



**Electronics Industry Public Company Limited**

**Information Memorandum under Schedule (2)**

**Concerning the Entering into Asset Disposition Transaction**

**Disposition of Investment Fund in Ordinary Shares**

**Of**

**EIC Semiconductor Company Limited**

**August 15, 2018**

August 15, 2018

Subject Information Memorandum Concerning the Entering into Asset Disposition Transaction  
To Shareholders of Electronics Industry Public Company Limited

Reference is made to the Resolution of the Board of Directors of Electronics Industrial Public Company Limited (the “**Company**” or “**EIC**”) No. 3/2018 held on March 9, 2018 the information disclosed to the Stock Exchange of Thailand by the Company on March 30, 2018 on the Notification of Disposition of (Partial) investment Fund in 2,322,755 Ordinary Shares of EIC Semiconductor Company Limited (“**EIC SEMI**”) , as the affiliate which its 100% shares are held by the Company, with a par value of Baht 100, representing 49 per cent of EIC SEMI’s authorized and paid-up shares at a price of Baht 68.67 to Mr. Lam Hung Kit (the “**Purchaser**”) who has no relationship and/or connection with any of the Company’s directors, executives, major shareholders or controlling persons, and the total value of the asset disposed is equivalent to Baht 159.50 Million

Later on July 20, 2018, EIC SEMI has negotiated and entered into the agreement to lease the land and immovable property used for the purpose of operating the business with Heng Property Co., Ltd. (“**HENG PROPERTY**”) to renew the term of the lease agreement at the new rate of rent which has increased from the former rent rate of Baht 400,000.00 per month as follows:

- 1<sup>st</sup> Year : Baht 1,200,000.00 per month
- 2<sup>nd</sup> Year : Baht 1,500,000.00 per month
- 3<sup>rd</sup> Year : Baht 1,800,000.00 per month

In the Purchaser’s opinion, the rent has increased significantly from the former rate and it will affect the operation and profitability of EIC SEMI. As a result, the Purchaser wishes to reduce the selling price of the above-mentioned ordinary shares of EIC SEMI.

Therefore, the meeting of the Board of Directors No. 5/2018 convened on August 10, 2018 has considered and passed a resolution to approve the change of the condition for the transaction by allowing the Company to sell 2,322,755 ordinary shares of EIC SEMI with a par value of Baht 100, representing 49 per cent of the authorized and paid-up shares of EIC SEMI at a price of Baht 50.63 per share, or the total value of the assets disposed of Baht 117.60 Million.

However, the transaction of disposition of Ordinary shares of EIC SEMI is regarded as the disposition of assets under the Notification of Capital Market Supervisory Board No. Tor Jor. 20/2551 regarding the Rules on Entering into Material Transactions Deemed as Acquisition or Disposition of Assets (and its amendments) and the Notification of the Stock Exchange of Thailand on the Disclosure of

Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, B.E. 2547 (and its amendments) (“Notifications on the Acquisition and Disposition of Assets”). In this regard, the calculation of the transaction size will be based on the consolidated financial statements of the Company and EIC SEMI which have been reviewed by the auditor for the period ending June 30, 2018. It is found that the highest calculated value of transaction size is equivalent to 31.33 percent according to the net tangible asset value criteria. In addition, the Company has no other asset disposition transaction during the period of 6 months prior to the date of agreement to enter into the transaction. Therefore, based on the calculation of the above mentioned transaction, the transaction can be classified as the transaction under Category 2 according to the Notification on the Acquisition or Disposition and accordingly the Company is required to immediately disclose the information on the entering into the transaction to the Stock Exchange of Thailand and send a circular letter to the shareholders of the Company within 21 days from the date of disclosure of information on the entering into the transaction to the Stock Exchange of Thailand as per the following details:

**(1) The Information Memorandum Under Schedule (1) of Notification Re: the Acquisition and Disposition**

**1.1 Date Month Year of Transaction**

The Company has entered into the Share Sale and Purchase Agreement on March 30, 2018 and the Addendum to Share Sale and Purchase Agreement on August 14, 2018.

**1.2 Related Parties and Relationship with Listed Company**

Purchaser : Mr. Lam Hung Kit

Seller : Electronics Industry Public Company Limited

In this regard, the Purchaser is the third party who has not relationship and/or connection with the Company’s directors, executives, major shareholders or controlling persons.

**1.3 General Characteristics and Size of Transaction**

**1.3.1 General Characteristics of Transaction**

The meeting of the Board of Directors No. 3/2018 convened on March 9, 2018 previously passed a resolution to approve the disposition of 2,322,755 ordinary shares of EIC SEMI with a par value of Baht 100, representing 49 per cent of EIC Semi’s authorized and paid-up shares at a price of Baht 68.67 per share. Later on July 20, 2018, EIC SEMI has negotiated and entered into the agreement to lease the land and immovable property used for the purpose of operating the business with HENG PROPERTY to renew the term of the lease agreement at the higher rate of

rent which has significantly affected the operation and profitability of EIC SEMI. As a result, the Purchaser wishes to reduce the selling price of the above-mentioned ordinary shares of EIC SEMI.

Based on the above-mentioned reason, the meeting of the Board of Directors No. 5/2018 convened on August 10, 2018 has passed a resolution to approve the change of the selling price from Baht 68.67 per share to Baht 50.63 per share. The total value of the disposed asset is therefore equivalent to Baht 117.60 Million.

The original material conditions contained in the Share Sale and Purchase Agreement are as follows:

- 1) The Purchase shall pay a deposit of Baht 10 Million within 1 month from the date of the Agreement. The remaining payment of ordinary shares of EIC SEMI shall be paid within 4 months from the date of payment of deposit. In this regard, the date which the Purchaser makes the full payment shall be regarded as the closing date of the sale and purchase of ordinary shares of EIC SEMI.
- 2) The Seller shall appoint 2 directors nominated by the Purchaser. At present, EIC SEMI has 3 directors. After appointing the new directors to be nominated by the Purchaser, EIC Semi shall have 5 directors.
- 3) In case the Purchaser fails to make the payment of ordinary shares of EIC SEMI within the fixed period or fails to comply with any material conditions contained in the Share Sale and Purchase Agreement, the Seller shall have the right to seize the received Deposit if the Seller has given a notice of such default and the Purchaser has failed to remedy such default within 30 days.
- 4) If the Seller fails to comply with any material conditions contained in the Agreement, the Seller shall return the deposit in full and pay damages of Baht 10 Million if the Purchaser has given a notice of default but the Seller fails to remedy such default within 30 days.
- 5) The Seller acknowledges that the Purchaser's decision to purchase the Shares is based on the current conditions of the Company's operation. If there is any material adverse change on the Company's business operation and financial condition, the Purchaser may in good faith terminate the Agreement and receive the Deposit from the Seller, or decrease the Share Price in accordance with the current book value on the said date. For avoidance of doubt, in this case each of the Parties shall have no right to claim the damages pursuant to Clause 3 and Clause 4.

However, after the Purchaser wished to reduce the selling price of EIC SEMI Ordinary Shares, the parties have entered into the Addendum to the Agreement which contains the following material conditions:

- 1) The Purchase shall pay a deposit of Baht 10 million within 15 days from the date of the Addendum to the Agreement. The remaining payment of ordinary shares of EIC SEMI shall be paid within 4 months from the date of payment of deposit. In this regard, the date which the Purchaser makes the full payment shall be regarded as the closing date of the sale and purchase of the ordinary shares of EIC SEMI.
- 2) The Seller shall appoint 2 directors nominated by the Purchaser.
- 3) In case the Purchaser fails to make the payment of ordinary shares of EIC SEMI within the fixed period or fails to comply with any material conditions contained in the Share Sale and Purchase Agreement, the Seller shall have the right to seize the received Deposit if the Seller has given a notice of such default and the Purchaser has failed to remedy such default within 30 days.
- 4) If the Seller fails to comply with any material conditions contained in the Agreement, the Seller shall return the deposit in full and pay damages of Baht 10 million if the Purchaser has given a notice of default but the Seller fails to remedy such default within 30 days.
- 5) The Seller acknowledges that the Purchaser's decision to purchase the Shares is based on the current conditions of the Company's operation. If there is any material adverse change on the Company's business operation and financial condition, the Purchaser may in good faith terminate the Agreement and receive the Deposit from the Seller, or decrease the Share Price in accordance with the current book value on the said date. For avoidance of doubt, in this case each of the Parties shall have no right to claim the damages pursuant to Clause 3 and Clause 4.
- 6) If the Seller wishes to transfer or sell all or any part of its remaining 2,417,562 ordinary shares of the Company held by the Seller after the Closing Date, representing approximately 51 (Fifty One) per cent of the authorized and paid-up shares of EIC SEMI, the Seller must grant the right of first refusal to the Purchaser by giving a written notice specifying the share price and number of shares at the same price. The Purchaser shall have 30 (thirty) days from the date of receipt of the notice from the Seller to exercise his first rights to acquire the Offered Shares by giving a written notice of such acceptance to the Seller. However, if the Purchaser does not exercise his right to purchase the Offered Shares within 30 days, the Selling may then transfer or sell all of the Offered Shares to the third party."

### 1.3.2 Calculation of Transaction Size

The transaction of disposition of ordinary shares of EIC SEMI is considered a disposition of assets in accordance with the Notification of the Capital Market Supervision Board No. Tor Jor. 20/2551 regarding the Rules on Entering into Material Transactions Deemed as Acquisition or Disposition of Assets (and its amendments) and the Notification of the Stock Exchange of Thailand on the Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (and its amendments). In this regard, the calculation of the transaction size will be based on the consolidated financial statements of the Company and EIC SEMI which have been reviewed by the auditor for the period ending June 30, 2018. Details of the calculation of the transaction size are shown below:

Basis of Calculation	Calculation Formula	
Net Tangible Asset (NTA)	=	$\frac{\text{Proportion of Disposed Assets X NTA of EIC SEMI}}{\text{NTA of the Company}}$
	=	$\frac{49\% \times \text{Baht } 330.21 \text{ Million}}{\text{Baht } 516.46 \text{ Million}}$
	=	31.33%
Net profit (4 latest consecutive quarters)	=	Calculation under this criteria cannot be made as the Company has net loss during the last 12 month period.
Total Value of Consideration	=	$\frac{\text{Value of Consideration to be Received for the Disposition of Ordinary shares of EIC SEMI}}{\text{Total Assets of the Company}}$
	=	$\frac{\text{Baht } 161.95 \text{ Million}}{\text{Baht } 702.01 \text{ Million}}$ <p>Note : As the total value of consideration is less than book value, the Company has chosen the book value for the purpose of calculation in order to be in compliance with the calculation criteria.</p>
	=	23.07%
The Value of securities which are issued by the listed company for the acquisition of assets	=	Calculation under this criteria cannot be made since the Company does not issue ordinary shares from capital increase in consideration of the acquisition of asset

The Company has no other asset disposition transaction during the period of 6 months prior to the date of agreement to enter into the transaction. Therefore, based on the calculation of the above mentioned transaction, the transaction can be classified as the transaction under Category 2 according to the Notification on the Acquisition or Disposition and accordingly the Company is required to immediately disclose the information on the entering into the transaction

to the Stock Exchange of Thailand and send a circular letter to the shareholders of the Company within 21 days from the date of disclosure of information on the entering into the transaction to the Stock Exchange of Thailand.

#### 1.4 Details of the Disposed assets

##### Business information

Company Name	:	EIC Semiconductor Company Limited (“EIC SEMI”)
Address	:	65,68 Soi Chalongkrung 31, Lamplathew Sub-district, Ladkrabang District, Bangkok
Registered and Paid-up Capital	:	Baht 474,031,900 Baht divided into 4,740,319 common shares with par value of Baht 100 per share
Type of Business	:	manufacturing and distributing electronic spare parts called “Discrete Semiconductor” – Wafer and Diodes

##### Shareholders of EIC SEMI

The list of shareholders as of January 26, 2018 is as follows:

Shareholders	Number of Shares	Shareholding Percentage
Electronics Industry Public Company Limited	4,740,317	99.99
Mr. Withaya Chakpet	1	0.01
Mrs.Thipawan Chakpet	1	0.01
<b>Total</b>	<b>4,740,319</b>	<b>100.00</b>

##### Directors of EIC SEMI are as follows:

Name	Position
Mr. Kusol Sangkananta	Director
Mr. Withaya Chakpet	Director
Mrs.Thipawan Chakpet	Director

##### Summary of financial information of EIC SEMI is as follows:

Unit : Million Baht	As at 31 December			2 <sup>nd</sup> Quarter
	2015	2016	2017	2018
<b>Financial Highlight</b>				
Total Assets	436.61	388.04	412.17	406.71
Total Liabilities	83.76	66.42	86.65	76.19
Shareholders' Equity	352.84	321.62	325.52	330.52
Paid-up Capital	474.03	474.03	474.03	474.03

Unit : Million Baht	As at 31 December			2 <sup>nd</sup> Quarter
	2015	2016	2017	2018
Total Income	183.34	187.91	203.56	86.80
Net Profit (Loss)	(43.30)	(31.22)	3.91	5.00
Earnings per share (Baht)	(9.13)	(6.59)	0.82	1.05

### 1.5 Value of Disposed Assets

According to the financial statements which have been reviewed by EIC SEMI's auditor for the period ending June 30, 2018, the book value of the assets disposed is equivalent to Baht 330.50 Million. The Company has disposed 2,322,755 ordinary shares of EIC SEMI, representing 49% of the total authorized and paid-up shares of EIC SEMI. Therefore, the total value of the disposed assets is Baht 161.95 Million, or Baht 69.72 per share.

### 1.6 Basis Used for Determining Value of Consideration

The value of consideration is the total value determined according to the negotiation between the Company and the Purchaser. The Company's consideration has been made according to the following basis;

The meeting of the Board of Directors No. 3/2018 convened on March 9, 2018 resolved to approve the disposition of (partial) investment fund in EIC SEMI ordinary shares at a price of Baht 68.67. The said selling price of EIC SEMI is based on book value per EIC SEMI share as shown in the financial statements which have been reviewed by the auditor for the period ending December 31, 2017. However, the Company and the Purchaser expected that the new rate of rent would not exceed Baht 1.20 million per month and the rent would be increased from the preceding year by 5 percent per annum.

On July 20, 2018, EIC SEMI negotiated and signed the agreement to lease the land and building to be used for the purpose of operating the business of HENG PROPERTY in order to renew the term of the lease agreement. The parties have finally agreed that the new rates of rent shall be as follows:

- 1<sup>st</sup> Year: The rent shall be at the rate of Baht 1,200,000.00 per month
- 2<sup>nd</sup> Year: The rent shall be at the rate of Baht 1,500,000.00 per month
- 3<sup>rd</sup> Year: The rent shall be at the rate of Baht 1,800,000.00 per month

Based on the above-mentioned reason, the Company has considered the discount value to determine the new selling price of EIC SEMI by mean of calculating the difference between former rent rate assumption and new rent rate assumption for the following 25 year period and calculate the current value of the said difference at a discount rate of 8.00% based on weighted average cost of capital ("WACC") of EIC. Details of the calculation are shown in the tables below:



Unit: Million Baht

Year	1	2	3	4	5	6	7	8	9	10	11	12
Former rate/month	1.20	1.26	1.32	1.39	1.46	1.53	1.61	1.69	1.77	1.86	1.95	2.05
New rate/month	1.20	1.50	1.80	2.07	2.07	2.07	2.38	2.38	2.38	2.74	2.74	2.74
Difference/month	-	0.24	0.48	0.68	0.61	0.54	0.77	0.69	0.61	0.88	0.78	0.69
Difference/year	-	2.88	5.72	8.17	7.34	6.46	9.27	8.30	7.29	10.51	9.39	8.22

Year	13	14	15	16	17	18	19	20	21	22	23	24	25
Former rate/month	2.16	2.26	2.38	2.49	2.62	2.75	2.89	3.03	3.18	3.34	3.51	3.69	3.87
New rate/month	3.15	3.15	3.15	3.62	3.62	3.62	4.16	4.16	4.16	4.79	4.79	4.79	5.51
Difference/month	0.99	0.89	0.77	1.13	1.00	0.87	1.28	1.13	0.98	1.44	1.28	1.10	1.64
Difference/year	11.92	10.63	9.27	13.51	12.01	10.44	15.31	13.57	11.75	17.34	15.33	13.23	19.63

<b>Current Value or Discount Value</b>	<b>88.06</b>
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According to the above tables, the discount value is equivalent to Baht 88.06 Million which has been used to adjust the book value of the Company calculated as of December 31, 2017 which was equivalent to Baht 325.51 Million. The adjusted book value is therefore equivalent to Baht 237.46 Million or approximately Baht 50.09 per share. However, according to the negotiation between the Purchaser and the Seller, it can be summarized that EIC SEMI sale value shall be equivalent to Baht 240 Million or Baht 50.63 per share. Therefore, after consideration, the Board of Directors' Meeting No. 5/2018 convened on August 10, 2018 was of the opinion that the selling price at Baht 50.63 per share, or the total value of the disposed assets of Baht 117.60 Million is reasonable.

However, the consideration to be received by the Company in the amount of Baht 117.60 Million shall be deducted with the debt of Baht 31.07 Million owed to EIC SEMI. Therefore, the Company shall receive the net amount of Baht 86.53 Million from the sale. (as of June 30, 2018, the Company has borrowed the amount of Baht 63.42 Million from EIC SEMI.)

### 1.7 Expected Benefits of Transaction

- 1) The Company can invest the cash to be received from the sale of ordinary shares of EIC SEMI in other potential and growing businesses which can generate reasonable rate of return.
- 2) The Company can use the cash to be received from the sale of Ordinary shares of EIC SEMI for a partial repayment of loan as mentioned in Clause 1.6.
- 3) To limit the risk in the operation of business of EIC SEMI in the industry with high fluctuation at a reasonable value.

4) The Purchaser has experience in the operation of business in electronic industry which can help improving EIC SEMI's performance. Mr. Lam Hung Kit (the Purchaser) was a former purchasing manager and marketing manager of the electronic parts manufacturing company which has been the manufacturer and distributor in China and Hong Kong for more than 30 years. He is now the owner of Sky Perfect Consultants which is engaged in the business of providing advices regarding sales and marketing as well as an investment consultant in China and Hong Kong.

### **1.8 Plan of Utilization of Proceeds of Disposition of Assets**

The Company has planned to utilize the proceeds of the sale of the ordinary shares of EIC SEMI as follows:

- 1) To use the proceeds as working capital and for supporting the business's internal activities;
- 2) To invest in other businesses that have potential growth and can generate reasonable return in order to allow the Company to have additional income to compensate for the lost income;
- 3) To repay the loan owed to the financial institution.

### **1.9 Conditions for Entering into Transaction**

The entering into the said transaction is regarded as the disposition of assets of the listed company according to Notifications on the Acquisition or Disposition of Assets. According to the calculation of the transaction mentioned above, the highest value of the transaction size is equal to 31.33% based on the net tangible asset value criteria. The transaction therefore falls within the transaction of Category 2 according to the Notifications on the Acquisition or Disposition of Assets. Accordingly, the Company is required to disclose the information on the entering into the transaction to SET immediately and send the circular notice to the shareholders of the Company within 21 days from the date on which the disclosure has been made to the SET.

### **1.10 Opinion of the Company's Board of Directors on Entering into the Transaction**

The Meeting of the Board of Directors No. 3/2018 convened on March 9, 2018 previously considered and approved the disposition of 2,322,755 ordinary shares of EIC SEMI with the par value of Baht 100 representing 49% the total outstanding and paid-up shares of EIC SEMI at the price of Baht 68.67 Baht per share totaling Baht 159.50 Million to Mr. Lam Hung Kit, and the Board of Directors was of the opinion that this transaction could reduce the risks from the operation of the Company as follows:

- 1) **Risk in case the Lease Agreement cannot be renewed in the Future:** Since the land and immovable properties used for the operation of the business are currently subject to the lease, there is the risk that EIC SEMI may not be able to renew the lease agreement and this may result in the business discontinuance;

- 2) **Risk from Maintaining Gross Profit Margin:** As already explained in Clause 1.7, the competition in this industry is rather high and it requires a large amount of investment fund in order to maintain the capacity to compete. Therefore, after consideration, the Board of Directors of the Company was of the opinion that the said investment was not worthy in term of the return to be received by the Company; and
- 3) **Risk from Customers' Damages Claim:** In 2017, one of EIC SEMI customers made a claim for damages arising from EIC SEMI products against EIC SEMI. This problem is a result of the use of old machines in the business because there was a high probability of faults while the improvement of these machines requires high amount of investment fund. After consideration, the Board of Directors therefore was of the opinion that the said investment was not worthy in term of the return to be received by the Company.

However, on July 20, 2018, EIC SEMI has negotiated and entered into Lease Agreement with HENG PROPERTY to renew the term of the agreement at the higher rate of rent which has significantly affected the operation of EIC SEMI. Therefore, the seller wished to reduce the selling price of EIC SEMI.

In addition, the Board of Directors considered that the increase of rent would affect profitability of EIC SEMI and will significantly increase the risks. Therefore, the Board of Directors opined that the disposition of ordinary shares of EIC SEMI could reduce the risks from the operation of the Company, and such selling price is reasonable.

**1.11 Summary of opinions of the Audit Committee and/or Directors of the Company, which differ from the Opinion of the Board of Directors as per Clause 10**

No director and/or audit director of the Company had different opinions from the Board of Directors of the Company.

**(2) Responsibility of the Board of Directors with Respect to the Information in the Documents Sent to Shareholders**

The Board of Directors is responsible for the information contained in this Memorandum of Information and other documents sent to the shareholders. The Board of Directors hereby certifies that the information in this Memorandum of Information and other documents sent to the shareholders is correct, complete, does not contain any false statement, concealment of material facts required to be available or specified or any statement that may cause material misunderstanding.

**(3) Details on the Existing Liabilities of the Company and its Subsidiaries and Contingent Liabilities**

**3.1 Outstanding Debt Securities of the Company and its Subsidiaries as of June 30, 2018 and December 31,2017**

(Unit: Baht)

	Consolidated and the company	
	30 June 2018	31 December 2017
Bank overdraft	-	1,999,477
Bills of exchange not over 3 months	-	104,759,588
	-	<b>106,759,065</b>

**3.2 Term Loans of the Company and its Subsidiaries and Collateral as of June 30, 2018 and December 31,2017**

Type of Loans	Loan facilities		Interest rate	Collateral
	30 June 2018	31 December 2017		
Bank overdraft	-	7	As specific by the Bank	As at 31 December 2017 : Guaranteed by the Company's bank deposits as discussed in note 12 to the interim financial statements. The Company cancelled bank overdraft facility on 23 May 2018.
Bills of exchange	-	105	As at 31 December 2017 : Interest rate 7% per annum.	As at 31 December 2017 : Maturity within 1 months from the date on bills of exchange. The Company has pledged the S.Thana Media Co., Ltd's ordinary shares (subsidiary) and the Company redeemed its ordinary shares on 20 March 2018 and the Company made a repayment on bill on exchange of Baht 105 Million on 24 May 2018.

**3.3 As of June 30, 2018, the Company and its Subsidiaries have Total Other Liabilities including Overdraft and Collateral of Baht 144.875 Million. The details are as follow:**

Unit : Baht

No	Type of Liability Outstanding	Outstanding Balance	Collateral
1	Trade and Other Payables	24,685,463	None
2	Liabilities under Finance Lease due within 1 year	1,101,895	None
3	Deposit from Tenant	2,500	None

No	Type of Liability Outstanding	Outstanding Balance	Collateral
4	Liabilities under Employee Benefit Obligations	6,401,680	None
5	Liabilities under Finance Lease, net	31,731,752	None
7	Deferred gain from Sale and Lease Back	14,056,956	None
8	Provision for cost of dismantling assets	12,246,407	None
9	Other current liabilities	1,196,258	None
10	Provision for loss on indemnity claims	11,811,978	None
11	Income tax payable	3,212,577	None
12	Deferred tax liabilities	38,427,822	None
	<b>Total</b>	<b>144,875,288</b>	

### 3.4 Contingent Liabilities as at June 30, 2018 and December 31,2017

As at June 30, 2018 and December 31,2017, the Company has contingent liabilities in respect of the matters as follows:

(Unit : Million Baht)

	Consolidated			The Company		
	Total	Utilized	Available	Total	Utilized	Available
As at 30 June 2018						
	Credit Line			Credit Line		
Security for Electricity Usage Guarantee	1	1	-	-	-	-

(Unit : Million Baht)

	Consolidated			The Company		
	Total	Utilized	Available	Total	Utilized	Available
As at 31 December 2017						
	Credit Line			Credit Line		
Security for Electricity Usage Guarantee	1	1	-	-	-	-
Bank Overdraft	7	1.99	5.01	7	1.99	5.01

The above facility lines are secured by bank fixed deposits as outlined in note 12 to the interim financial statements.

On 23 May 2018, the Parent Company dismissed its whole bank overdraft facility.

#### (4) Summary of Important Information of the Company

##### Business Overview of Electronics Industry Public Company Limited

#### 1. Business Overview

Company Name	:	Electronics Industry Public Company Limited (“the Company”)
Nature business	:	Electronics business and related electronic s business
Head Office	:	15th Floor, SJ Infinite I Business Complex, 349 Vibhavadi-Rangsit Road, Chompol,Chatuchak, Bangkok 10900
Telephone	:	0-2075-5667-8
Facsimile	:	0-2075-5669
Registered Capital	:	Baht 6,271,362,692 divided into 6,271,362,692 common shares with par value of Baht 1 per share
Paid-up Registered Capital	:	Baht 3,169,876,452 divided into 3,169,876,452 common shares with par value of Baht 1 per share

#### 2. Nature of Business

##### 2.1 History

Electronic Industry Public Company Limited was established on February 17, 1984 as a limited company under the name “Electronic Industry (USA) Limited” with the initial main objective of engaging in the business of designing, manufacturing and distributing semiconductor devices (diodes) which started the business with trading transistor.

The Company converted into a public company limited in year 2003 and started first trading on the Stock Exchange of Thailand on February 21, 2003. The history and essential developments can be summarized as follows:

1984	On February 17, 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)
1993	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 December 22, 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 4 December 2013, the Company established a subsidiary, EIC Semiconductor Co., Ltd ("EIC Semi") in order to improve business structure. On April 1, 2014, the Company transferred manufacturing and distributing electronic components business which included assets, liabilities, license and all employees related to such business to the subsidiary as payment for shares with assets and cash.
- 2017 On 5 October 2017, the Company invested by purchasing 49,998 shares of S. Thana Media Co., Ltd. (the "Subsidiary" or "S. Thana") from the existing shareholders with par value of Baht 100 per share representing 100% of the paid-up shares at the average price of Baht 7,440.30 per share. The total amount of investment was Baht 372 Million

As of September 22, 2017, the Company has registered capital of Baht 6,271,362,692 and paid-up capital of Baht 3,169,876,452 (par value of Baht 1 per share).

## 2.2 Nature of Business

Electronic Industry Public Company Limited (the “Company” or “EIC”) is currently a holding company that invests in the business of manufacturing and distributing electronic spare parts which are discrete semiconductor of the type of wafer and diodes and provides the service of designing and manufacturing discrete semiconductor of diodes type according to the customer’s special requirements and engages in the business of renting out space for billboard (Out of Home Media) with an aim to develop the advertising media business in order to meet all demands of customers including the production of advertisements, installation and maintenance of media throughout the management period of the advertising media.

### ❖ Business of Manufacturing and Distributing Electronic Spare Parts

EIC Semiconductor Co., Ltd. (“EIC SEMI”) which its 100% shares are held by the Company engages in the business of manufacturing and distributing electronic spare parts which are discrete semiconductor of Wafer and Diodes type. EIC SEMI is the manufacturer of initial raw material that is silicon wafer which will be used for the assembly of Diodes (Manufacturer with Wafer Fabrication) and also the business of providing service of designing and manufacturing semiconductor of diodes type with special qualifications specifically for the special requirements of the customers.

Diode is a fundamental component of every electronic appliances. EIC Semi is a manufacturer of diodes that focus on the quality and variety to manufacture the products that meet with customers’ satisfaction to assemble these diodes as part of their electronics and electrical appliances (EIC Quality Diodes behind every great system). Products are as follows:

- 1) Wafer (Open Junction Wafer and Glass Passivated Processed Wafer): Wafers is the product manufactured for use as raw material in the assembly of diodes.
- 2) Diode Products can be classified into 4 groups as follows:
  - 2.1 Zener Diodes are a special type of diode which allows the reverse flow of electrical current and is capable of resisting extremely high reverse currents. Therefore, they are used to regulate and stabilize regular voltage and in automobile light control systems.
  - 2.2 Transient Voltage Suppressor Diodes (TVS) are diodes used to cut-off electricity flowing into various types of parts or to prevent 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.



2.3 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 circuit of power supplies. This feature is a basic feature and important for most types of electrical appliances and electronic equipment.

2.4 High Speed Switching Diodes are diodes used in high frequency electric circuits which will be used in electronic equipment which requires fast on & off switching, such as digital circuits or small signal circuits with high frequencies.

#### Types of Diodes Products based on Product Standard

There are more than 14,000 part numbers or more than 50 packages of the manufactured diodes which can be classified into two types based on the product standard:

1) The Company's standard products mean products which the company/EIC SEMI manufactures to comply with electrical requirements specified by the Company. These products are generally manufactured for the Company's customers.

2) General standard products mean products manufactured by the Company/EIC SEMI which have different electrical properties from those specified by the Company as a result of manufacturing defects and are not products which the company intended to manufacture. However, these products still meets the international standard and can be used for general purpose. The Company sells these products without using the "EIC" brand.

#### 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.

### ❖ Business of Advertising Media

S. Thana Media Co., Ltd. (“S. Thana”) which its 100% shares are held by the Company engages in the business of renting out space for billboard (Out of Home Media). The business of S. Thana can reach all different target groups because of various sizes and forms of the billboards which are located throughout Bangkok Metropolitan Region and the major provinces in each region. S. Thana had long experiences and expertise as the provider of out of home media service and is successful in its business. It has strong branding which is accepted in the area of outdoor advertising media business. S. Thana has joined as a member of the Advertising & Sign Producing Association (ASPA) under membership no. ASPA 42065 and a member of the Asia Sign Association under membership no. ASPA 005. As it has complied with the rules and regulations of the associations, the standard of S. Thana is widely accepted among the entrepreneurs of outdoor advertising media business as well as the customers in both government and private sectors.

Billboard is a large advertising board for presenting still images. It is noticeable by a large number of people and target groups of customers. It is the type of advertising media that is outstanding and easy to understand. The billboard can be clearly seen from short and long distance and helps people to memorize the characteristics of the goods. In producing the advertising boards for presenting still images, various types of materials can be used in order to produce advertising images which are suitable for the characteristics of the goods and can attract the persons who see the billboard.

### 2.3 Shareholding Structure of the Group

Electronics Industry Company Limited (Public) is a holding company investing in EIC Semi, a producer and distributor of electronic spare parts. The Company’s shareholding structures as of December 31, 2017 are as follows:

No	Company	Registered Capital (Million Baht)	Holding (%)
1	EIC Semiconductor Co., Ltd. (“EIC Semi”)	474.03	99.99
2	S.Thana Media Co., Ltd. (“S.Thana”)	5.00	99.99

### 2.4 Revenue Structure of the Company

The classification of Company and subsidiary’s revenue structure from the year 2015 – 2017 can be summarized as follows:

Product Line / Business Group	Proceed by	% shareholding	Revenues (Million Baht)					
			2017	%	2016	%	2015	%
Income from Electronic Components	EIC, EIC SEMI	99.99						
▪ Rectifier Diodes			118.86	51.96	96.80	44.96	84.05	45.38
▪ High Speed Switching Diodes			2.08	0.91	2.74	1.27	5.20	2.81
▪ Zener Diodes			28.98	12.67	35.26	16.38	38.44	20.75
▪ Transient Voltage Suppressor Diodes			50.81	22.21	44.51	20.67	41.06	22.17
▪ Transistors			0.18	0.08	0.73	0.34	1.49	0.80
▪ Wafer			-	-	-	-	4.09	2.21
▪ Other			2.64	1.15	3.12	1.45	-	-
<b>Total Sales</b>			<b>203.55</b>	<b>88.98</b>	<b>183.16</b>	<b>85.08</b>	<b>174.33</b>	<b>94.13</b>
Income from Business of Renting out Space for Advertising Billboard	S.Thana*							
▪ Services Income		99.99	26.27	11.48	-	-	-	-
<b>Total Services Income</b>			<b>26.27</b>	<b>11.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Income from Defaulted Sales and Purchase Agreement	EIC		-	-	20.00	9.29	-	-
Gain(loss) on Exchange Rates	EIC		(7.96)	(3.48)	(1.02)	(0.47)	6.67	3.60
Gain on Disposal of Investment in Associate	EIC		-	-	7.13	3.31	-	-
Gain from other Investment	EIC		-	-	-	-	-	-
Interest Income	EIC		1.74	0.76	1.38	0.64	1.39	0.75
Other Income	EIC		5.17	2.26	4.64	2.16	2.82	1.52
<b>Total Income</b>			<b>228.77</b>	<b>100.00</b>	<b>215.29</b>	<b>100.00</b>	<b>185.21</b>	<b>100.00</b>

Note \* The Company purchased the shares of S.Thana Media Co., Ltd. on October 5, 2017 and realized the income in the Company's Consolidated Financial Statement for the Year 2017 from October 5 to December 31, 2017.

### 3 Major Shareholders

The ten major shareholders according to the list of shareholders as of 26 March 2018 are as follows:

No.	Name of Shareholders	No. of shares	Ownership
1.	Miss Kanyanarom Wongpan	653,059,100	20.60
2.	Mr. Somyos Wongthongsalee	458,682,400	14.47
3.	Mrs. Aura-orn Akrasanee	161,250,000	5.09
4.	Mr. Wiboon Phanitwong	65,000,000	2.05

5.	Mrs. Thansuda Phanitwong	56,000,000	1.77
6.	Mrs. Thansinee Wongvivat	49,000,000	1.55
7.	Thai NVDR Company Limited	48,901,827	1.54
8.	Mr. Withaya Chakpet	48,000,000	1.51
9.	Mr. Thanawat Chaisiriporn	47,786,267	1.51
10.	Mr. Prasith Vethpanyawong	45,010,000	1.42

#### 4 The Board of Directors

The Board of Directors consists of eight directors are as follows:

No.	Name	Position
1	Mr. Kosol Phosuwan	Chairman of the Board of Directors
2	Mr. Kusol Sangkananta	Chief Executive Officer and Director
3	Mr. Apichart Paphanpuwong	Vice Chairman of the Board of Directors Chairman of the Audit Committee
4	Mr. Khomchan Hathailak	Independent Director, Audit Committee
5	Mr. Veerayooth Bodharamik	Independent Director, Audit Committee
6	Mr. Chartchai Pokogwai	Director
7	Miss Sriphen Delokcharoen	Independent Director
8	Mr. Eakkachai Chaicherdchukit	Director

#### 5 Summary of Significant Items in the Financial Statements and the Analysis of the Financial Position and Performance of the Company.

##### 5.1 Comparative Financial Position

###### ■ Statements of Financial Position

Unit : '000 Baht	Audited Statements of Financial Position As at			Reviewed
	31 December 2015	31 December 2016	31 December 2017	2 <sup>nd</sup> Quarter 2018
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	180,365	125,485	120,157	90,258
Short-term Loan to Subsidiary	-	20,506	135,627	50,992
Short-term Loan to Related Company	14,000	7,957	15,000	15,000
	-	-	-	5,000
Trade and other Receivables, Net	73,164	59,587	102,800	96,625

Unit : '000 Baht	Audited Statements of Financial Position As at			Reviewed
	31 December 2015	31 December 2016	31 December 2017	2 <sup>nd</sup> Quarter 2018
Inventories, Net	88,269	60,724	63,932	72,800
Investment held for Sales	30,871	-	2,000	5,000
<b>Total Current Assets</b>	<b>386,668</b>	<b>274,259</b>	<b>439,516</b>	<b>335,765</b>
<b>Non-current Assets</b>				
Restricted Investment	4,040	2,058	3,072	1,015
Property, Plant and Equipment, Net	122,109	107,605	311,796	307,969
Goodwill, Net	-	-	40,233	40,233
Intangible Assets, Net	744	604	469	433
Deferred tax assets	-	-	15,265	10,944
Other Non-Current Assets	3,321	2,690	2,498	5,646
<b>Total Non-Current Assets</b>	<b>130,215</b>	<b>112,958</b>	<b>373,333</b>	<b>366,240</b>
<b>Total Assets</b>	<b>516,883</b>	<b>387,216</b>	<b>812,850</b>	<b>702,005</b>
<b>Liabilities and Shareholder's Equity</b>				
<b>Current Liabilities</b>				
Bank Overdrafts	1,848	1,996	106,759	-
Trade and Other Payables	34,955	21,949	35,880	24,685
Current Portion of Long-Term Lease Payable, Net	1,445	162	283	1,102
Income Tax Payable	-	-	2,157	3,213
Advance Received for Share Disposal	15,000	-	-	-
Other current liabilities	-	-	1,050	1,196
<b>Total Current Liabilities</b>	<b>53,249</b>	<b>24,108</b>	<b>146,129</b>	<b>30,196</b>
<b>Non-Current Liabilities</b>				
Deferred Tax Liabilities	-	-	40,233	38,428
Provision for Loss on Indemnity Claims	-	-	11,812	11,812
Employee Benefit Obligations	3,949	4,632	6,253	6,402
Long-term Lease Payable, Net	28,649	29,877	29,594	31,732
Deferred Gain on Sale and Leaseback	16,387	15,455	14,523	14,056
Provision for cost of dismantling assets	-	304	12,246	12,246
Other Non-Current Liabilities	-	3	3	3
<b>Total Non-Current Liabilities</b>	<b>48,987</b>	<b>50,271</b>	<b>114,664</b>	<b>114,679</b>

Unit : '000 Baht	Audited Statements of Financial Position As at			Reviewed
	31 December 2015	31 December 2016	31 December 2017	2 <sup>nd</sup> Quarter 2018
<b>Total Liabilities</b>	<b>102,236</b>	<b>74,378</b>	<b>260,793</b>	<b>144,875</b>
<b>Shareholders' equity</b>				
Share Capital				
Registered Share Capital				
Ordinary Shares at Baht 1 Each	1,318,386	1,485,294	6,271,367	6,271,363
Authorized, Issued and Paid-up Share Capital	667,634	700,464	3,169,876	3,169,876
Premium on Share Capital	167,751	167,751	-1,931,216	-1,931,216
Retained Earnings (Deficit)				
Appropriates for Legal Reserve	13,726	13,726	13,726	13,726
Unappropriated	-434,464	-569,104	-700,331	-695,256
Other Components of Shareholders' Equity				
<b>Shareholders of the Company</b>	<b>414,647</b>	<b>312,838</b>	<b>552,056</b>	<b>557,130</b>
Non-controlling Interests of Subsidiary Company	-	-	-	-
<b>Total Shareholders' Equity</b>	<b>414,647</b>	<b>312,838</b>	<b>552,056</b>	<b>557,130</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>516,883</b>	<b>387,216</b>	<b>812,850</b>	<b>702,005</b>

■ Statements of Comprehensive Income

Unit : '000 Baht	Audited Statements of Financial Position As at			Reviewed
	31 December 2015	2 <sup>nd</sup> Quarter 2018	31 December 2017	2 <sup>nd</sup> Quarter 2018
<b>Income</b>				
Sales	174,322	183,159	203,556	86,805
Services Income	-	-	26,275	54,488
Income from Defaulted Sales and Purchase Agreement	-	20,000	-	-
Gain(loss) on Exchange Rates	6,671	-1,016	-7,964	-750
Gain on Disposal of Investment in Associate	-	7,129	-	-
Interest Income	1,393	1,382	1,736	-
Other Income	2,823	4,641	5,170	5,417
<b>Total income</b>	<b>185,209</b>	<b>215,295</b>	<b>228,773</b>	<b>145,960</b>
<b>Expenses</b>				
Cost of Goods Sold	-196,473	-143,831	-146,038	-64,937

Unit : '000 Baht	Audited Statements of Financial Position As at			Reviewed
	31 December 2015	2 <sup>nd</sup> Quarter 2018	31 December 2017	2 <sup>nd</sup> Quarter 2018
Cost of Goods Services	-	-	-13,390	-27,835
Selling Expenses	-6,269	-7,174	-11,177	-5,681
Administrative Expenses	-51,816	-68,211	-53,783	-28,428
Remunerations for Directors and Management	-56,309	-45,630	-15,165	-7,679
Reversal (loss) of doubtful account	-	-	5,026	4,687
Doubtful account - Trade Accounts Receivable	-	-31,765	-	-
Doubtful Account - Other Receivable and Long-term Loans to Related Companies and Interest Receivable	-1,027	-51,297	-	-
Share Loss on Investment in Associates	-24,088	-	-	-
Reversal (loss) of Impairment on Investment in Associates	-44,162	-	-	-
Loss on impairment of goodwill	-	-	-121,709	-
Loss on indemnity claims	-	-	-11,812	-
<b>Total Expenses</b>	<b>-380,144</b>	<b>-347,910</b>	<b>-368,048</b>	<b>-129,873</b>
<b>Profit (Loss) before Finance Cost and Income Tax</b>	<b>-194,935</b>	<b>-132,615</b>	<b>-139,275</b>	<b>16,087</b>
Financial Cost	-601	-2,025	-2,984	-4,050
<b>Profit (Loss) before Income Tax Expenses</b>	<b>-195,536</b>	<b>-134,640</b>	<b>-142,259</b>	<b>12,037</b>
Tax Expenses	-	-	10,743	-6,963
<b>Profit (Loss) for the Year</b>	<b>-195,536</b>	<b>-134,640</b>	<b>-131,516</b>	<b>5,074</b>
<b>Other Comprehensive Income (Expense)</b>				
Reversal on Tax Income (Tax Expenses) Related to Revaluation Surplus of Land	-	-	-	-
Re-measurement of Employee Benefit Obligations	1,907	-	288	-
<b>Other Comprehensive Income for the Year, Net of Tax</b>	<b>1,907</b>	<b>-</b>	<b>288</b>	<b>-</b>
<b>Total Comprehensive Income (Loss) for the Year</b>	<b>-193,629</b>	<b>-134,640</b>	<b>-131,227</b>	<b>5,074</b>

■ Statements of Cashflow

Unit : '000 Baht	Audited Statements of Financial Position As at			Reviewed
	31 December 2015	2 <sup>nd</sup> Quarter 2018	31 December 2017	2 <sup>nd</sup> Quarter 2018
<b>Cash Flows from Operating Activities</b>				
Loss before Income Tax for the Year from Continuing Operations	-195,536	-134,640	-142,259	12,037
<b>Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided</b>				
Share of Loss on Investment in Associates	24,088	-	-	-
Reversal (loss) on Impairment in Associate	44,162	-	-	-
Deferred Gain on Sale and Leaseback Transaction	-388	-932	-932	-466
Gain on Disposal of Investment in Associate	-	-7,129	-	-
Depreciation	9,956	16,217	19,582	16,944
Gain on disposal of assets	-	-	-2,657	-
Amortization and Written - Off Assets	-458	11,816	1,160	67
Loss on written-off assets	-	-	-	1,640
Loss on impairment of goodwill	-	-	121,709	-
Doubtful Debt	1,027	83,062	-5,026	-
Reversal of doubtful debt	-	-	-	-4,687
Loss on Allowance for Devaluation of Inventories	25,149	8,459	-	5,323
Loss on Indemnity Claims	-	-	11,812	-
Interest Income	-1,393	-1,382	-1,736	-4,024
Interest Expense	601	2,025	2,984	4,050
Unrealized (gain) Loss on Exchange Rates	-1,830	-1,102	4,764	-454
Unrealized gain on fair value measurement of mutual fund	-	-	-	-124
Employee Benefit Liabilities	756	683	1,408	148
<b>Loss from Operations before Changes in Operating Assets and Liabilities</b>	<b>-93,866</b>	<b>-22,923</b>	<b>13,464</b>	<b>30,454</b>
<b>Operating Assets (increase) Decrease</b>				



Unit : '000 Baht	Audited Statements of Financial Position As at			Reviewed
	31 December 2015	2 <sup>nd</sup> Quarter 2018	31 December 2017	2 <sup>nd</sup> Quarter 2018
Trade and other Receivables	20,731	-16,800	-23,148	5,516
Inventories	42,938	19,086	-3,208	-14,281
Other Current Assets	-1,145	1,151	-	-
Other Non-Current Assets	-	-	-	-3,093
<b>Operating Liabilities Increase (Decrease)</b>				
Trade and Other Payable	24,549	-13,048	5,572	-11,954
Other Non-Current Liabilities	-200	-	-45	145
<b>Cash Paid in Operating Activities</b>	<b>-6,993</b>	<b>-32,533</b>	<b>-7,366</b>	<b>6,787</b>
Interest Income	332	891	353	306
Interest Expense	-601	-51	-1,037	-22
Cash Paid for Corporate Income Tax	-774	-116	-550	-3,448
<b>Net Cash Used in Operating Activities</b>	<b>-8,035</b>	<b>-31,810</b>	<b>-8,600</b>	<b>3,623</b>
<b>Cash Flows from Investing Activities</b>				
Temporary Investments	-	49,190	-113,738	113,254
Paid for temporary investment	-	-	-	-30,000
Deposits at financial institution used as collateral				2,057
Cash Proceed from Disposal of Investment in Associate	-	23,000	-	-
Short-term Loans to Related Parties	-14,000	6,043	-7,043	223
Long-Term Loans to Related Parties	-	-51,682	-	-
Investments in Associate and Transaction Cost	-99,120	-	-	-
Cash Paid for Investment in Subsidiary	-	-	-346,543	-
Cash Proceed from Disposal of Assets	44,091	-	15	-
Purchases of Fixed Assets and Intangible Assets	-11,424	-11,507	-6,301	-9,704
Received Advances for Share Subscription	-	-	5,000	-
Cash Received on Disposal of Fixed Assets	-	-	-14	-
Advance Receives for Share	15,000	-	-	-

Unit : '000 Baht	Audited Statements of Financial Position As at			Reviewed
	31 December 2015	2 <sup>nd</sup> Quarter 2018	31 December 2017	2 <sup>nd</sup> Quarter 2018
Disposal Cash refunded from advance payment for share subscription	-	-	-	2,000
<b>Net Cash Used in Investing Activities</b>	<b>-65,453</b>	<b>-34,146</b>	<b>-468,625</b>	<b>77,830</b>
<b>Cash Flows from Financing Activities</b>				
Bank Overdraft	1,848	148	4	-1,999
Increase of Share Capital	190,752	32,830	370,445	-
Cash Received from Sale and Financial Leaseback Transaction	29,600	-	-	-
Cash Received from Bill of Exchange	-	-	-104,760	-
Cash Received from Convertible Debentures	-	-	-	-107,557
Payment for Lease Payable	-594	-2,028	-2,110	-2,664
<b>Net Cash Provided by (Used In) Financing Activities</b>	<b>221,607</b>	<b>30,950</b>	<b>473,099</b>	<b>-112,200</b>
<b>Effect from Changes in Exchange Rate of Cash and Cash Equivalents</b>	<b>98</b>	<b>450</b>	<b>-1,203</b>	<b>868</b>
Net Increase (Decrease) in Cash and Cash Equivalents	148,216	-34,374	-5,329	-29,899
Cash and Cash Equivalents as at Beginning of the Period	32,149	110,669	125,485	120,157
<b>Cash and Cash Equivalents as at the End of the Period</b>	<b>180,365</b>	<b>125,485</b>	<b>120,156</b>	<b>90,258</b>

■ Key Financial Ratio

Financial Ratio	2015	2016	2017	2 <sup>nd</sup> Quarter 2018
<b>Liquidity Ratio</b>				
Current Ratio (Times)	7.26	11.38	3.01	11.12
Quich Ratio (Times)	4.76	8.53	1.53	4.89
Cash Ratio (Times)	-0.25	-0.82	-0.10	0.04
<b>Profitability Ratio</b>				
Gross Profit Margin	-12.71%	21.47%	34.59%	55.90%
Net Profit Margin	-104.55%	-62.54%	-64.95%	3.46%
Return on Equity	-46.54%	-37.02%	-30.41%	0.91%

<b>Financial Ratio</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2<sup>nd</sup> Quarter 2018</b>
<b>Efficiency Ratio</b>				
Return on Assets	-40.77%	-29.78%	-21.92%	0.67%
Total Assets Turnover (Times)	0.39	0.48	0.34	0.19
<b>Financial Policy Ratio</b>				
Leverage Ratio (Cash Basis)	0.25	0.24	0.47	0.26

## **5.2 Financial Analysis and the Performance of the Company**

### **5.2.1 Management Discussion and Analysis**

In the 2<sup>nd</sup> quarter of 2018, the Company had income from the sale of goods and provision of services which increased from Baht 96.06 Million to Baht 141.29 Million by Baht 45.23 Million or equivalent to 47.09% when compared with the same period of the previous year as a result of a reduction in the income from the sale of goods in the amount of Baht 9.26 Million or equivalent to 9.64% and the income from the billboard rental service invested by the Company in October 2017 in the amount of Baht 54.49 Million. The cost of sale of goods and provision of services increased by Baht 28.76 Million from the previous year or equivalent to 4.92%. The said increase was caused mainly by the cost of billboard rental service of Baht 27.84 Million.

Gross profit in the 2<sup>nd</sup> quarter of 2018, when compared with the same period of the previous year, increased from Baht 32.05 Million to Baht 48.52 Million by Baht 16.78 Million or 51.42%. The increase was caused mainly by the income from the billboard rental service which had gross profit at a rate of 48.92%.

Other income in the 2<sup>nd</sup> quarter of 2018, when compared with the same period of the previous year, increased by from Baht 2.72 Million to Baht 5.42 Million by Baht 2.69 Million or 99.00%. The increase was caused mainly by the income from interest on the fund invested in the short-term bill of exchange.

#### **Sale Expense**

The Company's sale expense in the 2<sup>nd</sup> quarter of 2018 was Baht 5.68 Million or 4.02% of the total income from the sale of goods and provision of services. When compared with the same period of the previous year where the sale expense was equivalent to Baht 3.19 Million, it increased by Baht 2.50 Million or 78.31%. In this regard, the sale expense increased mainly because of the business of billboard rental service invested by the Company during the end of the previous year.

#### **Administrative Expense**

In the 2<sup>nd</sup> quarter of 2018, the administrative expense was in the amount of Baht 28.43 Million or 20.12% of the total income of the sale of goods and provision of services. It increased by Baht 7.00 Million when compared with the same period of the previous year where the administrative expense was equivalent to Baht 21.42 Million. In this regard, the administrative expense increased mainly because of the business of billboard rental service invested by the Company during the end of the previous year.

#### **Loss from Disposition of Fund Invested in Subsidiary**

In the 2<sup>nd</sup> quarter of 2018, the Company suffered the loss from the disposition of investment fund that decreased by Baht 0.03 Million when compared with the same period of the previous year as in the 2<sup>nd</sup> quarter of 2017, the loss was caused by the disposition of the investment fund in Thai Prime Investment Co., Ltd.

#### **Loss from Exchange Rate**

In the 2<sup>nd</sup> quarter of 2018, the Company suffered the loss from exchange rate in the amount of Baht 0.75 million or 0.86% of the sale of goods. The loss reduced from the same period of the previous year due to the fluctuation of the Thai Baht.

#### **Finance Cost**

In the 2<sup>nd</sup> quarter of 2018, the Company's finance cost was Baht 4.05 Million which increased by Baht 3.06 Million when compared with the same period of the previous year where the finance cost was Baht 0.99 Million. The increased amount consisted of the payable interest of the Company and its subsidiaries in the amount of Baht 0.26 Million and the interest under the financial lease in the amount of Baht 2.80 Million.

#### **Income Tax Expense**

In the 2<sup>nd</sup> quarter of 2018, the Company had income tax expense in the amount of Baht 6.96 million which incurred from deferred tax asset in the amount of Baht 2.51 Million and corporate income tax of the subsidiaries in the amount of Baht 4.45 Million.

#### **Net Profit (Loss)**

The Company's net profit (loss) in the 2<sup>nd</sup> quarter of 2018 and the 2<sup>nd</sup> quarter of 2017 was equivalent to 5.07 and 0.80 respectively, which were equivalent to the rate of net profit (loss) at 3.59% and 0.57% of the total income of the Company respectively. The main factor which resulted in a substantial difference between the net profit(loss) and the rate of net profit (loss) in the 2<sup>nd</sup> quarter of 2018 and the performance in the 2<sup>nd</sup> quarter of 2017 was the income which increased from the business of billboard rental service.

## 5.2.2 Financial Status

### ✦ Assets

The Company's total assets as of June 30, 2018 was equivalent to Baht 702.00 Million which decreased by Baht 110.85 Million which consisted of current assets of Baht 335.77 Million which decreased by Baht 103.75 Million from the end of the previous year and non-current assets of Baht 366.24 Million which decreased by Baht 7.09 Million from the end of the previous year as a result of a decrease in cash and cash equivalent of Baht 29.90 Million, temporary investment fund of Baht 84.64 Million, account receivable of Baht 6.18 Million, deposit at financial institutions used as collateral of Baht 2.06 Million, net depreciation of building and equipment of Baht 3.83 Million. The deferred tax asset decreased by Baht 4.32 Million. The inventory increased by Baht 8.96 Million. The amount of loan lent to other businesses increased by Bath 5.00 Million. The advance payment of shares and accrued interest increased by Baht 3 Million and other assets decreased by Baht 3.11 Million.

### ✦ Liabilities

The Company's total liabilities as of June 30, 2018 decreased by Baht 115.92 Million or 222.96% which consisted of current liabilities of Baht 30.20 Million which decreased by Baht 115.93 Million from the end of the previous year and non-current liabilities of Baht 114.68 Million which increased by Baht 14.00 Million from the end of the previous year. The main factor was a reduction in account payables and overdrawn amount.

### ✦ Shareholders' Equity

The Company's equity as of June 30, 2018 was Baht 557.13 Million which increased by Baht 5.07 Million or 0.72% from the end of the previous year as a result of the profit in the 2<sup>nd</sup> quarter of 2018.

## (5) Other information which may materially affect the decision making of investors (if any)

Please consider the details of the Asset Acquisition and Disposal Transactions contained in the Information Memorandum on Acquisition and Disposal of Assets under Schedule (1).

## (6) Pending Material Lawsuits or Claims

On December 1, 2016, the Company filed a civil lawsuit against Mrs. Pornparn Siriwong Na Ayudhaya (Black Case No. Por 2516/2559) for the breach of promissory notes in order to demand for principle payment in the amount of Baht 70 Million with interest at a rate of 3.5% per annum from July 31,

2015 until the date of filing totaling Baht 73.29 Million plus interest at a rate of 3.5% of principle per annum from the date of filing until the completion of payment.

On 12 September 2017, the Company and Ms. Pornpan entered into the Settlement Agreement before the court, Ms. Pornpan has agreed to make a repayment of Baht 73.29 Million (the principal of Baht 70 Million and outstanding interest of Baht 3.29 Million calculated up to December 1, 2016) together with an interest at the rate of 3.5% per annum from June 16, 2017 until the payment is fully made.

In addition, in the event that Ms. Pornpan defaults on the installment, the Company will make a legal execution on the total outstanding liabilities and charge interest at the rate of 7.5% per annum based on the outstanding balances from the default date until the complete settlement date.

During 2017, the Company received repayment and recorded reversal of allowance for doubtful debt accounts of Baht 7 Million in the consolidated and company statements of comprehensive income for the year ended 31 December 2017.

On 15 May 2018, the Civil Court determined a verdict to proceed with an execution of Miss Phornphan's property and the Execution Officer executed ordinary shares under Miss Phornphan's right which will arrange an auction in October 2018.

In addition, An ex-staff of the Company had an agreement with the ex-director of the Company regarding change to work with the ex-director's company starting on 1 September 2016. She was terminated on 30 June 2017 with the unjustified basis and no payment of compensation made. The termination was not carried out by the Company. On 7 August 2018, the staff made a lawsuit claim against the Company, the ex-director's company and the ex-director as joint defendants for payment of compensation totaling Baht 0.34 million. The Central Labor Court scheduled for consideration of this litigation on 10 September 2018.

**(7) Interests or Connected Transactions Between the Listed Company and Directors, Management and Shareholders Directly or Indirectly Holding Shares Amounting to 10 Percent to More**

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:

<u>Company's name / Person</u>	<u>Country</u>	<u>Relationship Nature</u>	<u>Related by</u>
EIC Semiconductor Co., Ltd.	Thailand	Subsidiary	Direct shareholding
S.Thana Co., Ltd.	Thailand	Subsidiary	Direct shareholding
Unitop Rubber Co., Ltd.	Thailand	Related party	Common director and

Company's name / Person	Country	Relationship Nature	Related by
LED Lighting Co., Ltd.	Thailand	Related party	shareholding with subsidiaries Common director with subsidiary

Pricing policies for related transactions are as follows:

Transactions	Pricing policy
Rental Income	Mutually agreed price
Interest Income	Contract price

Transactions with related parties for the three-month and six-month periods ended 30 June 2018 and 2017 were as follows:

(Unit : Thousand Baht)

	Consolidated		The Company	
	For the three-month periods ended 30 June			
	2018	2017	2018	2017
<b>Interest Income</b>				
LED Lighting Co., Ltd.	112	59	-	-
<b>Other Income</b>				
Unitop Rubber Co., Ltd.	174	173	-	-
<b>Remunerations for directors and management</b>				
Short-term Employee Benefits	3,490	3,366	1,579	1,822
Retirement Benefit Expenses	151	-	108	-
	3,641	3,366	1,687	1,822

(Unit : Thousand Baht)

	Consolidated		The Company	
	For the six-month periods ended 30 June			
	2018	2017	2018	2017
<b>Interest Income</b>				
LED Lighting Co., Ltd.	223	118	-	-
<b>Other Income</b>				
Unitop Rubber Co., Ltd.	347	338	-	-

	(Unit : Thousand Baht)			
	Consolidated		The Company	
	For the six-month periods ended 30 June			
	2018	2017	2018	2017
<b>Purchases Assets</b>				
LED Lighting Co., Ltd.	-	10	-	-
<b>Remunerations for directors and management</b>				
Short-term Employee Benefits	7,378	6,529	3,510	3,432
Retirement Benefit Expenses	301	-	208	-
	<u>7,679</u>	<u>6,529</u>	<u>3,718</u>	<u>3,432</u>

Outstanding balances with related companies as at 30 June 2018 and 31 December 2017 were as follows:

	(Unit : Thousand Baht)			
	Consolidated		The Company	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
<b>Short-term Loan to Related Company**</b>				
EIC Semiconductor Co., Ltd.	-	-	2,000	2,000
LED Lighting Co., Ltd.	15,000	15,000	-	-
	<u>15,000</u>	<u>15,000</u>	<u>2,000</u>	<u>2,000</u>
<b>Short-term Loan to Subsidiary*</b>				
EIC Semiconductor Co., Ltd.	-	-	63,420	63,420
LED Lighting Co., Ltd.	-	-	6,500	-
	<u>-</u>	<u>-</u>	<u>69,920</u>	<u>63,420</u>

\*This represented unsecured loan denominated in Baht to subsidiary (EIC Semiconductor Co., Ltd.) which will be due at call and free of interest charge.

\*\*Short-term loan to related company (LED Lighting Co., Ltd.) represented promissory notes denominated in Baht which will be due at call and bear interest at the rate of 3% per annum.

\*\*\*Short-term loan from subsidiary (EIC Semiconductor Co., Ltd.) represented promissory notes denominated in Baht which was due on 22 July 2018 with free of interest charge. This promissory note has been extended the due date to be due on 30 June 2019.



\*\*\*\*Short-term loan from subsidiary (S.Thana Media Co., Ltd.) represented promissory notes denominated in Baht which will be due at call and bear interest at the rate of 5% per annum.

#### **(8) Summaries of Material Contracts During the Past 2 Years**

Material contracts during the past 2 years are as follows:

1) On July 7, 2015, the Company entered into the agreement to purchase the shares of Thai Prime Investments Limited from the existing shareholder without consideration and sold those shares to the third person on January 6, 2017;

2) On June 29, 2016, the Company entered into the agreement to sell 391,800 shares of Smart Traffic Limited' shares representing 3.26% to the existing shareholders at the price of Baht 20 Million and on December 19, 2016, the Company sold 3,232,200 remaining shares representing 26.94% to the third person in the amount of Baht 18 Million.

3) On October 5, 2017, the Company purchased 50,000 shares of S. Thana Media Co., Ltd. representing 100 percent from the existing shareholders at the price of Baht 372 Million.

The Board of Directs of the Company hereby certified that the information contained in this report is true and complete in all respects.

Please be informed accordingly.

Sincerely yours,

-Mr. Kusol Sangkananta- / -Mr. Kosol Phosuwan-

(Mr. Kusol Sangkananta / Mr. Kosol Phosuwan)

Director/Chief Executive Officer