

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 2016 (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 authorized for issue by the Board of Directors on 9 August 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 including APCO CAPITAL PTE. LTD (33% 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 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.

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(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.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuations are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in note 17 - financial instruments.

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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:

| 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. |

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 |
| 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 |
| 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 2016 and 2015 with related parties were as follows:

| <i>For the three-month periods ended 30 June</i> | Consolidated financial statements | | Separate financial statements | |
|--|--|-----------|--|-----------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in million Baht)</i> | | | |
| Subsidiaries | | | | |
| Sales of goods | - | - | 227 | 101 |
| Rendering of service | - | - | 21 | 6 |
| Other income | - | - | 5 | 3 |
| Purchases of goods | - | - | 465 | 371 |
| Purchases of property, plant and equipment | - | - | 9 | 2 |
| Dividend income | - | - | 561 | 369 |
| Commission expenses | - | - | 12 | 11 |
| Other expenses | - | - | 4 | 3 |
| Associates | | | | |
| Sales of goods | 443 | 503 | 218 | 214 |
| Purchases of raw material | 65 | 124 | 44 | 60 |
| Purchases of property, plant and equipment | 2 | 6 | 1 | 6 |
| Dividend income | 11 | 10 | 11 | 10 |
| Other expenses | 1 | 1 | 1 | - |
| Key management personnel | | | | |
| Key management personnel compensation | | | | |
| Short-term employee benefit | 36 | 30 | 10 | 12 |
| Share-based payments | - | 3 | - | 1 |
| Retirement benefit obligations | 1 | 1 | - | 1 |
| Total key management personnel compensation | <u>37</u> | <u>34</u> | <u>10</u> | <u>14</u> |

| <i>For the six-month periods ended 30 June</i> | Consolidated financial statements | | Separate financial statements | |
|--|--|------|--|------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in million Baht)</i> | | | |
| Subsidiaries | | | | |
| Sales of goods | - | - | 388 | 144 |
| Rendering of service | - | - | 35 | 12 |
| Other income | - | - | 11 | 7 |
| Purchases of goods | - | - | 940 | 762 |
| Purchases of property, plant and equipment | - | - | 9 | 6 |
| Dividend income | - | - | 561 | 369 |
| Commission expenses | - | - | 25 | 20 |
| Other expenses | - | - | 7 | 7 |

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| <i>For the six-month periods ended 30 June</i> | Consolidated financial statements | | Separate financial statements | |
|--|--|-----------|--|-----------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in million Baht)</i> | | | |
| Associates | | | | |
| Sales of goods | 960 | 949 | 496 | 403 |
| Purchases of raw material | 130 | 230 | 85 | 116 |
| Purchases of property, plant and equipment | 3 | 11 | 1 | 11 |
| Dividend income | 11 | 10 | 11 | 10 |
| Other expenses | 2 | 3 | 2 | 1 |
| Key management personnel | | | | |
| Key management personnel compensation | | | | |
| Short-term employee benefit | 57 | 57 | 20 | 22 |
| Share-based payments | 4 | 4 | 2 | 1 |
| Retirement benefit obligations | 1 | 1 | - | 1 |
| Total key management personnel compensation | <u>62</u> | <u>62</u> | <u>22</u> | <u>24</u> |

Balances as at 30 June 2016 and 31 December 2015 with related parties were as follows:

| <i>Trade receivables - related parties</i> | Consolidated financial statements | | Separate financial statements | |
|--|--|------------------------|--|------------------------|
| | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 |
| | <i>(in thousand Baht)</i> | | | |
| Subsidiaries | | | | |
| KCE Technology Co., Ltd. | - | - | 299,273 | 80,481 |
| K.C.E. International Co., Ltd. | - | - | 11,214 | 8,633 |
| KCE (Thailand) Co., Ltd. | - | - | 4,968 | 2,456 |
| Thai Laminate Manufacturer Co., Ltd. | - | - | 2,246 | 124 |
| KCE Singapore Pte. Ltd. | - | - | 14,858 | 11,092 |
| Associates | | | | |
| KCE America, Inc. | 737,657 | 799,452 | 414,211 | 384,061 |
| Total | <u>737,657</u> | <u>799,452</u> | <u>746,770</u> | <u>486,847</u> |

| <i>Other receivables - related parties</i> | Consolidated financial statements | | Separate financial statements | |
|--|--|------------------------|--|------------------------|
| | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 |
| | <i>(in thousand Baht)</i> | | | |
| Subsidiaries | | | | |
| KCE Technology Co., Ltd. | - | - | 1,715 | 4 |
| Chemtronic Technology (Thailand) Co., Ltd. | - | - | 2,419 | 2,572 |
| K.C.E. International Co., Ltd. | - | - | 819 | 324 |
| KCE (Thailand) Co., Ltd. | - | - | 5 | 5 |
| Thai Laminate Manufacturer Co., Ltd. | - | - | 490 | 970 |
| Total | <u>-</u> | <u>-</u> | <u>5,448</u> | <u>3,875</u> |

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| <i>Trade payables</i> <i>- related parties</i> | Consolidated financial statements | | Separate financial statements | |
|---|--|------------------------|--|------------------------|
| | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 |
| | <i>(in thousand Baht)</i> | | | |
| Subsidiaries | | | | |
| Thai Laminate Manufacturer Co., Ltd. | - | - | 597,637 | 508,295 |
| K.C.E. International Co., Ltd. | - | - | 74,479 | 11,709 |
| KCE Technology Co., Ltd. | - | - | 53,177 | 122,958 |
| Chemtronic Chemical Co., Ltd. | - | - | - | 12,221 |
| CTC Chemical Co.,Ltd. | - | - | 12,019 | - |
| KCE Singapore Pte. Ltd. | - | - | 25,446 | 27,817 |
| Associates | | | | |
| KCE Taiwan Co., Ltd | 48,889 | 53,721 | 31,793 | 28,504 |
| KCE America, Inc. | 536 | 573 | 135 | 141 |
| Total | 49,425 | 54,294 | 794,686 | 711,645 |
| | | | | |
| <i>Other payables for purchase of machineries</i> <i>and equipment</i> <i>- related parties</i> | Consolidated financial statements | | Separate financial statements | |
| | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 |
| | <i>(in thousand Baht)</i> | | | |
| Subsidiaries | | | | |
| KCE Technology Co., Ltd. | - | - | 11,298 | 8,736 |
| Thai Laminate Manufacturer Co., Ltd. | - | - | 65 | 65 |
| Associates | | | | |
| KCE Taiwan Co., Ltd. | 2,113 | 421 | 456 | 196 |
| Total | 2,113 | 421 | 11,819 | 8,997 |
| | | | | |
| <i>Other payables</i> <i>- related parties</i> | Consolidated financial statements | | Separate financial statements | |
| | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 |
| | <i>(in thousand Baht)</i> | | | |
| Subsidiaries | | | | |
| K.C.E. International Co., Ltd. | - | - | 18 | 20 |
| Associates | | | | |
| KCE America, Inc. | 401 | 151 | - | - |
| Total | 401 | 151 | 18 | 20 |

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4 Trade and other receivables

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|------------------------|----------------------------------|------------------------|
| | | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 |
| | | <i>(in thousand Baht)</i> | | | |
| Trade receivable | | | | | |
| Related parties | 3 | 737,657 | 799,452 | 746,770 | 486,847 |
| Other parties | | 4,070,803 | 3,686,407 | 1,810,933 | 1,609,657 |
| Total | | 4,808,460 | 4,485,859 | 2,557,703 | 2,096,504 |
| Less allowance for doubtful accounts | | - | - | - | - |
| Net | | 4,808,460 | 4,485,859 | 2,557,703 | 2,096,504 |
| Other receivables | | | | | |
| Related parties | 3 | - | - | 5,448 | 3,875 |
| Other parties | | 86,589 | 53,909 | 46,161 | 26,260 |
| Total | | 86,589 | 53,909 | 51,609 | 30,135 |
| Total trade and other receivables | | 4,895,049 | 4,539,768 | 2,609,312 | 2,126,639 |
| Bad and doubtful debts expense for the three-month periods ended 30 June | | - | - | - | - |
| for the six-month periods ended 30 June | | - | - | - | - |

Aging analysis for trade accounts receivable were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--------------------------------------|------------------------|----------------------------------|------------------------|
| | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 |
| | <i>(in thousand Baht)</i> | | | |
| Related parties | | | | |
| Within credit terms | 457,188 | 459,823 | 477,449 | 314,458 |
| Overdue: | | | | |
| Less than 3 months | 269,633 | 305,062 | 267,238 | 155,905 |
| 3 - 6 months | 10,766 | 34,497 | 2,083 | 16,484 |
| 6 - 12 months | 70 | 70 | - | - |
| Over 12 months | - | - | - | - |
| | 737,657 | 799,452 | 746,770 | 486,847 |
| Less allowance for doubtful accounts | - | - | - | - |
| | 737,657 | 799,452 | 746,770 | 486,847 |

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| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--|------------------------|--|------------------------|
| | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 |
| | <i>(in thousand Baht)</i> | | | |
| Other parties | | | | |
| Within credit terms | 2,733,321 | 2,388,099 | 1,277,124 | 1,161,162 |
| Overdue: | | | | |
| Less than 3 months | 1,022,945 | 1,020,248 | 519,034 | 436,379 |
| 3 - 6 months | 99,178 | 144,393 | 14,476 | 7,946 |
| 6 - 12 months | 101,035 | 115,949 | 299 | 4,170 |
| Over 12 months | 114,324 | 17,718 | - | - |
| | 4,070,803 | 3,686,407 | 1,810,933 | 1,609,657 |
| Less allowance for doubtful accounts | - | - | - | - |
| | 4,070,803 | 3,686,407 | 1,810,933 | 1,609,657 |
| Net | 4,808,460 | 4,485,859 | 2,557,703 | 2,096,504 |

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

5 Investments in associates

| | Consolidated financial statements | | Separate financial statements | |
|---|--|---------------|--|--------------|
| | Equity Method | | Cost Method | |
| <i>Six-month periods ended 30 June</i> | 2016 | 2015 | 2016 | 2015 |
| | <i>(in thousand Baht)</i> | | | |
| Associates | | | | |
| At 1 January | 105,178 | 76,699 | 1,862 | 1,862 |
| Share of profit from investments in associates using equity method | 12,956 | 8,763 | - | - |
| Dividend income | (10,630) | (10,429) | - | - |
| Foreign currency translation differences for foreign operations | (4,150) | 13,091 | - | - |
| At 30 June | 103,354 | 88,124 | 1,862 | 1,862 |

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Investments in associates as at 30 June 2016 and 31 December 2015, and dividend income from those investments for the six-month periods ended 30 June 2016 and 2015 were as follows:

| Consolidated financial statements | | | | | | | | | | | | |
|--|------------------|--------------------------|--------------------|------------------|-----------------|------------------|--------------|------------------|---------------------------|------------------|--------|--|
| | Type of business | Country of incorporation | Ownership interest | | Paid-up capital | | | | Cost | | Equity | |
| | | | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 | | |
| | | | (%) | | | | | | <i>(in thousand Baht)</i> | | | |
| Associates | | | | | | | | | | | | |
| KCE America, Inc. | (1) | United States | 50.00 | 50.00 | USD 50,000 | USD 50,000 | 644 | 644 | 69,627 | 72,125 | | |
| KCE Taiwan Co., Ltd. | (2) | Taiwan | 49.00 | 49.00 | NTD 3,000,000 | NTD 3,000,000 | 1,540 | 1,540 | 33,727 | 33,053 | | |
| Total | | | | | | | 2,184 | 2,184 | 103,354 | 105,178 | | |

- (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 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.

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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 |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | (%) | | <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 | 10,630 | 10,429 |
| Total | | | | | 1,862 | 1,862 | - | - | 1,862 | 1,862 | 10,630 | 10,429 |

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6 Investments in subsidiaries

| | Separate financial statements | |
|--|--|-------------------------|
| | 2016 | 2015 |
| <i>Six-month periods ended 30 June</i> | | |
| | <i>(in thousand Baht)</i> | |
| At 1 January | 2,603,542 | 2,595,059 |
| Warrant granted to subsidiaries' directors and employees | 1,349 | 6,246 |
| At 30 June | <u>2,604,891</u> | <u>2,601,305</u> |

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Investments in subsidiaries as at 30 June 2016 and 31 December 2015, and dividend income from those investments for the six-month periods ended 30 June 2016 and 2015 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 | 31 | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 30 |
| | | June | December | June | December | June | December | June | December | June | December | June | June |
| | | (%) | | | | | | (in thousand Baht) | | | | | |
| Direct subsidiaries | | | | | | | | | | | | | |
| | (1) | 100.00 | 100.00 | 1,600,000 | 1,600,000 | 1,600,000 | 1,600,000 | 23,339 | 22,485 | 1,623,339 | 1,622,485 | 360,000 | 224,000 |
| | (1) | 99.99 | 99.99 | 100,000 | 100,000 | 185,395 | 185,395 | 12,827 | 12,694 | 198,222 | 198,089 | 99,994 | 72,596 |
| | (2) | 94.75 | 94.75 | 48,000 | 48,000 | 227,810 | 227,810 | 1,885 | 1,885 | 229,695 | 229,695 | 22,740 | 22,740 |
| | (3) | 74.80 | 74.80 | 250,000 | 250,000 | 368,460 | 368,460 | 13,653 | 13,291 | 382,113 | 381,751 | 74,800 | 37,400 |
| | (4) | 60.00 | 60.00 | 3,600 | 3,600 | 2,160 | 2,160 | 1,052 | 1,052 | 3,212 | 3,212 | 3,240 | 12,096 |
| | (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 | 52,756 | 51,407 | 2,604,891 | 2,603,542 | 560,774 | 368,832 |
| Indirect subsidiaries | | | | | | | | | | | | | |
| | (2) | 93.57 | 93.57 | 4,800 | 4,800 | - | - | - | - | - | - | - | - |
| | (2) | 94.35 | - | 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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7 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the six-month period ended 30 June 2016 were as follows:

For the six-month period ended 30 June 2016

| | Consolidated financial statements | Separate financial statements |
|--|--|--|
| | <i>(in thousand Baht)</i> | |
| Net book value at 1 January 2016 | 9,216,119 | 5,037,921 |
| Acquisitions during the period - cost | 348,954 | 136,344 |
| Disposals during the period - Net book values at the date | (8,581) | (2,866) |
| Depreciation for the period | (413,600) | (186,441) |
| Impairment losses | (32,831) | - |
| Transfer | (7,423) | (11,202) |
| Difference from changes in foreign currency exchange rate | (889) | - |
| Net book value at 30 June 2016 | <u>9,101,749</u> | <u>4,973,756</u> |

- 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 30 June 2016 of Baht 1,446 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 30 June 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 30 June 2016 of Baht 155 million (*31 December 2015: Baht 157 million*), as collateral for loans from banks, as described in Note 8.

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8 Interest bearing liabilities

| | Interest rate (% per annum) | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------|-----------------------------------|--|-------------------------------|-------------------------|
| | | 30 June 2016 | 31 December 2015 (in thousand Baht) | 30 June 2016 | 31 December 2015 |
| Current | | | | | |
| Bank overdrafts - secured | (1) | 20,281 | - | 20,281 | - |
| Short-term loans from financial institutions - secured | (1) | 200,000 | 165,142 | 170,000 | 100,000 |
| Packing credits - secured | (2) | 1,315,448 | 1,759,900 | 753,448 | 912,900 |
| Trust receipts - secured | (2) | 110,001 | 214,320 | 26,858 | 15,369 |
| Total bank overdrafts and short-term loans from financial institutions | | <u>1,645,730</u> | <u>2,139,362</u> | <u>970,587</u> | <u>1,028,269</u> |
| Current portion of liabilities under hire-purchase and finance lease agreements | | 28,708 | 34,095 | 25,092 | 31,384 |
| Current portion of long-term loans - secured | | 683,481 | 584,901 | 605,853 | 541,204 |
| Total current interest-bearing liabilities | | <u>2,357,919</u> | <u>2,758,358</u> | <u>1,601,532</u> | <u>1,600,857</u> |
| Non-current | | | | | |
| Liabilities under hire-purchase and finance lease agreements | | 10,738 | 15,814 | 5,519 | 13,278 |
| Long-term loans - secured | | 3,172,661 | 3,538,459 | 3,005,065 | 3,191,612 |
| Total non-current interest-bearing liabilities | | <u>3,183,399</u> | <u>3,554,273</u> | <u>3,010,584</u> | <u>3,204,890</u> |
| Total | | <u>5,541,318</u> | <u>6,312,631</u> | <u>4,612,116</u> | <u>4,805,747</u> |

(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 As at 31 December 2015, 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 (30 June 2016: none).

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.

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- 8.4 Long-term loan from 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 K.C.E. 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 six-month period ended 30 June 2016 of long-term loans were as follows:

| | Consolidated financial statements | Separate financial statements |
|----------------------------------|--|--|
| | <i>(in thousand Baht)</i> | |
| At 1 January 2016 | 4,123,360 | 3,732,816 |
| Increase | 137,939 | 137,939 |
| Decrease | (350,714) | (211,120) |
| Unrealised gain on exchange rate | (54,443) | (48,717) |
| At 30 June 2016 | <u>3,856,142</u> | <u>3,610,918</u> |

9 Trade and other payables

| | | Consolidated financial statements | | Separate financial statements | |
|---|-------------|--|-------------------------|--|-------------------------|
| | <i>Note</i> | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 |
| | | <i>(in thousand Baht)</i> | | | |
| Trade payables | | | | | |
| Related parties | 3 | 49,425 | 54,294 | 794,686 | 711,645 |
| Other parties | | 1,594,930 | 1,333,638 | 425,552 | 352,758 |
| Other payables for purchase of machineries and equipment | | | | | |
| Related parties | 3 | 2,113 | 421 | 11,819 | 8,997 |
| Other parties | | 161,037 | 210,895 | 68,169 | 178,920 |
| Other payables | | | | | |
| Related parties | 3 | 401 | 151 | 18 | 20 |
| Other parties | | 95,231 | 73,969 | 34,994 | 34,305 |
| Accrued expenses | | 481,602 | 541,931 | 189,615 | 179,954 |
| Total trade and other payables | | <u>2,384,739</u> | <u>2,215,299</u> | <u>1,524,853</u> | <u>1,466,599</u> |

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10 Employee benefit obligations

| | Consolidated financial statements | | Separate financial statements | |
|--|--|---------------------|--|---------------------|
| | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 |
| | <i>(in thousand Baht)</i> | | | |
| Statement of financial position obligation for: | | | | |
| Post-employment benefits | <u>149,263</u> | <u>87,097</u> | <u>61,933</u> | <u>33,159</u> |
| | | | | |
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in thousand Baht)</i> | | | |
| Three-month period ended 30 June | | | | |
| Statement of comprehensive income: | | | | |
| Recognised in profit or loss: | | | | |
| Post-employment benefits | <u>2,845</u> | <u>2,251</u> | <u>1,064</u> | <u>1,009</u> |
| | | | | |
| Recognised in other comprehensive income: | | | | |
| Actuarial losses recognised in the period | <u>57,870</u> | <u>-</u> | <u>26,775</u> | <u>-</u> |
| | | | | |
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in thousand Baht)</i> | | | |
| Six-month period ended 30 June | | | | |
| Statement of comprehensive income: | | | | |
| Recognised in profit or loss: | | | | |
| Post-employment benefits | <u>5,690</u> | <u>5,765</u> | <u>2,128</u> | <u>2,019</u> |
| | | | | |
| Recognised in other comprehensive income: | | | | |
| Actuarial losses recognised in the period | <u>57,870</u> | <u>-</u> | <u>26,775</u> | <u>-</u> |

The Group and the Company operate defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

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Movements during the six-month periods ended 30 June 2016 and 2015 in the present value of the defined benefit obligations were as follows:

| | Consolidated | | Separate | |
|---|-----------------------------|----------------------|-----------------------------|----------------------|
| | financial statements | | financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in thousand Baht)</i> | | | |
| Defined benefit obligations at 1 January | 87,097 | 81,073 | 33,159 | 32,602 |
| Include in profit or loss: | | | | |
| Current services cost | 3,846 | 4,111 | 1,324 | 1,272 |
| Interest on obligation | 1,844 | 1,654 | 804 | 747 |
| | <u>5,690</u> | <u>5,765</u> | <u>2,128</u> | <u>2,019</u> |
| Include in other comprehensive income: | | | | |
| Actuarial loss | 57,870 | - | 26,775 | - |
| | <u>57,870</u> | <u>-</u> | <u>26,775</u> | <u>-</u> |
| Other | | | | |
| Benefit paid | (1,394) | (1,733) | (129) | - |
| | <u>(1,394)</u> | <u>(1,733)</u> | <u>(129)</u> | <u>-</u> |
| Defined benefit obligations at 30 June | <u>149,263</u> | <u>85,105</u> | <u>61,933</u> | <u>34,621</u> |

Actuarial assumptions

The followings were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| | Consolidated | | Separate | |
|-------------------------|-----------------------------|-------------|-----------------------------|-------------|
| | financial statements | | financial statements | |
| | 30 June | 31 December | 30 June | 31 December |
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(%)</i> | | | |
| Discount rate | 2.5 | 4.4 | 2.5 | 4.4 |
| Future salary increases | 4.0-6.0 | 4.0-6.0 | 4.0-6.0 | 4.0-6.0 |

Assumptions regarding future mortality are based on published statistics and mortality tables.

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11 Share capital

Six-month periods ended
30 June

| | Par value per share (in Baht) | 2016 | | 2015 | |
|--|-------------------------------------|----------------|----------------|----------------|----------------|
| | | Number | Baht | Number | Baht |
| <i>(thousand shares / thousand Baht)</i> | | | | | |
| Authorised | | | | | |
| At 1 January | | | | | |
| - ordinary shares | 1 | 587,427 | 587,427 | 587,427 | 587,427 |
| At 30 June | | | | | |
| - ordinary shares | 1 | 587,427 | 587,427 | 587,427 | 587,427 |
| Issued and paid-up | | | | | |
| At 1 January | | | | | |
| - ordinary shares | 1 | 574,763 | 574,763 | 565,628 | 565,628 |
| Issue of new shares | 1 | 11,248 | 11,248 | 4,533 | 4,533 |
| At 30 June | | | | | |
| - ordinary shares | 1 | 586,011 | 586,011 | 570,161 | 570,161 |

Issue of new shares

During the six-month periods ended 30 June 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 | 10,273 | 10,273 | 2,862 | 2,862 |
| The exercise of warrants ESOP-W5 | 975 | 975 | 1,671 | 1,671 |
| Total | 11,248 | 11,248 | 4,533 | 4,533 |

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 17 June 2016.

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Movements of share warrants KCE-W2 during the six-month periods ended 30 June 2016 and 2015 are summarised below:

| | 2016 | 2015 |
|-----------------------------------|------------------------------|---------------|
| | Number (in thousand unit) | |
| Warrants issued at 1 January | 11,253 | 17,988 |
| Less: Exercised during the period | (10,273) | (2,862) |
| Less: Unexercised rights | (980) | - |
| Warrants issued at 30 June | <u>-</u> | <u>15,126</u> |

During the six-month periods ended 30 June 2016 and 2015 the Company received share subscription from KCE-W2 as bellow:

| 2015 | Number (in thousand shares) | Price (Baht) | Total (in million Baht) | Date registered with Ministry of Commerce |
|------------|--------------------------------|-----------------|----------------------------|---|
| March 2015 | 2,242 | 5.00 | 11.2 | 10 March 2015 |
| June 2015 | 619 | 5.00 | 3.1 | 10 June 2015 |
| 2016 | Number (in thousand shares) | Price (Baht) | Total (in million Baht) | Date registered with Ministry of Commerce |
| March 2016 | 846 | 5.00 | 4.2 | 15 March 2016 |
| June 2016 | 9,427 | 5.00 | 47.1 | 28 June 2016 |

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 six-month period ended 30 June 2016 was Baht 2.3 million for the consolidated financial statements (2015: 9.9 million) and Baht 1.0 million for the separate financial statements (2015: 3.7 million).

Movements of the number of issued and allotted share warrants ESOP-W5 during the six-month periods ended 30 June 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 | (975) | (1,671) |
| Warrants issued at 30 June | <u>431</u> | <u>2,136</u> |

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During the six-month periods ended 30 June 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 |
| June 2015 | 832 | 31.99 | 26.6 | 18 June 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 |
| June 2016 | 324 | 31.99 | 10.4 | 14 June 2016 |

Movements of the carrying amount of share warrants ESOP-W5 during the six-month periods ended 30 June 2016 and 2015 are summarized below:

| | 2016 | 2015 |
|-----------------------------|---------------------------------------|---------------|
| | Carrying amount (in thousand Baht) | |
| At 1 January | 8,783 | 17,299 |
| Increase | 2,347 | 9,919 |
| Exercised during the period | (9,190) | (15,749) |
| At 30 June | <u>1,940</u> | <u>11,469</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 six-month periods ended 30 June 2016 and 2015 are as follows:

| | Consolidated financial statements | | | | | | | | | | | | | | | |
|--|---|----------------|--------------------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------------|---------------|---------------------|------------------|------------------|------------------|
| | For the three-month periods ended 30 June 2016 and 2015 | | | | | | | | | | | | | | | |
| | Prepreg and Laminate business | | Printed Circuit Board business | | | | | | | | Chemical business | | Eliminating entries | | Total | |
| | | | America | | Europe | | Asia | | Total | | | | | | | |
| 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 | 17,057 | 17,746 | 456,736 | 513,811 | 1,882,640 | 1,579,467 | 1,155,612 | 876,882 | 3,494,988 | 2,970,160 | 66,593 | 59,253 | - | - | 3,578,638 | 3,047,159 |
| Inter-segment revenues | 590,320 | 515,633 | - | - | - | - | 712,004 | 443,351 | 712,004 | 443,351 | 24,901 | 24,445 | (1,327,225) | (983,429) | - | - |
| Total revenues | 607,377 | 533,379 | 456,736 | 513,811 | 1,882,640 | 1,579,467 | 1,867,616 | 1,320,233 | 4,206,992 | 3,413,511 | 91,494 | 83,698 | (1,327,225) | (983,429) | 3,578,638 | 3,047,159 |
| Segment operating profit | 132,453 | 124,974 | | | | | | | 1,154,758 | 824,205 | 33,573 | 29,010 | (50,755) | (40,888) | 1,270,029 | 937,301 |
| Unallocated profit and expenses: | | | | | | | | | | | | | | | | |
| Other income | | | | | | | | | | | | | | | 60,493 | 8,167 |
| Selling expenses | | | | | | | | | | | | | | | (150,138) | (136,599) |
| Administrative expenses | | | | | | | | | | | | | | | (304,238) | (246,338) |
| Finance cost | | | | | | | | | | | | | | | (45,712) | (35,017) |
| Share of profit from investments in associates | | | | | | | | | | | | | | | 7,065 | 6,004 |
| Corporate income tax | | | | | | | | | | | | | | | (20,262) | (39,629) |
| Profit for the period | | | | | | | | | | | | | | | 817,237 | 493,889 |

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| | Printed Circuit Board business | | | | | | | | | | | | | | | |
|--|--------------------------------|------------------|----------------|----------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|----------------|---------------------|--------------------|-------------------|-------------------|
| | Prepreg and Laminate business | | America | | Europe | | Asia | | Total | | Chemical business | | Eliminating entries | | Total | |
| | 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 | 28,083 | 31,218 | 976,539 | 967,801 | 3,736,755 | 3,127,844 | 2,228,784 | 1,666,526 | 6,942,078 | 5,762,171 | 137,674 | 136,071 | - | - | 7,107,835 | 5,929,460 |
| Inter-segment revenues | 1,187,716 | 1,011,560 | - | - | - | - | 1,315,318 | 802,985 | 1,315,318 | 802,985 | 52,597 | 46,295 | (2,555,631) | (1,860,840) | - | - |
| Total revenues | <u>1,215,799</u> | <u>1,042,778</u> | <u>976,539</u> | <u>967,801</u> | <u>3,736,755</u> | <u>3,127,844</u> | <u>3,544,102</u> | <u>2,469,511</u> | <u>8,257,396</u> | <u>6,565,156</u> | <u>190,271</u> | <u>182,366</u> | <u>(2,555,631)</u> | <u>(1,860,840)</u> | <u>7,107,835</u> | <u>5,929,460</u> |
| Segment operating profit | 255,510 | 239,088 | | | | | | | 2,237,721 | 1,546,940 | 71,064 | 69,296 | (96,263) | (86,205) | 2,468,032 | 1,769,119 |
| Unallocated profit and expenses: | | | | | | | | | | | | | | | | |
| Other income | | | | | | | | | | | | | | | 92,752 | 58,694 |
| Selling expenses | | | | | | | | | | | | | | | (286,892) | (259,493) |
| Administrative expenses | | | | | | | | | | | | | | | (590,492) | (455,712) |
| Finance cost | | | | | | | | | | | | | | | (92,187) | (56,498) |
| Share of profit from investments in associates | | | | | | | | | | | | | | | 12,956 | 8,763 |
| Corporate income tax | | | | | | | | | | | | | | | (30,176) | (56,842) |
| Profit for the period | | | | | | | | | | | | | | | <u>1,573,993</u> | <u>1,008,031</u> |
| Segment assets as at 30 June 2016/ | | | | | | | | | | | | | | | | |
| 31 December 2015 | <u>2,002,749</u> | <u>1,915,163</u> | | | | | | | <u>23,003,114</u> | <u>21,789,200</u> | <u>388,210</u> | <u>378,165</u> | <u>(8,090,272)</u> | <u>(7,252,459)</u> | <u>17,303,801</u> | <u>16,830,069</u> |

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14 Gain (Loss) on exchange rate and from hedging activities

| | Consolidated financial statements | | Separate financial statements | |
|---|--|--------|--|--------|
| | 2016 | 2015 | 2016 | 2015 |
| | <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 | 43,490 | - | 14,468 | - |
| 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 | 66,639 | 41,751 | 53,927 | - |
| 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. The Group’s consolidated effective tax rate in respect of continuing operations for the three-month periods ended 30 June 2016 was 2% (30 June 2015 : 7%) and 2% for the six-month periods ended 30 June 2016 (30 June 2015 : 5%). This charge in effective tax rate was mainly because the Group generate higher non-taxable income in 2016 than in 2015 due to the utilization of tax exemption from BOI certificate.

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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 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 30 June</i> | Consolidated financial statements | | Separate financial statements | |
|--|--|-----------------------|--------------------------------------|-----------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(thousand Baht / thousand shares)</i> | | | |
| Profit attributable to ordinary shareholders of the Company (basic) | <u>811,798</u> | <u>490,141</u> | <u>873,022</u> | <u>416,249</u> |
| Number of ordinary shares outstanding at 1 April | 576,260 | 568,709 | 576,260 | 568,709 |
| Effect from ordinary shares issued during the period | <u>371</u> | <u>262</u> | <u>371</u> | <u>262</u> |
| Weighted average number of ordinary shares outstanding (basic) | <u>576,631</u> | <u>568,971</u> | <u>576,631</u> | <u>568,971</u> |
| Earnings per share (basic) (in Baht) | <u>1.41</u> | <u>0.86</u> | <u>1.51</u> | <u>0.73</u> |

| <i>Six-month periods ended 30 June</i> | Consolidated financial statements | | Separate financial statements | |
|--|--|-------------------------|--------------------------------------|-----------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(thousand Baht / thousand shares)</i> | | | |
| Profit attributable to ordinary shareholders of the Company (basic) | <u>1,562,840</u> | <u>1,001,282</u> | <u>1,145,461</u> | <u>507,331</u> |
| 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>1,095</u> | <u>2,027</u> | <u>1,095</u> | <u>2,027</u> |
| Weighted average number of ordinary shares outstanding (basic) | <u>575,858</u> | <u>567,655</u> | <u>575,858</u> | <u>567,655</u> |
| Earnings per share (basic) (in Baht) | <u>2.71</u> | <u>1.76</u> | <u>1.99</u> | <u>0.89</u> |

Diluted earnings per share

The calculations of diluted earnings per share for the three-month and six-month periods ended 30 June 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:

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| <i>Three-month periods ended 30 June</i> | Consolidated financial statements | | Separate financial statements | |
|---|--|------------------|--------------------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in thousand Baht / in thousand shares)</i> | | | |
| Profit attributable to ordinary shareholders of the Company | 811,798 | 490,141 | 873,022 | 416,249 |
| Weighted average number of ordinary shares outstanding (basic) | 576,631 | 568,971 | 576,631 | 568,971 |
| Effect of share warrants | 9,847 | 15,256 | 9,847 | 15,256 |
| Weighted average number of ordinary shares outstanding (diluted) | 586,478 | 584,227 | 586,478 | 584,227 |
| Earnings per share (diluted) (in Baht) | 1.38 | 0.84 | 1.49 | 0.71 |
| | | | | |
| <i>Six-month periods ended 30 June</i> | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in thousand Baht / in thousand shares)</i> | | | |
| Profit attributable to ordinary shareholders of the Company | 1,562,840 | 1,001,282 | 1,145,461 | 507,331 |
| Weighted average number of ordinary shares outstanding (basic) | 575,858 | 567,655 | 575,858 | 567,655 |
| Effect of share warrants | 10,475 | 16,055 | 10,475 | 16,055 |
| Weighted average number of ordinary shares outstanding (diluted) | 586,333 | 583,710 | 586,333 | 583,710 |
| Earnings per share (diluted) (in Baht) | 2.67 | 1.72 | 1.95 | 0.87 |

17 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 | Consolidated and separate financial statements | | | |
|--|-----------------|---|---------|---------|-------|
| | | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| <i>(in thousand Baht)</i> | | | | | |
| 30 June 2016 | | | | | |
| <i>Current</i> | | | | | |
| Short-term investments in trading securities | - | - | - | - | - |
| 31 December 2015 | | | | | |
| <i>Current</i> | | | | | |
| Short-term investments in trading securities | 2,583 | 2,583 | - | - | 2,583 |

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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.

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).

18 Dividend

On 28 April 2016, the Company's shareholders at the Annual General Meeting approved dividend payment based on operating result dated from 1 July 2015 to 31 December 2015 to common shareholders at Baht 1.00 per share, total in Baht 576 million. The said dividend was paid on 16 May 2016.

19 Commitments

Commitments

| | Consolidated financial statements | | Separate financial statements | |
|---|--|------------------------|--|------------------------|
| | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 |
| | <i>(in thousand Baht)</i> | | | |
| <i>Capital commitments</i> | | | | |
| Contracted but not provided | | | | |
| Buildings and other constructions | 10,590 | 21,238 | 10,590 | 17,870 |
| Unrecognised purchase orders for machinery and equipment | 213,864 | 53,212 | 1,714 | 20,137 |
| Total | 224,454 | 74,450 | 12,304 | 38,007 |
| <i>Future minimum lease payments under non-cancellable operating leases and long-term service commitments</i> | | | | |
| Within one year | 47,195 | 23,222 | 14,713 | 1,505 |
| After one year but within five years | 4,609 | 3,241 | 2,326 | 617 |
| Total | 51,804 | 26,463 | 17,039 | 2,122 |

As at 30 June 2016, the Group and the Company had unrecognised purchase order for raw materials amounting to Baht 668.7 million for consolidated financial statements and Baht 142.9 million for separate financial statements.

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Forward exchange contracts

As at 30 June 2016, the Group had outstanding forward exchange contracts as follows:

| Consolidated financial statements | | | |
|--|----------------------|-----------------------------------|---|
| Currency | Amount (Thousand) | Maturity date | Contract exchange rate (Per unit of foreign currency) |
| Buying contract | | | |
| US dollar | 6,259 | 3 October 2016 – 23 December 2016 | Euro 0.8726 – 0.8808 |
| US dollar | 4,696 | 12 July 2016 – 5 January 2017 | 34.90000 – 36.30000 |
| Selling contract | | | |
| Euro | 11,042 | 25 July 2016 – 23 December 2016 | 39.6700 – 40.6600 |
| US dollar | 755 | 23 August 2016 – 23 December 2016 | 35.5880 - 35.8250 |

| Separate financial statements | | | |
|--------------------------------------|----------------------|-----------------------------------|---|
| Currency | Amount (Thousand) | Maturity date | Contract exchange rate (Per unit of foreign currency) |
| Buying contract | | | |
| US dollar | 6,259 | 3 October 2016 – 23 December 2016 | Euro 0.8726 – 0.8808 |
| Selling contract | | | |
| Euro | 4,000 | 23 December 2016 | 40.0800 – 40.1200 |

Commodity hedge agreement

As at 30 June 2016 the Company and its subsidiaries had outstanding copper swap agreement, of which details are presented below.

| Type of good | Quantity (Ton) | Contract price | Commodity's market price | Maturity date |
|--------------|-------------------|----------------|---|-------------------------------------|
| | | | As at 30 June 2016 (US dollar per ton) | |
| Copper | 120 | 4,530 | 4,827 | 31 July 2016 - 30 September 2016 |

As at 31 December 2015 the Company and its subsidiaries had no outstanding copper swap agreement.

Guarantees

As at 30 June 2016, the Company and its subsidiaries had commitments in respect of bank guarantees issued on their behalf amounting to Baht 94 million (the Company only: Baht 49 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.

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20 Events after the reporting period

Dividend

On 9 August 2016, the meeting of the Company's Board of Directors approved interim dividend payment to the ordinary shareholders at Baht 1 per share. The said dividend will be paid on 9 September 2016 and recognised dividend payment in the third quarter of the current year.

Acquisition of assets

On 12 July 2016, the Company's Board of Directors at the Board of Directors' Meeting approved the establishment of a new subsidiary, Chemtronics Products Co., Ltd., which operates in manufacturing and distribution of chemicals products that are the component of animal food. The Company expected to establish the said subsidiary in the third quarter of the current year.

21 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new TFRS have been issued but is not yet effective and has not been applied in preparing these interim financial statements. This new TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2017, is set out below. The Group does not plan to adopt this TFRS early.

| TFRS | Topic |
|-----------------------------|---|
| FAP Announcement no. 5/2559 | Accounting Guidance for derecognition of financial assets and financial liabilities |

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of this new TFRS and expects that there will be no material impact on the financial statements in the period of initial application.