

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2016 (Unaudited)**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of the interim financial statements
3	Related parties
4	Trade and other receivables
5	Investments in associates
6	Investments in subsidiaries
7	Property, plant and equipment
8	Interest-bearing liabilities
9	Trade and other payables
10	Share capital
11	Share warrants
12	Segment information
13	Gain on exchange rate and from hedging activities
14	Income tax expense
15	Earnings per share
16	Financial instruments
17	Commitments
18	Event after the reporting period

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2016 (Unaudited)**

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 10 May 2016.

**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 2016 and 31 December 2015 are given in notes 3 and 6.

**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 2015) *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 2015. 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 2015.

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 2015 except that the Group has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2016. 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 or the Company.

*(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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2016 (Unaudited)**

(c) *Use of 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 2015.

### **3 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 5 and 6. Relationships with key management and other related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2016 (Unaudited)**

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

<b>Transactions</b>	<b>Pricing policies</b>
<b>Subsidiaries</b>	
Sales of goods	Market prices and prices per job order for each product which are agreed between the parties
Rendering of service	Market prices and prices per job order for each product which are agreed between the parties
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
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
<b>Associates</b>	
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

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2016 (Unaudited)**

Significant transactions for the three-month periods ended 31 March 2016 and 2015 with related parties were as follows:

<i>For the three-month periods ended 31 March</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<b>Subsidiaries</b>				
Sales of goods	-	-	161	43
Rendering of service	-	-	14	6
Other income	-	-	6	4
Purchases of goods	-	-	475	391
Purchases of property, plant and equipment	-	-	-	4
Commission expenses	-	-	13	9
Other expenses	-	-	3	4
<b>Associates</b>				
Sales of goods	517	446	278	189
Purchases of raw material	65	106	41	56
Commission expense	1	-	-	-
Purchases of property, plant and equipment	-	5	-	5
Other expenses	1	3	1	1
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	21	27	10	10
Share-based payments	3	-	2	-
Total key management personnel compensation	<u>24</u>	<u>27</u>	<u>12</u>	<u>10</u>

Balances as at 31 March 2016 and 31 December 2015 with related parties were as follows:

<i>Trade receivables - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
KCE Technology Co., Ltd.	-	-	171,681	80,481
K.C.E. International Co., Ltd.	-	-	10,738	8,633
KCE (Thailand) Co., Ltd.	-	-	4,812	2,456
Thai Laminate Manufacturer Co., Ltd.	-	-	1,181	124
KCE Singapore Pte. Ltd.	-	-	13,502	11,092
<b>Associates</b>				
KCE America, Inc.	785,769	799,452	436,196	384,061
<b>Total</b>	<u>785,769</u>	<u>799,452</u>	<u>638,110</u>	<u>486,847</u>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2016 (Unaudited)**

<i>Other receivables</i> <i>- related parties</i>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
KCE Technology Co., Ltd.	-	-	2,197	4
Chemtronic Technology (Thailand) Co., Ltd.	-	-	2,075	2,572
K.C.E. International Co., Ltd.	-	-	1,497	324
KCE (Thailand) Co., Ltd.	-	-	5	5
Thai Laminate Manufacturer Co., Ltd.	-	-	731	970
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6,505</b>	<b>3,875</b>

<i>Trade payables</i> <i>- related parties</i>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>			

<b>Subsidiaries</b>				
Thai Laminate Manufacturer Co., Ltd.	-	-	596,676	508,295
K.C.E. International Co., Ltd.	-	-	38,762	11,709
KCE Technology Co., Ltd.	-	-	97,993	122,958
Chemtronic Chemical Co., Ltd.	-	-	7,584	12,221
CTC Chemical Co., Ltd.	-	-	4,411	-
KCE Singapore Pte. Ltd.	-	-	25,225	27,817
<b>Associates</b>				
KCE Taiwan Co., Ltd	54,254	53,721	37,433	28,504
KCE America, Inc.	358	573	39	141
<b>Total</b>	<b>54,612</b>	<b>54,294</b>	<b>808,123</b>	<b>711,645</b>

<i>Other payables for purchase of machineries</i> <i>and equipment</i> <i>- related parties</i>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>			

<b>Subsidiaries</b>				
KCE Technology Co., Ltd.	-	-	8,736	8,736
Thai Laminate Manufacturer Co., Ltd.	-	-	65	65
<b>Associates</b>				
KCE Taiwan Co., Ltd.	-	421	-	196
<b>Total</b>	<b>-</b>	<b>421</b>	<b>8,801</b>	<b>8,997</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2016 (Unaudited)**

<i>Other payables</i> <i>- related parties</i>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
K.C.E. International Co., Ltd.	-	-	-	20
<b>Associates</b>				
KCE America, Inc.	283	151	-	-
<b>Total</b>	<u><b>283</b></u>	<u><b>151</b></u>	<u><b>-</b></u>	<u><b>20</b></u>

**4 Trade and other receivables**

	<i>Note</i>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
		31 March 2016	31 December 2015	31 March 2016	31 December 2015
		<i>(in thousand Baht)</i>			
<b>Trade receivable</b>					
Related parties	3	785,769	799,452	638,110	486,847
Other parties		<u>3,960,263</u>	<u>3,686,407</u>	<u>1,630,630</u>	<u>1,609,657</u>
<b>Total</b>		<u><b>4,746,032</b></u>	<u><b>4,485,859</b></u>	<u><b>2,268,740</b></u>	<u><b>2,096,504</b></u>
<i>Less allowance for doubtful accounts</i>		-	-	-	-
<b>Net</b>		<u><b>4,746,032</b></u>	<u><b>4,485,859</b></u>	<u><b>2,268,740</b></u>	<u><b>2,096,504</b></u>
<b>Other receivables</b>					
Related parties	3	-	-	6,505	3,875
Other parties		<u>63,771</u>	<u>53,909</u>	<u>33,830</u>	<u>26,260</u>
<b>Total</b>		<u><b>63,771</b></u>	<u><b>53,909</b></u>	<u><b>40,335</b></u>	<u><b>30,135</b></u>
<b>Total trade and other receivables</b>		<u><b>4,809,803</b></u>	<u><b>4,539,768</b></u>	<u><b>2,309,075</b></u>	<u><b>2,126,639</b></u>
Bad and doubtful debts expense for the three-month periods 31 March		<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month period ended 31 March 2016 (Unaudited)**

Aging analysis for trade accounts receivable were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	31	31	31	31
	March	December	March	December
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	569,188	459,823	493,730	314,458
Overdue:				
Less than 3 months	192,660	305,062	133,192	155,905
3 - 6 months	23,768	34,497	11,188	16,484
6 - 12 months	153	70	-	-
Over 12 months	-	-	-	-
	<u>785,769</u>	<u>799,452</u>	<u>638,110</u>	<u>486,847</u>
<i>Less allowance for doubtful accounts</i>	-	-	-	-
	<u>785,769</u>	<u>799,452</u>	<u>638,110</u>	<u>486,847</u>
<b>Other parties</b>				
Within credit terms	2,591,289	2,388,099	1,187,200	1,161,162
Overdue:				
Less than 3 months	1,092,107	1,020,248	438,302	436,379
3 - 6 months	71,599	144,393	5,128	7,946
6 - 12 months	176,525	115,949	-	4,170
Over 12 months	28,743	17,718	-	-
	<u>3,960,263</u>	<u>3,686,407</u>	<u>1,630,630</u>	<u>1,609,657</u>
<i>Less allowance for doubtful accounts</i>	-	-	-	-
	<u>3,960,263</u>	<u>3,686,407</u>	<u>1,630,630</u>	<u>1,609,657</u>
<b>Net</b>	<u>4,746,032</u>	<u>4,485,859</u>	<u>2,268,740</u>	<u>2,096,504</u>

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

**5 Investments in associates**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>Equity Method</b>		<b>Cost Method</b>	
<i>Three-month periods ended 31 March</i>	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b>Associates</b>				
At 1 January	105,178	76,699	1,862	1,862
Share of profit from investments in associates using equity method	5,891	2,759	-	-
Foreign currency translation differences for foreign operations	(1,664)	(5,212)	-	-
<b>At 31 March</b>	<u>109,405</u>	<u>74,246</u>	<u>1,862</u>	<u>1,862</u>



**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2016 (Unaudited)**

Investments in associates as at 31 March 2016 and 31 December 2015, and dividend income from those investments for the three-month periods ended 31 March 2016 and 2015 were as follows:

<b>Consolidated financial statements</b>												
	Type of business	Country of incorporation	Ownership interest		Paid-up capital				Cost		Equity	
			31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015		
			(%)						<i>(in thousand Baht)</i>			
<b>Associates</b>												
KCE America, Inc.	(1)	United States	50.00	50.00	USD 50,000	USD 50,000	644	644	69,378	72,125		
KCE Taiwan Co., Ltd.	(2)	Taiwan	49.00	49.00	NTD 3,000,000	NTD 3,000,000	1,540	1,540	40,027	33,053		
<b>Total</b>							<b>2,184</b>	<b>2,184</b>	<b>109,405</b>	<b>105,178</b>		

- (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 2016 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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2016 (Unaudited)**

	<b>Separate financial statements</b>											
	Ownership interest		Paid-up capital		Cost		Impairment		Equity - net		Dividend Received	
	31	31	31	31	31	31	31	31	31	31	31	31
	March	December	March	December	March	December	March	December	March	December	March	March
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(%)		<i>(in thousand Baht)</i>									
<b>Associates</b>												
KCE America, Inc.	25.0	25.0	USD 50,000	USD 50,000	322	322	-	-	322	322	-	-
KCE Taiwan Co., Ltd.	49.0	49.0	NTD 3,000,000	NTD 3,000,000	1,540	1,540	-	-	1,540	1,540	-	-
<b>Total</b>					<u><b>1,862</b></u>	<u><b>1,862</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>1,862</b></u>	<u><b>1,862</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2016 (Unaudited)**

**6 Investments in subsidiaries**

<i>Three-month periods ended 31 March</i>	<b>Separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
At 1 January	2,603,542	2,595,059
Warrant granted to subsidiaries' directors and employees	925	3,691
<b>At 31 March</b>	<b><u>2,604,467</u></b>	<b><u>2,598,750</u></b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2016 (Unaudited)**

Investments in subsidiaries as at 31 March 2016 and 31 December 2015, and dividend income from those investments for the three-month periods ended 31 March 2016 and 2015 were as follows:

	Type of business	Ownership Interest		Paid-up capital		Cost		Warrant granted to subsidiaries' directors and employees		Total		Dividend income	
		31	31	31	31	31	31	31	31	31	31	31	31
		March	December	March	December	March	December	March	December	March	December	March	March
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
		(%)						(in thousand Baht)					
<b>Direct subsidiaries</b>													
KCE Technology Co., Ltd.	(1)	100.00	100.00	1,600,000	1,600,000	1,600,000	1,600,000	23,264	22,485	1,623,264	1,622,485	-	-
K.C.E. International Co., Ltd.	(1)	99.99	99.99	100,000	100,000	185,395	185,395	12,605	12,694	198,000	198,089	-	-
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	13,526	13,291	381,986	381,751	-	-
KCE (Thailand) Co., Ltd.	(4)	60.00	60.00	3,600	3,600	2,160	2,160	1,052	1,052	3,212	3,212	-	-
KCE Singapore Pte., Ltd.	(5)	75.50	75.50	SGD 500,000	SGD 500,000	168,310	168,310	-	-	168,310	168,310	-	-
<b>Total</b>						<b>2,552,135</b>	<b>2,552,135</b>	<b>52,332</b>	<b>51,407</b>	<b>2,604,467</b>	<b>2,603,542</b>	<b>-</b>	<b>-</b>
<b>Indirect subsidiaries</b>													
Chemtronic Chemical Co., Ltd.	(2)	93.57	93.57	4,800	4,800	-	-	-	-	-	-	-	-
CTC Chemical Co., Ltd.	(2)	94.35	-	4,800	4,800	-	-	-	-	-	-	-	-
						<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- (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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2016 (Unaudited)**

**7 Property, plant and equipment**

Acquisitions, disposals and transfers of property, plant and equipment during the three-month period ended 31 March 2016 were as follows:

*For the three-month period ended 31 March 2016*

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>	
Net book value at 1 January 2016	9,216,119	5,037,921
Acquisitions during the period - cost	150,789	59,002
Disposals during the period - Net book values at the date	(4,874)	(314)
Depreciation for the period	(202,639)	(89,181)
Impairment losses	(2,626)	-
Transfer	(13,165)	(10,572)
Difference from changes in foreign currency exchange rate	(838)	-
<b>Net book value at 31 March 2016</b>	<b><u>9,142,766</u></b>	<b><u>4,996,856</u></b>

- 7.1 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.
- 7.2 The subsidiaries have mortgaged and pledged the following property, plant and equipment.
- 7.2.1 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 2016 of Baht 1,487 million (*31 December 2015: Baht 1,520 million*), as collateral for bank overdrafts and loans from banks, as described in Note 8.
- 7.2.2 Chemtronic Technology (Thailand) Co., Ltd. has mortgaged its land with a total net book value as at 31 March 2016 of Baht 68.6 million (*31 December 2015: Baht 68.6 million*), as collateral for loans from banks, as described in Note 8.
- 7.2.3 KCE Singapore Pte., Ltd. has mortgaged its office building with a total net book value as at 31 March 2016 of Baht 156 million (*31 December 2015: Baht 157 million*), as collateral for loans from banks, as described in Note 8.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2016 (Unaudited)**

**8 Interest bearing liabilities**

	Interest rate (% per annum)	Consolidated financial statements		Separate financial statements	
		31 March 2016	31 December 2015 <i>(in thousand Baht)</i>	31 March 2016	31 December 2015
<b>Current</b>					
Short-term loans from financial institutions - secured	(1)	150,000	165,142	90,000	100,000
Packing credits - secured	(2)	1,368,537	1,759,900	790,537	912,900
Trust receipts - secured	(2)	109,298	214,320	5,557	15,369
<b>Total bank overdrafts and short-term loans from financial institutions</b>		<b>1,627,835</b>	<b>2,139,362</b>	<b>886,094</b>	<b>1,028,269</b>
Current portion of liabilities under hire-purchase and finance lease agreements		33,533	34,095	29,784	31,384
Current portion of long-term loans - secured		613,161	584,901	561,301	541,204
<b>Total current interest-bearing liabilities</b>		<b>2,274,529</b>	<b>2,758,358</b>	<b>1,477,179</b>	<b>1,600,857</b>
<b>Non-current</b>					
Liabilities under hire-purchase and finance lease agreements		13,182	15,814	7,185	13,278
Long-term loans - secured		3,267,286	3,538,459	3,067,195	3,191,612
<b>Total non-current interest-bearing liabilities</b>		<b>3,280,468</b>	<b>3,554,273</b>	<b>3,074,380</b>	<b>3,204,890</b>
<b>Total</b>		<b>5,554,997</b>	<b>6,312,631</b>	<b>4,551,559</b>	<b>4,805,747</b>

(1) “Money Market Rate”

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

8.1 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 2:1 and debt service coverage ratio (DSCR) of not less than 1.1:1.

8.2 Long-term loans from financial institutions of KCE Technology Co., Ltd., a subsidiary, are in US Dollar, with an interest LIBOR (London Interbank Offered Rate) plus rates as specified in agreements. The loans are secured by the mortgage of the subsidiary’s land and construction thereon and the pledge of most of the subsidiary’s machinery.

8.3 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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2016 (Unaudited)**

- 8.4 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.
- 8.5 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 subsidiary 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.
- 8.6 Long-term loans from financial institutions of KCE International Co., Ltd., a subsidiary, are in US Dollar, with a LIBOR (London Interbank Offered Rate) plus rates as specified in agreements. The subsidiary company has to comply with certain conditions, including maintaining debt service coverage ratio (DSCR) of not less than 1.2:1 and debt to equity ratio of not more than 2.

Movements during the three-month period ended 31 March 2016 of long-term loans were as follows:

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>	
At 1 January 2016	4,123,360	3,732,816
Increase	47,624	47,624
Decrease	(238,723)	(105,560)
Unrealised gain on exchange rate	(51,814)	(46,384)
At 31 March 2016	<u>3,880,447</u>	<u>3,628,496</u>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2016 (Unaudited)**

**9 Trade and other payables**

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2016	31 December 2015	31 March 2016	31 December 2015
<i>(in thousand Baht)</i>					
Trade payables					
Related parties	3	54,612	54,294	808,123	711,645
Other parties		1,542,343	1,333,638	391,427	352,758
Other payables for purchase of machineries and equipment					
Related parties	3	-	421	8,801	8,997
Other parties		151,599	210,895	121,997	178,920
Other payables					
Related parties	3	283	151	-	20
Other parties		63,015	73,969	19,287	34,305
Accrued expenses		708,938	541,931	256,876	179,954
<b>Total trade and other payables</b>		<b><u>2,520,790</u></b>	<b><u>2,215,299</u></b>	<b><u>1,606,511</u></b>	<b><u>1,466,599</u></b>

**10 Share capital**

*Three-month periods ended  
31 March*

	Par value per share <i>(in Baht)</i>	2016		2015	
		Number	Baht	Number	Baht
<i>(thousand shares / thousand Baht)</i>					
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	<u>587,427</u>	<u>587,427</u>	<u>587,427</u>	<u>587,427</u>
<b>At 31 March</b>					
- ordinary shares	1	<b><u>587,427</u></b>	<b><u>587,427</u></b>	<b><u>587,427</u></b>	<b><u>587,427</u></b>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	1	574,763	574,763	565,628	565,628
Issue of new shares	1	<u>1,497</u>	<u>1,497</u>	<u>3,081</u>	<u>3,081</u>
<b>At 31 March</b>					
- ordinary shares	1	<b><u>576,260</u></b>	<b><u>576,260</u></b>	<b><u>568,709</u></b>	<b><u>568,709</u></b>



**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2016 (Unaudited)**

*Issue of new shares*

During the three-month periods ended 31 March 2016 and 2015, the Company had issued new shares from the exercise of warrants as follow:

	2016		2015	
	Number	Baht	Number	Baht
	<i>(thousand shares/thousand Baht)</i>			
The exercise of warrants KCE-W2	846	846	2,242	2,242
The exercise of warrants ESOP-W5	651	651	839	839
<b>Total</b>	<b>1,497</b>	<b>1,497</b>	<b>3,081</b>	<b>3,081</b>

**11 Share warrants**

*11.1 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 2016 and 2015 are summarised below:

	2016	2015
	Number	
	<i>(in thousand unit)</i>	
Warrants issued at 1 January	11,253	17,988
Less: Exercised during the period	(846)	(2,242)
Warrants issued at 31 March	<u>10,407</u>	<u>15,746</u>

During the three-month periods ended 31 March 2016 and 2015 the Company received share subscription from KCE-W2 as bellow:

2015	Number	Price	Total	Date registered
	<i>(in thousand shares)</i>	<i>(Baht)</i>	<i>(in million Baht)</i>	with Ministry of Commerce
March 2015	2,242	5.00	11.2	10 March 2015
2016	Number	Price	Total	Date registered
	<i>(in thousand shares)</i>	<i>(Baht)</i>	<i>(in million Baht)</i>	with Ministry of Commerce
March 2016	846	5.00	4.2	15 March 2016

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2016 (Unaudited)**

**11.2 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 2016 was Baht 1.6 million for the consolidated financial statements (2015: 5.7 million) and Baht 0.7 million for the separate financial statements (2015: 1.9 million).

Movements of the number of issued and allotted share warrants ESOP-W5 during the three-month periods ended 31 March 2016 and 2015 are summarised below:

	2016	2015
	Number (in thousand unit)	
Warrants issued at 1 January	1,406	3,807
Less: Exercised during the period	(651)	(839)
Warrants issued at 31 March	755	2,968

During the three-month periods ended 31 March 2016 and 2015 the Company received share subscription from ESOP-W5 as bellow:

2015	Number (in thousand shares)	Price (Baht)	Total (in million Baht)	Date registered with Ministry of Commerce
March 2015	839	31.99	26.8	16 March 2015

  

2016	Number (in thousand shares)	Price (Baht)	Total (in million Baht)	Date registered with Ministry of Commerce
March 2016	651	31.99	20.8	9 March 2016

Movements of the carrying amount of share warrants ESOP-W5 during the three-month periods ended 31 March 2016 and 2015 are summarised below:

	2016	2015
	Carrying amount (in thousand Baht)	
At 1 January	8,783	17,299
Increase	1,613	5,687
Exercised during the period	(6,136)	(7,907)
At 31 March	4,260	15,079

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2016 (Unaudited)**

**12 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 2016 and 2015 are as follows:

	<b>Consolidated financial statements</b>															
	For the three-month periods ended 31 March 2016 and 2015															
	Printed Circuit Board business										Chemical business		Eliminating entries		Total	
	Prepreg and Laminate business		America		Europe		Asia		Total		2016	2015	2016	2015	2016	2015
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	<i>(in thousand Baht)</i>															
Revenues from external customers	11,026	13,472	519,803	453,990	1,854,115	1,548,377	1,073,172	789,644	3,447,090	2,792,011	71,081	76,818	-	-	3,529,197	2,882,301
Inter-segment revenues	597,396	495,927	-	-	-	-	603,314	359,634	603,314	359,634	27,696	21,850	(1,228,406)	(877,411)	-	-
Total revenues	<u>608,422</u>	<u>509,399</u>	<u>519,803</u>	<u>453,990</u>	<u>1,854,115</u>	<u>1,548,377</u>	<u>1,676,486</u>	<u>1,149,278</u>	<u>4,050,404</u>	<u>3,151,645</u>	<u>98,777</u>	<u>98,668</u>	<u>(1,228,406)</u>	<u>(877,411)</u>	<u>3,529,197</u>	<u>2,882,301</u>
Segment operating profit	123,057	114,114							1,082,963	722,735	37,491	40,286	(45,508)	(45,317)	1,198,003	831,818
Unallocated profit and expenses:																
Other income																32,259
Selling expenses																(136,754)
Administrative expenses																(286,254)
Finance cost																(46,475)
Share of profit from investments in associates																5,891
Corporate income tax																(9,914)
Profit for the period															<u>756,756</u>	<u>514,142</u>
Segment assets as at 31 March 2016/																
31 December 2015	<u>2,077,568</u>	<u>1,915,163</u>							<u>22,692,893</u>	<u>21,789,200</u>	<u>401,647</u>	<u>378,165</u>	<u>(8,005,347)</u>	<u>(7,252,460)</u>	<u>17,166,761</u>	<u>16,830,069</u>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2016 (Unaudited)**

**13 Gain on exchange rate and from hedging activities**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
<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	23,149	53,806	39,459	47,874

**14 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.

**15 Earnings per share**

*Basic earnings per share*

The calculations of basic earnings per share for the three-month periods ended 31 March 2016 and 2015 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>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(thousand Baht / thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b><u>751,042</u></b>	<b><u>511,141</u></b>	<b><u>272,439</u></b>	<b><u>91,082</u></b>
Number of ordinary shares outstanding at 1 January	574,763	565,628	574,763	565,628
Effect from ordinary shares issued during the period	<u>323</u>	<u>697</u>	<u>323</u>	<u>697</u>
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b><u>575,086</u></b>	<b><u>566,325</u></b>	<b><u>575,086</u></b>	<b><u>566,325</u></b>
<b>Earnings per share (basic) (in Baht)</b>	<b><u>1.31</u></b>	<b><u>0.90</u></b>	<b><u>0.47</u></b>	<b><u>0.16</u></b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2016 (Unaudited)**

*Diluted earnings per share*

The calculations of diluted earnings per share for the three-month periods ended 31 March 2016 and 2015 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>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht / in thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company</b>	<b>751,042</b>	<b>511,141</b>	<b>272,439</b>	<b>91,082</b>
Weighted average number of ordinary shares outstanding (basic)	575,086	566,325	575,086	566,325
Effect of share warrants	11,100	16,823	11,100	16,823
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b>586,186</b>	<b>583,148</b>	<b>586,186</b>	<b>583,148</b>
<b>Earnings per share (diluted) (in Baht)</b>	<b>1.28</b>	<b>0.88</b>	<b>0.46</b>	<b>0.16</b>

**16 Financial instruments**

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

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value.

	Carrying amount	<b>Consolidated and separate financial statements</b>			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
<b>31 March 2016</b>					
<i>Current</i>					
Short-term investments in trading securities	2,969	2,969	-	-	2,969
<b>31 December 2015</b>					
<i>Current</i>					
Short-term investments in trading securities	2,583	2,583	-	-	2,583

**Carrying amounts and fair values of financial instruments not carried at fair value**

Most of financial assets and liabilities of the Group were short-term. The fair value of financial assets and liabilities are taken to approximate the carrying value as determined in the statement of financial position.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rate.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2016 (Unaudited)**

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

***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.

**17 Commitments**

***Commitments***

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	31	31	31	31
	March	December	March	December
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b><i>Capital commitments</i></b>				
Contracted but not provided				
Buildings and other constructions	10,590	21,238	10,590	17,870
Unrecognised purchase orders for machinery and equipment	100,833	53,212	58,166	20,137
<b>Total</b>	<b><u>111,423</u></b>	<b><u>74,450</u></b>	<b><u>68,756</u></b>	<b><u>38,007</u></b>
<b><i>Future minimum lease payments under non-cancellable operating leases and long-term service commitments</i></b>				
Within one year	25,733	23,222	8,089	1,505
After one year but within five years	3,586	3,241	911	617
<b>Total</b>	<b><u>29,319</u></b>	<b><u>26,463</u></b>	<b><u>9,000</u></b>	<b><u>2,122</u></b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2016 (Unaudited)**

***Forward exchange contracts***

As at 31 March 2016, the Group had outstanding forward exchange contracts as follows:

<b>Consolidated financial statements</b>			
Currency	Amount ( <i>Thousand</i> )	Maturity date	Contract exchange rate ( <i>Per unit of foreign currency</i> )
Buying contract			
US dollar	9,195	18 April 2016 - 15 September 2016	34.9072 - 36.4445
US dollar	3,974	3 October 2016	0.8808 Euro
Selling contract			
US dollar	957	27 June 2016 - 26 September 2016	35.0000 - 35.3200

<b>Separate financial statements</b>			
Currency	Amount ( <i>Thousand</i> )	Maturity date	Contract exchange rate ( <i>Per unit of foreign currency</i> )
Buying contract			
US dollar	3,974	3 October 2016	0.8808 Euro

***Guarantees***

As at 31 March 2016, the Company and its subsidiaries had commitments in respect of bank guarantees issued on their behalf amounting to Baht 81 million (the Company only: Baht 38 million) (*31 December 2015: Consolidated financial statement: Baht 81 million, (the Company only: Baht 38 million)*) in respect of certain performance bonds as required in the normal course of business, mainly for guarantee of electricity payment.

**18 Event after the reporting period**

On 28 April 2016, the Company's shareholders at the Annual General Meeting approved dividend payment to common shareholders at Baht 1.00 per share. The said dividend will be paid on 16 May 2016 and recorded in the second quarter of the current year.