



ELECTRONICS INDUSTRY PUBLIC COMPANY LIMITED



TH97/10561QM TW0017276EM IATF 0060636
SGS TH07/1033

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Ref. EIC-AD005/2018

February 27, 2018

Subject Management Discussion and Analysis for the Year 2017 Ending December 31, 2017

To President and Director
The Stock Exchange of Thailand

Electronics Industry Public Company Limited (“Company”) has submitted the financial statement for the year ending 31st December 2017 audited by the auditor of the Company. The operating result of the Company and its subsidiary companies for the year ending December 31, 2017 showed the net loss of Baht 131.23 million representing the decrease of 2.53% in net loss compared to net loss of Baht 134.64 million of the same period of the previous year. The main factors are as follows:

1. Income earned from service of advertising board renting of S. Thana Media Co., Ltd. for the 3 month period commencing from October 1, 2017 to December 31, 2017 was in the amount of Baht 26.28 million. The service cost was Baht 13.40 million. Gross profit from the service of advertising board renting was equivalent to 50.96%.

2. Income earned from fine imposed for the breach of the Share Sale and Purchase Agreement in the amount of Baht 20 million was the income received as a result of the default under the Share Sale and Purchase Agreement from receiving the payment of shares from the former shareholder of Smart Traffic Co., Ltd in year 2016.

3. Profit from the sale of fund invested in the associated company was Baht 7.13 million. The Company sold the ordinary shares of Smart Traffic Co., Ltd. to the existing shareholders at a price of Baht 20 million and to the third parties at a price of Baht 18 million by mean of bidding resulting in the Company’s realization of the profit from the sale of investment fund.

4. Income from interest was Baht 1.74 million increasing by Baht 0.35 million (Income from interest in Year 2016 was Baht 1.38 million) equivalent to 25.62%. The income of Baht 1.40 million was earned from the short-term loan in the form of bill of exchange under the name of the Company and the income of Baht 0.34 million was earned from the bank deposit interest of EIC Semi.

5Expense of the sale was Baht 11.18 million increasing by Baht 4.00 million compared to the same period of the previous year (The expense of sale in year 2016 was Baht 7.18 million) equivalent to 55.78% because there was the expense of sale of S. Thana Media Co., Ltd. in the amount of Baht 2.71 million in the 4th quarter of 2016 and the expense of sale of EIC Semi was increased by Baht 1.29 million compared to the same period of the previous year (The expense of sale in Year 2016 was Baht 7.18 million)

6. Administrative expenses were Baht 53.78 million decreasing by Baht 14.43 million compared to the previous year as a result of the reduction in the administrative expenses

7. Remunerations of directors and executive officers were Baht 15.17 million decreasing by million 30.47 Baht compared to the same period of the previous year (The directors' remuneration in year 2016 was Baht 45.63 million) equivalent to 66.77% as a result of the reduction in the administrative expenses.

8. Reversion (loss) from allowance for doubtful accounts was Baht 5.03 million decreasing from Baht 78.04 million equivalent to 93.95% because the Company received the payment of debt from Khum Phornphan in the amount of Baht 5 million in 2017 and Baht 2 million in February 2018 and the allowance for doubtful accounts was set for EIC Semi in the amount of Baht 1.97 million.

9. Loss on devaluation of goodwill was Baht 121.71 million as a result of the assessment of the value expected to be returned at of December 31, 2017 by taking into consideration the calculation of the value of use based on the estimation of before-tax cash flow with reference to the financial estimation for the 10 year period. The Company therefore realized the devaluation of the investment in the ordinary shares of S. Thana in the said amount.

10. Loss from exchange rate was Baht 7.96 million which increased by Baht 6.95 million or 87.24% compared to the same period of the previous year due to the fluctuation of the Thai Baht.

11. Loss from compensation of damages was Baht 11.81 million equivalent to 100% compared to the same period of the previous year as a result of the damages claimed by the injured party against EIC Semi in the total amount of Yuan 2.38 million. EIC is in the process of negotiation in order to request for a reduction in the amount of damages incurred. The result of the negotiation still cannot be confirmed.

12. Financial cost was Baht 2.98 million increasing from the same period of the previous year by Baht 0.96 million equivalent to 47.36% due to the interest of the short-term loan in the form of bill of exchange in the amount of Baht 1 million and the interest of the financial lease agreement in the amount of Baht 1.98 million.

13. Expense of income tax was Baht 10.74 million because EIC Semi realized the asset of deferred income tax due to temporary difference and reversion of temporary difference in the amount of Baht 13 million and S. Thana had outstanding income tax of Baht 2.26 million.

14. Measurement of new value of obligations and benefits after leaving the job was Baht 0.29 million as a result of the change of assumption for estimating the benefit of the employees as expense according to the Labor Protection Act (No.6) B.E. 2560 which specifies that the employees shall retire at the age of sixty with effect from September 1, 2017.

Please be informed accordingly.

Sincerely yours,

(Mr. Kusol Sangkananta)
Director/Chief Executive Officer