

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 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 August 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 Chalongkrung 31, Kwang Lumplataew, 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 30 June 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 and six-month periods ended 30 June 2015 and 2014 with related parties were as follows:

<i>For the three-month periods ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Subsidiaries				
Sales of goods	-	-	101	15
Rendering of service	-	-	6	5
Other income	-	-	3	6
Purchases of goods	-	-	371	317
Purchases of property, plant and equipment	-	-	2	2
Dividend income	-	-	369	217
Commission expenses	-	-	11	-
Other expenses	-	-	3	5
Associates				
Sales of goods	503	449	214	187
Purchases of raw material	124	95	60	39
Purchases of property, plant and equipment	6	-	6	-
Dividend income	10	-	10	4
Commission expenses	-	38	-	10
Other expenses	1	2	-	1
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	30	22	12	9
Share-based payments	3	13	1	8
Retirement benefits	1	1	1	-
Total key management personnel compensation	<u>34</u>	<u>36</u>	<u>14</u>	<u>17</u>

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<i>For the six-month periods ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Subsidiaries				
Sales of goods	-	-	144	52
Rendering of service	-	-	12	7
Other income	-	-	7	14
Sales of property, plant and equipment	-	-	-	17
Purchases of goods	-	-	762	669
Purchases of property, plant and equipment	-	-	6	39
Dividend income	-	-	369	217
Commission expenses	-	-	20	-
Other expenses	-	-	7	8
Associates				
Sales of goods	949	897	403	370
Purchases of raw material	230	202	116	93
Purchases of property, plant and equipment	11	1	11	1
Dividend income	10	-	10	4
Commission expense	-	60	-	18
Other expenses	3	3	1	2
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	57	48	22	19
Share-based payments	4	13	1	8
Retirement benefits	1	1	1	-
Total key management personnel compensation	<u>62</u>	<u>62</u>	<u>24</u>	<u>27</u>

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Balances as at 30 June 2015 and 31 December 2014 with related parties were as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	30	31	30	31
	June	December	June	December
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Trade receivables				
- related parties				
Subsidiaries				
KCE Technology Co., Ltd.	-	-	59,776	6,048
K.C.E. International Co., Ltd.	-	-	10,473	17,593
KCE (Thailand) Co., Ltd.	-	-	6,765	9,073
Thai Laminate Manufacturer Co., Ltd.	-	-	679	710
KCE Singapore Pte. Ltd.	-	-	18,897	10,976
Associates				
KCE America, Inc.	773,436	658,604	352,460	316,332
KCE Taiwan Co., Ltd.	-	26	-	-
Total	773,436	658,630	449,050	360,732
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	30	31	30	31
	June	December	June	December
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Other receivables				
- related parties				
Subsidiaries				
KCE Technology Co., Ltd.	-	-	-	10,753
Chemtronic Technology (Thailand) Co., Ltd.	-	-	3,605	2,696
K.C.E. International Co., Ltd.	-	-	81	2,015
KCE (Thailand) Co., Ltd.	-	-	5	5
Thai Laminate Manufacturer Co., Ltd.	-	-	310	533
Associates				
KCE Taiwan Co., Ltd.	153	103	153	-
Total	153	103	4,154	16,002
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	30	31	30	31
	June	December	June	December
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Trade payables				
- related parties				
Subsidiaries				
Thai Laminate Manufacturer Co., Ltd.	-	-	441,317	305,806
K.C.E. International Co., Ltd.	-	-	9,572	22,581
KCE Technology Co., Ltd.	-	-	104,836	131,798
Chemtronic Chemical Co., Ltd.	-	-	12,061	10,134
KCE Singapore Pte., Ltd.	-	-	23,539	20,291
Associates				
KCE Taiwan Co., Ltd	93,468	70,865	53,745	30,331
KCE America, Inc.	612	-	38	-

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5 Trade and other receivables

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
<i>(in thousand Baht)</i>					
Trade receivable					
Related parties	4	773,436	658,630	449,050	360,732
Other parties		3,457,580	2,850,511	1,399,802	1,017,983
Total		4,231,016	3,509,141	1,848,852	1,378,715
Less allowance for doubtful accounts		-	-	-	-
Net		4,231,016	3,509,141	1,848,852	1,378,715
Other receivables					
Related parties	4	153	103	4,154	16,002
Other parties		98,362	122,440	63,286	86,560
Total		98,515	122,543	67,440	102,562
Total trade and other receivables		4,329,531	3,631,684	1,916,292	1,481,277
		2015	2014	2015	2014
<i>(in thousand Baht)</i>					
Bad and doubtful debts expense for three-month periods ended 30 June		-	-	-	-
for six-month periods ended 30 June		-	-	-	-

Aging analysis for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
<i>(in thousand Baht)</i>				
Related parties				
Within credit terms	522,333	421,170	316,935	217,422
Overdue:				
Less than 3 months	230,040	220,081	118,910	128,662
3 - 6 months	18,256	16,988	11,679	14,648
6 - 12 months	2,807	391	1,526	-
Over 12 months	-	-	-	-
	773,436	658,630	449,050	360,732
Less allowance for doubtful accounts	-	-	-	-
	773,436	658,630	449,050	360,732

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	Consolidated financial statements		Separate financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in thousand Baht)</i>			
Other parties				
Within credit terms	2,324,397	1,816,100	1,077,534	713,365
Overdue:				
Less than 3 months	1,060,670	925,603	321,058	292,546
3 - 6 months	44,820	61,668	1,121	10,379
6 - 12 months	19,467	41,180	89	1,693
Over 12 months	8,226	5,960	-	-
	3,457,580	2,850,511	1,399,802	1,017,983
<i>Less allowance for doubtful accounts</i>	-	-	-	-
	3,457,580	2,850,511	1,399,802	1,017,983
Net	4,231,016	3,509,141	1,848,852	1,378,715

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

6 Investments in associates

	Consolidated financial statements		Separate financial statements	
	Equity Method		Cost Method	
<i>Six-month periods ended 30 June</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	8,763	20,454	-	-
Dividend income	(10,429)	(4,216)	-	-
Foreign currency translation differences for foreign operations	13,091	(4,354)	-	-
At 30 June	88,124	110,679	1,862	3,962

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Investments in associates as at 30 June 2015 and 31 December 2014, and dividend income from those investments for the six-month periods ended 30 June 2015 and 2014 were as follows:

Consolidated financial statements											
	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		
			30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	
			(%)				(in thousand Baht)				
Associates											
	(1)	United States	50.00	50.00	USD 50,000	USD 50,000	644	644	66,393	63,963	
	(2)	Taiwan	49.00	49.00	NTD 3,000,000	NTD 3,000,000	1,540	1,540	21,731	12,736	
Total							2,184	2,184	88,124	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 six-month period ended 30 June 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	
	30	31	30	31	30	31	30	31	30	31	30	30
	June	December	June	December	June	December	June	December	June	December	June	June
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(%)						<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	1,540	1,540	-	-	1,540	1,540	10,429	4,216
Total					1,862	1,862	-	-	1,862	1,862	10,429	4,216

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7 Investments in subsidiaries

	Separate financial statements	
	2015	2014
	<i>(in thousand Baht)</i>	
<i>Six-month periods ended 30 June</i>		
At 1 January	2,595,059	2,397,008
Disposals	-	(6,000)
Warrant granted to subsidiaries' directors and employees	6,246	12,889
At 30 June	<u>2,601,305</u>	<u>2,403,897</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 30 June 2015 and 31 December 2014, and dividend income from those investments for the six-month periods ended 30 June 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	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	30 June 2014
		(%)						(in thousand Baht)					
Direct subsidiaries													
		100.00	100.00	1,600,000	1,600,000	1,600,000	1,600,000	21,583	18,260	1,621,583	1,618,260	224,000	100,000
KCE Technology Co., Ltd.	(1)												
K.C.E. International Co., Ltd.	(1)	99.99	99.99	100,000	100,000	185,395	185,395	12,110	9,961	197,505	195,356	72,596	44,997
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	22,740	15,160
Thai Laminate Manufacturer Co., Ltd.	(3)	74.80	74.80	250,000	250,000	368,460	368,460	12,713	11,993	381,173	380,453	37,400	44,880
KCE (Thailand) Co., Ltd.	(4)	60.00	60.00	3,600	3,600	2,160	2,160	879	825	3,039	2,985	12,096	12,000
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	49,170	42,924	2,601,305	2,595,059	368,832	217,037
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 six-month period ended 30 June 2015 were as follows:

For the six-month period ended 30 June 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	620,301	356,723
Disposals during the period - Net book values at the date	(20,702)	(8,616)
Depreciation for the period	(289,160)	(78,984)
Reversal of impairment loss	4,508	-
Difference from changes in foreign currency exchange rate	808	-
Net book value at 30 June 2015	9,158,787	4,928,812

- 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 30 June 2015 of Baht 1,597 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 30 June 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 30 June 2015 of Baht 159 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	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
<i>Current</i>					
Bank overdrafts - secured	(1)	11,321	3,814	9,174	3,814
Short-term loans from financial institutions - secured	(2)	217,660	135,395	130,000	-
Packing credits - secured	(3)	2,315,391	1,953,421	920,345	568,514
Trust receipts - secured	(3)	363,386	559,085	43,050	-
Total bank overdrafts and short-term loans from financial institutions		2,907,758	2,651,715	1,102,569	572,328
Current portion of liabilities under hire-purchase and finance lease liabilities		33,861	34,454	30,615	31,135
Current portion of long-term loans - secured		376,593	375,200	299,635	207,356
Total current interest-bearing liabilities		3,318,212	3,061,369	1,432,819	810,819
<i>Non-current</i>					
Liabilities under hire-purchase and finance lease agreements		29,881	46,106	26,128	41,184
Long-term loans - secured		3,046,429	2,802,415	2,908,121	2,734,870
Total non-current interest-bearing liabilities		3,076,310	2,848,521	2,934,249	2,776,054
Total		6,394,522	5,909,890	4,367,068	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 debt to equity ratio of not more than 2:1 and debt service coverage ratio (DSCR) of not less than 1.1:1.

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.

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- 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 and debt to equity ratio of not more than 2.

Movements during the six-month period ended 30 June 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	437,294	342,835
Decrease	(243,043)	(122,808)
Unrealised loss on exchange rate	51,156	45,503
At 30 June 2015	<u>3,423,022</u>	<u>3,207,756</u>

10 Trade and other payables

		Consolidated financial statements		Separate financial statements	
		30	31	30	31
		June	December	June	December
	<i>Note</i>	2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Trade payables					
Related parties	4	94,080	70,865	645,108	520,941
Other parties		1,525,176	1,143,778	365,796	278,518
Other payables for purchase of machineries and equipments					
Related parties	4	3,981	2,780	13,231	8,261
Other parties		505,833	835,610	453,996	776,390
Other payables					
Related parties	4	235	106	2,467	4
Other parties		96,213	101,505	14,745	31,589
Accrued expenses		433,192	514,173	145,614	158,340
Total trade and other payables		<u>2,658,710</u>	<u>2,668,817</u>	<u>1,640,957</u>	<u>1,774,043</u>

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11 Share capital

Six-month periods ended
30 June

	Par value per share (in Baht)	2015		2014	
		Number	Baht	Number	Baht
<i>(thousand shares / thousand Baht)</i>					
Authorised					
At 1 January					
- ordinary shares	1	587,427	587,427	578,422	578,422
Reduction of shares	1	-	-	(995)	(995)
Increase of authorised share capital	1	-	-	10,000	10,000
At 30 June					
- ordinary shares	1	587,427	587,427	587,427	587,427
Issued and paid-up					
At 1 January					
- ordinary shares	1	565,628	565,628	480,495	480,495
Issue of new shares	1	4,533	4,533	77,433	77,433
At 30 June					
- ordinary shares	1	570,161	570,161	557,928	557,928

On 29 April 2014, the Company's shareholders at the Annual General Meeting approved the reduction of the Company's authorised share capital in the amount of Baht 995,071 from the authorised share capital of Baht 578,421,582 to Baht 577,426,511 by cancelling 995,071 unissued ordinary shares with Baht 1 par value per share. The Company registered the said reduction of authorised share capital with the Ministry of Commerce on 13 June 2014.

On 29 April 2014, the Company's shareholders at the Annual General Meeting approved the increase of the Company's authorised share capital in the amount of Baht 10,000,000 from the authorised share capital of Baht 577,426,511 to Baht 587,426,511 by issuing 10,000,000 new ordinary shares at Baht 1 par value per share. The Company registered the said increase of authorised share capital with the Ministry of Commerce on 13 June 2014.

Issue of new shares

During the six-month periods ended 30 June 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	2,862	2,862	76,147	76,147
The exercise of warrants ESOP-W5	1,671	1,671	1,268	1,268
Total	4,533	4,533	77,433	77,433

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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 six-month periods ended 30 June 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	<u>(2,862)</u>	<u>(76,147)</u>
Warrants issued at 30 June	<u>15,126</u>	<u>20,763</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 June 2014, the Company received share subscription from KCE-W2 for 7,622,140 additional ordinary shares of Baht 5 each share supporting the exercise of the warrant, totaling of Baht 38.1 million. The Company registered the said increase of new shares with the Ministry of Commerce on 13 June 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.

In June 2015, the Company received share subscription from KCE-W2 for 619,447 additional ordinary shares of Baht 5 each share supporting the exercise of the warrant, totaling of Baht 3.1 million. The Company registered the said increase of new paid-up shares with the Ministry of Commerce on 10 June 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 30 June 2015 was Baht 9.9 million for the consolidated financial statements and Baht 3.7 million for the separate financial statements (2014: Baht 25.9 million for the consolidated financial statements and Baht 13.1 million for the separate financial statements).

Movements of the number of issued and allotted share warrants ESOP-W5 during the six-month periods ended 30 June 2015 and 2014 are summarised below:

	2015	2014
	Number (in thousand unit)	
Warrants issued at 1 January	3,807	-
Add: Warrants issued during the period	-	10,000
Less: Exercised during the period	(1,671)	(1,268)
Warrants issued at 30 June	<u>2,136</u>	<u>8,732</u>

In June 2014, the Company received share subscription from ESOP-W5 for 1,268,000 additional ordinary shares of Baht 31.99 each share supporting the exercise of the warrants, totaling of Baht 40.6 million. The Company registered the said increase of new shares with the Ministry of Commerce on 13 June 2014.

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.

In June 2015, the Company received share subscription from ESOP-W5 for 832,000 additional ordinary shares of Baht 31.99 each share supporting the exercise of the warrants, totaling of Baht 26.6 million. The Company registered the said increase of new paid-up shares with the Ministry of Commerce on 18 June 2015.

Movements of the carrying amount of share warrants ESOP-W5 during the six-month periods ended 30 June 2015 and 2014 are summarised below:

	2015	2014
	Carrying amount (in thousand Baht)	
At 1 January	17,299	-
Increase	9,919	25,980
Exercised during the period	(15,749)	(11,949)
At 30 June	<u>11,469</u>	<u>14,031</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 and six-month periods ended 30 June 2015 and 2014 are as follows:

	Consolidated financial statements															
	For the three-month periods ended 30 June 2015 and 2014															
	Prepreg and Laminate business		Printed Circuit Board business								Chemical business		Eliminating entries		Total	
			America		Europe		Asia		Total							
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	17,746	16,136	513,811	418,239	1,579,467	1,476,516	876,882	819,889	2,970,160	2,714,644	59,253	87,814	-	-	3,047,159	2,818,594
Inter-segment revenues	515,633	439,141	-	-	-	-	443,351	277,804	443,351	277,804	24,445	18,530	(983,429)	(735,475)	-	-
Total revenues	533,379	455,277	513,811	418,239	1,579,467	1,476,516	1,320,233	1,097,693	3,413,511	2,992,448	83,698	106,344	(983,429)	(735,475)	3,047,159	2,818,594
Segment operating profit	124,974	76,277							824,205	763,754	29,010	41,930	(40,888)	4,216	937,301	886,177
Unallocated profit and expenses:																
Other income															8,167	52,847
Selling expenses															(136,599)	(154,247)
Administrative expenses															(246,338)	(262,598)
Finance cost															(35,017)	(34,216)
Share of profit from investments in associates															6,004	9,005
Corporate income tax															(39,629)	(13,854)
Profit for the period															493,889	483,114

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	Printed Circuit Board business																					
	Prepreg and Laminate business		America								Europe		Asia		Total		Chemical business		Eliminating entries		Total	
	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	31,218	33,967	967,801	838,682	3,127,844	2,978,901	1,666,526	1,573,467	5,762,171	5,391,050	136,071	158,692	-	-	5,929,460	5,583,709						
Inter-segment revenues	1,011,560	933,862	-	-	-	-	802,985	609,455	802,985	609,455	46,295	37,318	(1,860,840)	(1,580,635)	-	-						
Total revenues	1,042,778	967,829	967,801	838,682	3,127,844	2,978,901	2,469,511	2,182,922	6,565,156	6,000,505	182,366	196,010	(1,860,840)	(1,580,635)	5,929,460	5,583,709						
Segment operating profit	239,088	173,701							1,546,940	1,521,136	69,296	76,938	(86,205)	(13,320)	1,769,119	1,758,455						
Unallocated profit and expenses:																						
Other income																58,694	94,084					
Selling expenses																(259,493)	(306,877)					
Administrative expenses																(455,712)	(552,926)					
Finance cost																(56,498)	(66,439)					
Share of profit from investments in associates																8,763	20,454					
Corporate income tax																(56,842)	(21,089)					
Profit for the period																1,008,031	925,662					
Segment assets as at 30 June 2015/ 31 December 2014	1,832,646	1,500,510							20,511,161	19,012,171	359,698	343,373	(6,362,349)	(5,696,321)	16,341,156	15,159,733						

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14 Gain (loss) 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 30 June</i>				
Included in other income				
- Gain on exchange rate and from hedging activities - net	-	33,942	-	12,967
Included in administrative expense				
- Loss on exchange rate and from hedging activities - net	12,055	-	53,503	-
<i>For the six-month periods ended 30 June</i>				
Included in other income				
- Gain on exchange rate and from hedging activities - net	41,751	62,508	-	22,380
Included in administrative expense				
- Loss on exchange rate and from hedging activities - net	-	-	5,629	-

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 and six-month periods ended 30 June 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 30 June</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>490,141</u>	<u>478,912</u>	<u>416,249</u>	<u>324,756</u>
Number of ordinary shares outstanding at 1 April	568,709	549,038	568,709	549,038
Effect from ordinary shares issued during the period	<u>262</u>	<u>1,758</u>	<u>262</u>	<u>1,758</u>
Weighted average number of ordinary shares outstanding (basic)	<u>568,971</u>	<u>550,796</u>	<u>568,971</u>	<u>550,796</u>
Earnings per share (basic) (in Baht)	<u>0.86</u>	<u>0.87</u>	<u>0.73</u>	<u>0.59</u>

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<i>Six-month periods ended 30 June</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>1,001,282</u>	<u>918,339</u>	<u>507,331</u>	<u>429,737</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>2,027</u>	<u>41,025</u>	<u>2,027</u>	<u>41,025</u>
Weighted average number of ordinary shares outstanding (basic)	<u>567,655</u>	<u>521,520</u>	<u>567,655</u>	<u>521,520</u>
Earnings per share (basic) (in Baht)	<u>1.76</u>	<u>1.76</u>	<u>0.89</u>	<u>0.82</u>

Diluted earnings per share

The calculations of diluted earnings per share for the three-month and six-month periods ended 30 June 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 30 June</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	<u>490,141</u>	<u>478,912</u>	<u>416,249</u>	<u>324,756</u>
Weighted average number of ordinary shares outstanding (basic)	568,971	550,796	568,971	550,796
Effect of share warrants	<u>15,256</u>	<u>23,553</u>	<u>15,256</u>	<u>23,553</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>584,227</u>	<u>574,349</u>	<u>584,227</u>	<u>574,349</u>
Earnings per share (diluted) (in Baht)	<u>0.84</u>	<u>0.83</u>	<u>0.71</u>	<u>0.57</u>

<i>Six-month periods ended 30 June</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	<u>1,001,282</u>	<u>918,339</u>	<u>507,331</u>	<u>429,737</u>
Weighted average number of ordinary shares outstanding (basic)	567,655	521,520	567,655	521,520
Effect of share warrants	<u>16,055</u>	<u>46,626</u>	<u>16,055</u>	<u>46,626</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>583,710</u>	<u>568,146</u>	<u>583,710</u>	<u>568,146</u>
Earnings per share (diluted) (in Baht)	<u>1.72</u>	<u>1.62</u>	<u>0.87</u>	<u>0.76</u>

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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			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
30 June 2015					
<i>Current</i>					
Short-term investments in trading securities	3,245	3,245	-	-	3,245
	Carrying amount	Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
30 June 2015					
<i>Current</i>					
Short-term investments in trading securities	3,245	3,245	-	-	3,245

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 Dividend

On 29 April 2015, the Company's shareholders at the Annual General Meeting approved dividend payment based on operating result dated from 1 July 2014 to 31 December 2014 to the ordinary shareholders at Baht 0.70 per share, totaling in Baht 398 million. The said dividend was paid on 15 May 2015.

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19 Commitments

Commitments

	Consolidated financial statements		Separate financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in thousand Baht)</i>			
Capital commitments				
Contracted but not provided buildings and other constructions	56,909	209,247	54,251	123,315
Unrecognised purchase orders for machinery and equipment	61,002	207,742	48,150	101,521
Total	117,911	416,989	102,401	224,836
Non-cancellable operating lease and long-term service commitments				
Within one year	42,582	57,974	14,764	23,896
After one year but within five years	3,333	6,435	146	2,120
Total	45,915	64,409	14,910	26,016

Forward exchange contracts

As at 30 June 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	551		18 August 2015 – 9 October 2015	32.6325 – 33.7700
US dollar	1,103		4 January 2016	Euro 0.9068
Selling contract				
US dollar	12,747		31 August 2015 – 24 December 2015	32.7050 – 34.0624
Euro	3,353		16 November 2015 – 4 January 2016	37.4300 – 38.5500
Currency	Amount (Thousand)	Separate financial statements		Contract exchange rate (Per unit of foreign currency)
			Maturity date	
Buying contract				
US dollar	1,103		4 January 2016	Euro 0.9068
Selling contract				
Euro	3,000		24 December 2015 – 4 January 2016	37.4300 – 38.5500

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Guarantees

As at 30 June 2015, the Company and its subsidiaries had commitments in respect of bank guarantees issued on their behalf amounting to Baht 86 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.

20 Event after the reporting period

On 11 August 2015, the meeting of the Board of Directors of the Company approved the payment of interim dividend at Baht 0.50 per share to the ordinary shareholders. The said interim dividend will be paid on 11 September 2015 and recorded in the third quarter of the current year.