO 14001 and ISO / TS 16949.

The company uses raw materials that are environmentally friendly so that all products have high standards that comply with RoHs standards and are environmentally friendly. EIC performs a rigorous quality control during production and prior to delivery. AQL.01 or Acceptable Quality Level is used to sample products before delivery to customers. The Company samples every product for 10,000 units and if only one unit fails to meet quality standards the whole lot will be rejected. Also, there is a High Reliability test for each lot to ensure that EIC brand products will last for a long time and are suitable for use in every industrial manufacture.

In addition, being a manufacturer of GPP Wafers, with innovative development of the GPP Wafer, has a positive impact on the quality of Diodes and contributes to the design of Diodes in a variety of products. Moreover, GPP Wafer also contributes to reducing the impact on the environment. GPP Wafer material assemblies are Diodes which help the end products last for a long time and enables end users to save energy because GPP causes less electrical leakage. GPP Wafers will reduce the impact of global warming and pollution due to its resource-efficient nature.

5.8. Business of Associated Company: Smart Traffic Co Ltd

The Company holds 30.2% of the total shares of Smart Traffic. Smart Traffic designs, develops and sells Electronic Tollway Collection Systems (ETCS) for use in the collection of expressway tolls, automatic cash (Easy Pass), electronic payment via mobile phone or Near Field Communication (NFC) and payment by credit card (VISA Paywave) for transportation, management system and exchange of points issued by retail outlets and communication (Loyalty Program), and the preparation of a common ticketing system and Clearing House (Clearing House). Smart Traffic also provides the integrated electronic systems to track service and maintenance for private and public entities. Smart Traffic products and services are as follows:

1. System Integration of Manual and Electronic Toll Collection System

Smart Traffic has provided consulting, operating, networking and installation of integrated toll collection systems with which users could utilize contactless smart card to replace cash.

- a) Installed electronic toll collection systems for DOH on Express Highway no.7 and no.9



- b) Installed electronic toll collection systems for EXAT on Chalongrat Expressway, Chalerm Maha Nakhon Expressway and Buraphawithee Expressway.



2. Maintenance of toll collection systems and equipment

Smart Traffic has provided maintenance and repair services for toll collection system. The services include both equipment damage and system maintenance.

- a) Smart Traffic was awarded a contract from DOH to repair damaged toll collection equipment.
- b) Smart Traffic was awarded a contract from DOH for the maintenance of the toll collection system on Express Highway no.7 and no.9.

3. Electronic Payment Solution based on contactless Smart Card Technology

The system is based on contactless smart card technology to replace cash payment method by allowing users to add value of the smart card via through service centers for which Smart Traffic provides both equipment and management systems.



- a) Provide electronic payment solutions for Major at the Paragon Cineplex and the Esplanade Cineplex through which users were able to utilize smart cards to buy movie tickets and the products and services of Major group instead of cash payment.

4. Parking Management

The Parking Management system uses computers to control the system which records various information related to parking business such as parking fees calculation and records traffic statistic based on contactless smart card.

- Provide Parking Management Systems for various department stores, buildings and organizations such as department stores under Central Group



5. Distribute smart cards used for electronic toll collection system.

Smart Traffic has provided Easy Pass cards to EXAT and BECL, which is the smart card (OBU) used for electronic toll collection system.

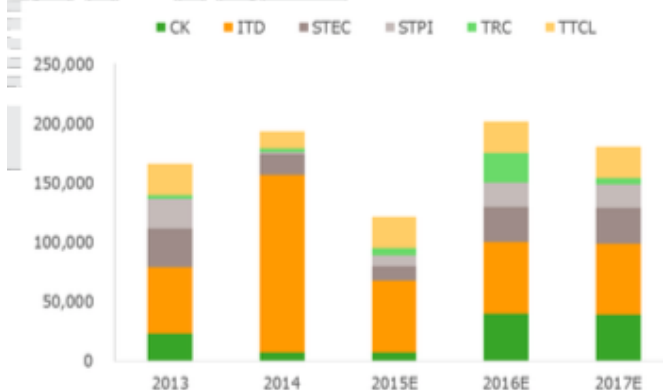
The customers of Smart Traffic can be classified into two groups consisting of: (1) government agencies including the Department of Highways and Expressways, and (2) other organizations, including the University Mall, office buildings and hotels, etc. To date, the main customers of Smart Traffic have been government agencies. Most of the jobs consist of installing electronic toll booths, plazas and control rooms as well as the maintenance and repair of ETCS.

Smart Traffic has to go through the process of bidding and purchasing the units. Smart Traffic has high skills and is effective in working with major clients in several projects including private and government entities.



The Cabinet on December 1, 2015, approved an action plan comprising 20 urgent infrastructure projects with a combined value of Bt1.79 trillion in order to drive investment. It is expected that 90% of these projects will be tendered in 2016. Given the recent political turmoil, the past 18 months saw a sharp downturn in government infrastructure projects. In 2010-2014 the average value of large government projects totaled approximately Bt58bn annually. That number fell to Bt34bn in 2015. On the back of strong government initiatives to promote growth in an environment where both private and public sector investment was faltering, construction values began to rise again in 2H15. Government projects during this period were up by over 15%. Analysts are concerned that private sector spending reduced overall growth in that period to 6%, however our investment in Smart Traffic is significantly reliant on government spending, which appears to be firmly back on a positive footing.

Fig 280 New contract signings to fall 33% in 2015, rise 66% in 2016



Source: Companies and KS

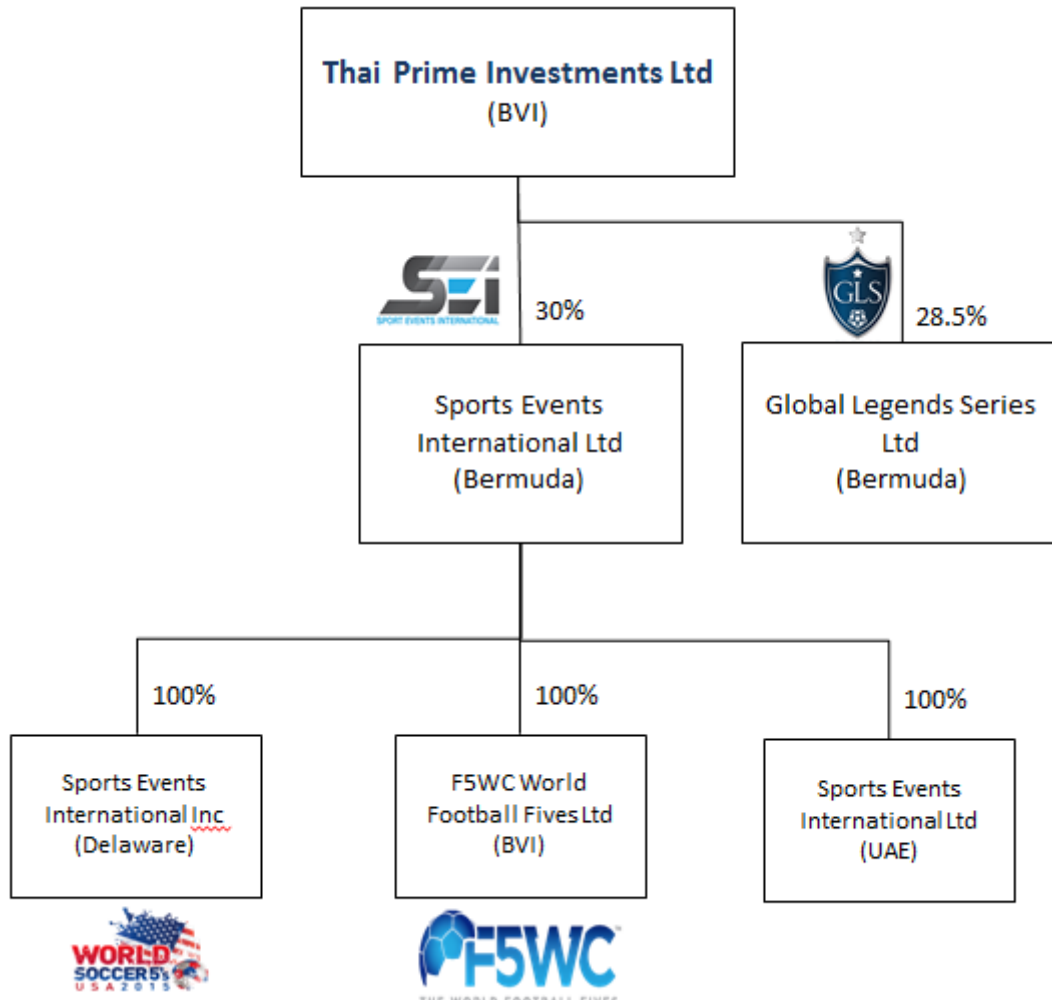
Fig 268 20 urgent infrastructure projects

| Projects | Project Value (Bt bn) | Cabinet approval | Expected to be tendered | Construction Period |
|---|-----------------------|------------------|-------------------------|---------------------|
| Double-track projects | | | | |
| Jira - Khonkaen | 26.0 | Approved | Dec-15 | Jan 16 - Dec 18 |
| Mab Kabao - Jira | 29.9 | Dec 15 - Apr 16 | May 16 - Sep 16 | Oct 16 - Sep 19 |
| Nakhon Pathom - Hua Hin | 20.0 | Dec 15 - Apr 16 | May 16 - Sep 16 | Oct 16 - Sep 19 |
| Prachubkirikan - Chumporn | 17.3 | Dec 15 - Jan 16 | Feb 16 - Jul 16 | Jul 16 - Jun 19 |
| Lop Buri - Park Nampo | 24.8 | Dec 15 - Apr 16 | May 16 - Sep 16 | N/A |
| Motorway | | | | |
| Pattaya - Mab Ta Putt | 20.2 | Approved | Dec 15 - 1H16 | Jan 16 - Sep 19 |
| Bangyal - Ban Pong - Kanchanaburi | 55.6 | Approved | Dec 15 - Mar 16 | Apr 16 - Sep 19 |
| Bangpa-in - Saraburi - Nakornratchasima | 84.6 | Approved | Feb 16 - May 16 | Jun 16 - Sep 19 |
| Mass Transit | | | | |
| Orange Line (Cultural Centre - Minburi) | 110.1 | Dec 15 - Mar 16 | Apr 16 - Mar 17 | N/A |
| Pink Line (Kae rai - Minburi) | 56.7 | Dec 15 - Mar 16 | Apr 16 - Mar 17 | N/A |
| Yellow Line (Lad prao - Samrong) | 54.6 | Dec 15 - Mar 16 | Apr 16 - Mar 17 | N/A |
| Red Line (Bang Sue - Phayathai - Hua Mark/ Bang Sue - Hua Lum Pong) | 44.2 | Dec 15 - Mar 16 | Feb 16 - Jul 16 | Aug 16 - Sep 19 |
| South Purple Line (Bang Sue - Ratchburana) | 131.0 | Dec 15 - Mar 16 | Apr 16 - Mar 17 | N/A |
| Middle Gauge railways | | | | |
| Thai-Chinese (Bangkok - Nong kai) | 369.1 | Aug 16 - Oct 16 | - | N/A |
| Thai-Japanese (Bangkok - Chiang Mai) | 449.5 | N/A | - | N/A |
| High Speed Train | | | | |
| Bangkok - Hua Hin | 94.7 | Mar 16 - Dec 16 | Jul 17 - Dec 17 | N/A |
| Bangkok - Rayong | 152.5 | Mar 16 - Dec 16 | Jul 17 - Dec 17 | N/A |
| Air transportation | | | | |
| Suvarnabhumi Airport Phase 2 | 51.6 | Approved | Jul 16 - Sep 16 | Jul 16 - Sep 19 |
| Water | | | | |
| Leam Chabang Sea port (Port A) | 1.9 | Approved | Jul 16 - Nov 16 | Apr 16 - Sep 19 |
| Single Rail Transfer Operator:STRO | 2.0 | Approved | Dec 16 - Mar 16 | Apr 16 - Sep 17 |
| Total | 1,796 | | | |

Sources: OTP, Post Today newspaper, KS

5.9. Business of Subsidiary Company: Thai Prime Investments Limited

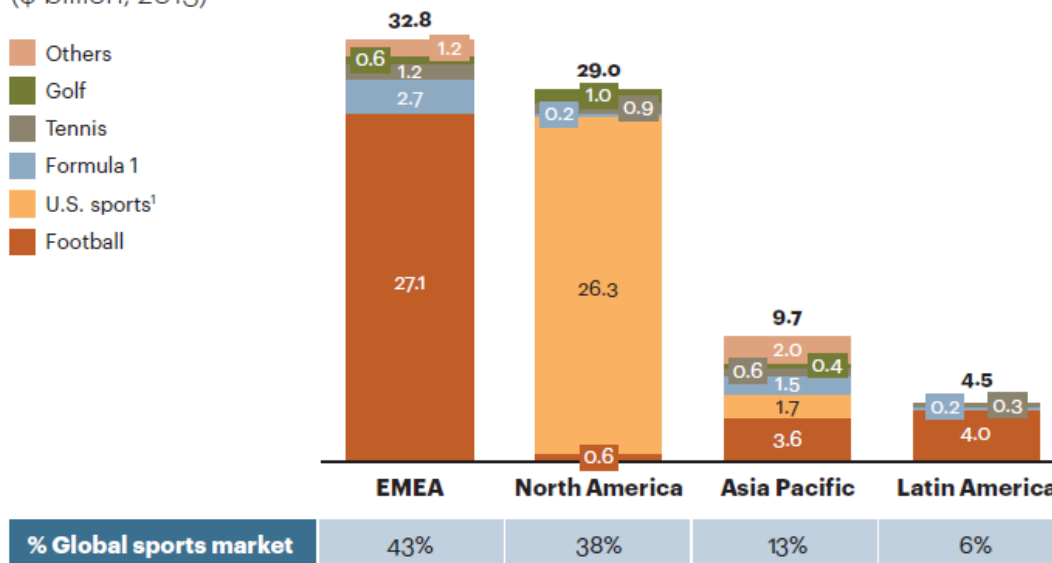
Thai Prime Investments Limited (“TPIL”) is an investment vehicle for global investments. Currently TPIL has invested in the Sport Events business.



The total global economic impact of the sports industry is massive. The overall industry, including sports events, sporting goods, apparel, equipment and health and fitness spending generates US\$700bn annually – representing 1% of global GDP. The market for sporting events, the industry in which Thai Prime Investments has invested in, is worth US\$80bn, and is projected to expand to US\$90bn by 2017. On the back of 8% CAGR, the sports industry is growing faster than average global GDP. Within the sporting events segment, football remains the most valuable and fastest growing sport. Revenues from football increased from US\$25bn in 2009 to US\$35bn in 2013 – a CAGR of 9%. In 2013, revenues from all sporting events, including football, Formula 1, Tennis etc., totaled US\$80bn. Football accounted for over half that amount, generating US\$35bn. Of the total revenue generated by football, 80% was generated from Europe, with only 7% coming from the Asia Pacific region. Given the strong emergence of the middle class across Asia, and particularly in China, there is tremendous scope for upside in the region. Thai Prime Investments, through our holding in SEI & GLS, intend to fully capitalize on the rapidly growing interest in football in the region.

Sporting events market

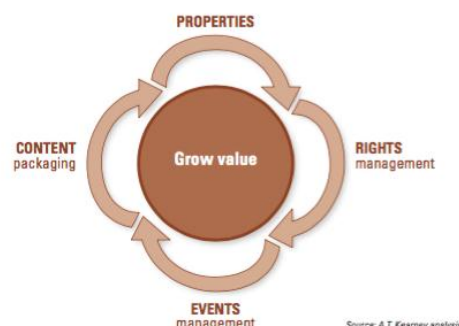
(\$ billion, 2013)



In 2015 EIC invested in two soccer-related companies through Thai Prime Investments Limited. The investment in Sports Events International (SEI) and Global Legends Series (GLS) is borne out of the fact that soccer is probably the most popular and highest revenue-generating professional sport in the world, with over 250 million players across 200 countries. FIFA has more member countries than the United Nations! The top 20 soccer leagues generated revenues in excess of US\$12bn in 2014, with the top sports clubs being valued in excess of US\$3bn. Commercial revenue from sports has a bright future, bolstered by the forthcoming digital enhancement of the industry. The numbers are simply staggering: In 2014, the top 5 leagues collectively generated revenues of US\$20 million per day; had 525 million Facebook Likes; 93 million Instagram followers; 83million Twitter followers; English clubs alone generated revenues of US\$2.2bn. Sports as a commercial enterprise is an avenue EIC is keen to explore and expand into further as we grow in the field.

Sport Events International Limited

Sport Events International (SEI) is a global sports, entertainment, sponsorship and event management company. Based in Dubai, SEI operates globally, delivering unprecedented quality in the sports sector. SEI develops, manages, licenses and represents its own sports properties in over 32 countries worldwide, ranging from mass participation to elite sports experiences, creating and delivering marketing initiatives, sales and sponsorship opportunities to brands through accessing these platforms. SEI brings brands to life through a blend of communications, events and sponsorship integration. The company further advises its clients on their sport marketing investments by identifying and negotiating strategic partnerships and commercial opportunities.



SEI has four major brands under its purview, including F5WC, Global Legend Series (GLS), World Soccer Fives USA, and GLS Academy.

Football Fives World Championship “F5WC”

F5WC is the largest amateur football tournament in the world, an annual event with over 1.3m competitors from 42 participating countries. Founded in 2014, created and managed by SEI, specifically for amateur football players aged 16 and over from around the world. F5WC qualifying is open to any amateur 5 a side football team, with exclusive local organizers nominated in each of the 32 participating countries. The winning team for each of the country finals will go on to represent their country in the F5WC World Finals. After two years of hosting the finals in Dubai, the hosting rights for the F5WC World Finals 2016 have been awarded to Thailand. The 3rd edition of the World Finals are in Bangkok over a 5 day festival with a custom built venue featuring football show pitches, live bands, DJ's, live concerts and cultural entertainment. SEI recently inked a deal which will allow for the next 3 years of World Finals to be hosted in Beijing, China.

World Soccer Fives USA

World Soccer Fives USA is the national qualifying tournament for the F5WC in the USA. Qualifying events are held in over 100 cities, with over 50,000 players entered through a nationwide network of local tournaments. The National Championship will be held in Las Vegas, USA alongside the GLS match in February.

Global Legends series Limited "GLS"

Global Legends Series is a series of eleven a side football matches involving the biggest legends in football. Games are played in select cities around the world. GLS are a team of legendary soccer players from around the world who, in order to qualify, must have won the World Cup, won the European Championships, won the Champions League or played over 50 times for their country. These legends inspire millions through their dedication, skill, and achievements, giving fans the opportunity to re-visit the feel good factor of seeing their idols in action once again. The Global Legends include Fabio Cannavaro, Luis Figo, Andriy Shevchenko, Paul Scholes, Cafu, Michael Owen, Deco, Hidetoshi Nakata and a host of others. Through the Series contributions to charities and local youth, GLS is leaving a lasting legacy behind in every country it plays, while raising awareness for both local and global charities. GLS has over 40 legends signed exclusively to the company.



The Global Legends Series inaugural match took place on December 5th, 2014 in Bangkok, Thailand. Football is immensely popular in Asia, and Thailand has been at the forefront of its popularity since 1897. The inaugural match was launched with a candlelit ceremony on December 5th to honour His Majesty King Bhumibhol Adulyadej's 87th birthday. The Global Legends Series looks forward to thrilling fans across Asia in 2016, with the next event scheduled for Las Vegas, USA on February 20th, followed shortly thereafter by Dubai, UAE in April. Negotiations are underway for events in Seoul, Sydney, Doha, Malaysia and Macau and Tokyo going forward.



GLS Academy

GLS Academy is a globally licensed football academy and youth programme, with ambassadors such as Fabio Cannavaro. The GLS Academy is the first of its kind, delivering unique elements to football development.

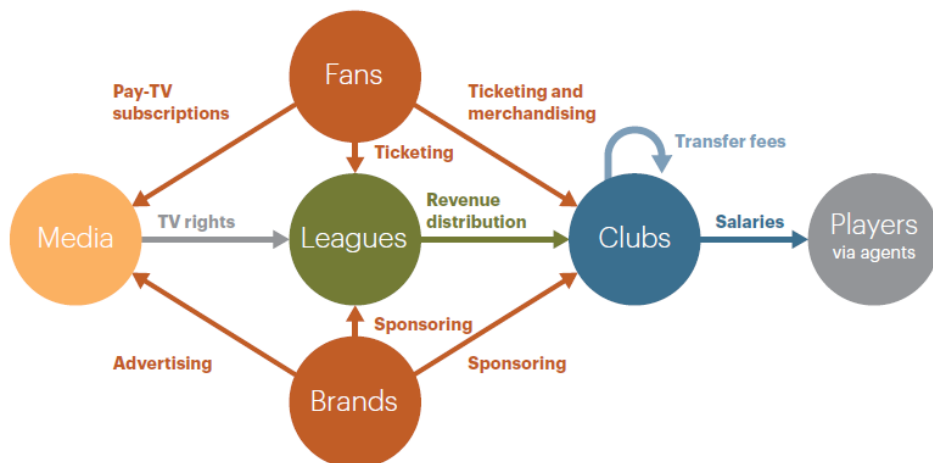
Due to the access and influences of GLS coaches, star players and global coaching strategies, the academy aims to deliver 3 stages with the country it operates:

- 1) Mass participation across schools and clubs
- 2) Talent identification
- 3) Elite development

GLS Academy deploys youth development programmes relevant to the countries objectives, partnering with government entities to ensure maximum results are met over a medium and long term initiative with measure results.

SEI signed a Memorandum of Understanding with the Chinese Ministry of Education to provide coaching across the nation. The programme will begin in April 2016 in 600 schools across the province of Beijing. A GLS Academy license agreement has also been negotiated with Panama, taking effect in 2016.

The sports ecosystem: the flow of money



5.10. General Information and other important information

1. General Information: EIC Pcl

| | |
|--------------------|---|
| Name of Company | : Electronics Industry Public Compnay Limited (“EIC”) |
| Head Office | : Kian Gwan House 3, 9th Floor No. 152 Wireless Road, Lumpini Sub District, Pathumwan District, Bangkok 10330 |
| Telephone | : (+66) 2 651-4050 |
| Fax | : (+66) 2 651-4051 |
| Website | : www.eicasia.net |
| E-mail | : info@eicasia.net |
| Registration No. | : BorMorJor. 40854600004 |
| Business Type | : Electronics business and related electronics business |
| Registered Capital | : Baht 1,318,386,061 |
| Paid-up Capital | : Baht 667,633,603 consists of 667,633,603 ordinary shares |
| Par Value | : Baht 1 per share |

2. General Information: EIC Semiconductor Co Ltd, a Subsidiary Company

| | |
|----------------------------------|---|
| Name of Company | : EIC Semiconductor Company Limited (“EIC Semi”) |
| Head Office | : 65 and 68, Chalong Krung 31 Road, Lumplatiew Sub-district, Latkrabang, District, Bangkok 10520 |
| Telephone | : (+66) 2 326 1234 and (+66) 2 739 4580 |
| Fax | : (+66) 2 326 1020 |
| Resgistration No. | : BorMorJor. 0105556191882 |
| Business Type | : Manufacture and sale of a wide range of discrete semiconductors and silicon wafers for use in the assembly of diodes. |
| Registered Capital | : Baht 474,031,900 |
| Paid-Up Capital | : Baht 474,031,900 consists of 4,740,319 ordinary shares |
| Par Value | : Baht 100 per share |
| % of shareholding by the Company | : 4,740,317 shares or equivalent to 100% of paid-up capital of EIC Semi |

2.1. Information on Sales Agents

| | | | |
|-----------------------|----------|---|--|
| United States | : | EIC Semiconductor Inc 15705 Arrow Highway, # 4 & 5, Irwindale, CA 91706 USA Tel: (626) 960-0877 Fax: (626) 960-0871 | |
| Asia-Hong Kong | : | EIC International Co Ltd Room 702, Block B, Hoi Luen Industrial Centre 55 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong Tel : (852) 2341 6681 Fax : (852) 2343 9959 | Sun Light Electronics (H.K) Ltd Room 703, Block B, Hoi Luen Industrial Centre, 55 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong Tel : (852) 2389 8280 Fax : (852) 2343 2315 URL : www.sunlight.com.hk E-mail : info@sunlight.com.hk |
| Asia-China | : | Sun Light Electronics China Headquarters Sun Light Electronic Building, Punan Road, Eastern Section of Guangzhou Economic and Technological Development District, Gangzhou, China 510760 Tel : (86-20) 82251238 Fax : (86-20) 82251805 | EIC Semiconductor Inc RM 25E & F, Metropolis 100A Zhonghan Rd, ShenZhen, China Tel: 0755-83987303 Fax: 0755-83987323 |

3. General Information: Thai Prime Investments Limited, a Subsidiary Company

| | | |
|----------------------------------|----------|--|
| Name of Company | : | Thai Prime Investments Limited |
| Head Office | : | Vanterpool Plaza, 2nd Floor, Wickhams Cay I, Road Town, Tortola, British Virgin Islands |
| Telephone | : | N/A |
| Fax | : | N/A |
| Registration No. | : | 1526328 |
| Business Type | : | Sport events |
| Registered Capital | : | US\$50,000, consists of 50,000 shares |
| Paid-up Capital | : | US\$2, consists of 2 shares |
| Par Value | : | US\$1 per share |
| % of shareholding by the Company | : | 100% |

4. General Information: Smart Traffic Co Ltd, an Affiliated Company

| | |
|----------------------------------|--|
| Name of Company | : Smart Traffic Company Limited |
| Head Office | : 565/1 Soi Ramkhamhaeng 39 (Theplila1) Phlapphla, Wang Thong Lang, Bangkok 10310 |
| Telephone | : (+66) 2 318 9400 |
| Fax | : (+66) 2 319 6397 |
| Resgistration No. | : BorMorJor. 0105542074935 |
| Business Type | : Integrated smart card (electronic systems) Including repair and maintenance services for Public and private entities |
| Registered Capital | : Baht 60,000,000 |
| Paid-up Capital | : Baht 60,000,000 consists of 12,000,000 ordinary shares |
| Par Value | : Baht 5 per share |
| % of shareholding by the Company | : 3,624,000 shares or equivalent to 30.20% of the paid-up capital of Smart Traffic |

5. General Information: Sport Events International Limited, an Affiliated Company

| | |
|----------------------------------|--|
| Name of Company | : Sport Events International Limited |
| Head Office | : 404 Jumeirah Business Centre 1, Cluster G, Jumeirah Lake Towers, Dubai, United Arab Emirates |
| Telephone | : +97142766336 |
| Fax | : |
| Registration No. | : 48984 |
| Business Type | : Sport Events |
| Registered Capital | : US\$10,000 |
| Paid-up Capital | : US\$10 consists of 1,000 ordinary shares |
| Par Value | : US\$0.01 per share |
| % of shareholding by the Company | : 30% |

6. General Information: Global Legends Series, an Affiliated Company

| | | |
|----------------------------------|---|--|
| Name of Company | : | Global Legends Series Limited |
| Head Office | : | 404 Jumeirah Business Centre 1, Cluster G, Jumeirah Lake Towers, Dubai, United Arab Emirates |
| Telephone | : | +97142766336 |
| Fax | : | |
| Registration No. | : | 48985 |
| Business Type | : | Sport Events |
| Registered Capital | : | US\$10,000 |
| Paid-up Capital | : | US\$10 consists of 1,000 ordinary shares |
| Par Value | : | US\$0.01 per share |
| % of shareholding by the Company | : | 28.5% |

7. Reference Persons

| | | |
|-----------------|---|---|
| Share Registrar | : | Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building, 7th Floor, Ratchadapisek Road, Klongtoey, Klongtoey, Bangkok 10110 Tel: (+66) 2 229 2800 Fax : (+66) 2 359 1259 Call center : (+66) 2 229 2888 Website : www.tsd.co.th |
| Auditor | : | Mr. Surachai Damnoenwong Certified Public Accountant (Thailand) No. 4721 Ms. Lehum Chinnapan Certified Public Accountant (Thailand) No. 7306 RSM Audit Services (Thailand) Limited 26/F Sathorn City Tower 175 South Sathorn Road, Thungmahamek, Bangkok 10120 Tel: (+66) 2 670 9002-6 Fax : (+66) 2 670 9027-8 Website : www.rsmthailand.com |

6. Management Structure

The Company's management structure consists of 4 board and sub-committees: the Board of Directors, the Executive Board, the Audit Committee, and the Nomination & Remuneration Committee. The details of each committee and its scope, duties and responsibilities are described below.

6.1. The Board of Directors

6.1.1. The Board of Directors of EIC Pcl

The Board of Directors consists of nine directors of whom three are executive directors, three are non-executive directors and three are independent directors.

The Board of Directors as of 31 December 2015 is as follows.

| # | Name | Position | Appointment Date | Resignation Date |
|---------------------------------------|-----------------------------|------------------------------|-------------------|------------------|
| 1 | Mr. Bee Taechaubol | Executive Director, Chairman | 5 November 2014 | |
| 2 | Mr. Teepat Sutabutra | Executive Director | 25 April 2014 | |
| 3 | Mr. Luca Roveda | Executive Director | 29 May 2015 | |
| 4 | Mr. Somkad Sueprakul | Non-Executive Director | 4 December 2013 | |
| 5 | Mr. Donald McBain | Non-Executive Director | 30 April 2015 | |
| 6 | Mr. Songphon Chaovanayothin | Non-Executive Director | 30 April 2015 | |
| 7 | Mr. Stephane Benayon | Independent Director | 9 September 2015 | |
| 8 | Mr. Yutthana Phanumaphorn | Independent Director | 27 November 2014 | |
| 9 | Mr. Khomchan Hathailak | Independent Director | 2 June 2015 | |
| Directors who resigned in 2015 | | | | |
| 10 | Mrs. Krishna Jitpatima | Independent Director | 2 December 2013 | 23 April, 2015 |
| 11 | Mr. Withaya Chakphet | Executive Director | 14 February, 2003 | 30 April, 2015 |
| 12 | Mrs. Tippawan Chakphet | Executive Director | 14 February 2003 | 30 April, 2015 |
| 13 | Mr. Santidis Diskul | Non-Executive Director | 29 May, 2015 | 7 July , 2015 |

Term of service of independent directors:

The term of service of independent directors shall be three years. If it is necessary to re-appoint an independent director who serves more than three years, the board shall justify and seek shareholders' approval in the event it is necessary to retain that independent director.

The Authorized Directors:

Directors with company signatory rights are Mr. Bee Taechaubol, Mr. Teepat Sutabutra and Mr. Luca Roveda. Two directors are empowered to jointly sign on behalf of the Company with the Company's seal affixed.

Duties and responsibilities of the Board of Directors:

The Board of Directors is responsible for overseeing the Company's operations to comply with laws, objectives and the articles of association of the Company, as well as shareholders' resolutions, with honesty while preserving the Company's interests.

The Board of Directors considers and approves important matters regarding the Company's operations e.g. vision, mission, strategies, financial goals, budgets, Committee Charter etc., supervises the managements' performance to comply with the specified policy and plans efficiently and effectively, and also provides systems to monitor, improve and evaluate operating results compared with the work plans and approved budget. This is to achieve maximum values for the Company.

The Company clearly segregates the structures, roles, duties and responsibilities of the Board of directors and the management. Power of attorney is issued to specify the scope and level of authority for management engaging in certain business transactions on behalf of the Company. Moreover, the Company regularly communicates the roles, duties and responsibilities to such related persons.

The Company has initiated, participated in preparation, and approved a Corporate Governance Policy and a Code of Conduct for the Directors, management and employees to use as a guideline in performing their duties, which is communicated throughout the Company.

Code of Conduct covers the following topics;

- Ethics for business conduct
- Practices towards various stakeholders i.e. shareholders, employees, customers, trade partners, creditors, competitors, social and environment
- Ethics for the Directors
- Ethics for the employees in various aspects such as conflicts of interest, confidential information, provisions, inside information, anti-bribery and corruption, intellectual property and the use of information technology
- Monitoring procedures and disciplinary actions.

The Company has clear procedures to oversee transactions that may have conflicts of interest and has set up regulations regarding connected transactions in line with the Regulations of the SEC. In the event that the transaction must be approved by the Board of Directors and/or the shareholders' meeting, it shall first be screened by the Audit Committee, which would give an opinion on entering into such a transaction. If the Board of Directors has a different opinion to the Audit Committee, the Company shall also disclose the different opinion. In addition, in the case of a particular Director having an interest in certain issues, he shall not be allowed to vote on such an agenda.

To evaluate the efficiency of the Company's internal control system, the Company has an Internal Audit division as a separate unit, which is responsible for auditing, evaluating, recommending and supporting the effectiveness of and improvement to risk management, control and corporate governance in accordance with International Standards for the Professional Process of Internal Auditing. The audit results are reported to the Audit Committee and administration matters to the Managing Director. The Board of Directors and the Audit Committee reviews the Assessment Form of Adequacy of Internal Control System annually.

6.1.2. The Board of Directors of EIC Semiconductor Co Ltd, subsidiary company

The Board of EIC Semiconductor Co Ltd consists of three directors as follows:

| # | Name | Position | Attendance |
|---|------------------------|------------------------------|------------|
| 1 | Mr. Witthaya Chakhpet | Executive Director, Chairman | 1/1 |
| 2 | Mrs. Tippawan Chakphet | Executive Director | 1/1 |
| 3 | Mr. Luca Roveda | Non-Executive Director | 0/1 |

The Authorized Directors:

Directors with company signatory rights are Mr. Witthaya Chakhpet and Mrs. Tippawan Chakphet. Two directors are empowered to jointly sign on behalf of the Company with the Company's seal affixed.

6.1.3. Board Attendance of EIC Pcl in 2015

| # | Name | Board of Directors Meeting | Audit Committee Meeting | Nomination & Remuneration Committee Meeting | Shareholders Meetings |
|---------------------------------------|-----------------------------|----------------------------|-------------------------|---|-----------------------|
| 1 | Mr. Bee Taechaubol | 9/15 | N/A | N/A | 1/2 |
| 2 | Mr. Teepat Sutabutra | 12/15 | N/A | N/A | 1/2 |
| 3 | Mr. Luca Roveda | 9/9 | N/A | N/A | N/A |
| 4 | Mr. Somkad Sueprakul | 15/15 | 4/4 | 1/1 | 2/2 |
| 5 | Mr. Donald McBain | 5/12 | N/A | N/A | 1/1 |
| 6 | Mr. Songphon Chaovanayothin | 6/12 | N/A | 1/1 | 1/2 |
| 7 | Mr. Stephane Benayon | 4/4 | 1/1 | N/A | N/A |
| 8 | Mr. Yutthana Phanumaphorn | 13/15 | 4/5 | N/A | 2/2 |
| 9 | Mr. Khomchan Hathailak | 9/9 | 2/2 | 0/1 | N/A |
| Directors who resigned in 2015 | | | | | |
| 10 | Mrs. Krishna Jitpatima | 2/6 | 2/3 | N/A | 0/1 |
| 11 | Mr. Withaya Chakphet | 2/6 | N/A | N/A | 1/1 |
| 12 | Mrs. Tippawan Chakphet | 2/6 | N/A | N/A | 0/1 |
| 13 | Mr. Santidis Diskul | 1/1 | N/A | N/A | N/A |

Duties and Responsibilities of the Chairman of the Board of Directors:

The Chairman functions as the leader of the board. He has the responsibility of setting board agendas, providing information to directors, and to conduct open boardroom discussions, enabling the directors to generate effective board debate and discussion and provide constructive challenges that the company needs.

The Chairman of the board has additional responsibilities over and above other directors as follows:

1. Together with the CEO, to call the Board and Shareholder meetings and set the agendas of the meetings
2. To act as Chair at meetings of the Board and Shareholders including reviewing and signing minutes of meetings
3. To have the casting vote to break a tie in meetings of the Board and Shareholders

In addition to the roles and responsibilities as a Director, the Chairman strictly complies with the Ethics and Good Corporate Governance practices and is a role model for the Directors, Management and all employees of the Company.

Segregation of duties between the Board of Directors and Management

The roles and responsibilities between the board and management are clearly segregated as follows.

| The Board of Directors | Management |
|--|---|
| To have the ultimate responsibility for the company's long-term prosperity | To run the business of the company and set its business strategy in accordance with the delegated authority of the board |
| To approve large projects/investment, major transactions, policies, etc. | To have the authority to approve day-to-day operational expenditures, investments, commercial agreements, etc. up to limits approved by the board |
| To oversee the overall performance of the company and the implementation of policies and plans by management effectively and efficiently | To report results to the board |

The board has approved the separation of duties, authorization and management including approval limits of day-to-day operational expenses, for example. However, such authorization shall not include that where the grantee can approve the transaction of which he or she is a person who might have any conflicts of interest with the company or its subsidiaries regarding such a transaction.

Duties and Responsibilities of the Chief Executive Officer:

The board has delegated authority and responsibility for the conduct of the company's business to the CEO who has the following responsibilities:

1. To manage and monitor the company's daily operations and performance consistent with the company's objectives, strategies and relevant policies
2. To recommend to the board any significant operational changes and major capital expenditures beyond delegated authority
3. To consider the company's profit/loss and propose to the board the interim and/or annual dividend payment
4. To assign responsibilities to the senior management and supervise the work of executive directors
5. To empower engagement and commitment for the company in accordance with all applicable laws and the company's standards and policies
6. To conduct other duties in accordance with the resolutions of the board meetings and/or shareholder meetings

6.2. Sub-Committees of the Board of Directors

The board currently has three committees – Executive Committee, Audit Committee and Nomination and Remuneration Committee to fulfill its responsibilities.

6.2.1. The Executive Committee of EIC pcl

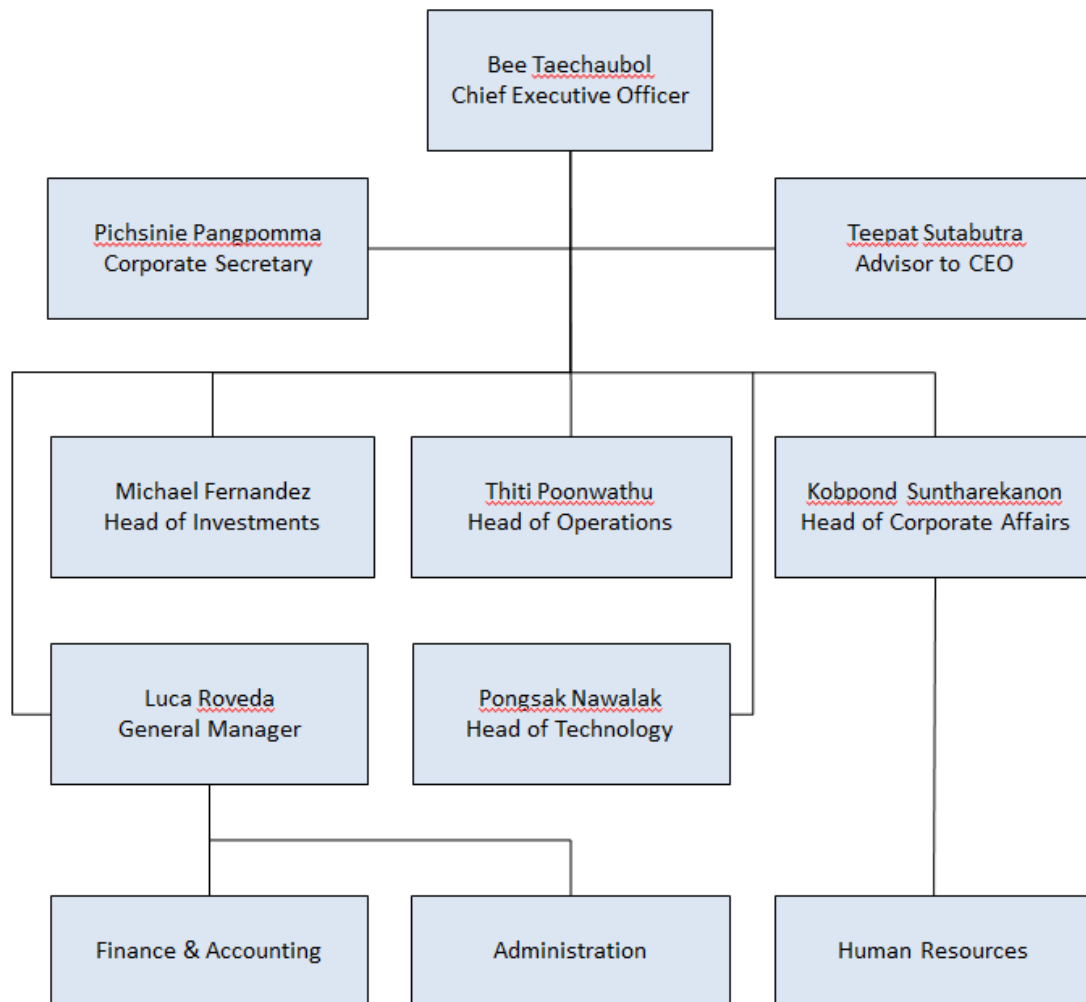
Structure: The Committee currently comprises of six members.

| # | Name | Position | Role |
|---|---------------------------|---------------|-------------------------------|
| 1 | Mr. Bee Taechaubol | Chairman | Chief Executive Officer |
| 2 | Mr. Thiti Phoonwathu | Vice Chairman | Director of Operations |
| 3 | Mr. Michael Fernandez | Vice Chairman | Director of Investments |
| 4 | Ms. Kobpond Suntharekanon | Member | Director of Corporate Affairs |
| 5 | Mr. Pongsak Nawalak | Member | Director of Technology |
| 6 | Mr. Luca Roveda | Member | General Manager |

Duties and responsibilities of the Executive Committee:

1. To perform and manage the company's business, to comply with the policies, mission and business plans as determined by the board of directors
2. To determine budget and the management's authority of the company
3. To monitor and follow-up the operation of the company's policies to ensure efficiency
4. To monitor the performance of the company to ensure its compliance with the business plan
5. To approve day-to-day operational expenses in accordance with the approved authorization policy of the company
6. To perform other duties as assigned by the board of directors

Corporate Organization Chart: Electronics Industry Public Company Limited. December 31, 2015

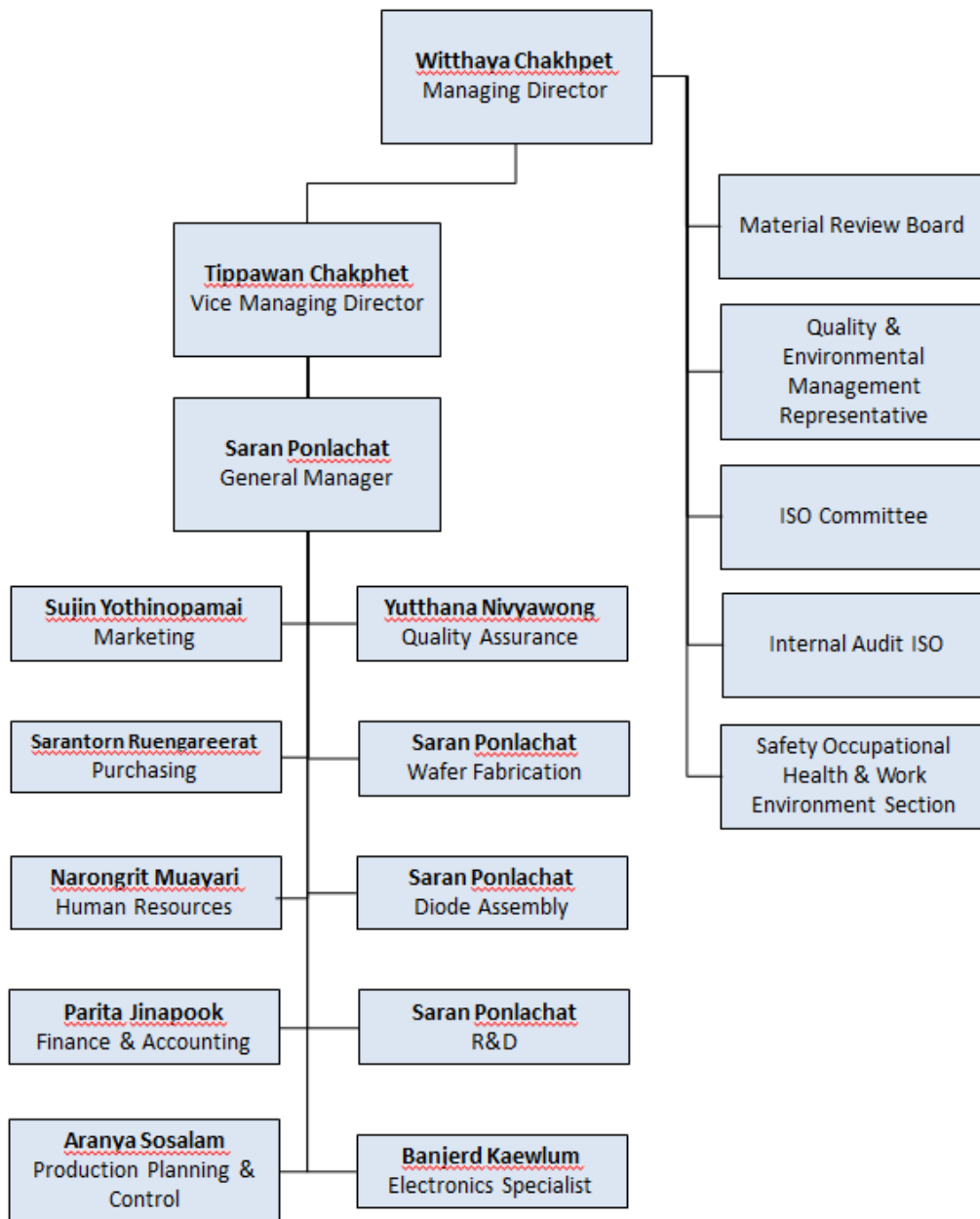


6.2.2. The Executive Committee of EIC Semiconductor Co Ltd, a wholly owned subsidiary company

EIC Semiconductor Co Ltd's Executive Committee consists of the following Members

| # | Name | Position |
|---|------------------------------|---|
| 1 | Mr. Witthaya Chakhpet | Managing Director |
| 2 | Mrs. Tippawan Chakphet | Deputy Managing Director |
| 3 | Ms. Parita Jinnapuk | Finance & Accounting Manager |
| 4 | Mr. Yuttana Newyawong | Quality Assurance Manager |
| 5 | Mr. Sarun Polachart | Research & Development Manager |
| 6 | Ms. Sarunthorn Ruang-Areerat | Production Manager |
| 7 | Ms. Aranya Sosalam | Production Planning and Control Manager |
| 8 | Mr. Sujin Yothinopamai | Marketing Manager |
| 9 | Mr. Narongrit Muayari | Human Resources |

Corporate Organization Chart: EIC Semiconductor Co Ltd. December 31, 2015



6.2.3. The Audit Committee

Structure: The Audit Committee of EIC Pcl consists entirely of independent directors, who are independent from EIC operations and free from any relationship that might be construed as a conflict of interest.

Term: The Chairman and members are appointed for an initial term of three years.

The Current members are as follows:

| # | Name | Position |
|---|--------------------------|----------|
| 1 | Mr. Stephane Benayon | Chairman |
| 2 | Mr. Yutthana Phnumaphorn | Member |
| 3 | Mr. Khomchan Hathailak | Member |

Duties and responsibilities of the Audit Committee:

1. To review the company's financial reporting process to ensure that it is accurate and adequate
2. To review the company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the head of an internal audit department
3. To review the company's compliance with the laws of the SEC, the regulations of the SET and other laws relating to the company's business
4. To consider, select and nominate an independent auditor including proposing their remuneration, as well as to consider the performance of auditors and their dismissal
5. To review connected transactions, or transactions that may lead to conflicts of interest, to ensure that they are in compliance with the SET regulations and applicable laws, and are reasonable and for the benefit of the company
6. To prepare and disclose in the company's annual report, an Audit Committee report which shall be signed by the Chairman of the Audit Committee and consist of at least the following information:
 - 6.1 an opinion on the accuracy, completeness and creditability of the company's financial reports
 - 6.2 an opinion on the adequacy of the company's internal control system
 - 6.3 an opinion on the compliance with related laws i.e. the Securities and Exchange Act, the SET regulations, or the laws relating to the company's business
 - 6.4 an opinion on the suitability of the company's auditor
 - 6.5 an opinion on transactions that may lead to conflicts of interest
 - 6.6 the number of Audit Committee meetings, and the attendance of such meetings by each committee member
 - 6.7 an opinion or overview received by the Audit Committee from its performance of duties in accordance with the charter, and other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the company's board of directors

7. To perform any other duties as assigned by the board of directors
8. In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts which may materially affect the company's financial condition and operating results, the Audit Committee shall report it to the board of directors for rectification within the period of time that the Audit Committee sees fit:
 - 8.1 a transaction that causes a conflict of interest;
 - 8.2 any fraud, irregularity, or material defect in an internal control system; or
 - 8.3 an infringement of the SET regulations or any law relating to the company's business.

If the company's board of directors or management fails to make a rectification within the period of time under the first paragraph, the Audit Committee may report the transaction or act to the SEC and the SET.
9. To support and monitor the risk management systems and ensure the measures of the company are appropriate

6.2.4. The Nomination & Remuneration Committee

Structure: The Nomination & Remuneration Committee of EIC Pcl consists of two independent directors and one executive director. The Committee will at all times consist of a majority of independent directors.

Term: The Chairman and members are appointed for a term of three years.

The Current members are as follows:

| # | Name | Position |
|---|-----------------------------|----------|
| 1 | Mr. Somkad Sueprakul | Chairman |
| 2 | Mr. Songphon Chaovanayothin | Member |
| 3 | Mr. Khomchan Hathailak | Member |

Duties and responsibilities of the Nomination & Remuneration Committee:

1. To ensure a formal and transparent procedure for the appointment of new directors and key executive management to the board
2. To select potential candidates whose qualifications best meet the criteria and propose to the board
3. To propose and review the executive management succession plan
4. To review annually the size and composition of the board and to recommend any proposed changes to the board
5. To review and approve appropriate compensation and incentive schemes

6.2.5. Corporate Secretary to the Board of the Directors

The board has formally appointed Ms. Pichsinie Pangpomma, who graduated in Law with a Bachelor Degree, to be the corporate secretary since July 1, 2015 to carry out the duties and responsibilities according to Section 89/15 and 89/16 of Securities and Exchange Act No. 4 B.E. 2551 effective from 31 August 2008. The corporate secretary shall perform duties with care and responsibility and in good faith as well as in compliance with all applicable laws, the company's objectives, the Articles of Association of the company, and the resolutions of the board of directors and the shareholders' meetings.

The duties and responsibilities of the corporate secretary are as follows:

1. To prepare and maintain the following documents:
 - 1.1 Director registration
 - 1.2 Notification and minutes of the board of directors meetings including annual reports
 - 1.3 Notification and minutes of shareholder meetings
2. To maintain Report on Interest of Directors, Executives and Related Persons and send a copy of the report under Section 89/14 of SEC regulation to the Chairman of the board and Audit Committee within 7 days from the date that the report is received.
3. Other duties as defined by the Securities and Exchange Commission
4. Other duties assigned by the board of directors such as
 - advise on the relevant laws and regulations and ensure the activities of the board to be in accordance with the law
 - conduct the board of directors and shareholders meetings
 - liaise with regulatory agencies such as the SET and ensure disclosures and press releases are in accordance with applicable laws

6.3. Remuneration

6.3.1. Remuneration of the Board of Directors and Executives of EIC Pcl

(1) Cash Remuneration

Remuneration of Directors

The Annual General Meeting for the year 2014, held on 25 April 2015, obtained resolutions to fix the remuneration of directors and audit committee as follows:

- | | |
|-------------------------------------|-------------------------|
| 1) <u>Remuneration of Directors</u> | |
| - Chairman of the Board | Baht 30,000 per meeting |
| - Director | Baht 20,000 per meeting |

2) Remuneration of Audit Committee Directors

- Chairman of the Audit Committee Baht 30,000 per meeting
- Audit Committee Member Baht 20,000 per meeting

3) For other welfare and benefits, these will be prescribed appropriately in accordance with the performance of the Company.

The Company paid meeting allowances in accordance with the following attendance:

| # | Name | Board of Directors Meeting | Audit Committee Meeting | Nomination & Remuneration Committee Meeting | Total |
|---------------------------------------|-----------------------------|----------------------------|-------------------------|---|------------------|
| 1 | Mr. Bee Taechaubol | 210,000 | 0 | 0 | 210,000 |
| 2 | Mr. Teepat Sutabutra | 200,000 | 0 | 0 | 200,000 |
| 3 | Mr. Luca Roveda | 160,000 | 0 | 0 | 160,000 |
| 4 | Mr. Somkad Sueprakul | 240,000 | 90,000 | 0 | 330,000 |
| 5 | Mr. Donald McBain | 120,000 | 0 | 0 | 120,000 |
| 6 | Mr. Songphon Chaovanayothin | 110,000 | 0 | 0 | 110,000 |
| 7 | Mr. Stephane Benayon | 60,000 | 30,000 | 0 | 90,000 |
| 8 | Mr. Yutthana Phanumaphorn | 210,000 | 70,000 | 0 | 280,000 |
| 9 | Mr. Khomchan Hathailak | 160,000 | 40,000 | 0 | 200,000 |
| Directors who resigned in 2015 | | | | | |
| | Mrs. Krishna Jitpatima | 20,000 | 20,000 | 0 | 40,000 |
| | Mr. Withaya Chakphet | 20,000 | 0 | 0 | 20,000 |
| | Mrs. Tippawan Chakphet | 20,000 | 0 | 0 | 20,000 |
| | Mr. Santidis Diskul | 20,000 | 0 | 0 | 20,000 |
| | TOTAL | 1,550,000 | 250,000 | 0 | 1,800,000 |

Remuneration of Executives of EIC Pcl

Total cash remuneration of Executives as defined by the SEC was Baht 43,980,000, including salary and bonus.

(2) Other Remuneration

Other Remuneration of Director: None

Other Remuneration of Executives: None

6.3.2. Remuneration of Directors and Executives of EIC Semiconductor Co Ltd, a Subsidiary Company

(1) Cash Remuneration

Remuneration of Directors

EIC Semi, Subsidiary Company paid the meeting allowance as follows:

| # | Name | Position | Remuneration (Baht) |
|---|------------------------|------------------------------|---------------------|
| 1 | Mr. Witthaya Chakhpert | Executive Director, Chairman | None |
| 2 | Mrs. Tippawan Chakphet | Executive Director | None |
| 3 | Mr. Luca Roveda | Non-Executive Director | None |
| | Total | | None |

Remuneration of Executives

Total Cash Remuneration of Directors, as defined by the SEC, is Baht 6,286,303 including salary, bonus, and provident funds and other returns.

(2) Other Remuneration

Other Remuneration of Director: None

Other Remuneration of Executives: None

6.3.3. Personnel

The Company and its subsidiary have a total of 212 employees as of 31 December 2015. In 2015, the Company paid total remuneration as follows, including salary, over-time payments, social security and provident funds.

| 2015 | (EIC) | (EIC Semi) | Total |
|----------------------------|-------------------|-------------------|-------------------|
| Operations (persons) | 11 | 186 | 197 |
| Executives (persons) | 7 | 8 | 15 |
| Total (persons) | 18 | 194 | 212 |
| Remuneration (Baht) | 48,324,433 | 46,946,767 | 95,271,200 |

7. Corporate Governance

7.1. Corporate Governance Policy

The Board of Directors (the “Board”) of Electronics Industry Public Company Limited (the “Company”) passed a resolution to approve the Corporate Governance Policy, which lays down guidelines that comply with the Stock Exchange of Thailand’s principles of good corporate governance and best practice recommendations. This policy became effective on 9th November 2005 and has been updated to keep it aligned with best business practices.

The last update, made in 2015, can be divided into five sections as follows:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Responsibilities of the Board

1. Rights of Shareholders

The Board respects the shareholders' rights and has a duty to protect the benefits of every shareholder equitably, regardless of whether they are retail, foreign, institutional, or major shareholders. Every shareholder is entitled to the same rights and equitable treatment detailed below:

- 1) The right to receive share certificates and share transfers, and to be sufficiently informed of operating results and management policies on a timely basis.
- 2) The right to an equitable dividend.
- 3) The right to participate in meetings, vote and make recommendations on decisions concerning major corporate actions such as amendments to the articles of association, appointments to the Board, appointment of the Company's external auditors, and issuance of new share capital.
- 4) The right to elect directors.

In addition to the above rights, every shareholder is entitled to the rights and equitable treatment stipulated in the Company's articles of association and all relevant laws.

Shareholders Meeting

The Company has a policy to conduct regular and transparent shareholders’ meetings, and establish appropriate procedures for general shareholders’ meetings in accordance with the law and the regulations issued by the Stock Exchange of Thailand.

In each shareholder’s meeting, every shareholder has the right to give his or her opinion and query any of the information presented which is relevant to the agenda and the issues being

discussed. The chairman of the meeting shall allocate an appropriate period of time for each item on the agenda and encourage all attendees to participate in the discussion and express their opinions.

In each meeting, at least one independent director shall be appointed as a proxy for shareholders who cannot attend the meeting, and every party shall be informed beforehand in the notification of the meeting. Every shareholder shall have the right to vote separately for each item on the agenda. The Board shall not aggregate irrelevant matters and request approval in one resolution.

It is the duty of all directors to attend every shareholders meeting in order to answer any queries the shareholders might have.

2. Equitable Treatment of Shareholders

All shareholders, including those with management positions, non-executive shareholders and foreign shareholders will be treated in an equal way. Minority shareholders whose rights have been violated will be redressed.

The board of directors will ensure that all processes and procedures for the shareholders meeting allow equitable treatment of all shareholders.

Monitoring the Handling of Insider Information

The Company has a policy to maintain the confidentiality of material non-public information from unauthorized access that may lead to misuse.

All directors and managers are to strictly adhere to the disciplinary action procedure according to Sections 59 of the Securities and Stock Exchange Act B.E.2535.

Directors, management, and staff members at all levels shall not use any significant inside information about the Company or any company in the Group which has not been disclosed to the public, for their own or others' benefit.

Directors, management, and staff members at all levels shall have the right and freedom to invest and trade in the securities of the companies in the Group. However, in order to prevent conflicts of interest, all directors and employees should avoid or suspend trading for a period of one month prior to the disclosure of all financial statements to the public.

Conflicts of Interest and Related Party Transactions

Every director, manager and staff member shall disclose his or her relationship to any other business entity the Company may be dealing with, according to the Company's disclosure criteria.

Prior to entering into any business dealings, the management of the Company has a duty to determine the relationship between business partners and the Company's directors, managers and staff members who are conducting business with those partners.

The definition of “relationship” is given in the Notification of the Board of Governors of the Stock Exchange of Thailand, Re: Disclosure of Information and Act of Listed Companies Concerning Connected Transactions, 2003.

3. Role of Stakeholders

The Company is aware of the rights of stakeholders and has a policy to ensure the importance of these rights by the appropriate prioritization of all stakeholders as follows: shareholders, employees, executives, customers, partners, creditors, and society. Cooperation between stakeholders shall be established according to their roles and responsibilities so that the Company can run its operations smoothly and effectively in order to benefit all groups of stakeholders fairly.

In order to maintain high ethical standards, the Company has formulated a Business Code of Conduct to guide all of the Company’s directors, managers and employees as they perform their duties.

The Company assigns the highest priority to the rights of Stakeholders and has a policy to oversee all aspects of the business and ensure that appropriate priorities are maintained for all shareholders, employees, managers, customers, business partners, creditors, and the public and community at large. The company shall facilitate co-operation among the various groups of stakeholders according to their roles and duties in order to create a fair and stable business environment that runs smoothly for the benefit of all parties concerned.

Responsibility to shareholders

The Company has policies to operate the businesses with transparency, honesty, accuracy, and ethics. The Company also works hard to improve performance and continually bring an appropriate return to investors. The major responsibilities of the Company are:

1. To conduct roles with transparency and honesty, including careful and fair decision making to generate maximum wealth for shareholders.
2. To control the assets of the Company, and minimize loss or depreciation.
3. To ensure that shareholders are sufficiently informed about policies and future plans of the Company.
4. To ensure that directors, managers and employees do not use unpublicized information to benefit to themselves or a related person, and/or do any transactions which cause conflict of interest.

Policy and Treatment for Customers

Customer satisfaction is a major factor affecting the success of the Company, thus the Company has a code of conduct as follows:

1. Contribute to customer satisfaction in terms of quality, price, delivery and service.
2. Deliver products and services on time, or exceeding customer expectations, with a fair price.
3. Provide correct, updated and adequate information to customers without any exaggeration that could cause misunderstanding.

4. Treat customers with politeness, efficiency and reliability.
5. Provide a system for dealing with customer complaints in term of quality, quantity, response time and delivery.
6. Customer information is to be kept secret and not used for the benefit of company employees, directors or related persons.

Policy and Treatment of Suppliers

The Company has a policy of treating all suppliers equally based on fair returns to each other and the highest benefit for the Company. The approach of the Company is as follows:

1. Not to require, receive or make any dishonest gain from any supplier
2. Disclose details and coordinate with suppliers to resolve any problem related to requirement, receipt or dishonest gain.
3. Strictly comply with conditions set out in supplier agreements. In the event that the Company is not able to comply with a condition, the Company must inform the supplier in advance in order to find a resolution to the problem.

Policy and treatment of Competitors

Competition policies of The Company follow principle standard and trading competition laws. The Company must not offend competitors, or gain confidential information by fraud.

The Company procedure is as follows:

1. Compete with others under competitive regulations
2. Do not seek confidential information of competitors by any dishonest or improper means.
3. Do not damage the reputation of competitors by defamation.

Policy and Treatment of Employees

The Company recognizes that employees are a key factor for company success. Therefore the Company has policies which support fair treatment in terms of opportunity, compensation, appointment, transfer and removal of employees, including capability development according to principals below:

1. Treat employees with politeness, and respect their individual and human dignity.
2. Give fair compensation to employees.
3. Keep the work environment a safe place for employees and their property.
4. Make just and appropriate decisions regarding appointment, transfer, awards and discipline.
5. Concentrate on improving employee knowledge and capability.
6. Listen to opinions and suggestions based on the professional knowledge of employees.
7. Strictly comply with rules and regulations involving employees.
8. Avoid any unfairness or pressure which could affect the work stability and mental condition of employees.

Maintaining Morality

Employees

The employees must follow these moral principles with understanding, acceptance and faith. They must be aware of their behavior at all times and avoid misbehaving. If the employees have any questions, they can ask their supervisor and/or the human resource department.

Management

The management team at all levels has the duty to

- Support the moral code and act as role models.
- Lead by example and listen to opinions related to morality.
- Equip the employees with sound responsibility and provide a management system that complies with the rules and regulations of the company.
- Monitor the operation to ensure adherence of the company's rules and regulations.
- Develop human resources

HR has the responsibility for informing employees about their duty to follow the moral code and must ensure that the morality manual is passed to new employees.

Internal Audit

The Internal Audit department has a duty to monitor company information in case it contains any offence relating to the company rules and regulations. It then reports to the Board of Directors for good governance.

The Abidance of Law and Company Rule

1. Employees must strictly follow the law, and company rules and regulations.
2. No consideration is taken for employees claiming they are acting to boost the profitability of the Company, or other reasons, in the offence of law, shareholder consensus, Board of Directors' consensus, codes and orders of the Company.
3. The employees are to do their duties with honesty, and always work for the benefit of the Company.

Regulations Related to Securities and Inside Information Disclosure

1. The employees are to strictly follow the rules and regulations of SET, SEC and other related laws and orders, especially those related to the company's disclosure to the shareholders and/or public.
2. Misuse, by any employee, of internal information that has not been disclosed to public is considered a Company offence.
3. Disclosure of any information that could have an effect on the business and the share price must be agreed by the managing director. The managing director will disclose the piece of information, or assign responsibility to another party to do so on his/her behalf.
4. The Director and/or the Board of Director's Secretarial Department have a responsibility to disclose general information to the public and investors. These departments own, and provide support for, the information.

Responsibility to Society and Environment

Regarding environmental performance, the company meets the requirements of ISO 14001 certification and takes all reasonable measures to adhere to the following environmental policy:

1. Meet or exceed all environmental laws, standards and regulations.
2. Minimize, substitute, and where possible eliminate the use of hazardous chemicals in processes and operations.
3. Ensure efficient use of energy through management controls and routine practices as well as minimizing waste from production.
4. Educate and control all employees to strictly enforce the environmental policy.

Business Code of Conduct

The Company aims to be a leader in the semiconductor industry, particularly in diode manufacturing, and to serve the dynamic demand of the users, which is heavily influenced by technological changes. The Company insists on producing quality goods to satisfy the highest demand of its customers.

To ensure success of management, The Company practices business ethics, including fairness and morality. The business procedure for the Company's employees to practice is as follows:

1. Operate according to Corporate Governance principles.
2. Create good relationships with business partners, both suppliers and customers, to benefit from fair business together.
3. Ensure customer satisfaction through high quality products, good pricing, on-time delivery and excellent service.
4. Consistently improve the business management system of the organization.
5. Increase the potential to serve market demand from every angle, for example: modern technology, a wide array of products, efficient capacity and products with good quality and reliability.

4. Disclosure and Transparency

It is the Company's mission and policy to disclose all important information relevant to the company, both financial and non-financial, correctly, accurately, completely, on a timely basis and transparently through easy-to-access channels that are fair and trustworthy.

The Managing Director is the best person to be "Spokesman" for the company to communicate with outsiders such as shareholders, institutional investors, individual investors, analysts, related government agencies, etc.

The Company has a policy to disclose the following information to the public:

1. The Company's objectives.
2. The Company's financial status and operating performance, shareholding structure, and voting rights.
3. Names of directors and committee members stating their remuneration, including the Chairman of the Executive Committee and the Managing Director.
4. Corporate governance structures and policies including the responsibility of the Board regarding financial reports, the reports of the Chairman of the Audit Committee, and all other related reports.
5. The total attendance of each director and/or each sub-committee member at their respective meetings compared with the total number of meetings of the Board and/or the sub-committees in each year. This shall be disclosed in the annual report. In addition, the Company is obliged to disclose any information that is required by law or related regulations.

5. Responsibilities of the Board

The Board of directors plays an important role in corporate governance for the best interests of the company. The board is accountable to shareholders and independent of management.

Leadership and Vision

The Board of Directors (the "Board") is determined that the "EIC" Brand will be an internationally recognized symbol among the leading manufacturers of all industries: including electronic products, automobile, communication, sports and consumer goods.

Board Structure

- The Board shall be composed of experts with a wide range of experience in various fields. There shall be sufficient directors to govern and supervise the corporation: not less than five (5) directors (as required by law) shall sit on the Board. At least one director shall be experienced in the area of semiconductor devices, and at least one director shall be experienced in the area of finance and accounting.
- At least one-third of the Board and not less than three (3) persons must be independent directors. More than one-half of the Board must be non-executive directors in order to ensure a good balance between executive and non-executive members.
- The appointment of members of the Board shall comply with the Company's articles of association and all relevant laws in Thailand. Selection of the directors shall be transparent and clear, and processed through the Nomination Committee. Consideration shall be given to the educational and professional background of the candidates. Sufficient information shall be provided to the Board and all shareholders for decision making.
- A director's term of office is defined in the Company's articles of association. A retired director can be re-elected.

Qualifications and Requirements of the Board

- A director must be capable and honest, display the utmost integrity, conduct the business ethically, and devote sufficient time to the Company in order to perform his or her duties professionally.
- A director must possess the necessary qualifications for his or her position, and not be disqualified in any way according to the Public Company Act BE 2535 or other related laws.
- A director can sit on the board of other companies, providing this does not interfere with the performance of his or her duties at the Company.
- Independent directors shall meet all the requirements outlined in the section titled Qualifications and Scope of Work in the Audit Committee's qualification guidelines, as specified in the Notifications of the Stock Exchange of Thailand. Independent directors have a duty to protect the interests of every shareholder in a fair and impartial manner in order to avoid any conflict of interests that may arise. They shall also attend the Board meetings and express their comments and opinions from an independent viewpoint.

Major Responsibilities and Scope of Duties of the Board

- Perform its duties with honesty, integrity and prudence in accordance with the law and the Company's objectives and articles of association including the resolutions of shareholders' meetings, and carefully protect the Company's interests.
- Set out the vision, policy and direction of the Company's operations and supervise the management team to act in accordance with plans which are set out efficiently and effectively and thereby maximize the economic value and wealth of the Company and its shareholders.
- Consider and approve major issues such as large investments, policy, management authority, and any transactions as prescribed by law.
- Approve or agree to all major related transactions between the Company and its subsidiaries in compliance with the relevant notifications, regulations and guidelines of the Stock Exchange of Thailand.
- Assess the performance of the Executive Chairman and the executive directors, and fix appropriate remuneration on a regular basis.
- Be responsible for overseeing operational results and the management team's performance to ensure due attentiveness and care.

- Arrange appropriate accounting systems, including the production of financial reports and a reliable auditing system; oversee and monitor the effectiveness and efficiency of internal controls, internal audits and risk management systems.
- Ensure that conflicts of interest amongst the Company's stakeholders are avoided.
- Supervise business operations to enforce ethical work standards.
- Annually review the Company's corporate governance policy and assess due compliance.
- Report on the execution of the Board's responsibility to prepare financial reports, along with the external auditor's report in the annual report covering key issues according to the Company's policy statement and the Stock Exchange of Thailand's Code of Best Practices for Directors of a Listed Company.

Sub-Committees:

The following sub-committees shall be set up to relieve the workload of the Board:

1. Audit Committee:

The Audit Committee shall be a part of the Board and be appointed by the Board. The Audit Committee shall be composed of at least three (3) persons with at least one (1) person having knowledge of accounting or finance. The Audit Committee shall meet all the requirements outlined in the section titled Qualifications and Scope of Work in the Audit Committee's qualification guidelines as specified in the Notifications of the Stock Exchange of Thailand.

The authority of the Audit Committee and its scope of duties are as follows:

- Review the company's financial statement to verify its sufficiency and correctness by considering the auditors and management report. Review any transactions which are necessary or significant for auditing the company financial statement.
- Confirm that the company has a sufficient internal control by considering the report submitted by the internal auditor.
- Ensure the company's operation is compliant with SET and SEC rules.
- Consider, select, nominate and appoint the auditor and the auditor's annual fee based on the credentials, resources, amount of work on hand, and the professional experiences of the auditor.
- Review the company's disclosure of related transactions that may create conflicts of interest.

- Review the company's risk management system.
- Prepare the audit committee report for disclosure in the annual report, stating the review of the financial statements and the sufficiency of internal management control.
- Review the appointment, the performance and the compensation package of the internal auditor.
- Review the re-appointment and/or termination of the internal auditor, having the right and authority to invite the related management and staff to participate in giving necessary comments.
- Review and make comments on the business transactions between the company and its sole agents, quarterly and annually, based on the price and business conditions, according to the Sole Agents Agreement. The review and comments are to be reported in the company annual report.

2. Executive Committee:

The Executive Committee shall be composed of the Chairman of the Executive Committee and directors or any other persons with appropriate qualifications as approved by the Board.

The Board shall delegate the following authority and scope of duties to the Executive Committee:

- To determine and establish that the policies, the directions, strategies, and management structure are in line and compliant with the economics and competitive status as disclosed to the shareholders, and to further submit to the Board of Directors for approval.
- To determine and establish the business plan, budget and management authority of the company for the Board of Director's consideration and approval.
- To review, follow up, and incorporate the policies and guidelines of the company's management ensuring efficiency and effectiveness for the business.
- To review and follow up the company's performance according to the business plan.
- To conduct a preliminary review of the investment projects before submission to the Board of Directors' for consideration and approval.
- To handle the functions assigned by the Board of Directors.
- To review the annual budget as proposed by management prior to the submission to the Board of Directors for consideration and approval. This review includes any change or increase to the annual expenses budget during the absence of the Board of Directors.

3. Nomination Committee:

The Nomination Committee shall be composed of at least three (3) directors and more than one-half of the committee must be non- executive directors.

The duties of the Nomination Committee are as follows:

- Select appropriate personnel and propose the new committee.
- Determine the method and criteria of the Company's selection process to ensure transparency

4. Remuneration Committee:

The Remuneration Committee shall be composed of at least three (3) directors and more than one-half of the committee must be non-executive directors.

The authority of the Remuneration Committee and its scope of duties are as follows:

- Consider the means to determine the directors' remuneration, and
- Set up just and reasonable criteria for the directors' remuneration and propose them at the shareholders meeting for approval.

Independent directors must also meet the following requirements:

- Hold shares worth not more than 1 per cent of paid-up capital of the Company, an affiliated company, associated company or related company, including shares held by related persons.
- Have no participation in the management of the Company, an affiliated company, associated company or related company, or be a major shareholder of the Company. He or she shall not be an employee, staff member or advisor who receives a regular salary from the Company, an affiliated company, associated company, related company or major shareholder of the Company.
- Have no direct or indirect benefit from, or interest in, the finance and management of the Company, an affiliated company, associated company, or any major shareholder of the Company during a period of one (1) year before his or her appointment as a member of the Audit Committee, except where the Board has carefully considered that such previous benefit or interest does not affect the performance of duties and the giving of independent opinions.
- Not be a related person to, or close relative of, any manager or major shareholder of the Company.
- Not be appointed as a representative to safeguard the interests of the Company's directors, major shareholders or shareholders who are related to the Company's major shareholders.

- Be capable of performing duties, giving opinions or reporting the results of work performance according to the duties delegated by the Board, free and clear of the control of management or major shareholders of the Company including related persons or close relatives of the said persons.

Remuneration

The remuneration of the Company's directors and executives shall be in line with their duties, responsibilities and contributions, and be comparable to industry standards in order to retain and motivate qualified people.

Monitoring the Handling of Insider Information

The Company has a policy to maintain the confidentiality of material non-public information from unauthorized access that may lead to misuse.

All directors and managers are to strictly adhere to the disciplinary action procedure according to Sections 59 of the Securities and Stock Exchange Act B.E.2535.

Directors and management members shall not use any significant inside information about the Company or any company in the Group which has not been disclosed to the public, for their own or others' benefit.

Other Corporate Governance Principles

- (1) Accountability
- (2) Transparency
- (3) Equitable Treatment
- (4) Long-Term Value-Added Creation to Stakeholders
- (5) Promotion of Best Practices

7.2. Code of Conduct

Electronic Industry Public Company Limited (“EIC”) business code of conduct has underlined the Company’s commitment to operating business with ethics and responsibility to all stakeholders. This has been consistently adopted and practiced by the Board of Directors, the management, and employees. EIC business ethics are aligned with internationally recognized principles of Corporate Governance, helping EIC to propel business growth and acceptance from all circles.

EIC conducts its business ethically and responsibly in line with the principles of good corporate governance. The Company is also committed to supporting, abetting and safeguarding society and the environment in accordance with the sustainable development approach to achieve a balance between the economic, social and environmental needs, enabling them to grow alongside each other in sustainable way.

EIC Business Philosophy

- Adherence to Fairness: EIC is committed to the concept of fairness to all parties concerned.
- Dedication to Excellence: EIC earnestly focuses on performance with efforts to consistently provide excellence.
- Belief in the Value of Individuals: EIC believe that employees are its most valuable assets.
- Concern for Social Responsibility: EIC fully performs its duty as a good corporate citizen by contributing to the communities and countries where it operates.

7.3. Anti-corruption Policy

Electronic Industry Public Company Limited (“EIC”) conducts its business with fairness based on a philosophy that EIC shall demonstrate a keen sense of social responsibility and the best interests of its stakeholders in alignment with the principle of Corporate Governance, EIC’s code of conduct, and Stakeholders’ Guidelines.

To ensure that EIC has a proper policy determining responsibility, guidelines, and regulations as a tool to prevent corruption from all business transactions, EIC has arranged a written guideline called ‘Anticorruption Policy’ in order to prudently make a decision on any course of action that could possibly lead to corruption and to serve as an apparent guideline in performing its business and effectively developing a sustainable organization.

Anti-corruption Definition

Corruption means any type of bribery; an offering, giving, promising or agreeing to give, demanding or accepting money, assets, or other inappropriate benefits from government officers, government sector, private sector, or responsible persons either through direct or indirect action so that such persons could proceed or disregard his/her functions in order to acquire, retain the business, recommend a specific company to the entity, or achieve any improper benefits in business transactions. Exceptions shall be applied in case of laws, regulations, statements, standards, customs, or business traditions enabling one to do so.

Anti-corruption Policy

Directors, The Management, and EIC staff are prohibited from operating or accepting every type of corruption both in a direct or indirect manner covering every business and related department in every country. The Anti-corruption Policy is required to be reviewed regularly, including with a possible revision of such policy and implementation provisions in order to comply with changes to the business environment, regulations, standards, and laws.

Roles and Responsibilities

1. The Board of Directors is responsible for determining the policy, monitoring, and forming an effective system to support the Anti-corruption act and in order to affirm that the Management Team intensively shows concern, emphasizes, and cultivates an Anti-corruption mindset as the company’s culture.
2. The Audit Committee is responsible for the revision of financial and accounting reports, internal controls, internal audit functions, and risk management so that such operations are concise, appropriate, effective, and conformed to global standards.
3. The Chairman of the Board of Directors, Managing Director, and the Management are responsible for determining Anti-corruption systems, promoting, and encouraging Anti-corruption measures conveyed to all staff and related parties. This also includes reconsideration on systems or regulations in order to best adjust to business changes, regulations, standards, and laws.
4. The Internal Audit Director is responsible for auditing, assessments, and evaluations of business transactions, whether they are accurate and comply with guidelines, approval authority, standards, laws, and policy in such monitored departments in order to assure that the internal controls are sufficient and suitable. This shall be directly reported to the Audit Committee.

Anti-corruption Guidelines

1. The Board of Directors, the Management, and EIC staff must adhere to the Anticorruption Policy and the EIC Code of Conduct by avoiding involvement with corruption in a direct or indirect manner.
2. EIC staff shall not be negligent in any environment of corruption involved directly with EIC. All staff must notify such acts to supervisors or responsible persons, including cooperating with investigations. Any queries or questions need to be discussed with the supervisor or a responsible person who monitors the EIC Code of Conduct compliance provided through appropriate channels.
3. EIC shall be fair and safeguard staff who deny or inform of corruption cases relating to EIC by applying Protection Policies for persons who act on Anti-corruption information as stated in the Whistleblower Policy.
4. Committing corruption is equivalent to misconduct in the EIC Code of Conduct. This means such persons will be disciplined in accordance with EIC standards. Conviction based on the law may be applied in case such acts violate the law.
5. EIC recognized the importance of dissemination, sharing of knowledge, and communications with other parties who are involved with or affect EIC. These parties shall conform effectively with the Anti-corruption guideline.
6. EIC strives to create and sustain an organizational culture embodying that corruption is unacceptable in every business transaction and dealing with both the public and private sectors.

Provision in Implementation

1. This Anti-corruption Policy covers the Human Resource Management process starting from recruitment, promotion, training, evaluation, and benefits provided to staff. Every supervisor at every level must communicate to staff in order to apply this policy to all business transactions under their responsibility and to effectively monitor such implementation.
2. Implementation of the Anti-corruption Policy should be followed as a guideline in the EIC Code of Conduct, Corporate Governance guidelines, Stakeholders' Guidelines, standards, every EIC related operation manual, and additional guidelines that may be formulated subsequently.
3. To stress that extra vigilance on processes that incur a high risk in corruption, the Board of Directors, the Management, and the EIC staff must conform carefully in the following courses of action.
 - 3.1 Gifts, Hospitality and Expenses
Giving or accepting gifts, entertainment and hospitality activities must be in compliance with the EIC Code of Conduct.
 - 3.2 Charitable Contribution or Aid
Granting contribution or receiving aid must be transparent and in accordance with stipulated laws by confirming that such transaction shall not be construed as an act of bribery.
 - 3.3 Business Relations and Procurement Processes with the Public Sector
All types of bribery or illegal payments are prohibited in all business transactions, EIC operations, and connections with the government. Such implementation must proceed transparently and in alignment with related laws and regulations.

8. Internal Control and Risk Management

The Board of Directors' meeting No. 4/2016 held on 31 March 2016, at which 3 independent directors who are on the Audit Committee were in attendance, evaluated the internal control systems of the Company through discussion with the management and considered the evaluation form of the adequacy of the internal control system prepared by management and consideration of the Audit Committee's report. The Audit Committee's report evaluated the internal controls in 5 components of Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities, then, concluded that the internal control systems are sufficient. The Company had sufficient staff to comply with the internal control systems efficiently and had sufficient internal control systems for monitoring the operations of its subsidiary to protect the assets of the Company and its subsidiary from unauthorized usage by directors or management including entering into transactions with conflicts of interest and related parties. The Board of Directors' is of the opinion that the internal control systems are sufficient.

Opinion of the Audit Committee

Opinion of the Audit Committee does not differ from the opinion the Board of Directors.

Head of Internal Audit and Head of Compliance

The Audit Committee meeting No. 1/2014 held on 27 March, 2014 appointed Mr. Kosol Yamleemoon of Unique Advisor Co., Ltd. as Internal Auditor of the Company for the year 2014 and to be renewed thereafter for 2015. Mr. Kosol is highly qualified in internal auditing and external auditing and has more than 20 years' experience in various areas such as finance, property, construction, energy, jewelry, communication, service, trading, insurance, shipping, food and understands the Company's business. The Audit Committee considered that he capable of acting as the Internal Auditor of the Company.

The Internal Auditor is considered, appointed, and dismissed by approval of the Audit Committee.

9. Related Party Transaction

Transactions with parties that may cause conflict of interest

| | |
|------------------------|--|
| Name of Related Party | Unitop Rubber Co., Ltd. |
| Relationship | Mr. Withaya Chakphet and Mrs. Tippawan Chakphet are directors of EIC Semiconductor Co Ltd and are directors and shareholders of Unitop Rubber Co., Ltd. at 28% and 20% of paid-up capital, respectively. They are also directors and shareholders of KTF Holding Co., Ltd. (formerly First Silicon Electronics Co., Ltd.) |
| Description | <p>Rental Income</p> <p>EIC (Lessor) agreed to let Unitop Rubber Co., Ltd. (Lessee) lease building No. 67 and 68 (partly) Lumplatiew Sub-district, Latkrabang District, Bangkok, for a factory in manufacturing silicon rubber.</p> <p>This is a subsequent agreement to the lease agreement with First Silicon Electronics Co., Ltd. (present name is KTF Holding Co., Ltd.) for 3-year period, from 1 January 2012 to 31 July 2015. The Lessee will pay rental fee of Baht 55,000 per month, divided into rent for building No. 67, having an area of 900 square meters in the amount of Baht 30,000 and building No. 68 (partly), having an area of 300 square meters in the amount of Baht 22,000, total area for both buildings of 1,200 square meters. The Lessor may increase the rental fee every 3 years not less than 10% of the rental fee on the last month of the third year.</p> |
| Baht Amount | 660,000.00 |
| Reason for Transaction | <p>Building No. 67, the leased property is not being used as the floor has collapsed. Afterwards First Silicon Electronics Co., Ltd, Lessee, requested to lease the building. The lessee offered to fix the floor by drilling, reshaping and laying 2 layers of reinforced concrete at the lessee's own cost, being approximately Baht 2.8 million, resulting in the building almost being brand new. When the lease agreement was renewed with Unitop Rubber Co., Ltd., the Lessee, also made additional improvements to the floor and the building.</p> <p>The Company had already disclosed this transaction through the SET. The Audit Committee does not have a different opinion to the Board of Directors.</p> |

| | |
|------------------------|---|
| Name of Related Party | LED Lighting Co., Ltd. |
| Relationship | Mr. Withaya Chakphet is a director of EIC Semiconductor Co., Ltd and is a director of LED Lighting Co., Ltd, respectively. He is also directors of KTF Holding Co., Ltd. (formerly First Silicon Electronics Co., Ltd.) |
| Description | Income 1. EIC Semiconductor Co., Ltd sold LEDs to LED Lighting Co., Ltd. In the amount of 200,000 Baht 2. LED Lighting Co., Ltd issued 14 million Baht of promissory notes to EIC Semiconductor Co., Ltd which will be due at call with 3% per annum interest charge. |
| Baht Amount | 14,200,000 Baht |
| Reason for Transaction | 1. EIC Semiconductor Co., Ltd sold LEDs to LED Lighting Co., Ltd. In the amount of 200,000 Baht in the normal course of business 2. EIC Semiconductor Co., Ltd purchased promissory notes in the amount of 14 million Baht from LED Lighting Co., Ltd as the interest rate is higher than bank interest rates. |

The Board of Directors has established a policy for related-party transactions as a specific item in the business ethics of the Company and has procedures for monitoring transactions that may cause conflicts of interest and related-party transactions in compliance with the regulations of the SEC. All transactions requiring the approval of the Board of Directors and/or shareholders will be considered by the Audit Committee. If the Audit Committee's opinion is different from that of the Board of Directors it will be disclosed. The directors who have interests will have no right to vote on that agenda item.

10. Corporate Social Responsibility

1. Overall Policy

It is the policy of the Board of Directors to conduct business with responsibility to the community, environment and stakeholders and to manage the manufacturing process so as to have the least negative impact on the environment and the community. The methods used are preventative, namely:

- Complying with laws, regulations, environmental requirements and other relevant requirements as well as complying with the relevant standards in solving, preventing and monitoring environmental impact in line with the relevant laws.
- To use international environment management standards to monitor environmental management and review in accordance with ISO 14001 environmental management standards. Reviews will take place every 6 months.

2. Operations and Preparation of Reports

Activities and businesses for sustainable development and preservation of the quality of the environment are as follows:

(1) Controlling, reviewing and evaluating operations

To ensure that the Company's operations do not bother the community in accordance with the Notification of the National Environment Board and that it is safe for persons who work inside the factory in accordance with the Notification of the Ministry of Interior. The Company designed the premises by ensuring light, sound, heat, chemicals, and impurities in the air are superior to standards of safety in the workplace relating to the working environment.

(2) Becoming a green industry

EIC's products are environmentally friendly in accordance with RoHS international standards and do not use any prohibited raw materials under Directive 2011/65/EU and Packing and Packaging Waste, Directive 94/62/EC

(3) Using environmentally friendly technology in the manufacturing process

The Company is a designer, manufacturer and vendor of semiconductors (silicon wafers diodes and transistors) of high quality and has been widely accepted in term of quality by manufacturers in different industries across the world. The Company researches and develops the processes for manufacturing products from wafer fabrication to diode assembly.

(4) Wafer Fabrication Process

The Company's diode manufacturing process starts with Si-wafers or wafers crystalized by the Czochralski method, as the raw material. Afterwards the wafers will be cut and polished into a circular shape, with a thickness of approximately 250-350 microns.

The above process for fabricating wafers starts by creating a PN-Junction on the wafer to create the semiconductor by diffusing substances at high temperatures. Subsequently designs are made to be further assembled into diodes or discrete semiconductor devices.

The Company has the following process for wafer fabrication:

- 1) Open-junction
- 2) Oxide passivated package: OPP and
- 3) Glass passivated package: GPP, in which the electrode is made from pre gold. The next step therefore is to cut the wafers into chips and send them into the assembly process which will connect the chip to the external electrode (Soldering) assemble the case of the chip (Molding).

The diode assembly process which uses Dice/Chip with closed junctions is different from the diode assembly process which uses dice/chips with oxide passivated packages as the diode assembly process usually uses dice/chip with open-junction, which must be etched and afterwards must be heated in an oven at 210 degrees Celsius for 3 hours. However for the Company's diode assembly process the majority of times dice/chips with oxide passivated packages will be used, which is an innovation in which the Company developed the assembly process to be environmentally friendly and the products do not require etching. This means that after soldering, the diodes can be heated at 60 degrees Celsius and only requires 1 hour in the oven.

- (5) Reduction of Chemical Usage in the Production Process

The Company is committed to develop a manufacturing process which is environmentally friendly by continuously developing processes which reduce the use of chemicals, whilst maintaining the quality of products and increasing output.

3. Businesses which Negatively Impact the Community

None

4. Social and Environmental Activities (After Process)

The Board of Directors has a policy of good governance together with business ethics for the operation of the Company and its subsidiary. The business should be conducted with responsibility to the community, environment and stakeholders regarding the environmentally-friendly processes, the saving and controlling of natural resources, not generating waste through the manufacturing process and not creating water or air pollution.

In 2015, the Company had activities benefitting society and the environment as follows:

1. The company joined Buddhist Lent at BuengBua temple in conjunction with Lat Krabang Industrial Estate on 30 July 2015
2. The company collaborated with staff and joined blood donations given to a royal charity of the King of Thailand on 5 December 2015
3. The company supported internship programs to Universities below;
 - Ubon Ratchathani University
 - Walailak University
 - King Mongkut's Institute of Technology Ladkrabang
 - Mahanakorn University of Technology
 - Sakon Nakhon Rajabhat University
 - Minburi Technical College
 - Kanchanaphisek Technical College

5. Protection from Corruption

The Board of Directors conducts business transparently by adhering to the principles of good corporate governance and business ethics. The Company requires that all Directors, Executives and employees comply with business ethics in relation to anti-bribery and corruption as follows:

- (1) Not to engage in any forms of offering consideration, bribes, requesting, agreeing or accepting bribes from others regardless of whether directly or indirectly, to provide a benefit or with the expectation of a mutual benefit that relates to the business of the Company.
- (2) Not to engage in unlawful acts relating to government officials, other persons or other departments, whether directly or indirectly.
- (3) Not to make donations or make payment for facilitation or support payments to others or government officials as a channel for bribery.
- (4) Not to support cash or other benefits payments, whether directly or indirectly to political parties or persons related to political parties for the purpose of obtaining a benefit in the business of the Company or for himself or allies.

To date, there has been no report or complaint relating to a bribery or corruption.

11. Audit Committee Report

The Audit Committee of Electronics Industry Public Company Limited is composed of three independent directors. The members of the Committee meet the qualification and the scope of work in accordance with the rules and regulations of the Stock Exchange of Thailand.

During the year the following audit committee members resigned and were replaced by the following members

1. Mr. Somkad Sueptrakul resigned on August 30, 2015 and was replaced by Mr Stephane Benayon.
2. Mrs. Krishna Jitpatima resigned on May 30, 2015 and was replaced by Mr. Khomchan Hathailak.

In performing its oversight responsibilities, the Committee held 5 meetings during 2015. The meeting attendance of each committee is as follows.

| | Committee Member | Position | Meeting Attendance |
|---|--------------------------|----------|--------------------|
| 1 | Mr. Somkad Sueptrakul | Chairman | 4 of 4 |
| 2 | Mr. Stephane Benayon | Chairman | 1 of 1 |
| 3 | Mrs. Krishna Jitpatima | Member | 2 of 3 |
| 4 | Mr. Komchan Hathailak | Member | 2 of 2 |
| 5 | Mr. Yuthana Phanumaphorn | Member | 4 of 5 |

In 2015, the Audit Committee performed its duties and responsibilities assigned by the Board of Directors and the Charter of the Audit Committee as follows:

- Reviewed the financial statements of the company and its subsidiaries to ensure compliance with generally accepted accounting principles, and the disclosure of the notes to the financial statements in accordance with financial reporting standards. The Audit Committee agreed with the auditors that the financial performance and cash flows of the company and its subsidiaries for financial year ending 31 December 2015 presented fairly and were disclosed with generally accepted accounting principles and financial reporting standards. Such disclosure has also been made in an adequately and timely manner.
- Review the adequacy and efficiency of the internal control system by evaluating the internal controls, approving the annual audit plan, reviewing the audit reporting, as well as considering the risk assessment and risk control measures. From the review, the Audit Committee found no deficiency and concluded that the company has adequate internal control systems appropriate to the business.
- Review connected transactions to ensure no possible conflict of interests and compliance with the Securities and Exchange Acts. The company also has the policy that a director and an executive shall report his interest or a related person's interest that may cause conflicts

of interest and the policy to require the board to approve major transactions. In 2015, the company's business transactions with related parties arose in the ordinary course of business under the commercial terms and bases agreed upon between the company and those related parties. There were no connected transactions giving rise to potential conflicts of interest.

- Review to ensure compliance with rules and regulations of the Securities and Exchange Commission and applicable regulatory requirements and board policies. The Audit Committee concludes that the company has complied with the applicable laws, regulations and established policies.
- Recommend the appointment of the external auditors and their remuneration by giving due consideration to their experience, knowledge, ability, reliability, staff and workload, as well as the independence of auditors in performing such duties. Such auditors must be approved by the Securities and Exchange Commission (SEC). The Audit Committee has proposed to the board to seek further approval from the shareholders' meeting. For the financial year ending 31 December 2016, the Audit Committee recommended to appoint Mr. Surachai Damnoenwong, CPA Registration No. 4721 or Miss Lehum Chinnapan, CPA Registration No. 7306 or Miss Sunisa Sema, CPA Registration No.7707 of RSM Audit Services (Thailand) Limited as the auditors of Electronics Industry Public Company Limited for a total remuneration of Baht 1,055,000.

The Audit Committee concludes its satisfaction with the accuracy, completeness and creditability of 2015 financial statements' preparation and reporting, the adequacy of internal control systems and risk management, the compliance with applicable laws and regulations including reasonable related party transactions. As a result, the Audit Committee concluded no significant deficiency or irregularity.

Mr Stephane Benayon
Chairman of the Audit Committee

12. Management's Discussion and Analysis

Revenue

Consolidated revenues declined from Baht 180.90 million in 2014 to Baht 174.32 million in 2015, a decrease of -3.64% compared with -3.74% the prior year. This reflects the fact that in the global semiconductor market the segment known as Optoelectronics, Sensors & actuators, and Discrete semiconductors (O-S-D) is showing single-digit declines in sales for most sensors, diodes, rectifiers, and power transistors.

| Distributor/Sales Channel | 2015 | | 2014 | | 2013 | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| 1. EIC International Co., Ltd. | 43.54 | 24.98 | 53.47 | 29.56 | 58.67 | 31.37 |
| 2. EIC Semiconductor Inc. | 8.90 | 5.11 | 12.45 | 6.88 | 11.41 | 6.10 |
| 3. General Customers (Direct Sales) | 121.89 | 69.92 | 114.99 | 63.56 | 116.96 | 62.53 |
| Total | 174.33 | 100.00 | 180.91 | 100.00 | 187.04 | 100.00 |

As a result of Smart Traffic's return to profitability in 2015, the Company's share of profit/(Loss) from Smart Traffic amounted to Baht 21.13 million in 2015 compared to a loss of Baht -1.45 million in 2014.

Cost of Goods Sold

The cost of goods sold (COGS) was negative for the second year in succession. Gross margins in 2015 were -12.71% compared to -28.74% in 2014. The reason for this situation is due once again to changes in the provision for material obsolescence combined with the sale of scrap material. The current change effectively brings all Inventories to within one year. The effect of the current change means that there should be no further major write downs of material and therefore gross margins will normalize and return to positive in 2016.

Selling and Administrative Expenses

Selling, General & Administrative Expenses (SG&A) increased by 116.9% over the prior year, from Baht 52.74 million in 2014 to Baht 114.39 million in 2015. The reason for this increase was due to the Company incurring costs in line with its investments in sport related businesses, the benefits of which will be felt in 2016.

As part of the Company's restatement of its 2014 financial statements, the investment in Smart Traffic was revalued at Baht 31.11 million which resulted in an increase in impairment thus bringing the total provision of impairment to Baht 155.97 million. This was due to an overly conservative valuation approach which reflects the relative uncertainty over the continued roll out of government contracts for infrastructure projects on a timely and attractive basis. Management disagrees with this view but whilst it accepts that Smart Traffic's sales forecasts may not be as bullish as previously expected they are a great deal more realistic and achievable in the current business climate.

The Company has taken a full provision for the 70 million Baht share deposit that was paid to the major shareholder of Smart Traffic prior to entering into the Sale & Purchase Agreement in November 2013, as the amount has been outstanding for some time. Originally EIC was to have invested in up to 49% of Smart Traffic but ultimately invested only 30.20%. The reason for this was due to the fact that the funding for this investment was to have come from the Convertible Debenture arranged by Advance Opportunities Fund. However, due to poor market conditions in 2014 the company's share price declined and thus EIC ran out of shares for debenture conversion and it could only purchase 30.20% of the shares as agreed. EIC negotiated a settlement agreement with the seller of the shares and in return for cancelling the agreement the Company extended repayment of the Baht 70 million share deposit to July 2015 with an additional extension of six months. The Company is confident that it will be able to recover these funds but has had to follow accounting conventions and take a full provision for the outstanding balance including interest for the six months from August 1, 2015 to December 31, 2015.

Net Profit

The Company generated a consolidated net loss of Baht 214.53 million in 2015 compared to a net loss of Baht 221.98 million in 2014. The loss was mainly caused by the provision for raw material obsolescence and sale of scrap material as well as an increase in impairment losses from the investment in Smart Traffic.

In addition, the rate of return on equity in 2015 is negative because the company has a net loss. The rate of return on equity in 2015 is -42.26% compared to -40.31% in 2014.

Assets

The Company's assets, as of 31 December 2015 totaled Baht 603.84 million an increase from Baht Baht 534.10 million in 2014. The increase in 2015 was the net result of an increase in cash from the Rights Offering.

Return on fixed assets as of 31 December 2015 was -152.34%, which is a deterioration over the previous year where the return on fixed assets was -149.56%. Both years are negative as the Company has incurred significant operating losses under restructuring. The return on total assets as of 31 December 2015, is also negative at -37.71%, slightly lower than the previous year.

Table showing the Company's assets in 2013-2015

| | 2015 | | 2014 | | 2013 | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Current Assets | | | | | | |
| Cash and cash equivalents | 180.37 | 29.87 | 32.15 | 6.02 | 60.86 | 9.97 |
| Short-Term Investment | 0.00 | 0.00 | 2.00 | 0.37 | 0.65 | 0.11 |
| Trade and other receivables | 73.16 | 12.12 | 92.51 | 17.32 | 75.25 | 12.32 |
| Short-Term loan to related party | 14.00 | 2.32 | 0.00 | 0.00 | 0 | 0.00 |
| Net Inventory | 93.12 | 15.42 | 156.36 | 29.27 | 256.79 | 42.05 |
| Advance payment for share subscription | 0.00 | 0.00 | 70.00 | 13.11 | 0.00 | 0.00 |
| Total Current Assets | 360.64 | 59.73 | 353.01 | 66.09 | 393.55 | 64.45 |
| Non-Current Assets | | | | | | |
| Investment in Subsidiary | 112.98 | 18.71 | 31.11 | 5.82 | 0.00 | 0.00 |
| Restricted Investment | 4.04 | 0.67 | 2.00 | 0.37 | 2.00 | 0.33 |
| Property, Plant & Equipment | 122.11 | 20.22 | 146.47 | 27.42 | 137.24 | 22.47 |
| Intangible assets, net | 0.74 | 0.12 | 0.69 | 0.13 | 2.90 | 0.47 |
| Deferred tax assets | 0.00 | 0.00 | 0.00 | 0.00 | 4.70 | 0.77 |
| Advance payment for share subscription | 0.00 | 0.00 | 0.00 | 0.00 | 70.00 | 11.46 |
| Other non-current assets | 0.32 | 0.55 | 0.83 | 0.15 | 0.26 | 0.04 |
| Total Non-Current Assets | 243.20 | 40.27 | 181.09 | 33.91 | 217.09 | 35.55 |
| TOTAL ASSETS | 603.84 | 100.00 | 534.10 | 100.00 | 610.64 | 100.00 |

Quality of Receivables

According to the Company's asset table, trade and other receivables reduced from Baht 92.51 million at the end of 2014 to Baht 73.16 million in 2015.

Trade accounts receivable analyzed by aging:

| | 2015 | | 2014 | | 2013 | |
|--|--------------|---------------|--------------|---------------|--------------|---------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Trade Accounts Receivable | | | | | | |
| Undue | 39.38 | 57.34 | 41.49 | 51.53 | 36.78 | 50.82 |
| Overdue 1 to 30 days | 8.27 | 12.05 | 4.85 | 6.02 | 8.07 | 11.15 |
| Overdue 31 to 60 days | 6.50 | 9.47 | 5.90 | 7.33 | 7.13 | 9.85 |
| Overdue 61 to 90 days | 8.55 | 12.44 | 7.33 | 9.10 | 7.04 | 9.73 |
| Overdue 91 to 180 days | 2.30 | 3.35 | 17.51 | 21.75 | 10.92 | 15.09 |
| Overdue 181 to 365 days | 1.04 | 1.51 | 1.48 | 1.84 | 0.07 | 0.10 |
| Overdue 365 days onwards | 2.63 | 3.83 | 1.95 | 2.42 | 2.36 | 3.26 |
| Total | 68.67 | 100.00 | 80.51 | 100.00 | 72.37 | 100.00 |
| Less: Allowance for doubtful accounts | -3.17 | | -3.17 | | -3.57 | |
| Trade Accounts Receivable | 65.50 | | 77.34 | | 68.80 | |
| Notes Receivable | 0.12 | | 0.73 | | 4.89 | |
| Trade Accounts Receivable, Net | 65.62 | | 78.07 | | 73.69 | |
| Other Receivables | 7.54 | | 14.44 | | 1.56 | |
| Trade and other Receivables, Net | 73.16 | | 92.51 | | 75.25 | |

As of year-end 2015, trade accounts receivable reduced from Baht 80.51 million in 2014 to Baht 68.67 million with receivables overdue 91-180 days reducing significantly from 21.75% of total trade receivables as of 31 December 2014 to 3.35% due to EIC Semi receiving payment from overseas distributors.

In 2015, account receivable turnover was 2.32 times which slightly increased from the previous year and receivable conversion period was 155 days shorter than previous year as the Company has less accounts receivable.

Inventory

From the table showing the Company's assets, it can be seen that the Company's inventory decreased significantly from a proportion of over 40% of total assets in 2013 to 15.42% of its total assets in 2015. It is the Company's policy to control the amount of product in order to reduce the burden of inventories. The Company has set high allowance for diminution in value of inventories in 2015. As a result, there was a significant decrease of net of inventory from the previous year or decrease by 40.45%.

In 2015, the inventory turnover of the Company is approximately 5.82 times, a slight increase from 4.81 times in the previous year. Sales period improved to 62 days from 75 days in the previous year as the Company's work in process decreased from Baht 158.23 million in 2014 to Baht 94.71 million in 2015 due to the Company's effort to control the value of inventory through adequate provisions for slow moving material which resulted in higher cost of goods sold as described above.

The Company maintains an allowance for obsolete and defective inventories to reflect impairment of inventories. The allowance is based on consideration of inventory turnover and deterioration of each category. In addition, the Group also maintains an allowance for net realizable value to reflect the estimated losses resulting from the selling prices of inventories, which are less than their costs. The allowance is based on consideration of committed selling prices and the trend of selling prices in the market. In 2015, the Company has the allowance for diminution in value of inventories of finished goods, work in process, and raw materials aged over than 4 years at the rate of 100%

Table showing details of Inventory, Net

| Figures in Baht Millions | Cost | | Allowance | | Net | |
|--------------------------|---------------|---------------|----------------|----------------|--------------|---------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Finished Goods | 26.77 | 40.70 | -13.52 | -25.45 | 13.24 | 15.25 |
| Work in Process | 94.71 | 158.23 | -76.93 | -80.32 | 17.79 | 77.90 |
| Raw Material | 108.10 | 78.96 | -67.90 | -27.33 | 40.30 | 51.63 |
| Supplies | 11.32 | 10.81 | 0.00 | 0.00 | 11.32 | 10.81 |
| Total | 240.90 | 288.70 | -158.26 | -133.11 | 82.65 | 155.59 |
| Add: Goods in Transit | 10.47 | 0.76 | 0.00 | 0.00 | 10.47 | 0.76 |
| Total | 251.37 | 289.46 | -158.26 | -133.11 | 93.12 | 156.36 |

Investment

Investment in Subsidiary

As of 31 December 2015, the Company's investment in its subsidiary company, EIC Semiconductor Ltd for 100% of the total shares is shown on the Company's unconsolidated financial statements at Baht 352.84 million.

Investment in Associates

As of 31 December 2014, the Company invested in Smart Traffic, a company that designs, develops, installs and maintains Electronic Tollway Collection Systems for use in the automated payment and collection of expressway tolls and other forms of electronic payments, for a 30.20% stake which is reflected in separate financial statements as having a net value of Baht 31.11 million at year end compared to an investment outlay of Baht 165.1 million.

The Company's long-term investment in Smart Traffic was made at a total cost of Baht 167.40 million, including transaction costs, with funds generated by the issuance of convertible debentures as approved at the Extraordinary General Meeting of Shareholders No. 1/2014 held on 13 February 2014, which approved investing in Smart Traffic Co Ltd up to 49% of the company's total share capital for a total consideration of Baht 245 million. However, the Company had to recognize a loss on impairment of this investment at year end due to lower than expected revenues due to the political crisis in Thailand which caused Smart Traffic to generate a net loss in 2014. As EIC's share price did not support the full drawdown of the Convertible Debenture it was not possible to complete the acquisition of the remaining balance of 188,000 shares of Smart Traffic. It was therefore agreed to cancel the Convertible Debenture as well as the purchase of the remaining 188,000 shares of Smart Traffic for the time being.

The Company invested Baht 68.9 million for a 28.5% stake in GLS and Baht 15.1 million for a 30% stake in SEI, two sport events companies focusing on football events.

Property, Plant & Equipment

The Company's net Property, Plant & Equipment reduced from Baht 146.46 million Baht in 2014 to Baht 122.10 million in 2015 due to the sale of EIC Semi's land and building and its subsequent leaseback. EIC Semi sold its land and buildings in Lat Krabang Industrial Estate for Baht 73 million in July 2015. The property was appraised at Baht 72.64 million by KTAC Appraisal and Services Co Ltd, a valuation firm approved by the Office of the SEC, and had a book value of Baht 53.10 million.

| | 2015 | | 2014 | | 2013 | |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Land | 0.00 | 0.00 | 43.40 | 29.63 | 41.95 | 30.57 |
| Building | 29.98 | 24.55 | 10.01 | 6.83 | 10.55 | 7.69 |
| Land & Building Improvement | 0.67 | 0.55 | 4.13 | 2.82 | 3.64 | 2.65 |
| Machinery & Factory Equipment | 71.23 | 58.33 | 72.80 | 49.7 | 77.32 | 56.34 |
| Office Equipment & Furniture | 1.35 | 1.11 | 1.40 | 0.96 | 1.05 | 0.77 |
| Vehicles | 10.51 | 8.61 | 11.37 | 7.76 | 0.63 | 0.46 |
| Assets in Progress | 8.37 | 6.85 | 3.35 | 2.29 | 2.09 | 1.52 |
| Total | 122.11 | 100.00 | 146.47 | 100.00 | 137.24 | 100.00 |

This transaction is treated as a finance lease and capitalized at inception at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period.

The purpose of this transaction was to free cash and improve the cash flow of the Company for working capital and investments.

Advance payment for share subscription

As of 31 December 2014, the company placed a deposit of Baht 70 million for the share subscription of Smart Traffic. According to the Board of Directors' meeting No. 8/2013 held on 4 December 2013 and the shareholders' extraordinary meeting No. 1/2014 held on 13 February 2014, it was unanimously resolved to invest in Smart Traffic Co., Ltd. The Company entered into the Memorandum of Understanding dated 4 December 2013 for investment in Smart Traffic Co., Ltd. for a 49% stake of total share capital at a price of Baht 500 per share or equivalent to Baht 245 million and the Company placed a deposit for the share subscription of Baht 70 million and the Company entered into the Sell and Purchase Agreement On 14 May 2014. The Company purchased 302,000 shares of Smart Traffic for a total investment of Baht 152.3 million

According to the Board of Director's meeting No. 1/2015 held on 27 February 2015, it was unanimously resolved to cancel the Sale & Purchase Agreement for the remaining balance of 188,000 ordinary shares of Smart Traffic and request reimbursement of the Baht 70 million deposit for share subscription from the seller by July 2015. The Board of Director's meeting No. 10/2015 held on August 19th, 2015 agreed to extend the settlement to December 31, 2015. Subsequently, as the share deposit was not repaid within the extended deadline it was decided that the company should make full provision for the share deposit.

Sufficiency of Working Capital

Source of Capital: The Company's total liabilities as of 31 December 2015 were Baht 107.08 million a significant increase from Baht 15.47 million in 2014. The increase in liabilities was due to an increase of Baht 29.63 in Accounts Payable, a 15 million Baht advance payment from the sale of Smart Traffic Shares and Baht 45.03 million from the sale and leaseback of the EIC Semi land and building.

Uses of Funds: The Company's current assets increased from Baht 353.01 million in 2014 to Baht 360.64 million in 2015. The Company's Accounts Receivable improved from Baht 92.50 million in 2014 to Baht 73.16 million in 2015 due to collection by EIC Semi of payments from overseas distributors. The Company's net inventory balance reduced from Baht 156.35 million in 2014 to Baht 93.11 million in 2015 due to change in accounting policy for provision of material obsolescence.

Shareholders' Equity

Historically, the Company does not have a policy of procuring capital by incurring debt, but will primarily use shareholders' equity, resulting in a very low debt to shareholders' equity ratio. In 2015, the Company has a ratio of debt to shareholders' equity of 0.03 which decreased from 0.05 in previous year.

Shareholders' Equity as of 31 December 2015 was Baht 496,758,097 a 4.2% decrease from Baht 518,632,553 in 2014. The main reason for the decrease in shareholders' equity is due to the operating losses which were also caused by a decrease in value of inventory, increased overhead and loss of investment in associated company. The Company's paid-up capital increased by Baht 190,752,458 in 2015 as the result of a Rights Offering of 190,752,458 new shares at 1 Baht per share in June 2015

Cash Flow and Investment Activities

The Company invested an additional Baht 15.10 million in Smart Traffic in 2015 in order to maintain its 30.20% ownership stake. The Company also invested Baht 68.91 million for a 28.5% stake in GLS and Baht 15.10 million for a 30% stake in SEI. Total funds committed to investments amounted to Baht 99.12 million. The Company divested the land and building of EIC Semi for Baht 73 million in July 2015 and EIC Semi rented the property from the buyer.

Sufficient liquidity

The Company generated net cash from operating activities in 2015 in the amount of Baht -8.03 million compared to Baht -6.67 million in 2014 due mainly to continued operating losses and increased impairment of investments. The current ratio of the Company as of 2015 is 6.2 indicating that the Company has sufficient liquidity.

Factors which may affect future performance

In 2014, the Company initiated a restructuring of the Company's business and maintains a policy of investing in companies which operate electronic business and related businesses which have good growth potential and higher returns on investment than the current core business. The Company increased its investment in Smart Traffic in 2015 and also made initial investments in two international sport events businesses, focusing on football events, namely SEI and GLS, for a total consideration of Baht 99.12 million.

This restructuring of the Company's business will result in the recognition of gains/losses from these investments in proportion to the Company's shareholding and dividends will be based on the operating results of the businesses in which the Company decides to invest in the future.

12.1. Key Financial Ratios

| Financial Ratio | Consolidated | | | |
|--------------------------------------|--------------|---------|---------|---------|
| | 2015 | 2014 | 2013 | 2012 |
| LIQUIDITY RATIO | | | | |
| Current Ratio (Times) | 6.21 | 34.72 | 28.79 | 30.15 |
| Quick Ratio (Times) | 4.23 | 11.04 | 9.89 | 8.60 |
| Cash Ratio (Times) | -0.24 | -0.56 | 1.39 | 3.50 |
| Accounts Receivable Turnover (Times) | 2.32 | 2.28 | 2.62 | 1.98 |
| Receivables Conversion Period (Days) | 154.91 | 157.70 | 137.14 | 182.27 |
| Inventory Turnover (Times) | 5.82 | 4.81 | 2.77 | 1.64 |
| Inventory Conversion Period (Days) | 61.81 | 74.82 | 129.84 | 220.02 |
| Payables Turnover (Times) | 15.33 | 35.14 | 34.25 | 24.92 |
| Payables Conversion Period (Days) | 23.48 | 10.25 | 10.51 | 14.44 |
| Cash Cycle (Days) | 193.25 | 222.28 | 256.47 | 387.85 |
| PROFITABILITY RATIO | | | | |
| Gross Profit Margin | -12.71 | -28.74 | 4.29 | 12.90 |
| Operating Profit Margin | -122.72 | -122.05 | -7.49 | -4.81 |
| Other Profit Margin | 14.63 | 2.76 | 6.41 | 4.38 |
| Cash to Profitability Ratio | N/A | N/A | -134.70 | -599.83 |
| Net Profit Margin | -105.06 | -119.32 | -6.65 | -4.51 |
| Return On Equity | -42.26 | -40.31 | -2.26 | -1.10 |
| EFFICIENCY RATIO (%) | | | | |
| Return on Assets | -37.71 | -38.78 | -2.16 | -1.06 |
| Return on Fixed Assets | -152.34 | -149.56 | -0.77 | 4.27 |
| Total Assets Turnover (Times) | 0.36 | 0.33 | 0.32 | 0.23 |
| FINANCIAL POLICY RATIO | | | | |
| Return on Assets (times) | 0.22 | 0.03 | 0.05 | 0.05 |
| Times Interest Earned (Times) | N/A | N/A | N/A | N/A |
| Leverage Ratio (Cash basis) | -0.31 | -0.17 | 0.25 | 0.56 |
| Dividend Payout Ratio | 0.00 | 0.00 | 0.00 | 0.00 |
| Book Value per Share (Baht) | 0.74 | 1.09 | 1.46 | 1.49 |

13. Risk Factors

1. Risks Relating to the Company's Business

Presently, the Company is operating an electronics business and related electronic business through its wholly owned subsidiary EIC Semi. However, EIC Semi is exposed to both internal and external risk factors which might affect its financial condition and performance. The main risk factors which may have significant impact are as follows:

1.1. Risks from economic conditions

The main electronic product of EIC Semi is Discrete Semiconductors, especially diodes which are a basic component of all types of electronic equipment and is subject to technological change which may affect end user habits as well as economic growth and the GDP of the country. The risk from economic conditions may cause the growth of the Company's sales to be below target. EIC Semi has attempted to mitigate this risk by establishing the EIC brand to be accepted for its quality by manufacturers from all industries, in order for customers to use the Company's products as an effective component in all types of electronic equipment and electrical appliances and to create a variety of products to meet customer requirements.

1.2. Risk from technology change

As the diodes manufactured by EIC Semi are basic components in electrical circuits used in the manufacture of electrical appliances and electronic equipment which are subject to constant changes in technology, such as televisions and electronic equipment in automobiles, these changes may also result in changes to semiconductor technology. The majority of changes are in 2 stages, namely changes to electrical properties and size. Changes to electrical properties include the maximum and minimum amount of current and voltage which can flow through the diodes. For changes in relation to size, these include diodes with shorter legs, with no legs, or are smaller. Therefore manufacturers of semiconductor (diodes) must be ready for such changes and capable of responding to the requirements of manufacturers in different industries.

In 2002 the Company expanded the area of its factory by an additional 4,000 square meters to support the production of glass diode products, which are different from normal diodes, i.e. the product is encased in glass instead of epoxy compound, as well as surface mounted diodes, which are special diodes having no legs. Since 2006 the Company expanded its business into an upstream industry by becoming a manufacturer and designer of wafers, an important component in the manufacture of diodes so as to support the design process and better respond to technological changes. Furthermore, in relation to the Company's production lines, they are able to support many types of packaging as well as the improved production of products with special properties, based on customer requirements. The Company has also formed alliances with other foreign manufacturers which have potential, in order to develop the manufacturing process in line with constantly changing technology.

1.3. Risks relating to Inventory

The management of EIC Semi has felt it to be necessary to stock raw materials and a variety of products in order to increase its competitiveness in the market; however EIC Semi's relatively large levels of inventory may adversely affect profitability in the event of obsolescence as electronic goods and appliances are always evolving due to technology change. As a result, the Company has decided to revise the allowance in diminution of the value of inventories in full for all types of inventory which is slow moving and more than 1 year old. As a result, there have been higher costs in the last two financial years which have resulted in operating losses.

The reasons why EIC Semi's management needs to stock raw materials and a variety of products are as follows:

- (1) It is necessary for EIC Semi to keep stock of semi-complete and complete products in order to meet customers' demands in accordance with their supply chain management system. This is because in the logistics system for the modern semiconductor industry, manufacturers of all types of electrical appliances, automobile parts and electronic equipment will transfer the cost of storing and distributing products and raw materials to suppliers who are the manufacturers of critical parts. For the Company's business as a manufacturer of diodes it is necessary to store a variety of semi-complete and complete products to meet the demands of customers, in accordance with purchasing plans, especially for important customers.
- (2) To create an advantage in terms of the timing of delivery and to respond to the policy of manufacturing a variety of products to cater for customer's demands (which change in accordance with the technology) and to facilitate customers who can order a variety of products, without having to purchase products from other manufacturers, it is necessary for the Company to store a sufficient amount of raw materials for production.

However, the Company's products, namely diodes, wafers, chips and dices are stored at the Company's warehouse. The Company has received an academic opinion from the Electronics Research Center at King Mongkut's Institute of Technology Ladkrabang and the National Electronics and Computer Technology Center at the National Science and Technology Development Agency in relation to the non-obsolescence and non-deterioration of this material.

The opinion states that diodes, wafers, chips, and dices stored in the Company's warehouse will retain their electrical properties without any deterioration in properties, for the following academic reasons:

- (1) All diodes, wafers, chips and dices are manufactured from semiconductor material which has a high melting point. For example, silicon which has a melting point of 1,416 degrees Celsius. Therefore any damage due to the temperature at room temperature is minimal and indeed is regarded as non-existent.

- (2) The structure of the diodes are created from doping N-type or P-type (depending on the type of the base) to create a P-N junction. The doping is done at high temperatures (exceeding 800 degrees Celsius only) and cannot be performed at room temperature as the atoms of the substances will not diffuse.
- (3) The main reason for the changes to the properties of diodes, wafers, chips and dices is the diffusion of the substances at the P-N junction and at the junction between the semiconductor and the metal use to make the pole. However, as at room temperature the atoms of the substances will not diffuse, it can be said that at room temperature, the deterioration of semiconductors from the diffusion of substances can be eliminated.
- (4) Changes to the properties of diodes, wafers, chips, and dices which have a metal pole may face deteriorate due to the metal itself for instance, the metal may react with air becoming an oxide of the metal. This can be countered with encasing the product, creating a protective layer or storing in a place with no oxygen. Another reason which may cause the metal to deteriorate is the temperature. Normally metals used for the poles connected to semiconductors cannot withstand high temperatures (lower than 500 degrees Celsius). However, at room temperature, there will be no changes to these metals. Thus deterioration of the metal will not occur if the products are at room temperature and there is no contact with oxygen.

Diodes stored in the Company's warehouse are considered non-obsolete material and there is no replacement. There are academic reasons for this, as follows:

- (1) Diodes are basic components for use in all types of electrical appliances, electronic equipment and computers, in particular switching power supplies from AC to DC. These circuits have been widely used for over 20 years and demonstrate the importance of diodes which are irreplaceable and have always been innovative.
- (2) Although the technology relating to electronic equipment is rapidly changing, integrated circuits are constantly being created and improved. However, such equipment will have limited functions used to control very complicated mechanisms, which require constant development. Despite this, Si diodes remain a necessary component for such circuits. Further, other uses for diodes have been developed, for example, to protect against damage which may occur from integrated circuit.
- (3) Where it is necessary to use high power devices, choosing to use integrated circuits alone will not allow the supply of high power. It is necessary to use Si Diodes in combination with the circuit. Moreover, if circuit techniques are used instead of Si Diodes, the cost will be many times more than using Si Diodes and may cause additional problems, for example, accumulating heat.

- (4) Although there is currently research to find new materials to replace silicon, such as GaAs or diamond film, but when compared to silicon, the manufacturing process is much more complicated, resulting in a higher cost compared to silicon. Therefore it is not commercially viable to use these new materials in the production of diodes.

1.4. Risk from foreign exchange rate fluctuations

As the majority of raw materials used in production are imported from overseas and must be paid for in foreign currencies, the Company has a risk as regarding foreign exchange rates. However, due to the way the Company sells its products, focusing on exports and receiving payment in foreign currencies, there is a natural hedge against this risk. Although this is not a complete shield against the risk from foreign exchange rates, it assists the Company to reduce such risks, as the amounts of income and expenditure are not high. Apart from this, the company has also been approved for a FWC from a commercial bank where the company wishes to protect itself from this risk.

1.5. Risk of dependence on Distributors

The Company distributes products through 2 channels, namely directly to customers and through distributors (Sole Agent – AG) appointed by the Company to assist with the marketing and distribution in each area determined by the relevant contract. The appointed distributors must market the products, regardless of whether through booths at events or the development of websites in order for customers to easily find information on the Company.

In 2013 the Company had an open policy regarding persons who wished to become distributors for the Company's products in parallel with direct sales to different groups of customers in order to reduce the risks to the Company as the Company will have less sales through distributors when compared to direct sales to different groups of customers, both domestic, in Asia and in Europe.

2. Risk on Investment by Securities Holders

The risk to investors is that the Company will incur operating losses which result in its inability to pay dividends in the foreseeable future.

In fiscal year 2015, the Company reported its fourth consecutive year of operating losses. The Company's loss has mainly been caused by economic recessions in Europe and the United States and the effect that this has had on the electronics industry. As a result, demand for consumer goods has fallen and the business of Discrete Semiconductors around the world has been adversely affected while the costs of goods sold and administrative expenses have also increased as a result of business restructuring and increased provisions for inventory obsolescence. The Company plans to balance the poor performance of its diode operation by diversifying its business into areas which are not affected in the same way by the economic slowdown, such as sport events and football.

14. Report of the Board of Directors' Responsibilities for Financial Statements

The Board of Directors is responsible for the preparation of financial statements in accordance with generally accepted accounting principles and the adoption of appropriate accounting policies on a consistent basis including using judgment carefully and reasonably in preparation of financial statement. The important information is adequately disclosed in the notes to financial statement. The necessary clarification and analysis regarding the financial positions and performances of the company and its subsidiaries have been provided for the interests of shareholders and investors.

The maintenance of the internal control system and risk management system are the responsibilities of the Board to reasonably assure that assets are safeguarded from unauthorized use or disposition and that the accounting records are sufficiently reliable to permit the preparation of financial statements that conform in all material respects with generally accepted accounting principles.

The Board of Directors has appointed an Audit Committee. The Committee meets during the year to review with management and the auditors any significant accounting, internal control, and auditing matters.

The Board is of the opinion that the financial statements of Electronics Industry Public Company Limited and its subsidiaries for the year ended December 2015 are materially accurate, complete, and reliable.

Bee Taechaubol
Chairman of the Board of Directors and
Chief Executive Officer

15. Independent Auditor's Report

To the Shareholders and the Board of Director of Electronics Industry Public Company Limited

I have audited the accompanying consolidated and company financial statements of Electronics Industry Public Company Limited and its subsidiary and of Electronics Industry Public Company Limited, which comprise the consolidated and company statement of financial position as at 31 December 2015, and the consolidated and company statement of comprehensive income, the consolidated and company statement of changes in shareholders' equity and the consolidated and company statement of cash flows for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis of Qualified Opinion

As discussed in note 14 to the financial statements, the Company recorded investment in associated company accounted for by the equity method, at Baht 31.11 million in the consolidated and company statements of financial position as at 31 December 2015 and loss on impairment of investment in associated company of Baht 36.24 million as well as share of profit from associated company of Baht 21.14 million, in the consolidated statement of comprehensive income and also recorded loss on impairment of investment in associated company of Baht 15.10 million in the company statement of comprehensive income for the year then ended. However I was unable to obtain sufficient appropriate audit evidence in respect of investment in associated company, share of profit from associated company and loss on impairment of investment in associated company since investment in associated company was accounted for by the equity method, based on the unaudited financial statements of the associated company as the appropriate accounting documentation for preparation of the financial statements in accordance with generally accepted accounting principles was not complete. Accordingly, I was unable to conclude the significant effects, if any, in respect of necessary adjustments against investment in associated company, share of profit from associated company and loss on impairment of investment in associated company.

As discussed in note 14 to the financial statements, as at 31 December 2015, the management has not appraised the fair value of investments in associated companies (Sport Events International Inc. and Global Legend Series Ltd.) stated at Baht 81.87 million after the indication of impairment arising on investments in associated companies which is not in accordance with the Financial Reporting Standards. Accordingly, I was unable to conclude the significant effects, if any, in respect of necessary adjustments against investment in associated companies.

Qualified Opinion

In my opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraph, the consolidated and company financial statements present fairly, in all material respects, the consolidated and company financial position of Electronics Industry Public Company Limited and its subsidiary and of Electronics Industry Public Company Limited as at 31 December 2015 and its consolidated and company financial performance and its cash flow for the year then ended in accordance with Thai Financial Reporting Standards.

Other

The financial statements of Electronics Industry Public Company Limited for the year ended 31 December 2014 were amended by order of Securities and Exchange Commission, which were audited by myself and expressed a qualified opinion on 21 January 2016 owing to the scope limitation on audit was caused by circumstance against the financial statements of the associated company plus no setting up provision for doubtful unsecured loan to director in accordance with the Financial Reporting Standards.

Surachai Damnoenwong
Certified Public Accountant
(Thailand) No. 4721
RSM Audit Services (Thailand) Limited

Bangkok
29 February 2016

16. Financial Statements

Electronics Industry Public Company Limited and its subsidiary

Statements of Financial Position

As at 31 December 2015

| | | (Unit : Baht) | | | |
|---|----------|--------------------|--------------------|--------------------|--------------------|
| | | Consolidated | | The Company | |
| Notes | | 2015 | 2014 | 2015 | 2014 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 8 | 180,365,335 | 32,149,262 | 108,362,275 | 7,293,069 |
| Short-term investment | 9 | - | 2,000,000 | - | 2,000,000 |
| Trade and other receivables, net | 6 and 10 | 73,163,596 | 92,507,286 | 12,182,541 | 11,259,166 |
| Short-term loans to subsidiary | 6 | - | - | 2,000,000 | - |
| Short-term loans to related party | 6 | 14,000,000 | - | - | - |
| Inventories, net | 11 | 93,115,774 | 156,356,505 | - | - |
| Advance payment for share subscription and interest receivable, net | 12 | - | 70,000,000 | - | 70,000,000 |
| Total current assets | | 360,644,705 | 353,013,053 | 122,544,816 | 90,552,235 |
| Non-current assets | | | | | |
| Restricted investment | 13 | 4,040,096 | 2,000,000 | 2,040,096 | - |
| Investment in associates | 14 | 112,980,970 | 31,109,020 | 31,109,020 | 31,109,020 |
| Investment in subsidiaries | 15 | - | - | 352,843,006 | 396,114,884 |
| Long-term loans to Subsidiary and interest receivable | 6 | - | - | 86,455,481 | - |
| Property, plant and equipment, net | 16 | 122,109,281 | 146,465,388 | 960,590 | 1,061,841 |
| Intangible assets, net | 17 | 744,421 | 690,542 | 251,802 | 114,254 |
| Other non-current assets | | 3,321,215 | 825,388 | 1,258,987 | 731,766 |
| Total Non - Current Assets | | 243,195,983 | 181,090,338 | 474,918,982 | 429,131,765 |
| Total Assets | | 603,840,688 | 534,103,391 | 597,463,798 | 519,684,000 |

The accompanying notes form an integral part of these financial statements

Electronics Industry Public Company Limited and its subsidiary

Statements of Financial Position

As at 31 December 2015

| | | (Unit : Baht) | | | |
|---|----------|---------------|---------------|---------------|---------------|
| | | Consolidated | | The Company | |
| Notes | | 2015 | 2014 | 2015 | 2014 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts | 19 | 1,848,296 | - | 1,848,296 | - |
| Trade and other payables | 6 and 20 | 39,801,806 | 10,168,364 | 5,450,371 | 1,083,762 |
| Short-term loan from subsidiary | 6 | - | - | 63,420,000 | - |
| Current portion of long-term lease payable, net | 22 | 1,445,490 | - | - | - |
| Advance received for share disposal | 14 | 15,000,000 | - | 15,000,000 | - |
| Total current liabilities | | 58,095,592 | 10,168,364 | 85,718,667 | 1,083,762 |
| Non-current liabilities | | | | | |
| Deposits received from tenants | | 3,000 | 203,000 | - | - |
| Employee benefit obligations | 21 | 3,948,555 | 5,099,274 | - | - |
| Long-term lease payable, net | 22 | 28,648,605 | - | - | - |
| Deferred gain on sale and leaseback | 16 | 16,386,839 | - | - | - |
| Total non-current liabilities | | 48,986,999 | 5,302,274 | - | - |
| Total liabilities | | 107,082,591 | 15,470,638 | 85,718,667 | 1,083,762 |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Registered share capital | | | | | |
| 1,318,386,061 ordinary shares at Baht 1 each | | 1,318,386,061 | - | 1,318,386,061 | - |
| 600,000,000 ordinary shares at Baht 1 each | | - | 600,000,000 | - | 600,000,000 |
| Authorized, issued and paid-up share capital | | | | | |
| 667,633,603 ordinary shares at Baht 1 each | 23 | 667,633,603 | - | 667,633,603 | - |
| 476,811,145 ordinary shares at Baht 1 each | 23 | - | 476,881,145 | - | 476,881,145 |
| Premium on share capital | 23 | 167,751,133 | 167,751,133 | 167,751,133 | 167,751,133 |
| Retained earnings (Deficit) | | | | | |
| Appropriated for legal reserve | 25 | 13,726,481 | 13,726,481 | 13,726,481 | 13,726,481 |
| Unappropriated | | (352,353,320) | (170,223,384) | (337,366,086) | (139,758,521) |
| Other components of equity | | - | 30,497,178 | - | - |
| Shareholders of the Company | | 496,757,897 | 518,632,553 | 511,745,131 | 518,600,238 |
| Non-controlling interests of subsidiary company | | 200 | 200 | - | - |
| Total Shareholders' Equity | | 496,758,097 | 518,632,753 | 511,745,131 | 518,600,238 |
| Total Liabilities and Shareholders' Equity | | 603,840,688 | 534,103,391 | 597,463,798 | 519,684,000 |

The accompanying notes form an integral part of these financial statements

Electronics Industry Public Company Limited and its subsidiary
Statements of Comprehensive Income
For the year ended 31 December 2015

| | | (Unit : Baht) | | | |
|---|---------|---------------|---------------|---------------|---------------|
| | | Consolidated | | The Company | |
| Notes | | 2015 | 2014 | 2015 | 2014 |
| Sales | 6 and 7 | 174,321,914 | 180,906,682 | - | - |
| Cost of goods sold | | (196,473,378) | (232,907,647) | - | - |
| Gross profit (loss) | | (22,151,464) | (52,000,965) | - | - |
| Gain on exchange rates | | 6,670,508 | 1,160,242 | 1,425,992 | - |
| Share profit (loss) from investment in associates | 14 | 18,990,527 | (1,459,457) | - | - |
| Share profit of other investment | 6 | - | 1,916,823 | - | 1,916,823 |
| Interest Income | 6 | 1,393,264 | - | 2,093,784 | - |
| Other income | 6 | 2,823,202 | 2,058,172 | 777,092 | 171,602 |
| Profit (loss) before expenses | | 7,726,037 | (48,325,185) | 4,296,868 | 2,088,425 |
| Selling expenses | | (6,268,912) | (5,637,966) | - | - |
| Administrative expenses | | (51,816,202) | (32,929,301) | (28,175,673) | (18,466,123) |
| Remunerations for directors and management | 6 | (56,308,603) | (14,173,897) | (43,980,000) | (7,965,483) |
| Loss on impairment of investment in associate | 14 | (36,238,720) | (119,733,523) | (15,100,000) | (121,192,980) |
| Loss on impairment of investment in subsidiary | 15 | - | - | (43,271,878) | (77,916,816) |
| Doubtful account | 12 | (71,026,986) | - | (71,026,986) | - |
| Loss before finance cost and income tax | | (213,933,386) | (220,799,872) | (197,257,669) | (223,452,977) |
| Finance cost | | (600,925) | - | (349,896) | - |
| Loss before income tax expenses | | (214,534,311) | (220,799,872) | (197,607,565) | (223,452,977) |
| Tax expense | 18 | - | (1,188,973) | - | (1,188,973) |
| Loss for the year from continuing operations | | (214,534,311) | (221,988,845) | (197,607,565) | (224,641,950) |
| Profit for the year from discontinued operations net of tax | 33 | - | - | - | 2,626,631 |
| Loss for the year | | (214,534,311) | (221,988,845) | (197,607,565) | (222,015,319) |
| Other comprehensive income (expense) | | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | | |
| Reversal on tax income (tax expense) related to revaluation surplus of land | 18 | - | 6,099,435 | - | 6,099,435 |
| Remeasurement of employee benefit obligations | 21 | 1,907,197 | - | - | - |
| Total items that will not be reclassified subsequently to profit or loss | | 1,907,197 | 6,099,435 | - | 6,099,435 |
| Other comprehensive income (expense) for the year, net of tax | | 1,907,197 | 6,099,435 | - | 6,099,435 |
| Total comprehensive expense for the year | | (212,627,114) | (215,889,410) | (197,607,565) | (215,915,884) |
| Profit (loss) attributable to : | | | | | |
| Shareholders of the Company | | | | | |
| Loss for the year from continuing operations | | (214,534,311) | (221,988,775) | (197,607,565) | (224,641,950) |
| Profit for the year from discontinued operations net of tax | | - | - | - | 2,626,631 |
| Loss for shareholders of the Company | | (214,534,311) | (221,988,775) | (197,607,565) | (222,015,319) |

The accompanying notes form an integral part of these financial statements

Electronics Industry Public Company Limited and its subsidiary
Statements of Comprehensive Income
For the year ended 31 December 2015

| | (Unit : Baht) | | | |
|---|---------------|---------------|---------------|---------------|
| | Consolidated | | The Company | |
| Note | 2015 | 2014 | 2015 | 2014 |
| Non-Controlling interests of subsidiary company | | | | |
| Loss for the year from continuing operations | - | (70) | - | - |
| Loss for the year from discontinued operations net of tax | - | - | - | - |
| Loss for non-controlling interests of subsidiary company | - | (70) | - | - |
| Loss for the year | (214,534,311) | (221,988,845) | (197,607,565) | (222,015,319) |
| Total comprehensive income (expense) attributable to : | | | | |
| Shareholders of the Company | | | | |
| Total comprehensive expense | (212,627,114) | (215,889,340) | (197,607,565) | (215,915,884) |
| Non-Controlling interests of subsidiary company | | | | |
| Total comprehensive income (expense) | - | (70) | - | - |
| Total comprehensive expense for the year | (212,627,114) | (215,889,410) | (197,607,565) | (215,915,884) |
| Basic loss per share | | | | |
| Loss per share | 26 | (0.38) | (0.53) | (0.35) |
| | | | | (0.53) |

The accompanying notes form an integral part of these interim financial statements

Electronics Industry Public Company Limited and its subsidiary company
 Statements of Changes in Shareholders' Equity
 For the year ended 31 December 2015

| | | (Unit : Baht) | | | | | | |
|--|----------------------------------|--------------------------|------------------------------|----------------|----------------------------|--|---|---------------|
| | | Consolidated | | | | | | |
| Notes | Issued and paid-up share capital | Premium on share capital | Retained earnings (Deficits) | | Other components of equity | Total Equity Attributable to Shareholders of the Company | Non-Controlling Interests of Subsidiary Company | Total |
| | | | Legal reserve | Unappropriated | | | | |
| | 400,000,000 | 93,000,000 | 13,726,481 | 51,765,391 | 24,397,743 | 582,889,615 | 270 | 582,889,885 |
| | 76,881,145 | 74,751,133 | - | - | - | 151,632,278 | - | 151,632,278 |
| | - | - | - | (221,988,775) | 6,099,435.00 | (215,889,340) | (70) | (215,889,410) |
| Balance as at 1 January 2014 | 476,881,145 | 167,751,133 | 13,726,481 | (170,223,384) | 30,497,178 | 518,632,553 | 200 | 518,632,753 |
| Increase share capital | 190,752,458 | - | - | - | - | 190,752,458 | - | 190,752,458 |
| Surplus from revaluation of land | - | - | - | 30,497,178 | (30,497,178) | - | - | - |
| Total comprehensive income(expense) for the year | - | - | - | (212,627,114) | - | (212,627,114) | - | (212,627,114) |
| Balance as at 31 December 2015 | 667,633,603 | 167,751,133 | 13,726,481 | (352,353,320) | - | 496,757,897 | 200 | 496,758,097 |

The accompanying notes form an integral part of these financial statements

Electronics Industry Public Company Limited and its subsidiary company
 Statements of Changes in Shareholders' Equity
 For the year ended 31 December 2015

| | Note | (Unit : Baht) | | | | | |
|--|------|----------------------------------|--------------------------|------------------------------|----------------|-----------------------------|---------------|
| | | The Company | | | | | |
| | | Issued and paid-up share capital | Premium on share capital | Retained earnings (Deficits) | | Other components of equity | Total |
| | | | | Legal reserve | Unappropriated | Revaluation surplus of land | |
| Balance as at 1 January 2014 | | 400,000,000 | 93,000,000 | 13,726,481 | 51,759,620 | 24,397,743 | 582,883,844 |
| Increase share capital | | 76,881,145 | 74,751,133 | - | - | - | 151,632,278 |
| Surplus from revaluation of land | | - | - | - | 30,497,178 | (30,497,178) | - |
| Total comprehensive income(expense) for the year | | - | - | - | (222,015,319) | 6,099,435 | (215,915,884) |
| Balance as at 31 December 2014 | 23 | 476,881,145 | 167,751,133 | 13,726,481 | (139,758,521) | - | 518,600,238 |
| Increase share capital | | 190,752,458 | - | - | - | - | 190,752,458 |
| Total comprehensive income(expense) for the year | | - | - | - | (197,607,565) | - | (197,607,565) |
| Balance as at 31 December 2015 | | 667,633,603 | 167,751,133 | 13,726,481 | (337,366,086) | - | 511,745,131 |

The accompanying notes form an integral part of these financial statements

Electronics Industry Public Company Limited and its subsidiary company

Statements of Cash Flows

For the year ended 31 December 2015

| | (Unit : Baht) | | | |
|---|---------------|---------------|---------------|---------------|
| | Consolidated | | The Company | |
| | 2015 | 2014 | 2015 | 2014 |
| Cash flows from operating activities | | | | |
| Loss before income tax for the year from continuing operations | (214,534,311) | (220,799,872) | (197,607,565) | (223,452,977) |
| Profit before income tax for the year from discontinued operations | | - | - | 2,626,631 |
| Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities: | | | | |
| Share of loss on investment in associates | (18,990,527) | 1,459,457 | - | - |
| Loss on impairment in associate | 36,238,720 | 119,733,523 | 15,100,000 | 121,192,980 |
| Loss on impairment in subsidiary | | - | 43,271,878 | 77,916,816 |
| Depreciation | 9,955,663 | 9,839,239 | 275,148 | 2,833,724 |
| Deferred gain on sale and leaseback transaction | (388,313) | - | - | - |
| Allowance for doubtful debt | 71,026,986 | - | 71,026,986 | - |
| Amortisation expense | 132,921 | 2,645,976 | 49,252 | 657,695 |
| Loss on allowance for devaluation of inventories | 25,149,290 | 71,744,868 | - | 1,882,601 |
| Loss on disposal of fixed assets | (601,878) | - | - | - |
| Loss on written - off assets | 11,401 | 466,938 | - | 60,858 |
| Interest income | (1,393,264) | (295,968) | (2,093,783) | (187,596) |
| Interest expense | 600,925 | - | 349,896 | - |
| Unrealized gain on exchange rates | (1,830,474) | (1,163,183) | (1,425,992) | - |
| Employee benefit liabilities | 756,478 | 833,630 | - | 208,408 |
| Loss from operations before changes in operating assets and liabilities | (93,866,383) | (15,535,392) | (71,054,180) | (16,260,860) |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | 20,731,459 | (15,525,794) | (1,500,164) | (11,739,984) |
| Inventories | 38,091,411 | 28,684,102 | - | (4,550,594) |
| Other current assets | (1,145,000) | (544,140) | 50,000 | (539,140) |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | 29,395,814 | (3,431,384) | 4,366,609 | (185,116) |
| Other deposit | (200,000) | (3,000) | - | - |
| Cash paid in operating activities | (6,992,699) | (6,355,608) | (68,137,735) | (33,275,694) |
| Interest income | 332,209 | 305,448 | 17,355 | 203,103 |
| Interest expense | (600,925) | - | (349,896) | - |
| Cash paid for corporate income tax | (774,038) | (628,033) | (432) | (576,789) |
| Net cash provided by operating activities | (8,035,453) | (6,678,193) | (68,470,708) | (33,649,380) |

The accompanying notes form an integral part of these financial statements

Electronics Industry Public Company Limited and its subsidiary company

Statements of Cash Flows

For the year ended 31 December 2015

| | (Unit : Baht) | | | |
|--|---------------------|----------------------|---------------------|----------------------|
| | Consolidated | | The Company | |
| | 2015 | 2014 | 2015 | 2014 |
| Cash flows from investing activities | | | | |
| Short-term investment | - | -1,347,140 | - | -1,347,140 |
| Investment in associate and transaction cost | (99,120,143) | (152,302,000) | (99,120,143) | (152,302,000) |
| Investment in subsidiary | - | - | - | (15,000,009) |
| Deposit at financial institution used as collateral | - | - | - | - |
| Cash proceed from disposal of assets | 44,091,378 | - | - | - |
| Purchases of fixed assets and intangible assets | (11,424,316) | (19,975,450) | (360,697) | (2,700,075) |
| Advance received for share disposal | 15,000,000 | - | 15,000,000 | - |
| Net cash provided in investing activities | (51,453,081) | (173,624,590) | (84,480,840) | (171,349,224) |
| Cash flows from financing activities | | | | |
| Overdraft | 1,848,296 | - | 1,848,296 | - |
| Increase of share capital | 190,752,458 | - | 190,752,458 | - |
| Short-term loans from subsidiary | - | - | 63,420,000 | - |
| Short-term loans to subsidiary | - | - | (2,000,000) | - |
| Short-term loans to associated company | (14,000,000) | - | - | - |
| Cash received from sale and finance leaseback transaction | 29,600,211 | - | - | - |
| Payment for lease payable | (593,905) | - | - | - |
| Cash received from convertible debentures | - | 170,000,000 | - | 170,000,000 |
| Paid of direct cost for convertible debentures | - | (18,367,722) | - | (18,367,722) |
| Repayment of short-term loan to related party | - | (99,700) | - | (99,700) |
| Net cash used in financing activities | 207,607,060 | 151,532,578 | 254,020,754 | 151,532,578 |
| Effect from changes in exchange rate of cash and cash equivalents | 97,517 | 60,372 | - | - |
| Net decrease in cash and cash equivalents | 148,216,043 | (28,709,833) | 101,069,206 | (53,466,026) |
| Cash and cash equivalents as at beginning of the year | 32,149,262 | 60,859,095 | 7,293,069 | 60,759,095 |
| Cash and cash equivalents as at the end of the year | 180,365,305 | 32,149,262 | 108,362,275 | 7,293,069 |

The accompanying notes form an integral part of these financial statements

Electronics Industry Public Company Limited and its subsidiary

Notes to the consolidated and company financial statements

31 December 2015

1. GENERAL INFORMATION

Electronics Industry Public Company Limited (“the Company”) is a public company, incorporated in Thailand. The address of its registered office is as follows:

Head Office is located at the 9th Floor Kian Gwan Building 3 no. 152 Wireless Road, Lumpini, Khet Prathumwan, Bangkok 10330.

Branch and subsidiary office is located at 65 and 68, Chalong Krung 31 Soi, Lumplatiw, Latkrabang, Bangkok 10520.

The principal business operation of the Company is investing subsidiary and other companies. The principal business operation of a subsidiary is engaged in electronics and relevant electronics and software business.

These financial statements were authorised for issue by the Board of Directors on 29 February 2016.

2. BASIS OF PREPARATION

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E.2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The consolidated and company financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

The consolidated financial statements include the financial statements for the years ended 31 December 2015 of Electronics Industry Public Company Limited and its subsidiary, details of which are as follows:

Electronics Industry Public Company Limited and its subsidiary**Notes to the consolidated and company financial statements****31 December 2015**

2.1 Subsidiary company was as follow:

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|-------------------------------|---|--------------------------|----------------------------|------|
| | | | 2015 | 2014 |
| EIC Semiconductor Co., Ltd. | Produce and export electronics spare parts, import-export electronics spare parts | Thailand | 100 | 100 |
| Thai Prime Investment Limited | Investing other companies | British Virgin Limited | 100 | - |

2.2 Material balances and transactions between the Company and its subsidiaries company have been eliminated from the consolidated financial statements.

2.3 Investments in the subsidiaries company as recorded in the Company's books of account are eliminated against the equity of the subsidiary companies.

2.4 Results of operations of the subsidiaries company have been included in or excluded from the consolidated financial statements as from their effective dates of acquisition or disposal of the investments, respectively.

2.5 The consolidated financial statements have been prepared by applying the same accounting policy for the same accounting transaction or similar accounting event.

2.6 Change in accounting estimates

As at 1 April 2014, the Company transferred net assets of Baht 135.86 million to settle against share subscription payable to the subsidiary. In compliance with Thai Accounting Standard No. 16 (Revised 2009), Property, Plant and Equipment, the subsidiary performed a review of the expected useful economic lives of its building and plant, building improvement, machinery and equipment, office equipment and furniture and vehicle. The subsidiary has taken into account key factor that may have an impact to the extension of the asset useful life including technology obsolescence, well-maintained standard and appropriate controlled environment. The subsidiary revised the expected useful economic lives by using prospective adjustments by changing of the useful life as follows:

| | Old useful lives | New useful lives |
|--------------------------------|------------------|------------------|
| Building and plant | 2 – 24 years | 20 years |
| Building improvement | 1 – 14 years | 5 years |
| Machinery and equipment | 1 – 18 years | 5 – 20 years |
| Office equipment and furniture | 1 – 18 years | 5 – 10 years |
| Vehicle | 4 years | 5 years |

The effects from the aforementioned revisions were fully reflected in the consolidated financial statements which has resulted in an decrease in depreciation expenses for the year ended 31 December 2014 by approximately Baht 3.10 million.

Electronics Industry Public Company Limited and its subsidiary

Notes to the consolidated and company financial statements

31 December 2015

3. NEW ACCOUNTING STANDARDS EFFECTIVE DURING THE YEAR

- a) Revised accounting standards and financial reporting standards which are effective on 1 January 2015 are as follows:

Accounting standards

| | | |
|--------|----------------|--|
| TAS 1 | (Revised 2014) | Presentation of Financial Statements |
| TAS 2 | (Revised 2014) | Inventories |
| TAS 7 | (Revised 2014) | Statement of Cash Flows |
| TAS 8 | (Revised 2014) | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS 10 | (Revised 2014) | Events after the Reporting Period |
| TAS 11 | (Revised 2014) | Construction Contracts |
| TAS 12 | (Revised 2014) | Income Taxes |
| TAS 16 | (Revised 2014) | Property, Plant and Equipment |
| TAS 17 | (Revised 2014) | Leases |
| TAS 18 | (Revised 2014) | Revenue |
| TAS 19 | (Revised 2014) | Employee Benefits |
| TAS 20 | (Revised 2014) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 | (Revised 2014) | The Effects of Changes in Foreign Exchange Rates |
| TAS 23 | (Revised 2014) | Borrowing Cost |
| TAS 24 | (Revised 2014) | Related Party Disclosures |
| TAS 26 | (Revised 2014) | Accounting and Reporting by Retirement Benefit Plans |
| TAS 27 | (Revised 2014) | Consolidated and Separate Financial Statements |
| TAS 28 | (Revised 2014) | Investments in Associates and Joint Ventures |
| TAS 29 | (Revised 2014) | Financial Reporting in Hyperinflationary Economics |
| TAS 33 | (Revised 2014) | Earnings per Share |
| TAS 34 | (Revised 2014) | Interim Financial Reporting |
| TAS 36 | (Revised 2014) | Impairment of Assets |
| TAS 37 | (Revised 2014) | Provisions, Contingent Liabilities and Contingent Assets |
| TAS 38 | (Revised 2014) | Intangible Assets |
| TAS 40 | (Revised 2014) | Investment Property |

Financial reporting standards

| | | |
|--------|----------------|--|
| TFRS 2 | (Revised 2014) | Share – Based Payments |
| TFRS 3 | (Revised 2014) | Business Combinations |
| TFRS 4 | (Revised 2014) | Insurance contracts |
| TFRS 5 | (Revised 2014) | Non – current Assets Held for Sale and Discontinued Operations |
| TFRS 6 | (Revised 2014) | Exploration for and Evaluation of Mineral Resources |

Electronics Industry Public Company Limited and its subsidiary

Notes to the consolidated and company financial statements

31 December 2015

| | | |
|---------|----------------|---|
| TFRS 8 | (Revised 2014) | Operating Segments |
| TFRS 10 | (Revised 2014) | Consolidated Financial Statements |
| TFRS 11 | (Revised 2014) | Joint Arrangements |
| TFRS 12 | (Revised 2014) | Disclosure of Interests in Other Entities |
| TFRS 13 | (Revised 2014) | Fair Value Measurement |

- b) Accounting standards and financial reporting standards which are effective on 1 January 2015 are as follows:

Accounting standard interpretations

| | | |
|---------|----------------|--|
| TSIC 10 | (Revised 2014) | Government Assistance-No specific Relation to Operating Activities |
| TSIC 15 | (Revised 2014) | Operating Leases – Incentives |
| TSIC 25 | (Revised 2014) | Income Taxes – Changes in the Tax Status of an Entity or its Shareholders |
| TSIC 27 | (Revised 2014) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| TSIC 29 | (Revised 2014) | Service Concession Arrangements: Disclosure |
| TSIC 31 | (Revised 2014) | Revenue – Barter Transactions Involving Advertising Services |
| TSIC 32 | (Revised 2014) | Intangible Assets – Website Costs |

Financial reporting standard interpretations

| | | |
|----------|----------------|---|
| TFRIC 1 | (Revised 2014) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRIC 4 | (Revised 2014) | Determining Whether an Arrangement Contains a Lease |
| TFRIC 5 | (Revised 2014) | Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| TFRIC 7 | (Revised 2014) | Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics |
| TFRIC 10 | (Revised 2014) | Interim Financial Reporting and Impairment |
| TFRIC 12 | (Revised 2014) | Service Concession Arrangements |
| TFRIC 13 | (Revised 2014) | Customer Loyalty Programmes |
| TFRIC 14 | (Revised 2014) | The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| TFRIC 15 | (Revised 2014) | Agreements for the Construction of Real Estate |
| TFRIC 17 | (Revised 2014) | Distributions of Non – cash Assets to Owners |
| TFRIC 18 | (Revised 2014) | Transfers of Assets from Customers |
| TFRIC 20 | (Revised 2014) | Stripping Costs in the Production Phase of a Surface Mine |

The Group has applied the aforementioned financial reporting standards from 1 January 2015. However, the application of those financial reporting standards has no significant impacts to the financial statements being presented except as discussed below:

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TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed 'remeasurements' and will be recognised immediately in 'other comprehensive income' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; and (b) past-service costs will be recognised in the period of a plan amendment; unvested benefits will no longer be spread over a future-service period. The Group has comply with this standard.

TFRS 10 (revised 2014) has a single definition of control and supersedes the principles of control and consolidation included within the original TAS 27, 'Consolidated and separate financial statements'. The standard sets out the requirements for when an entity should prepare consolidated financial statements, defines the principles of control, explains how to apply the principles of control and explains the accounting requirements for preparing consolidated financial statements. The key principle in the new standard is that control exists, and consolidation is required, only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. This Group has comply with this standard.

TFRS 11 (revised 2014) defined that a joint arrangement is a contractual arrangement where at least two parties agree to share control over the activities of the arrangement. Unanimous consent toward decisions about relevant activities between the parties sharing control is a requirement in order to meet the definition of joint control. Joint arrangements can be joint operations or joint ventures. The classification is principle based and depends on the parties' exposure in relation to the arrangement. When the parties' exposure to the arrangement only extends to the net assets of the arrangement, the arrangement is a joint venture. Joint operations have rights to assets and obligations for liabilities. Joint operations account for their rights to assets and obligations for liabilities. Joint ventures account for their interest by using the equity method of accounting. This Group has comply with this standard.

TFRS 12 (revised 2014) require entities to disclose information that helps readers of financial statements to evaluate the nature of risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. This Group has comply with this standard.

4. NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

The Federation of Accounting Professions has issued notifications, which are published in the Royal Gazette during the year, mandating the use of financial reporting standards, accounting standard interpretations and financial reporting standard interpretations as follows:

- a) Revised accounting standards and financial reporting standards which are effective on 1 January 2016 are as follows:

Accounting Standards:

| | |
|----------------------|--------------------------------------|
| TAS 1 (revised 2015) | Presentation of financial statements |
| TAS 2 (revised 2015) | Inventories |
| TAS 7 (revised 2015) | Statement of cash flows |

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| | |
|-----------------------|--|
| TAS 8 (revised 2015) | Accounting policies, changes in accounting estimates and errors |
| TAS 10 (revised 2015) | Events after the reporting period |
| TAS 11 (revised 2015) | Construction contracts |
| TAS 12 (revised 2015) | Income taxes |
| TAS 16 (revised 2015) | Property, plant and equipment |
| TAS 17 (revised 2015) | Leases |
| TAS 18 (revised 2015) | Revenue |
| TAS 19 (revised 2015) | Employee benefits |
| TAS 20 (revised 2015) | Accounting for government grants and disclosure of government assistance |
| TAS 21 (revised 2015) | The effects of changes in foreign exchange rates |
| TAS 23 (revised 2015) | Borrowing costs |
| TAS 24 (revised 2015) | Related party disclosures |
| TAS 26 (revised 2015) | Accounting and reporting by retirement benefit plans |
| TAS 27 (revised 2015) | Separate financial statements |
| TAS 28 (revised 2015) | Investments in associates and joint ventures |
| TAS 29 (revised 2015) | Financial reporting in hyperinflationary economies |
| TAS 33 (revised 2015) | Earnings per share |
| TAS 34 (revised 2015) | Interim financial reporting |
| TAS 37 (revised 2015) | Provisions, contingent liabilities and contingent assets |
| TAS 38 (revised 2015) | Intangible assets |
| TAS 40 (revised 2015) | Investment property |
| TAS 41 | Agriculture |

Financial Reporting Standards:

| | |
|------------------------|--|
| TFRS 2 (revised 2015) | Share based payment |
| TFRS 3 (revised 2015) | Business combination |
| TFRS 4 (revised 2015) | Insurance contracts |
| TFRS 5 (revised 2015) | Non-current assets held for sale and discontinued operations |
| TFRS 6 (revised 2015) | Exploration for and evaluation of mineral resources |
| TFRS 8 (revised 2015) | Operating segment |
| TFRS 10 (revised 2015) | Consolidated financial statements |
| TFRS 11 (revised 2015) | Joint arrangements |
| TFRS 12 (revised 2015) | Disclosure of interests in other entities |
| TFRS 13 (revised 2015) | Fair value measurement |

- b) Accounting standard interpretations and financial reporting standard interpretations which are effective on 1 January 2016⁵ are as follows:

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| | |
|------------------------|--|
| TSIC 10 (revised 2015) | Government assistance - No specific relation to operating activities |
| TSIC 15 (revised 2015) | Operating leases - Incentives |
| TSIC 25 (revised 2015) | Income taxes - changes in the tax status of an entity or its shareholders |
| TSIC 27 (revised 2015) | Evaluating the substance of transactions involving the legal form of a lease |
| TSIC 29 (revised 2015) | Service concession arrangements: Disclosures |
| TSIC 31 (revised 2015) | Revenue - barter transactions involving advertising services |
| TSIC 32 (revised 2015) | Intangible assets - Web site costs |

Financial Reporting Standard Interpretations:

| | |
|-------------------------|---|
| TFRIC 1 (revised 2015) | Changes in existing decommissioning, restoration and similar liabilities |
| TFRIC 4 (revised 2015) | Determining whether an arrangement contains a lease |
| TFRIC 5 (revised 2015) | Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds |
| TFRIC 7 (revised 2015) | Applying the restatement approach under TAS29 (revised 2014) Financial reporting in hyperinflationary economies |
| TFRIC 10 (revised 2015) | Interim financial reporting and impairment |
| TFRIC 12 (revised 2015) | Service concession arrangements |
| TFRIC 13 (revised 2015) | Customer loyalty programmes |
| TFRIC 14 (revised 2015) | TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction |
| TFRIC 15 (revised 2015) | Agreements for the construction of real estate |
| TFRIC 17 (revised 2015) | Distributions of non-cash assets to owners |
| TFRIC 18 (revised 2015) | Transfers of assets from customers |
| TFRIC 20 (revised 2015) | Stripping costs in the production phase of a surface mine |
| TFRIC 21 | Levies |

The Group has applied the aforementioned financial reporting standards from 1 January 2015. However, the application of those financial reporting standards has no significant impacts to the financial statements being presented except as discussed below:

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

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TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy, 2) when fair value measurement categorised within level 2 and level 3, disclosure is required for valuation technique and key assumption.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at banks and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.2 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realizable value. Allowance for doubtful accounts is provided to cover the estimated losses that may be incurred in collection. The allowance is based on collection experience and current status of receivables outstanding at the statements of financial position date. Bad debts will be written off for the accounts considered uncollectible.

5.3 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first out basis for inventories except for works in process which is determined by the weighted average basis. Cost of purchases comprise both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and freight, less all attributable discounts, allowances or rebates. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimate of selling price in the ordinary course of business, less cost of completion and selling expenses. Provision is made where necessary, for obsolescent, slow-moving and defective inventories.

5.4 Group accounting - Investments in subsidiaries and associates

a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are fully considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's principal subsidiaries and the financial effects of acquisitions and disposals of subsidiaries are shown in Note 15.

b) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

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If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate, unless it has incurred obligations or made payments on behalf of the associate.

c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (see Note 5.8 for the impairment of assets including goodwill).

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

In the Company's separate financial statements, investments in associates are accounted for using the cost method of accounting.

A list of the Group's principal associates and the financial effects of acquisitions and disposals of associates are shown in Note 14.

5.5 Property, plant and equipments

Land is stated at cost. Plant and equipment are initially recorded at cost and stated at historical cost less accumulated depreciation and provision for impairment (if any).

Cost includes acquisition cost and any cost directly attributable to bring the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated so as to write-off the cost of the assets on a straight-line basis over the expected useful economic lives of the assets concerned as follows:

| | <u>Useful lives</u> |
|--------------------------------|---------------------|
| Building and plant | 20 years |
| Building improvement | 5 years |
| Machinery and equipment | 5 – 20 years |
| Office equipment and furniture | 5 – 10 years |
| Vehicle | 5 years |

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Whenever there is any indication showing a permanent decrease in the amount of equipment; such as an evidence of obsolescence or physical damage of an asset, significant changes in the manner in which an asset is used or is expected to be used, the Company shall recognised loss on decrease in value of equipment in statement of income where the carrying amount of asset is higher than the recoverable amount. The recoverable amount of asset is the higher of its fair value less costs to sell and its value in use.

The cost of replacing part of equipment is included in the carrying amount of the asset when it is probable that future economic benefits will flow to the Company and the carrying amount of those replaced parts is derecognised. Repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Gains and losses on disposal of equipment are determined by comparing proceeds with its carrying amount and are included in profit/loss from operations.

5.6 Intangible asset

Intangible assets consist of cost of research and development project and computer software is stated cost less accumulated amortization and provision for impairment (if any) and is amortized as expense on a straight-line basis over a period of 5 - 10 year.

5.7 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associated undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported in the consolidated balance sheet as an intangible asset. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall balance.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

5.8 Impairment of assets

The Company and its subsidiaries assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company and its subsidiaries make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the comprehensive income statement. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

If there is subsequently any indication that previously recognised impairment losses may no longer exists or may have decreased, the Company will make another estimate of the asset's recoverable value, compare this with the book value, and reverse previously recognised impairment to reflect the change in recoverable value.

5.9 Accounting for leases - where a Group company is the lessee

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the

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lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

5.10 Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

5.11 Foreign currency translation

Transactions denominated in foreign currencies are translated into Baht at the approximately rates of exchange ruling on the transaction dates. Realised gains and losses on exchange are recognised as income or expenses in the statements of revenues and expenses as incurred. Monetary assets and liabilities at the financial position date denominated in foreign currencies are translated into Baht at the rates of exchange ruling at the financial position date. Unrealised gains and losses on exchange are recognised in the statements of revenues and expenses as incurred.

5.12 Employee benefits

Post-employment benefits (Defined contribution plans)

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

5.13 Revenue recognition

- 5.13.1 Revenue from the sale of goods is recognised in profit or loss when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and it is probable that the economic benefits associated with transaction will flow to the Company, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- 5.13.2 Interest income is recognized in accordance with effective rate and on time proportion basis.
- 5.13.3 Other incomes are recognized on accrual basis.

5.14 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

5.15 Segment reporting

Segment information has been prepared based on the internal report of the Group, which disaggregates its business by services or products and by geographic area.

5.16 Financial instruments

The Company and its subsidiary have no policy to speculate in or engage in the trading of any financial derivative instruments.

Financial instruments carried on the statements of financial position include cash and bank balances, bank overdraft and short term loan from financial institution, trade receivables, trade creditors, loans to and loan from related companies. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

5.17 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to

interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

5.18 Basic loss per share

Basic loss per share

Basic loss per share is calculated by dividing the net loss for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted earning (loss) per share

Diluted earning (loss) per share is calculated by dividing net loss for the year by the weighted average number of ordinary shares in issue during the year plus adjustments of conversion of all dilutive potential ordinary shares from the exercise of the warrants provided that the conversion carried out at the beginning of the year or issuance of potential ordinary shares.

5.19 Critical accounting estimates, assumption, judgements and capital risk management

1) Critical accounting estimates, assumption and judgements

Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates for certain accounting transactions, affecting amounts reported in the financial statements and notes related thereto. Subsequent actual results may differ from these estimates.

Estimates, assumption and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Allowance for doubtful accounts

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The Group's Company maintains an allowance for doubtful accounts to reflect impairment of trade receivables relating to estimated losses resulting from the default or inability of customers to make required payments. The allowance is based on consideration of historical collection experience, known and identified instances of default of each customer.

Allowance for obsolete and defective inventories

The Group maintains an allowance for obsolete and defective inventories to reflect impairment of inventories. The allowance is based on consideration of inventory turnover and deterioration of each category. In addition, the Group also maintains an allowance for net realisable value to reflect the estimated losses resulting from the selling prices of inventories which are less than their costs. The allowance is based on consideration of committed selling prices and the trend of selling prices in the market.

Plant, building improvement and equipment

Management determines the estimated useful lives and residual values for the Group's leasehold improvement and equipment. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

Estimated impairment of investment

The Group regularly evaluated the impairment of investment in subsidiary and associated company when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The evaluation is based on results of operation and future plan of its subsidiary. Such consideration requires the use of estimate and judgment by the management.

Estimated impairment of goodwill

The Group tests annually whether goods will has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Post-employment benefit under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of

ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

2) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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6. RELATED PARTY TRANSACTIONS AND BALANCES

The Company and its subsidiaries have transactions with its related companies. These companies are related through common shareholding and/or directorship.

Details of relationship between the Group and related parties which related through control or transaction are as follows:

| Company's Name/Person | Country | Relationship | |
|---|-----------------------|---------------|--|
| | | Nature | Related by |
| EIC Semiconductor Co.,Ltd. | Thailand | Subsidiary | Direct shareholding |
| Thai Prime Investment Limited | British Virgin Island | Subsidiary | Direct shareholding |
| Smart Traffic Co., Ltd. | Thailand | Associate | Direct shareholding |
| Unitop Rubber Co.,Ltd. | Thailand | Related party | Common director and shareholding with subsidiaries |
| Sport Events International Inc. (Bermuda) | Bermuda | Associate | Shareholding through subsidiary |
| Global Legends Series Ltd. (Bermuda) | Bermuda | Associate | Shareholding through subsidiary |
| LED Lighting Co., Ltd. | Thailand | Related party | Common director with subsidiary |

Pricing policies for related transactions are as follows:

| Transactions | Pricing policy |
|---|-----------------------|
| Rental income | Mutually agreed price |
| Share profit from investment in project | Mutually agreed price |
| Interest income | Contract price |

Transactions with related parties for the year ended 31 December 2015 and 2014 were as follows:

| | (Unit: Baht) | | | | |
|------------------------------------|--------------|------|-------------|----------------------|-------------------------|
| | Consolidated | | The Company | | |
| | | | 2014 | | |
| | 2015 | 2014 | 2015 | Continued operations | Discontinued operations |
| Revenue from sales of goods | | | | | |
| LED Lighting Co., Ltd. | 4,180 | - | - | - | - |
| Interest income | | | | | |
| Thai Prime Investment Limited | - | - | 1,009,346 | - | - |
| LED Lighting Co., Ltd. | 82,849 | - | - | - | - |

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| | (Unit: Baht) | | | | |
|---|--------------|------------|-------------|----------------------|-------------------------|
| | Consolidated | | The Company | | |
| | 2015 | 2014 | 2015 | 2014 | |
| | | | | Continued operations | Discontinued operations |
| | 82,849 | - | 1,009,346 | - | - |
| Other income | | | | | |
| Unitop Rubber Co.,Ltd. | 660,000 | 660,000 | - | - | 165,000 |
| LED Lighting Co., Ltd. | 200,000 | - | - | - | - |
| | 860,000 | 660,000 | - | - | 165,000 |
| Share profit from investment in project | | | | | |
| Smart Traffic Co., Ltd. | - | 1,916,823 | - | 1,916,823 | - |
| Remunerations for directors and management | | | | | |
| Short-term employee benefits | 56,308,603 | 14,173,897 | 43,980,000 | 7,965,483 | 1,447,850 |
| Retirement benefits | 604,493 | - | - | - | - |
| | 56,913,096 | 14,173,897 | 43,980,000 | 7,965,483 | 1,447,850 |

Outstanding balances with related parties as at 31 December 2015 and 2014 were as follows:

| | (Unit:Baht) | | | |
|---|--------------|-----------|-------------|-----------|
| | Consolidated | | The Company | |
| | 2015 | 2014 | 2015 | 2014 |
| Other receivables | | | | |
| Thai Prime Investment Limited | - | - | 9,229,818 | - |
| Smart Traffic Co.,Ltd | 70,986 | 9,291,599 | 70,986 | 9,291,599 |
| LED Lighting Co.,Ltd | 200,000 | - | - | - |
| | 270,986 | 9,291,599 | 9,300,804 | 9,291,599 |
| Short-term loan to subsidiary* | | | | |
| EIC Semiconductor Co.,Ltd. | - | - | 2,000,000 | - |
| Short-term loan to related party** | | | | |
| LED Lighting Co., Ltd. | 14,000,000 | - | - | - |

Electronics Industry Public Company Limited and its subsidiary

Notes to the consolidated and company financial statements

31 December 2015

Long-term loan to subsidiary and interest receivable ***

| | | | | |
|-------------------------------|---|---|------------|---|
| Thai Prime Investment Limited | - | - | 86,455,481 | - |
|-------------------------------|---|---|------------|---|

Movement of long-term loan to subsidiary during the year as follow ;

| | (Unit: Baht) | | | |
|---------------------|--------------|------------|----------|------------|
| | The Company | | | |
| | 2014 | Increase | Decrease | 2015 |
| Principle | - | 85,446,135 | - | 85,446,135 |
| Interest receivable | - | 1,009,346 | - | 1,009,346 |
| Total | - | 86,455,481 | - | 86,455,481 |

| | (Unit: Baht) | | | |
|--|--------------|------|-------------|------|
| | Consolidated | | The Company | |
| | 2015 | 2014 | 2015 | 2014 |

Other payable

| | | | | |
|----------------------------|---|---|---|--------|
| EIC Semiconductor Co.,Ltd. | - | - | - | 16,684 |
|----------------------------|---|---|---|--------|

Short-term loan from subsidiary ****

| | | | | |
|----------------------------|---|---|------------|---|
| EIC Semiconductor Co.,Ltd. | - | - | 63,420,000 | - |
|----------------------------|---|---|------------|---|

*Short-term loan represented unsecured loan deminated in Baht to subsidiary of Baht 2 million which will be due at call and free of interest charge.

**Short-term loan to related party represented promissory notes denominated in Baht which will be due at call bearing interest at the rate of 3% per annum.

***Long-term loan to subsidiary represented unsecrued loan of USD 2.38 million bearing interest at the rate of 3% per annum. The loan will be due within 3 years.

****Short-term loan from subsidiary represented promissory notes denominated in Baht which will be due on 23 July 2016 with free of interest charge.

7. TRANSACTION WITH AGENTS

The Company had business transactions with 2 agents for oversea sales as follows:

| | Country | (Unit: Baht) | | | |
|-----------------------------|-----------|--------------|------------|--|------------|
| | | Consolidated | | The Company (Discontinued operations) | |
| | | 2015 | 2014 | 2015 | 2014 |
| Sales | | | | | |
| EIC International Co., Ltd. | Hong Kong | 43,634,624 | 53,469,522 | - | 12,951,516 |

Electronics Industry Public Company Limited and its subsidiary

Notes to the consolidated and company financial statements

31 December 2015

| | | (Unit: Baht) | | | |
|---------------------------------|-----------|-------------------|-------------------|---|-------------------|
| | | | | The Company (Discontinued operations) | |
| | | Consolidated | | | |
| | Country | 2015 | 2014 | 2015 | 2014 |
| EIC Semiconductor Inc. | USA | 8,900,248 | 12,452,704 | - | 3,835,645 |
| | | <u>52,534,872</u> | <u>65,922,226</u> | <u>-</u> | <u>16,787,161</u> |
| Purchases of goods | | | | | |
| Sun Light Electronics (HK) Ltd. | Hong Kong | 1,390,630 | 1,510,117 | - | - |

The balances of the overseas sale agents are as follows:

| | | (Unit: Baht) | | | |
|----------------------------------|-----------|-------------------|-------------------|--|----------|
| | | Consolidated | | The Company (Discontinued operations) | |
| | Country | 2015 | 2014 | 2015 | 2014 |
| Trade accounts receivable | | | | | |
| EIC International Co., Ltd. | Hong Kong | 25,023,138 | 47,304,859 | - | - |
| EIC Semiconductor Inc. | USA | <u>6,361,474</u> | <u>9,736,809</u> | <u>-</u> | <u>-</u> |
| | | <u>31,384,612</u> | <u>57,041,668</u> | <u>-</u> | <u>-</u> |

8. CASH AND CASH EQUIVALENTS

| | | (Unit: Baht) | | | |
|----------------------------------|--|--------------------|-------------------|--------------------|------------------|
| | | Consolidated | | The Company | |
| | | 2015 | 2014 | 2015 | 2014 |
| Cash | | 311,438 | 311,494 | 61,438 | 61,494 |
| Deposits held at call with banks | | 110,357,517 | 31,161,773 | 68,719,853 | 6,555,580 |
| Bill of exchange | | 39,580,984 | - | 39,580,984 | - |
| Open fund | | 30,115,396 | - | - | - |
| Fixed deposit account | | - | 675,995 | - | 675,995 |
| Total | | <u>180,365,335</u> | <u>32,149,262</u> | <u>108,362,275</u> | <u>7,293,069</u> |

As at 31 December 2015, the interest rate on savings account represented 0.37% – 0.75% per annum (2014: Interest rate on savings account at 0.37% – 0.50% per annum and interest on fixed deposit at 1.125%).

Electronics Industry Public Company Limited and its subsidiary

Notes to the consolidated and company financial statements

31 December 2015

9. SHORT-TERM INVESTMENT

As at 31 December 2014, the Company had fixed deposit account at a commercial bank in the amount of Baht 2 million.

10. TRADE AND OTHER RECEIVABLES, NET

| | (Unit: Baht) | | | |
|---|--------------------|--------------------|-------------------|-------------------|
| | Consolidated | | The Company | |
| | 2015 | 2014 | 2015 | 2014 |
| Trade accounts receivable | | | | |
| Trade accounts receivable | 68,667,412 | 80,505,137 | - | - |
| <u>Less</u> Allowance for doubtful accounts | <u>(3,166,471)</u> | <u>(3,166,471)</u> | - | - |
| Trade accounts receivable , net | 65,500,941 | 77,338,666 | - | - |
| Notes receivable | 121,327 | 734,048 | - | - |
| Trade accounts receivable, net | 65,622,268 | 78,072,714 | - | - |
| Other receivables | | | | |
| Other receivables | 1,940,025 | 2,081,532 | 99,660 | 3,000 |
| Accrued income | - | 6,027 | - | - |
| Value added tax receivable | 4,963,071 | 2,410,305 | 2,455,106 | 1,369,454 |
| Other receivable-Associate (Note 6) | 70,986 | 9,291,599* | 70,986 | 9,291,599* |
| Other receivable-Related party (Note 6) | 200,000 | - | - | - |
| Other receivable-Subsidiary (Note 6) | - | - | 9,229,818 | - |
| Other | 367,246 | 645,109 | 326,971 | 595,113 |
| Total other receivable | 7,541,328 | 14,434,572 | 12,182,541 | 11,259,166 |
| Total trade and other receivables, net | 73,163,596 | 92,507,286 | 12,182,541 | 11,259,166 |

*The Company jointly invested in the project with an associated company for improvement and expansion of automatic pay-toll system for the Expressway Authority of Thailand totalling Baht 7.38 million. The Company recognised the project's profit on a proportion basis in the amount of Baht 1.92 million in the financial statement for the year ended 31 December 2014. The Company received of Baht 9.29 million from the associated company for the year ended 31 December 2015.

Trade accounts receivable analyzed by aging are as follows:

| | (Unit: Baht) | | | |
|----------------------------------|--------------|------------|-------------|------|
| | Consolidated | | The Company | |
| | 2015 | 2014 | 2015 | 2014 |
| Trade accounts receivable | | | | |
| Undue | 39,376,365 | 41,490,434 | - | - |
| Overdue 1 - 30 days | 8,274,270 | 4,848,559 | - | - |

Electronics Industry Public Company Limited and its subsidiary

Notes to the consolidated and company financial statements

31 December 2015

| | | | | |
|--------------------------|-------------------|-------------------|----------|----------|
| Overdue 31 - 60 days | 6,502,596 | 5,899,222 | - | - |
| Overdue 61 - 90 days | 8,545,126 | 7,329,416 | - | - |
| Overdue 91 - 180 days | 2,301,111 | 17,508,701 | - | - |
| Overdue 181 - 365 days | 1,037,321 | 1,483,935 | - | - |
| Overdue 365 days onwards | 2,630,623 | 1,944,870 | - | - |
| | <u>68,667,412</u> | <u>80,505,137</u> | <u>-</u> | <u>-</u> |

Electronics Industry Public Company Limited and its subsidiary

Notes to the consolidated and company financial statements

31 December 2015

11. INVENTORIES, NET

| | (Unit: Baht) | | | | | |
|----------------------|--------------|-------------|--|---------------|------------------|-------------|
| | Consolidated | | | | | |
| | Cost | | Allowance of diminution in inventory value | | Inventories, net | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Finished goods | 26,768,755 | 40,703,038 | (13,524,658) | (25,452,438) | 13,244,097 | 15,250,600 |
| Works in process | 94,714,357 | 158,226,664 | (76,928,987) | (80,323,653) | 17,785,370 | 77,903,011 |
| Raw materials | 108,104,210 | 78,962,104 | (67,803,120) | (27,331,384) | 40,301,090 | 51,630,720 |
| Supplies | 11,315,429 | 10,810,587 | - | - | 11,315,429 | 10,810,587 |
| | 240,902,751 | 288,702,393 | (158,256,765) | (133,107,475) | 82,645,986 | 155,594,918 |
| Add Goods in transit | 10,469,788 | 761,587 | - | - | 10,469,788 | 761,587 |
| Total | 251,372,539 | 289,463,980 | (158,256,765) | (133,107,475) | 93,115,774 | 156,356,505 |

Increase in loss on diminution in inventory value of Baht 25.15 million and Baht 69.86 million were included in costs goods sold in the consolidated statements of comprehensive income for the year ended 31 December 2015 and 2014, respectively.

12. ADVANCE PAYMENT FOR SHARE SUBSCRIPTION AND INTEREST RECEIVABLE, NET

| | (Unit: Baht) | |
|--|------------------------------|------------|
| | Consolidated and the Company | |
| | 2015 | 2014 |
| Advance payment for share subscription | 70,000,000 | 70,000,000 |
| Add Interest receivable | 1,026,986 | - |
| | 71,026,986 | 70,000,000 |
| Less Allowance for doubtful account | (71,026,986) | - |
| Net | - | 70,000,000 |

At the Board of directors' meeting No. 8/2013 held on 4 December 2013 and the shareholders' extraordinary meeting No. 1/2014 held on 13 February 2014, it was an unanimously resolved to invest in Smart Traffic Co., Ltd. The Company has entered into the Memorandum of Understanding dated 4 December 2013 for investment in Smart Traffic Co., Ltd. at 49% stake of total share capital at the price of Baht 500 per share or equivalent to Baht 245 million and the company advance paid for share subscription of Baht 70 million. On 14 May 2014, the Company entered into the Sell and Purchase Agreement which it is anticipated that closing date will be any date between 14 May and 14 August 2014 (the payment date).

At the Board of director's meeting No. 14/2557 held in November 2014, it was an unanimously resolved to amend the Sale & Purchase Agreement in order to extend the payment date for the Smart Traffic shares from 14 August 2014 to 31 December 2014 and terms of payments of this acquisition.

During 2014, the Company invested in Smart Traffic's ordinary shares of 302,000 shares at totaling of Baht 152 million as discussed in Note 14.

Electronics Industry Public Company Limited and its subsidiary**Notes to the consolidated and company financial statements****31 December 2015**

The Company has entered into the Memorandum of Understanding dated 27 March 2015 to terminate the sell and purchase agreement. The seller agreed to return advance payment for share subscription of Baht 70 million by issuing a promissory note dated 27 March 2015 which will be due in full on 31 July 2015.

The Company has not received a settlement for advance payments for share subscription up to the date of this report. However, at the Board of Director's meeting no. 10/2015 held on 19 August 2015, it was unanimously resolved to extend the payment of advance payment for share subscription of Baht 70 million to be due within 31 December 2015 and charge interest rate at the rate 3.5% per annum effective from 1 August 2015 until complete settlement. At the reporting date, there is no settlement from seller and the Company fully set up provision for doubtful advance payment for share subscription and interest receivable.

13. RESTRICTED INVESTMENT

| | (Unit: Baht) | | | |
|--------------------|------------------|------------------|------------------|----------|
| | Consolidated | | The Company | |
| | 2015 | 2014 | 2015 | 2014 |
| Deposit with bank* | 2,040,096 | - | 2,040,096 | - |
| Government bond** | 2,000,000 | 2,000,000 | - | - |
| | <u>4,040,096</u> | <u>2,000,000</u> | <u>2,040,096</u> | <u>-</u> |

*This represents deposit with banks which has been pledged as security bank overdraft facilities as described in Note 19.

**As at 31 December 2015, the Subsidiary has pledged government bonds in the amount of Baht 2 million as security for electricity usage guarantee (31 December 2014 : Baht 2 million) as described in Note 32.

14. INVESTMENT IN ASSOCIATE

| | (Unit : Baht) | | | |
|---|---------------------------------|---------------------|------------------------------|---------------------|
| | Consolidated (equity method) | | The Company (cost method) | |
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Cost | 251,422,143 | 152,302,000 | 167,402,000 | 152,302,000 |
| <u>Less</u> Provision for impairment of investments | (155,972,243) | (119,733,523) | (136,292,980) | (121,192,980) |
| <u>Less</u> Accumulated share of profit(loss) on investments | 17,531,070 | (1,459,457) | - | - |
| Net book value | <u>112,980,970</u> | <u>31,109,020</u> | <u>31,109,020</u> | <u>31,109,020</u> |

Movement of investment during the year;

| | | | | |
|-------------------------|------------|---|------------|---|
| Opening net book amount | 31,109,020 | - | 31,109,020 | - |
|-------------------------|------------|---|------------|---|

Electronics Industry Public Company Limited and its subsidiary

Notes to the consolidated and company financial statements

31 December 2015

| | (Unit : Baht) | | | |
|---|---------------------------------|---------------------|------------------------------|---------------------|
| | Consolidated (equity method) | | The Company (cost method) | |
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Acquisition | 99,120,143 | 152,302,000 | 15,100,000 | 152,302,000 |
| Share of profit(loss) on investments in associates | 18,990,527 | (1,459,457) | - | - |
| Impairment loss | (36,238,720) | (119,733,523) | (15,100,000) | (121,192,980) |
| Ending net book amount | <u>112,980,970</u> | <u>31,109,020</u> | <u>31,109,020</u> | <u>31,109,020</u> |

Electronics Industry Public Company Limited and its subsidiary

Notes to the consolidated and company financial statements

31 December 2015

*At the Board of Director's meeting No. 1/4/2015 held on 17 December 2015, it was an unanimously resolved to sell of Smart Traffic's ordinary shares. On 30 December 2015, the Company entered into the Sale and Purchase Agreement to sell Smart Traffic's ordinary shares at the total price of Baht 185 million. The Company received deposit of Baht 15 million which was presented as advance received for share disposal provided that sale of those shares must be complete within 120 day from the agreement date otherwise, the sale and purchase agreement will be terminated and the Company must return advance received for share disposal of Baht 15 million to the buyer.

Electronics Industry Public Company Limited and its subsidiaries

Condensed Notes to the interim financial statements (Unaudited but reviewed)

As at 31 December 2015

Details of investments in associate as at 31 December 2015 and 31 December 2014 were as follows:

| | | | (Unit : Thousand Baht) | | | | | | | | | | | |
|---|--|----------|--------------------------|--------|---|--------|----------------|----------------|----------------------------|------------------|------------------------------------|----------------|-----------------------------------|---------------|
| | | | Consolidated | | | | | | | | | | | |
| Company's name | Type of Business | Country | Paid-up Share Capital | | Percentage of Shareholding and voting right | | Cost | | Provision of Impairment | | Accumulated share profit (loss) | | Net book value (Equity method) | |
| | | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Smart Traffic Co., Ltd. | Providing consultation and correction of easy pass system which including repair and maintenance | Thailand | 60,000 | 10,000 | 30.20% | 30.20% | 167,402 | 152,302 | (155,972) | (119,733) | 19,679 | (1,460) | 31,109 | 31,109 |
| Sport Events International Inc. and its subsidiaries (Bermuda) | Sporting event organizers and other businesses related to the sporting event. Especially football | Bermuda | USD 10 | - | 30.00% | - | 15,107 | - | - | - | (1,185) | - | 13,922 | - |
| Global Legends Series Ltd. (Bermuda) | Sporting event organizers and other businesses related to the sporting event. Especially football | Bermuda | USD 10 | - | 28.50% | - | 68,913 | - | - | - | (963) | - | 67,950 | - |
| | | | | | | | <u>251,422</u> | <u>152,302</u> | <u>(155,972)</u> | <u>(119,733)</u> | <u>17,531</u> | <u>(1,460)</u> | <u>112,981</u> | <u>31,109</u> |

There were no dividend paid from these associated companies for year ended 31 December 2015 and 2014.

Electronics Industry Public Company Limited and its subsidiaries

Condensed Notes to the interim financial statements (Unaudited but reviewed)

As at 31 December 2015

| | | | (Unit : Thousand Baht) | | | | | | | | | |
|----------------------------|--|----------|--------------------------|--------|---|--------|----------------|----------------|----------------------------|----------------|-----------------------------------|---------------|
| | | | The company | | | | | | | | | |
| Company's name | Type of Busniess | Country | Paid-up Share Capital | | Percentage of Shareholding and voting right | | Cost | | Provision of Impairment | | Net book value (Equity method) | |
| | | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Smart Traffic Co., Ltd. | Providing consulation and correction of easy pass system which including repair and maintenance | Thailand | 60,000 | 10,000 | 30.20% | 30.20% | <u>167,402</u> | <u>152,302</u> | <u>(136,293)</u> | <u>121,193</u> | <u>31,109</u> | <u>31,109</u> |

Electronics Industry Public Company Limited and its subsidiary**Notes to the consolidated and company financial statements****31 December 2015****Financial information of the associated companies**

Set out below are the summarized financial information for Smart Traffic Co., Ltd., Sport Events International Inc. (Bermuda) and Global Legends Series Ltd. (Bermuda) which are accounted for using the equity method.

Summarised statement of financial position

| | (Unit : Thousand Baht) | |
|--|--------------------------------|-------------|
| | Smart Traffic Co., Ltd. | |
| | 2015 | 2014 |
| Current | | |
| Cash and cash equivalents | 474 | 1,050 |
| Other current asset (excluding cash) | 335,195 | 105,030 |
| Total current assets | 355,669 | 106,080 |
| Financial liabilities (excluding trade payables) | 128,956 | 198,901 |
| Other current liabilities (including trade payables) | 192,031 | 24,719 |
| Total current liabilities | 320,987 | 223,620 |
| Non-current | | |
| Assets | 44,562 | 76,788 |
| Financial liabilities | | |
| Other non-current liabilities | 24,656 | 24,656 |
| Total non-current liabilities | 24,656 | 24,656 |
| Net assets | 54,588 | 65,408 |

| | (Unit : Thousand USD) | |
|--|--|-------------|
| | Sport Events International Inc. (Bermuda) | |
| | 2015 | 2014 |
| Current | | |
| Cash and cash equivalents | 54 | - |
| Other current asset (excluding cash) | 332 | - |
| Total current assets | 386 | - |
| Financial liabilities (excluding trade payables) | 524 | - |
| Other current liabilities (including trade payables) | 69 | - |
| Total current liabilities | 593 | - |
| Non-current | | |
| Assets | 34 | - |
| Financial liabilities | | |
| Other non-current liabilities | 22 | - |

Electronics Industry Public Company Limited and its subsidiary

Notes to the consolidated and company financial statements

31 December 2015

| | | |
|--|-------------|-------------|
| Total non-current liabilities | 22 | - |
| Net assets | (195) | - |
| (Unit : Thousand USD) | | |
| Global Legends Series Ltd. | | |
| (Bermuda) | | |
| | 2015 | 2014 |
| Current | | |
| Cash and cash equivalents | - | - |
| Other current asset (excluding cash) | 246 | - |
| Total current assets | 246 | - |
| Financial liabilities (excluding trade payables) | 60 | - |
| Other current liabilities (including trade payables) | 130 | - |
| Total current liabilities | 190 | - |
| Non-current | | |
| Assets | - | - |
| Financial liabilities | - | - |
| Other non-current liabilities | - | - |
| Total non-current liabilities | - | - |
| Net assets | 56 | - |

Summarised atatement of income

| | | |
|---|-------------|--------------|
| (Unit : Thousand Baht) | | |
| Smart Traffic Co., Ltd. | | |
| | 2015 | 2014* |
| Revenue | 510,711 | 19,188 |
| Depreciation and amortisation | (389) | (32) |
| Interest income | 167 | (41) |
| Interest expense | (8,028) | (5,600) |
| Loss from continuing operation | (432,465) | (18,348) |
| Income tax expense | - | - |
| Post-tax profit (loss) from continuing operations | 69,996 | (4,833) |

*Information from acquisition date

| | | |
|--|-------------|-------------|
| (Unit : Thousand USD) | | |
| Sport Events International Inc. | | |
| (Bermuda) | | |
| | 2015 | 2014 |
| Revenue | 157 | - |
| Depreciation and amortisation | (4) | - |

Electronics Industry Public Company Limited and its subsidiary

Notes to the consolidated and company financial statements

31 December 2015

| | | |
|--|-------|---|
| Interest income | - | - |
| Interest expense | - | - |
| Loss from continuing operation | (263) | - |
| Income tax expense | - | - |
| Post-tax loss from continuing operations | (110) | - |

(Unit : Thousand USD)

Global Legends Series Ltd.

(Bermuda)

| | 2015 | 2014 |
|--|-------------|-------------|
| Revenue | 6 | - |
| Depreciation and amortisation | - | - |
| Interest income | - | - |
| Interest expense | - | - |
| Loss from continuing operation | (100) | - |
| Income tax expense | - | - |
| Post-tax loss from continuing operations | (94) | - |

The information above reflects the amounts presented in the financial statements of the associates from acquisition date (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

Reconciliation of summarised financial information.

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates.

(Unit : Thousand Baht)

Smart Traffic Co., Ltd.

| | 2015 | 2015 |
|-------------------------------------|-------------|-------------|
| Summarised financial information | | |
| Opening net assets 1 January | (65,408) | (60,575)* |
| Increase in share capital | 50,000 | - |
| Profit for the period | 69,996 | (4,833) |
| Carrying value | 54,588 | (65,408) |

*Net asset as at acquisition date

(Unit : Thousand USD)

Sport Events International Inc.

(Bermuda)

| | 2015 | 2015 |
|--|-------------|-------------|
| Summarised financial information | | |
| Opening net asset from acquisition date | (83) | - |
| Loss for the period | (110) | - |
| Carrying value | (193) | - |

(Unit : Thousand USD)

Electronics Industry Public Company Limited and its subsidiary

Notes to the consolidated and company financial statements

31 December 2015

| | | Global Legends Series Ltd. (Bermuda) | |
|--|--|---|------|
| Summarised financial information | | 2015 | 2015 |
| Opening net asset from acquisition date | | 162 | - |
| Loss for the period | | (94) | - |
| Carrying value | | 68 | - |

| Company's name | Unit | As at 31 December 2015 | | For the year ended 31 December 2015 | | | |
|---|---------------|------------------------|-------------------|-------------------------------------|-------------------|-------------------------------|---------------|
| | | Total assets | Total liabilities | Total revenues | Net profit (loss) | Share of profit (loss) USD | Thousand Baht |
| Smart Traffic Co., Ltd.** | Thousand Baht | 400,231 | 345,643 | 514,420 | 69,996 | - | 21,138 |
| Sport Events International Inc. (Bermuda) and its subsidiaries*** | USD | 419,548 | 615,058 | 157,193* | (110,261)* | (33,078) | (1,185) |
| Global Legends Series Ltd. (Bermuda)**** | USD | 246,154 | 189,770 | 6,000* | (94,326)* | (26,883) | (963) |
| | | | | | | 18,990 | |

*Information from acquisition date to 31 December 2015.

Reconciliation between the above financial information and net book value of equity recognised in the consolidated financial statements and net book value of cost recognised in the Company financial statements as at 31 December 2015 and 2014 were as follows:

| (Unit : Thousand Baht) | | | | |
|--|---------------------------------|-----------|------------------------------|-----------|
| | Consolidated (Equity method) | | The Company (Cost method) | |
| | 2015 | 2014 | 2015 | 2014 |
| Smart Traffic Co., Ltd. | | | | |
| Net assets value | 54,588 | (65,408) | - | - |
| Percentage of Shareholding | 30.20% | 30.20% | - | - |
| Net book value | 16,486 | (19,753) | 167,402 | 152,302 |
| Add : Goodwill | 170,595 | 170,595 | - | - |
| Less : Provision for impairment | (155,972) | (119,733) | (136,293) | (121,193) |
| Net book value of the Smart Traffic Co., Ltd. | 31,109 | 31,109 | 31,109 | 31,109 |
| Sport Events International Inc. (Bermuda) and its subsidiaries*** | | | | |
| Net assets value | (6,896) | - | - | - |
| Percentage of Shareholding | 30.00% | - | - | - |
| Net book value | (2,070) | - | - | - |
| Add : Goodwill | 15,992 | - | - | - |
| Less : Provision for impairment | - | - | - | - |
| Net book value of the Sport Events International Inc. (Bermuda) and its subsidiaries | 13,922 | - | - | - |
| Global Legends Series Ltd. (Bermuda)**** | | | | |
| Net assets value | 2,335 | - | - | - |
| Percentage of Shareholding | 28.50% | - | - | - |

Electronics Industry Public Company Limited and its subsidiary**Notes to the consolidated and company financial statements****31 December 2015**

| | (Unit : Thousand Baht) | | | |
|---|---------------------------------|------|------------------------------|------|
| | Consolidated (Equity method) | | The Company (Cost method) | |
| | 2015 | 2014 | 2015 | 2014 |
| Net book value | 666 | - | - | - |
| Add : Goodwill | 67,284 | - | - | - |
| Less : Provision for impairment | - | - | - | - |
| Net book value of the Global Legends Series Ltd. (Bermuda) | 67,950 | - | - | - |

**The investment in an associated company – Smart Traffic Co., Ltd. has been accounted for by the equity method, which was computed from the non-audited financial statements of the associated company for the year ended 31 December 2015. The share of profit from associated company stated in the consolidated financial statements for the year ended 31 December 2015 represented of Baht 21.14 million.

The Company has engaged on independent financial advisor to appraise the recoverable amount. The recoverable amount of an investment is determined based on value-in-use calculation. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. However, the financial advisor appraised a fair value of associated company by preparation of the financial projections based on the unaudited financial statements of associated company.

The key assumptions used for value-in-use calculations as at 31 December 2014 are as follows:

| | |
|----------------------------|-------|
| Growth rate ¹ | 3% |
| Discount rate ² | 12.2% |

1 Weighted average growth rate used to extrapolate cash flows beyond the budget period.

2 Pre-tax discount rate applied to the cash flow projections.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry report. The discount rates used are pre-tax and reflect specific risks relating to the relevant segment.

The Group recognised impairment loss on investment in associated company which was primarily due to the significant decrease in projected revenue arising from external factors as well as market situation and trend.

Additional acquisitions

At the Board of Director's meeting 7/2015 held on 24 June 2015, it was unanimously resolved to acquire of newly issued ordinary shares of Smart Traffic Co., Ltd. to maintain the percentage of shareholding of Smart Traffic Co., Ltd. at 30.20%. The Company subscribed on 27 August 2015 and 14 August 2015 of Baht 5 million and 10.10 million, respectively. As at 31 December 2015, the percentage of sharholding of Smart Traffic Co., Ltd. is 30.20%

***On 3 August 2015, Thai Prime Investment Limited has acquired ordinary shares of Sport Events International, Inc (Bermuda) at 30% stake of total share capital or 300 shares at the price of USD 1,285.57 per share totaling USD 0.43 million or equivalent to Baht 15.11 million and subscribed on 7 August 2015.

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****On 1 August 2015, Thai Prime Investment Limited has acquired ordinary shares of Global Legends Series Ltd. (Bermuda) at 28.50% stake of total share capital or 285 shares at the price of USD 6,842.11 per share totaling USD 1.95 million or equivalent to Baht 68.91million and subscribed on 11 August 2015.

As at 31 December 2015, the management has not appraised for the fair value of investments in associated companies (Sport Event International Inc. and Global Legend Series Ltd.) stated at Baht 81.87 million after the indication of impairment arising on investments in associated companies which is not in accordance with the Financial Reporting Standards.

Electronics Industry Public Company Limited and its subsidiary

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15. INVESTMENT IN SUBSIDIARY

| | (Unit : Baht) | |
|---|---------------------------|---------------------|
| | The Company (cost method) | |
| | 31 December 2015 | 31 December 2014 |
| Cost | 474,031,700 | 474,031,700 |
| <u>Less</u> Provision for impairment of investments | (121,188,694) | (77,916,816) |
| Net book value | <u>352,843,006</u> | <u>396,114,884</u> |
| Movement of investment during the year; | | |
| Opening net book amount | 396,114,884 | 99,700 |
| Additional acquisition | - * | 473,932,000 |
| Impairment loss | (43,271,878) | (77,916,816) |
| Ending net book amount | <u>352,843,006</u> | <u>396,114,884</u> |

Electronics Industry Public Company Limited and its subsidiary

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Details of investments in subsidiary as at 31 December 2015 and 2014 were as follows:

| (Unit : Thousand Baht) | | | | | | | | | | | | | |
|-----------------------------|---|-----------------------|-----------------------|-------------|---|------|-------------|-------------|-------------------------|--------------|----------------|-------------|--|
| The Company | | | | | | | | | | | | | |
| Company's name | Type of Business | Country | Paid-up Share Capital | | Percentage of Shareholding and voting right | | Cost method | | Provision of Impairment | | Net book value | | |
| | | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | |
| EIC Semiconductor Co., Ltd. | Produce and export electronics spare parts, import-export electronics spare parts | Thailand | 474,031,700 | 474,031,700 | 100 | 100 | 474,031,700 | 474,031,700 | (121,188,694) | (77,916,816) | 352,843,006 | 396,114,884 | |
| Thai Investment Limited* | Prime Investing other companies | British Virgin Island | - | - | 100 | - | - | - | - | - | - | - | |
| | | | | | | | 474,031,700 | 474,031,700 | (121,188,694) | (77,916,816) | 352,843,006 | 396,114,884 | |

*At the Board of Director's meeting no. 7/2015 held on 24 June 2015, it was unanimously resolved to purchase 100% stake of total share capital equivalent to two issued and paid-up ordinary shares of Thai Prime Investments Limited which was registered at the British Virgin Islands from total registered share capital of 50,000 shares with a par value of USD 1 per share from the existing shareholders. The purpose of investment is to expand its businesses in overseas.

On 7 July 2015, the existing shareholders of Thai Prime Investment Limited transferred these shares to the Company with free of cost.

Electronics Industry Public Company Limited and its subsidiary

Notes to the consolidated and company financial statements

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16. PROPERTY, PLANT AND EQUIPMENT, NET

| | (Unit : Baht) | | | | | | | |
|-------------------------------------|---------------|--------------|--------------|---------------|---------------|--------------|-------------|---------------|
| | Consolidated | | | | | | | |
| | Land | building | Land and | Machineries | Office | | Assets in | Total |
| | Baht | Baht | improvement | and factory | equipment and | Vehicle | progress | Baht |
| | Baht | Baht | Baht | equipments | furnitures | Baht | Baht | Baht |
| As at 31 December 2014 | | | | | | | | |
| Cost | 43,399,789 | 35,159,907 | 14,550,058 | 320,986,470 | 7,506,910 | 25,094,126 | 3,349,750 | 450,047,010 |
| Less Accumulated depreciation | - | (25,145,814) | (10,420,804) | (248,189,774) | (6,102,466) | (13,722,764) | - | (303,581,622) |
| Net book amount | 43,399,789 | 10,014,093 | 4,129,254 | 72,796,696 | 1,404,444 | 11,371,362 | 3,349,750 | 146,465,388 |
| For the year ended 31 December 2015 | | | | | | | | |
| Opening net book amount | 43,399,789 | 10,014,093 | 4,129,254 | 72,796,696 | 1,404,444 | 11,371,362 | 3,349,750 | 146,465,388 |
| Additions | - | - | 164,000 | 3,040,215 | 256,805 | 930,458 | 6,846,038 | 11,237,516 |
| Assets under lease payable | | | | | | | | |
| (Note 22)* | - | 30,688,000 | - | - | - | - | - | 30,688,000 |
| Transfer in (out) | - | - | - | 1,826,176 | - | - | (1,826,176) | - |
| Disposal, net | (43,399,789) | (9,741,183) | (3,083,876) | - | - | (89,711) | - | (56,314,559) |
| Write off, net | - | - | - | (11,400) | (1) | - | - | (11,401) |
| Depreciation charges | - | (983,280) | (534,385) | (6,421,619) | (311,951) | (1,704,428) | - | (9,955,663) |
| Closing net book amount | - | 29,977,630 | 674,993 | 71,230,068 | 1,349,297 | 10,507,681 | 8,369,612 | 122,109,281 |
| As at 31 December 2015 | | | | | | | | |
| Cost* | - | 30,688,000 | 879,044 | 325,830,261 | 7,760,079 | 13,518,056 | 8,369,612 | 387,045,052 |

Electronics Industry Public Company Limited and its subsidiary

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| | | | | | | | | |
|---------------------------------------|---|------------|-----------|---------------|-------------|-------------|-----------|---------------|
| <u>Less</u> Accumulated depreciation* | - | (710,370) | (204,051) | (254,600,193) | (6,410,782) | (3,010,375) | - | (264,935,771) |
| Net book amount | - | 29,977,630 | 674,993 | 71,230,068 | 1,349,297 | 10,507,681 | 8,369,612 | 122,109,281 |

Electronics Industry Public Company Limited and its subsidiary

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31 December 2015

| (Unit : Baht) | | | | | | | | |
|--|--------------|------------------|---|--|---|-----------------|-------------------------------|---------------|
| The Company | | | | | | | | |
| | Land Baht | building Baht | Land and building improvement Baht | Machineries and factory equipments Baht | Office equipment and furnitures Baht | Vehicle Baht | Assets in progress Baht | Total Baht |
| As at 31 December 2014 | | | | | | | | |
| Cost | - | - | 715,044 | - | 545,629 | 48,598 | - | 1,309,271 |
| <u>Less</u> Accumulated depreciation | - | - | (48,192) | - | (199,158) | (80) | - | (247,430) |
| Net book amount | - | - | 666,852 | - | 346,471 | 48,518 | - | 1,061,841 |
| For the year ended 31 December 2015 | | | | | | | | |
| Opening net book amount | - | - | 666,852 | - | 346,471 | 48,518 | - | 1,061,841 |
| Additions | - | - | 164,000 | - | 9,897 | - | - | 173,897 |
| Depreciation charges | - | - | (155,859) | - | (109,569) | (9,720) | - | (275,148) |
| Closing net book amount | - | - | 674,993 | - | 246,799 | 38,798 | - | 960,590 |
| As at 31 December 2015 | | | | | | | | |
| Cost | - | - | 879,044 | - | 555,526 | 48,598 | - | 1,483,168 |
| <u>Less</u> Accumulated depreciation | - | - | (204,051) | - | (308,727) | (9,800) | - | (522,578) |
| Net book amount | - | - | 674,993 | - | 246,799 | 38,798 | - | 960,590 |

As at 31 December 2015, the gross carrying amount of fully depreciated of building and equipment that is still in use is amounting to Baht 119.88 million (31 December 2014 : Baht 137.77 million).

Electronics Industry Public Company Limited and its subsidiary

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As at 31 December 2015, leased assets are included above, where the Company is a lessee on a finance lease i.e. building and building improvement, which has gross carrying amount in the amount of Baht 29.98 million.

Electronics Industry Public Company Limited and its subsidiary**Notes to the consolidated and company financial statements****31 December 2015**

At the Board of Director's meeting no. 7/2015 held on 24 June 2015, it was unanimously resolved to dispose land and building of EIC Semiconductor Co., Ltd. (Subsidiary) with net book value of Baht 56.24 million to the third party. On 25 June 2015, this Subsidiary entered into a sale and purchase agreement of land and building with the sale price of Baht 73 million. The entitlement of land and building was transferred to the buyer on 21 July 2015. The Company recorded reversal on revaluation surplus of land of Baht 30.50 million to consolidated the financial statements.

*On 23 June 2015, this Subsidiary entered into Land and Building Lease Agreement with the buyer with the lease fees of Baht 0.4 million per month for the period of 3 years commencing from 21 July 2015. The Company recognised sale and leaseback of land as an operating lease whilst recognised sale and leaseback of building as in a finance lease. An excess of sales proceeds over the carrying amount of Baht 16.78 million is recognized as deferred gain on sale and leaseback and amortised over the useful lives period as described in note 22.

17. INTANGIBLE ASSETS, NET

| | (Unit: Baht) | | |
|--|---------------------|--------------------|--------------|
| | Consolidated | | |
| | Product | | |
| | Accounting | Development | |
| | Software | Project | Total |
| As at 31 December 2014 | | | |
| Cost | 955,942 | 15,906,826 | 16,862,768 |
| <u>Less</u> Accumulated amortisation | (265,400) | (15,906,826) | (16,172,226) |
| Net book amount | 690,542 | - | 690,542 |
| For the year ended 31 December 2015 | | | |
| Opening net book amount | 690,542 | - | 690,542 |
| Additions | 186,800 | - | 186,800 |
| Amortisation charges | (132,921) | - | (132,921) |
| Closing net book amount | 744,421 | - | 744,421 |
| As at 31 December 2015 | | | |
| Cost | 1,142,742 | - | 1,142,742 |
| <u>Less</u> Accumulated amortisation | (398,321) | - | (398,321) |
| Net book amount | 744,421 | - | 744,421 |

Electronics Industry Public Company Limited and its subsidiary

Notes to the consolidated and company financial statements

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| | (Unit: Baht) | | |
|--|---------------------|--------------------|--------------|
| | The Company | | |
| | Accounting | Product | |
| | Software | Development | Total |
| | Project | | |
| As at 31 December 2014 | | | |
| Cost | 118,575 | - | 118,575 |
| <u>Less</u> Accumulated amortisation | (4,321) | - | (4,321) |
| Net book amount | 114,254 | - | 114,254 |
| For the year ended 31 December 2015 | | | |
| Opening net book amount | 114,254 | - | 114,254 |
| Additions | 186,800 | - | 186,800 |
| Amortisation charges | (49,252) | - | (49,252) |
| Closing net book amount | 251,802 | - | 251,802 |
| As at 31 December 2015 | | | |
| Cost | 305,375 | - | 305,375 |
| <u>Less</u> Accumulated amortisation | (53,573) | - | (53,573) |
| Net book amount | 251,802 | - | 251,802 |

18. DEFERRED TAX / INCOME TAX EXPENSES

As at 31 December 2015, the Group had unutilized taxable loss which has not been included in the calculation of deferred tax assets to be recognized in the statement of financial position in the amount of Baht 111.08 million (31 December 2014 : 41.51 million) since the Group has not prepared the financial projection to justify whether the Group will have available profit to utilise these taxable losses in future.

Electronics Industry Public Company Limited and its subsidiary**Notes to the consolidated and company financial statements****31 December 2015**

Tax income (Tax expense)

Income tax for the year ended 31 December 2015 and 2014 were summarized as follows:

| | (Unit: Baht) | | |
|---|---------------------|--------------------|---|
| | Consolidated | The Company | Consolidated and the Company |
| | 2015 | 2015 | 2014 |
| Tax expense: | | | |
| Current income tax charge for the year | - | - | - |
| Deferred tax: | | | |
| Deferred tax resulted temporary difference between reversal of temporary difference | - | - | 3,513,085 |
| Utilisation of taxable losse | - | - | (4,702,058) |
| Income tax expense presented in total comprehensive income | - | - | (1,188,973) |
| Income tax recognised in other comprehensive income (expense) | | | |
| Surplus on revaluation of land | - | - | 6,099,435 |

Electronics Industry Public Company Limited and its subsidiary

Notes to the consolidated and company financial statements

31 December 2015

Reconciliation of income tax expenses and the results of the accounting profit multiplied by the income tax rate are as follows:

| | Unit: Baht | | | | | | | |
|--|----------------------|--------------------|----------------------|----------------------|----------------------|--------------------|----------------------|----------------------|
| | Consolidated | | | | The Company | | | |
| | 2015 | 2014 | | Total | 2015 | 2014 | | Total |
| | Total | BOI 0% | Non BOI 20% | | Total | BOI 0% | Non BOI 20% | |
| Loss before income tax | (214,534,311) | (1,458,635) | (219,341,237) | (220,799,872) | (197,607,565) | (3,090,821) | (217,735,525) | (220,826,346) |
| <u>Less</u> Loss for non taxable entity | 15,782,438 | - | - | - | - | - | - | - |
| | <u>(198,751,873)</u> | <u>(1,458,635)</u> | <u>(219,341,237)</u> | <u>(220,799,872)</u> | <u>(197,607,565)</u> | <u>(3,090,821)</u> | <u>(217,735,525)</u> | <u>(220,826,346)</u> |
| Tax calculated at a tax rate of 20% | (39,750,375) | - | (43,868,247) | (43,868,247) | (39,521,513) | - | (43,547,105) | (43,547,105) |
| Tax effect of: | | | | | | | | |
| Income subject to tax | 3,422,169 | - | 861,454 | 861,454 | - | - | 861,454 | 861,454 |
| Share loss from Associate | 3,020,000 | - | 291,891 | 291,891 | - | - | - | - |
| Expenses not deductible for tax purposes | 19,765,195 | - | 35,790,649 | 35,790,649 | 25,899,635 | - | 39,818,741 | 39,818,741 |
| Addition decuctible for tax purposes | (212,222) | - | (44,789) | (44,789) | - | - | (4,884) | (4,884) |
| Tax losses utilised | - | - | (2,038,668) | (2,038,668) | - | - | (2,038,668) | (2,038,668) |
| Current year losses for which no deferred tax asset was recognised | 13,755,233 | - | 4,097,248 | 4,097,248 | 13,621,878 | - | - | - |
| | <u>39,750,375</u> | <u>-</u> | <u>38,957,785</u> | <u>38,957,785</u> | <u>39,521,513</u> | <u>-</u> | <u>38,636,643</u> | <u>38,636,643</u> |
| Tax income (tax expense) | <u>-</u> | <u>-</u> | <u>(4,910,462)</u> | <u>(4,910,462)</u> | <u>-</u> | <u>-</u> | <u>(4,910,462)</u> | <u>(4,910,462)</u> |

Electronics Industry Public Company Limited and its subsidiary

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The Company transferred to the subsidiary in respect of the promotional privileges for the manufacture of Wafer (GPP, Open Junction), Diode, Transistor and Thyristor with expiry date on 29 October 2014.

19. BANK OVERDRAFT

| | (Unit: Baht) | |
|----------------|------------------------------|------------------|
| | Consolidated and the company | |
| | 31 December 2015 | 31 December 2014 |
| Bank overdraft | 1,848,296 | - |

As at 31 December 2015, the details of bank overdraft from financial institution were as follows:

| Type of Loans | Loan facilities (Million Baht) | Interest rate | Collateral |
|----------------|--------------------------------|-------------------------|--|
| Bank overdraft | 2 | As specific by the Bank | Guaranteed by the Company's bank deposits as discussed in Note 13. |

20. TRADE AND OTHER PAYABLES

| | (Unit: Baht) | | | |
|--------------------------|--------------|------------|-------------|-----------|
| | Consolidated | | The Company | |
| | 2015 | 2014 | 2015 | 2014 |
| Trade accounts payable | 19,603,765 | 6,024,654 | - | 25,145 |
| Other payable | | | | |
| Accrued expenses | 10,155,654 | 2,930,599 | 2,815,523 | 748,135 |
| Other payables | 9,520,003 | 609,830 | 2,521,528 | - |
| Other | 522,384 | 603,281 | 113,320 | 310,482 |
| Total other payables | 20,198,041 | 4,143,710 | 5,450,371 | 1,058,617 |
| Trade and other payables | 39,801,806 | 10,168,364 | 5,450,371 | 1,083,762 |

21. EMPLOYEE BENEFIT OBLIGATIONS

The Company has paid the post employment benefits and employee retirement benefits under the Thai Labor Protection Act. B.E. 2541 for providing employee retirement and other long-term employee benefits to the employees based on their right and length of services.

Changes in value of employee benefit obligations are as follow;

| | (Unit: Baht) | | | |
|--|--------------|-----------|-------------|-------------|
| | Consolidated | | The Company | |
| | 2015 | 2014 | 2015 | 2014 |
| Opening balance | 5,099,274 | 4,265,644 | - | 4,265,644 |
| Retirement benefit expenses | 520,892 | 636,557 | - | 159,139 |
| Interest cost | 235,586 | 197,073 | - | 49,269 |
| Transferred liability for off-setting against share subscription payable | - | - | - | (4,474,052) |
| Remeasurements: | | | | |
| (Gain)/Loss from change in demographic assumptions | (2,588,679) | - | - | - |
| (Gain)/Loss from change in financial assumptions | 667,213 | - | - | - |
| Experience (gain)/loss | 14,269 | - | - | - |
| Closing balance | 3,948,555 | 5,099,274 | - | - |

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Transactions related to employees benefit obligation recognised in the statements of comprehensive income for the year ended 31 December 2015 and 2014 are as follow:

| | (Unit: Baht) | | | |
|---|--------------------|----------------|-------------|----------------|
| | Consolidated | | The Company | |
| | 2015 | 2014 | 2015 | 2014 |
| Expense included in operating loss : | | | | |
| Retirement benefit expenses | 520,892 | 636,557 | - | 159,139 |
| Interest cost | 235,586 | 197,073 | - | 49,269 |
| | <u>756,478</u> | <u>833,630</u> | <u>-</u> | <u>208,408</u> |
| Remeasurement for retirement benefits | <u>(1,907,197)</u> | <u>-</u> | <u>-</u> | <u>-</u> |

The following table is a summary of the assumptions relating to the actuarial technique as at the statement of financial position date:

| | Consolidated and The Company | |
|-------------------------------------|------------------------------|--------------------|
| | 2015 | 2014 |
| The estimated actuarial assumption: | | |
| Discount rate (%) | 3% | 4.62% |
| Salary increment rate (%) | 2% | 3% |
| Employee turnover (%) | | |
| Management / Employee | 0 - 25%* | 0 - 15%* |
| Daily staff | 0 - 40%* | 0 - 40%* |
| Mortality | 80% of Mortality** | 80% of Mortality** |

* Age related scale and kind of employee

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Sensitivity analysis for each significant assumption disclosed;

| | Impact in defined benefit obligation | | |
|-----------------------|--------------------------------------|------------------------|------------------------|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 1% | Decrease 11 % | Increase 13 % |
| Salary increment rate | 1% | Increase 13 % | Decrease 11 % |
| Employee turnover | 1% | Decrease 11 % | Increase 9 % |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of assumptions may be correlated. When calculating the sensitivity of the defined obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

Expected maturity analysis of undiscounted retirement benefit;

| | (Unit : Baht) | | | |
|--------------------|-----------------------------|-----------------------------|------------------|------------|
| | Consolidated | | | |
| | Between 1 year - 4 years | Between 5 year - 10years | Over 10 years | Total |
| Retirement benefit | 1,337,004 | 1,316,916 | 11,713,545 | 14,367,465 |

22. LIABILITIES UNDER FINANCE LEASE, NET

| | (Unit: Thousand Baht) | |
|---|-----------------------|---------------------|
| | Consolidated | |
| | 31 December 2015 | 31 December 2014 |
| Liabilities under finance lease | 35,656,211 | - |
| <u>Less</u> Deferred interest | (5,562,116) | - |
| Liabilities under finance lease, net | 30,094,095 | - |
| Liabilities under finance lease | 30,094,095 | - |
| <u>Less</u> Current portion of liabilities under finance lease, net | (1,445,490) | - |
| Liabilities under finance lease, net | 28,648,605 | - |

Details of present value of liabilities under finance lease as at 31 December 2015 and 31 December 2014 are as follows:

| | (Unit: Thousand Baht) | |
|--|-----------------------|---------------------|
| | Consolidated | |
| | 31 December 2015 | 31 December 2014 |
| Within one year | 1,445,490 | - |
| More than one year not over five year | 7,672,049 | - |
| Over five year | 20,976,556 | - |
| Present value of liabilities under finance lease | 30,094,095 | - |

Details of agreement under finance lease are as follows:

| | |
|------------------------------|---|
| Agreement date : | 25 June 2015 |
| Assets under finance lease : | Building and building improvement under leased land |
| Rental period : | 3 years and advance notice to lessor for 30 days before end of period for extend rental period. |
| Rental fee : | Baht 177,880 per month and lessee responsible related taxes. Lessor could increase rental fee which not over 5% per annum over the rental period. |

The Company intended to rent assets under lease agreement over the expected useful economic lives of the assets for 18 years.

23. SHARE CAPITAL

| | <u>Par Value</u> | <u>Number of shares</u> | <u>Value</u> |
|---|------------------|--------------------------|------------------------|
| | <u>(Baht)</u> | <u>(Thousand Shares)</u> | <u>(Thousand Baht)</u> |
| Authorized share capital | | | |
| Ordinary shares as at 31 December 2014 | 1 | 600,000,000 | 600,000,000 |
| Decrease (Note 23.1) | 1 | (3,118,855) | (3,118,855) |
| Increase (Note 23.2) | 1 | 721,504,916 | 721,504,916 |
| Ordinary shares as at 31 December 2015 | 1 | <u>1,318,386,061</u> | <u>1,318,386,061</u> |
| Issued and paid-up share capital | | | |
| Ordinary shares as at 31 December 2014 | 1 | 476,881,145 | 476,881,145 |
| Increase (Note 23.2) | 1 | <u>190,752,458</u> | <u>190,752,458</u> |
| Ordinary shares as at 31 December 2015 | 1 | <u>667,633,603</u> | <u>667,633,603</u> |

23.1 At the extraordinary shareholders' meeting no. 1/2558 held on 29 May 2015, it was unanimously resolved to decrease the Company's registered share capital from Baht 600,000,000 (ordinary shares of 600,000,000 shares with a par value of Baht 1 per share) to Baht 596,881,145 (ordinary shares of 596,881,145 shares with a par value of Baht 1 per share) by cancellation of the non-issued ordinary shares of 3,118,855 shares at the par value of Baht 1 per share, totaling Baht 3,118,855. The Company registered its decrease of the registered share capital with the Department of Business Development, the Ministry of Commerce on 22 June 2015.

23.2 At the extraordinary shareholders' meeting no. 1/2558 held on 29 May 2015, it was unanimously resolved to increase the Company's registered share capital from Baht 596,881,145 (ordinary shares of 596,881,145 shares with a par value of Baht 1 per share) to Baht 1,318,386,061 (ordinary shares of 1,318,386,061 shares with a par value of Baht 1 per share) by issuing newly ordinary shares of 721,504,916 shares at the par value of Baht 1 per share, totaling Baht 721,504,916. The Company registered its increase of the registered share capital with the Department of Business Development, the Ministry of Commerce on 23 June 2015.

The Company fully received increase of share capital of Baht 190,752,458 and registered the fully paid-up share capital from 476,881,145 shares to 667,633,603 shares with the Department of Business Development, the Ministry of Commerce on 20 July 2015.

24. WARRANTS

24.1 At the ordinary shareholders' meeting no. 1/2557 held on 25 April 2014, it was unanimously resolved to issued the warrants to purchase the Company's ordinary shares No.1 (EIC – W1). The details of warrants were as detailed below

Name of warrants: Warrant to purchase the Company's ordinary share of Electronics Industry Public Company Limited (EIC – W1)

Type of warrants: Specific holder and changeable

Period of warrants: 3 years (From the issuance date of the warrants on 30 May 2014 to 29 May 2017) The exercise dates are the last working day of every May and November. The first date to exercise their right is on last working date of November 2014 and the last date is on 29 May 2017.

Issuance date of the warrants: 30 May 2014

Registered date of warrants: 8 July 2014 (The first sell and purchase date on 8 July 2014)

Unit of warrants: 99,999,972 units

Number of ordinary share for warrants: 99,999,972 units of Baht 1 per share

After the Company issued newly ordinary shares in 2015, the Company was required to adjust the exercised price of warranty as detailed below;

Exercised ratio (new): 1 Unit of warrant to 1.31336 new ordinary share.

Exercised price per share (new): Baht 1 per share.

- 24.2 At the ordinary shareholders' meeting no. 1/2558 held on 29 May 2015, it was unanimously resolved to issued the warrants to purchase the Company's ordinary shares No.2(EIC – W2). The details of warrants were as detailed below

Name of warrants: Warrant to purchase the Company's ordinary share of Electronics Industry Public Company Limited (EIC – W2)

Type of warrants: Specific holder and changeable

Period of warrants: 5years (The issuance date of the warrants on 17 July 2015 and maturity date on 16 July 2020) The exercise date is 30 December 2015. The exercise dates are twice a year on the last working day of every June and December during 2016 to 2019 except exercise date on 2020. The first date to exercise their right on 2020 is 29 May 2020 and the last date is 16 July 2020. If the exercise their right date is holiday, the exercise date will be the last working date before.

Issuance date of the warrants: 17 July 2015

Registered date of warrants: 21 Septebmer 2015 (The first sell and purchase date on 21 Septebmer 2015)

Unit of warrants: 190,752,458 units

Number of ordinary share for warrants: 190,752,458 units of Baht 1 per share

Exercised ratio : 1 Unit of warrant to 1new ordinary share.

Exercised price per share : Baht 1 per share.

There has been no warrants exercised for EIC – W1 and EIC – W2 for the year ended 31 December 2015.

As at 31 December 2015, outstanding unit of warrants of EIC – W1 and EIC – W2 are 99,999,972 units and 190,752,458 units respectively.

25. LEGAL RESERVE

In accordance with the Public Company Limited Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net income deduction with deficit brought forward (if any) as a legal reserve until the reserve reach an amount 10% of the registered capital. This legal reserve is not available for dividend distribution.

26. LOSS PER SHARE

The Consolidated and the Company financial statement for the year ended 2015 and 2014, the Company calculated basic loss per share by dividing loss for the year by weighted average number of ordinary shares as follow;

| Consolidated and the Company | | | | |
|-------------------------------------|-------------|---|----------------|-------------|
| For the year ended 31 December 2015 | | | | |
| Net Loss for the year | | Weighted Average Number of Ordinary Shares | Loss per share | |
| Consolidated | The Company | | Consolidated | The Company |
| Baht | Baht | Share | Baht | Baht |

Basic loss per share

| | | | | | |
|-------------------|---------------|---------------|-------------|--------|--------|
| Loss for the year | (214,534,311) | (197,607,565) | 563,111,708 | (0.38) | (0.35) |
|-------------------|---------------|---------------|-------------|--------|--------|

| Consolidated and the Company | | | | |
|-------------------------------------|-------------|---|----------------|-------------|
| For the year ended 31 December 2014 | | | | |
| Net loss for the year | | Weighted Average Number of Ordinary Shares | Loss per share | |
| Consolidated | The Company | | Consolidated | The Company |
| Baht | Baht | Share | Baht | Baht |

Basic loss per share

| | | | | | |
|-------------------|---------------|---------------|-------------|--------|--------|
| Loss for the year | (221,988,775) | (222,015,319) | 420,840,296 | (0.53) | (0.53) |
|-------------------|---------------|---------------|-------------|--------|--------|

The Company did not calculate the diluted earnings (loss) per share for the Consolidated and the Company financial statement for the year ended 31 December 2015 and 2014, since the Company incurred net loss from its operation which will result in antidilutive effect on loss per share.

27. EXPENSES BY NATURE

| (Unit: Baht) | | | | |
|--|--------------|--------------|-------------|------------|
| | Consolidated | | The Company | |
| | 2015 | 2014 | 2015 | 2014 |
| Changes in finished goods and works in process (decrease) Increase | (77,446,590) | (32,765,942) | - | 4,536,505 |
| Raw materials and consumable used | 21,672,101 | 80,196,540 | - | 22,618,150 |
| Staff expenses | 45,004,898 | 41,282,665 | 4,344,433 | 10,804,647 |
| Depreciation and amortization | 9,680,199 | 12,485,216 | 324,400 | 3,491,418 |
| Loss on allowance for diminution of inventory value | 25,149,290 | 69,862,263 | - | 1,882,601 |
| Utility expenses | 11,081,290 | 10,725,469 | 2,309,328 | 3,322,785 |
| Professional fee | 16,677,054 | - | 14,544,560 | 8,858,830 |
| Doubtful account | 71,026,986 | - | 71,026,986 | - |
| Loss on impairment for investment in associate | 36,238,720 | - | 15,100,000 | - |
| Loss on impairment for investment in subsidiary | - | - | 43,271,878 | 77,916,816 |
| Other expenses | 27,634,946 | 27,915,876 | 7,002,846 | 9,434,491 |

28. RERORTING FINANCIAL INFORMATION BY SEGMENT

Operation segment information is reported in a manner consistent with the internal reports of the Company that are regularly reviewed by the chief of operating decision maker.

- 28.1 The Company operates in only on business sector, namely produces and distributes electronics parts, all income, profit and entire assets shown in the financial statements are related to the same business sector and geographical segment. The Company's financial statements are related to geographical segment

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Financial information by segment for the year ended 31 December 2015 and 2014.

| | (Unit: Baht) | | |
|---|---------------|--------------|---------------|
| | Consolidated | | |
| | 2015 | | |
| | Overseas | Domestic | Total |
| Sales | 131,431,355 | 42,890,559 | 174,321,914 |
| Cost of goods sold | (148,132,623) | (48,340,755) | (196,473,378) |
| Gross profit (loss) | (16,701,268) | (5,450,196) | (22,151,464) |
| Share profit from investment in associates | | | 18,990,527 |
| Interest income | | | 1,393,254 |
| Other income | | | 2,823,202 |
| Gain on exchange rate | | | 6,670,508 |
| Selling and administrative expenses | | | (114,393,717) |
| Loss on impairment of investment in associate | | | (36,238,720) |
| Doubtful debt | | | (71,026,986) |
| Loss before finance cost and tax expense | | | (213,933,386) |
| Finance cost | | | (600,925) |
| Loss before tax expense | | | (214,534,311) |
| Tax expense | | | - |
| Net loss for the year | | | (214,534,311) |

| | (Unit: Baht) | | |
|---|---------------|---------------|---------------|
| | Consolidated | | |
| | 2014 | | |
| | Overseas | Domestic | Total |
| Sales | 132,936,233 | 47,970,449 | 180,906,682 |
| Cost of goods sold | (119,281,985) | (113,625,662) | (232,907,647) |
| Gross profit (loss) | 13,654,248 | (65,655,213) | (52,000,965) |
| Share profit from investment in project | | | 1,916,823 |
| Other income | | | 2,058,172 |
| Gain on exchange rate | | | 1,160,242 |
| Selling and administrative expenses | | | (52,741,164) |
| Share loss from investment in associate | | | (1,459,457) |
| Loss on impairment of investment in associate | | | (119,733,523) |
| Profit (loss) before corporate income tax | | | (220,799,872) |
| Tax expense | | | (1,188,973) |
| Net loss for the year | | | (221,988,845) |

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| | (Unit: Baht) | | |
|--|--------------|----------|---------------|
| | The Company | | |
| | 2015 | | |
| | Overseas | Domestic | Total |
| Sales | - | - | - |
| Cost of goods sold | - | - | - |
| Gross profit (loss) | - | - | - |
| Interest income | | | 2,093,784 |
| Other income | | | 777,092 |
| Gain on exchange rate | | | 1,425,992 |
| Selling and administrative expenses | | | (72,155,673) |
| Loss on impairment of investment in subsidiary | | | (43,271,878) |
| Loss on impairment of investment in associate | | | (15,100,000) |
| Doubtful debt | | | (71,026,986) |
| Loss before finance cost and tax expense | | | (197,257,669) |
| Finance cost | | | (349,896) |
| Loss before tax expense | | | (197,607,565) |
| Tax expense | | | - |
| Net loss for the year | | | (197,607,565) |

| | (Unit: Baht) | | | |
|--|-------------------------|-------------|--------------|-----------------------|
| | The Company | | | |
| | 2014 | | | |
| | Discontinued operations | | | Continuing operations |
| | Overseas | Domestic | Total | |
| Sales | 31,313,951 | 10,022,885 | 41,336,836 | - |
| Cost of goods sold | (22,497,133) | (9,110,382) | (31,607,515) | - |
| Gross profit | 8,816,818 | 912,503 | 9,729,321 | - |
| Share profit from investment in project | | | - | 1,916,823 |
| Other income | | | 417,070 | 171,602 |
| Gain (loss) on exchange rate | | | (706,535) | - |
| Selling and administrative expenses | | | (6,813,225) | (26,431,606) |
| Loss on impairment of investment in associate | | | - | (121,192,980) |
| Loss on impairment of investment in subsidiary | | | - | (77,916,816) |
| Profit (loss) before corporate income tax | | | 2,626,631 | (223,452,977) |
| Tax expense | | | - | (1,188,973) |
| Net profit (loss) for the year | | | 2,626,631 | (224,641,950) |

29. FINANCIAL INSTRUMENTS

29.1 Management risk

The Company does not constitute any policy related to financial instruments for trading or speculating.

29.2 Interest rates risk

Interest rate risk arises from the fluctuation of interest rates in the future which will affect operations and cash flows of the Company. The Company exposed to interest rate risk in respect of assets and liabilities as follows:

| (Unit: Baht) | | | |
|------------------------|---------------------|-------------------|------------|
| Consolidated | | | |
| 31 December 2015 | | | |
| Floating interest rate | Fixed interest rate | Non-interest rate | Total |
| Assets | | | |
| Savings deposit | 49,334,885 | - | 49,334,885 |
| Current deposit | - | 61,022,632 | 61,022,632 |
| Open fund | 30,115,397 | - | 30,115,397 |
| Fixed deposit | - | 2,040,096 | 2,040,096 |
| Government bond | - | 2,000,000 | 2,000,000 |
| Liabilities | | | |
| Bank overdrafts | 1,848,296 | - | 1,848,296 |

| (Unit: Baht) | | | |
|------------------------|---------------------|-------------------|------------|
| The Company | | | |
| 31 December 2015 | | | |
| Floating interest rate | Fixed interest rate | Non-interest rate | Total |
| Assets | | | |
| Savings deposit | 7,697,221 | - | 7,697,221 |
| Current deposit | - | 61,022,632 | 61,022,632 |
| Fixed deposit | - | 2,040,096 | 2,040,096 |
| Liabilities | | | |
| Bank overdrafts | 1,848,296 | - | 1,848,296 |

| (Unit: Baht) | | | |
|------------------------|---------------------|-------------------|------------|
| Consolidated | | | |
| 31 December 2014 | | | |
| Floating interest rate | Fixed interest rate | Non-interest rate | Total |
| Savings deposit | 31,102,532 | - | 31,102,532 |
| Current deposit | - | 59,240 | 59,240 |
| Short term investment | - | 2,675,996 | 2,675,996 |

| (Unit: Baht) | | | | |
|-----------------------|------------------------|---------------------|-------------------|-----------|
| The Company | | | | |
| 31 December 2014 | | | | |
| | Floating interest rate | Fixed interest rate | Non-interest rate | Total |
| Savings deposit | 6,496,330 | - | - | 6,496,330 |
| Current deposit | - | - | 59,250 | 59,250 |
| Short term investment | - | 2,675,996 | - | 2,675,996 |

29.3 Exchange rates risk

The Company's exposure to foreign currency risk relates primarily to the settlement of export-import goods with overseas counter-trader in foreign currencies which are currently not hedged by any derivative financial instruments.

As at 31 December 2015 and 31 December 2014, the Company had financial assets consist of trade accounts receivable and bank deposits, and had liabilities consist of trade and other payables in foreign currencies as follows:

| (Unit: Baht) | | | | | |
|------------------|--------|-------------|------------------|-------------|-----------|
| Consolidated | | | | | |
| 31 December 2015 | | | 31 December 2014 | | |
| | Assets | Liabilities | Assets | Liabilities | |
| U.S. Dollar | USD | 83,769,139 | 28,496,730 | 72,648,576 | 5,324,000 |
| Hong Kong Dollar | HKD | - | - | - | 41,884 |
| Japanese YEN | JPY | - | 224,072 | - | - |

| (Unit: Baht) | | | | | |
|------------------|--------|-------------|------------------|-------------|---|
| the Company | | | | | |
| 31 December 2015 | | | 31 December 2014 | | |
| | Assets | Liabilities | Assets | Liabilities | |
| U.S. Dollar | USD | 86,455,481 | - | - | - |

29.4 Credit risk

The Company is exposed to credit providing risk in respect of any trade accounts receivable and agent receivable. To reduce this risk that the management has policy and controlling method for credit provided to any trade accounts receivable by determining the credit line amount and review the settlement ability but did not determine the credit line amount for agents receivable. Loss may be occurred from the maximum credit providing based on carrying value of agents receivable shown in statements of financial position, since the management believes that there is no risk from the settlement of agents receivable.

29.5 Fair value

Due to the most of financial assets and liabilities are classified under the short-term type. The Company's management believes that the book value of such financial assets and liabilities are reflected in the value not materially different from their fair value.

30. PROVIDENT FUND

Due to the restructure of the Company's operations, the Company's provident fund has been terminated on 1 April 2014 provided that all employee and employee's contributions have been transferred to be registered as a new provident fund under the subsidiary's operation.

The provident fund is contributed by both employees and the subsidiary at the rates of 3% of their basic salaries on a monthly basis. The subsidiary has appointed the authorized manager to manage the provident fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No.2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

31. COMMITMENTS

As at 31 December 2015 and 2014, the Company has commitments in respect of property leases and service and financial advisory and legal fees payable as follows:

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|---------------------|---------------------|---------------------|
| | Consolidated | | The Company | |
| | 31 December 2015 | 31 December 2014 | 31 December 2015 | 31 December 2014 |
| Property lease payable | | | | |
| Within one year | 7,318,369 | 2,441,760 | 4,277,040 | 2,237,760 |
| More than one year but not over five year | 18,861,185 | 3,339,300 | 1,602,260 | 3,339,300 |
| | <u>26,179,554</u> | <u>5,781,060</u> | <u>5,879,300</u> | <u>5,577,060</u> |
| Financial advisory and legal fees | | | | |
| Within one year | <u>11,796,000</u> | <u>700,000</u> | <u>11,796,000</u> | <u>700,000</u> |

32. CONTINGENT LIABILITIES

As at 31 December 2015, the Company has contingent liabilities in respect of the matters as follows:

| | (Unit : Million Baht) | | | | | |
|--|------------------------|----------|-----------|-------------|----------|-----------|
| | Consolidated | | | The Company | | |
| | As at 31 December 2015 | | | | | |
| | Credit line | | | Credit line | | |
| | Total | Utilized | Available | Total | Utilized | Available |
| Bank overdraft, short-term loan and letter of credit and trust receipts* | 65 | - | 65 | 65 | - | 65 |
| Security for electricity usage guarantee | 2 | 2 | - | - | - | - |
| Bank overdraft | 2 | 1.85 | 0.15 | 2 | 1.85 | 0.15 |

| | (Unit : Million Baht) | | | | | |
|--|------------------------|----------|-----------|-------------|----------|-----------|
| | Consolidated | | | The Company | | |
| | As at 31 December 2014 | | | | | |
| | Credit line | | | Credit line | | |
| | Total | Utilized | Available | Total | Utilized | Available |
| Bank overdraft, short-term loan and letter of credit and trust receipts* | 65 | - | 65 | 65 | - | 65 |
| Security for electricity usage guarantee | 2 | 2 | - | - | - | - |
| Bank overdraft | 2 | 1.84 | 0.16 | 2 | 1.84 | 0.16 |

The above facility lines are secured by bank fixed deposits and government bonds as outlined in note 13 to the financial statements.

*No secured assets for above facility lines.

33. DISCONTINUED OPERATIONS CLASSIFIED AS HELD FOR SALE

At the ordinary shareholders' meeting no. 1/2014 held on 25 April 2014, it was unanimously to restructure the Company's operations by transferring assets and liabilities in respect of diaod production to the subsidiary by using net assets value. Therefore, the company financial statements have been presented with the results of operations for the year ended 31 December 2014 as discontinued operations. However, there was no impact on the consolidated financial statements.

The results of discontinued operations for the year ended 31 December 2014 as follows:

| | (Unit : Thousand Baht) The Company 31 December 2014 |
|---|--|
| Discontinued operations | |
| Revenues | |
| Sales | 41,336,836 |
| Loss on exchange rate | (706,535) |
| Other income | 417,070 |
| Total revenue | <u>41,047,371</u> |
| Expenses | |
| Cost of goods sold | (31,607,515) |
| Selling expenses | (1,544,199) |
| Administrative expenses | (3,821,176) |
| Remunerations for directors and management | (1,447,850) |
| Total expenses | <u>(38,420,740)</u> |
| Profit for the period from discontinued operations | 2,626,631 |
| Tax income | - |
| Profit (loss) for the year | <u>2,626,631</u> |
| Earnings (loss) per share | |
| Profit (loss) from discontinued operations | <u>0.006</u> |



ELECTRONICS INDUSTRY PUBLIC COMPANY LIMITED

