

KCE Electronics Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the three-month and six-month periods ended 30 June 2013 (Unaudited)

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statement, and were approved and authorised for issue by the Board of Directors on 8 August 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 30 June 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.

TFRS	Topic
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 30 June 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 22.

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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 six-month period ended 30 June 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 financial statements			Separate financial statements		
	30 June 2013	31 December 2012	1 January 2012 <i>(in thousand Baht)</i>	30 June 2013	31 December 2012	1 January 2012
Statement of financial position						
Increase in deferred tax assets	60,342	16,774	74,771	-	-	55,064
Increase in deferred tax liabilities	<u>(41,833)</u>	<u>(11,827)</u>	<u>-</u>	<u>(39,960)</u>	<u>(9,938)</u>	<u>-</u>
Increase (decrease) in retained earnings	<u>18,509</u>	<u>4,947</u>	<u>74,771</u>	<u>(39,960)</u>	<u>(9,938)</u>	<u>55,064</u>
Increase (decrease) in shareholders' equity	19,240	5,684	74,739	(39,960)	(9,938)	55,064
Increase (decrease) in non-controlling interests	<u>(731)</u>	<u>(737)</u>	<u>32</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in total equity	<u>18,509</u>	<u>4,947</u>	<u>74,771</u>	<u>(39,960)</u>	<u>(9,938)</u>	<u>55,064</u>

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<i>Statement of comprehensive income for the three-month period ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
(Increase) decrease in income tax expense	<u>12,710</u>	<u>(5,662)</u>	<u>(14,490)</u>	<u>(7,227)</u>
Increase (decrease) in profit for the period	<u>12,710</u>	<u>(5,662)</u>	<u>(14,490)</u>	<u>(7,227)</u>
Increase (decrease) in earnings per share				
- Basic earnings per share <i>(in Baht)</i>	<u>0.028</u>	<u>(0.012)</u>	<u>(0.031)</u>	<u>(0.016)</u>
- Diluted earnings per share <i>(in Baht)</i>	<u>0.027</u>	<u>(0.012)</u>	<u>(0.031)</u>	<u>(0.016)</u>

<i>Statement of comprehensive income for the six-month period ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
(Increase) decrease in income tax expense	<u>13,562</u>	<u>(30,890)</u>	<u>(30,022)</u>	<u>(31,415)</u>
Increase (decrease) in profit for the period	<u>13,562</u>	<u>(30,890)</u>	<u>(30,022)</u>	<u>(31,415)</u>
Increase (decrease) in earnings per share				
- Basic earnings per share <i>(in Baht)</i>	<u>0.029</u>	<u>(0.067)</u>	<u>(0.065)</u>	<u>(0.068)</u>
- Diluted earnings per share <i>(in Baht)</i>	<u>0.029</u>	<u>(0.067)</u>	<u>(0.064)</u>	<u>(0.068)</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.

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.

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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.

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 and 8. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
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	10% Shareholding and a director.

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

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

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Transactions	Pricing policies
Associates	
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
Other related party	
Purchase of intangible assets	Prices per job order for each product which are agreed between the parties

Significant transactions for the three-month and six-month periods ended 30 June 2013 and 2012 with related parties were as follows:

<i>Three-month periods ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Subsidiaries				
Sale of goods	-	-	29	44
Rendering of service	-	-	14	5
Other income	-	-	4	3
Purchases of goods	-	-	282	276
Purchases of property, plant and equipment	-	-	-	5
Sale of property, plant and equipment	-	-	4	-
Dividend income	-	-	63	4
Associates				
Sales of goods	409	260	199	151
Purchase of raw material	85	14	41	5
Commission expense	16	9	7	7
Purchases of property, plant and equipment	2	-	-	-
Other related party				
Purchase of intangible assets	1	12	-	2
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	18	25	10	13
Share-based payments	-	-	-	-
Total key management personnel compensation	<u>18</u>	<u>25</u>	<u>10</u>	<u>13</u>

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<i>Six-month periods ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Subsidiaries				
Sale of goods	-	-	57	101
Rendering of service	-	-	30	10
Other income	-	-	8	5
Purchases of goods	-	-	529	521
Purchases of property, plant and equipment	-	-	-	8
Sale of property, plant and equipment	-	-	5	-
Dividend income	-	-	63	4
Associates				
Sales of goods	720	484	364	292
Purchase of raw material	157	21	70	10
Commission expense	35	21	14	14
Purchases of property, plant and equipment	6	-	2	-
Other related party				
Purchase of intangible assets	2	12	1	2
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	35	42	18	21
Share-based payments	-	5	-	3
Total key management personnel compensation	<u>35</u>	<u>47</u>	<u>18</u>	<u>24</u>

Balances as at 30 June 2013 and 31 December 2012 with related parties were as follows:

<i>Trade receivables - related parties</i>	Consolidated financial statements		Separate financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in thousand Baht)</i>			
Subsidiaries				
KCE Technology Co., Ltd.	-	-	26,455	29,298
K.C.E. International Co., Ltd.	-	-	6,168	5,825
KCE (Thailand) Co., Ltd.	-	-	6,578	8,342
Thai Laminate Manufacturer Co., Ltd.	-	-	665	1,358
Associates				
KCE America, Inc.	522,594	337,548	276,415	205,073
KCE Singapore Pte., Ltd.	68,320	40,177	17,850	8,257
KCE Taiwan Co., Ltd.	-	69	-	-
Total	<u>590,914</u>	<u>377,794</u>	<u>334,131</u>	<u>258,153</u>

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<i>Other receivables</i> <i>- related parties</i>	Consolidated financial statements		Separate financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in thousand Baht)</i>			
Subsidiaries				
KCE Technology Co., Ltd.	-	-	3,890	2,980
Chemtronic Technology (Thailand) Co., Ltd.	-	-	2,435	2,911
K.C.E. International Co., Ltd.	-	-	4,815	1,506
KCE (Thailand) Co., Ltd.	-	-	5	5
Thai Laminate Manufacturer Co., Ltd.	-	-	2,233	-
Associates				
KCE Singapore Pte., Ltd.	2,277	1,342	-	1,342
KCE Taiwan Co., Ltd.	3	-	3	-
Other related party				
Thai Business Solution Co., Ltd.	10	10	10	10
Total	2,290	1,352	13,391	8,754

<i>Trade payables</i> <i>- related parties</i>	Consolidated financial statements		Separate financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in thousand Baht)</i>			
Subsidiaries				
Thai Laminate Manufacturer Co., Ltd.	-	-	297,596	266,133
K.C.E. International Co., Ltd.	-	-	20,400	39,448
KCE Technology Co., Ltd.	-	-	100,009	27,109
Chemtronic Chemical Co., Ltd.	-	-	7,528	6,737
Associates				
KCE Taiwan Co., Ltd.	57,059	31,248	27,875	17,259
KCE Singapore Pte., Ltd.	26,927	19,524	20,253	16,086
Total	83,986	50,772	473,661	372,772

<i>Other payables for purchase of machineries and equipment</i> <i>- related parties</i>	Consolidated financial statements		Separate financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in thousand Baht)</i>			
Subsidiaries				
KCE Technology Co., Ltd.	-	-	22	8,470
Associates				
KCE Taiwan Co., Ltd.	1,158	396	-	-
Other related party				
Thai Business Solution Co., Ltd.	491	891	99	700
Total	1,649	1,287	121	9,170

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<i>Other payables</i> <i>- related parties</i>	Consolidated financial statements		Separate financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in thousand Baht)</i>			
Subsidiaries				
KCE (Thailand) Co., Ltd.	-	-	836	-
Associates				
KCE Singapore Pte., Ltd.	25,472	18,364	3,060	1,730
Other related party				
Thai Business Solution Co., Ltd.	236	3,113	236	930
Total	25,708	21,477	4,132	2,660

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 20 to the financial statements.

6 Trade and other receivables

	<i>Notes</i>	Consolidated financial statements		Separate financial statements	
		30 June 2013	31 December 2012	30 June 2013	31 December 2012
		<i>(in thousand Baht)</i>			
Trade receivable					
Related parties	5	590,914	377,794	334,131	258,153
Other parties		2,057,127	1,581,479	893,455	756,598
Total		2,648,041	1,959,273	1,227,586	1,014,751
<i>Less allowance for doubtful accounts</i>		(322)	(353)	(322)	(322)
Net		2,647,719	1,958,920	1,227,264	1,014,429
Other receivables					
Related parties	5	2,290	1,352	13,391	8,754
Other parties		359,333	254,555	12,142	9,227
Total		361,623	255,907	25,533	17,981
Total trade and other receivables		3,009,342	2,214,827	1,252,797	1,032,410
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Bad and doubtful debts expense (reversal) for					
- three-month periods ended 30 June		-	-	-	-
- six-month periods ended 30 June		(31)	-	-	-

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Aging analyses for trade accounts receivable were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	June	December	June	December
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	429,033	309,850	242,705	204,305
Overdue:				
Less than 3 months	136,519	67,766	75,959	53,528
3-6 months	25,190	129	15,304	123
6-12 months	-	33	-	39
Over 12 months	172	16	163	158
	590,914	377,794	334,131	258,153
Less allowance for doubtful accounts	-	-	-	-
	590,914	377,794	334,131	258,153
Other parties				
Within credit terms	1,537,970	1,241,118	707,008	591,016
Overdue:				
Less than 3 months	469,175	333,728	175,980	165,582
3-6 months	45,684	4,652	8,552	-
6-12 months	3,760	1,632	1,915	-
Over 12 months	538	349	-	-
	2,057,127	1,581,479	893,455	756,598
Less allowance for doubtful accounts	(322)	(353)	(322)	(322)
	2,056,805	1,581,126	893,133	756,276
Net	2,647,719	1,958,920	1,227,264	1,014,429

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

7 Investments in associates

	Consolidated		Separate	
	financial statements		financial statements	
	Equity Method		Cost Method	
<i>Six-month periods ended 30 June</i>	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Associates				
At 1 January	77,674	82,133	3,962	2,422
Share of profit (loss) from investment in associates using equity method	7,893	(5,233)	-	-
Foreign currency translation differences for foreign operations	2,894	233	-	-
Acquisitions	-	1,540	-	1,540
At 30 June	88,461	78,673	3,692	3,962

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Investments in associates as at 30 June 2013 and 31 December 2012 were as follows:

Consolidated financial statements

	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		
			30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	
			(%)				<i>(in thousand Baht)</i>				
Associates											
KCE America, Inc.	(1)	America	50.00	50.00	USD 50,000	USD 50,000	644	644	55,139	55,198	
KCE Singapore Pte., Ltd.	(1)	Singapore	49.00	49.00	SGD 500,000	SGD 500,000	4,201	4,201	27,005	20,890	
KCE Taiwan Co., Ltd.	(2)	Taiwan	49.00	49.00	NTD 3,000,000	NTD 3,000,000	1,540	1,540	6,317	1,586	
Total							6,385	6,385	88,461	77,674	

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

Share of profit (loss) from investments for six-month period ended 30 June 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.

Separate financial statements

	Ownership interest		Paid-up capital		Cost		Impairment		Equity – net		
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	
			(%)				<i>(in thousand Baht)</i>				
Associates											
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	
Total					3,962	3,962	-	-	3,962	3,962	

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8 Investments in subsidiaries

Investments in subsidiaries as at 30 June 2013 and 31 December 2012, and dividend income from those investments for the six-month periods ended 30 June 2013 and 2012 were as follows:

	Type of business	Ownership interest		Paid-up capital		Cost		Warrant granted to subsidiaries' directors and employees		Total		Dividend income for the six-month Period ended	
		30	31	30	31	30	31	30	31	30	31	30	30
		June	December	June	December	June	December	June	December	June	December	June	June
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		(%)		(in thousand Baht)									
Associates													
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	9,999	-
Chemtronic Technology (Thailand) Co.,Ltd	(2)	97.25	97.25	48,000	48,000	233,810	233,810	-	-	233,810	233,810	23,340	-
Thai Laminate Manufacturer Co., Ltd.	(3)	74.80	74.80	250,000	250,000	368,460	368,460	756	756	369,216	369,216	29,172	-
KCE (Thailand) Co., Ltd.	(4)	60.00	60.00	3,600	3,600	2,160	2,160	124	124	2,284	2,284	-	-
Total						2,389,825	2,389,825	6,296	6,296	2,396,121	2,396,121	62,511	-
Indirect Associates													
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.

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9 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the six-month period ended 30 June 2013 were as follows:

For the six-month ended 30 June 2013

	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
Net book value at 1 January 2013	5,237,038	1,116,776
Acquisitions - cost	487,647	46,885
Disposals during the period - Net book values at the date	(5,625)	(4,932)
Depreciation for the period	(259,758)	(68,941)
Net book value at 30 June 2013	5,459,302	1,089,788

- 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 30 June 2013 of Baht 156 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 30 June 2013 of Baht 1,046 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 30 June 2013 and 31 December 2012 were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	30	31	30	31
	June	December	June	December
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Total	178,837	165,448	(160,328)	(160,501)
Set off of tax	(118,495)	(148,674)	118,495	148,674
Net deferred tax assets (liabilities)	60,342	16,774	(41,833)	(11,827)

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	Separate financial statements			
	Assets		Liabilities	
	30	31	30	31
	June 2013	December 2012	June 2013	December 2012
	<i>(in thousand Baht)</i>			
Total	10,968	41,163	(50,928)	(51,101)
Set off of tax	(10,968)	(41,163)	10,968	41,163
Net deferred tax assets (liabilities)	-	-	(39,960)	(9,938)

Movements in total deferred tax assets and liabilities during the six-month periods ended 30 June 2013 and 2012 were as follows:

	Consolidated financial statements		
	At 1 January 2013	(Charged) / credited to	At 30 June 2013
		Profit or loss (Note 17)	
	<i>(in thousand Baht)</i>		
Deferred tax assets			
Allowance for decline in value of inventories	8,606	3,729	12,335
Employee benefit obligations	13,460	695	14,155
Loss carry forward	143,362	8,963	152,325
Others	20	2	22
Total	165,448	13,389	178,837
Deferred tax liabilities			
Finance lease agreements	(49,101)	173	(48,928)
Insurance claim receivable	(111,400)	-	(111,400)
Total	(160,501)	173	(160,328)
Net	4,947	13,562	18,509

	Consolidated financial statements		
	At 1 January 2012	(Charged) / credited to	At 30 June 2012
		Profit or loss (Note 17)	
	<i>(in thousand Baht)</i>		
Deferred tax assets			
Allowance for decline in value of inventories	7,386	1,330	8,716
Employee benefit obligations	12,201	110	12,311
Loss carry forward	114,257	35,441	149,698
Others	14	6	20
Total	133,858	36,887	170,745
Deferred tax liabilities			
Finance lease agreements	(45,087)	(3,377)	(48,464)
Insurance claim receivable	(14,000)	(64,400)	(78,400)
Total	(59,087)	(67,777)	(126,864)
Net	74,771	(30,890)	43,881

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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	Consolidated financial statements		Separate financial statements	
		30 June 2013	31 December 2012	30 June 2013	31 December 2012
	(% per annum)	<i>(in thousand Baht)</i>			
Current					
Bank overdrafts - secured	(1)	-	2,484	-	2,484
Short-term loans from financial institutions					
- secured	(2)	550,000	664,450	65,000	80,000
Packing credit - secured	(3)	2,119,781	1,216,887	724,781	570,887
Trust Receipt - secured	(3)	1,028,052	927,985	27,667	56,151
Total bank overdraft and short-term loans from financial institutions		3,697,833	2,811,806	817,448	709,522
Current portion of long-term loans - secured		1,234,847	1,373,025	333,839	301,677
Current portion of finance lease liabilities		7,388	19,700	4,571	14,858
Total current interest-bearing liabilities		4,940,068	4,204,531	1,155,858	1,026,057
Non-current					
Long-term loans -secured		989,392	1,317,003	452,275	613,578
Liabilities from hire purchase and finance lease		6,058	9,601	3,212	5,221
Total non-current interest-bearing liabilities		995,450	1,326,604	455,487	618,799
Total		5,935,518	5,531,135	1,611,345	1,644,856

(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 Under the long-term loans agreement from financial institutions of KCE Electronics Public Company Limited, the Company has to comply with certain conditions, including maintaining interest bearing debt to equity ratio of not more than 3:1 and debt service coverage ratio (DSCR) of not less than 1.1 :1.

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- 11.5 Long-term loans from financial institutions of K.C.E. International Co., Ltd., a subsidiary company, are guaranteed by the Company. Under the loan agreement, the subsidiary company has to comply with certain conditions, including maintaining interest bearing debt to equity ratio of not more than 2:1 and debt service coverage ratio (DSCR) of not less than 1.2 :1.
- 11.6 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.
- 11.7 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 six-month period ended 30 June 2013 of long-term loans were as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
At 1 January 2013	2,690,028	915,255
Increase	13,970	13,970
Decrease	(508,320)	(152,740)
Unrealised gain on exchange rate	28,561	9,629
At 30 June 2013	<u>2,224,239</u>	<u>786,114</u>

12 Trade and other payables

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	30 June 2013	31 December 2012	30 June 2013	31 December 2012
		<i>(in thousand Baht)</i>			
Trade payables					
- related parties	5	83,986	50,772	473,661	372,772
- other parties		1,211,574	1,040,543	282,431	281,907
Other payables for purchase of machineries and equipment					
- related parties	5	1,649	1,287	121	9,170
- other parties		276,634	202,536	19,303	30,487
Other payables					
- related parties	5	25,708	21,477	4,132	2,660
- other parties		71,022	41,389	12,065	12,927
Accrued expenses		220,390	208,471	82,138	71,422
Total trade and other payables		<u>1,890,963</u>	<u>1,566,475</u>	<u>873,851</u>	<u>781,345</u>

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13 Share capital

<i>Six-month periods ended</i> <i>30 June</i>	Par value per share (<i>in Baht</i>)	2013		2012	
		Number	Baht (<i>thousand shares / thousand Baht</i>)	Number	Baht
<i>Authorised</i>					
At 1 January					
- ordinary shares	1	491,830	491,830	500,000	500,000
Reduction of shares	1	(28,976)	(28,976)	(8,170)	(8,170)
Increase of authorised share capital	1	<u>115,568</u>	<u>115,568</u>	<u>-</u>	<u>-</u>
At 30 June					
- ordinary shares	1	<u>578,422</u>	<u>578,422</u>	<u>491,830</u>	<u>491,830</u>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	472,601	472,601	472,224	472,224
Reduction of shares	1	(14,000)	(14,000)	(8,170)	(8,170)
Increase of new shares	1	<u>2,395</u>	<u>2,395</u>	<u>-</u>	<u>-</u>
At 30 June					
- ordinary shares	1	<u>460,996</u>	<u>460,996</u>	<u>464,054</u>	<u>464,054</u>

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.

The Company registered the reduction of the authorised share capital with the Ministry of Commerce on 8 May 2013.

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.

The Company registered the increase of the authorised share capital with the Ministry of Commerce on 10 May 2013.

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:

1. not exceeding 115,248,942 shares to accommodate the exercise of warrants (KCE-W2) to be allocated to its existing shareholders in proportion to their shareholdings (Rights Offering);

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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").
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").

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. As at 30 June 2013, all these warrants had been exercised and cancelled.

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.

On 29 April 2013, the Annual General Meeting of the Company's shareholders passed a resolution approving the 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

	Prior to the Adjustment	Following the Adjustment
Exercise Price	6.860	5.904
Exercise Ratio	1 unit : 1 share	1 unit : 1.16199 shares

ESOP-W4

	Prior to the Adjustment	Following the Adjustment
Exercise Price	7.810	6.721
Exercise Ratio	1 unit : 1 share	1 unit : 1.16199 shares

The said adjustment was effective since 7 May 2013.

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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 (KCE-W2) 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.

On 17 June 2013, the Company allocated the Company's warrants (KCE-W2). The warrants are exercisable within 3 years from the issuing date at the exercise price of Baht 5 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, starting from 1 to 10 September 2013 and with a final exercise date at 10 June 2016.

Movements of share warrants ESOP-W3 and ESOP-W4 during the six-month periods ended 30 June 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	-
Add: Warrants issued during the period	-	-	10,000	12,380
Less: Exercised during the period	(2,925)	(2,953)	-	-
Canceled during period	(475)	-	-	-
Warrants issued at 30 June	<u>853</u>	<u>1,056</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 18.2 million. The Company registered the said increase of new shares with the Ministry of Commerce on 22 March 2013.

In June 2013, the Company received share subscription from ESOP-W4 for 530,000 warrants or equivalent to 615,300 additional ordinary shares of Baht 6.721 each share supporting the exercise of the warrants, totaling of Baht 4.1 million. The Company registered the said increase of new shares with the Ministry of Commerce on 5 July 2013.

As at 30 June 2013, share warrants outstanding consists of share warrants of ESOP-W4 project of 853,000 units.

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Movements of share warrants KCE-W2 during the six-month period ended 30 June 2013 are summarised below:

	Number (in thousand unit)
Warrants issued at 1 January 2013	-
Add: Warrants issued during the period	115,245
Less: Exercised during the period	-
Canceled during period	-
Warrants issued at 30 June 2013	<u>115,245</u>

14 Treasury shares

As at 30 June 2013 and 31 December 2012, details of treasury shares are as follows:

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

During the second quarter of 2013, the Company reduced its authorised and issued and paid-up share capital by way of writing off all 14,000,000 repurchased shares with a par value of Baht 1 each which remain unsold, as empowered by the resolution of the Company's Board of Directors' meeting No. 6/2556 on 18 June 2013. This resulted in a decrease in its authorised and issued and paid-up share capital from authorised share capital of 592,421,582 ordinary shares (Baht 1 each) and issued and paid-up share capital of 474,995,769 ordinary shares (Baht 1 each) to authorised share capital of 578,421,582 ordinary shares (Baht 1 each) and issued and paid-up share capital of 460,995,769 ordinary shares (Baht 1 each). The Company registered the reduction of its registered share capital with the Ministry of Commerce on 27 June 2013.

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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 and six-month periods ended 30 June 2013 and 2012 is as follows:

Consolidated financial statements																		
For the three-month periods ended 30 June 2013 and 2012																		
	Printed Circuit Board business										Service provider business	Chemical business		Eliminating entries		Total		
	Prepreg and Laminate business		America		Europe		Asia		Total									
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	<i>(in thousand Baht)</i>																	
Revenues from external customers	20,796	13,387	388,286	234,382	1,194,733	917,107	617,406	330,532	2,200,425	1,482,021	-	12,153	40,463	-	-	-	2,261,684	1,507,561
Inter-segment revenues	420,944	365,247	-	-	-	-	282,901	225,545	282,901	225,545	-	3,053	15,795	-	(719,640)	(593,845)	-	-
Total revenues	441,740	378,634	388,286	234,382	1,194,733	917,107	900,307	556,077	2,483,326	1,707,566	-	15,206	56,258	-	(719,640)	(593,845)	2,261,684	1,507,561
Segment operating profit	58,877	53,092							490,253	233,116	-	5,833	14,858	-	(660)	(790)	563,328	291,251
Unallocated profit and expenses:																		
Compensation from insurance claim																	-	146,202
Other income																	10,994	18,353
Selling expenses																	(135,209)	(103,082)
Administrative expenses																	(206,856)	(229,038)
Finance cost																	(43,644)	(38,861)
Share of profit (loss) from investments in associates																	4,267	(1,927)
Income tax benefit (expense)																	6,167	(9,807)
Profit for the period																	199,047	73,091

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	Printed Circuit Board business																					
	Prepreg and Laminate business		America				Europe				Asia		Total		Service provider business		Chemical business		Eliminating entries		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012		
	<i>(in thousand Baht)</i>																					
Revenues from external customers	33,669	27,818	659,602	424,995	2,239,568	1,787,753	1,246,253	584,039	4,145,423	2,796,787	-	28,144	82,191	-	-	-	-	4,261,283	2,852,749			
Inter-segment revenues	799,781	636,302	-	-	-	-	520,978	421,363	520,978	421,363	-	4,539	31,450	-	(1,352,209)	(1,062,204)	-	-				
Total revenues	<u>833,450</u>	<u>664,120</u>	<u>659,602</u>	<u>424,995</u>	<u>2,239,568</u>	<u>1,787,753</u>	<u>1,767,231</u>	<u>1,005,402</u>	<u>4,666,401</u>	<u>3,218,150</u>	<u>-</u>	<u>32,683</u>	<u>113,641</u>	<u>-</u>	<u>(1,352,209)</u>	<u>(1,062,204)</u>	<u>4,261,283</u>	<u>2,852,749</u>				
Segment operating profit	108,094	91,854							864,305	449,004	-	8,321	29,942	-	5,670	(1,818)	1,008,011	547,361				
Unallocated profit and expenses:																						
Compensation from insurance claim																		-	332,202			
Other income																		104,361	56,768			
Selling expenses																		(261,544)	(202,505)			
Administrative expenses																		(308,242)	(384,506)			
Finance cost																		(82,218)	(79,026)			
Share of profit (loss) from investments in associates																		7,893	(5,233)			
Income tax benefit (expense)																		4,058	(36,159)			
Profit for the period																		<u>472,319</u>	<u>228,902</u>			
Segment assets as at 30 June																						
2013/ 31 December 2012	<u>1,295,522</u>	<u>1,165,762</u>							<u>13,850,919</u>	<u>12,461,008</u>	<u>-</u>	<u>-</u>	<u>200,293</u>	<u>202,151</u>	<u>(3,983,839)</u>	<u>(3,556,580)</u>	<u>11,362,895</u>	<u>10,272,341</u>				

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<i>For the three-month periods ended 30 June</i>				
Included in other income				
- Gain on exchange rate and from hedging activities - net	-	-	14,585	-
Included in administrative expenses				
- Loss on exchange rate and from hedging activities - net	(39,693)	(69,591)	-	(13,138)
<i>For the six-month periods ended 30 June</i>				
Included in other income				
- Gain on exchange rate and from hedging activities - net	78,670	30,022	30,784	16,983
Included in administrative expenses				
- Loss on exchange rate and from hedging activities - net	-	-	-	-

17 Income tax expense

Income tax recognised in profit or loss

<i>Three-month periods ended 30 June</i>	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		6,543	4,145	-	-
Adjustment for prior years		-	-	-	-
		6,543	4,145	-	-
Deferred tax expense					
Movements in temporary differences		(12,710)	5,146	14,490	7,304
Income tax reduction - deferred		-	516	-	(77)
		(12,710)	5,662	14,490	7,227
Total		(6,167)	9,807	14,490	7,227

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<i>Six-month periods ended</i> <i>30 June</i>	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		9,504	5,269	-	-
Adjustment for prior years		-	-	-	-
		<u>9,504</u>	<u>5,269</u>	<u>-</u>	<u>-</u>
Deferred tax expense					
Movements in temporary differences		(13,562)	28,754	30,022	29,732
Income tax reduction - deferred		-	2,136	-	1,683
	10	<u>(13,562)</u>	<u>30,890</u>	<u>30,022</u>	<u>31,415</u>
Total		<u>(4,058)</u>	<u>36,159</u>	<u>30,022</u>	<u>31,415</u>

Reconciliation of effective tax rate

<i>Three-month periods ended</i> <i>30 June</i>	<i>Rate (%)</i>	Consolidated financial statements	
		2013	2012
		<i>(in thousand Baht)</i>	<i>(in thousand Baht)</i>
Profit for the period		199,047	73,091
Total income tax expense (benefit)		(6,167)	9,807
Profit before income tax expense		<u>192,880</u>	<u>82,898</u>
Income tax using the Thai corporation tax rate	20	38,576	19,067
Income tax reduction - deferred	-	-	516
Income not subject to tax	(1)	(3,201)	(7,117)
Expenses not deductible for tax purposes	-	725	(515)
Current year losses for which no deferred tax asset was recognised	-	-	31,836
Recognition of previously unrecognised tax losses	(20)	(38,014)	(31,280)
Others	(2)	(4,253)	(2,700)
Total	(3)	<u>(6,167)</u>	<u>9,807</u>

<i>Three-month periods ended</i> <i>30 June</i>	<i>Rate (%)</i>	Separate financial statements	
		2013	2012
		<i>(in thousand Baht)</i>	<i>(in thousand Baht)</i>
Profit for the period		132,985	34,236
Total income tax expense		14,490	7,227
Profit before income tax expense		<u>147,475</u>	<u>41,463</u>
Income tax using the Thai corporation tax rate	20	29,495	9,537
Income tax reduction - deferred	-	-	(77)
Revenue not deductible for tax purposes	(8)	(12,511)	(1,014)
Expenses not deductible for tax purposes	-	267	(494)
Others	(2)	(2,761)	(725)
Total	10	<u>14,490</u>	<u>7,227</u>

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<i>Six-month periods ended</i> <i>30 June</i>	Consolidated financial statements			
		2013		2012
	<i>Rate</i> <i>(%)</i>	<i>(in thousand</i> <i>Baht)</i>	<i>Rate</i> <i>(%)</i>	<i>(in thousand</i> <i>Baht)</i>
Profit for the period		472,319		228,902
Total income tax expense (benefit)		<u>(4,058)</u>		<u>36,159</u>
Profit before income tax expense		<u>468,261</u>		<u>265,061</u>
Income tax using the Thai corporation tax rate	20	93,652	23	60,964
Income tax reduction - deferred	-	-	1	2,136
Income not subject to tax	(8)	(37,426)	(5)	(12,173)
Expenses not deductible for tax purposes	-	1,556	1	3,511
Current year losses for which no deferred tax asset was recognised	-	-	21	54,620
Recognition of previously unrecognised tax losses	(12)	(56,000)	(27)	(72,680)
Others	(1)	<u>(5,840)</u>	-	<u>(219)</u>
Total	(1)	<u>(4,058)</u>	14	<u>36,159</u>

<i>Six-month periods ended</i> <i>30 June</i>	Separate financial statements			
		2013		2012
	<i>Rate</i> <i>(%)</i>	<i>(in thousand</i> <i>Baht)</i>	<i>Rate</i> <i>(%)</i>	<i>(in thousand</i> <i>Baht)</i>
Profit for the period		189,263		94,331
Total income tax expense		<u>30,022</u>		<u>31,415</u>
Profit before income tax expense		<u>219,285</u>		<u>125,746</u>
Income tax using the Thai corporation tax rate	20	43,857	23	28,922
Income tax reduction - deferred	-	-	1	1,683
Revenue not deductible for tax purposes	(6)	(12,511)	(1)	(1,014)
Expenses not deductible for tax purposes	1	888	2	1,927
Others	(1)	<u>(2,212)</u>	-	<u>(103)</u>
Total	14	<u>30,022</u>	25	<u>31,415</u>

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18 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the three-month and six-month periods ended 30 June 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 30 June</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(thousand Baht/ thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>197,472</u>	<u>72,201</u>	<u>132,985</u>	<u>34,236</u>
Number of ordinary shares outstanding at 1 April	474,996	464,054	474,996	464,054
<i>Less</i> Treasury shares/ Reduction of shares	(14,000)	-	(14,000)	-
Number of ordinary shares outstanding net of treasury shares/ reduction of shares	<u>460,996</u>	<u>464,054</u>	<u>460,996</u>	<u>464,054</u>
Weighted average number of ordinary shares outstanding (basic)	<u>460,996</u>	<u>464,054</u>	<u>460,996</u>	<u>464,054</u>
Earnings per share (basic) (in Baht)	<u>0.43</u>	<u>0.16</u>	<u>0.29</u>	<u>0.07</u>
<i>Six-month periods ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(thousand Baht/ thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>469,320</u>	<u>226,732</u>	<u>189,263</u>	<u>94,331</u>
Number of ordinary shares outstanding at 1 January	472,601	472,224	472,601	472,224
<i>Less</i> Treasury shares/ Reduction of shares	(14,000)	(8,170)	(14,000)	(8,170)
Number of ordinary shares outstanding net of treasury shares/ reduction of shares	<u>458,601</u>	<u>464,054</u>	<u>458,601</u>	<u>464,054</u>
Effect from ordinary shares issued during the period	1,336	-	1,336	-
Weighted average number of ordinary shares outstanding (basic)	<u>459,937</u>	<u>464,054</u>	<u>459,937</u>	<u>464,054</u>
Earnings per share (basic) (in Baht)	<u>1.02</u>	<u>0.49</u>	<u>0.41</u>	<u>0.20</u>

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Diluted earnings per share

The calculations of diluted earnings per share for the three-month and six-month periods ended 30 June 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 30 June</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(thousand Baht/ thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company	197,472	72,201	132,985	34,236
Weighted average number of ordinary shares outstanding (basic)	460,996	464,054	460,996	464,054
Effect of share warrants	13,037	-	13,037	-
Weighted average number of ordinary shares outstanding (diluted)	474,033	464,054	474,033	464,054
Earnings per share (diluted) (in Baht)	0.42	0.16	0.28	0.07
<i>Six-month periods ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(thousand Baht/ thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company	469,320	226,732	189,263	94,331
Weighted average number of ordinary shares outstanding (basic)	459,937	464,054	459,937	464,054
Effect of share warrants	7,168	-	7,168	-
Weighted average number of ordinary shares outstanding (diluted)	467,105	464,054	467,105	464,054
Earnings per share (diluted) (in Baht)	1.00	0.49	0.41	0.20

19 Dividends

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 161.3 million. The Company paid the dividend on 15 May 2013.

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20 Commitments

Commitments

	Consolidated financial statements		Separate financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in thousand Baht)</i>			
Capital commitments				
Unrecognised purchase orders for machinery and equipment	103,887	166,067	10,151	21,777
Contracted but not provided buildings and other constructions	30,280	-	30,280	-
Total	134,167	166,067	40,431	21,777

	Consolidated financial statements		Separate financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>(in thousand Baht)</i>			
Non-cancellable operating lease and long-term service commitments				
Within one year	42,640	39,508	11,679	17,405
After one year but within five years	35,825	2,007	3,564	336
Total	78,465	41,515	15,243	17,741

As of 30 June 2013, a subsidiary had commitments in respect of installment and implementation of computer software with other related company amounting to Baht 2 million (the Company only: nil).

Forward exchange contracts

As at 30 June 2013, the Group had outstanding forward exchange contracts as follows:

Currency	Consolidated financial statements			Contract exchange rate <i>(Per unit of foreign currency)</i>
	Amount <i>(Thousand)</i>	Maturity date		
Buying contract				
US dollar	1,294	23 September 2013 - 24 December 2013		29.5210 - 31.2500 Baht
Euro	17	28 August 2013		39.6296 Baht
Selling contract				
US dollar	20,954	13 August 2013 – 3 January 2014		29.8250 - 31.4550 Baht
Euro	30	23 July 2013 – 24 July 2013		41.0600 - 41.5172 Baht

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Separate financial statements			
Currency	Amount (Thousand)	Maturity date	Contract exchange rate (Per unit of foreign currency)
Selling contract			
US dollar	5,000	20 December 2013 – 2 January 2014	31.4150 - 31.4172 Baht

Commodity hedge agreements

As at 30 June 2013, the Company and its subsidiaries had outstanding copper swap agreements, of which details are presented below.

Type of goods	Quantity (Ton)	Contract price (US dollar per ton)	Commodity's market price as at 30 June 2013	Maturity date
Copper	350	6,820 - 7,384	6,750.50	31 July – 30 November 2013

Cross interest rate swap

As at 30 June 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 30 June 2013, the outstanding balance of such agreement was USD 2.5 million.

Guarantees

As at 30 June 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. 30 June 2013	K.C.E. International Co., Ltd. 31 December 2012	K.C.E. International Co., Ltd. 30 June 2013	K.C.E. International Co., Ltd. 31 December 2012
	<i>(in million Baht)</i>			
KCE Electronics Plc.				
- Baht	-	-	99	115
K.C.E. International Co., Ltd.				
- Baht	125	119	-	-
- US dollar	2	3	-	-
KCE Technology Co., Ltd.				
- Baht	3,018	2,350	-	-
- US dollar	36	42	-	-

As at 30 June 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 respect of certain performance bonds as required in the normal course of business, mainly for guarantee of electricity payment.

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21 Events after the reporting period

Payment of interim dividend

On 8 August 2013, the meeting of the Board of Directors of the Company approved the payment of interim dividend in respect of the Company's operating results for the period from 1 January 2013 to 30 June 2013 at Baht 0.25 per share to the ordinary shareholders, totaling approximately Baht 115.4 million. The Company will pay the interim dividend on 6 September 2013 and will record this transaction in the third quarter of the current year.

22 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:

TFRS	Topic	Year effective
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.