

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 13 February 2018.

**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 Companies Act on 21 December 1992. The Company has its registered office at No. 72-72/1-3 Soi Chalongkrung 31, Kwang Lumplatew, Khet Lat Krabang, Bangkok.

The Company’s major shareholders during the financial year 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 subsidiaries as at 31 December 2017 and 2016 are given in note 9.

**2 Basis of preparation of the financial statements**

*(a) Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are in effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements.

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

*(b) Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (n)

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(c) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Company's functional currency.

(d) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 12	Impairment test: key assumptions underlying recoverable amounts;
Note 14	Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
Note 17	Measurement of defined benefit obligations: key actuarial assumptions; and
Note 19	Measurement of share-based payments

*Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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 chief financial officer.

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

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market 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).

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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.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 10 Investment properties
- Note 19 Share-based payments
- Note 32 Financial instruments

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

##### *Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognized in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

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*Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

*Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

*Interests in equity-accounted investees*

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or control ceases.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currency of each company in the Group at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

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Foreign exchange differences arising on translation are recognised in profit or loss in the period of transactions.

*Foreign operations*

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates ruling at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are translated to Thai Baht at the exchange rates at transaction dates.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

**(c) *Derivatives financial instruments***

*Forward exchange contracts*

Receivables and payables arising from forward exchange contracts are translated at the rates of exchange ruling at the end of reporting period. Gains and losses from the translation are included in profit or loss. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

*Cross currency and interest rate swap contracts*

Cross currency and interest rate swap contracts are contracts between the Group and counterparties to exchange amounts of principal denominated in different currencies upon inception of the contracts, either over the term of the contracts or on maturity, depending on the terms of the contracts made with the counterparties. In addition, each counterparty receives or pays interest in amounts calculated on the basis of the pre-determined principal and interest rates throughout the term of the contracts.

With regard to amounts receivable or payable under cross currency and interest rate swap contracts which the Group use to manage foreign exchange and interest rate risk, receivables or payables under cross currency contracts are translated at the rate of exchange applying on the end of reporting period, with unrealised gains or losses on such translation included in profit or loss. Premiums or discounts on cross currency and interest rate swap contracts are amortised on a straight-line basis over the contract periods. The differential to be paid or received by the Group under interest rate swap contracts is recognised as an adjustment to interest income or interest expense over the term of the contracts. Gains or losses arising upon the termination of contracts or the early settlement of the underlying liabilities are recognised in profit or loss as incurred. Receivables and payables under cross currency and interest rate swap contracts are presented net in the statement of financial position.

*Commodities hedge agreements*

The Group enters into commodities hedge agreements whereby the Group are committed to purchase commodities at the price and quantity as stipulated in the agreements. The Group enters into such agreements in order to manage commodities price risk. The Group recognises unrealised gains or losses on the change of fair value of such commodities hedge agreements in profit or loss.

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**(d) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**(e) Trade and other current receivables**

Trade and other current receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(f) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to make the sale.

**(g) Investments**

*Investments in associates and subsidiaries*

Investments in associates and subsidiaries entities in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

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**(h) *Investment properties***

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Investment property	25 years
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**(i) *Property, plant and equipment***

*Recognition and measurement*

*Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or losses.

*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.



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*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and plant	20 - 50 years
Machinery and plant equipment	5 - 20 years
Plant and office improvement	5 - 20 years
Furniture, fixtures and office equipment	3 - 10 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(j) Intangible assets**

*Goodwill*

The measurement of goodwill at initial recognition that arises upon the acquisition of subsidiaries is described in note 3(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

*Other intangible assets*

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date less accumulated amortisation and accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

*Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

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Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software licences	5 - 15	years
Customer relationship	10	years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(k) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

*Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(l) Interest-bearing liabilities**

Interest-bearing liabilities are recognised at cost.

**(m) Trade and other current payables**

Trade and other current payables are stated at cost.

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**(n) *Employee benefits***

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed regularly by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(o) *Share-based payments***

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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**(p) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(q) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

*Sale of goods and services rendered*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

*Commission income*

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

*Rental income*

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

*Dividend income*

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

*Interest income*

Interest income is recognised in profit or loss as it accrues.

**(r) Finance costs**

Interest expense and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

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**(s) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

**(t) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(u) Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

**(v) Segment reporting**

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**4 Related parties**

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

Relationships with subsidiaries and associates are described in notes 8 and 9. 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.

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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
Rental income	Prices as specified in agreements
Other income and other expenses	Prices agreed between the parties
Purchases and sales of property, plant and equipment	Net book value plus margin and prices agreed between the parties
Purchases 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
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 income and other expenses	Prices agreed between the parties
Purchases 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
Purchases and sales of property, plant and equipment	Net book value plus margin and prices agreed between the parties
Dividend income	As announced in the minute of shareholders' meeting

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Significant transactions for the years ended 31 December with related parties were as follows:

<i>For the years ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<b>Subsidiaries</b>				
Sales of goods	-	-	566	782
Rendering of service	-	-	88	80
Rental income	-	-	5	3
Other income	-	-	15	16
Purchases of goods	-	-	2,627	2,114
Purchases of property, plant and equipment	-	-	13	9
Dividend income	-	-	1,067	2,363
Commission expense	-	-	62	57
Other expenses	-	-	16	11
<b>Associates</b>				
Sales of goods	2,010	1,844	1,160	886
Purchases of raw materials	133	189	95	125
Purchases of property, plant and equipment	2	7	1	1
Dividend income	26	11	26	11
Commission expenses	103	2	59	-
Other expenses	9	4	8	4
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	115	111	43	41
Share-based payments	2	4	-	2
Retirement benefits	1	2	1	1
Total key management personnel compensation	<u>118</u>	<u>117</u>	<u>44</u>	<u>44</u>

Balances as at 31 December with related parties were as follows:

<i>Trade receivables - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
KCE Technology Co., Ltd.	-	-	133,410	258,671
K.C.E. International Co., Ltd.	-	-	6,226	7,918
KCE (Thailand) Co., Ltd.	-	-	8,150	3,596
Thai Laminate Manufacturer Co., Ltd.	-	-	101	276
KCE Singapore Pte. Ltd.	-	-	8,996	7,775
<b>Associate</b>				
KCE America, Inc.	<u>635,929</u>	<u>628,768</u>	<u>382,925</u>	<u>338,458</u>
<b>Total</b>	<u><b>635,929</b></u>	<u><b>628,768</b></u>	<u><b>539,808</b></u>	<u><b>616,694</b></u>



**KCE Electronics Public Company Limited and its subsidiaries**  
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**For the year ended 31 December 2017**

<i>Other current receivables</i> <i>- related parties</i>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
KCE Technology Co., Ltd.	-	-	4,593	1,708
Chemtronic Technology (Thailand) Co., Ltd.	-	-	7,137	2,941
K.C.E. International Co., Ltd.	-	-	4,749	1,125
KCE (Thailand) Co., Ltd.	-	-	5	745
Thai Laminate Manufacturer Co., Ltd.	-	-	566	489
<b>Total</b>	<b>-</b>	<b>-</b>	<b>17,050</b>	<b>7,008</b>

<i>Trade payables</i> <i>- related parties</i>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Thai Laminate Manufacturer Co., Ltd.	-	-	595,725	561,245
K.C.E. International Co., Ltd.	-	-	185,805	189,734
KCE Technology Co., Ltd.	-	-	236,991	200,540
CTC Chemical Co., Ltd.	-	-	12,939	11,275
KCE Singapore Pte. Ltd.	-	-	26,343	30,977
<b>Associates</b>				
KCE Taiwan Co., Ltd	29,200	24,625	21,996	17,625
KCE America, Inc.	455	170	-	119
<b>Total</b>	<b>29,655</b>	<b>24,795</b>	<b>1,079,799</b>	<b>1,011,515</b>

<i>Other payables for purchase of machineries and equipment</i> <i>- related parties</i>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
KCE Technology Co., Ltd.	-	-	89	10
<b>Associate</b>				
KCE Taiwan Co., Ltd.	127	1,171	83	869
<b>Total</b>	<b>127</b>	<b>1,171</b>	<b>172</b>	<b>879</b>

<i>Other current payables</i> <i>- related parties</i>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
KCE (Thailand) Co., Ltd.	-	-	51	136
KCE Singapore Pte. Ltd.	-	-	85	1,029
<b>Associate</b>				
KCE America, Inc.	15,126	304	1,150	23
<b>Total</b>	<b>15,126</b>	<b>304</b>	<b>1,286</b>	<b>1,188</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**5 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Cash on hand	399	371	50	50
Cash at banks - current accounts	301,749	281,384	95,057	71,508
Cash at banks - savings accounts	837,212	609,725	358,206	199,358
Others	341	332	-	-
<b>Total</b>	<b><u>1,139,701</u></b>	<b><u>891,812</u></b>	<b><u>453,313</u></b>	<b><u>270,916</u></b>

**6 Trade and other current receivables**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
<b>Trade receivables</b>					
Related parties	4	635,929	628,768	539,808	616,694
Other parties		3,184,090	3,399,195	1,756,634	1,828,787
<b>Total</b>		<b><u>3,820,019</u></b>	<b><u>4,027,963</u></b>	<b><u>2,296,442</u></b>	<b><u>2,445,481</u></b>
<i>Less allowance for doubtful accounts</i>		-	-	-	-
<b>Net</b>		<b><u>3,820,019</u></b>	<b><u>4,027,963</u></b>	<b><u>2,296,442</u></b>	<b><u>2,445,481</u></b>
<b>Other current receivables</b>					
Related parties	4	-	-	17,050	7,008
Other parties		55,744	51,730	34,975	31,771
<b>Total</b>		<b><u>55,744</u></b>	<b><u>51,730</u></b>	<b><u>52,025</u></b>	<b><u>38,779</u></b>
<b>Total trade and other current receivables</b>		<b><u>3,875,763</u></b>	<b><u>4,079,693</u></b>	<b><u>2,348,467</u></b>	<b><u>2,484,260</u></b>
Bad and doubtful debts expense for the years ended 31 December		-	-	-	-

**KCE Electronics Public Company Limited and its subsidiaries**  
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**For the year ended 31 December 2017**

Aging analysis for trade receivables were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	455,184	366,199	411,431	405,460
Overdue:				
Less than 3 months	148,110	241,227	124,445	190,280
3 - 6 months	25,901	20,434	3,932	20,505
6 - 12 months	6,734	908	-	449
Over 12 months	-	-	-	-
	<b>635,929</b>	<b>628,768</b>	<b>539,808</b>	<b>616,694</b>
<i>Less allowance for doubtful accounts</i>	-	-	-	-
	<b>635,929</b>	<b>628,768</b>	<b>539,808</b>	<b>616,694</b>
<b>Other parties</b>				
Within credit terms	2,284,377	2,224,831	1,270,486	1,282,719
Overdue:				
Less than 3 months	856,430	1,010,250	472,240	532,730
3 - 6 months	38,716	35,840	11,624	13,203
6 - 12 months	1,623	108,307	666	-
Over 12 months	2,944	19,967	1,618	135
	<b>3,184,090</b>	<b>3,399,195</b>	<b>1,756,634</b>	<b>1,828,787</b>
<i>Less allowance for doubtful accounts</i>	-	-	-	-
	<b>3,184,090</b>	<b>3,399,195</b>	<b>1,756,634</b>	<b>1,828,787</b>
<b>Net</b>	<b>3,820,019</b>	<b>4,027,963</b>	<b>2,296,442</b>	<b>2,445,481</b>

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

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**7 Inventories**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Finished goods	855,775	751,046	542,372	399,445
Work in progress	252,687	350,198	135,421	207,017
Raw materials	633,376	539,434	143,429	139,076
Factory supplies	384,284	381,743	191,610	165,883
Spare parts	105,906	153,370	28,111	72,621
Goods in transit	262,957	175,188	49,141	33,296
	<u>2,494,985</u>	<u>2,350,979</u>	<u>1,090,084</u>	<u>1,017,338</u>
<i>Less</i> allowance for decline in value	<u>(66,681)</u>	<u>(85,813)</u>	<u>(4,847)</u>	<u>(7,170)</u>
<b>Net</b>	<b><u>2,428,304</u></b>	<b><u>2,265,166</u></b>	<b><u>1,085,237</u></b>	<b><u>1,010,168</u></b>
Inventories recognised as an expense in				
‘cost of sales of goods’:				
- Cost	9,931,684	8,950,817	5,942,196	4,889,734
- Write-off	20,578	12,482	10,872	7,350
- Write-down to net realisable value (reversal)	<u>(19,132)</u>	<u>21,681</u>	<u>(2,323)</u>	<u>5,676</u>
<b>Net</b>	<b><u>9,933,130</u></b>	<b><u>8,984,980</u></b>	<b><u>5,950,745</u></b>	<b><u>4,902,760</u></b>

Inventories as at 31 December 2017 included finished goods (made to order) of Baht 488 million (2016: Baht 376 million) in the consolidated financial statements and Baht 388 million (2016: Baht 279 million) in the separate financial statements, which had been delivered to the customers’ warehouses but the title of the inventory shall remain with the Group until the customers’ requisition to their production process. The Group will receive the payment for these inventories after the customers’ requisition to their production process, and following conditions within the periods specified in the agreements.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**8 Investments in associates**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		<b>Equity Method</b>		<b>Cost Method</b>	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
<b>Associates</b>					
At 1 January		122,536	105,178	1,862	1,862
Share of profit from investments in associates using equity method		22,087	28,499	-	-
Dividend income	4	(26,493)	(10,630)	-	-
Foreign currency translation differences for foreign operations		(7,636)	(511)	-	-
<b>At 31 December</b>		<b>110,494</b>	<b>122,536</b>	<b>1,862</b>	<b>1,862</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

Investments in associates as at 31 December 2017 and 2016 and dividend income from investments for each year were as follows:

	Type of business	Country of incorporation	Consolidated financial statements							
			Ownership interest		Paid-up capital		Cost		Equity	
			2017	2016	2017	2016	2017	2016	2017	2016
			(%)				<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	72,161	74,640
KCE Taiwan Co., Ltd.	(2)	Taiwan	49.00	49.00	NTD 3,000,000	NTD 3,000,000	1,540	1,540	38,333	47,896
<b>Total</b>							<b>2,184</b>	<b>2,184</b>	<b>110,494</b>	<b>122,536</b>

(1) Foreign sale representatives of the Group

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

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

	<b>Separate financial statements</b>													
	Ownership interest		Paid-up capital				Cost		Impairment		Cost - net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(%)		<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	26,493	10,630	26,493	10,630
<b>Total</b>					<b>1,862</b>	<b>1,862</b>	<b>-</b>	<b>-</b>	<b>1,862</b>	<b>1,862</b>	<b>26,493</b>	<b>10,630</b>	<b>26,493</b>	<b>10,630</b>

The following table summarises the financial information of the associates in their own financial statements, not adjusted for the Group's interest in these companies.

	<b>Reporting date</b>	<b>Ownership interest</b>		<b>Total assets</b>		<b>Total liabilities</b>		<b>Total revenues</b>		<b>Profit (loss)</b>	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
		<i>(in million Baht)</i>									
KCE America, Inc.	31 December	50.00	50.00	891	903	749	754	2,007	2,221	6	9
KCE Taiwan Co., Ltd.	31 December	49.00	49.00	147	164	69	67	200	258	38	53
<b>Total</b>				<b>1,038</b>	<b>1,067</b>	<b>818</b>	<b>821</b>	<b>2,207</b>	<b>2,479</b>	<b>44</b>	<b>62</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**9 Investments in subsidiaries**

	<b>Separate financial statements</b>	
	2017	2016
	<i>(in thousand Baht)</i>	
At 1 January	2,627,823	2,603,542
Acquisitions	22,790	23,980
Disposals	-	(1,190)
Warrant granted to subsidiaries' directors and employees	753	1,491
<b>At 31 December</b>	<b><u>2,651,366</u></b>	<b><u>2,627,823</u></b>

On 15 February 2017, the Company has invested additionally in share capital in Chemtronic Products Co., Ltd. with the same shareholding percentage (94.96 %) of 227,900 ordinary shares, with a par value of Baht 100 per share, totaling Baht 22.8 million.



**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

Investments in subsidiaries as at 31 December 2017 and 2016, and dividend income from those investments for the years then ended, were as follows:

	Type of business	Ownership Interest		Paid-up capital		Cost		Warrant granted to subsidiaries' directors and employees		Total		Dividend income	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
		(%)								(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	23,536	23,395	1,623,536	1,623,395	760,000	1,420,000
K.C.E. International Co., Ltd.	(1)	99.99	99.99	100,000	100,000	185,395	185,395	13,193	12,897	198,588	198,292	104,994	554,967
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	54,576	58,092
Chemtronic Product Co., Ltd.	(2)	94.96	94.96	48,000	24,000	45,580	22,790	-	-	45,580	22,790	-	-
Thai Laminate Manufacturer Co., Ltd.	(3)	74.80	74.80	250,000	250,000	368,460	368,460	13,971	13,669	382,431	382,129	84,150	308,550
KCE (Thailand) Co., Ltd.	(4)	60.00	60.00	3,600	3,600	2,160	2,160	1,066	1,052	3,226	3,212	11,880	8,640
KCE Singapore Pte., Ltd.	(5)	75.50	75.50	SGD 500,000	SGD 500,000	168,310	168,310	-	-	168,310	168,310	51,698	13,140
<b>Total</b>						<b>2,597,715</b>	<b>2,574,925</b>	<b>53,651</b>	<b>52,898</b>	<b>2,651,366</b>	<b>2,627,823</b>	<b>1,067,298</b>	<b>2,363,389</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	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 were incorporated in Thailand except KCE Singapore Pte., Ltd. which was incorporated in Singapore.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**10 Investment properties**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
<b>Cost</b>					
At 1 January		195,961	-	195,961	-
Additions		-	195,961	-	195,961
Transfer to property, plant and equipment	11	<u>(27,995)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December</b>		<b><u>167,966</u></b>	<b><u>195,961</u></b>	<b><u>195,961</u></b>	<b><u>195,961</u></b>
<b>Depreciation and impairment losses</b>					
At 1 January		188	-	188	-
Depreciation charge for the year		2,182	188	2,546	188
Transfer to property, plant and equipment	11	<u>(27)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December</b>		<b><u>2,343</u></b>	<b><u>188</u></b>	<b><u>2,734</u></b>	<b><u>188</u></b>
<b>Net book value</b>					
At 1 January		<u>195,773</u>	<u>-</u>	<u>195,773</u>	<u>-</u>
<b>At 31 December</b>		<b><u>165,623</u></b>	<b><u>195,773</u></b>	<b><u>193,227</u></b>	<b><u>195,773</u></b>

Investment properties comprise of land and building in Japan that are leased to third parties. Each of the leases contains an initial non-cancellable period of 2 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

During the year ended 31 December 2017, there was a transfer of partial investment properties to property, plant and equipment with a carrying amount of Baht 28 million because the Group has leased part of building to a subsidiary.

Investment properties as at 31 December 2017 were revalued by Daiwa Real Estate Appraisal Co., Ltd., the external, independent property valuer certified by Japan Association of Real Estate Appraiser; JAREA, at income approach on an existing use basis. The appraised value for all land and building was Yen 622 million which was not significantly different from acquisition cost in 2016, amounting to Yen 608 million.

**Measurement of fair value**

*Fair value hierarchy*

The fair value of investment properties was determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience of the property being valued.

The fair value measurement for investment properties of Yen 622 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

*Valuation technique and significant unobservable inputs*

The external independent property valuer applied the income approach on an existing use basis to measure fair value of investment properties.

The significant unobservable inputs used in measuring the fair value of investment properties are expected market rental growth, occupancy rate, and risk-adjusted discount rates.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**11 Property, plant and equipment**

**Consolidated financial statements**

	Note	Land and land improvement	Buildings and plant	Machinery and plant equipment	Plant improvement	Furniture, Fixtures and office equipment	Office improvement	Vehicles	Buildings and plant under construction	Machinery and equipment under installation	Machinery and equipment in transit	Total
<i>Cost</i>												
At 1 January 2016		8,781	2,555,767	10,057,186	450,925	456,693	111,785	106,479	284,058	486,617	1,739	14,950,030
Additions			2,129	151,472	27,015	10,520	16,766	26,861	26,540	520,578	72,220	854,101
Transfers			63,893	701,400	171,090	15,721	75		(257,902)	(620,420)	(73,959)	(51)
Disposals/write-off			(691)	(103,435)	(1,387)	(9,590)	(17)	(18,250)		(20,801)		(154,171)
<b>At 31 December 2016 and 1 January 2017</b>		<b>8,832</b>	<b>2,621,098</b>	<b>10,806,623</b>	<b>647,643</b>	<b>473,344</b>	<b>128,609</b>	<b>115,090</b>	<b>52,696</b>	<b>365,974</b>		<b>15,649,909</b>
Additions			13,290	258,677	11,116	7,937	64	7,301	80,281	796,893	35,562	1,211,121
Transfers	1)		6,601	565,089	19,540	749	(295)		(15,280)	(556,421)		19,932
Transfer from investment properties	10		27,995			-	-					27,995
Disposals/write-off			(3,247)	(207,625)	(8,962)	(5,793)	(14)	(13,150)		(14,646)		(253,437)
<b>At 31 December 2017</b>		<b>8,781</b>	<b>2,665,737</b>	<b>11,422,764</b>	<b>669,337</b>	<b>476,237</b>	<b>128,364</b>	<b>109,241</b>	<b>117,697</b>	<b>591,800</b>	<b>35,562</b>	<b>16,655,520</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

<b>Consolidated financial statements</b>											
	Land and land improvement	Buildings and plant	Machinery and plant equipment	Plant improvement	Furniture, Fixtures and office equipment	Office improvement	Vehicles	Building and plant under construction	Machinery and equipment under installation	Machinery and equipment in transit	Total
	<i>(in thousand Baht)</i>										
<b><i>Depreciation and impairment losses</i></b>											
At 1 January 2016	-	453,893	4,543,542	223,146	433,390	21,437	58,503	-	-	-	5,733,911
Depreciation charge for the year	-	126,400	645,752	33,171	18,554	9,277	15,798	-	-	-	848,952
Impairment losses	-	-	57,441	-	-	-	-	-	-	-	57,441
Disposals/write-off	-	(302)	(102,714)	(1,306)	(9,537)	(17)	(13,847)	-	-	-	(127,723)
<b>At 31 December 2016</b>											
<b>and 1 January 2017</b>	-	<b>579,991</b>	<b>5,144,021</b>	<b>255,011</b>	<b>442,407</b>	<b>30,697</b>	<b>60,454</b>	-	-	-	<b>6,512,581</b>
Depreciation charge for the year	-	120,800	679,970	39,545	17,005	9,601	15,338	-	-	-	882,259
Transfers	-	-	92	-	(92)	-	-	-	-	-	-
Transfer from investment properties	10	27	-	-	-	-	-	-	-	-	27
Reversal of impairment losses	-	-	(9,000)	-	-	-	-	-	-	-	(9,000)
Disposals/write-off	-	88	(216,251)	(5,993)	(5,663)	(289)	(12,191)	-	-	-	(240,299)
<b>At 31 December 2017</b>	<b>-</b>	<b>700,906</b>	<b>5,598,832</b>	<b>288,563</b>	<b>453,657</b>	<b>40,009</b>	<b>63,601</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,145,568</b>
<b><i>Net book value</i></b>											
<b>At 1 January 2016</b>											
Owned assets	438,781	2,101,874	5,443,669	227,779	23,303	90,348	24,993	284,058	486,617	1,739	9,123,161
Assets under finance leases	-	-	69,975	-	-	-	22,983	-	-	-	92,958
	<b>438,781</b>	<b>2,101,874</b>	<b>5,513,644</b>	<b>227,779</b>	<b>23,303</b>	<b>90,348</b>	<b>47,976</b>	<b>284,058</b>	<b>486,617</b>	<b>1,739</b>	<b>9,216,119</b>
<b>At 31 December 2016</b>											
<b>and 1 January 2017</b>											
Owned assets	438,832	2,041,107	5,599,858	392,632	30,937	97,912	28,859	52,696	365,974	-	9,048,807
Assets under finance leases	-	-	62,744	-	-	-	25,777	-	-	-	88,521
	<b>438,832</b>	<b>2,041,107</b>	<b>5,662,602</b>	<b>392,632</b>	<b>30,937</b>	<b>97,912</b>	<b>54,636</b>	<b>52,696</b>	<b>365,974</b>	<b>-</b>	<b>9,137,328</b>
<b>At 31 December 2017</b>											
Owned assets	438,781	1,964,831	5,823,932	380,774	22,580	88,355	30,035	117,697	591,800	35,562	9,494,347
Assets under finance leases	-	-	-	-	-	-	15,605	-	-	-	15,605
	<b>438,781</b>	<b>1,964,831</b>	<b>5,823,932</b>	<b>380,774</b>	<b>22,580</b>	<b>88,355</b>	<b>45,640</b>	<b>117,697</b>	<b>591,800</b>	<b>35,562</b>	<b>9,509,952</b>

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	Land	Buildings and plant	Machinery and plant equipment	Plant improvement	Furniture, Fixtures and equipment	Office improvement	Vehicles	Building and plant under construction	Machinery and equipment under installation	Machinery and equipment in transit	Total
	<i>(in thousand Baht)</i>										
<b>Cost</b>											
At 1 January 2016	164,388	1,303,798	4,393,796	298,186	74,136	108,538	43,011	244,945	526,522	2,205	7,159,525
Additions	-	2,130	118,883	24,361	7,370	16,766	2,040	-	148,222	(2,205)	317,567
Transfers	-	3,652	548,558	159,554	12,963	-	-	(212,163)	(509,731)	-	2,833
Disposals/write-off	-	-	(9,913)	(1,092)	(467)	-	(4,762)	-	(2,533)	-	(18,767)
<b>At 31 December 2016 and 1 January 2017</b>	<b>164,388</b>	<b>1,309,580</b>	<b>5,051,324</b>	<b>481,009</b>	<b>94,002</b>	<b>125,304</b>	<b>40,289</b>	<b>32,782</b>	<b>162,480</b>	<b>-</b>	<b>7,461,158</b>
Additions	-	10,671	254,551	9,890	2,299	64	1,289	79,327	593,095	35,563	986,749
Transfers	-	-	187,533	15,280	(31)	-	-	(15,280)	(171,384)	-	16,118
Disposals/write-off	-	-	(193,029)	(5,226)	(2,510)	(14)	(9,555)	-	-	-	(210,334)
<b>At 31 December 2017</b>	<b>164,388</b>	<b>1,320,251</b>	<b>5,300,379</b>	<b>500,953</b>	<b>93,760</b>	<b>125,354</b>	<b>32,023</b>	<b>96,829</b>	<b>584,191</b>	<b>35,563</b>	<b>8,253,691</b>
<b>Depreciation and impairment losses</b>											
At 1 January 2016	-	116,500	1,733,678	174,295	55,353	16,056	25,722	-	-	-	2,121,604
Depreciation charge for the year	-	50,727	295,145	19,246	10,073	8,277	6,310	-	-	-	389,778
Disposals/write-off	-	-	(9,456)	(1,092)	(467)	-	(4,451)	-	-	-	(15,466)
<b>At 31 December 2016 and 1 January 2017</b>	<b>-</b>	<b>167,227</b>	<b>2,019,367</b>	<b>192,449</b>	<b>64,959</b>	<b>24,333</b>	<b>27,581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,495,916</b>
Depreciation charge for the year	-	51,071	325,632	26,502	8,503	8,688	4,740	-	-	-	425,136
Disposals/write-off	-	-	(188,563)	(1,743)	(2,403)	-	(9,555)	-	-	-	(202,264)
<b>At 31 December 2017</b>	<b>-</b>	<b>218,298</b>	<b>2,156,436</b>	<b>217,208</b>	<b>71,059</b>	<b>33,021</b>	<b>22,766</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,718,788</b>

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	Land	Buildings and plant	Machinery and plant equipment	Plant improvement	Furniture, Fixtures and office equipment	Office improvement	Vehicles	Building and plant under construction	Machinery and equipment under installation	Machinery and equipment in transit	Total
<i>(in thousand Baht)</i>											
<b>Net book value</b>											
<b>At 1 January 2016</b>											
Owned assets	164,388	1,187,298	2,590,143	123,891	18,783	92,482	2,897	244,945	526,522	2,205	4,953,554
Assets under finance leases	-	-	69,975	-	-	-	14,392	-	-	-	84,367
	<b>164,388</b>	<b>1,187,298</b>	<b>2,660,118</b>	<b>123,891</b>	<b>18,783</b>	<b>92,482</b>	<b>17,289</b>	<b>244,945</b>	<b>526,522</b>	<b>2,205</b>	<b>5,037,921</b>
<b>At 31 December 2016 and 1 January 2017</b>											
Owned assets	164,388	1,142,353	2,969,213	288,560	29,043	100,971	457	32,782	162,480	-	4,890,247
Assets under finance leases	-	-	62,744	-	-	-	12,251	-	-	-	74,995
	<b>164,388</b>	<b>1,142,353</b>	<b>3,031,957</b>	<b>288,560</b>	<b>29,043</b>	<b>100,971</b>	<b>12,708</b>	<b>32,782</b>	<b>162,480</b>	<b>-</b>	<b>4,965,242</b>
<b>At 31 December 2017</b>											
Owned assets	164,388	1,101,953	3,143,943	283,745	22,701	92,333	3,670	96,829	584,191	35,563	5,529,316
Assets under finance leases	-	-	-	-	-	-	5,587	-	-	-	5,587
	<b>164,388</b>	<b>1,101,953</b>	<b>3,143,943</b>	<b>283,745</b>	<b>22,701</b>	<b>92,333</b>	<b>9,257</b>	<b>96,829</b>	<b>584,191</b>	<b>35,563</b>	<b>5,534,903</b>

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The gross amount of the Group's and the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2017 amounted to Baht 2,951 million (2016: Baht 2,753 million) for the consolidated financial statements and Baht 1,190 million (2016: Baht 1,314 million) for the separate financial statements.

11.1 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 facilities. 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.

11.2 The subsidiaries of the Company have mortgaged and pledged the following property, plant and equipment.

11.2.1 KCE Technology Co., Ltd. has mortgaged its land and construction thereon and pledged its machinery with a total net book value as at 31 December 2017 of Baht 1,254 million (2016: Baht 1,380 million), as collateral for loans facilities from banks, as described in Note 15.

11.2.2 Chemtronic Technology (Thailand) Co., Ltd. has mortgaged its land with a total net book value as at 31 December 2017 of Baht 68.6 million (2016: Baht 68.6 million), as collateral for loans from banks, as described in Note 15.

11.2.3 KCE Singapore Pte., Ltd. has mortgaged its office building with a total net book value as at 31 December 2017 of Baht 149 million (2016: Baht 153 million), as collateral for loans from banks, as described in Note 15.

11.2.4 Chemtronic Products Co., Ltd. has mortgaged its construction thereon and pledged its machinery and equipment with a total net book value as at 31 December 2017 of Baht 68.8 million (2016: Nil), as collateral for loans from banks, as described in Note 15.

11.3 The Company and its subsidiaries have capitalised interest expense as part of costs of machinery and equipment under installation for the years ended 31 December 2017 and 2016 as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2017	2016	2017	2016
Interest expense capitalised as cost of machinery and equipment ( <i>in thousand Baht</i> )	517	138	18	-
Capitalisation rate ( <i>% per annum</i> )	1.05-3.14	1.05-1.90	2.76-2.90	-

**KCE Electronics Public Company Limited and its subsidiaries**  
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**12 Goodwill**

	<b>Consolidated financial statements</b>	
	2017	2016
	<i>(in thousand Baht)</i>	
<b>Cost</b>		
At 1 January	117,498	117,498
<b>At 31 December</b>	<b>117,498</b>	<b>117,498</b>
<b>Impairment losses</b>		
At 1 January	-	-
Impairment loss	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>		
At 1 January	<b>117,498</b>	<b>117,498</b>
<b>At 31 December</b>	<b>117,498</b>	<b>117,498</b>

*Impairment testing for CGUs containing goodwill*

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Chemtronic Technology (Thailand) Co., Ltd.	79,793	79,793	-	-
KCE Singapore Pte. Ltd.	37,705	37,705	-	-
<b>Total</b>	<b>117,498</b>	<b>117,498</b>	<b>-</b>	<b>-</b>

*CGUs of goodwill*

The recoverable amount of these CGUs was based on their value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGUs. The carrying amount of the CGUs were determined to be lower than its recoverable amount, hence, no impairment loss was recognised in the CGUs of goodwill.

The key assumptions used for value-in-use calculation are as follows:

	<b>Consolidated financial statements</b>	
	2017	2016
	(%)	
<b>Chemtronic Technology (Thailand) Co., Ltd.</b>		
Discount rate	20	15
Terminal value growth rate	0	0
Budgeted EBITDA growth rate (average of next five years)	(11)	(4)
<b>KCE Singapore Pte. Ltd.</b>		
Discount rate	15	16
Terminal value growth rate	0	0
Budgeted EBITDA growth rate (average of next five years)	(3)	4



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The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital, and a possible debt leveraging.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined from the past growth rate of the operating CGUs and the long-term compound annual EBITDA growth rate estimated by management.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced in the past and the estimated sales volume and price growth for the next five years.

**13 Intangible assets**

	<b>Consolidated financial statements</b>		
	Software License	Customer Relationship	Total
	<i>(in thousand Baht)</i>		
<i>Cost</i>			
At 1 January 2016	387,645	96,219	483,864
Additions	7,621	-	7,621
Translation differences	(6)	-	(6)
Disposals	(293)	-	(293)
<b>At 31 December 2016 and 1 January 2017</b>	<b>394,967</b>	<b>96,219</b>	<b>491,186</b>
Additions	20,721	-	20,721
Translation differences	(62)	-	(62)
Disposals	(118)	-	(118)
<b>At 31 December 2017</b>	<b>415,508</b>	<b>96,219</b>	<b>511,727</b>
<i>Amortisation and impairment losses</i>			
At 1 January 2016	118,457	11,225	129,682
Amortisation for the year	23,222	9,621	32,843
Disposals	(236)	-	(236)
<b>At 31 December 2016 and 1 January 2017</b>	<b>141,443</b>	<b>20,846</b>	<b>162,289</b>
Amortisation for the year	23,141	9,621	32,762
Disposals	(118)	-	(118)
<b>At 31 December 2017</b>	<b>164,466</b>	<b>30,467</b>	<b>194,933</b>
<i>Net book value</i>			
At 1 January 2016	<b>269,188</b>	<b>84,994</b>	<b>354,182</b>
At 31 December 2016 and 1 January 2017	<b>253,524</b>	<b>75,373</b>	<b>328,897</b>
At 31 December 2017	<b>251,042</b>	<b>65,752</b>	<b>316,794</b>

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	<b>Separate financial statements</b> Software License (in thousand Baht)
<b>Cost</b>	
At 1 January 2016	182,703
Additions	3,758
Disposals	-
<b>At 31 December 2016 and 1 January 2017</b>	<b>186,461</b>
Additions	12,236
Disposals	(118)
<b>At 31 December 2017</b>	<b>198,579</b>
<b>Amortisation and impairment losses</b>	
At 1 January 2016	55,343
Amortisation for the year	12,251
Disposals	-
<b>At 31 December 2016 and 1 January 2017</b>	<b>67,594</b>
Amortisation for the year	12,680
Disposals	(118)
<b>At 31 December 2017</b>	<b>80,156</b>
<b>Net book value</b>	
<b>At 1 January 2016</b>	<b>127,360</b>
<b>At 31 December 2016 and 1 January 2017</b>	<b>118,867</b>
<b>At 31 December 2017</b>	<b>118,423</b>

#### 14 Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

	<b>Consolidated financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Total	73,642	76,964	(68,879)	(74,133)
Set off of tax	(21,400)	(25,280)	21,400	25,280
<b>Net deferred tax assets (liabilities)</b>	<b>52,242</b>	<b>51,684</b>	<b>(47,479)</b>	<b>(48,853)</b>
	<b>Separate financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Total	21,400	25,280	(31,834)	(34,516)
Set off of tax	(21,400)	(25,280)	21,400	25,280
<b>Net deferred tax assets (liabilities)</b>	<b>-</b>	<b>-</b>	<b>(10,434)</b>	<b>(9,236)</b>

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Movements in total deferred tax assets and liabilities during the years were as follows:

	Consolidated financial statements (Charged) / Credited to:			Consolidated financial statements (Charged) / Credited to:			At 31 December 2017	
	At 1 January 2016	Profit or loss	Other comprehensive income <i>(Note 28)</i> <i>(in thousand Baht)</i>	At 1 January 2017	Profit or loss	Other comprehensive income <i>(Note 28)</i> <i>(in thousand Baht)</i>		
<b>Deferred tax assets</b>								
Allowance for decline in value of inventories	12,284	(8)	-	12,276	12,276	(1,214)	-	11,062
Allowance for impairment of assets	13,467	9,684	-	23,151	23,151	223	-	23,374
Employee benefit obligations	17,419	1,394	11,574	30,387	30,387	2,088	-	32,475
Loss carry forward	10,886	261	-	11,147	11,147	(4,417)	-	6,730
Others	9	(6)	-	3	3	(2)	-	1
<b>Total</b>	<b>54,065</b>	<b>11,325</b>	<b>11,574</b>	<b>76,964</b>	<b>76,964</b>	<b>(3,322)</b>	<b>-</b>	<b>73,642</b>
<b>Deferred tax liabilities</b>								
Finance lease agreements	(38,674)	4,158	-	(34,516)	(34,516)	2,681	-	(31,835)
Intangible assets	(42,190)	2,573	-	(39,617)	(39,617)	2,573	-	(37,044)
<b>Total</b>	<b>(80,864)</b>	<b>6,731</b>	<b>-</b>	<b>(74,133)</b>	<b>(74,133)</b>	<b>5,254</b>	<b>-</b>	<b>(68,879)</b>
<b>Net</b>	<b>(26,799)</b>	<b>18,056</b>	<b>11,574</b>	<b>2,831</b>	<b>2,831</b>	<b>1,932</b>	<b>-</b>	<b>4,763</b>

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	At 1 January 2016	Separate financial Statements (Charged) / Credited to:		At 31 December 2016	At 1 January 2017	Separate financial Statements (Charged) / Credited to:		At 31 December 2017
		Profit or loss	Other comprehensive income <i>(Note 28)</i> <i>(in thousand Baht)</i>			Profit or loss	Other comprehensive income <i>(Note 28)</i> <i>(in thousand Baht)</i>	
<b><i>Deferred tax assets</i></b>								
Allowance for decline in value of inventories	954	364	-	1,318	1,318	(130)	-	1,188
Employee benefit obligations	6,631	826	5,355	12,812	12,812	670	-	13,482
Loss carry forward	10,452	695	-	11,147	11,147	(4,418)	-	6,729
Others	9	(6)	-	3	3	(2)	-	1
<b>Total</b>	<b>18,046</b>	<b>1,879</b>	<b>5,355</b>	<b>25,280</b>	<b>25,280</b>	<b>(3,880)</b>	<b>-</b>	<b>21,400</b>
<b><i>Deferred tax liabilities</i></b>								
Finance lease agreements	(38,545)	4,029	-	(34,516)	(34,516)	2,682	-	(31,834)
<b>Total</b>	<b>(38,545)</b>	<b>4,029</b>	<b>-</b>	<b>(34,516)</b>	<b>(34,516)</b>	<b>2,682</b>	<b>-</b>	<b>(31,834)</b>
<b>Net</b>	<b>(20,499)</b>	<b>5,908</b>	<b>5,355</b>	<b>(9,236)</b>	<b>(9,236)</b>	<b>(1,198)</b>	<b>-</b>	<b>(10,434)</b>

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**15 Interest-bearing liabilities**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Current</b>				
Bank overdrafts - secured	-	179	-	179
Short-term borrowings from financial institutions - secured	110,000	130,000	110,000	100,000
Packing credits - secured	817,048	1,390,116	325,000	575,958
Trust receipts - secured	228,986	287,975	-	7,548
<b>Total bank overdrafts and short-term borrowings from financial institutions</b>	<b>1,156,034</b>	<b>1,808,270</b>	<b>435,000</b>	<b>683,685</b>
Current portion of long-term borrowings - secured	587,601	550,441	504,401	343,304
Current portion of liabilities under hire-purchase and finance lease agreements	4,526	14,692	1,700	12,019
<b>Total current interest-bearing liabilities</b>	<b>1,748,161</b>	<b>2,373,403</b>	<b>941,101</b>	<b>1,039,008</b>
<b>Non-current</b>				
Long-term borrowings - secured	1,766,536	2,147,646	1,526,607	1,969,346
Liabilities under hire-purchase and finance lease agreements	4,814	7,730	1,498	2,451
<b>Total non-current interest-bearing liabilities</b>	<b>1,771,350</b>	<b>2,155,376</b>	<b>1,528,105</b>	<b>1,971,797</b>
<b>Total</b>	<b>3,519,511</b>	<b>4,528,779</b>	<b>2,469,206</b>	<b>3,010,805</b>

The periods to maturity of interest-bearing liabilities, excluding liabilities under hire-purchase and finance lease liabilities, as at 31 December were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Within one year	1,743,635	2,358,711	939,401	1,026,989
After one year but within five years	1,735,713	1,923,770	1,499,523	1,745,471
After five years	30,823	223,876	27,084	223,875
<b>Total</b>	<b>3,510,171</b>	<b>4,506,357</b>	<b>2,466,008</b>	<b>2,996,335</b>

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Property, plant and equipment	1,540,314	1,601,506	-	-
<b>Total</b>	<b>1,540,314</b>	<b>1,601,506</b>	<b>-</b>	<b>-</b>

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- 15.1 Under the long-term borrowings agreement from financial institutions of KCE Electronics Public Company Limited, the Company has to comply with certain conditions, including maintaining debt to equity ratio of not more than 2:1 and debt service coverage ratio (DSCR) of not less than 1.25:1.
- 15.2 Long-term borrowings from financial institutions of KCE Technology Co., Ltd., a subsidiary, are in US Dollar, with a 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.
- Moreover, long-term borrowings from financial institutions of KCE Technology Co., Ltd., a subsidiary, are in Baht and has an interest rate swap agreement from a floating interest rate of THBFIX (3 months) plus fixed percent per annum to EUR fixed interest rate per annum. The subsidiary has to comply with certain conditions, including maintaining debt service coverage ratio (DSCR) of not less than 1.25:1 and debt to equity ratio of not more than 2.
- 15.3 Long-term borrowings 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 has to comply with certain conditions, including maintaining debt to equity ratio of not more than 1.
- 15.4 Long-term borrowings from financial institutions of KCE Singapore Pte., Ltd., a subsidiary, are secured by mortgage of the subsidiary's office building. Under the loan agreement, the subsidiary has to comply with certain conditions, including maintaining gearing ratio of not more than 1.
- 15.5 Long-term borrowings 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 has to comply with certain conditions, including maintaining debt service coverage ratio of not less than 1.25 and debt to equity ratio of not more than 2.
- 15.6 Long-term borrowings 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 has to comply with certain conditions, including maintaining debt service coverage ratio of not less than 1.2:1 and debt to equity ratio of not more than 2.
- 15.7 Long-term borrowings from financial institutions of Chemtronic Products Co., Ltd., a subsidiary, are secured by mortgage of the subsidiary's construction and pledged its machinery and equipment. Under the loan agreement, the subsidiary has to comply with certain conditions, including maintaining debt to equity ratio of not more than 2.

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Details of long-term borrowings from financial institutions as at 31 December 2017 and 2016 are as follows:

No.	Contract date	Outstanding long-term borrowings amount						Significant terms and conditions of loan agreements								
		2017			2016			Borrowings period	Interest rate	Principal repayment	Interest repayment					
		Current portion	Non-current portion	Total	Current portion	Non-current portion	Total									
							<i>(in thousand Baht)</i>					<i>(Percent per annum)</i>				
<b><u>The Company</u></b>																
1.	12 December 2013	448,693	1,345,191	1,793,884	300,333	1,679,516	1,979,849	8 years	LIBOR 3M + fixed percentage	3 months	1 month					
2.	9 November 2015	28,600	45,900	74,500	28,600	117,400	146,000	8 years	BIBOR 3M + fixed percentage	3 months	1 month					
3.	2 December 2016	27,108	135,516	162,624	14,371	172,430	186,801	7 years	Fixed percentage	3 months	1 month					
<b>Total borrowings of the Company</b>		<b>504,401</b>	<b>1,526,607</b>	<b>2,031,008</b>	<b>343,304</b>	<b>1,969,346</b>	<b>2,312,650</b>									
<b><u>Subsidiaries</u></b>																
<b><u>KCE Technology Co., Ltd.</u></b>																
1.	29 March 2016	83,200	83,600	166,800	83,200	166,800	250,000	3 years	THBFIX 3M + fixed percentage	3 months	1 month					
		83,200	83,600	166,800	83,200	166,800	250,000									
<b><u>K.C.E International Co., Ltd.</u></b>																
1.	13 June 2011	-	-	-	8,329	-	8,329	6 years	LIBOR 3M + fixed percentage	3 months	1 month					
		-	-	-	8,329	-	8,329									

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No.	Contract date	Outstanding long-term borrowings amount						Significant terms and conditions of loan agreements			
		2017			2016			Borrowings period	Interest rate	Principal repayment	Interest repayment
		Current portion	Non-current portion	Total	Current portion	Non-current portion	Total				
		<i>(in thousand Baht)</i>						<i>(Percent per annum)</i>			
<u>Chemtronic Technology (Thailand) Co., Ltd.</u>											
1.	23 December 2013	-	-	-	7,600	11,500	19,100	5 years 9 months	MLR - fixed percentage	3 months	1 month
		-	-	-	7,600	11,500	19,100				
<u>Thai Laminate Manufacturer Co., Ltd.</u>											
1.	2 July 2014*	-	82,118	82,118	104,948	-	104,948	6 years	LIBOR + fixed percentage	3 months	1 month
2.	2 July 2014*	-	49,271	49,271	3,060	-	3,060	6 years	LIBOR + fixed percentage	3 months	1 month
		-	131,389	131,389	108,008	-	108,008				
<u>Chemtronic Products Co., Ltd.</u>											
1.	10 August 2017	-	15,000	15,000	-	-	-	5 years 9 months	MLR - fixed percentage	3 months	1 month
2.	5 October 2017	-	9,940	9,940	-	-	-	5 years 9 months	MLR - fixed percentage	3 months	1 month
		-	24,940	24,940	-	-	-				
<b>Total borrowings of subsidiaries</b>		<b>83,200</b>	<b>239,929</b>	<b>323,129</b>	<b>207,137</b>	<b>178,300</b>	<b>385,437</b>				
<b>Total borrowing of the Company and subsidiaries</b>		<b>587,601</b>	<b>1,766,536</b>	<b>2,354,137</b>	<b>550,441</b>	<b>2,147,646</b>	<b>2,698,087</b>				

(\* ) The subsidiary utilised the loans in 2015 in amount of Baht 105 million and Baht 3 million which were repaid in 2017. Subsequently, the subsidiary utilized the loans in 2017 in amount of Baht 82 million and Baht 49 million which will be repaid in 2019 and 2022, respectively.

As at 31 December 2017, the Group and the Company had all types of unutilised credit facilities totaling Baht 18,200 million and US dollar 80 million (Baht 3,248 million and US dollar 12 million for separate financial statements). This included credit facilities for construction of the new factory.

As at 31 December 2016, the Group and the Company had all types of unutilised credit facilities totaling Baht 15,707 million, and US dollar 162 million (Baht 3,035 million and US dollar 33 million for separate financial statements). This included credit facilities for construction of the new factory.



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*Liabilities under hire-purchase and finance lease liabilities*

Liabilities under hire-purchase and finance lease liabilities as at 31 December were payable as follows:

	<b>Consolidated financial statements</b>					
	2017			2016		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	4,819	(293)	4,526	15,276	(584)	14,692
After one year but within five years	4,946	(132)	4,814	8,071	(341)	7,730
<b>Total</b>	<b>9,765</b>	<b>(425)</b>	<b>9,340</b>	<b>23,347</b>	<b>(925)</b>	<b>22,422</b>

  

	<b>Separate financial statements</b>					
	2017			2016		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	1,798	(98)	1,700	12,330	(311)	12,019
After one year but within five years	1,531	(33)	1,498	2,547	(96)	2,451
<b>Total</b>	<b>3,329</b>	<b>(131)</b>	<b>3,198</b>	<b>14,877</b>	<b>(407)</b>	<b>14,470</b>

The Group entered into a number of hire-purchase and finance lease agreements with leasing companies for rental of machinery and equipment for use in their operations, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally 3 - 4 years. At the end of each agreement, the Group have an option to purchase such machinery and equipment at terms and prices which are specified in the lease agreements.

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**16 Trade and other current payables**

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Trade payables					
Related parties	4	29,655	24,795	1,079,799	1,011,515
Other parties		1,752,807	1,607,495	465,342	433,200
Other payables for purchase of machinery and equipment					
Related parties	4	127	1,171	172	879
Other parties		315,207	138,621	295,837	75,472
Other current payables					
Related parties	4	15,126	304	1,286	1,188
Other parties		48,809	100,686	22,934	33,067
Accrued expenses		640,520	647,072	292,236	234,813
<b>Total trade and other current payables</b>		<b><u>2,802,251</u></b>	<b><u>2,520,144</u></b>	<b><u>2,157,606</u></b>	<b><u>1,790,134</u></b>

**17 Non-current provisions for employee benefits**

The Group and the Company operates a defined benefit 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 plan exposes the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

Movement in the present value of the defined benefit obligations.

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
At 1 January	151,934	87,097	64,061	33,159
<b>Include in profit or loss:</b>				
Current service cost	11,661	7,696	3,946	2,647
Interest on obligation	3,518	3,687	1,461	1,609
	<u>15,179</u>	<u>11,383</u>	<u>5,407</u>	<u>4,256</u>
<b>Included in other comprehensive income</b>				
Actuarial loss	-	57,870	-	26,775
	<u>-</u>	<u>57,870</u>	<u>-</u>	<u>26,775</u>
<b>Other</b>				
Benefit paid	(4,737)	(4,416)	(2,059)	(129)
	<u>(4,737)</u>	<u>(4,416)</u>	<u>(2,059)</u>	<u>(129)</u>
<b>At 31 December</b>	<b><u>162,376</u></b>	<b><u>151,934</u></b>	<b><u>67,409</u></b>	<b><u>64,061</u></b>

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Actuarial losses recognised in other comprehensive income arising from:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Demographic assumptions	-	12,361	-	6,470
Financial assumptions	-	31,295	-	11,850
Experience adjustment	-	14,214	-	8,455
<b>Total</b>	<b>-</b>	<b>57,870</b>	<b>-</b>	<b>26,775</b>

**Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(%)</i>			
Discount rate	2.5	2.5	2.5	2.5
Future salary growth	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.

As at 31 December 2017, the weighted-average duration of the defined benefit obligation was 20 years (2016: 20 years).

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Increase	Decrease	Increase	Decrease
	<i>(in thousand Baht)</i>			
<b>At 31 December 2017</b>				
Discount rate (1% movement)	(17,861)	21,449	(6,604)	7,773
Future salary growth (1% movement)	20,858	(17,762)	7,565	(6,570)
<b>At 31 December 2016</b>				
Discount rate (1% movement)	(17,769)	21,314	(6,678)	7,860
Future salary growth (1% movement)	20,728	(16,847)	7,650	(6,643)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

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**18 Share capital**

	Par value per share (in Baht)	2017		2016	
		Number (thousand shares / in thousand Baht)	Amount	Number	Amount
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	587,427	587,427	587,427	587,427
Reduction of shares	1	(1,030)	(1,030)	-	-
<b>At 31 December</b>					
- ordinary shares	1	<b>586,397</b>	<b>586,397</b>	<b>587,427</b>	<b>587,427</b>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	1	586,105	586,105	574,763	574,763
Issue of new shares	1	292	292	11,342	11,342
<b>At 31 December</b>					
- ordinary shares	1	<b>586,397</b>	<b>586,397</b>	<b>586,105</b>	<b>586,105</b>

**Reduction of shares**

On 27 April 2017, the Company's shareholders at the Annual General Meeting approved the reduction of the Company's authorised share capital in the amount of Baht 1,029,713 from the authorised share capital of Baht 587,426,511 to Baht 586,396,798 by cancelling 1,029,713 unissued ordinary shares with Baht 1 par value per share. The Company registered the reduction of authorised share capital with the Ministry of Commerce on 15 May 2017.

**Issue of new shares**

During the years ended 31 December 2017 and 2016, the Company had issued new shares from the exercise of warrants as follows:

	2017		2016	
	Number	Amount	Number	Amount
	(thousand shares / in thousand Baht)			
The exercise of warrants KCE-W2	-	-	10,273	10,273
The exercise of warrants ESOP-W5	292	292	1,069	1,069
<b>Total</b>	<b>292</b>	<b>292</b>	<b>11,342</b>	<b>11,342</b>

**19 Warrants**

**19.1 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.

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 5.00 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 years ended 31 December 2017 and 2016 are summarised below:

	2017	2016
	Number (in thousand units)	
Warrants issued at 1 January	-	11,254
Less: Exercised during the year	-	(10,273)
Less: Cancellation	-	(981)
Warrants issued at 31 December	<u>-</u>	<u>-</u>

During the years ended 31 December 2016, the Company received share subscription from KCE-W2 as below:

2016	Number (in thousand shares)	Price (in Baht)	Total (in million Baht)	Date registered with the Ministry of Commerce
March 2016	846	5.00	4.2	15 March 2016
June 2016	<u>9,427</u>	5.00	<u>47.2</u>	28 June 2016
<b>Total in 2016</b>	<b><u>10,273</u></b>		<b><u>51.4</u></b>	

#### **19.2 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 aforesaid exercise price and/or exercise ratio may be adjusted if certain events stipulated in the prospectus occur. The Company granted the said warrants to the directors and employees of the Company and 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 at 28 April 2017.

#### **Measurement of fair value**

The fair value of the warrants granted "ESOP-W5" was measured based on Binomial option pricing model. Expected volatility is estimated by considering historic average share price volatility during the period 3 May 2012 to 30 April 2014.

The inputs used in the measurement of the fair value at grant date of warrants "ESOP-W5" were as follows:

Fair value at grant date	Baht	9.42
Share price at grant date	Baht	35.00
Exercise price	Baht	31.99
Expected volatility (%)		39.66
Expected dividends (%)		2.02
Risk-free interest rate (%)		2.45

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The expense recognised from share-based payment transaction for the year ended 31 December 2017 was Baht 1.5 million for the consolidated financial statements (2016: Baht 2.5 million) and Baht 0.8 million for the separate financial statements (2016: Baht 1.0 million).

Movements of the number of issued and allotted share warrants ESOP-W5 during the years ended 31 December 2017 and 2016 are summarised below:

	2017	2016
	Number (in thousand units)	
Warrants issued at 1 January	337	1,406
Less: Exercised during the year	(292)	(1,069)
Less: Cancellation	(45)	-
Warrants issued at 31 December	<u>-</u>	<u>337</u>

During the years ended 31 December 2017 and 2016, the Company received share subscription from ESOP-W5 as below:

2016	Number (in thousand shares)	Price (in Baht)	Total (in million Baht)	Date registered with the Ministry of Commerce
March 2016	651	31.99	20.8	9 March 2016
June 2016	324	31.99	10.4	14 June 2016
September 2016	94	31.99	3.0	12 September 2016
<b>Total in 2016</b>	<b><u>1,069</u></b>		<b><u>34.2</u></b>	

  

2017	Number (in thousand shares)	Price (in Baht)	Total (in million Baht)	Date registered with the Ministry of Commerce
March 2017	292	31.99	9.3	14 March 2017
<b>Total in 2017</b>	<b><u>292</u></b>		<b><u>9.3</u></b>	

Movements of the fair value of share warrants ESOP-W5 during the years ended 31 December 2017 and 2016 are summarised below:

	2017	2016
	Fair value (in thousand Baht)	
At 1 January	1,203	8,783
Increase	1,549	2,496
Exercised during the year	(2,752)	(10,076)
At 31 December	<u>-</u>	<u>1,203</u>

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## **20 Reserves**

Reserves comprise:

### *Appropriations of profit and/or retained earnings*

#### **Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

### *Other components of equity*

#### *Currency translation differences*

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

#### **Movements in reserves**

Movements in reserves are shown in the statement of changes in equity.

## **21 Segment information**

The Group has three reportable segments, as described below, which are the Group’s strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group’s reportable segments.

- Segment 1      Manufacturing and distributing of Prepreg and Laminate
- Segment 2      Manufacturing and distributing of Printed Circuit Board
- Segment 3      Manufacturing and distributing of Chemical

None of other segments meets the quantitative thresholds for determining reportable segments in 2017 or 2016.

Information regarding the results of each reportable segments is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group’s CODM. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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The Company and its subsidiaries' operations mainly involve business segments in manufacture and sale of prepreg and laminate, printed circuit board, and chemical products with production facilities in Thailand and operate to both local and overseas markets. Financial information of the Company and its subsidiaries by business for the years ended 31 December 2017 and 2016 is as follows:

	<b>Consolidated financial statements</b>															
	For the years ended 31 December 2017 and 2016															
	Printed Circuit Board business															
	Prepreg and Laminate business	America				Europe		Asia		Total		Chemical business		Eliminating entries		Total
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
	<i>(in thousand Baht)</i>															
Revenues from external customers	71,768	55,910	2,037,413	1,872,899	7,317,489	7,249,614	4,423,105	4,340,432	13,778,007	13,462,945	345,632	278,637	-	-	14,195,407	13,797,492
Inter-segment revenues	2,388,370	2,313,572	-	-	-	-	3,116,134	2,821,509	3,116,134	2,821,509	109,360	104,401	(5,613,864)	(5,239,482)	-	-
Total revenues	<u>2,460,138</u>	<u>2,369,482</u>	<u>2,037,413</u>	<u>1,872,899</u>	<u>7,317,489</u>	<u>7,249,614</u>	<u>7,539,239</u>	<u>7,161,941</u>	<u>16,894,141</u>	<u>16,284,454</u>	<u>454,992</u>	<u>383,038</u>	<u>(5,613,864)</u>	<u>(5,239,482)</u>	<u>14,195,407</u>	<u>13,797,492</u>
Segment operating profit	394,014	489,881							3,873,656	4,371,284	175,674	139,672	(181,068)	(188,325)	4,262,276	4,812,512
Unallocated profit and expenses:																
Other income															301,422	180,587
Distribution costs															(687,736)	(567,830)
Administrative expenses															(1,129,898)	(1,127,068)
Finance costs															(126,870)	(171,488)
Share of profit from investments in associates															22,087	28,499
Income tax expense															(78,447)	(98,261)
Profit for the year															<u>2,562,834</u>	<u>3,056,951</u>



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Financial information by business segment for the consolidated statement of financial position as at 31 December 2017 and 2016 are as follows:

	Prepreg and Laminate business		Printed Circuit Board business		Chemical business		Elimination of inter-segment revenues and consolidated transactions		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	<i>(in thousand Baht)</i>									
Property, plant and equipment	772,680	774,812	8,461,400	8,100,105	249,134	189,966	26,738	72,445	9,509,952	9,137,328
Other assets	1,520,821	1,298,577	14,345,247	14,067,518	262,791	219,706	(7,788,557)	(7,395,443)	8,340,302	8,190,358
Total assets	<u>2,293,501</u>	<u>2,073,389</u>	<u>22,806,647</u>	<u>22,167,623</u>	<u>511,925</u>	<u>409,672</u>	<u>(7,761,819)</u>	<u>(7,322,998)</u>	<u>17,850,254</u>	<u>17,327,686</u>
Total liabilities	<u>1,028,616</u>	<u>966,065</u>	<u>7,303,191</u>	<u>8,109,073</u>	<u>111,637</u>	<u>83,514</u>	<u>(1,867,497)</u>	<u>(1,858,470)</u>	<u>6,575,947</u>	<u>7,300,182</u>

Transfer prices between business segments are as set out in Note 4 to the financial statements.

**KCE Electronics Public Company Limited and its subsidiaries**  
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*Geographical information*

In presenting geographical information, revenue is based on the geographical location of customers.

*Major customer*

Revenues from three customers of the Group's printed circuit board business segment represents approximately Baht 4,632 million (2016: Baht 5,406 million) of the Group's total revenues.

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2015
	<i>(in thousand Baht)</i>			
Included in other income				
- Gain on exchange rate and from hedging activities - net	203,247	125,900	167,008	71,764

**23 Distribution costs**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Freight charge	96,812	167,981	50,697	105,639
Commission expense	328,459	153,318	307,688	143,912
Employee benefit expenses	86,900	80,801	5,589	4,599
Others	175,565	165,730	77,007	52,607
<b>Total</b>	<b>687,736</b>	<b>567,830</b>	<b>440,981</b>	<b>306,757</b>

**24 Administrative expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Employee benefit expenses	775,760	717,079	305,039	303,173
Depreciation of plant and equipment	61,130	48,201	30,102	17,982
Insurance expense	51,784	48,007	25,183	20,728
Repair and maintenance expenses	32,404	37,035	11,819	14,625
Others	208,820	276,746	107,248	110,407
<b>Total</b>	<b>1,129,898</b>	<b>1,127,068</b>	<b>479,391</b>	<b>466,915</b>

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**25 Employee benefit expenses**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Wages and salaries		1,935,596	1,753,390	785,979	696,677
Defined contribution plans		41,284	37,869	10,519	9,285
Defined benefit plans	17	15,179	11,383	5,407	4,256
Others		460,170	466,894	188,048	200,868
<b>Total</b>		<b><u>2,452,229</u></b>	<b><u>2,269,536</u></b>	<b><u>989,953</u></b>	<b><u>911,086</u></b>

*Defined benefit plans*

Details of the defined benefit plans are given in note 17.

*Defined contribution plans*

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 4% to 8% of their basic salaries and by the Group at rates ranging from 4% to 8% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

**26 Expenses by nature**

The financial statements include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Raw materials and consumables used		4,764,448	4,444,988	4,427,230	3,728,791
Employee benefit expenses	25	2,452,229	2,269,536	989,953	911,086
Utility expenses		820,062	773,008	362,125	332,889
Depreciation of plant and equipment	10, 11	884,441	849,140	427,682	389,966
Freight charge	23	96,812	167,981	50,697	105,639
Repair and maintenance expenses		354,403	309,646	83,235	58,610
Commission expense	23	328,459	153,318	307,688	143,912
Others		2,049,910	1,712,261	222,507	5,538
<b>Total cost of sales of goods, distribution costs and administrative expenses</b>		<b><u>11,750,764</u></b>	<b><u>10,679,878</u></b>	<b><u>6,871,117</u></b>	<b><u>5,676,431</u></b>

**KCE Electronics Public Company Limited and its subsidiaries**  
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**27 Finance costs**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Finance costs to financial institutions		127,387	171,626	92,438	138,909
Less: amounts included in the cost of qualifying assets:					
- Machinery and equipment	11	<u>(517)</u>	<u>(138)</u>	<u>(18)</u>	<u>-</u>
<b>Net</b>		<b><u>126,870</u></b>	<b><u>171,488</u></b>	<b><u>92,420</u></b>	<b><u>138,909</u></b>

**28 Income tax**

*Income tax recognised in profit or loss*

<i>For the years ended 31 December</i>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
<b>Current tax expense</b>					
Current year		<u>80,379</u>	<u>116,316</u>	<u>-</u>	<u>-</u>
		<b><u>80,379</u></b>	<b><u>116,316</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Deferred tax expense</b>					
Movements in temporary differences	14	<u>(1,932)</u>	<u>(18,056)</u>	<u>1,198</u>	<u>(5,908)</u>
		<b><u>(1,932)</u></b>	<b><u>(18,056)</u></b>	<b><u>1,198</u></b>	<b><u>(5,908)</u></b>
<b>Total</b>		<b><u>78,447</u></b>	<b><u>98,260</u></b>	<b><u>1,198</u></b>	<b><u>(5,908)</u></b>

*Income tax recognised in other comprehensive income*

	<b>Consolidated financial statements</b>					
	2017			2016		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gains (losses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,870)</u>	<u>11,574</u>	<u>(46,296)</u>
<b>Total</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(57,870)</u></b>	<b><u>11,574</u></b>	<b><u>(46,296)</u></b>

	<b>Separate financial statements</b>					
	2017			2016		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gains (losses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,774)</u>	<u>5,355</u>	<u>(21,419)</u>
<b>Total</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(26,774)</u></b>	<b><u>5,355</u></b>	<b><u>(21,419)</u></b>

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*Reconciliation of effective tax rate*

<i>For the years ended</i> <i>31 December</i>	<b>Consolidated financial statements</b>			
		2017		2016
	<i>Rate</i> <i>(%)</i>	<i>(in thousand</i> <i>Baht)</i>	<i>Rate</i> <i>(%)</i>	<i>(in thousand</i> <i>Baht)</i>
Profit before income tax expense		<u>2,641,282</u>		<u>3,155,211</u>
Income tax using the Thai corporation tax rate	20	528,256	20	631,042
Income not subject to tax	(17)	(445,987)	(17)	(545,497)
Expenses not deductible for tax purposes and additional reduction transactions	-	(4,294)	-	833
Others	-	472	-	11,882
<b>Total</b>	<b>3</b>	<b><u>78,447</u></b>	<b>3</b>	<b><u>98,260</u></b>

<i>For the years ended</i> <i>31 December</i>	<b>Separate financial statements</b>			
		2017		2016
	<i>Rate</i> <i>(%)</i>	<i>(in thousand</i> <i>Baht)</i>	<i>Rate</i> <i>(%)</i>	<i>(in thousand</i> <i>Baht)</i>
Profit before income tax expense		<u>2,160,949</u>		<u>3,476,543</u>
Income tax using the Thai corporation tax rate	20	432,190	20	695,309
Income not subject to tax	(20)	(431,623)	(20)	(697,425)
Expenses not deductible for tax purposes and additional reduction transactions	-	(3,877)	-	1,290
Others	-	4,508	-	(5,082)
<b>Total</b>	<b>-</b>	<b><u>1,198</u></b>	<b>-</b>	<b><u>(5,908)</u></b>

*Income tax reduction*

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

**KCE Electronics Public Company Limited and its subsidiaries**  
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**29 Promotional privileges**

The Group have been granted promotional privileges under the Investment Promotion Act B.E. 2520 by the Board of Investment under certain conditions. Significant privileges of the Company and its subsidiaries are as follows:

Details	KCE Electronics Public Company Limited		KCE Technology Co., Ltd.			
	9026(2)/2556 Manufacturing of Printed Circuit Board	1219(2)/2557 Manufacturing of Printed Circuit Board	1378/2543 Manufacturing of Printed Circuit Board	1598(2)/2547 Manufacturing of Printed Circuit Board	2432(2)/2555 Manufacturing of Printed Circuit Board	60-0545-1-05-1-0 Manufacturing of Printed Circuit Board
1. Certificate No.						
2. Promotional privileges for						
3. The significant privileges are						
3.1 Exemption from corporate income tax on net income from promoted operations and exemption from income tax on dividends paid from promoted operations throughout the period in which the corporate income tax is exempted.	3 years (Expired)	8 years	7 years (Expired)	7 years (Expired)	8 years	3 years
3.2 Allowance for 5% of the increment in export income over the preceding year for ten years, providing that the export income of that particular year should not be lower than the average export income over the three preceding years except for the first two years.	Not granted	Not granted	Granted (Expired)	Not granted	Not granted	Not granted
3.3 Exemption from import duty on machinery as approved by the board	Granted (Expired)	Granted	Granted (Expired)	Granted (Expired)	Granted	Granted
3.4 Exemption from import duty on raw materials and essential supplies used in export production for a period of one year from the first import date.	Not granted	Not granted	Granted (Expired)	Granted (Expired)	Not granted	Not granted
4. Date of first earning operating income	11 July 2013	1 October 2015	25 June 2001	1 November 2004	21 August 2012	1 June 2017

**KCE Electronics Public Company Limited and its subsidiaries**  
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Details	Chemtronic Technology (Thailand) Co., Ltd.	KCE International Co., Ltd.	Thai Laminate Manufacturer Co., Ltd.			
1. Certificate No.	5006(2)/2557	9002(2)/2557	1160(2)/2551	2469(2)/2556	2490(2)/2557	59-1009-1-00-1-0
2. Promotional privileges for	Manufacturing of Copper Sulfate	Manufacturing of Printed Circuit Board	Manufacturing of Prepreg and Laminate	Manufacturing of Prepreg and Laminate	Manufacturing of Laminate	Manufacturing of Prepreg
3. The significant privileges are						
3.1 Exemption from corporate income tax on net income from promoted operations and exemption from income tax on dividends paid from promoted operations throughout the period in which the corporate income tax is exempted.	8 years	3 years	5 years (Expired)	5 years	5 years	6 years
3.2 Allowance for 5% of the increment in export income over the preceding year for ten years, providing that the export income of that particular year should not be lower than the average export income over the three preceding years except for the first two years.	Not granted	Not granted	Not granted	Not granted	Not granted	Not granted
3.3 Exemption from import duty on machinery as approved by the board	Granted	Granted	Granted	Granted	Granted	Granted
3.4 Exemption from import duty on raw materials and essential supplies used in export production for a period of one year from the first import date.	Not granted	Not granted	Not granted	Granted	Granted	Granted
4. Date of first earning operating income	1 January 2014	11 January 2014	22 December 2009	8 June 2015	27 November 2017	1 December 2017

As promoted companies, the Group must comply with certain terms and conditions prescribed in the promotional certificates.

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Summary of revenues from promoted and non-promoted businesses:

	<b>Separate financial statements</b>					
	2017			2016		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	6,353,298	1,078,216	7,431,514	6,018,751	521,787	6,540,538
Local sales	33,005	326,915	359,920	22,266	242,662	264,928
<b>Total Revenues</b>	<b><u>6,386,303</u></b>	<b><u>1,405,131</u></b>	<b><u>7,791,434</u></b>	<b><u>6,041,017</u></b>	<b><u>764,449</u></b>	<b><u>6,805,466</u></b>

### 30 Earnings per share

#### *Basic earnings per share*

The calculations of basic earnings per share for the years ended 31 December 2017 and 2016 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht/ thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b><u>2,544,502</u></b>	<b><u>3,038,747</u></b>	<b><u>2,159,750</u></b>	<b><u>3,482,451</u></b>
Number of ordinary shares outstanding at 1 January	586,105	574,763	586,105	574,763
Effect from ordinary shares issued during the year	<u>234</u>	<u>6,245</u>	<u>234</u>	<u>6,245</u>
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b><u>586,339</u></b>	<b><u>581,008</u></b>	<b><u>586,339</u></b>	<b><u>581,008</u></b>
<b>Earnings per share (basic) (in Baht)</b>	<b><u>4.34</u></b>	<b><u>5.23</u></b>	<b><u>3.68</u></b>	<b><u>5.99</u></b>

#### *Diluted earnings per share*

The calculations of diluted earnings per share for the years ended 31 December 2017 and 2016 were based on the profit for the years attributable to ordinary holders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all diluted potential ordinary shares as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht/ thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company</b>	<b><u>2,544,502</u></b>	<b><u>3,038,747</u></b>	<b><u>2,159,750</u></b>	<b><u>3,482,451</u></b>
Weighted average number of ordinary shares outstanding (basic)	586,339	581,008	586,339	581,008
Effect of share warrants	<u>-</u>	<u>5,427</u>	<u>-</u>	<u>5,427</u>
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b><u>586,339</u></b>	<b><u>586,435</u></b>	<b><u>586,339</u></b>	<b><u>586,435</u></b>
<b>Earnings per share (diluted) (in Baht)</b>	<b><u>4.34</u></b>	<b><u>5.18</u></b>	<b><u>3.68</u></b>	<b><u>5.94</u></b>



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**31 Dividends**

On 28 April 2016, the Annual General Meeting of the Company's shareholders approved the payment of dividend in respect of the Company's operating results for the period from 1 July 2015 to 31 December 2015 at Baht 1.00 per share to the ordinary shareholders, totaling approximately Baht 576 million. The Company paid the dividend on 16 May 2016.

On 9 August 2016, the meeting of the Board of Directors of the Company approved the payment of interim dividend in respect of the Company's operating results for the period from 1 January 2016 to 30 June 2016 at Baht 1.00 per share to the ordinary shareholders, totaling approximately Baht 586 million. The Company paid the interim dividend on 9 September 2016.

On 27 April 2017, the Annual General Meeting of the Company's shareholders approved the payment of dividend in respect of the Company's operating results for the period from 1 July 2016 to 31 December 2016 at Baht 1.10 per share to the ordinary shareholders, totaling approximately Baht 645 million. The Company paid the dividend on 15 May 2017.

On 8 August 2017, the meeting of the Board of Directors of the Company approved the payment of interim dividend in respect of the Company's operating results for the period from 1 January 2017 to 30 June 2017 at Baht 1.10 per share to the ordinary shareholders, totaling approximately Baht 645 million. The Company paid the interim dividend on 8 September 2017.

**32 Financial instruments**

*Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

*Capital management*

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

*Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because financial assets and liabilities interest rates are mainly adjust in accordance to market rate or are fixed which is close to current market rate. The Group uses financial instruments, principally interest rate swaps, to manage risk.

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The effective interest rates of financial assets as at 31 December and the periods in which those assets mature were as follows:

<b>Consolidated financial statements</b>					
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
<i>(in million Baht)</i>					
<b>2017</b>					
<b>Current</b>					
Cash and cash equivalents	0.05-0.50	1,140	-	-	1,140
<b>Total</b>		<b>1,140</b>	<b>-</b>	<b>-</b>	<b>1,140</b>
<b>2016</b>					
<b>Current</b>					
Cash and cash equivalents	0.05-0.50	892	-	-	892
<b>Total</b>		<b>892</b>	<b>-</b>	<b>-</b>	<b>892</b>
<b>Separate financial statements</b>					
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
<i>(in million Baht)</i>					
<b>2017</b>					
<b>Current</b>					
Cash and cash equivalents	0.05-0.50	453	-	-	453
<b>Total</b>		<b>453</b>	<b>-</b>	<b>-</b>	<b>453</b>
<b>2016</b>					
<b>Current</b>					
Cash and cash equivalents	0.05-0.50	271	-	-	271
<b>Total</b>		<b>271</b>	<b>-</b>	<b>-</b>	<b>271</b>

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

<b>Consolidated financial statements</b>					
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
<i>(in million Baht)</i>					
<b>2017</b>					
Bank overdrafts and short-term borrowings from financial institutions	1.47-3.50	1,156	-	-	1,156
Liabilities under hire-purchase and finance lease agreements	1.88-7.92	5	5	-	10
Long-term borrowings	1.40-4.16	588	1,736	31	2,355
<b>Total</b>		<b>1,749</b>	<b>1,741</b>	<b>31</b>	<b>3,521</b>

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	Effective interest rate (% per annum)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
<b>2016</b>					
Bank overdrafts and short-term borrowings from financial institutions	0.16-7.50	1,808	-	-	1,808
Liabilities under hire-purchase and finance lease agreements	1.88-7.92	15	8	-	23
Long-term borrowings	1.40-5.00	550	1,924	224	2,698
<b>Total</b>		<b>2,373</b>	<b>1,932</b>	<b>224</b>	<b>4,529</b>

	Effective interest rate (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
<b>2017</b>					
Bank overdrafts and short-term borrowings from financial institutions	1.47-2.10	435	-	-	435
Liabilities under hire-purchase and finance lease agreements	3.42-4.38	2	1	-	3
Long-term borrowings	1.40-4.16	504	1,500	27	2,031
<b>Total</b>		<b>941</b>	<b>1,501</b>	<b>27</b>	<b>2,469</b>

<b>2016</b>					
Bank overdrafts and short-term borrowings from financial institutions	0.16-7.12	684	-	-	684
Liabilities under hire-purchase and finance lease agreements	3.80-4.88	12	2	-	14
Long-term borrowings	1.40-3.63	343	1,745	224	2,312
<b>Total</b>		<b>1,039</b>	<b>1,747</b>	<b>224</b>	<b>3,010</b>

**Foreign currency risk**

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

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At 31 December 2017 and 2016, the Group were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<i>(thousand Baht)</i>				
<b>United States Dollar</b>				
Cash and cash equivalents	479,325	328,332	190,765	150,445
Trade and other current receivables	3,114,158	3,321,584	1,794,466	1,960,100
Interest-bearing liabilities	(2,466,307)	(2,791,904)	(1,793,884)	(1,987,398)
Trade and other current payables	<u>(1,748,031)</u>	<u>(1,508,641)</u>	<u>(1,549,383)</u>	<u>(1,313,961)</u>
<b>Gross balance sheet exposure</b>	<b><u>(620,855)</u></b>	<b><u>(650,629)</u></b>	<b><u>(1,358,036)</u></b>	<b><u>(1,190,814)</u></b>
<b>Euro</b>				
Cash and cash equivalents	91,653	25,117	66,209	9,457
Trade and other current receivables	425,570	467,748	364,338	406,749
Interest-bearing liabilities	-	(234,287)	-	(225,958)
Trade and other current payables	<u>(108,122)</u>	<u>(69,754)</u>	<u>(120,560)</u>	<u>(36,204)</u>
<b>Gross balance sheet exposure</b>	<b><u>409,101</u></b>	<b><u>188,824</u></b>	<b><u>309,987</u></b>	<b><u>154,044</u></b>
<b>Yen</b>				
Cash and cash equivalents	6,221	-	5,879	-
Interest-bearing liabilities	(162,624)	(258,888)	(162,624)	(186,800)
Trade and other current payables	<u>(20,762)</u>	<u>(1,545)</u>	<u>(20,746)</u>	<u>(85)</u>
<b>Gross balance sheet exposure</b>	<b><u>(177,165)</u></b>	<b><u>(260,433)</u></b>	<b><u>(177,491)</u></b>	<b><u>(186,885)</u></b>
<b>Chinese Yuan</b>				
Cash and cash equivalents	39,694	-	37,250	-
Trade and other current receivables	80,227	-	80,228	-
Trade and other current payables	-	-	(33,872)	-
<b>Gross balance sheet exposure</b>	<b><u>119,921</u></b>	<b><u>-</u></b>	<b><u>83,606</u></b>	<b><u>-</u></b>
<b>Singapore Dollars</b>				
Trade and other current payables	<u>(392)</u>	-	<u>(193)</u>	-
<b>Gross balance sheet exposure</b>	<b><u>(392)</u></b>	<b><u>-</u></b>	<b><u>(193)</u></b>	<b><u>-</u></b>
<b>Pound Sterling</b>				
Cash and cash equivalents	631	631	631	631
Trade and other current receivables	581	37,159	581	33,123
Trade and other current payables	-	(1,884)	-	-
<b>Gross balance sheet exposure</b>	<b><u>1,212</u></b>	<b><u>35,906</u></b>	<b><u>1,212</u></b>	<b><u>33,754</u></b>
<b>Swiss Franc</b>				
Trade and other current payables	<u>(216)</u>	-	<u>(7)</u>	-
<b>Gross balance sheet exposure</b>	<b><u>(216)</u></b>	<b><u>-</u></b>	<b><u>(7)</u></b>	<b><u>-</u></b>
<b>Taiwan Dollars</b>				
Trade and other current payables	<u>(74)</u>	-	-	-
<b>Gross balance sheet exposure</b>	<b><u>(74)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

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**Forward exchange contracts**

As at 31 December 2017 and 2016, the Group had outstanding forward exchange contracts as follows:

<b>Consolidated financial statements</b>			
Currency	Amount (Thousand)	Maturity date	Contract exchange rate (Per unit of foreign currency)
<b>2017</b>			
Selling contract			
US dollar	7,686	29 January 2018 – 3 July 2018	Baht 32.5500-32.7320
Euro	1,500	5 July 2018	Baht 39.1800-39.2420
<b>2016</b>			
Buying contract			
US dollar	1,129	6 February 2017	Euro 0.8861
US dollar	615	6 January 2017 – 1 February 2017	Baht 34.9900-35.1960
Yen	90,000	6 June 2017	Baht 0.3184
Selling contract			
US dollar	5,249	22 March 2017 – 27 June 2017	Baht 35.6938-35.9950
Euro	1,000	21 February 2017 – 22 February 2017	Baht 39.3500-39.4550

<b>Separate financial statements</b>			
Currency	Amount (Thousand)	Maturity date	Contract exchange rate (Per unit of foreign currency)
<b>2017</b>			
Selling contract			
Euro	1,000	5 July 2018	Baht 39.1800
US dollar	1,500	28 June 2018 – 3 July 2018	Baht 32.5500-32.6025
<b>2016</b>			
Buying contract			
US dollar	1,129	6 February 2017	Euro 0.8861
Selling contract			
Euro	1,000	21 February 2017 – 22 February 2017	Baht 39.3500-39.4550

***Cross currency and interest rate swap contract***

KCE Technology Co., Ltd, a subsidiary, had a cross currency and interest rate swap contract with a local financial institution for the period from 1 November 2016 to 29 November 2019 by which the subsidiary agreed to swap the currency and interest rate of borrowings of Baht 250 million (equivalent to EUR 6.4 million) with a Thai Baht floating interest rate of THBFIX (3 months) plus fixed percent per annum to EUR fixed interest rate per annum. As at 31 December 2017, the subsidiary had outstanding balance of borrowing amounted to Baht 166.8 million (equivalent to EUR 4.3 million).

***Commodity hedge agreements***

As at 31 December 2017, the Group had outstanding copper swap agreements, of which details are presented below:

Type of good	Quantity (Ton)	Contract price	Commodity's market price	Maturity date
			As at 31 December 2017 (US dollars per ton)	
Copper	240	6,575 - 6,798	7,157	31 January 2018 – 31 May 2018

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***Credit risk***

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when the fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

***Liquidity risk***

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

**Carrying amounts and fair values of financial instruments**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities not measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Carrying amount	Fair value	Carrying amount	Fair value
	<i>(in thousand Baht)</i>			
<b><i>Financial assets (liabilities) not measured at fair value</i></b>				
<b>31 December 2017</b>				
Foreign currency forward contracts	900	460	850	(74)
Cross currency and interest rate swap contract	(2,873)	(1,113)	-	-
<b>31 December 2016</b>				
Foreign currency forward contracts	4,114	3,740	5,481	4,166
<b><i>Financial assets (liabilities) measured at fair value</i></b>				
<b>31 December 2017</b>				
Commodities hedge agreements	4,770	4,770	-	-

The Group determines Level 2 fair value for foreign currency forward contracts, cross currency and interest rate swap contract, and commodities hedge agreements by reference to the value quotes announce by the financial institutions.

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 are taken to approximate the carrying value because most of these financial instruments bear interest at market rate.

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**33 Commitments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b><i>Capital commitments</i></b>				
Contracted but not provided for buildings and other constructions	7,927	53,030	5,934	51,395
Unrecognised purchase orders for machinery and equipment	60,853	403,737	60,853	286,246
<b>Total</b>	<b>68,780</b>	<b>456,767</b>	<b>66,787</b>	<b>337,641</b>
<b><i>Future minimum lease payments under non-cancellable operating lease</i></b>				
Within one year	17,828	27,723	1,349	2,131
After one year but within five years	2,910	3,144	159	1,507
<b>Total</b>	<b>20,738</b>	<b>30,867</b>	<b>1,508</b>	<b>3,638</b>
<b><i>Other commitments</i></b>				
Unrecognised purchase orders for raw materials	958,568	691,441	157,299	109,983
Bank guarantees	79,612	92,802	49,092	49,126
<b>Total</b>	<b>1,038,180</b>	<b>784,243</b>	<b>206,391</b>	<b>159,109</b>

As at 31 December 2017 and 2016, the Group has forward exchange contracts, cross currency and interest rate swap contract and commodity hedge agreements as stated in Note 32.

**34 Events after the reporting period**

On 1 January 2018, the Company had acquired ordinary shares of KCE America, Inc. from its existing shareholders of 22,500 shares with a par value of US 1 dollar at price of US 220 dollar per share, totalling US 4.95 million dollar which represented 45% of total issued and paid-up ordinary shares, resulted in increasing its Group's ownership from 50% to 95%. The Group had obtained control and resulted in the change of status of such company from associate to subsidiary. The management of the Group is preparing the assessment of the fair value of previously-held equity interest in associate prior to change of status from associate to subsidiary on that date.