

# **Draco PCB Public Company Limited**

Financial statements for the year ended  
31 December 2015

and

Independent Auditor's Report



**KPMG Phoomchai Audit Ltd.**  
50<sup>th</sup>-5<sup>th</sup> Floors, Empire Tower  
1 South Sathorn Rd., Yannawa  
Sathorn, Bangkok 10120, Thailand

บริษัท เคพีเอ็มจี ภูมิภาค ไทย สอนบชัย จำกัด  
ชั้น 50-51 เอ็มไพร์ทาวเวอร์  
1 ถนนสาทรใต้ แขวงยานนาวา  
เขตสาทร กรุงเทพฯ 10120

Tel: +66 2377 2000  
Fax: +66 2377 2222  
www.kpmg.co.th

## Independent Auditor's Report

### To the Shareholders of Draco PCB Public Company Limited

I have audited the accompanying financial statements of Draco PCB Public Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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 audit opinion.



*Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

A handwritten signature in blue ink, appearing to be 'Santi Pongjareanpit', written in a cursive style.

(Santi Pongjareanpit)  
Certified Public Accountant  
Registration No. 4623

KPMG Phoomchai Audit Ltd.  
Bangkok  
26 February 2016

**Draco PCB Public Company Limited**  
**Statement of financial position**

<b>Assets</b>	<i>Note</i>	31 December	
		2015	2014
		<i>(in Baht)</i>	
<b><i>Current assets</i></b>			
Cash and cash equivalents	5	163,459,431	123,138,336
Current investments	6	945,668	550,932,654
Trade accounts receivable	4, 7	326,772,859	225,110,540
Other receivables	8, 35	15,192,297	13,928,919
Refundable value added tax	9, 35	69,577,355	57,268,835
Refundable corporate income tax	35	1,570,688	1,032,605
Inventories	10	340,050,260	272,241,947
<b>Total current assets</b>		<b><u>917,568,558</u></b>	<b><u>1,243,653,836</u></b>
<b><i>Non-current assets</i></b>			
Deposits with financial institutions used as collateral	13	2,000,000	2,000,000
Property, plant and equipment	11	1,165,296,447	898,017,366
Deferred tax assets	12	12,089,767	16,238,253
Other non-current assets		124,514	124,514
<b>Total non-current assets</b>		<b><u>1,179,510,728</u></b>	<b><u>916,380,133</u></b>
<b>Total assets</b>		<b><u>2,097,079,286</u></b>	<b><u>2,160,033,969</u></b>

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

**Draco PCB Public Company Limited**  
**Statement of financial position**

<b>Liabilities and equity</b>	<i>Note</i>	31 December	
		2015	2014
		<i>(in Baht)</i>	
<b><i>Current liabilities</i></b>			
Short-term loans from financial institutions	13	37,442,344	101,372,390
Trade accounts payable	4, 14	282,095,784	177,036,723
Current portion of long-term loan			
from financial institution	13	46,440,000	11,000,000
Other payables	4, 15	99,308,774	81,913,587
<b>Total current liabilities</b>		<b>465,286,902</b>	<b>371,322,700</b>
<b><i>Non-current liabilities</i></b>			
Long-term loan from financial institution	13	101,670,000	82,000,000
Convertible debentures	13, 16	400,611,631	556,343,214
Employee benefit obligations	17	12,791,039	4,195,058
<b>Total non-current liabilities</b>		<b>515,072,670</b>	<b>642,538,272</b>
<b>Total liabilities</b>		<b>980,359,572</b>	<b>1,013,860,972</b>
<b><i>Equity</i></b>			
Share capital:	18		
Authorised share capital		323,241,112	323,241,112
Issued and paid-up share capital	18	247,158,241	215,830,000
Premium on ordinary shares	18	543,298,538	405,721,115
Retained earnings:			
Legal reserve	19	30,000,000	30,000,000
Unappropriated		266,229,877	452,222,270
Convertible rights of debentures	16	30,033,058	42,399,612
<b>Total equity</b>		<b>1,116,719,714</b>	<b>1,146,172,997</b>
<b>Total liabilities and equity</b>		<b>2,097,079,286</b>	<b>2,160,033,969</b>

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

**Draco PCB Public Company Limited**  
**Statement of comprehensive income**

		For the year ended	
		31 December	
	<i>Note</i>	2015	2014
		<i>(in Baht)</i>	
<b>Income</b>			
Revenue from sale of goods	20, 28	1,286,990,603	1,046,045,623
Net gains on exchange rate		205,485	4,872,193
Other income	21	35,410,649	33,914,596
<b>Total income</b>		<b><u>1,322,606,737</u></b>	<b><u>1,084,832,412</u></b>
<b>Expenses</b>			
Cost of sales of goods	10, 35	1,330,338,409	1,048,081,655
Selling expenses	22, 35	38,481,465	29,206,933
Administrative expenses	23	83,004,758	53,331,557
Finance cost	26	22,998,554	19,705,996
<b>Total expenses</b>		<b><u>1,474,823,186</u></b>	<b><u>1,150,326,141</u></b>
<b>Loss before income tax (benefits) expense</b>		<b>(152,216,449)</b>	<b>(65,493,729)</b>
Income tax (benefits) expense	27	5,130,812	(12,810,692)
<b>Loss for the year</b>		<b><u>(157,347,261)</u></b>	<b><u>(52,683,037)</u></b>
<b>Other comprehensive income</b>			
Defined benefit plan actuarial gains (loss)	17	(4,911,633)	15,904,285
Income tax benefit (expenses) on other comprehensive income	27	982,326	(3,180,857)
<b>Other comprehensive income (loss) for the year</b>		<b><u>(3,929,307)</u></b>	<b><u>12,723,428</u></b>
<b>Total comprehensive loss for the year</b>		<b><u>(161,276,568)</u></b>	<b><u>(39,959,609)</u></b>
<b>Earnings per share</b>			
Basic loss per share <i>(in Baht)</i>	29	(0.64)	(0.24)

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

## Draco PCB Public Company Limited

### Statement of changes in equity

	Note	Issued and paid-up share capital	Premium ordinary shares	Retained earnings		Other components of equity	Total equity
				Legal reserve	Unappropriated	Convertible right of debentures	
<b>Year ended 31 December 2014</b>							
<b>Balance at 1 January 2014</b>		<b>215,830,000</b>	<b>405,721,115</b>	<b>30,000,000</b>	<b>513,734,229</b>	-	<b>1,165,285,344</b>
<b>Transactions with owners, recorded directly in equity</b>							
<i>Contributions by and distributions to owners of the Company</i>							
Convertible debentures issue to owners of the Company	16	-	-	-	-	42,399,612	42,399,612
Dividends to owners of the Company	30	-	-	-	(21,552,350)	-	(21,552,350)
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,552,350)</b>	<b>42,399,612</b>	<b>20,847,262</b>
<b>Comprehensive income for the year</b>							
Loss		-	-	-	(52,683,037)	-	(52,683,037)
Other comprehensive income		-	-	-	12,723,428	-	12,723,428
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(39,959,609)</b>	<b>-</b>	<b>(39,959,609)</b>
<b>Balance at 31 December 2014</b>		<b>215,830,000</b>	<b>405,721,115</b>	<b>30,000,000</b>	<b>452,222,270</b>	<b>42,399,612</b>	<b>1,146,172,997</b>

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

## Draco PCB Public Company Limited

### Statement of changes in equity

	Note	Issued and paid-up share capital	Premium ordinary shares	Retained earnings		Other	Total equity
				Legal reserve	Unappropriated	components of equity	
						Convertible right of debentures	
				<i>(in Baht)</i>			
<b>Year ended 31 December 2015</b>							
<b>Balance at 1 January 2015</b>		<b>215,830,000</b>	<b>405,721,115</b>	<b>30,000,000</b>	<b>452,222,270</b>	<b>42,399,612</b>	<b>1,146,172,997</b>
<b>Transactions with owners, recorded directly in equity</b>							
<i>Contributions by and distributions to owners of the Company</i>							
Conversion of convertible debenture to equity	16, 18	31,328,241	137,577,423	-	-	(12,366,554)	156,539,110
Dividends to owners of the Company	30	-	-	-	(24,715,825)	-	(24,715,825)
<b>Total transactions with owners, recorded directly in equity</b>		<b>31,328,241</b>	<b>137,577,423</b>	<b>-</b>	<b>(24,715,825)</b>	<b>(12,366,554)</b>	<b>131,823,285</b>
<b>Comprehensive income for the year</b>							
Loss		-	-	-	(157,347,261)	-	(157,347,261)
Other comprehensive income		-	-	-	(3,929,307)	-	(3,929,307)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(161,276,568)</b>	<b>-</b>	<b>(161,276,568)</b>
<b>Balance at 31 December 2015</b>		<b>247,158,241</b>	<b>543,298,538</b>	<b>30,000,000</b>	<b>266,229,877</b>	<b>30,033,058</b>	<b>1,116,719,714</b>

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

# Draco PCB Public Company Limited

## Statement of cash flows

		Year ended 31 December	
	Note	2015	2014
		(in Baht)	
<b><i>Cash flows from operating activities</i></b>			
Loss for the year		(157,347,261)	(52,683,037)
<b><i>Adjustments for</i></b>			
Depreciation	11, 25	72,505,953	66,671,210
Allowance for loss on decline in value of inventories	10	7,982,034	8,041,661
Impairment losses on plant and equipment	11, 25	16,137,160	-
Unrealised gain on current investment		(13,014)	(17,573)
Interest income		(6,466,419)	(5,767,517)
Finance costs		22,998,554	19,705,996
Unrealised loss on exchange		3,047,529	805,905
Gain on disposal of property, plant and equipment		(56,074)	(65,420)
Employee benefit expenses		4,051,348	4,133,044
Income tax (benefits) expense	27	5,130,812	(12,810,692)
		<u>(32,029,378)</u>	<u>28,013,577</u>
<b><i>Changes in operating assets and liabilities</i></b>			
Trade accounts receivable		(98,281,816)	(37,068,410)
Other receivables		(15,983,718)	(4,542,116)
Inventories		(75,790,347)	(88,750,794)
Trade accounts payable		102,552,077	66,567,963
Other payables		(140,037,439)	1,260,804
Other non-current assets		-	3,000
Cash used in operating activities		<u>(259,570,621)</u>	<u>(34,515,976)</u>
Employee benefit paid		(367,000)	(631,550)
Income tax paid		-	(3,658,781)
<b>Net cash used in operating activities</b>		<b><u>(259,937,621)</u></b>	<b><u>(38,806,307)</u></b>

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

# Draco PCB Public Company Limited

## Statement of cash flows

	Note	Year ended 31 December	
		2015	2014
		<i>(in Baht)</i>	
<b><i>Cash flows from investing activities</i></b>			
Interest received		8,367,308	7,491,157
Purchase of current investments		-	(600,000,000)
Redemption of current investment		550,000,000	130,000,000
Purchases of property, plant and equipment		(185,972,664)	(224,072,542)
Sale of property, plant and equipment		56,075	65,420
Decrease in deposits with financial institutions used as collateral		-	70,000,000
<b>Net cash from (used in) investing activities</b>		<b>372,450,719</b>	<b>(616,515,965)</b>
<b><i>Cash flows from financing activities</i></b>			
Interest paid		(32,598,949)	(8,132,408)
Dividends paid	30	(24,689,994)	(21,552,350)
Proceeds from short-term loans from financial institution		144,664,716	119,569,454
Repayment from short-term loans from financial institution		(208,870,360)	(108,637,022)
Proceeds from long-term loans from financial institution		80,000,000	93,000,000
Repayment from long-term loans financial institution		(24,890,000)	-
Proceeds from convertible debentures	16	-	600,000,000
Transaction costs from issue of convertible debentures	16	-	(4,479,877)
Repayment of convertible debentures		(5,827,500)	-
<b>Net cash from (used in) financing activities</b>		<b>(72,212,087)</b>	<b>669,767,797</b>
<b>Net increase in cash and cash equivalents</b>		<b>40,301,011</b>	<b>14,445,525</b>
Cash and cash equivalents at 1 January		123,138,336	108,775,014
Effect of exchange rate changes on balances held in foreign currencies		20,084	(82,203)
<b>Cash and cash equivalents at 31 December</b>	5	<b>163,459,431</b>	<b>123,138,336</b>
<b>Non-cash transactions</b>			
Unpaid liabilities for purchases of property, plant and equipment		43,010,277	597,409
Conversion of convertible debenture to equity		162,366,610	-

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

# Draco PCB Public Company Limited

## Notes to the financial statements

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Current investments
7	Trade accounts receivable
8	Other receivables
9	Refundable value added tax
10	Inventories
11	Property, plant and equipment
12	Deferred tax
13	Interest-bearing liabilities
14	Trade accounts payable
15	Other payables
16	Convertible debenture
17	Employee benefit obligations
18	Share capital
19	Reserves
20	Segment information
21	Other income
22	Selling expenses
23	Administrative expenses
24	Employee benefit expenses
25	Expenses by nature
26	Finance costs
27	Income tax expense
28	Promotional privileges
29	Loss per share
30	Dividends
31	Financial instruments
32	Commitments with non-related parties
33	Contingent liabilities
34	Thai Financial Reporting Standards (TFRS) not yet adopted
35	Reclassification of accounts

# Draco PCB Public Company Limited

## Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 26 February 2016.

### 1 General information

Draco PCB Public Company Limited (“the Company”) is incorporated in Thailand and its registered office at 152 Moo 5 Bangkadi Industrial Park, Tiwanon Road, Muang, Pathumthani.

The Company was listed on the Stock Exchange of Thailand in June 1993.

The Company’s major shareholder during the financial period was Chin-Poon Industrial Co., Ltd (52.59% *shareholding*), a company incorporated in Taiwan and Roengpithya family (14.66% *shareholding*)

The principal business of the Company is the manufacture and sale of printed circuit boards (PCB) for electronic component parts.

### 2 Basis of preparation of the financial statements

#### (a) *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Company’s operations are disclosed in note 34.

#### (b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement bases</i>
Current investment	Fair value
Net defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 3 (1)

#### (c) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

# Draco PCB Public Company Limited

## Notes to the financial statements

### (d) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### (i) Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 3(q)	Current and deferred taxation
Note 3(k)	Key assumptions used in discounted cash flow projections
Note 17	Measurement of defined benefit obligations
Note 27	Utilisation of tax losses
Note 16 & 31	Valuation of financial instruments

#### *Measurement of fair values*

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Company Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

# Draco PCB Public Company Limited

## Notes to the financial statements

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 11 Key assumptions used in discounted cash flow projections
- Note 17 Measurement of defined benefit obligations
- Note 31 Valuation of financial instruments

### *Use of going concern basis of accounting*

As explained in note 13, management has negotiated with a bank since the Company exceeded its maximum leverage threshold in 2015 resulting in the waiver of the breach of covenant being issued by the bank in December 2015. The bank agreed lenient requirement condition. In the case, the Company did not breach in 2015. However, subsequent to 31 December 2015, the Company must not create any liability, obligation, loan from or guarantee by any person as a result in breach loan contract condition by debt to equity ratio and DSCR ratio. The management believes that there is sufficient working capital and financial resources available to the Company to enable it to meet its financial liabilities and that consequently there is no material uncertainty facing the business and the risk of the new covenant being breached is low and therefore the Company will continue as a going concern for the foreseeable future.

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **(a) Foreign currencies**

##### *Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

#### **(b) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### **(c) Trade and other accounts receivable**

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

# **Draco PCB Public Company Limited**

## **Notes to the financial statements**

### **(d) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the first in first out principle for raw materials and weighted average cost principle for work-in-process and finished goods, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

### **(e) Investments**

#### *Investments in debt and equity securities*

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

#### *Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

### **(f) Property, plant and equipment**

#### *Recognition and measurement*

##### *Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable

## **Draco PCB Public Company Limited**

### **Notes to the financial statements**

to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

#### *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and other constructions	20 years
Machinery and equipment	3 - 15 years
Furniture, fixtures and office equipment	3 - 10 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

#### **(g) Impairment**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

## **Draco PCB Public Company Limited**

### **Notes to the financial statements**

#### *Calculation of recoverable amount*

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### *Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

#### **(h) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

#### **(i) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

#### **(j) Convertible debenture**

Convertible debenture denominated in Thai Baht that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The equity component of convertible debenture is initially recognised at the fair value of an equity conversion option. The liability component is initially recognised at the difference between the fair value of the convertible debenture as a whole and the fair value of the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a convertible debenture is measured at amortised cost using the effective interest method. The equity component of a convertible debenture is not remeasured.

Interest related to the financial liabilities is recognised in profit and loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognised.

## **Draco PCB Public Company Limited**

### **Notes to the financial statements**

#### **(k) Employee benefits**

##### *Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

##### *Defined benefit plans*

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

##### *Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

##### *Termination benefits*

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

##### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

# **Draco PCB Public Company Limited**

## **Notes to the financial statements**

### **(l) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### **(m) Share capital**

#### *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

### **(n) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

#### *Sale of goods and services rendered*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

#### *Investments*

Revenue from investments comprises interest income bank deposits.

#### *Dividend income*

Dividend income is recognised in profit or loss on the date the Company's right to receive payments is established.

#### *Interest income*

Interest income is recognised in profit or loss as it accrues.

### **(o) Finance costs**

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

### **(p) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

## **Draco PCB Public Company Limited**

### **Notes to the financial statements**

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

#### *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

#### **(q) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at

# Draco PCB Public Company Limited

## Notes to the financial statements

each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (r) *Earnings per share*

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise convertible debenture.

### (s) *Segment reporting*

Segment results that are reported to the Company's chief operating decision maker include items directly attributable to a segment.

## 4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationship with key management and related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Chin-Poon Industrial Co., Ltd.	Taiwan	Major shareholder, 52.59% shareholding
Chin-Poon (Changshu) Electronics Co., Ltd	China	Entity under common control of major shareholder
Chin-Poon Holding Cayman Ltd.	Cayman islands	Entity under common control of major shareholder
Viptel Co., Ltd.	Thailand	Entity under common key management personnel
Key management personnel	Thai, Taiwanese	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Draco PCB Public Company Limited**  
**Notes to the financial statements**

The pricing policies for particular types of transactions are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Sales of goods	Cost plus margin
Purchase of goods	Agreed-upon basis based on market price
Receiving of technical assistant service	1,200,000 Baht per annum
Receiving of management and consultant service	600,000 Baht per annum
Interest expense	5.19% per annum

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	2015	2014
	<i>(in thousand Baht)</i>	
<b>Related parties</b>		
Sales of goods	102,703	41,244
Purchases of goods	95,066	2,192
Receiving of technical assistant service	4,987	2,699
Receiving of management and consultant service	780	780
Interest expense	13,847	8,418
<b>Key management personnel</b>		
Key management personnel compensation	19,039	18,979
Interest expense	1,612	592

**Draco PCB Public Company Limited**  
**Notes to the financial statements**

Balances as at 31 December with related parties were as follows:

	2015	2014
	<i>(in thousand Baht)</i>	
<b><i>Trade accounts receivable from related parties</i></b>		
Chin-Poon Industrial Co., Ltd.	6,680	808
Chin-Poon Holdings Cayman Ltd.	4,079	9,406
Chin-Poon (Changshu) Eletronics Co., Ltd.	-	41
<b>Total</b>	<b><u>10,759</u></b>	<b><u>10,255</u></b>
<b><i>Trade accounts payable to related parties</i></b>		
Chin-Poon (Changshu) Eletronics Co., Ltd.	62,424	-
Chin-Poon Industrial Co., Ltd.	24,228	711
<b>Total</b>	<b><u>86,652</u></b>	<b><u>711</u></b>
<b><i>Other payables to related parties</i></b>		
Chin-Poon Industrial Co., Ltd.	10,847	5,664
Chin-Poon (Changshu) Eletronics Co., Ltd.	796	-
Key management	356	419
Viptel Co., Ltd.	16	16
<b>Total</b>	<b><u>12,015</u></b>	<b><u>6,099</u></b>

***Significant agreements with related parties***

***(a) Technical assistance agreement***

The Company entered into technical assistant agreement with Chin-Poon Industrial Co., Ltd. which is the major shareholder. The party will provide technical information for design and manufacture. In consideration thereof, the Company is committed to pay the initial payment annually and the cost of personnel and other expenses with respect to technical assistance as stipulated in the agreements. This agreement is effective from 4 January 1998 and shall remain in effect unless any party gives two months advance written notice of its intention to terminate.

***(b) Management and consultant service agreement***

The Company entered into management and consultant agreement with Viptel Co., Ltd. which is related party. The party will provide management and consultation services as defined in the agreement to the Company. In consideration thereof, the Company is committed to pay the initial payment annually as stipulated in the agreements. This agreement is effective from 4 January 1998 and shall remain in effect unless any party gives 45 days advance written notice of its intention to terminate.

**Draco PCB Public Company Limited**  
**Notes to the financial statements**

**5 Cash and cash equivalents**

	2015	2014
	<i>(in thousand Baht)</i>	
Cash on hand	341	419
Cash at banks	130,049	119,659
Time deposits	33,069	3,060
<b>Total</b>	<b><u>163,459</u></b>	<b><u>123,138</u></b>

Time deposits as at 31 December 2015 and 2014 denominated in Thai Baht with interest at the rates ranging from 0.80 % to 1.38 % per annum (2014: 0.05% to 1.13% per annum).

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	Note	2015	2014
		<i>(in thousand Baht)</i>	
Thai Baht (THB)		115,683	87,924
United States Dollars (USD)	31	47,776	35,214
<b>Total</b>		<b><u>163,459</u></b>	<b><u>123,138</u></b>

**6 Current investments**

		2015	2014
		<i>(in thousand Baht)</i>	
<i>Short-term investments</i>			
Short-term deposits at financial institution		-	550,000
Other debt securities	31	946	933
<b>Total</b>		<b><u>946</u></b>	<b><u>550,933</u></b>

Current investments of the Company as at 31 December 2015 and 2014 were denominated entirely in Thai Baht.

**7 Trade accounts receivable**

	Note	2015	2014
		<i>(in thousand Baht)</i>	
Related parties	4	10,759	10,255
Other parties		323,853	221,167
<b>Total</b>		<b><u>334,612</u></b>	<b><u>231,422</u></b>
Less allowance for doubtful accounts		(7,839)	(6,311)
<b>Net</b>		<b><u>326,773</u></b>	<b><u>225,111</u></b>

## Draco PCB Public Company Limited

### Notes to the financial statements

Aging analyses for trade accounts receivable were as follows:

	2015	2014
	<i>(in thousand Baht)</i>	
<b>Related parties</b>		
Within credit terms	10,759	6,571
Overdue:		
Less than 3 months	-	2,865
3-6 months	-	819
	<u>10,759</u>	<u>10,255</u>
<b>Other parties</b>		
Within credit terms	228,315	175,383
Overdue:		
Less than 3 months	79,191	38,364
3-6 months	8,508	1,108
6-12 months	-	1
Over 12 months	7,839	6,311
	<u>323,853</u>	<u>221,167</u>
Less allowance for doubtful accounts	<u>(7,839)</u>	<u>(6,311)</u>
	<u><b>316,014</b></u>	<u><b>214,856</b></u>
<b>Net</b>	<u><b>326,773</b></u>	<u><b>225,111</b></u>

The normal credit term granted by the Company ranges from 30 days to 135 days.

The currency denomination of trade accounts receivable as at 31 December was as follows:

	<i>Note</i>	2015	2014
		<i>(in thousand Baht)</i>	
Thai Baht (THB)		111,248	68,469
United States Dollars (USD)	<i>31</i>	<u>215,525</u>	<u>156,642</u>
<b>Total</b>		<u><b>326,773</b></u>	<u><b>225,111</b></u>

## 8 Other receivables

	2015	2014
	<i>(in thousand Baht)</i>	
Prepaid expenses	12,587	9,151
Accrued interest receivable	42	1,943
Others	<u>2,563</u>	<u>2,835</u>
<b>Total</b>	<u><b>15,192</b></u>	<u><b>13,929</b></u>

Other accounts receivables of the Company as at 31 December 2015 and 2014 were denominated entirely in Thai Baht.

## 9 Refundable tax and value added tax

As at 31 December 2015 and 2014, the value added tax refundable represented the cumulative outstanding balances of value added tax which is in the process to refund from the Revenue Department and the result is not finalized. Therefore, the actual refundable amount might be different.

**Draco PCB Public Company Limited**  
**Notes to the financial statements**

**10 Inventories**

	2015	2014
	<i>(in thousand Baht)</i>	
Finished goods	95,620	57,857
Work in progress	94,754	81,019
Raw materials	110,491	98,275
Factory supplies	33,484	26,991
Inventory in transit	29,382	23,799
<b>Total</b>	<b>363,731</b>	<b>287,941</b>
Less allowance for decline in value	(23,681)	(15,699)
<b>Net</b>	<b>340,050</b>	<b>272,242</b>
Inventories recognised as an expense in ‘cost of sales of goods’:		
- Cost	1,322,356	1,040,040
- Write-down to net realisable value	7,982	8,042
<b>Net total</b>	<b>1,330,338</b>	<b>1,048,082</b>

**Draco PCB Public Company Limited**  
**Notes to the financial statements**

**11 Property, plant and equipment**

	Land	Factory and office buildings	Machinery and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Total
<b>Cost</b>							
At 1 January 2014	82,555	226,127	607,844	76,005	9,067	124,410	1,126,008
Additions	-	-	1,926	866	594	259,146	262,532
Transfers	-	-	23,662	5,727	-	(29,389)	-
Disposals	-	-	-	-	(413)	-	(413)
<b>At 31 December 2014 and 1 January 2015</b>	<b>82,555</b>	<b>226,127</b>	<b>633,432</b>	<b>82,598</b>	<b>9,248</b>	<b>354,167</b>	<b>1,388,127</b>
Additions	-	-	8,854	2,040	895	344,133	355,922
Transfers	-	107,847	27,485	2,350	505	(138,187)	-
Disposals	-	-	-	-	(399)	-	(399)
<b>At 31 December 2015</b>	<b>82,555</b>	<b>333,974</b>	<b>669,771</b>	<b>86,988</b>	<b>10,249</b>	<b>560,113</b>	<b>1,743,650</b>
<b>Depreciation and impairment losses</b>							
At 1 January 2014	-	107,451	284,930	26,384	5,087	-	423,852
Depreciation charge for the year	-	9,675	42,238	13,440	1,318	-	66,671
Disposals	-	-	-	-	(413)	-	(413)
<b>At 31 December 2014 and 1 January 2015</b>	<b>-</b>	<b>117,126</b>	<b>327,168</b>	<b>39,824</b>	<b>5,992</b>	<b>-</b>	<b>490,110</b>
Depreciation charge for the year	-	12,135	45,682	13,650	1,039	-	72,506
Impairment	-	4,000	10,403	1,274	144	316	16,137
Disposals	-	-	-	-	(399)	-	(399)
<b>At 31 December 2015</b>	<b>-</b>	<b>133,261</b>	<b>383,253</b>	<b>54,748</b>	<b>6,776</b>	<b>316</b>	<b>578,354</b>
<b>Net book value</b>							
At 1 January 2014	82,555	118,676	322,914	49,621	3,980	124,410	702,156
At 31 December 2014	82,555	109,001	306,264	42,774	3,256	354,167	898,017
At 31 December 2015	82,555	200,713	286,518	32,240	3,473	559,797	1,165,296

## Draco PCB Public Company Limited

### Notes to the financial statements

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2015 amounted to Baht 305.44 million (2014: Baht 298.04 million).

#### *Security*

At 31 December 2015 the Company's land and building with a net book value of Baht 254.78 million were subject to secure with loans from financial institutions (2014: Baht 179.81 million) (see note 13).

#### *Property, plant and equipment under construction*

During the year ended 31 December 2015 the Company is commenced the construction of a new factory. The cost of acquisition was Baht 344.13 million and costs incurred up to the reporting date totaled Baht 643.61 million (2014: Baht 299.48 million).

Capitalised borrowing costs relating to the construction of the new factory amounted to Baht 17.62 million (2014: Baht 0.88 million), with a capitalization rate of 2.10% to 7.20% (2014: 4.48% to 4.85%).

#### *Impairment losses*

Due to demand for the company's print-circuit board for single size and double size is under expectations, the Company undertook a re-assessment of the production plant for the future operations, which accordingly led to a re-assessment of the recoverable amount of factory as at 31 December 2015.

In assessing whether factory have been impaired, the book value of the assets is compared with its anticipated future cash flow assumptions are used about sales, costs and profit using a pre-tax discount for future years of 9.76 %. Due to a re-assessment, the Company has impairment charges of Baht 16.14 million in statement of comprehensive income.

The table below shows the key assumption used in the value in use calculations.

	Assumption used in value in use calculation %
Budgeted EBITDA	2.95
Capital expenditure in percentage of revenue	0.0004
Long-term growth rate	-
Discount rate	9.76

**Draco PCB Public Company Limited**  
**Notes to the financial statements**

**12 Deferred tax**

Movements in total deferred tax during the year were as follows:

	At 1 January 2015	(Charged) / Credited to:		At 31 December 2015
		Profit or loss <i>(Note 27)</i> <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
Trade accounts receivable	1,263	306	-	1,569
Inventories	3,140	1,596	-	4,736
Property, plant and equipment	-	3,227	-	3,227
Employee benefit obligations	838	737	982	2,557
Loss carry forward	10,997	(10,997)	-	-
<b>Total</b>	<b>16,238</b>	<b>(5,131)</b>	<b>982</b>	<b>12,089</b>

	At 1 January 2014	(Charged) / Credited to:		At 31 December 2014
		Profit or loss <i>(Note 27)</i> <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
Trade accounts receivable	1,286	(23)	-	1,263
Inventories	1,532	1,608	-	3,140
Employee benefit obligations	3,319	700	(3,181)	838
Loss carry forward	-	10,997	-	10,997
Others	265	(265)	-	-
<b>Total</b>	<b>6,402</b>	<b>13,017</b>	<b>(3,181)</b>	<b>16,238</b>

Deferred tax assets have not been recognised in respect of the following items:

	2015	2014
	<i>(in thousand Baht)</i>	
Tax losses carry forward	34,610	-
<b>Total</b>	<b>34,610</b>	<b>-</b>

The tax losses expire in 2019 - 2020. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

**Draco PCB Public Company Limited**  
**Notes to the financial statements**

**13 Interest-bearing liabilities**

		2015	2014
		<i>(in thousand Baht)</i>	
<b>Current</b>	<i>Note</i>		
Trust receipts - secured		37,442	87,872
Short-term loans from financial institution - secured		-	13,500
<b>Short-term loans from financial institutions</b>		<u>37,442</u>	<u>101,372</u>
Current portion of long-term loans from Financial institution - secured		46,440	11,000
<b>Total current interest-bearing liabilities</b>		<u>83,882</u>	<u>112,372</u>
<b>Non-current</b>			
Long-term loans from financial institution - secured		101,670	82,000
Convertible debenture	<i>16</i>	400,612	556,343
<b>Total non-current interest-bearing liabilities</b>		<u>502,282</u>	<u>638,343</u>

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	2015	2014
	<i>(in thousand Baht)</i>	
Within one year	83,882	112,372
After one year but within five years	502,282	638,343
<b>Total</b>	<u>586,164</u>	<u>750,715</u>

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

	2015	2014
	<i>(in thousand Baht)</i>	
Cash at bank	2,000	2,000
Property, plant and equipment	254,779	179,814
<b>Total</b>	<u>256,779</u>	<u>181,814</u>

As at 31 December 2015, trust receipts arising from the import of raw materials and machinery from overseas, which bear interest at the rate 2.35% - 2.65% per annum (*31 December 2014: 2.35% - 2.55% per annum*). The trust receipt was secured by land and building of the company. (*See note 11*)

As at 31 December 2015 the Company had unutilised credit facilities totalling Baht 145.95 million. (*31 December 2014: Baht 459.11 million*).

On 29 July 2014, The Company entering into long-term agreement with a financial institution regarding the construction of the Company's factory and purchase of machinery, equipment which bears interest at rate 4.50% per annum in the first year and at rate of MLR – 1.50% per annum in the next years. The company has opened first drawn down in July 2014 totalling Baht 70 million and second drawn down in December 2014 totalling Baht 23 million. This loan is repayable on 48 monthly installments at the amount not less than Baht 2.2 million. The first repayment commencing in August 2015.

## Draco PCB Public Company Limited

### Notes to the financial statements

On 25 May 2015, The Company entering into long-term agreement with a financial institution regarding the construction of the Company's factory and purchase of machinery, equipment which bears interest at rate 4.50% per annum in the first year and at rate of MLR – 1.50% per annum in the next years. The company has opened drawn down in May 2015 totalling Baht 80 million. This loan is repayable on 48 monthly installments at the amount not less than Baht 1.67 million. The first repayment commencing in July 2015.

The Company is committed to comply with above loans conditions outlined pertaining to the total debt to equity ratio, loan repayment ability, and other conditions stipulated by the financial institution. The loan was secured by land, existing and future structures thereon of the Company and the company has provided guarantee not to create any other securities interest over exist land and machinery specified in the agreement.

#### *Financial covenant under loan agreements*

As at 31 December 2015, the company received the waiver of the financial covenant under loans agreement to maintain financial ratio as prescribed in the long term loan agreement for construction of building and short term credit facilities for purchase machinery and equipment with a financial institution totaling Baht 173 million. Subsequent to 31 December 2015, the Company has to maintain Debt to Equity ratio at anytime throughout the loan agreement at less than 2: 1, but not to be less than 0 and it must maintain Debt Service Coverage ratio at less than 1.5 times based on the Company's financial statements.

The currency denomination of interest-bearing liabilities as at 31 December was as follows:

	<i>Note</i>	2015	2014
		<i>(in thousand Baht)</i>	
Thai Baht (THB)		548,722	662,843
United States Dollars (USD)	31	37,442	87,872
<b>Total</b>		<b><u>586,164</u></b>	<b><u>750,715</u></b>

#### **14 Trade accounts payable**

	<i>Note</i>	2015	2014
		<i>(in thousand Baht)</i>	
Related parties	4	86,652	711
Other parties		195,444	176,326
<b>Total</b>		<b><u>282,096</u></b>	<b><u>177,037</u></b>

The currency denomination of trade accounts payable as at 31 December was as follows:

	<i>Note</i>	2015	2014
		<i>(in thousand Baht)</i>	
Thai Baht (THB)		43,437	45,188
United States Dollars (USD)	31	234,625	127,026
Japanese Yen (JPY)	31	4,034	4,823
<b>Total</b>		<b><u>282,096</u></b>	<b><u>177,037</u></b>

**Draco PCB Public Company Limited**  
**Notes to the financial statements**

**15 Other payables**

	<i>Note</i>	2015 <i>(in thousand Baht)</i>	2014
<b>Related parties</b>	<b>4</b>	<b>12,015</b>	<b>6,099</b>
<b>Others</b>			
Other payable purchase of assets		43,010	43,312
Accrued utility expenses		11,508	8,641
Advance receives		6,795	-
Accrued operating expenses		4,858	3,315
Accrued commission expenses		4,481	5,390
Accrued personnel expenses		3,959	1,320
Accrued interest expenses		3,836	4,695
Accrued transportation expenses		3,496	3,856
Accrued dividend expenses		422	1,260
Others		4,929	4,026
		<b>87,294</b>	<b>75,815</b>
<b>Total</b>		<b>99,309</b>	<b>81,914</b>

The currency denomination of other payables as at 31 December was as follows:

	<i>Note</i>	2015 <i>(in thousand Baht)</i>	2014
Thai Baht (THB)		45,807	38,049
United States Dollars (USD)	<i>31</i>	53,502	39,885
Japanese Yen (JPY)	<i>31</i>	-	3,980
<b>Total</b>		<b>99,309</b>	<b>81,914</b>

**16 Convertible debenture**

The convertible debenture was issued to the existing shareholders in the proportion of the shareholding ratio on 20 August 2014 (*See note 18*)

**Draco PCB Public Company Limited**  
**Notes to the financial statements**

**The information of convertible debentures:**

Name of convertible debenture	Convertible debenture of Draco PCB Public Company Limited. No 1/2557 mature on 2019
Issuance name	Draco PCB Public Company Limited.
Type of debenture	Convertible debenture in registered form or issued to bearer which grant the right to convert into newly-issued ordinary shares of the Company, unsecured with the representative of debenture holders, unsubordinated.
Total value	600,000,000 Baht
Number of offering convertible debentures	6,000,000 units
Face value	Baht 100 per 1 convertible debenture
Interest rate	5.19% per annum
Issued date	20 August 2014
Maturity date	19 August 2019
Interest payment date	Every 30 June and 31 December of each year and at expiration date 19 August 2019. Starting from 31 December 2014 or next business day in case if it falls on a holiday.
Conversion date	Date that the bond holder can be exercised conversion right of debenture into ordinary shares by semi-annually. Every 30 June and 31 December of each year and at expiration date 19 August 2019. Starting from 31 December 2014 or next business day in case if it falls on a holiday.
Conversion price	Baht 5.40 per share.
Conversion ratio	1 convertible debenture will be convertible to 17.901852 shares and will be paid 3.33 Baht in cash
Convertible debenture registrar	Thailand Security Depositories Company Limited (TSD) or legal representative to be convertible debenture registrar.
Bondholder representative	Bank of Ayudhya Public Company Limited or legal representative to be bondholder representative.

At 31 December 2015, bond holders had converted debt with a nominal value of 169.17 million Baht at the Baht 5.40 per share conversion price and redeemed in cash by Baht 5.83 million. Conversion took place in the following period:

	Nominal value of bond converted	Redeemed in cash (in thousand Baht)	Net	Number of shares (in thousand shares)
20 August to 31 December 2014	-	-	-	-
1 January to 31 December 2015	175,000	(5,828)	169,712	31,328
<b>Total to 31 December 2015</b>	<b>175,000</b>	<b>(5,828)</b>	<b>169,712</b>	<b>31,328</b>

The convertible debenture issued by the Company is initially recognised as an equity component at the fair value of a conversion right of debenture. The liability component is initially recognised at the difference between the fair value of convertible debenture as a whole and the fair value of the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

## Draco PCB Public Company Limited

### Notes to the financial statements

Subsequent to initial recognition, the liability component of convertible debenture is measured at amortised cost using the effective interest method. The equity component of convertible debenture is not remeasured.

	<i>(in thousand Baht)</i>
Nominal value of issue of convertible debentures	600,000
Transaction costs	(4,480)
<b>Net proceeds</b>	<b>595,520</b>
Amount classified as equity	(42,400)
Accreted interest to 31 December 2014	3,223
<b>Balance as at 31 December 2014</b>	<b>556,343</b>
Accreted interest to 14 January 2015	342
Partial conversion 1,750,000 units	(162,367)
Accreted interest to 31 December 2015	6,294
<b>Balance as at 31 December 2015</b>	<b>400,612</b>

For the purpose of diluted Earnings per Share (EPS), convertible bond interest, net of tax Baht 15.18 million is added back to earnings and the number of potential ordinary shares to be issued included the following in respect of this bond:

	2015	2014
	<i>(in thousand shares)</i>	
Weighted average number of shares	70,358	-

#### 17 Employee benefit obligations

	2015	2014
	<i>(in thousand Baht)</i>	
<b>Statement of financial position obligations for:</b>		
Post-employment benefits	11,065	3,749
Other long-term employee benefits	1,726	446
<b>Total</b>	<b>12,791</b>	<b>4,195</b>

#### *Year ended 31 December*

#### **Statement of comprehensive income:**

##### **Recognised in profit or loss:**

	2015	2014
	<i>(in thousand Baht)</i>	
Post-employment benefits	1,319	1,117
Other long-term employee benefits	522	516
<b>Total</b>	<b>1,841</b>	<b>1,633</b>

##### **Recognised in other comprehensive income:**

Actuarial loss (gain) recognised in the year	4,912	(15,904)
--	-------	----------

## Draco PCB Public Company Limited

### Notes to the financial statements

The Company adopted TAS 19 – Employee Benefits with effect from 1 January 2011 and opted to recognise the transitional obligation as at 1 January 2011 through profit or loss on a straight-line basis over five years from 1 January 2011. Movements during the year on the provision for the unrecognised transitional obligation were as follows:

	2015	2014
	<i>(in thousand Baht)</i>	
Unrecognised transitional obligation as at 1 January	2,210	4,419
Recognised through profit or loss for the year	<u>(2,210)</u>	<u>(2,209)</u>
<b>Unrecognised transitional obligation as at 31 December</b>	<b><u>-</u></b>	<b><u>2,210</u></b>

The Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market risk.

The statement of financial position obligation was determined as follows:

	2015	2014
	<i>(in thousand Baht)</i>	
Present value of unfunded obligations	12,791	6,405
Unrecognised transitional obligation	-	(2,210)
<b>Statement of financial position obligation</b>	<b><u>12,791</u></b>	<b><u>4,195</u></b>

Movement in the present value of the defined benefit obligations

	<i>Note</i>	2015	2014
		<i>(in thousand Baht)</i>	
Defined benefit obligations at 1 January		4,195	16,598
<b>Include in profit or loss:</b>	<b>24</b>		
Transitional obligation recognised		2,210	2,209
Current service cost		1,610	1,445
Interest on obligation		231	188
		<b><u>4,051</u></b>	<b><u>3,842</u></b>
<b>Included in other comprehensive income</b>			
Actuarial losses (gains) in other comprehensive		4,912	(15,904)
		<b><u>4,912</u></b>	<b><u>(15,904)</u></b>
Benefit paid		(367)	(341)
<b>Defined benefit obligations at 31 December</b>		<b><u>12,791</u></b>	<b><u>4,195</u></b>

The expense is recognised in the following line items in the statement of comprehensive income:

	2015	2014
	<i>(in thousand Baht)</i>	
Cost of sales	1,215	1,008
Selling expenses	103	61
Administrative expenses	2,733	2,773
<b>Total</b>	<b><u>4,051</u></b>	<b><u>3,842</u></b>

# Draco PCB Public Company Limited

## Notes to the financial statements

Actuarial (gains) losses recognised in other comprehensive income:

	2015	2014
	<i>(in thousand Baht)</i>	
Demographic assumptions	485	(5,427)
Financial assumptions	1,610	(10,824)
Experience adjustment	2,817	347
<b>At 31 December</b>	<b>4,912</b>	<b>(15,904)</b>

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2015	%	2014
Discount rate	2.65		3.78
Future salary increases			
- Monthly employees	5		5
- Daily employees	3		3

At 31 December 2015, the weighted-average duration of the defined benefit obligation was 28.78 years (2014 : 28.54 years).

### *Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

<b>Defined benefit obligation 31 December 2015</b>	Increase	Decrease
Discount rate (0.5% movement)	(566)	610
Future salary growth (0.5% movement)	573	(538)
Future mortality (0.5% movement)	(4)	4
Employees turnover (10% movement)	(855)	953

## 18 Share capital

	Par value per share	2015		2014	
		Number	Baht	Number	Baht
		<i>(in Baht)</i>		<i>( in thousand shares / in thousand Baht)</i>	
<b>Authorised</b>					
<b>At 1 January</b>					
- ordinary shares	1	323,241	323,241	240,000	240,000
Reduction of shares	1	-	-	(24,170)	(24,170)
Increase of new shares	1	-	-	107,411	107,411
<b>At 31 December</b>					
<b>- ordinary shares</b>	<b>1</b>	<b>323,241</b>	<b>323,241</b>	<b>323,241</b>	<b>323,241</b>
<b>Issued and paid-up</b>					
<b>At 1 January</b>					
- ordinary shares	1	215,830	215,830	215,830	215,830
Issue of new shares	1	31,328	31,328	-	-
<b>At 31 December</b>					
<b>- ordinary shares</b>	<b>1</b>	<b>247,158</b>	<b>247,158</b>	<b>215,830</b>	<b>215,830</b>

## **Draco PCB Public Company Limited**

### **Notes to the financial statements**

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

#### ***Authorized / registered share capital***

At the extraordinary shareholders' meeting no. 1/2557 of the Company held on 15 July 2014, the shareholders approved the following:

- Decrease the registered share capital from 240 million ordinary shares with a par value of Baht 1 per share to 215.83 million ordinary shares with a par value of Baht 1 per share. The Company registered the decreased share capital with the Ministry of Commerce on 25 July 2014.
- Issuance and offering of convertible debentures (CDs) to the existing shareholders in the proportion of the shareholding ratio ("right offering"), at an offer price of Baht 600 million. Proceeds derived from the issuance and offering of the CDs will be used in the installation of the new production line for the manufacturing of Printed circuit line (PCB) in the type of multi-layer PCB.
- Increase the registered share capital reserved for the conversion of the convertible debentures from 215.83 million ordinary shares with a par value of Baht 1 per share to 323.24 million ordinary shares with a par value of Baht 1 per share. The Company registered the increased share capital with the Ministry of Commerce on 29 July 2014.

In addition, they approved of the waiver of the requirement to make a tender offer for all securities of the company, by Chin-Poon Industrial Co., Ltd. and the approval of the amendment of the Company's Article of Association concerning the foreign shareholding limit.

#### ***Share premium***

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

## **19 Reserves**

Reserves comprise:

#### **Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

#### ***Other components of equity***

#### **Convertible right of debenture**

The reserve of convertible right of debenture comprise the amount allocated to the equity component for the convertible debenture issued by the Company on 20 August 2014 (*See note 16*)

# Draco PCB Public Company Limited

## Notes to the financial statements

### 20 Segment information

Management considers that the Company operates in a single line of business, namely manufacturing and distribution of PCB board, and has, therefore, only one reportable segment.

#### *Geographical information*

	Revenues		Non-current assets	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thailand	553,849	455,050	1,179,511	916,380
United States of America	277,756	203,655	-	-
Vietnam	79,366	66,406	-	-
Singapore	78,333	63,197	-	-
Taiwan	69,902	25,481	-	-
Malaysia	61,889	139,726	-	-
Other countries	165,896	92,531	-	-
<b>Total</b>	<b><u>1,286,991</u></b>	<b><u>1,046,046</u></b>	<b><u>1,179,511</u></b>	<b><u>916,380</u></b>

In presenting geographical information, revenue is based on the geographical location of customers. The Company is managed and operates principally in Thailand. There is no material revenue derived from, or assets located in, foreign countries.

#### *Major customer*

Revenues from one customer of the Company represents approximately Baht 178.73 million (2014: Baht 107.53 million) of the Company's total revenues.

### 21 Other income

	2015	2014
	<i>(in thousand Baht)</i>	
By product sales	23,967	25,651
Interest income	6,466	5,768
Others	4,978	2,496
<b>Total</b>	<b><u>35,411</u></b>	<b><u>33,915</u></b>

### 22 Selling expenses

	2015	2014
	<i>(in thousand Baht)</i>	
Employee benefit expenses	12,754	11,589
Transportation expenses	12,414	5,920
Commission expenses	9,733	8,437
Entertainment expenses	960	746
Others	2,620	2,515
<b>Total</b>	<b><u>38,481</u></b>	<b><u>29,207</u></b>

**Draco PCB Public Company Limited**  
**Notes to the financial statements**

**23 Administrative expenses**

	<i>Note</i>	2015	2014
		<i>(in thousand Baht)</i>	
Employee benefit expenses		36,322	32,891
Impairment losses on plant and equipment	11	16,137	-
Professional expenses		5,534	3,873
Depreciation expenses		4,828	4,262
Service expenses		4,769	4,042
Entertainment expense		1,242	657
Communication expense		1,087	842
Insurance expenses		1,047	983
Travelling and transportation expenses		1,040	930
Utility expenses		882	846
Others		10,117	4,006
<b>Total</b>		<b><u>83,005</u></b>	<b><u>53,332</u></b>

**24 Employee benefit expense**

	<i>Note</i>	2015	2014
		<i>(in thousand Baht)</i>	
Wages and salaries		185,313	132,809
Pension costs - defined benefit plans	17	4,051	4,133
Pension costs - defined contribution plans		3,167	2,913
Others		41,693	32,110
<b>Total</b>		<b><u>234,224</u></b>	<b><u>171,965</u></b>

*Defined contribution plans*

The defined contribution plans comprise provident funds established by the Company for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 5% of their basic salaries and by the Company at rates ranging from 3% to 5% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

**25 Expenses by nature**

The statements of comprehensive income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	<i>Note</i>	2015	2014
		<i>(in thousand Baht)</i>	
Changes in inventories of finished goods and work in progress		(51,499)	(37,463)
Raw materials and consumables used		852,175	704,122
Employee benefit expenses	24	234,224	171,965
Utility expenses		118,325	100,779
Depreciation of plant and equipment	11	72,506	66,671
Repair and maintenance expenses		39,144	45,432
Idle cost		30,672	20,776
Impairment losses on plant and equipment	11	16,137	-
Transportation expenses		12,556	7,830
Others		127,585	50,508
<b>Total cost of sales of goods, selling expenses and administrative expenses</b>		<b><u>1,451,825</u></b>	<b><u>1,130,620</u></b>

**Draco PCB Public Company Limited**  
**Notes to the financial statements**

**26 Finance costs**

	2015	2014
	<i>(in thousand Baht)</i>	
<b>Interest expense:</b>		
Short-term loan from financial institution	2,014	1,811
Long-term loan from financial institution	6,239	1,351
Convertible debentures	29,041	14,655
<b>Total interest expense</b>	<b>37,294</b>	<b>17,817</b>
Other finance costs	3,326	2,768
	<b>40,620</b>	<b>20,585</b>
<i>Less: amounts included in the cost of qualifying assets:</i>		
- Property, plant and equipment under construction	(17,621)	(879)
	<b>(17,621)</b>	<b>(879)</b>
<b>Net</b>	<b>22,999</b>	<b>19,706</b>

**27 Income tax expense**

*Income tax recognised in profit or loss*

	<i>Note</i>	2015	2014
		<i>(in thousand Baht)</i>	
<b>Current tax expense</b>			
Current year		-	-
Adjustment for prior years		-	206
		<b>-</b>	<b>206</b>
<b>Deferred tax expense</b>			
Movements in temporary differences	12	5,131	(13,017)
<b>Total income tax expense (benefit)</b>		<b>5,131</b>	<b>(12,811)</b>

*Income tax recognised in other comprehensive income*

	2015			2014		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gains (losses)	(4,912)	982	(3,930)	15,904	(3,181)	12,723
<b>Total</b>	<b>(4,912)</b>	<b>982</b>	<b>(3,930)</b>	<b>15,904</b>	<b>(3,181)</b>	<b>12,723</b>

**Draco PCB Public Company Limited**  
**Notes to the financial statements**

*Reconciliation of effective tax rate*

	2015		2014
	<i>Rate</i> <i>(%)</i>	<i>(in thousand</i> <i>Baht)</i>	<i>Rate</i> <i>(%)</i>
		<i>(in thousand</i> <i>Baht)</i>	<i>(in thousand</i> <i>Baht)</i>
Loss before income tax expense		(152,216)	(65,494)
Income tax using the Thai corporation tax rate	(20.0)	(30,443)	(13,099)
Expenses not deductible for tax purposes		964	82
Under provided in prior years		-	206
Change in recognised tax losses		10,997	-
Current year losses for which no deferred tax asset was recognised		23,163	-
<b>Total</b>	<b>(3.37)</b>	<b>5,131</b>	<b>(12,811)</b>

*Income tax reduction*

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period begins on or after 1 January 2016.

The Company has applied the tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2015 and 2014 in accordance with the clarification issued by the FAP in 2012.

**28 Promotional privileges**

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company has been granted by the Board of Investment certain privileges on manufacturing of the wiring harness and components for manufacture and sale of printed circuit boards (PCB) for electronic component parts.

These privileges include, among others, the following:

- (a) Permission for foreign nationals to enter the Kingdom as the Board of Investment may deem appropriate;
- (b) Permission to bring into the Kingdom skilled workers and experts to work in activities as the Board of Investment may deem appropriate;
- (c) Permission to possess in the right of land as the Board of Investment may deem appropriate;
- (d) Exemption from payment of import duty on machinery approved by the Board;
- (e) Exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations;
- (f) Exemption of juristic person's income tax for dividends;
- (g) Exemption from payment of import duty on necessary raw materials and supplies for production export for one (1) year from the first import date;



## Draco PCB Public Company Limited

### Notes to the financial statements

At the annual general meeting of the shareholders of the Company held on 25 April 2014, the shareholders approved the appropriation of dividend of Baht 0.1 per share, amounting to Baht 21.55 million. The dividend was paid to shareholders on 23 May 2014.

## 31 Financial instruments

### *Financial risk management policies*

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

### *Capital management*

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity, also monitors the level of dividends to ordinary shareholders.

### *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows because debt securities and loan interest rates are mainly fixed. The Company is primarily exposed to interest rate risk from its borrowings (*See note 13*). The management believes that the interest rate risk is not significant, consequently, the Company does not enter into the hedging agreement to mitigate risk.

The interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

	Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
<b>2015</b>					
<b>Current</b>					
Trust Receipts	2.35-2.65	37,442	-	-	37,442
Current portion of long-term loan from financial institution	MLR-1.5	46,440	-	-	46,440
<b>Non-current</b>					
Long-term loan from financial institution	MLR-1.5	-	101,670	-	101,670
Convertible debentures	7.20	-	400,612	-	400,612
<b>Total</b>		<b>83,882</b>	<b>502,282</b>	<b>-</b>	<b>586,164</b>

**Draco PCB Public Company Limited**  
**Notes to the financial statements**

	Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
<b>2014</b>					
<b>Current</b>					
Trust Receipts	2.55	87,872	-	-	87,872
Short-term loan from financial institution - secured	4.75	13,500	-	-	13,500
Current portion of long-term loan from financial institution	4.50, MLR-1.5	11,000	-	-	11,000
<b>Non-current</b>					
Long-term loan from financial institution	4.50, MLR-1.5	-	82,000	-	82,000
Convertible debentures	7.20	-	556,343	-	556,343
<b>Total</b>		<b>112,372</b>	<b>638,343</b>	<b>-</b>	<b>750,715</b>

**Foreign currency risk**

The Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Company primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies.

At 31 December, the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Note	United States Dollars		Japanese Yen	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>		<i>(in thousand Baht)</i>	
Cash and cash equivalents	5	47,776	35,214	-	-
Trade accounts receivable	7	215,525	156,642	-	-
Short-term loans	13	(37,442)	(87,872)	-	-
Trade accounts payable	14	(234,625)	(127,026)	(4,034)	(4,823)
Other accounts payable	15	(53,502)	(39,885)	-	(3,980)
<b>Gross balance sheet exposure</b>		<b>(62,268)</b>	<b>(62,927)</b>	<b>(4,034)</b>	<b>(8,803)</b>
Estimated forecast sales		133,347	66,302	-	-
Estimated forecast purchases		(111,304)	(47,602)	(4,260)	(2,545)
<b>Gross exposure</b>		<b>(40,225)</b>	<b>(44,227)</b>	<b>(8,294)</b>	<b>(11,348)</b>
Currency forwards		20,821	6,556	-	2,744
<b>Net exposure</b>		<b>(19,404)</b>	<b>(37,671)</b>	<b>(8,294)</b>	<b>(8,604)</b>

# Draco PCB Public Company Limited

## Notes to the financial statements

### *Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, due to the large number of parties comprising the Company's customer base, Management does not anticipate material losses from its debt collection.

### *Liquidity risk*

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

### *Fair values of financial assets and liabilities*

Fair values of financial assets and liabilities, together with the carrying values shown in the statement of financial position at 31 December were as follows:

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>31 December 2015</b>					
<b><i>Current</i></b>					
Debt securities available for sale	946	-	946	-	946
Short-term loans from financial institution	(37,442)	-	(37,442)	-	(37,442)
Current portion of long-term loans from financial institution	(46,440)	-	(46,440)	-	(46,440)
<b><i>Non-current</i></b>					
Long-term loans from financial institution	(101,670)	-	(115,625)	-	(115,625)
Convertible debentures	(400,612)	-	(409,267)	-	(409,267)
<b>31 December 2014</b>					
<b><i>Current</i></b>					
Debt securities available for sale			933		933
Loans from financial institution			(101,372)		(101,372)
Current portion of long-term loans from financial institution			(11,000)		(11,000)
<b><i>Non-current</i></b>					
Long-term loans from financial institution			(85,582)		(82,000)
Convertible debentures			(556,343)		(556,343)
<b>Total</b>			<b>(753,364)</b>		<b>(749,782)</b>

Fair values of current financial assets and liabilities, was approximate to their carrying value as those financial assets and liabilities were of short-term duration.

# Draco PCB Public Company Limited

## Notes to the financial statements

### Financial instruments carried at fair value

#### *Fair value hierarchy*

The table above analyses recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Company determines Level 2 fair values for debt securities using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the year ended 31 December 2015

### 32 Commitments with non-related parties

	2015	2014
	<i>(in thousand Baht)</i>	
<b><i>Capital commitments</i></b>		
Contracted but not provided for:		
Buildings and other constructions	21,342	41,461
Machinery and equipment	73	92,762
<b>Total</b>	<b>21,415</b>	<b>134,223</b>
<b><i>Non-cancellable operating lease commitments</i></b>		
Within one year	181	279
After one year but within five years	-	186
<b>Total</b>	<b>181</b>	<b>465</b>
<b><i>Other commitments</i></b>		
Letters of credit for goods and supplies	129,053	242,391
Purchase orders for goods and supplies	128,437	64,906
Bank guarantees	36,712	18,156
Forward contracts	20,821	9,206
Technical service agreement	1,800	1,800
Other agreements	962	968
<b>Total</b>	<b>317,785</b>	<b>337,427</b>

#### *Forward contract*

As at 31 December 2015, the Company had an outstanding forward exchange contracts with a financial institution to purchase USD 0.57 million in exchange of Baht 20.72 million (2014: Yen 9.74 million and USD 0.20 million in exchange of Baht 9.29 million).

# Draco PCB Public Company Limited

## Notes to the financial statements

### 33 Contingent liabilities

On 17 November 2014, a supplier as the plaintiff filed its complaint against the Company with the Central Intellectual Property and International Trade for purchase machinery in the amount of USD 0.04 million or Baht 1.46 million together with interest at the rate 7.50% per annum on the principal amount from the date of filing the complaint until the date of full repayment.

Later on 27 May 2015, the Company has agreed with a supplier to pay in the amount of USD 0.03 million or Baht 0.92 million. Therefore, a supplier agreed to withdrawn the case. The Company has already paid such amount to supplier.

Later on 12 June 2015, a supplier has withdrawn its lawsuit against the Company with the Central Intellectual Property and International Trade and the court dismiss the directory, then the case was finally reached.

### 34 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Company's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Company does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
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 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 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TFRS 8 (revised 2015)	Operating Segments
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment

The Company has made a preliminary assessment of the potential initial impact on the Company's financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

**Draco PCB Public Company Limited**  
**Notes to the financial statements**

**Draco PCB Public Company Limited**  
**Notes to the financial statements**

**35 Reclassification of accounts**

Certain accounts in the 2014 financial statements have been reclassified to conform to the presentation in the 2015 financial statements.

	Before reclass.	<b>2014</b> Reclass. <i>(in thousand Baht)</i>	After reclass.
<b><i>Statement of financial position</i></b>			
Other receivables	71,492	(57,563)	13,929
Refundable value added tax	-	57,269	57,269
Refundable corporate income tax	738	<u>294</u>	1,032
		<u><u>-</u></u>	
<b><i>Statement of comprehensive income</i></b>			
Cost of sales of goods	1,051,512	(3,430)	1,048,082
Selling expenses	25,777	<u>3,430</u>	29,207
		<u><u>-</u></u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Company's business.