

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2012 (Unaudited)**

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These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai 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 authorised for issue by the Board of Directors on 6 November 2012.

**1 General information**

KCE Electronics Public Company Limited (“the Company”) was incorporated as a limited company under Thai law and was transformed to be a public limited company under the Public Limited Companies Act on 21 December 1992. The Company has its registered office at No. 125-125/1, 1 Moo 4 Lat Krabang Industrial Estate, Kwang Lumplatew, Khet Lat Krabang, Bangkok.

The principal businesses of the Company is the manufacture and distribution of printed circuit board products. Details of the Company’s subsidiaries as at 30 September 2012 and 31 December 2011 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			30 September 2012	31 December 2011
<i>Direct subsidiaries</i>				
KCE Technology Co., Ltd.	The manufacture and distribution of printed circuit board products	Thailand	100.00	100.00
K.C.E. International Co., Ltd.	The manufacture and distribution of printed circuit board products	Thailand	99.99	99.99
Thai Laminate Manufacturer Co., Ltd.	The manufacture and distribution of prepreg and laminate products	Thailand	74.80	74.80
KCE (Thailand) Co., Ltd.	The domestic sale representative	Thailand	60.00	60.00
Thai Business Solution Co., Ltd.	A service provider for computer system implementation and support	Thailand	49.00	49.00

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**2 Basis of preparation of the interim financial statements**

*(a) Statement of compliance*

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2009) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2011. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2011.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2011.

*(b) Presentation currency*

The interim financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

*(c) Use of estimates and judgments*

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

In preparing these interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2011.

**3 Impact of severe flooding in Thailand**

During the fourth quarter of the year 2011, there was severe flooding in Thailand. The location of KCE Technology Co., Ltd., a subsidiary's factory and offices, was inundated. The damages from the flood incident are estimated to be approximately Baht 1,712 million which consist of damages to fixed assets of Baht 1,115 million, damages to inventories of Baht 433 million and other damages of Baht 164 million. The loss from the incidents is covered by the subsidiary's insurance, which covers all risks and business interruption. The management of the Company and its subsidiary is virtually certain that there is insurance coverage for all of the losses. As at 31 December 2011, the subsidiary recognised insurance claim receivable from property damage of Baht 1,548 million and business interruption loss of Baht 70 million.

For the nine-month period ended 30 September 2012, KCE Electronics Public Company Limited, KCE Technology Co., Ltd., Thai Laminate Manufacturer Co., Ltd., and KCE (Thailand) Co., Ltd. recognised compensation from insurance claim for business interruption of Baht 10 million, Baht 420 million, Baht 10 million, and Baht 8 million, respectively.

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**4 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group 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 Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
KCE Technology Co., Ltd.	Thailand	Subsidiary, 100% shareholding
K.C.E. International Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding
Thai Laminate Manufacturer Co., Ltd.	Thailand	Subsidiary, 74.80% direct shareholding, and 25.20% indirect shareholding
KCE (Thailand) Co., Ltd.	Thailand	Subsidiary, 60% shareholding
Thai Business Solution Co., Ltd.	Thailand	Subsidiary, 49% shareholding
Key management personnel	Thai	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 Group

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

<b>Transactions</b>	<b>Pricing policies</b>
<b>Subsidiaries</b>	
Sales of goods	Market prices and prices per job order for each product which are agreed between the parties
Rendering of service	Market prices and prices per job order for each product which are agreed between the parties
Sales of property, plant and equipment	Net book value plus margin and prices agreed between the parties
Dividend income	As announced in the minute of shareholders' meeting
Other income	Prices agreed between the parties
Purchase of goods	Market prices and prices per job order for each product which are agreed between the parties
Purchase of property, plant and equipment	Prices agreed between the parties

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<b>Transactions</b>	<b>Pricing policies</b>
<b>Associates</b>	
Sales of goods	Market prices at which similar quality products are sold under same conditions
Purchase of raw materials	Market prices at which similar quality products are purchased under same conditions
Commission expense	At the rate agreed between the parties which is general rate for the same business

Significant transactions for the three-month and nine-month periods ended 30 September 2012 and 2011 with related parties were as follows:

<i>Three-month periods ended 30 September</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Subsidiaries</b>				
Sale of goods	-	-	28.5	81.1
Rendering of service	-	-	3.3	4.7
Other income	-	-	2.8	1.9
Sales of property, plant and equipment	-	-	0.2	0.5
Purchases of goods	-	-	272.6	288.1
Purchases of property, plant and equipment	-	-	3.9	1.8
Dividend income	-	-	67.4	-
<b>Associates</b>				
Sales of goods	250.6	345.4	140.0	142.9
Purchase of raw material	14.7	12.9	6.5	6.5
Commission expense	11.5	18.0	4.7	9.4
Purchases of property, plant and equipment	5.6	0.1	4.0	-
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	19.0	16.4	9.3	6.9
Share-based payments	-	-	-	-
Total key management personnel compensation	<u>19.0</u>	<u>16.4</u>	<u>9.3</u>	<u>6.9</u>

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<i>Nine-month periods ended 30 September</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Subsidiaries</b>				
Sale of goods	-	-	129.3	231.2
Rendering of service	-	-	13.1	12.8
Other income	-	-	7.5	5.7
Sales of property, plant and equipment	-	-	0.5	0.5
Purchases of goods	-	-	793.2	819.1
Purchases of property, plant and equipment	-	-	11.4	4.9
Dividend income	-	-	71.8	-
<b>Associates</b>				
Sales of goods	734.6	953.9	431.9	440.9
Purchase of raw material	35.6	44.5	16.5	14.4
Commission expense	32.7	42.2	18.2	22.7
Purchases of property, plant and equipment	6.0	0.2	4.0	-
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	60.6	56.1	30.2	27.8
Share-based payments	5.0	-	3.3	-
Total key management personnel Compensation	<u>65.6</u>	<u>56.1</u>	<u>33.5</u>	<u>27.8</u>

Balances as at 30 September 2012 and 31 December 2011 with related parties were as follows:

<i>Trade receivables - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
KCE Technology Co., Ltd.	-	-	16,055	93,489
K.C.E. International Co., Ltd.	-	-	7,062	41,546
KCE (Thailand) Co., Ltd.	-	-	6,057	3,508
Thai Laminate Manufacturer Co., Ltd.	-	-	673	688
<b>Associates</b>				
KCE America, Inc.	294,812	297,822	178,072	163,011
KCE Singapore Pte., Ltd.	48,144	33,350	17,646	12,405
<b>Total</b>	<u><b>342,956</b></u>	<u><b>331,172</b></u>	<u><b>225,565</b></u>	<u><b>314,647</b></u>

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<i>Other receivables</i> <i>- related parties</i>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
KCE Technology Co., Ltd.	-	-	1,838	3,623
K.C.E. International Co., Ltd.	-	-	1,032	811
KCE (Thailand) Co., Ltd.	-	-	5	5
Thai Laminate Manufacturer Co., Ltd.	-	-	127	176
Thai Business Solution Co., Ltd.	-	-	10	46
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,012</b>	<b>4,661</b>

<i>Trade payables</i> <i>- related parties</i>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Thai Laminate Manufacturer Co., Ltd.	-	-	312,304	349,433
K.C.E. International Co., Ltd.	-	-	70,836	39,856
KCE Technology Co., Ltd.	-	-	29,776	14,864
<b>Associates</b>				
KCE Taiwan Co., Ltd	5,566	-	4,079	-
KCE Singapore Pte., Ltd.	23,328	15,112	18,200	12,460
<b>Total</b>	<b>28,894</b>	<b>15,112</b>	<b>435,195</b>	<b>416,613</b>

<i>Other payables for purchase of machineries and equipment</i> <i>- related parties</i>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
KCE Technology Co., Ltd.	-	-	3,117	-
Thai Business Solution Co., Ltd.	-	-	545	430
<b>Associates</b>				
KCE Taiwan Co., Ltd.	1,613	-	-	-
KCE Singapore Pte., Ltd.	90	-	90	-
<b>Total</b>	<b>1,703</b>	<b>-</b>	<b>3,752</b>	<b>430</b>

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<i>Other payables</i> <i>- related parties</i>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Thai Laminate Manufacturer Co., Ltd.	-	-	-	20
K.C.E. International Co., Ltd.	-	-	33	3,627
KCE Technology Co., Ltd.	-	-	13	1,017
Thai Business Solution Co., Ltd.	-	-	-	25
<b>Associates</b>				
KCE Singapore Pte., Ltd.	13,868	11,105	4,598	2,655
<b>Total</b>	<b>13,868</b>	<b>11,105</b>	<b>4,644</b>	<b>7,344</b>

*Guarantee obligations with related parties*

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 19 to the financial statements.

**5 Trade and other receivables**

<i>Note</i>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>			
<b>Trade receivable</b>				
Related parties	4	342,956	331,172	225,565
Other parties		1,519,301	1,150,850	776,992
<b>Total</b>		<b>1,862,257</b>	<b>1,482,022</b>	<b>1,002,557</b>
<i>Less allowance for doubtful accounts</i>		(353)	(353)	(322)
<b>Net</b>		<b>1,861,904</b>	<b>1,481,669</b>	<b>1,002,235</b>
<b>Other receivables</b>				
Related parties	4	-	-	3,012
Other parties		233,151	64,751	19,293
<b>Total</b>		<b>233,151</b>	<b>64,751</b>	<b>22,305</b>
<b>Total trade and other receivables</b>		<b>2,095,055</b>	<b>1,546,420</b>	<b>1,024,540</b>
		2012	2011	2012
		<i>(in thousand Baht)</i>		
Bad and doubtful debts expense (reversal) for the				
- three-month periods ended 30 September		-	(4)	-
- nine-month periods ended 30 September		-	187	-



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Aging analyses for trade accounts receivable were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	262,734	275,413	176,854	210,832
Overdue:				
Less than 3 months	76,147	54,915	48,293	75,310
3-6 months	4,074	677	259	28,342
6-12 months	1	167	-	163
Over 12 months	-	-	159	-
	<b>342,956</b>	<b>331,172</b>	<b>225,565</b>	<b>314,647</b>
<i>Less allowance for doubtful accounts</i>	-	-	-	-
	<b>342,956</b>	<b>331,172</b>	<b>225,565</b>	<b>314,647</b>
<b>Other parties</b>				
Within credit terms	1,207,534	848,883	604,162	539,931
Overdue:				
Less than 3 months	293,891	281,651	166,352	145,861
3-6 months	13,241	18,789	5,944	16,412
6-12 months	4,155	1,456	150	1,360
Over 12 months	480	71	384	71
	<b>1,519,301</b>	<b>1,150,850</b>	<b>776,992</b>	<b>703,635</b>
<i>Less allowance for doubtful accounts</i>	(353)	(353)	(322)	(322)
	<b>1,518,948</b>	<b>1,150,497</b>	<b>776,670</b>	<b>703,313</b>
<b>Net</b>	<b>1,861,904</b>	<b>1,481,669</b>	<b>1,002,235</b>	<b>1,017,960</b>

The normal credit terms granted by the Group range from 30 days to 120 days.

**6 Investments in associates**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>Equity Method</b>		<b>Cost Method</b>	
<i>Nine-month periods ended 30 September</i>	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Associates</b>				
At 1 January	82,133	76,816	2,422	2,422
Share of profit (loss) from investment in associates using equity method	(4,668)	32	-	-
Foreign currency translation differences for foreign operations	(3,298)	4,386	-	-
Acquisitions	1,540	-	1,540	-
<b>At 30 September</b>	<b>75,707</b>	<b>81,234</b>	<b>3,962</b>	<b>2,422</b>

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Investments in associates as at 30 September 2012 and 31 December 2011 were as follows:

	<b>Consolidated financial statements</b>											
	Ownership interest		Paid-up capital		Cost		Equity		Impairment		Equity - net of impairment	
	30	31	30	31	30	31	30	31	30	31	30	31
	September 2012	December 2011	September 2012	December 2011	September 2012	December 2011	September 2012	December 2011	September 2012	December 2011	September 2012	December 2011
	( <i>%</i> )						( <i>in thousand Baht</i> )					
<b>Associates</b>												
KCE America, Inc.	50.00	50.00	USD 50,000	USD 50,000	644	644	53,459	55,421	-	-	53,459	55,421
KCE Singapore Pte., Ltd.	49.00	49.00	SGD 500,000	SGD 500,000	4,201	4,201	21,134	26,712	-	-	21,134	26,712
KCE Taiwan Co., Ltd.	49.00	-	NTD 3,000,000	-	1,540	-	1,114	-	-	-	1,114	-
<b>Total</b>					<b>6,385</b>	<b>4,845</b>	<b>75,707</b>	<b>82,133</b>	<b>-</b>	<b>-</b>	<b>75,707</b>	<b>82,133</b>

Share of profit (loss) from investments for nine-month period ended 30 September 2012 in the above three associates was calculated from the unreviewed financial statements of those associates as the management of the Company considered that the share of profit (loss) from investments of the said associates have no material impact to the consolidated financial statements of the Company and its subsidiaries and the said associates are located overseas and the Company has no power to direct the financial and operating policies of those companies, including the review of their financial statements.

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**Separate financial statements**

	Ownership interest		Paid-up capital		Cost		Impairment		Equity – net of impairment	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	%						<i>(in thousand Baht)</i>			
<b>Associates</b>										
KCE America, Inc.	25.0	25.00	USD 50,000	USD 50,000	322	322	-	-	322	322
KCE Singapore Pte., Ltd.	24.5	24.50	SGD 500,000	SGD 500,000	2,100	2,100	-	-	2,100	2,100
KCE Taiwan Co., Ltd.	49.0	-	NTD 3,000,000	-	1,540	-	-	-	1,540	-
<b>Total</b>					<b>3,962</b>	<b>2,422</b>	<b>-</b>	<b>-</b>	<b>3,962</b>	<b>2,422</b>

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**7 Investments in subsidiaries**

Investments in subsidiaries as at 30 September 2012 and 31 December 2011 were as follows:

	<b>Separate financial statements</b>											
	Ownership Interest		Paid-up capital		Cost		Warrant granted to subsidiaries' directors and employees		Total		Dividend income	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 September 2011
	(%)		(in thousand Baht)									
<b>Subsidiaries</b>												
KCE Technology Co., Ltd.	100.00	100.00	1,600,000	1,600,000	1,600,000	1,600,000	3,583	-	1,603,583	1,600,000	-	-
K.C.E. International Co., Ltd.	99.99	99.99	100,000	100,000	185,395	185,395	1,833	-	187,228	185,395	29,998	-
Thai Laminate Manufacturer Co., Ltd.	74.80	74.80	250,000	250,000	368,460	368,460	756	-	369,216	368,460	37,400	-
KCE (Thailand) Co., Ltd.	60.00	60.00	3,600	3,600	2,160	2,160	124	-	2,284	2,160	-	-
Thai Business Solution Co., Ltd	49.00	49.00	3,000	3,000	1,470	1,470	-	-	1,470	1,470	4,410	-
<b>Total</b>					<b><u>2,157,485</u></b>	<b><u>2,157,485</u></b>	<b><u>6,296</u></b>	<b><u>-</u></b>	<b><u>2,163,781</u></b>	<b><u>2,157,485</u></b>	<b><u>71,808</u></b>	<b><u>-</u></b>

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**8 Property, plant and equipment**

Acquisitions, disposals and transfers of property, plant and equipment during the nine-month period ended 30 September 2012 were as follows:

**For the nine-month period ended 30 September 2012**

	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
Net book value at 1 January 2012	4,235,135	1,189,452
Acquisitions - cost	1,228,841	73,651
Disposals during the period - Net book values at the date	(19,899)	(8,916)
Depreciation for the period	(342,534)	(116,569)
<b>Net book value at 30 September 2012</b>	<b><u>5,101,543</u></b>	<b><u>1,137,618</u></b>

8.1 The Company's two subsidiaries, K.C.E. International Co., Ltd. and Thai Laminate Manufacturer Co., Ltd., entered into negative pledge memorandums which are part of bank overdrafts and loans agreements. Under these memorandums, the subsidiaries are not allowed to dispose of, transfer, mortgage or provide any lien on their assets, except as otherwise stipulated in such memorandums.

8.2 The subsidiaries of the Company have mortgaged and pledged the following property, plant and equipment.

8.2.1 Thai Laminate Manufacturer Co., Ltd. has mortgaged its construction and pledged its machinery with total net book value as at 30 September 2012 of Baht 179 million (*31 December 2011: Baht 202 million*), as collateral for loans from banks, as described in Note 11.

8.2.2 KCE Technology Co., Ltd. has mortgaged its land and construction thereon and pledged its machinery with a total net book value as at 30 September 2012 of Baht 987 million (*31 December 2011: Baht 1,164 million*), as collateral for bank overdrafts and loans from banks, as described in Notes 9 and 11.

**9 Bank overdrafts and short-term loans from financial institutions**

	Interest rate (% per annum)	Consolidated financial statements		Separate financial statements	
		30 September 2012	31 December 2011	30 September 2012	31 December 2011
<i>(in thousand Baht)</i>					
Bank overdrafts	-	-	-	-	-
Short-term loans	(1)	1,048,400	918,950	220,000	240,000
Packing credits	(2)	2,115,976	2,042,462	882,182	920,149
Trust receipts	(2)	960,911	589,655	52,671	53,728
<b>Total</b>		<b><u>4,125,287</u></b>	<b><u>3,551,067</u></b>	<b><u>1,154,853</u></b>	<b><u>1,213,877</u></b>

(1) "Money Market Rate"

(2) "SIBOR plus rates as mutually agreed in each period" and "Money Market Rate"

**KCE Electronics Public Company Limited and its subsidiaries**  
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9.1 Bank overdrafts and partial loans from financial institutions of the Company are guaranteed by K.C.E. International Co., Ltd., a subsidiary company.

9.2 Bank overdrafts and loans from financial institutions of K.C.E. International Co., Ltd., a subsidiary company, are guaranteed by the Company.

9.3 Bank overdrafts and loans from financial institutions of KCE Technology Co., Ltd., a subsidiary company, are guaranteed by the Company and are secured by the mortgage of land and construction thereon and the pledge of most of machinery of such subsidiary.

**10 Trade and other payables**

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2012	31 December 2011	30 September 2012	31 December 2011
<i>(in thousand Baht)</i>					
Trade payables					
Related parties	4	28,894	15,112	435,195	416,613
Other parties		1,087,784	835,410	314,207	335,957
Other payables for purchase of machineries and equipment					
Related parties	4	1,703	-	3,752	430
Other parties		251,886	359,346	40,080	20,075
Other payables					
Related parties	4	13,868	11,105	4,644	7,344
Other parties		34,566	69,585	9,041	24,440
Accrued expenses		281,844	176,119	81,524	69,559
<b>Total trade and other payables</b>		<b>1,700,545</b>	<b>1,466,677</b>	<b>888,443</b>	<b>874,418</b>

**11 Long-term loans**

	Consolidated financial statements		Separate financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
<i>(in thousand Baht)</i>				
USD portion				
(Consolidated financial statements 2012: USD 50.68 million (2011: USD 48.93 million) and separate financial statements 2012: USD 7.90 million (2011: USD 9.71 million))				
	1,569,336	1,557,606	244,483	309,155
Baht portion	15,484	55,133	15,484	44,734
Total	1,584,820	1,612,739	259,967	353,889
Less: Current portion	(567,720)	(352,564)	(122,194)	(124,727)
<b>Long-term loans - net of current portion</b>	<b>1,017,100</b>	<b>1,260,175</b>	<b>137,773</b>	<b>229,162</b>

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Movements during the nine-month period ended 30 September 2012 of long-term loans were as follows:

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>	
At 1 January 2012	1,612,739	353,889
Increase	300,000	-
Decrease	(291,698)	(87,088)
Unrealised gain on exchange rate	(36,221)	(6,834)
<b>At 30 September 2012</b>	<b><u>1,584,820</u></b>	<b><u>259,967</u></b>

11.1 Long-term loans from financial institutions of K.C.E. International Co., Ltd., a subsidiary company, are guaranteed by the Company. Under the loan agreement, the subsidiary company has to comply with certain conditions, including maintaining interest bearing debt to equity ratio of not more than 2:1 and debt service coverage ratio (DSCR) of not less than 1.2:1.

11.2 At 30 September 2012, long-term loans from financial institutions of Thai Laminate Manufacturer Co., Ltd., a subsidiary, are secured by mortgage and pledge of subsidiary's construction and machinery.

11.3 At 30 September 2012, long-term loans from financial institutions of KCE Technology Co., Ltd., a subsidiary, are in US Dollar, with a SIBOR (Singapore Interbank Offered Rate) plus rates as specified in agreements. The loans are guaranteed by the Company and are secured by the mortgage of the subsidiary's land and construction thereon and the pledge of most of the subsidiary's machinery.

## **12 Share capital**

### ***Nine-month periods ended 30 September***

	Par value per share <i>(in Baht)</i>	2012		2011	
		Number	Baht	Number	Baht
		<i>(thousand shares / thousand Baht)</i>			
<b><i>Authorised</i></b>					
At 1 January					
- ordinary shares	<i>1</i>	500,000	500,000	500,000	500,000
Reduction of shares	<i>1</i>	<u>(8,170)</u>	<u>(8,170)</u>	-	-
<b>At 30 September</b>					
<b>- ordinary shares</b>	<i>1</i>	<b><u>491,830</u></b>	<b><u>491,830</u></b>	<b><u>500,000</u></b>	<b><u>500,000</u></b>
<b><i>Issued and paid-up</i></b>					
At 1 January					
- ordinary shares	<i>1</i>	472,224	472,224	471,067	471,067
Reduction of shares	<i>1</i>	(8,170)	(8,170)	-	-
Issue of new shares	<i>1</i>	<u>5,240</u>	<u>5,240</u>	<u>1,157</u>	<u>1,157</u>
<b>At 30 September</b>					
<b>- ordinary shares</b>	<i>1</i>	<b><u>469,294</u></b>	<b><u>469,294</u></b>	<b><u>472,224</u></b>	<b><u>472,224</u></b>

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*Share warrants*

During 2007, the Company issued and allotted 3,000,000 registered and nontransferable (except for transferring as stipulated in the prospectus) warrants free of charge to the employees of the Company and/or its subsidiaries. These warrants are exercisable at a price of Baht 3.93 per share at a ratio of 1 warrant to 1 new ordinary share, every quarter from 15 to 18 of March, June, September and December, for a period of 5 years from the issue date, starting from 15 to 18 September 2008 and with a final exercise date of 18 June 2012. The aforesaid exercise price and/or exercise ratio may be adjusted if certain events stipulated in the prospectus occur. As at 30 September 2012, there was no outstanding balance of these warrants.

Subsequently on 29 April 2010, the Annual General Meeting of the Company's shareholders passed a resolution approving the issuance and offering 10,000,000 registered and nontransferable (except for transferring as stipulated in the prospectus for ESOP-W3) warrants free of charge to the directors and employees of the Company and/or its subsidiaries, and allocation of shares to reserve for the exercise of the warrants. These warrants are exercisable at a price of Baht 6.86 per share at a ratio of 1 warrant to 1 new ordinary share, every quarter from 15 to 18 of March, June, September and December, for a period of 3 years from the issue date, starting from 15 to 18 June 2010 and with a final exercise date of 18 June 2013.

Subsequently on 28 April 2011, the Annual General Meeting of the Company's shareholders passed a resolution approving to establish the issuance and offering of 10,000,000 registered and nontransferable (except for transferring as stipulated in the prospectus for ESOP-W4) warrants free of charge to the directors and employees of the Company and/or its subsidiaries, and allocation of shares to reserve for the exercise of the warrants. These warrants are exercisable at a price of Baht 7.81 per share at a ratio of 1 warrant to 1 new ordinary share, every quarter from 1 to 10 of March, June, September and December, for a period of 5 years from the issue date. The Company granted the said warrants to the directors and employees of the Company and/or its subsidiaries on 12 March 2012, which is the date of notification of conditions and arrangements in exercising the warrants to the directors and employees. The first exercise period is 1 to 10 June 2012 and the final exercise date is 10 March 2017.

As the Thai Financial Reporting Standards 2 (TFRS2): Share-based Payment was effective for the share-based payment awards granted on or after 1 January 2011. Therefore, according to TFRS2, ESOP-W4 has to be measured by using the fair value of the warrants on the grant date.

*Measurement of fair value*

The fair value of the warrants granted "ESOP-W4" was measured based on Binomial option pricing model. Expected volatility is estimated by considering historic average share price volatility during the period 13 March 2007 to 12 March 2012.



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The inputs used in the measurement of the fair values at grant date of warrants “ESOP-W4” were as follows:

Fair value at grant date	Baht	1.238
Share price at grant date	Baht	5.15
Exercise price	Baht	7.81
Expected volatility (%)		45.62
Expected dividends (%)		2.67
Risk-free interest rate (%)		3.42
Termination rate (%)		0.26

The expense recognised from share-based payment transaction for the three-month and nine-month periods ended 30 September 2012 was Baht 12.4 million for the consolidated financial statements and Baht 6.1 million for the separate financial statements.

Movements of share warrants during the three-month periods ended 30 September 2012 and 2011 are summarised below:

	2012		2011	
	Units	Amount (units / thousand Baht)	Units	Amount
Warrants issued at 1 July	12,800,000	12,380	2,800,000	-
Add: Warrants issued during the period	-	-	-	-
Less: Exercised during the period	(5,240,000)	(5,348)	-	-
Cancelled during the year	-	-	-	-
Warrants issued at 30 September	<u>7,560,000</u>	<u>7,032</u>	<u>2,800,000</u>	<u>-</u>

Movements of share warrants during the nine-month periods ended 30 September 2012 and 2011 are summarised below:

	2012		2011	
	Units	Amount (units / thousand Baht)	Units	Amount
Warrants issued at 1 January	2,800,000	-	4,430,000	-
Add: Warrants issued during the period	10,000,000	12,380	-	-
Less: Exercised during the period	(5,240,000)	(5,348)	(1,157,000)	-
Cancelled during the year	-	-	(473,000)	-
Warrants issued at 30 September	<u>7,560,000</u>	<u>7,032</u>	<u>2,800,000</u>	<u>-</u>

In September 2012, the Company received share subscription from ESOP-W3 for 920,000 additional ordinary shares of Baht 6.86 each share and from ESOP-W4 for 4,320,000 additional ordinary shares of Baht 7.81 each share supporting the exercise of the warrants, totaling of Baht 40,050,400. The Company registered the said increase of new shares with the Ministry of Commerce on 26 September 2012.

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**13 Treasury shares**

As at 30 September 2012 and 31 December 2011, details of treasury shares are as follows:

	<b>Consolidated/ separate financial statements</b>	
	2012	2011
Cost of treasury shares (Thousand Baht)	78,434	70,050
Number of treasury shares (Thousand shares)	11,152	8,170
Average price per share (Baht)	7.03	8.57
Percentage of treasury shares to the Company's shares in issue	2.38	1.73

On 20 July 2010, the meeting of the Board of Directors of the Company No. 7/2553 passed the resolutions approving the Company's share repurchase program for financial management, with value not exceeding Baht 90 million, and not exceeding the Company's retained earnings. The number of shares repurchased will be 10 million shares at the par value of Baht 1 each, or equal to 2.14% of the total paid-up share capital. The repurchase period will be from 9 August 2010 to 8 February 2011.

Any shares bought back are to be resold on the Stock Exchange of Thailand during the period from 9 August 2011 to 8 February 2012. Resale of shares, cancellations of the repurchased shares and reductions of share capital are to conform with the 2001 Ministerial Regulations on the principles and procedures for the repurchase and resale of shares. The determination of the resale price will be taken into account the prevailing market price at the time of sale.

During the first quarter of 2012, the Company reduced its authorised and issued and paid-up share capital by way of writing off all 8,710,500 repurchased shares with a par value of Baht 1 each which remain unsold, as empowered by the resolution of the Company's Board of Directors' meeting No. 7/2553. This resulted in a decrease in its authorised and issued and paid-up share capital from authorised share capital of 500 million ordinary shares (Baht 1 each) and issued and paid-up share capital of 472,224,269 ordinary shares (Baht 1 each) to authorised share capital of 491,829,500 ordinary shares (Baht 1 each) and issued and paid-up share capital of 464,053,769 ordinary shares (Baht 1 each). The Company registered the reduction of its registered share capital with the Ministry of Commerce on 15 February 2012.

On 22 May 2012, the meeting of the Board of Directors of the Company No. 6/2555 passed the resolutions approving the Company's share repurchase program for financial management, with value not exceeding Baht 280 million, and not exceeding the Company's retained earnings. The number of shares repurchased will be 46.4 million shares at the par value of Baht 1 each, or equal to 10.00% of the total paid-up share capital. The repurchase period will be from 11 June 2012 to 10 December 2012. The period for the resale of shares bought back will be considered by the Board of Directors after 6 months from the completion date of share repurchase program and not later than 3 years from the time. Any shares bought back are to be resold on the Stock Exchange of Thailand. Resale of shares, cancellations of the repurchased shares and reductions of share capital are to conform with the 2001 Ministerial Regulations on the principles and procedures for the repurchase and resale of shares. The determination of the resale price will take into account the prevailing market price at the time of sale.

During the three-month period ended 30 September 2012, the Company repurchased 11.15 million ordinary shares with total cost of Baht 78.43 million and set aside Baht 78.43 million of its retained earnings as reserve for treasury shares. As at 30 September 2012, total shares repurchased by the Company were 11.15 million ordinary shares with total cost of Baht 78.43 million and reserve for treasury shares amounted to Baht 78.43 million.

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**KCE Electronics Public Company Limited and its subsidiaries**  
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**14 Segment information**

The Company and its subsidiaries' operations mainly involve business segments in printed circuit board, prepreg and laminate products with production facilities in Thailand and operates in both local and overseas markets. Financial information of the Company and its subsidiaries by business for the three-month and nine-month periods ended 30 September 2012 and 2011 is as follows:

<b>Consolidated financial statements</b>																
For the three-month periods ended 30 September 2012 and 2011																
	Printed Circuit Board business										Service provider business		Eliminating entries		Total	
	Prepreg and Laminate business		America		Europe		Asia		Total							
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenues from external customers	13,131	26,129	238,033	317,544	1,051,784	1,212,599	431,701	554,727	1,721,518	2,084,870	22,485	11,814	-	-	1,757,134	2,122,813
Inter-segment revenues	383,645	476,107	-	-	-	-	210,391	349,401	210,391	349,401	434	3,089	(594,470)	(828,597)	-	-
<b>Total revenues</b>	<b>396,776</b>	<b>502,236</b>	<b>238,033</b>	<b>317,544</b>	<b>1,051,784</b>	<b>1,212,599</b>	<b>642,092</b>	<b>904,128</b>	<b>1,931,909</b>	<b>2,434,271</b>	<b>22,919</b>	<b>14,903</b>	<b>(594,470)</b>	<b>(828,597)</b>	<b>1,757,134</b>	<b>2,122,813</b>
Segment operating profit	51,609	62,227							259,101	271,492	4,525	6,109	714	26,050	315,949	365,878
Unallocated profit and expenses:																
Compensation from insurance claim															115,939	3
Other income															104,047	20,521
Selling expenses															(113,584)	(122,051)
Administrative expenses															(134,624)	(176,918)
Finance cost															(38,489)	(35,136)
Share of profit from investments in associates															565	299
Corporate income tax															(5,712)	-
<b>Profit for the period</b>															<b>244,091</b>	<b>52,596</b>

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**Consolidated financial statements**

For the nine-month periods ended 30 September 2012 and 2011

	Printed Circuit Board business															
	Prepreg and Laminate business		Printed Circuit Board business								Service provider business		Eliminating entries		Total	
	2012	2011	America		Europe		Asia		Total		2012	2011	2012	2011	2012	2011
Revenues from external customers	40,949	69,870	663,028	914,314	2,839,537	3,527,868	1,015,740	1,438,485	4,518,305	5,880,667	50,629	26,831	-	-	4,609,883	5,977,368
Inter-segment revenues	1,019,947	1,287,995	-	-	-	-	631,754	1,051,572	631,754	1,051,572	4,973	(4,774)	(1,656,674)	(2,334,793)	-	-
<b>Total revenues</b>	<b>1,060,896</b>	<b>1,357,865</b>	<b>663,028</b>	<b>914,314</b>	<b>2,839,537</b>	<b>3,527,868</b>	<b>1,647,494</b>	<b>2,490,057</b>	<b>5,150,059</b>	<b>6,932,239</b>	<b>55,602</b>	<b>22,057</b>	<b>(1,656,674)</b>	<b>(2,334,793)</b>	<b>4,609,883</b>	<b>5,977,368</b>
Segment operating profit	143,463	111,478							708,105	898,323	12,846	(1,413)	(1,104)	11,114	863,310	1,019,502
Unallocated profit and expenses:																
Compensation from insurance claim															448,141	17,003
Other income															160,815	113,811
Selling expenses															(316,089)	(375,909)
Administrative expenses															(519,130)	(428,614)
Finance cost															(117,515)	(112,784)
Share of profit (loss) from investments in associates															(4,668)	32
Corporate income tax															(10,981)	(1,937)
<b>Profit for the period</b>															<b>503,883</b>	<b>231,104</b>

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**15 Gain (loss) on exchange rate and from hedging activities**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>For the three-month periods ended</i>	2012	2011	2012	2011
<i>30 September</i>	<i>(in thousand Baht)</i>			
Included in other income				
- Gain on exchange rate and from hedging activities - net	93,955	-	25,248	-
Included in administrative expenses				
- Loss on exchange rate and from hedging activities - net	-	(64,421)	-	(13,522)
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>For the nine-month periods ended</i>	2012	2011	2012	2011
<i>30 September</i>	<i>(in thousand Baht)</i>			
Included in other income				
- Gain on exchange rate and from hedging activities - net	123,977	-	42,232	-
Included in administrative expenses				
- Loss on exchange rate and from hedging activities - net	-	(73,255)	-	(14,526)

**16 Income tax expense**

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The Group's consolidated effective tax rate in respect of continuing operations for the three-month and nine-month periods ended 30 September 2012 was 2.3% and 2.1% (30 September 2011: 0.0% and 0.8%, respectively).

**17 Earnings per share**

***Basic earnings per share***

The calculations of basic earnings per share for the three-month and nine-month periods ended 30 September 2012 and 2011 were based on the profit for the periods attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the periods as follows:

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<i>Three-month periods ended 30 September</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(thousand Baht/ thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b>242,590</b>	<b>52,466</b>	<b>133,741</b>	<b>61,817</b>
Number of ordinary shares outstanding at 1 July	464,054	472,224	464,054	472,224
<i>Less</i> Treasury shares/ Reduction of shares	-	(8,170)	-	(8,170)
Number of ordinary shares outstanding net of treasury shares/ reduction of shares	464,054	464,054	464,054	464,054
Effect from treasury shares repurchases during the period	(8,143)	-	(8,143)	-
Effect from ordinary shares issued during the period	285	-	285	-
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b>456,196</b>	<b>464,054</b>	<b>456,196</b>	<b>464,054</b>
<b>Earnings per share (basic) (in Baht)</b>	<b>0.53</b>	<b>0.11</b>	<b>0.29</b>	<b>0.13</b>
<i>Nine-month periods ended 30 September</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(thousand Baht/ thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b>499,738</b>	<b>232,290</b>	<b>259,487</b>	<b>250,925</b>
Number of ordinary shares outstanding at 1 January	472,224	471,067	472,224	471,067
<i>Less</i> Treasury shares/ Reduction of shares	(8,170)	(4,150)	(8,170)	(4,150)
Number of ordinary shares outstanding net of treasury shares/ reduction of shares	464,054	466,917	464,054	466,917
Effect from treasury shares repurchases during the period	(2,734)	(3,572)	(2,734)	(3,572)
Effect from ordinary shares issued during the period	96	698	96	698
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b>461,416</b>	<b>464,043</b>	<b>461,416</b>	<b>464,043</b>
<b>Earnings per share (basic) (in Baht)</b>	<b>1.08</b>	<b>0.50</b>	<b>0.56</b>	<b>0.54</b>

***Diluted earnings per share***

The calculation of diluted earnings per share for the three-month and nine-month periods ended 30 September 2012 and 2011 were based on the profit for the period attributable to equity holders of the Company and the number of ordinary shares outstanding during the periods after adjusting for the effects of all diluted potential ordinary shares as follows:

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<i>Three-month periods ended 30 September</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(thousand Baht/ thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company</b>	<b>242,590</b>	<b>52,466</b>	<b>133,741</b>	<b>61,817</b>
Weighted average number of ordinary shares outstanding (basic)	456,196	464,054	456,196	464,054
Effect of share warrants	214	-	214	-
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b>456,410</b>	<b>464,054</b>	<b>456,410</b>	<b>464,054</b>
<b>Earnings per share (diluted) (in Baht)</b>	<b>0.53</b>	<b>0.11</b>	<b>0.29</b>	<b>0.13</b>
<i>Nine-month periods ended 30 September</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(thousand Baht/ thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company</b>	<b>499,738</b>	<b>232,290</b>	<b>259,487</b>	<b>250,925</b>
Weighted average number of ordinary shares outstanding (basic)	461,416	464,043	461,416	464,043
Effect of share warrants	-	277	-	277
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b>461,416</b>	<b>464,320</b>	<b>461,416</b>	<b>464,320</b>
<b>Earnings per share (diluted) (in Baht)</b>	<b>1.08</b>	<b>0.50</b>	<b>0.56</b>	<b>0.54</b>

The Company did not calculate the effect of share warrants for the nine-month period ended 30 September 2012 because the exercise price of the Company's warrants was higher than the average market value of ordinary shares during the period.

## **18 Dividends**

On 28 April 2011, the Annual General Meeting of the Company's shareholders approved the payment of dividend in respect of the Company's operating results for the period from 1 July 2010 to 31 December 2010 at Baht 0.30 per share to the ordinary shareholders, totaling approximately Baht 139.1 million. The payment of dividend has been made on 27 May 2011.

On 16 August 2011, the meeting of the Board of Directors of the Company approved the payment of interim dividend in respect of the Company's operating results for the period from 1 January 2011 to 30 June 2011 at Baht 0.10 per share to the ordinary shareholders, totaling approximately Baht 46.4 million. The payment of interim dividend has been made on 16 September 2011.

On 27 April 2012, the Annual General Meeting of the Company's shareholders approved the payment of dividend in respect of the Company's operating results for the period from 1 July 2011 to 31 December 2011 at Baht 0.10 per share to the ordinary shareholders, totaling approximately Baht 46.4 million. The payment of dividend has been made on 10 May 2012.

On 7 August 2012, the meeting of the Board of Directors of the Company approved the payment of interim dividend in respect of the Company's operating results for the period from 1 January 2012 to 30 June 2012 at Baht 0.20 per share to the ordinary shareholders, totaling approximately Baht 90.8 million. The payment of interim dividend has been made on 7 September 2012.



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**19 Commitments and contingent liabilities**

*Commitments*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
Unrecognised purchase orders for machinery and equipment	113,581	25,393	22,282	14,470
<b>Total</b>	<b>113,581</b>	<b>25,393</b>	<b>22,282</b>	<b>14,470</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>			
<i>Non-cancellable operating lease and long-term service commitments</i>				
Within one year	23,997	31,596	6,827	17,313
After one year but within five years	2,118	2,608	510	1,520
<b>Total</b>	<b>26,115</b>	<b>34,204</b>	<b>7,337</b>	<b>18,833</b>

**Forward exchange contracts**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in thousand)</i>			
<i>Other commitments</i>				
Forward exchange contracts				
Buy				
US dollar	19,945	1,219	-	-
Euro	-	84	-	-
Sell				
US dollar	2,995	11,865	913	4,432
Euro	5,769	3,609	5,500	2,800

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**Currency call option agreements**

	Currency	Bought amount (Thousand)	Strike rate (Baht per unit of foreign currency)	Delivery date
Call option	US dollar	29,000	31.70	3 October - 5 November 2012

When exchange rate on delivery date is higher than call option strike rate, the Company will buy US dollar at strike rate. As at 30 September 2012, fair value of currency call option agreements was Baht 0.07 million.

**Cross currency and interest rate swap**

As at 30 September 2012, the Company had a cross currency and interest rate swap agreement with a local financial institution for the period from 29 April 2011 to 30 January 2013 by which the Company agreed to swap the currency and interest rate of Baht 64 million using exchange rate of Baht 30.10 per 1 USD and swap a floating interest rate of THB MLR minus 1.50% to 2.00% per annum to US fixed interest rate of 3.47% per annum.

As at 30 September 2012, a subsidiary company had an interest rate swap agreement with a local financial institution for the period from 7 July 2011 to 7 July 2014 by which the subsidiary company agreed to swap the interest rate of its USD 6 million facilities from a floating interest rate of US LIBOR (3 months) plus fixed percent per annum to US fixed interest rate of 3.06% per annum.

As at 30 September 2012, the Company had cross currency swap agreements with a local financial institution for the period from 11 December 2012 to 2 April 2013 by which the Company agreed to swap the currency of Euro 2.6 million using exchange rates of USD 1.26 - 1.30 per 1 Euro.

**Commodity hedge agreements**

As at 30 September 2012, the Company and its subsidiaries had outstanding copper swap agreements, of which details are presented below.

Type of goods	Quantity (Ton)	Contract price (US dollar per ton)	Commodity's market price as at 30 September 2012	Maturity date
Copper	130	7,350 – 8,100	8,267.50	31 October - 31 December 2012

**Guarantees**

As at 30 September 2012 and 31 December 2011, the Company and its subsidiaries had contingent liabilities in respect of cross guarantees of loans and other credit facilities as follows:

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Guarantee company	Guarantor			
	KCE Electronics Plc.		K.C.E. International Co., Ltd.	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>			
KCE Electronics Plc.				
- Baht	-	-	164	288
K.C.E. International Co., Ltd.				
- Baht	115	107	-	-
- US dollar	3	4	-	-
KCE Technology Co., Ltd.				
- Baht	3,016	2,697	-	-
- US dollar	34	24	-	-

As at 30 September 2012, the Company and its subsidiaries had contingent liabilities in respect of bank guarantees issued on their behalf amounting to Baht 74 million (the Company only: Baht 31 million) in respect of certain performance bonds as required in the normal course of business, mainly for guarantee of electricity payment.

***Contingent liabilities***

As at 30 September 2012, the Company had contingent liabilities in respect of specific business tax assessment from the Revenue Department's officer of Baht 4 million because the Company provided guarantee to a related party without fee. On 9 July 2009, the Central Tax Court announced a judgment which was in favour of the Company and overturned the assessment of officer and the Tax Appeal Board's judgment from the Revenue Department. Later on 7 September 2009, the Revenue Department lodged an appeal against the Central Tax Court's judgment and the Central Tax Court had issued a court receipt for such appeal. At present, the lawsuit is being considered by the Supreme Court. The Company's management believes that the Company will eventually win the case and has therefore not recorded any provision in the accounts.

**20 Acquisition of assets**

On 2 October 2012, the Company entered into an agreement to buy and sell the ordinary shares of Chemtronics Technology (Thailand) Co., Ltd. (CT) which is engaged in the business of operating a factory manufacturing ink for printed circuit board and chemical solution used in the production of printed circuit board. The Company acquired CT's ordinary shares at the proportion of 97.25 percent of the total issued and fully paid up shares from the current shareholders in the amount of 466,800 shares, at Baht 500 per share, totaling of Baht 233.40 million. All the sellers are not connected person. The fair value of assets acquired and liabilities assumed determined at the acquisition date is currently being valued by an independent appraiser. The Company will record this transaction in the fourth quarter of the current year.

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**21 Reclassification of accounts**

Certain accounts in the statement of financial position as at 31 December 2011 and the statement of comprehensive income for the three-month and nine-month periods ended 30 September 2011, which are included in the 2012 interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2012 interim financial statements as follows:

	2011					
	Consolidated financial statements			Separate financial statements		
	Before Reclassi- fication	Reclassi- fication	After Reclassi- fication	Before Reclassi- fication	Reclassi- fication	After Reclassi- fication
	<i>(in million Baht)</i>					
<b><i>Statement of financial position as at 31 December 2011</i></b>						
Other non-current assets	83	(80)	3	82	(80)	2
Liabilities under hire-purchase and finance lease agreements	(104)	<u>80</u>	(24)	(99)	<u>80</u>	(19)
		<u>-</u>			<u>-</u>	
<b><i>Statement of comprehensive income for the three-month period ended 30 September 2011</i></b>						
Revenue from sale of goods and rendering of service	-	(2,123)	(2,123)	-	(920)	(920)
Revenue from sale of goods	(2,111)	2,111	-	(915)	915	-
Revenue from rendering of service	(12)	12	-	(5)	5	-
Gain from hedging activities	-	-	-	(5)	5	-
Administrative expenses	113	64	177	43	14	57
Loss on exchange rate	26	(26)	-	19	(19)	-
Loss from hedging activities	38	<u>(38)</u>	-	-	<u>-</u>	-
		<u>-</u>			<u>-</u>	

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2012 (Unaudited)**

	2011					
	Consolidated			Separate		
	financial statements			financial statements		
	Before Reclassi- fication	Reclassi- fication	After Reclassi- fication	Before Reclassi- fication	Reclassi- fication	After Reclassi- fication
	<i>(in million Baht)</i>					
<b><i>Statement of comprehensive income for the nine-month period ended 30 September 2011</i></b>						
Revenue from sale of goods and rendering of service	-	(5,977)	(5,977)	-	(2,682)	(2,682)
Revenue from sale of goods	(5,950)	5,950	-	(2,669)	2,669	-
Revenue from rendering of service	(27)	27	-	(13)	13	-
Gain on exchange rate	-	-	-	(3)	3	-
Administrative expenses	355	74	429	143	14	157
Loss on exchange rate	17	(17)	-	-	-	-
Loss from hedging activities	57	(57)	-	17	(17)	-
		<u>-</u>			<u>-</u>	

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