

KCE Electronics Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2015 (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 11 May 2015.

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. 72-72/1-3 Soi Chalokkrung 31, Kwang Lumplatew, Khet Lat Krabang, Bangkok.

The Company’s major shareholders during the financial period were Ongkosit family (34% shareholding).

The principal activities of the Company are the manufacture and distribution of electric printed circuit board products. Details of the Company’s subsidiaries as at 31 March 2015 and 31 December 2014 are given in notes 4 and 7.

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 2014) *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 2014. 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 2014.

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 2014 except that the Group has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2015. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group except as disclosed in note 3.

(b) Functional and presentation currency

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

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(c) Judgements and estimates

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 2014.

3 Changes in accounting policies

From 1 January 2015, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has adopted the new TFRS 13 *Fair Value Measurement* having an effect only on the disclosures in the Group's financial statements.

TFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other TFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurements date. It also replaces and expands the disclosure requirements about fair value measurements in other TFRSs. Some of these disclosures are specifically required in interim financial statements; accordingly, the Group has included additional disclosures in this regard.

4 Related parties

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

Relationships with subsidiaries and associates entities are described in notes 6 and 7. Relationships with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

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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
Other incomes and other expenses	Prices agreed between the parties
Sales of property, plant and equipment	Net book value plus margin and 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	Net book value plus margin and prices agreed between the parties
Dividend income	As announced in the minute of shareholders' meeting
Associates	
Sales of goods	Market prices at which similar quality products are sold under same conditions
Other incomes and other expenses	Prices agreed between the parties
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
Purchase 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

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Significant transactions for the three-month periods ended 31 March 2015 and 2014 with related parties were as follows:

<i>For the three-month periods ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Subsidiaries				
Sales of goods	-	-	43	37
Rendering of service	-	-	6	2
Other income	-	-	4	8
Sales of property, plant and equipment	-	-	-	17
Purchases of goods	-	-	391	352
Purchases of property, plant and equipment	-	-	4	37
Commission expenses	-	-	9	-
Other expenses	-	-	4	3
Associates				
Sales of goods	446	448	189	183
Purchases of raw material	106	107	56	54
Commission expense	-	22	-	8
Purchases of property, plant and equipment	5	1	5	1
Other expenses	3	1	1	1
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	27	26	10	10
Share-based payments	-	-	-	-
Total key management personnel compensation	<u>27</u>	<u>26</u>	<u>10</u>	<u>10</u>

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Balances as at 31 March 2015 and 31 December 2014 with related parties were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
	March	December	March	December
<i>Trade receivables</i>	2015	2014	2015	2014
<i>- related parties</i>	<i>(in thousand Baht)</i>			
Subsidiaries				
KCE Technology Co., Ltd.	-	-	10,343	6,048
K.C.E. International Co., Ltd.	-	-	10,277	17,593
KCE (Thailand) Co., Ltd.	-	-	7,695	9,073
Thai Laminate Manufacturer Co., Ltd.	-	-	685	710
KCE Singapore Pte. Ltd.	-	-	12,046	10,976
Associates				
KCE America, Inc.	646,521	658,604	296,356	316,332
KCE Taiwan Co., Ltd.	-	26	-	-
Total	646,521	658,630	337,402	360,732

	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
	March	December	March	December
<i>Other receivables</i>	2015	2014	2015	2014
<i>- related parties</i>	<i>(in thousand Baht)</i>			
Subsidiaries				
KCE Technology Co., Ltd.	-	-	1,825	10,753
Chemtronic Technology (Thailand) Co., Ltd.	-	-	4,745	2,696
K.C.E. International Co., Ltd.	-	-	1,614	2,015
KCE (Thailand) Co., Ltd.	-	-	5	5
Thai Laminate Manufacturer Co., Ltd.	-	-	549	533
Associates				
KCE Taiwan Co., Ltd.	-	103	-	-
Total	-	103	8,738	16,002

	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
	March	December	March	December
<i>Trade payables</i>	2015	2014	2015	2014
<i>- related parties</i>	<i>(in thousand Baht)</i>			
Subsidiaries				
Thai Laminate Manufacturer Co., Ltd.	-	-	368,238	305,806
K.C.E. International Co., Ltd.	-	-	13,244	22,581
KCE Technology Co., Ltd.	-	-	123,011	131,798
Chemtronic Chemical Co., Ltd.	-	-	8,879	10,134
KCE Singapore Pte., Ltd.	-	-	20,663	20,291
Associates				
KCE Taiwan Co., Ltd	93,195	70,865	47,352	30,331
KCE America, Inc.	367	-	13	-
Total	93,562	70,865	581,400	520,941

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<i>Other payables for purchase of machineries and equipment - related parties</i>	Consolidated financial statements		Separate financial statements	
	31	31	31	31
	March 2015	December 2014	March 2015	December 2014
				(in thousand Baht)
Subsidiaries				
KCE Technology Co., Ltd.	-	-	9,171	5,499
Associates				
KCE Taiwan Co., Ltd.	3,223	2,780	3,203	2,762
Total	3,223	2,780	12,374	8,261

<i>Other payables - related parties</i>	Consolidated financial statements		Separate financial statements	
	31	31	31	31
	March 2015	December 2014	March 2015	December 2014
				(in thousand Baht)
Subsidiaries				
KCE Technology Co., Ltd.	-	-	496	4
KCE Singapore Pte., Ltd.	-	-	319	-
Associates				
KCE America, Inc.	283	106	31	-
Total	283	106	846	4

5 Trade and other receivables

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		31	31	31	31
		March 2015	December 2014	March 2015	December 2014
					(in thousand Baht)
Trade receivable					
Related parties	4	646,521	658,630	337,402	360,732
Other parties		2,862,242	2,850,511	1,086,461	1,017,983
Total		3,508,763	3,509,141	1,423,863	1,378,715
Less allowance for doubtful accounts		-	-	-	-
Net		3,508,763	3,509,141	1,423,863	1,378,715
Other receivables					
Related parties	4	-	103	8,738	16,002
Other parties		115,706	122,440	75,961	86,560
Total		115,706	122,543	84,699	102,562
Total trade and other receivables		3,624,469	3,631,684	1,508,562	1,481,277

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	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Bad and doubtful debts expense for three-month periods ended 31 March	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Aging analysis for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	441,326	421,170	223,136	217,422
Overdue:				
Less than 3 months	172,536	220,081	94,868	128,662
3 - 6 months	32,659	16,988	19,398	14,648
6 - 12 months	-	391	-	-
Over 12 months	-	-	-	-
	<u>646,521</u>	<u>658,630</u>	<u>337,402</u>	<u>360,732</u>
Less allowance for doubtful accounts	-	-	-	-
	<u>646,521</u>	<u>658,630</u>	<u>337,402</u>	<u>360,732</u>
Other parties				
Within credit terms	2,039,018	1,816,100	834,627	713,365
Overdue:				
Less than 3 months	744,252	925,603	249,915	292,546
3 - 6 months	52,874	61,668	1,919	10,379
6 - 12 months	21,259	41,180	-	1,693
Over 12 months	4,839	5,960	-	-
	<u>2,862,242</u>	<u>2,850,511</u>	<u>1,086,461</u>	<u>1,017,983</u>
Less allowance for doubtful accounts	-	-	-	-
	<u>2,862,242</u>	<u>2,850,511</u>	<u>1,086,461</u>	<u>1,017,983</u>
Net	<u>3,508,763</u>	<u>3,509,141</u>	<u>1,423,863</u>	<u>1,378,715</u>

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

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6 Investments in associates

	Consolidated financial statements		Separate financial statements	
	Equity Method		Cost Method	
<i>Three-month periods ended 31 March</i>	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Associates				
At 1 January	76,699	98,795	1,862	3,962
Share of profit from investments in associates using equity method	2,759	11,449	-	-
Foreign currency translation differences for foreign operations	(5,212)	(720)	-	-
At 31 March	<u>74,246</u>	<u>109,524</u>	<u>1,862</u>	<u>3,962</u>

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Investments in associates as at 31 March 2015 and 31 December 2014, and dividend income from those investments for the three-month periods ended 31 March 2015 and 2014 were as follows:

Consolidated financial statements											
	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		
			31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	
			(%)				(in thousand Baht)				
Associates											
KCE America, Inc.	(1)	United States	50.00	50.00	USD 50,000	USD 50,000	644	644	63,559	63,963	
KCE Taiwan Co., Ltd.	(2)	Taiwan	49.00	49.00	NTD 3,000,000	NTD 3,000,000	1,540	1,540	10,687	12,736	
Total							2,184	2,184	74,246	76,699	

- (1) Foreign sale representative of the Group
(2) Foreign raw materials and machinery sourcing representative of the Group

Share of profit from investments for the three-month period ended 31 March 2015 in the above two associates was calculated by using the unreviewed financial statements of those associates as the management of the Company considered that the share of profit from investments of the said associates has no material impact to the consolidated financial statements of the Company and its subsidiaries and the said associates are located overseas and the Company has no power to direct the financial and operating policies of those companies, including the review of their financial statements.

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Separate financial statements

	Ownership interest		Paid-up capital		Cost		Impairment		Equity - net		Dividend Received	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 March 2014
	(<i>%</i>)						<i>(in thousand Baht)</i>					
Associates												
KCE America, Inc.	25.0	25.0	USD 50,000	USD 50,000	322	322	-	-	322	322	-	-
KCE Taiwan Co., Ltd.	49.0	49.0	NTD 3,000,000	NTD 3,000,000	<u>1,540</u>	<u>1,540</u>	<u>-</u>	<u>-</u>	<u>1,540</u>	<u>1,540</u>	<u>-</u>	<u>-</u>
Total					<u>1,862</u>	<u>1,862</u>	<u>-</u>	<u>-</u>	<u>1,862</u>	<u>1,862</u>	<u>-</u>	<u>-</u>

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7 Investments in subsidiaries

<i>Three-month periods ended 31 March</i>	Separate financial statements	
	2015	2014
	<i>(in thousand Baht)</i>	
At 1 January	2,595,059	2,397,008
Disposals	-	(6,000)
Warrant granted to subsidiaries' directors and employees	3,691	-
At 31 March	<u>2,598,750</u>	<u>2,391,008</u>

The Company's Board of Directors meeting's resolution on 18 February 2014 approved the sale of 12,000 shares or 2.5% interest in the issued and paid up capital in Chemtronics Technology (Thailand) Co., Ltd., a subsidiary, to a management of the subsidiary in order to promote business alliance and support long-term operation at Baht 550 per share, totaling Baht 6.6 million (the offered price is higher than the subsidiary's net book value as of 31 December 2013 and 31 March 2014). The Company sold the said investment in March 2014, reducing the Company's total interest in the said subsidiary to 94.75% of the issued and paid up capital.

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Investments in subsidiaries as at 31 March 2015 and 31 December 2014, and dividend income from those investments for the three-month periods ended 31 March 2015 and 2014 were as follows:

	Type of business	Separate financial statements											
		Ownership Interest		Paid-up capital		Cost		Warrant granted to subsidiaries' directors and employees		Total		Dividend income	
		31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 March 2014
		(%)						<i>(in thousand Baht)</i>					
Direct subsidiaries													
KCE Technology Co., Ltd.	(1)	100.00	100.00	1,600,000	1,600,000	1,600,000	1,600,000	20,219	18,260	1,620,219	1,618,260	-	-
K.C.E. International Co., Ltd.	(1)	99.99	99.99	100,000	100,000	185,395	185,395	11,275	9,961	196,670	195,356	-	-
Chemtronic Technology (Thailand) Co., Ltd.	(2)	94.75	94.75	48,000	48,000	227,810	227,810	1,885	1,885	229,695	229,695	-	-
Thai Laminate Manufacturer Co., Ltd.	(3)	74.80	74.80	250,000	250,000	368,460	368,460	12,380	11,993	380,840	380,453	-	-
KCE (Thailand) Co., Ltd.	(4)	60.00	60.00	3,600	3,600	2,160	2,160	856	825	3,016	2,985	-	-
KCE Singapore Pte., Ltd.	(5)	75.50	75.50	SGD 500,000	SGD 500,000	168,310	168,310	-	-	168,310	168,310	-	-
Total						2,552,135	2,552,135	46,615	42,924	2,598,750	2,595,059	-	-
Indirect subsidiary													
Chemtronic Chemical Co., Ltd.	(2)	93.75	93.75	4,800	4,800	-	-	-	-	-	-	-	-

- (1) The manufacture and distribution of electric 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
- (5) The foreign sale representative

All subsidiaries entities operate in Thailand except KCE Singapore Pte., Ltd. which operates in Singapore.

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8 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the three-month period ended 31 March 2015 were as follows:

For the three-month period ended 31 March 2015

	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
Net book value at 1 January 2015	8,843,032	4,659,689
Acquisitions during the period - cost	456,002	272,319
Disposals during the period - Net book values at the date	(9,824)	(779)
Depreciation for the period	(136,183)	(31,872)
Reversal of impairment loss	1,367	-
Difference from changes in foreign currency exchange rate	(408)	-
Net book value at 31 March 2015	9,153,986	4,899,357

8.1 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.

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

8.2.1 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 2015 of Baht 1,631 million (*31 December 2014: Baht 1,136 million*), as collateral for bank overdrafts and loans from banks, as described in Note 9.

8.2.2 Chemtronic Technology (Thailand) Co., Ltd. has mortgaged its land with a total net book value as at 31 March 2015 of Baht 68.6 million (*31 December 2014: Baht 68.6 million*), as collateral for loans from banks, as described in Note 9.

8.2.3 KCE Singapore Pte., Ltd. has mortgaged its office building with a total net book value as at 31 March 2015 of Baht 160 million (*31 December 2014: Baht 161 million*), as collateral for loans from banks, as described in Note 9.

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9 Interest bearing liabilities

	Interest rate (% per annum)	Consolidated financial statements		Separate financial statements	
		31 March 2015	31 December 2014	31 March 2015	31 December 2014
<i>Current</i>					
Bank overdrafts - secured	(1)	1,878	3,814	-	3,814
Short-term loans from financial institutions - secured	(2)	76,588	135,395	-	-
Packing credits - secured	(3)	1,833,733	1,953,421	671,733	568,514
Trust receipts – secured	(3)	252,822	559,085	41,073	-
Total bank overdrafts and short-term loans from financial institutions		2,165,021	2,651,715	712,806	572,328
Current portion of liabilities under hire-purchase and finance lease liabilities		34,375	34,454	30,877	31,135
Current portion of long-term loans - secured		298,056	375,200	189,577	207,356
Total current interest-bearing liabilities		2,497,452	3,061,369	933,260	810,819
<i>Non-current</i>					
Liabilities under hire-purchase and finance lease agreements		38,068	46,106	33,706	41,184
Long-term loans - secured		2,950,569	2,802,415	2,809,217	2,734,870
Total non-current interest-bearing liabilities		2,988,637	2,848,521	2,842,923	2,776,054
Total		5,486,089	5,909,890	3,776,183	3,586,873

(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”

9.1 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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- 9.2 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.
- 9.3 Long-term loans from financial institutions of Chemtronic Technology (Thailand) Co., Ltd., a subsidiary, are secured by mortgage of the subsidiary's land. Under the loan agreement, the subsidiary company has to comply with certain conditions, including maintaining debt to equity ratio of not more than 1.
- 9.4 Long-term loan for financial institutions of KCE Singapore Pte., Ltd., a subsidiary, are secured by mortgage of subsidiary's office building. Under the loan agreement, the subsidiary company has to comply with certain conditions, including maintaining gearing ratio shall not be more than 1.
- 9.5 Long-term loans from financial institutions of Thai Laminate Manufacturer Co., Ltd., a subsidiary, are in US Dollar, with a LIBOR (London Interbank Offered Rate) plus rates as specified in agreements. The Company has to comply with certain conditions, including maintaining debt service coverage ratio (DSCR) of not less than 1.25:1 and debt to equity ratio of not more than 2.

Movements during the three-month period ended 31 March 2015 of long-term loans were as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
At 1 January 2015	3,177,615	2,942,226
Increase	231,249	136,790
Decrease	(141,497)	(62,749)
Unrealised gain on exchange rate	(18,742)	(17,473)
At 31 March 2015	<u>3,248,625</u>	<u>2,998,794</u>

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10 Trade and other payables

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		31 March 2015	31 December 2014	31 March 2015	31 December 2014
		<i>(in thousand Baht)</i>			
Trade payables					
Related parties	4	93,562	70,865	581,400	520,941
Other parties		1,321,626	1,143,778	304,552	278,518
Other payables for purchase of machineries and equipment					
Related parties	4	3,223	2,780	12,374	8,261
Other parties		712,028	835,610	629,162	776,390
Other payables					
Related parties	4	283	106	846	4
Other parties		141,966	101,505	35,539	31,589
Accrued expenses		643,806	514,173	213,701	158,340
Total trade and other payables		<u>2,916,494</u>	<u>2,668,817</u>	<u>1,777,574</u>	<u>1,774,043</u>

11 Share capital

***Three-month periods ended
31 March***

	Par value per share <i>(in Baht)</i>	2015		2014	
		Number	Baht	Number	Baht
		<i>(thousand shares / thousand Baht)</i>			
<i>Authorised</i>					
At 1 January					
- ordinary shares	1	587,427	587,427	578,422	578,422
At 31 March					
- ordinary shares	1	<u>587,427</u>	<u>587,427</u>	<u>578,422</u>	<u>578,422</u>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	565,628	565,628	480,495	480,495
Issue of new shares	1	3,081	3,081	68,543	68,543
At 31 March					
- ordinary shares	1	<u>568,709</u>	<u>568,709</u>	<u>549,038</u>	<u>549,038</u>

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Issue of new shares

During the three-month periods ended 31 March 2015 and 2014, the Company had issued new shares from the exercise of warrants as follow:

	2015		2014	
	Number	Baht	Number	Baht
	<i>(thousand shares/thousand Baht)</i>			
The exercise of warrants ESOP-W4	-	-	18	18
The exercise of warrants KCE-W2	2,242	2,242	68,525	68,525
The exercise of warrants ESOP-W5	839	839	-	-
Total	3,081	3,081	68,543	68,543

12 Share warrants

12.1 Share warrants KCE-W2

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 KCE-W2 during the three-month periods ended 31 March 2015 and 2014 are summarised below:

	2015	2014
	Number	
	<i>(in thousand unit)</i>	
Warrants issued at 1 January	17,988	96,910
Less: Exercised during the period	(2,242)	(68,525)
Warrants issued at 31 March	<u>15,746</u>	<u>28,385</u>

In March 2014, the Company received share subscription from KCE-W2 for 68,525,052 additional ordinary shares of Baht 5 each share supporting the exercise of the warrant, totaling of Baht 342.6 million. The Company registered the said increase of new paid-up shares with the Ministry of Commerce on 17 March 2014.

In March 2015, the Company received share subscription from KCE-W2 for 2,241,875 additional ordinary shares of Baht 5 each share supporting the exercise of the warrant, totaling of Baht 11.2 million. The Company registered the said increase of new paid-up shares with the Ministry of Commerce on 10 March 2015.

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12.2 Share warrants ESOP-W5

On 29 April 2014, the Company's shareholders at the Annual General Meeting approved the issued and allotted 10,000,000 registered and nontransferable (except for transferring as stipulated in the prospectus) warrants free of charge to the directors and employees of the Company and/or its subsidiaries. These warrants are exercisable at a price of Baht 31.99 per share at a ratio of 1 warrant to 1 new ordinary share, every quarter from 1 to 5 of March, June, September and December, for a period of 3 years from the issue date. The Company granted the said warrants to the directors and employees of the Company and/or its subsidiaries on 30 April 2014, 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 5 June 2014 and with a final exercise date of 28 April 2017.

The fair value of the warrants granted "ESOP-W5" was Baht 9.42.

The expense recognised from share-based payment transaction for the period ended 31 March 2015 was Baht 5.7 million for the consolidated financial statements and Baht 1.9 million for the separate financial statements (2014: Nil).

Movements of the number of issued and allotted share warrants ESOP-W5 during the three-month periods ended 31 March 2015 and 2014 are summarised below:

	2015	2014
	Number (in thousand unit)	
Warrants issued at 1 January	3,807	-
Less: Exercised during the period	(839)	-
Warrants issued at 31 March	<u>2,968</u>	<u>-</u>

In March 2015, the Company received share subscription from ESOP-W5 for 839,000 additional ordinary shares of Baht 31.99 each share supporting the exercise of the warrants, totaling of Baht 26.8 million. The Company registered the said increase of new paid-up shares with the Ministry of Commerce on 16 March 2015.

Movements of the carrying amount of share warrants ESOP-W5 during the three-month periods ended 31 March 2015 and 2014 are summarised below:

	2015	2014
	Carrying amount (in thousand Baht)	
At 1 January	17,299	-
Increase	5,687	-
Exercised during the period	(7,907)	-
At 31 March	<u>15,079</u>	<u>-</u>

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13 Segment information

The Company and its subsidiaries' operations mainly involve business segments in prepreg and laminate products, printed circuit board products and chemical products with production facilities in Thailand and operate in both local and overseas markets. Financial information of the Company and its subsidiaries by business segments for the three-month periods ended 31 March 2015 and 2014 are as follows:

	Consolidated financial statements															
	For the three-month periods ended 31 March 2015 and 2014															
	Printed Circuit Board business										Chemical business		Eliminating entries		Total	
	Prepreg and Laminate business		America		Europe		Asia		Total		2015	2014	2015	2014	2015	2014
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	<i>(in thousand Baht)</i>															
Revenues from external customers	13,472	17,831	453,990	420,443	1,548,377	1,502,385	789,644	753,578	2,792,011	2,676,406	76,818	70,878	-	-	2,882,301	2,765,115
Inter-segment revenues	495,927	494,721	-	-	-	-	359,634	331,651	359,634	331,651	21,850	18,788	(877,411)	(845,160)	-	-
Total revenues	<u>509,399</u>	<u>512,552</u>	<u>453,990</u>	<u>420,443</u>	<u>1,548,377</u>	<u>1,502,385</u>	<u>1,149,278</u>	<u>1,085,229</u>	<u>3,151,645</u>	<u>3,008,057</u>	<u>98,668</u>	<u>89,666</u>	<u>(877,411)</u>	<u>(845,160)</u>	<u>2,882,301</u>	<u>2,765,115</u>
Segment operating profit	114,114	97,424							722,735	757,382	40,286	35,008	(45,317)	(17,536)	831,818	872,278
Unallocated profit and expenses:																
Other income															62,582	41,237
Selling expenses															(122,894)	(152,630)
Administrative expenses															(221,429)	(290,328)
Finance cost															(21,481)	(32,223)
Share of profit from investments in associates															2,759	11,449
Corporate income tax															(17,213)	(7,235)
Profit for the period															<u>514,142</u>	<u>442,548</u>
Segment assets as at 31 March 2015/ 31 December 2014	<u>1,658,648</u>	<u>1,500,510</u>							<u>19,631,160</u>	<u>19,012,171</u>	<u>367,685</u>	<u>343,373</u>	<u>(6,106,108)</u>	<u>(5,696,321)</u>	<u>15,551,385</u>	<u>15,159,733</u>

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14 Gain on exchange rate and from hedging activities

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<i>(in thousand Baht)</i>				
<i>For the three-month periods ended 31 March</i>				
Included in other income				
- Gain on exchange rate and from hedging activities - net	53,806	28,566	47,874	9,413

15 Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. There was no material change in effective tax rate this period.

16 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the three-month periods ended 31 March 2015 and 2014 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 31 March</i>	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>511,141</u>	<u>439,427</u>	<u>91,082</u>	<u>104,981</u>
Number of ordinary shares outstanding at 1 January	565,628	480,495	565,628	480,495
Effect from ordinary shares issued during the period	<u>697</u>	<u>11,424</u>	<u>697</u>	<u>11,424</u>
Weighted average number of ordinary shares outstanding (basic)	<u>566,325</u>	<u>491,919</u>	<u>566,325</u>	<u>491,919</u>
Earnings per share (basic) (in Baht)	<u>0.90</u>	<u>0.89</u>	<u>0.16</u>	<u>0.21</u>

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Diluted earnings per share

The calculations of diluted earnings per share for the three-month periods ended 31 March 2015 and 2014 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</i> <i>31 March</i>	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht / in thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company	511,141	439,427	91,082	104,981
Weighted average number of ordinary shares outstanding (basic)	566,325	491,919	566,325	491,919
Effect of share warrants	16,823	68,416	16,823	68,416
Weighted average number of ordinary shares outstanding (diluted)	583,148	560,335	583,148	560,335
Earnings per share (diluted) (in Baht)	0.88	0.78	0.16	0.19

17 Financial instruments carried at fair value

Carrying amounts and fair values of financial instruments carried at fair value

The fair values of financial assets and liabilities together with the carrying amounts in the consolidated and separate statement of financial position are as follows.

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
<i>(in thousand Baht)</i>					
31 March 2015					
Current					
Short-term investments					
in trading securities	3,931	3,931	-	-	3,931
Commodity hedge agreements	(3,551)	-	(3,551)	-	(3,551)
	Carrying amount	Separate financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
		<i>(in thousand Baht)</i>			
31 March 2015					
Current					
Short-term investments					
in trading securities	3,931	3,931	-	-	3,931
Commodity hedge agreements	(620)	-	(620)	-	(620)

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Financial instruments carried at fair value

Fair value hierarchy

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

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

18 Commitments

Commitments

	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
	March	December	March	December
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
Contracted but not provided				
buildings and other constructions	73,789	209,247	70,193	123,315
Unrecognised purchase orders for				
machinery and equipment	81,087	207,742	68,059	101,521
Total	154,876	416,989	138,252	224,836
<i>Non-cancellable operating lease and long-term service commitments</i>				
Within one year	53,713	57,974	21,384	23,896
After one year but within five years	932	6,435	474	2,120
Total	54,645	64,409	21,858	26,016

Forward exchange contracts

As at 31 March 2015, the Group had outstanding forward exchange contracts as follows:

Currency	Amount (Thousand)	Consolidated financial statements		Contract exchange rate (Per unit of foreign currency)
		Maturity date		
Buying contract				
US dollar	987	14 July 2015 – 21 July 2015		32.8150 – 33.1250
Selling contract				
US dollar	5,742	31 August 2015 – 1 October 2015		32.6000 – 33.0757
Euro	877	18 June 2015		41.2230 – 41.2530
Pound	417	14 August 2015		50.5969

As at 31 March 2015, the Company had no outstanding forward exchange contracts.

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Commodity hedge agreements

As at 31 March 2015, 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 31 March 2015	Maturity date
Copper	240	6,050 – 6,500	6,050.50	30 June 2015

Guarantees

As at 31 March 2015, the Company and its subsidiaries had commitments in respect of bank guarantees issued on their behalf amounting to Baht 79 million (the Company only: Baht 36 million) (31 December 2014: Consolidated financial statement: Baht 79 million, (the Company only: Baht 36 million)) in respect of certain performance bonds as required in the normal course of business, mainly for guarantee of electricity payment.

19 Event after the reporting period

On 29 April 2015, the Company's shareholders at the Annual General Meeting approved dividend payment to common shareholders at Baht 0.70 per share. The said dividend will be paid on 15 May 2015 and recorded in the second quarter of the current year.