

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2013 (Unaudited)**

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**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
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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 statement, and were approved and authorised for issue by the Board of Directors on 9 May 2013.

**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 31 March 2013 and 31 December 2012 are given in notes 5 and 8.

**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 2012. 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 2012.

The FAP has issued the following new and revised TFRS relevant to the Group’s operations and effective for accounting periods beginning on or after 1 January 2013.

| <b>TFRS</b>           | <b>Topic</b>                                     |
|-----------------------|--|
| TAS 12                | Income Taxes                                     |
| TAS 21 (revised 2009) | The Effects of Changes in Foreign Exchange Rates |
| TFRS 8                | Operating Segments                               |

The adoption of these new and revised TFRS has resulted in changes in the Group’s accounting policies. The effects of these changes are disclosed in note 4.

In addition to the above new and revised TFRS and Announcements, as at 31 March 2013 the FAP had issued a number of new interpretations which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these interim financial statements. Those new interpretations that are relevant to the Group’s operations are disclosed in note 21.

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Except for the changes in accounting policy discussed in note 4, 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 2012.

**(b) Functional and presentation currency**

The interim financial statements are prepared and presented in Thai Baht, which is the Group's functional currency. 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 2012.

**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 year ended 31 December 2012, KCE Electronics Public Company Limited, KCE Technology Co., Ltd.(subsidiary), Thai Laminate Manufacturer Co., Ltd.(subsidiary), and KCE (Thailand) Co., Ltd.(subsidiary) recognised compensation from insurance claim for business interruption of Baht 10 million, Baht 467 million, Baht 10 million, and Baht 10 million, respectively.

For the three-month period ended 31 March 2013, the Group did not recognise compensation from insurance claim.

**4 Changes in accounting policies**

**(a) Overview**

From 1 January 2013, consequent to the adoption of new and revised TFRS and FAP Announcements as set out in note 2, the Group has changed its accounting policies in the following areas:

- Accounting for income tax
- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

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Details of the new accounting policies adopted by the Group are included in notes 4(b) to 4(d) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group.

***(b) Accounting for income tax***

The principal change introduced by TAS 12 is the requirement to account for deferred tax assets and liabilities in the financial statements.

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. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

The Group adopted TAS 12 with effect from 1 January 2013. The effects of the change are recognised retrospectively in the financial statements. The impact of the change on the financial statements is as follows:

|  | Consolidated<br>financial statements |                        |                      | Separate<br>financial statements |                        |                      |
|--|--------------------------------------|------------------------|----------------------|----------------------------------|------------------------|----------------------|
|  | 31<br>March<br>2013                  | 31<br>December<br>2012 | 1<br>January<br>2012 | 31<br>March<br>2013              | 31<br>December<br>2012 | 1<br>January<br>2012 |
|  |                                      |                        |                      |                                  |                        |                      |
|  |                                      |                        |                      |                                  |                        |                      |
|  |                                      |                        |                      |                                  |                        |                      |
|  |                                      |                        |                      |                                  |                        |                      |
|  |                                      |                        |                      |                                  |                        |                      |
| <i>Statement of financial position as at</i>     |                                      |                        |                      |                                  |                        |                      |
| Increase in deferred tax assets                  | 33,149                               | 16,774                 | 74,771               | -                                | -                      | 55,064               |
| Increase in deferred tax liabilities             | (27,350)                             | (11,827)               | -                    | (25,470)                         | (9,938)                | -                    |
| <b>Increase (decrease) in retained earnings</b>  | <b>5,799</b>                         | <b>4,947</b>           | <b>74,771</b>        | <b>(25,470)</b>                  | <b>(9,938)</b>         | <b>55,064</b>        |
|  |                                      |                        |                      |                                  |                        |                      |
| Increase (decrease) in shareholders' equity      | 6,533                                | 5,684                  | 74,739               | (25,470)                         | (9,938)                | 55,064               |
| Increase (decrease) in non-controlling interests | (734)                                | (737)                  | 32                   | -                                | -                      | -                    |
| <b>Increase (decrease) in total equity</b>       | <b>5,799</b>                         | <b>4,947</b>           | <b>74,771</b>        | <b>(25,470)</b>                  | <b>(9,938)</b>         | <b>55,064</b>        |

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| <i>Statement of comprehensive income for the three-month period ended 31 March</i> | <b>Consolidated<br/>financial statements</b> |                 | <b>Separate<br/>financial statements</b> |                 |
|--|--|-----------------|--|-----------------|
|  | 2013   | 2012            | 2013                                     | 2012            |
|  | <i>(in thousand Baht)</i>                    |                 |  |                 |
| (Increase) decrease in income tax expense  | <u>852</u>                                   | <u>(25,228)</u> | <u>(15,532)</u>                          | <u>(24,188)</u> |
| Increase (decrease) in profit for the period                                       | <u>852</u>                                   | <u>(25,228)</u> | <u>(15,532)</u>                          | <u>(24,188)</u> |
| Increase (decrease) in earnings per share  |  |                 |  |                 |
| - Basic earnings per share <i>(in Baht)</i>  | <u>0.002</u>                                 | <u>(0.054)</u>  | <u>(0.034)</u>                           | <u>(0.052)</u>  |
| - Diluted earnings per share <i>(in Baht)</i>                                      | <u>0.002</u>                                 | <u>(0.054)</u>  | <u>(0.034)</u>                           | <u>(0.052)</u>  |

***(c) Accounting for the effects of changes in foreign exchange rates***

From 1 January 2013, the Group has adopted TAS 21 Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

From the consideration of TAS 21 as mentioned above, the management has considered that the functional currency of the Company is Thai Baht and that the adoption of TAS 21 from 1 January 2013 has not had a significant impact on the Group's reported assets, liabilities or retained earnings.

***(d) Presentation of information on operating segments***

From 1 January 2013, the Group has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the 2012 financial statements, which are included in the Group's 2013 interim financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Group's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Group presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has had no significant effect on the segment information reported in the Group's financial statements.

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**5 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 subsidiaries, associates and jointly-controlled entities are described in notes 7, 8. Relationship with key management and other related parties were as follows:

| <b>Name of entities</b>         | <b>Country of incorporation/<br/>nationality</b> | <b>Nature of relationships</b>  |
|---------------------------------|--|---|
| Key management personnel        | Thailand   | 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. |
| Thai Business Solution Co.,Ltd. | Thailand   | 19% Shareholding and a director.  |

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  |
| <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           |
| <b>Other related party</b>                |  |
| Purchase of intangible assets             | Prices per job order for each product which are agreed between the parties                   |

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Significant transactions for the three-month periods ended 31 March 2013 and 2012 with related parties were as follows:

| <i>Three-month periods ended 31 March</i>   | <b>Consolidated<br/>financial statements</b> |           | <b>Separate<br/>financial statements</b> |           |
|---|--|-----------|--|-----------|
|   | 2013   | 2012      | 2013                                     | 2012      |
|   | <i>(in million Baht)</i>                     |           |  |           |
| <b>Subsidiaries</b>                         |  |           |  |           |
| Sale of goods                               | -  | -         | 28                                       | 57        |
| Rendering of service                        | -  | -         | 16                                       | 5         |
| Other income                                | -  | -         | 4  | 2         |
| Purchases of goods                          | -  | -         | 247                                      | 245       |
| Purchases of property, plant and equipment  | -  | -         | -  | 3         |
| <b>Associates</b>                           |  |           |  |           |
| Sales of goods                              | 311  | 224       | 165                                      | 141       |
| Purchase of raw material                    | 72   | 7         | 29                                       | 5         |
| Purchases of property, plant and equipment  | 4  | -         | 2  | -         |
| Commission expense                          | 19   | 12        | 7  | 7         |
| <b>Other related party</b>                  |  |           |  |           |
| Purchase of intangible assets               | 1  | -         | 1  | -         |
| <b>Key management personnel</b>             |  |           |  |           |
| Key management personnel compensation       |  |           |  |           |
| Short-term employee benefit                 | 17   | 17        | 8  | 8         |
| Share-based payments                        | -  | 5         | -  | 3         |
| Total key management personnel compensation | <u>17</u>                                    | <u>22</u> | <u>8</u>                                 | <u>11</u> |

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Balances as at 31 March 2013 and 31 December 2012 with related parties were as follows:

| <i>Trade receivables</i><br><i>- related parties</i> | <b>Consolidated</b><br><b>financial statements</b> |                     | <b>Separate</b><br><b>financial statements</b> |                     |
|--|--|---------------------|--|---------------------|
|  | 31 March<br>2013                                   | 31 December<br>2012 | 31 March<br>2013                               | 31 December<br>2012 |
|  | <i>(in thousand Baht)</i>                          |                     |  |                     |
| <b>Subsidiaries</b>                                  |  |                     |  |                     |
| KCE Technology Co., Ltd.                             | -  | -                   | 24,412   | 29,298              |
| K.C.E. International Co., Ltd.                       | -  | -                   | 9,693  | 5,825               |
| KCE (Thailand) Co., Ltd.                             | -  | -                   | 5,468  | 8,342               |
| Thai Laminate Manufacturer Co., Ltd.                 | -  | -                   | 649  | 1,358               |
| <b>Associates</b>                                    |  |                     |  |                     |
| KCE America, Inc.                                    | 382,314  | 337,548             | 224,913  | 205,073             |
| KCE Singapore Pte., Ltd.                             | 50,236   | 40,177              | 9,132  | 8,257               |
| KCE Taiwan Co.,Ltd.                                  | -  | 69                  | -  | -                   |
| <b>Total</b>   | <b>432,550</b>                                     | <b>377,794</b>      | <b>274,267</b>                                 | <b>258,153</b>      |

| <i>Other receivables</i><br><i>- related parties</i> | <b>Consolidated</b><br><b>financial statements</b> |                     | <b>Separate</b><br><b>financial statements</b> |                     |
|--|--|---------------------|--|---------------------|
|  | 31 March<br>2013                                   | 31 December<br>2012 | 31 March<br>2013                               | 31 December<br>2012 |
|  | <i>(in thousand Baht)</i>                          |                     |  |                     |
| <b>Subsidiaries</b>                                  |  |                     |  |                     |
| KCE Technology Co., Ltd.                             | -  | -                   | 1,392  | 2,980               |
| Chemtronic Technology (Thailand)<br>Co.,Ltd          | -  | -                   | 3,225  | 2,911               |
| K.C.E. International Co., Ltd.                       | -  | -                   | 1,241  | 1,506               |
| KCE (Thailand) Co., Ltd.                             | -  | -                   | 5  | 5                   |
| Thai Laminate Manufacturer Co., Ltd.                 | -  | -                   | 154  | -                   |
| <b>Associates</b>                                    |  |                     |  |                     |
| KCE Singapore Pte., Ltd.                             | 1,520  | 1,342               | -  | 1,342               |
| <b>Other related party</b>                           |  |                     |  |                     |
| Thai Business Solution Co., Ltd.                     | 10   | 10                  | 10   | 10                  |
| <b>Total</b>   | <b>1,530</b>                                       | <b>1,352</b>        | <b>6,027</b>                                   | <b>8,754</b>        |

| <i>Trade payables</i><br><i>- related parties</i> | <b>Consolidated</b><br><b>financial statements</b> |                     | <b>Separate</b><br><b>financial statements</b> |                     |
|---|--|---------------------|--|---------------------|
|   | 31 March<br>2013                                   | 31 December<br>2012 | 31 March<br>2013                               | 31 December<br>2012 |
|   | <i>(in thousand Baht)</i>                          |                     |  |                     |
| <b>Subsidiaries</b>                               |  |                     |  |                     |
| Thai Laminate Manufacturer Co., Ltd.              | -  | -                   | 270,174  | 266,133             |
| K.C.E. International Co., Ltd.                    | -  | -                   | 28,404   | 39,448              |
| KCE Technology Co., Ltd.                          | -  | -                   | 45,486   | 27,109              |
| Chemtronic Chemical Co.,Ltd                       | -  | -                   | 6,975  | 6,737               |
| <b>Associates</b>                                 |  |                     |  |                     |
| KCE Taiwan Co.,Ltd.                               | 47,913   | 31,248              | 25,353   | 17,259              |
| KCE Singapore Pte., Ltd.                          | 18,758   | 19,524              | 13,722   | 16,086              |
| <b>Total</b>                                      | <b>66,671</b>                                      | <b>50,772</b>       | <b>390,114</b>                                 | <b>372,772</b>      |



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| <i>Other payables for purchase of<br/>machineries and equipment<br/>- related parties</i> | <b>Consolidated<br/>financial statements</b> |                     | <b>Separate<br/>financial statements</b> |                     |
|---|--|---------------------|--|---------------------|
|   | 31 March<br>2013                             | 31 December<br>2012 | 31 March<br>2013                         | 31 December<br>2012 |
|   | <i>(in thousand Baht)</i>                    |                     |  |                     |
| <b>Subsidiaries</b>   |  |                     |  |                     |
| KCE Technology Co., Ltd.  | -  | -                   | 340                                      | 8,470               |
| <b>Associates</b>   |  |                     |  |                     |
| KCE Taiwan Co., Ltd.  | 538  | 396                 | -  | -                   |
| <b>Other related party</b>  |  |                     |  |                     |
| Thai Business Solution Co., Ltd.  | 1,258  | 891                 | 746                                      | 700                 |
| <b>Total</b>  | <b>1,796</b>                                 | <b>1,287</b>        | <b>1,086</b>                             | <b>9,170</b>        |

| <i>Other payables<br/>- related parties</i> | <b>Consolidated<br/>financial statements</b> |                     | <b>Separate<br/>financial statements</b> |                     |
|---|--|---------------------|--|---------------------|
|   | 31 March<br>2013                             | 31 December<br>2012 | 31 March<br>2013                         | 31 December<br>2012 |
|   | <i>(in thousand Baht)</i>                    |                     |  |                     |
| <b>Subsidiaries</b>                         |  |                     |  |                     |
| Thai Laminate Manufacturer Co., Ltd.        | -  | -                   | 20                                       | -                   |
| <b>Associates</b>                           |  |                     |  |                     |
| KCE Singapore Pte., Ltd.                    | 24,655                                       | 18,364              | 2,353                                    | 1,730               |
| <b>Other related party</b>                  |  |                     |  |                     |
| Thai Business Solution Co., Ltd.            | 236  | 3,113               | 236                                      | 930                 |
| <b>Total</b>                                | <b>24,891</b>                                | <b>21,477</b>       | <b>2,609</b>                             | <b>2,660</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.

**6 Trade and other receivables**

|   | <i>Notes</i> | <b>Consolidated<br/>financial statements</b> |                        | <b>Separate<br/>financial statements</b> |                        |
|---|--------------|--|------------------------|--|------------------------|
|   |              | 31<br>March<br>2013                          | 31<br>December<br>2012 | 31<br>March<br>2013                      | 31<br>December<br>2012 |
|   |              | <i>(in thousand Baht)</i>                    |                        |  |                        |
| <b>Trade receivable</b>                     |              |  |                        |  |                        |
| Related parties                             | 5            | 432,550                                      | 377,794                | 274,267                                  | 258,153                |
| Other parties                               |              | 1,782,904                                    | 1,581,479              | 838,883                                  | 756,598                |
| <b>Total</b>                                |              | <b>2,215,454</b>                             | <b>1,959,273</b>       | <b>1,113,150</b>                         | <b>1,014,751</b>       |
| <i>Less allowance for doubtful accounts</i> |              | (322)  | (353)                  | (322)                                    | (322)                  |
| <b>Net</b>                                  |              | <b>2,215,132</b>                             | <b>1,958,920</b>       | <b>1,112,828</b>                         | <b>1,014,429</b>       |
| <b>Other receivables</b>                    |              |  |                        |  |                        |
| Related parties                             | 5            | 1,530  | 1,352                  | 6,027                                    | 8,754                  |
| Other parties                               |              | 323,655                                      | 254,555                | 9,947                                    | 9,227                  |
| <b>Total</b>                                |              | <b>325,185</b>                               | <b>255,907</b>         | <b>15,974</b>                            | <b>17,981</b>          |
| <b>Total trade and other receivables</b>    |              | <b>2,540,317</b>                             | <b>2,214,827</b>       | <b>1,128,802</b>                         | <b>1,032,410</b>       |

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|  | <b>Consolidated<br/>financial statements</b> |                        | <b>Separate<br/>financial statements</b> |                        |
|--|--|------------------------|--|------------------------|
|  | 2013   | 2012                   | 2013                                     | 2012                   |
|  | <i>(in thousand Baht)</i>                    |                        |  |                        |
| (Reversal) bad and doubtful debts<br>expense for the three-month periods<br>ended 31 March | (31)   | -                      | -  | -                      |
| Aging analyses for trade accounts receivable were as follows:                              |  |                        |  |                        |
|  | <b>Consolidated<br/>financial statements</b> |                        | <b>Separate<br/>financial statements</b> |                        |
|  | 31<br>March<br>2013                          | 31<br>December<br>2012 | 31<br>March<br>2013                      | 31<br>December<br>2012 |
|  | <i>(in thousand Baht)</i>                    |                        |  |                        |
| <b>Related parties</b>   |  |                        |  |                        |
| Within credit terms  | 321,380                                      | 309,850                | 210,205                                  | 204,305                |
| Overdue:   |  |                        |  |                        |
| Less than 3 months   | 110,300                                      | 67,766                 | 63,509                                   | 53,528                 |
| 3-6 months   | 684  | 129                    | 362                                      | 123                    |
| 6-12 months  | 35   | 33                     | 40                                       | 39                     |
| Over 12 months   | 151  | 16                     | 151                                      | 158                    |
|  | <b>432,550</b>                               | <b>377,794</b>         | <b>274,267</b>                           | <b>258,153</b>         |
| <i>Less allowance for doubtful accounts</i>  | -  | -                      | -  | -                      |
|  | <b>432,550</b>                               | <b>377,794</b>         | <b>274,267</b>                           | <b>258,153</b>         |
| <b>Other parties</b>   |  |                        |  |                        |
| Within credit terms  | 1,364,117                                    | 1,241,118              | 623,782                                  | 591,016                |
| Overdue:   |  |                        |  |                        |
| Less than 3 months   | 400,322                                      | 333,728                | 208,831                                  | 165,582                |
| 3-6 months   | 16,837                                       | 4,652                  | 6,270                                    | -                      |
| 6-12 months  | 1,295  | 1,632                  | -  | -                      |
| Over 12 months   | 333  | 349                    | -  | -                      |
|  | <b>1,782,904</b>                             | <b>1,581,479</b>       | <b>838,883</b>                           | <b>756,598</b>         |
| <i>Less allowance for doubtful accounts</i>  | (322)  | (353)                  | (322)                                    | (322)                  |
|  | <b>1,782,582</b>                             | <b>1,581,126</b>       | <b>838,561</b>                           | <b>756,276</b>         |
| <b>Net</b>   | <b>2,215,132</b>                             | <b>1,958,920</b>       | <b>1,112,828</b>                         | <b>1,014,429</b>       |

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

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2013 (Unaudited)**

**7 Investments in associates**

|   | <b>Consolidated<br/>financial statements<br/>Equity Method</b> |               | <b>Separate<br/>financial statements<br/>Cost Method</b> |              |
|---|--|---------------|--|--------------|
|   | <b>2013</b>  | <b>2012</b>   | <b>2013</b>  | <b>2012</b>  |
| <i>Three-month periods ended 31 March</i>                                   |  |               |  |              |
|   | <i>(in thousand Baht)</i>                                      |               |  |              |
| <b>Associates</b>   |  |               |  |              |
| At 1 January  | 77,674   | 82,133        | 3,962  | 2,422        |
| Share of profit (loss) from investment in<br>associates using equity method | 3,626  | (3,306)       | -  | -            |
| Foreign currency translation differences for<br>foreign operations          | (1,743)  | (3,028)       | -  | -            |
| Acquisitions  | -  | 1,540         | -  | 1,540        |
| <b>At 31 March</b>  | <b>79,557</b>  | <b>77,339</b> | <b>3,962</b>   | <b>3,962</b> |

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2013 (Unaudited)**

Investments in associates as at 31 March 2013 and 31 December 2012 were as follows:

| <b>Consolidated financial statements</b> |                  |                          |                    |                  |                 |                  |                     |                     |                      |                      |  |
|--|------------------|--------------------------|--------------------|------------------|-----------------|------------------|---------------------|---------------------|----------------------|----------------------|--|
|  | Type of business | Country of incorporation | Ownership interest |                  | Paid-up capital |                  | Cost                |                     | Equity               |                      |  |
|  |                  |                          | 31 March 2013      | 31 December 2012 | 31 March 2013   | 31 December 2012 | 31 March 2013       | 31 December 2012    | 31 March 2013        | 31 December 2012     |  |
|  |                  |                          | (%)                |                  |                 |                  | (in thousand Baht)  |                     |                      |                      |  |
| <b>Associates</b>                        |                  |                          |                    |                  |                 |                  |                     |                     |                      |                      |  |
| KCE America, Inc.                        | (1)              | America                  | 50.00              | 50.00            | USD 50,000      | USD 50,000       | 644                 | 644                 | 51,021               | 55,198               |  |
| KCE Singapore Pte., Ltd.                 | (1)              | Singapore                | 49.00              | 49.00            | SGD 500,000     | SGD 500,000      | 4,201               | 4,201               | 25,220               | 20,890               |  |
| KCE Taiwan Co.,Ltd.                      | (2)              | Taiwan                   | 49.00              | 49.00            | NTD 3,000,000   | NTD 3,000,000    | 1,540               | 1,540               | 3,316                | 1,586                |  |
| <b>Total</b>                             |                  |                          |                    |                  |                 |                  | <b><u>6,385</u></b> | <b><u>6,385</u></b> | <b><u>79,557</u></b> | <b><u>77,674</u></b> |  |

- (1) The overseas sale representative sold to the Group  
(2) The overseas supply raw materials and machineries representative sold to the Group

Share of profit (loss) from investments for three-month period ended 31 March 2013 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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2013 (Unaudited)**

**Separate financial statements**

|                          | Ownership interest |                  | Paid-up capital |                  | Cost          |                  | Impairment                |                  | Equity – net  |                  |
|--------------------------|--------------------|------------------|-----------------|------------------|---------------|------------------|---------------------------|------------------|---------------|------------------|
|                          | 31 March 2013      | 31 December 2012 | 31 March 2013   | 31 December 2012 | 31 March 2013 | 31 December 2012 | 31 March 2013             | 31 December 2012 | 31 March 2013 | 31 December 2012 |
|                          | (%)                |                  |                 |                  |               |                  | <i>(in thousand Baht)</i> |                  |               |                  |
| <b>Associates</b>        |                    |                  |                 |                  |               |                  |                           |                  |               |                  |
| KCE America, Inc.        | 25.0               | 25.0             | USD 50,000      | USD 50,000       | 322           | 322              | -                         | -                | 322           | 322              |
| KCE Singapore Pte., Ltd. | 24.5               | 24.5             | SGD 500,000     | SGD 500,000      | 2,100         | 2,100            | -                         | -                | 2,100         | 2,100            |
| KCE Taiwan Co., Ltd.     | 49.0               | 49.0             | NTD 3,000,000   | NTD 3,000,000    | 1,540         | 1,540            | -                         | -                | 1,540         | 1,540            |
| <b>Total</b>             |                    |                  |                 |                  | <b>3,962</b>  | <b>3,962</b>     | <b>-</b>                  | <b>-</b>         | <b>3,962</b>  | <b>3,962</b>     |

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2013 (Unaudited)**

**8 Investments in subsidiaries**

Investments in subsidiaries as at 31 March 2013 and 31 December 2012 were as follows:

|  | Type of business | Ownership interest |          | Paid-up capital |           | Cost               |                  | Warrant granted to subsidiaries' directors and employees |              | Total            |                  |
|--|------------------|--------------------|----------|-----------------|-----------|--------------------|------------------|--|--------------|------------------|------------------|
|  |                  | 31                 | 31       | 31              | 31        | 31                 | 31               | 31   | 31           | 31               | 31               |
|  |                  | March              | December | March           | December  | March              | December         | March  | December     | March            | December         |
|  |                  | 2013               | 2012     | 2013            | 2012      | 2013               | 2012             | 2013   | 2012         | 2013             | 2012             |
|  |                  | (%)                |          |                 |           | (in thousand Baht) |                  |  |              |                  |                  |
| <b>Associates</b>                        |                  |                    |          |                 |           |                    |                  |  |              |                  |                  |
| KCE Technology Co., Ltd.                 | (1)              | 100.00             | 100.00   | 1,600,000       | 1,600,000 | 1,600,000          | 1,600,000        | 3,583  | 3,583        | 1,603,583        | 1,603,583        |
| K.C.E.International Co., Ltd.            | (1)              | 99.99              | 99.99    | 100,000         | 100,000   | 185,395            | 185,395          | 1,833  | 1,833        | 187,228          | 187,228          |
| Chemtronic Technology (Thailand) Co.,Ltd | (2)              | 97.25              | 97.25    | 48,000          | 48,000    | 233,810            | 233,810          | -  | -            | 233,810          | 233,810          |
| Thai Laminate Manufacturer Co., Ltd.     | (3)              | 74.80              | 74.80    | 250,000         | 250,000   | 368,460            | 368,460          | 756  | 756          | 369,216          | 369,216          |
| KCE (Thailand) Co., Ltd.                 | (4)              | 60.00              | 60.00    | 3,600           | 3,600     | 2,160              | 2,160            | 124  | 124          | 2,284            | 2,284            |
| <b>Total</b>                             |                  |                    |          |                 |           | <b>2,389,825</b>   | <b>2,389,825</b> | <b>6,296</b>   | <b>6,296</b> | <b>2,396,121</b> | <b>2,396,121</b> |
| <b>Indirect Associates</b>               |                  |                    |          |                 |           |                    |                  |  |              |                  |                  |
| Chemtronic Chemical Co.,Ltd              | (2)              | 96.03              | 96.03    | 4,800           | 4,800     | -                  | -                | -  | -            | -                | -                |

- (1) The manufacture and distribution of printed circuit board products
- (2) The manufacture and distribution of chemicals products
- (3) The manufacture and distribution of prepreg and laminate products
- (4) The domestic sale representative

All subsidiaries entities were incorporated in Thailand.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2013 (Unaudited)**

**9 Property, plant and equipment**

Acquisitions, disposals and transfers of property, plant and equipment during the three-month period ended 31 March 2013 were as follows:

**For the three-month ended 31 March 2013**

|  | <b>Consolidated<br/>financial statements</b> | <b>Separate<br/>financial statements</b> |
|--|--|--|
|  | <i>(in thousand Baht)</i>                    |  |
| Net book value at 1 January 2013                             | 5,237,038                                    | 1,116,776                                |
| Acquisitions - cost  | 255,705                                      | 37,500                                   |
| Disposals during the period - Net book values<br>at the date | (1,079)                                      | (528)                                    |
| Depreciation for the period                                  | (124,199)                                    | (35,223)                                 |
| <b>Net book value at 31 March 2013</b>                       | <b><u>5,367,465</u></b>                      | <b><u>1,118,525</u></b>                  |

9.1 The Company and its 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 Company and its subsidiaries are not allowed to dispose of, transfer, mortgage or provide any lien on their assets, as stipulated in such memorandums.

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

9.2.1 Thai Laminate Manufacturer Co., Ltd. has mortgaged its construction and pledged its machinery with total net book value as at 31 March 2013 of Baht 164 million (*31 December 2012: Baht 171 million*), as collateral for loans from banks, as described in Note 11.

9.2.2 KCE Technology Co., Ltd. has mortgaged its land and construction thereon and pledged its machinery with a total net book value as at 31 March 2013 of Baht 1,064 million (*31 December 2012: Baht 1,084 million*), as collateral for bank overdrafts and loans from banks, as described in Note 11.

**10 Deferred tax**

Deferred tax assets and liabilities as at 31 March 2013 and 31 December 2012 were as follows:

|  | <b>Consolidated financial statements</b> |                        |                        |                        |
|--|--|------------------------|------------------------|------------------------|
|  | <b>Assets</b>                            |                        | <b>Liabilities</b>     |                        |
|  | 31<br>March<br>2013                      | 31<br>December<br>2012 | 31<br>March<br>2013    | 31<br>December<br>2012 |
|  | <i>(in thousand Baht)</i>                |                        |                        |                        |
| Total  | 166,519                                  | 165,448                | (160,720)              | (160,501)              |
| Set off of tax                               | (133,370)                                | (148,674)              | 133,370                | 148,674                |
| <b>Net deferred tax assets (liabilities)</b> | <b><u>33,149</u></b>                     | <b><u>16,774</u></b>   | <b><u>(27,350)</u></b> | <b><u>(11,827)</u></b> |

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2013 (Unaudited)**

|  | <b>Separate financial statements</b> |          |                    |                |
|--|--------------------------------------|----------|--------------------|----------------|
|  | <b>Assets</b>                        |          | <b>Liabilities</b> |                |
|  | 31                                   | 31       | 31                 | 31             |
|  | March                                | December | March              | December       |
|  | 2013                                 | 2012     | 2013               | 2012           |
|  | <i>(in thousand Baht)</i>            |          |                    |                |
| Total  | 25,850                               | 41,163   | (51,320)           | (51,101)       |
| Set off of tax                               | (25,850)                             | (41,163) | 25,850             | 41,163         |
| <b>Net deferred tax assets (liabilities)</b> | <b>-</b>                             | <b>-</b> | <b>(25,470)</b>    | <b>(9,938)</b> |

Movements in total deferred tax assets and liabilities during the three-month periods ended 31 March 2013 and 2012 were as follows:

|   | <b>Consolidated financial statements</b> |   |                    |
|---|--|---|--------------------|
|   | <b>At 1 January</b>                      | <b>(Charged) /<br/>credited to<br/>Profit or loss</b> | <b>At 31 March</b> |
|   | <b>2013</b>                              | <b>(Note 17)</b>                                      | <b>2013</b>        |
|   | <i>(in thousand Baht)</i>                |   |                    |
| <b>Deferred tax assets</b>                    |  |   |                    |
| Allowance for decline in value of inventories | 8,606                                    | 656   | 9,262              |
| Employee benefit obligations                  | 13,460                                   | 307   | 13,767             |
| Loss carry forward                            | 143,362                                  | 107   | 143,469            |
| Others  | 20                                       | 1   | 21                 |
| <b>Total</b>                                  | <b>165,448</b>                           | <b>1,071</b>  | <b>166,519</b>     |
| <b>Deferred tax liabilities</b>               |  |   |                    |
| Finance lease agreements                      | (49,101)                                 | (219)   | (49,320)           |
| Insurance claim receivable                    | (111,400)                                | -   | (111,400)          |
| <b>Total</b>                                  | <b>(160,501)</b>                         | <b>(219)</b>  | <b>(160,720)</b>   |
| <b>Net</b>                                    | <b>4,947</b>                             | <b>852</b>  | <b>5,799</b>       |

|   | <b>Consolidated financial statements</b> |   |                    |
|---|--|---|--------------------|
|   | <b>At 1 January</b>                      | <b>(Charged) /<br/>credited to<br/>Profit or loss</b> | <b>At 31 March</b> |
|   | <b>2012</b>                              | <b>(Note 17)</b>                                      | <b>2012</b>        |
|   | <i>(in thousand Baht)</i>                |   |                    |
| <b>Deferred tax assets</b>                    |  |   |                    |
| Allowance for decline in value of inventories | 7,386                                    | (1,360)   | 6,026              |
| Employee benefit obligations                  | 12,201                                   | (472)   | 11,729             |
| Loss carry forward                            | 114,257                                  | 16,460  | 130,717            |
| Others  | 14                                       | -   | 14                 |
| <b>Total</b>                                  | <b>133,858</b>                           | <b>14,628</b>   | <b>148,486</b>     |
| <b>Deferred tax liabilities</b>               |  |   |                    |
| Finance lease agreements                      | (45,087)                                 | (2,656)   | (47,743)           |
| Insurance claim receivable                    | (14,000)                                 | (37,200)  | (51,200)           |
| <b>Total</b>                                  | <b>(59,087)</b>                          | <b>(39,856)</b>                                       | <b>(98,943)</b>    |
| <b>Net</b>                                    | <b>74,771</b>                            | <b>(25,228)</b>                                       | <b>49,543</b>      |



**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2013 (Unaudited)**

|   | <b>Separate financial statements</b> |   |                             |
|---|--------------------------------------|---|-----------------------------|
|   | <b>At 1 January<br/>2013</b>         | (Charged) /<br>credited to<br>Profit or loss<br>(Note 17) | <b>At 31 March<br/>2013</b> |
|   | <i>(in thousand Baht)</i>            |   |                             |
| <b>Deferred tax assets</b>                    |                                      |   |                             |
| Allowance for decline in value of inventories | 3,336                                | (51)  | 3,285                       |
| Employee benefit obligations                  | 6,997                                | 105   | 7,102                       |
| Loss carry forward                            | 30,810                               | (15,368)  | 15,442                      |
| Others  | 20                                   | 1   | 21                          |
| <b>Total</b>                                  | <b>41,163</b>                        | <b>(15,313)</b>   | <b>25,850</b>               |
| <b>Deferred tax liabilities</b>               |                                      |   |                             |
| Finance lease agreements                      | (49,101)                             | (219)   | (49,320)                    |
| Insurance claim receivable                    | (2,000)                              | -   | (2,000)                     |
| <b>Total</b>                                  | <b>(51,101)</b>                      | <b>(219)</b>  | <b>(51,320)</b>             |
| <b>Net</b>                                    | <b>(9,938)</b>                       | <b>(15,532)</b>   | <b>(25,470)</b>             |

|   | <b>Separate financial statements</b> |   |                             |
|---|--------------------------------------|---|-----------------------------|
|   | <b>At 1 January<br/>2012</b>         | (Charged) /<br>credited to<br>Profit or loss<br>(Note 17) | <b>At 31 March<br/>2012</b> |
|   | <i>(in thousand Baht)</i>            |   |                             |
| <b>Deferred tax assets</b>                    |                                      |   |                             |
| Allowance for decline in value of inventories | 4,498                                | (1,331)   | 3,167                       |
| Employee benefit obligations                  | 6,299                                | 175   | 6,474                       |
| Loss carry forward                            | 89,340                               | (20,376)  | 68,964                      |
| Others  | 14                                   | -   | 14                          |
| <b>Total</b>                                  | <b>100,151</b>                       | <b>(21,532)</b>   | <b>78,619</b>               |
| <b>Deferred tax liabilities</b>               |                                      |   |                             |
| Finance lease agreements                      | (45,087)                             | (2,656)   | (47,743)                    |
| <b>Total</b>                                  | <b>(45,087)</b>                      | <b>(2,656)</b>  | <b>(47,743)</b>             |
| <b>Net</b>                                    | <b>55,064</b>                        | <b>(24,188)</b>   | <b>30,876</b>               |

Deferred tax assets (liabilities) arising from temporary differences and unused tax losses that have not been recognised in the financial statements were as follows:

|                                  | <b>Consolidated<br/>financial statements</b> |                        | <b>Separate<br/>financial statements</b> |                        |
|----------------------------------|--|------------------------|--|------------------------|
|                                  | 31<br>March<br>2013                          | 31<br>December<br>2012 | 31<br>March<br>2013                      | 31<br>December<br>2012 |
|                                  | <i>(in thousand Baht)</i>                    |                        |  |                        |
| Deductible temporary differences | -  | -                      | -  | -                      |
| Tax losses carry forward         | 210,077                                      | 300,006                | -  | -                      |
| <b>Total</b>                     | <b>210,077</b>                               | <b>300,006</b>         | <b>-</b>                                 | <b>-</b>               |

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2013 (Unaudited)**

The tax losses expire in 2013 - 2025. 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 against which the Group can utilise the benefits therefrom.

**11 Interest bearing liabilities**

|  | Interest rate<br>(% per annum) | Consolidated financial statements |                  | Separate financial statements |                  |
|--|--------------------------------|-----------------------------------|------------------|-------------------------------|------------------|
|  |                                | 31 March 2013                     | 31 December 2012 | 31 March 2013                 | 31 December 2012 |
| <i>(in thousand Baht)</i>  |                                |                                   |                  |                               |                  |
| <b>Current</b>   |                                |                                   |                  |                               |                  |
| Bank overdrafts - secured  | (1)                            | -                                 | 2,484            | -                             | 2,484            |
| Short-term loans from financial institutions                                 |                                |                                   |                  |                               |                  |
| - secured  | (2)                            | 565,000                           | 664,450          | 70,000                        | 80,000           |
| Packing credit - secured   | (3)                            | 1,710,094                         | 1,216,887        | 685,094                       | 570,887          |
| Trust Receipt - secured  | (3)                            | 974,682                           | 927,985          | 27,433                        | 56,151           |
| <b>Total bank overdraft and short-term loans from financial institutions</b> |                                | <b>3,249,776</b>                  | <b>2,811,806</b> | <b>782,527</b>                | <b>709,522</b>   |
| Current portion of long-term loans - secured                                 |                                | 1,211,517                         | 1,373,025        | 300,776                       | 301,677          |
| Current portion of finance lease liabilities                                 |                                | 12,996                            | 19,700           | 8,312                         | 14,858           |
| <b>Total current interest-bearing liabilities</b>                            |                                | <b>4,474,289</b>                  | <b>4,204,531</b> | <b>1,091,615</b>              | <b>1,026,057</b> |
| <b>Non-current</b>   |                                |                                   |                  |                               |                  |
| Long-term loans -secured   |                                | 1,091,894                         | 1,317,003        | 500,699                       | 613,578          |
| Liabilities from hire purchase and finance lease                             |                                | 6,794                             | 9,601            | 4,105                         | 5,221            |
| <b>Total non-current interest-bearing liabilities</b>                        |                                | <b>1,098,688</b>                  | <b>1,326,604</b> | <b>504,804</b>                | <b>618,799</b>   |
| <b>Total</b>   |                                | <b>5,572,977</b>                  | <b>5,531,135</b> | <b>1,596,419</b>              | <b>1,644,856</b> |

(1) "Minimum Loan Rate" and "Minimum Overdraft Rate"

(2) "Money Market Rate"

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

11.1 Bank overdrafts and partial loans from banks of the Company are guaranteed by K.C.E. International Co., Ltd., a subsidiary company.

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

11.3 Bank overdrafts and loans from banks 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 company.

11.4 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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2013 (Unaudited)**

11.5 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.

11.6 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.

Movements during the three-month period ended 31 March 2013 of long-term loans were as follows:

|                                  | <b>Consolidated<br/>financial<br/>statements</b> | <b>Separate<br/>financial<br/>statements</b> |
|----------------------------------|--|--|
|                                  | <i>(in thousand Baht)</i>                        |  |
| At 1 January 2013                | 2,690,028  | 915,255                                      |
| Increase                         | -  | -  |
| Decrease                         | (301,564)  | (85,487)                                     |
| Unrealised gain on exchange rate | (85,053)   | (28,293)                                     |
| At 31 March 2013                 | <u>2,303,411</u>                                 | <u>801,475</u>                               |

**12 Trade and other payables**

|   |             | <b>Consolidated<br/>financial statements</b> |                         | <b>Separate<br/>financial statements</b> |                       |
|---|-------------|--|-------------------------|--|-----------------------|
|   | <i>Note</i> | 31 March<br>2013                             | 31 December<br>2012     | 31 March<br>2013                         | 31 December<br>2012   |
|   |             | <i>(in thousand Baht)</i>                    |                         |  |                       |
| Trade payables  |             |  |                         |  |                       |
| - related parties   | 5           | 66,671                                       | 50,772                  | 390,114                                  | 372,772               |
| - other parties   |             | 1,196,404                                    | 1,040,543               | 264,592                                  | 281,907               |
| Other payables for purchase of<br>machineries and equipment |             |  |                         |  |                       |
| - related parties   | 5           | 1,796  | 1,287                   | 1,086                                    | 9,170                 |
| - other parties   |             | 221,914                                      | 202,536                 | 41,313                                   | 30,487                |
| Other payables  |             |  |                         |  |                       |
| - related parties   | 5           | 24,891                                       | 21,477                  | 2,609                                    | 2,660                 |
| - other parties   |             | 50,259                                       | 41,389                  | 16,647                                   | 12,927                |
| Accrued expenses  |             | 260,710                                      | 208,471                 | 99,940                                   | 71,422                |
| <b>Total trade and other payables</b>                       |             | <u><b>1,822,645</b></u>                      | <u><b>1,566,475</b></u> | <u><b>816,301</b></u>                    | <u><b>781,345</b></u> |

**KCE Electronics Public Company Limited and its subsidiaries**  
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**For the three-month period ended 31 March 2013 (Unaudited)**

**13 Share capital**

| <i>Three-month periods ended</i><br><i>31 March</i> | Par value<br>per share<br>(in Baht) | 2013           |   | 2012           |                |
|---|-------------------------------------|----------------|---|----------------|----------------|
|   |                                     | Number         | Baht<br>(thousand shares / thousand Baht) | Number         | Baht           |
| <b>Authorised</b>                                   |                                     |                |   |                |                |
| At 1 January  |                                     |                |   |                |                |
| - ordinary shares                                   | 1                                   | 491,830        | 491,830                                   | 500,000        | 500,000        |
| Reduction of shares                                 | 1                                   | -              | -   | (8,170)        | (8,170)        |
| <b>At 31 March</b>                                  |                                     |                |   |                |                |
| <b>- ordinary shares</b>                            | 1                                   | <b>491,830</b> | <b>491,830</b>                            | <b>491,830</b> | <b>491,830</b> |
| <b>Issued and paid-up</b>                           |                                     |                |   |                |                |
| At 1 January  |                                     |                |   |                |                |
| - ordinary shares                                   | 1                                   | 472,601        | 472,601                                   | 472,224        | 472,224        |
| Reduction of shares                                 | 1                                   | -              | -   | (8,170)        | (8,170)        |
| Issue of new shares                                 | 1                                   | 2,395          | 2,395                                     | -              | -              |
| <b>At 31 March</b>                                  |                                     |                |   |                |                |
| <b>- ordinary shares</b>                            | 1                                   | <b>474,996</b> | <b>474,996</b>                            | <b>464,054</b> | <b>464,054</b> |

**Share warrants**

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 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. The fair value of the warrants granted "ESOP-W4" was Baht 1.238.

**KCE Electronics Public Company Limited and its subsidiaries**  
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Movements of share warrants during the three-month periods ended 31 March 2013 and 2012 are summarised below:

|   | 2013                                      |              | 2012          |               |
|---|---|--------------|---------------|---------------|
|   | Number                                    | Baht         | Number        | Baht          |
|   | <i>(in thousand shares/thousand Baht)</i> |              |               |               |
| Warrants issued at 1 January                  | 4,253                                     | 4,009        | 2,800         | -             |
| <i>Add:</i> Warrants issued during the period | -   | -            | 10,000        | 12,380        |
| <i>Less:</i> Exercised during the period      | (2,395)                                   | (2,297)      | -             | -             |
| Canceled during period                        | -   | -            | -             | -             |
| Warrants issued at 31 March                   | <u>1,858</u>                              | <u>1,712</u> | <u>12,800</u> | <u>12,380</u> |

In March 2013, the Company received share subscription from ESOP-W3 for 540,000 additional ordinary shares of Baht 6.86 each share and from ESOP-W4 for 1,855,000 additional ordinary shares of Baht 7.81 each share supporting the exercise of the warrants, totaling of Baht 18,191,950. The Company registered the said increase of new shares with the Ministry of Commerce on 22 March 2013.

As at 31 March 2013, share warrants outstanding consists of share warrants of ESOP-W3 of 475,000 units and ESOP-W4 project of 1,383,000 units.

#### **14 Treasury shares**

As at 31 March 2013 and 31 December 2012, details of treasury shares are as follows:

|  | <b>Consolidated/<br/>separate financial statements</b> |         |
|--|--|---------|
|  | 2013   | 2012    |
| Cost of treasury shares (Thousand Baht)                        | 105,582  | 105,582 |
| Number of treasury shares (Thousand shares)                    | 14,000   | 14,000  |
| Average price per share (Baht)                                 | 7.54   | 7.54    |
| Percentage of treasury shares to the Company's shares in issue | 2.96   | 2.96    |

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.

For the three-month period ended 31 March 2013, the Company did not purchase additional treasury shares.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
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**15 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 operate in both local and overseas markets. Financial information of the Company and its subsidiaries by business for the three-month periods ended 31 March 2013 and 2012 is as follows:

| <b>Consolidated financial statements</b>                 |                                  |                |                                |                |                  |                |                |                |                  |                  |                              |               |                      |          |                     |                  |                  |                  |
|--|----------------------------------|----------------|--------------------------------|----------------|------------------|----------------|----------------|----------------|------------------|------------------|------------------------------|---------------|----------------------|----------|---------------------|------------------|------------------|------------------|
| For the three-month periods ended 31 March 2013 and 2012 |                                  |                |                                |                |                  |                |                |                |                  |                  |                              |               |                      |          |                     |                  |                  |                  |
|  | Prepreg and Laminate<br>business |                | Printed Circuit Board business |                |                  |                |                |                |                  |                  | Service provider<br>business |               | Chemical<br>business |          | Eliminating entries |                  | Total            |                  |
|  |                                  |                | America                        |                | Europe           |                | Asia           |                | Total            |                  |                              |               |                      |          |                     |                  |                  |                  |
|  | 2013                             | 2012           | 2013                           | 2012           | 2013             | 2012           | 2013           | 2012           | 2013             | 2012             | 2013                         | 2012          | 2013                 | 2012     | 2013                | 2012             | 2013             | 2012             |
| Revenues from external customers                         | 12,873                           | 14,431         | 271,316                        | 190,613        | 1,044,835        | 870,646        | 628,847        | 253,507        | 1,944,998        | 1,314,766        | -                            | 15,991        | 41,728               | -        | -                   | -                | 1,999,599        | 1,345,188        |
| Inter-segment revenues                                   | 378,837                          | 271,055        | -                              | -              | -                | -              | 238,077        | 195,818        | 238,077          | 195,818          | -                            | 1,486         | 15,655               | -        | (632,569)           | (468,359)        | -                | -                |
| <b>Total revenues</b>                                    | <b>391,710</b>                   | <b>285,486</b> | <b>271,316</b>                 | <b>190,613</b> | <b>1,044,835</b> | <b>870,646</b> | <b>866,924</b> | <b>449,325</b> | <b>2,183,075</b> | <b>1,510,584</b> | <b>-</b>                     | <b>17,477</b> | <b>57,383</b>        | <b>-</b> | <b>(632,569)</b>    | <b>(468,359)</b> | <b>1,999,599</b> | <b>1,345,188</b> |
| Segment operating profit                                 | 49,217                           | 38,762         |                                |                |                  |                |                |                | 374,052          | 215,888          | -                            | 2,488         | 15,084               | -        | 6,330               | (1,028)          | 444,683          | 256,110          |
| Unallocated profit and expenses:                         |                                  |                |                                |                |                  |                |                |                |                  |                  |                              |               |                      |          |                     |                  |                  |                  |
| Compensation from insurance claim                        |                                  |                |                                |                |                  |                |                |                |                  |                  |                              |               |                      |          |                     |                  | -                | 186,000          |
| Other income   |                                  |                |                                |                |                  |                |                |                |                  |                  |                              |               |                      |          |                     |                  | 133,060          | 108,006          |
| Selling expenses   |                                  |                |                                |                |                  |                |                |                |                  |                  |                              |               |                      |          |                     |                  | (126,335)        | (99,423)         |
| Administrative expenses                                  |                                  |                |                                |                |                  |                |                |                |                  |                  |                              |               |                      |          |                     |                  | (141,079)        | (225,059)        |
| Finance cost   |                                  |                |                                |                |                  |                |                |                |                  |                  |                              |               |                      |          |                     |                  | (38,574)         | (40,165)         |
| Share of profit (loss) from investments in associates    |                                  |                |                                |                |                  |                |                |                |                  |                  |                              |               |                      |          |                     |                  | 3,626            | (3,306)          |
| Corporate income tax                                     |                                  |                |                                |                |                  |                |                |                |                  |                  |                              |               |                      |          |                     |                  | (2,109)          | (26,352)         |
| <b>Profit for the period</b>                             |                                  |                |                                |                |                  |                |                |                |                  |                  |                              |               |                      |          |                     |                  | <b>273,272</b>   | <b>155,811</b>   |
| Segment assets as at 31                                  |                                  |                |                                |                |                  |                |                |                |                  |                  |                              |               |                      |          |                     |                  |                  |                  |
| March 2013/31 December                                   |                                  |                |                                |                |                  |                |                |                |                  |                  |                              |               |                      |          |                     |                  |                  |                  |
| 2012   | 1,311,139                        | 1,165,762      |                                |                |                  |                |                |                | 13,109,577       | 12,461,008       | -                            | -             | 218,524              | 202,151  | (3,759,206)         | (3,556,580)      | 10,880,034       | 10,272,341       |

As disclosed in Note 4(d), following the adoption of TFRS 8 – Operating Segments from 1 January 2013, the Group has changed its policy for reporting information on operating segments.

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

|  | <b>Consolidated<br/>financial statements</b> |        | <b>Separate<br/>financial statements</b> |        |
|--|--|--------|--|--------|
|  | 2013   | 2012   | 2013                                     | 2012   |
|  | <i>(in thousand Baht)</i>                    |        |  |        |
| Included in other income                                     |  |        |  |        |
| - Gain on exchange rate and from<br>hedging activities - net | 118,363                                      | 99,613 | 16,199                                   | 30,121 |
| Included in administrative expenses                          |  |        |  |        |
| - Loss on exchange rate and from<br>hedging activities - net | -  | -      | -  | -      |

**17 Income tax expense**

*Income tax recognised in profit or loss*

| <i>Three-month periods ended<br/>31 March</i> | <i>Note</i> | <b>Consolidated financial<br/>statements</b> |               | <b>Separate financial<br/>statements</b> |               |
|---|-------------|--|---------------|--|---------------|
|   |             | 2013   | 2012          | 2013                                     | 2012          |
|   |             | <i>(in thousand Baht)</i>                    |               |  |               |
| <b>Current tax expense</b>                    |             |  |               |  |               |
| Current year                                  |             | 2,961  | 1,124         | -  | -             |
| Adjustment for prior years                    |             | -  | -             | -  | -             |
|   |             | <u>2,961</u>                                 | <u>1,124</u>  | <u>-</u>                                 | <u>-</u>      |
| <b>Deferred tax expense</b>                   |             |  |               |  |               |
| Movements in temporary differences            |             | (852)  | 23,608        | 15,532                                   | 22,428        |
| Income tax reduction - deferred               |             | -  | 1,620         | -  | 1,760         |
|   | <b>10</b>   | <u>(852)</u>                                 | <u>25,228</u> | <u>15,532</u>                            | <u>24,188</u> |
| <b>Total</b>                                  |             | <u>2,109</u>                                 | <u>26,352</u> | <u>15,532</u>                            | <u>24,188</u> |

**KCE Electronics Public Company Limited and its subsidiaries**  
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**For the three-month period ended 31 March 2013 (Unaudited)**

*Reconciliation of effective tax rate*

| <i>Three-month periods ended</i><br><i>31 March</i>                | <b>Consolidated financial statements</b> |                                     |                           |                                     |
|--|--|-------------------------------------|---------------------------|-------------------------------------|
|  |  | 2013                                |                           | 2012                                |
|  | <i>Rate</i><br><i>(%)</i>                | <i>(in thousand</i><br><i>Baht)</i> | <i>Rate</i><br><i>(%)</i> | <i>(in thousand</i><br><i>Baht)</i> |
| Profit for the period  |  | 273,272                             |                           | 155,811                             |
| Total income tax expense (benefit)                                 |  | 2,109                               |                           | 26,352                              |
| Profit before income tax expense                                   |  | <u>275,381</u>                      |                           | <u>182,163</u>                      |
| Income tax using the Thai corporation tax rate                     | 20                                       | 55,076                              | 23                        | 41,897                              |
| Income tax reduction - deferred                                    | -  | -                                   | -                         | 1,620                               |
| Income not subject to tax  | (13)                                     | (34,225)                            | (3)                       | (5,056)                             |
| Expenses not deductible for tax purposes                           | 1  | 831                                 | 3                         | 4,026                               |
| Current year losses for which no deferred tax asset was recognised | -  | -                                   | 13                        | 22,784                              |
| Recognition of previously unrecognised tax losses                  | (6)                                      | (17,986)                            | (23)                      | (41,400)                            |
| Others   | (1)                                      | (1,587)                             | 1                         | 2,481                               |
| <b>Total</b>   | <b>1</b>                                 | <b><u>2,109</u></b>                 | <b>14</b>                 | <b><u>26,352</u></b>                |

| <i>Three-month periods ended</i><br><i>31 March</i> | <b>Separate financial statements</b> |                                     |                           |                                     |
|---|--------------------------------------|-------------------------------------|---------------------------|-------------------------------------|
|   |                                      | 2013                                |                           | 2012                                |
|   | <i>Rate</i><br><i>(%)</i>            | <i>(in thousand</i><br><i>Baht)</i> | <i>Rate</i><br><i>(%)</i> | <i>(in thousand</i><br><i>Baht)</i> |
| Profit for the period                               |                                      | 56,278                              |                           | 60,095                              |
| Total income tax expense (benefit)                  |                                      | 15,532                              |                           | 24,188                              |
| Profit before income tax expense                    |                                      | <u>71,810</u>                       |                           | <u>84,283</u>                       |
| Income tax using the Thai corporation tax rate      | 20                                   | 14,362                              | 23                        | 19,385                              |
| Income tax reduction – deferred                     | -                                    | -                                   | 2                         | 1,760                               |
| Expenses not deductible for tax purposes            | 1                                    | 621                                 | 3                         | 2,421                               |
| Others  | 1                                    | 549                                 | 1                         | 622                                 |
| <b>Total</b>  | <b>22</b>                            | <b><u>15,532</u></b>                | <b>29</b>                 | <b><u>24,188</u></b>                |



**KCE Electronics Public Company Limited and its subsidiaries**  
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**18 Earnings per share**

*Basic earnings per share*

The calculations of basic earnings per share for the three-month periods ended 31 March 2013 and 2012 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:

| <i>Three-month periods ended<br/>31 March</i>  | <b>Consolidated financial<br/>statements</b> |                       | <b>Separate financial<br/>statements</b> |                       |
|--|--|-----------------------|--|-----------------------|
|  | 2013   | 2012                  | 2013                                     | 2012                  |
|  | <i>(thousand Baht/ thousand shares)</i>      |                       |  |                       |
| <b>Profit attributable to ordinary<br/>shareholders of the Company (basic)</b>       | <b><u>271,848</u></b>                        | <b><u>154,531</u></b> | <b><u>56,278</u></b>                     | <b><u>60,095</u></b>  |
| Number of ordinary shares outstanding at<br>1 January                                | 472,601                                      | 472,224               | 472,601                                  | 472,224               |
| <i>Less</i> Treasury shares/ Reduction of shares                                     | <u>(14,000)</u>                              | <u>(8,170)</u>        | <u>(14,000)</u>                          | <u>(8,170)</u>        |
| Number of ordinary shares outstanding net<br>of treasury shares/ reduction of shares | 458,601                                      | 464,054               | 458,601                                  | 464,054               |
| Effect from ordinary shares issued during<br>the period                              | <u>266</u>                                   | <u>-</u>              | <u>266</u>                               | <u>-</u>              |
| <b>Weighted average number of ordinary<br/>shares outstanding (basic)</b>            | <b><u>458,867</u></b>                        | <b><u>464,054</u></b> | <b><u>458,867</u></b>                    | <b><u>464,054</u></b> |
| <b>Earnings per share (basic) (in Baht)</b>  | <b><u>0.59</u></b>                           | <b><u>0.33</u></b>    | <b><u>0.12</u></b>                       | <b><u>0.13</u></b>    |

*Diluted earnings per share*

The calculations of diluted earnings per share for the three-month periods ended 31 March 2013 and 2012 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 after adjusting for the effects of all dilutive potential ordinary shares as follows:

| <i>Three-month periods ended<br/>31 March</i>                               | <b>Consolidated financial<br/>statements</b> |                       | <b>Separate financial<br/>statements</b> |                       |
|---|--|-----------------------|--|-----------------------|
|   | 2013   | 2012                  | 2013                                     | 2012                  |
|   | <i>(thousand Baht/ thousand shares)</i>      |                       |  |                       |
| <b>Profit attributable to ordinary<br/>shareholders of the Company</b>      | <b><u>271,848</u></b>                        | <b><u>154,531</u></b> | <b><u>56,278</u></b>                     | <b><u>60,095</u></b>  |
| Weighted average number of ordinary<br>shares outstanding (basic)           | 458,867                                      | 464,054               | 458,867                                  | 464,054               |
| Effect of share warrants  | <u>1,658</u>                                 | <u>-</u>              | <u>1,658</u>                             | <u>-</u>              |
| <b>Weighted average number of ordinary<br/>shares outstanding (diluted)</b> | <b><u>460,525</u></b>                        | <b><u>464,054</u></b> | <b><u>460,525</u></b>                    | <b><u>464,054</u></b> |
| <b>Earnings per share (diluted) (in Baht)</b>                               | <b><u>0.59</u></b>                           | <b><u>0.33</u></b>    | <b><u>0.12</u></b>                       | <b><u>0.13</u></b>    |

The Company did not calculate the effect of share warrants for the three-month period ended 31 March 2012 because the exercise price of the Company's warrants was higher than the market value of ordinary shares.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
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**19 Commitments and contingent liabilities**

*Commitments*

|   | <b>Consolidated<br/>financial statements</b> |                        | <b>Separate<br/>financial statements</b> |                        |
|---|--|------------------------|--|------------------------|
|   | 31<br>March<br>2013                          | 31<br>December<br>2012 | 31<br>March<br>2013                      | 31<br>December<br>2012 |
|   | <i>(in thousand Baht)</i>                    |                        |  |                        |
| <b>Capital commitments</b>                                  |  |                        |  |                        |
| Unrecognised purchase orders for<br>machinery and equipment | 101,499                                      | 166,067                | 13,827                                   | 21,777                 |
| <b>Total</b>  | <b>101,499</b>                               | <b>166,067</b>         | <b>13,827</b>                            | <b>21,777</b>          |

|  | <b>Consolidated<br/>financial statements</b> |                        | <b>Separate<br/>financial statements</b> |                        |
|--|--|------------------------|--|------------------------|
|  | 31<br>March<br>2013                          | 31<br>December<br>2012 | 31<br>March<br>2013                      | 31<br>December<br>2012 |
|  | <i>(in thousand Baht)</i>                    |                        |  |                        |
| <b>Non-cancellable operating lease and<br/>long-term service commitments</b> |  |                        |  |                        |
| Within one year  | 48,144                                       | 39,508                 | 15,395                                   | 17,405                 |
| After one year but within five years   | 36,606                                       | 2,007                  | 161                                      | 336                    |
| <b>Total</b>   | <b>84,750</b>                                | <b>41,515</b>          | <b>15,556</b>                            | <b>17,741</b>          |

As of 31 March 2013, the Company and two subsidiaries had commitments in respect of installment and implementation of computer software with other related company amounting to Baht 1.5 million (the Company only: Baht 0.7 million)

**Forward exchange contracts**

As at 31 March 2013, the Company had outstanding forward exchange contracts as follows:

| Currency         | <b>Consolidated financial statements</b> |                                  |  | Contract<br>exchange rate<br><i>(Per unit of<br/>foreign currency)</i> |
|------------------|--|----------------------------------|--|--|
|                  | Amount<br><i>(Thousand)</i>              | Maturity date                    |  |  |
| Buying contract  |  |                                  |  |  |
| US dollar        | 4,679                                    | 25 June 2013 - 23 September 2013 |  | 29.4147-30.8800 Baht   |
| US dollar        | 1,083                                    | 2 April 2013                     |  | 0.7722 Euro  |
| Euro             | 17                                       | 28 August 2013                   |  | 39.6296 Baht   |
| Selling contract |  |                                  |  |  |
| US dollar        | 3,321                                    | 28 May 2013 - 16 September 2013  |  | 29.3571-30.2550 Baht   |

**KCE Electronics Public Company Limited and its subsidiaries**  
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**Separate financial statements**

| Currency        | Amount<br>(Thousand) | Maturity date | Contract<br>exchange rate<br>(Per unit of<br>foreign currency) |
|-----------------|----------------------|---------------|--|
| Buying contract |                      |               |  |
| US dollar       | 1,083                | 2 April 2013  | 0.7722 Euro  |

**Currency call option agreements**

As of 31 March 2013, the Company has outstanding balance of currency call option agreement as follows:

|             | Currency  | Bought amount<br>(Thousand) | Strike rate<br>(Baht per unit of foreign<br>currency) | Delivery date |
|-------------|-----------|-----------------------------|---|---------------|
| Call option | US dollar | 10,000                      | 29.35   | 18 April 2013 |

When exchange rate on delivery date is higher than call option strike rate, the Company will buy US dollar at strike rate. As at 31 March 2013, fair value of currency call option agreements was Baht 0.8 million.

**Cross interest rate swap**

As at 31 March 2013, 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 percent per annum. As at 31 March 2013, the outstanding balance of such agreement was USD 3 million.

**Guarantees**

As at 31 March 2013 and 31 December 2012, the Company and its subsidiaries had contingent liabilities in respect of cross guarantees of loans and other credit facilities as follows:

| Guarantee company              | Guarantor                 |                     |                                |                     |
|--------------------------------|---------------------------|---------------------|--------------------------------|---------------------|
|                                | KCE Electronics Plc.      |                     | K.C.E. International Co., Ltd. |                     |
|                                | 31 March<br>2013          | 31 December<br>2012 | 31 March<br>2013               | 31 December<br>2012 |
|                                | <i>(in thousand Baht)</i> |                     |                                |                     |
| KCE Electronics Plc.           |                           |                     |                                |                     |
| - Baht                         | -                         | -                   | 82,337                         | 115                 |
| K.C.E. International Co., Ltd. |                           |                     |                                |                     |
| - Baht                         | 128,217                   | 119                 | -                              | -                   |
| - US dollar                    | 2                         | 3                   | -                              | -                   |
| KCE Technology Co., Ltd.       |                           |                     |                                |                     |
| - Baht                         | 2,609                     | 2,350               | -                              | -                   |
| - US dollar                    | 38                        | 42                  | -                              | -                   |

As at 31 March 2013, the Company and its subsidiaries had contingent liabilities in respect of bank guarantees issued on their behalf amounting to Baht 73 million (the Company only: Baht 31 million) in

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respect of certain performance bonds as required in the normal course of business, mainly for guarantee of electricity payment.

**20 Events after the reporting period**

***20.1 Approval of dividend payment***

On 29 April 2013, the Company's shareholders at the Annual General Meeting approved the payment of dividend in respect of the Company's operating results for the period from 1 July 2012 to 31 December 2012 at Baht 0.35 per share to the ordinary shareholders, totaling approximately Baht 166.2 million. The Company will pay the dividend on 15 May 2013 and will record this transaction in the second quarter of the current year.

***20.2 Approval of reduction of the Company's authorised share capital***

On 29 April 2013, the Company's shareholders at the Annual General Meeting approved the reduction of the Company's authorised share capital in the amount of Baht 14,975,731 from the current authorised share capital of Baht 491,829,500 to Baht 476,853,769 by cancelling 14,975,731 unissued ordinary shares with Baht 1 par value per share.

***20.3 Approval of issue and offering of warrants***

On 29 April 2013, the Company's shareholders at the Annual General Meeting approved the issue and offering of warrants to purchase ordinary shares of the Company in the amount not exceeding 115,248,942 units to its existing shareholders in proportion to their shareholdings (Rights Offering) at the ratio of 4 ordinary shares to 1 unit of warrant without any charge and at the exercise price of Baht 5 per share.

***20.4 Approval of increase of the Company's authorised share capital***

On 29 April 2013, the Company's shareholders at the Annual General Meeting approved the increase of the Company's authorised share capital in the amount of Baht 115,567,813 from the authorised share capital of Baht 476,853,769 to Baht 592,421,582 by issuing 115,567,813 new ordinary shares at Baht 1 par value per share.

***20.5 Approval of the allocation of new ordinary shares***

On 29 April 2013, the Company's shareholders at the Annual General Meeting approved the allocation of not exceeding 115,567,813 new ordinary shares at Baht 1 par value per share as follows:

- 20.5.1 not exceeding 115,248,942 shares to accommodate the exercise of warrants to be allocated to its existing shareholders in proportion to their shareholdings (Rights Offering);
- 20.5.2 not exceeding 81,520 shares to accommodate the adjustment of rights of warrants to Purchase Ordinary Shares of the Company (ESOP-W3) allocated to directors and employees of the Company and/or its subsidiaries ("ESOP Warrants-W3").
- 20.5.3 not exceeding 237,351 shares to accommodate the adjustment of rights of warrants to Purchase Ordinary Shares of the Company (ESOP-W4) allocated to directors and employees of the Company and/or its subsidiaries ("ESOP Warrants-W4").

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The Company adjusted the exercise price and exercise ratio of ESOP-W3 and ESOP-W4 as follows:

Details of exercise price and exercise ratio after adjustment are as follows:

ESOP-W3

|                | <b>Prior to the Adjustment</b> | <b>Following the Adjustment</b> |
|----------------|--------------------------------|---------------------------------|
| Exercise Price | 6.860                          | 5.904                           |
| Exercise Ratio | 1 unit : 1 share               | 1 unit : 1.16199 shares         |

ESOP-W4

|                | <b>Prior to the Adjustment</b> | <b>Following the Adjustment</b> |
|----------------|--------------------------------|---------------------------------|
| Exercise Price | 7.810                          | 6.721                           |
| Exercise Ratio | 1 unit : 1 share               | 1 unit : 1.16199 shares         |

The said adjustment will be effective since 7 May 2013.

**20.6 Approval of resale of shares**

On 9 May 2013, the Board of Directors of the Company approved the resale of 14 million treasury shares (Shares repurchase program approved by the Board of Directors' meeting No.6/2555 on 22 May 2012) during the period 11-19 June 2013 on the Stock Exchange of Thailand in conformity to the 2001 Ministerial Regulations on the principles and procedures for the repurchase and resale of shares.

**21 Thai Financial Reporting Standards (TFRS) not yet adopted**

The Group has not adopted the new interpretations that have been issued as of the reporting date but are not yet effective. Those new interpretations that are applicable to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

| <b>TFRS</b> | <b>Topic</b>   | <b>Year effective</b> |
|-------------|--|-----------------------|
| TFRIC 1     | Changes in Existing Decommissioning, Restoration and Similar Liabilities | 2014                  |
| TFRIC 4     | Determining whether an Arrangement contains a lease                      | 2014                  |
| TFRIC 10    | Interim Financial Reporting and Impairment                               | 2014                  |

Management expects to adopt and apply these new interpretations in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new interpretations and expects that there will be no material impact on the financial statements in the period of initial application.