

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

Financial statements for the year ended  
31 December 2019  
and  
Independent Auditor's Report

## **Independent Auditor's Report**

### **To the Shareholders of KCE Electronics Public Company Limited**

#### *Opinion*

I have audited the consolidated and separate financial statements of KCE Electronics Public Company Limited and its subsidiaries (the "Group") and of KCE Electronics Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

<b>Impairment of goodwill from business combinations</b>	
Refer to the notes 3 and 13 to the financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>In the consolidated financial statements, the Group had goodwill from business combinations. Thai Financial Reporting Standards requires the Group to test impairment of goodwill from business combinations regularly on annual basis.</p> <p>In assessing impairment of goodwill from business combinations, the amount of the impairment was assessed by the Company using a value-in-use model derived from the present value of the future cash flows expected to be generated. The present value of the future cash flows depends on a series of key assumptions including: forecasted revenue, forecasted costs and expenditures (both the capital and operating expenditures), and the discount rate. From the assessing procedures above, the management considers that there is no impairment loss of the said goodwill. The output of the model is sensitive to the assumptions used and the resulting impairment assessment could vary significantly. Therefore, this is an area of focus for my audit.</p>	<p>My audit procedures included,</p> <ul style="list-style-type: none"> <li>• understanding, evaluating the design and implementation of controls over identification of cash-generating units (CGUs), the process of impairment assessment of goodwill from business combinations and the Company’s budget preparation which is the source used in discounted future cash flows model;</li> <li>• considering the appropriateness of key assumptions including the discount rate by comparing against the Group’s historical information, operating plan and external information;</li> <li>• testing mathematical accuracy;</li> <li>• considering sensitivity analysis of key assumptions; and</li> <li>• considering the adequacy of the Group’s disclosure in accordance with the related Thai Financial Reporting Standards.</li> </ul>

*Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor’s report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

*Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Chokechai Ngamwutikul)  
Certified Public Accountant  
Registration No. 9728

KPMG Phoomchai Audit Ltd.  
Bangkok  
11 February 2020

## KCE Electronics Public Company Limited and its subsidiaries

### Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018	2019	2018
		<i>(in Baht)</i>			
<b>Current assets</b>					
Cash and cash equivalents	6	957,395,329	1,382,872,411	70,959,428	189,077,777
Trade and other current receivables	7	2,972,612,757	3,272,676,296	2,194,728,380	2,680,417,286
Inventories	8	2,621,981,819	3,191,809,318	1,218,444,681	1,357,167,433
Other current assets		87,998,648	69,359,385	29,949,000	32,622,263
<b>Total current assets</b>		<b>6,639,988,553</b>	<b>7,916,717,410</b>	<b>3,514,081,489</b>	<b>4,259,284,759</b>
<b>Non-current assets</b>					
Investments in associate	9	37,516,062	41,080,639	1,540,194	1,540,194
Investments in subsidiaries	10	-	-	2,842,719,715	2,842,719,715
Contract costs assets	20	232,045,489	82,262,504	198,890,079	52,673,001
Investment properties	11	161,258,430	163,440,669	188,134,835	190,680,781
Property, plant and equipment	12	8,918,374,246	9,363,933,885	5,393,805,667	5,513,072,455
Goodwill	13	153,517,054	153,517,054	-	-
Intangible assets	14	257,592,215	283,533,224	94,362,761	105,564,477
Deferred tax assets	24	75,011,224	57,602,700	4,264,217	-
Other non-current assets		25,699,556	58,920,042	14,304,201	47,819,786
<b>Total non-current assets</b>		<b>9,861,014,276</b>	<b>10,204,290,717</b>	<b>8,738,021,669</b>	<b>8,754,070,409</b>
<b>Total assets</b>		<b>16,501,002,829</b>	<b>18,121,008,127</b>	<b>12,252,103,158</b>	<b>13,013,355,168</b>

The accompanying notes are an integral part of these financial statements.

## KCE Electronics Public Company Limited and its subsidiaries

### Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
<b>Current liabilities</b>					
Bank overdrafts and short-term borrowings from financial institutions	15	1,066,665,051	2,201,866,047	1,066,665,051	1,562,278,053
Trade and other current payables	16	2,293,045,939	2,795,570,495	1,686,965,824	2,075,344,427
Current portion of long-term borrowings	15	258,983,385	168,051,686	250,812,948	58,665,624
Current portion of liabilities under hire-purchase and finance lease agreements	15	3,918,963	4,221,638	2,715,669	2,993,797
Income tax payable		28,690,124	24,903,070	7,555,787	-
Other current liabilities		-	1,584,159	-	-
<b>Total current liabilities</b>		<b>3,651,303,462</b>	<b>5,196,197,095</b>	<b>3,014,715,279</b>	<b>3,699,281,901</b>
<b>Non-current liabilities</b>					
Long-term borrowings	15	724,115,539	658,974,440	696,166,479	578,388,740
Liabilities under hire-purchase and finance lease agreements	15	7,027,358	5,435,600	5,307,364	4,957,397
Deferred tax liabilities	24	58,684,065	70,712,961	-	8,444,091
Non-current provisions for employee benefits	17	297,929,325	182,584,608	121,784,859	74,437,240
<b>Total non-current liabilities</b>		<b>1,087,756,287</b>	<b>917,707,609</b>	<b>823,258,702</b>	<b>666,227,468</b>
<b>Total liabilities</b>		<b>4,739,059,749</b>	<b>6,113,904,704</b>	<b>3,837,973,981</b>	<b>4,365,509,369</b>

The accompanying notes are an integral part of these financial statements.

# KCE Electronics Public Company Limited and its subsidiaries

## Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
<b>Equity</b>					
Share capital	18				
Authorised share capital		<u>591,396,798</u>	<u>586,396,798</u>	<u>591,396,798</u>	<u>586,396,798</u>
Issued and paid-up share capital		586,396,798	586,396,798	586,396,798	586,396,798
Share premium		1,906,510,486	1,906,510,486	1,906,510,486	1,906,510,486
Retained earnings					
Appropriated					
Legal reserve	19	59,139,680	58,742,651	59,139,680	58,742,651
Unappropriated		9,230,556,841	9,448,010,096	5,861,081,555	6,095,195,206
Other components of equity	19	<u>(70,272,700)</u>	<u>(48,852,747)</u>	<u>1,000,658</u>	<u>1,000,658</u>
<b>Equity attributable to owners of the Company</b>		<b>11,712,331,105</b>	<b>11,950,807,284</b>	<b>8,414,129,177</b>	<b>8,647,845,799</b>
Non-controlling interests		<u>49,611,975</u>	<u>56,296,139</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<b>11,761,943,080</b>	<b>12,007,103,423</b>	<b>8,414,129,177</b>	<b>8,647,845,799</b>
<b>Total liabilities and equity</b>		<b>16,501,002,829</b>	<b>18,121,008,127</b>	<b>12,252,103,158</b>	<b>13,013,355,168</b>

The accompanying notes are an integral part of these financial statements.

# KCE Electronics Public Company Limited and its subsidiaries

## Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2019	2018	2019	2018
		(in Baht)			
<b>Revenue</b>	5				
Revenues from sale of goods and rendering of services	20	12,097,372,071	13,982,495,138	6,785,327,763	7,965,258,882
Dividend income from subsidiaries	10	-	-	619,548,712	1,301,073,576
Dividend income from associate	9	-	-	20,018,299	16,889,087
Gain on previously-held equity interest in associate prior to change of status to subsidiary	4	-	65,701,059	-	-
Other income	21	191,318,798	277,740,236	135,527,488	174,548,655
<b>Total revenues</b>		<b>12,288,690,869</b>	<b>14,325,936,433</b>	<b>7,560,422,262</b>	<b>9,457,770,200</b>
<b>Expenses</b>	5				
Cost of sale of goods and rendering of services	23	9,643,602,234	10,351,363,606	5,801,967,067	6,267,158,635
Distribution costs	23	489,590,195	584,324,850	347,079,493	421,268,512
Administrative expenses	23	1,123,175,934	1,219,994,023	469,948,162	515,693,598
Finance costs		61,111,247	109,780,837	39,343,264	71,189,538
<b>Total expenses</b>		<b>11,317,479,610</b>	<b>12,265,463,316</b>	<b>6,658,337,986</b>	<b>7,275,310,283</b>
Share of profit from investments in associate	9	19,170,167	22,214,230	-	-
<b>Profit before income tax</b>		<b>990,381,426</b>	<b>2,082,687,347</b>	<b>902,084,276</b>	<b>2,182,459,917</b>
Tax expense	24	(40,749,411)	(48,766,556)	(7,958,028)	(816,871)
<b>Profit for the year</b>		<b>949,632,015</b>	<b>2,033,920,791</b>	<b>894,126,248</b>	<b>2,181,643,046</b>
<b>Other comprehensive income</b>					
<b>Items that will be reclassified subsequently to profit or loss</b>					
Exchange differences on translating financial statements		(21,419,953)	6,274,479	-	-
Change in shareholding percentage in subsidiary		-	-	-	1,000,658
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>(21,419,953)</b>	<b>6,274,479</b>	<b>-</b>	<b>1,000,658</b>
<b>Items that will not be reclassified to profit or loss</b>					
Losses on remeasurements of defined benefit plans	17	(46,749,826)	(11,195,416)	(17,118,370)	(6,134,383)
Income tax relating to items that will not be reclassified	24	9,349,965	2,239,083	3,423,674	1,226,879
<b>Total items that will not be reclassified to profit or loss</b>		<b>(37,399,861)</b>	<b>(8,956,333)</b>	<b>(13,694,696)</b>	<b>(4,907,504)</b>
<b>Other comprehensive expense for the year, net of tax</b>		<b>(58,819,814)</b>	<b>(2,681,854)</b>	<b>(13,694,696)</b>	<b>(3,906,846)</b>
<b>Total comprehensive income for the year</b>		<b>890,812,201</b>	<b>2,031,238,937</b>	<b>880,431,552</b>	<b>2,177,736,200</b>

The accompanying notes are an integral part of these financial statements.

## KCE Electronics Public Company Limited and its subsidiaries

### Statement of comprehensive income

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		For the year ended		For the year ended	
		31 December		31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
<b>Profit attributable to:</b>					
Owners of the Company		934,491,809	2,014,871,988	894,126,248	2,181,643,046
Non-controlling interests		15,140,206	19,048,803	-	-
<b>Profit for the year</b>		<b><u>949,632,015</u></b>	<b><u>2,033,920,791</u></b>	<b><u>894,126,248</u></b>	<b><u>2,181,643,046</u></b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		875,671,995	2,012,190,134	880,431,552	2,177,736,200
Non-controlling interests		15,140,206	19,048,803	-	-
<b>Total comprehensive income for the year</b>		<b><u>890,812,201</u></b>	<b><u>2,031,238,937</u></b>	<b><u>880,431,552</u></b>	<b><u>2,177,736,200</u></b>
<b>Earnings per share</b>					
Basic earnings per share <i>(in Baht)</i>	25	<u>0.80</u>	<u>1.72</u>	<u>0.76</u>	<u>1.86</u>

The accompanying notes are an integral part of these financial statements.



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

**Statement of changes in equity**

<b>Consolidated financial statements</b>												
Other components of equity												
			Retained earnings									
	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Translation financial statements	Excess of investments arising from additional purchases of investments in subsidiaries at a price higher than the net book value of the subsidiaries at the acquisition date (in Baht)	Change in percentage of holding in subsidiaries	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity	
Note												
<b>Year ended 31 December 2019</b>												
	<b>586,396,798</b>	<b>1,906,510,486</b>	<b>58,742,651</b>	<b>9,448,010,096</b>	<b>(12,325,768)</b>	<b>(38,558,460)</b>	<b>2,031,481</b>	<b>(48,852,747)</b>	<b>11,950,807,284</b>	<b>56,296,139</b>	<b>12,007,103,423</b>	
	<b>Balance at 1 January 2019</b>											
	<b>Transactions with owners, recorded directly in equity</b>											
	<i>Distributions to owners of the Company</i>											
	Dividends											
26	-	-	-	(1,114,148,174)	-	-	-	-	(1,114,148,174)	(21,824,370)	(1,135,972,544)	
	-	-	-	<b>(1,114,148,174)</b>	-	-	-	-	<b>(1,114,148,174)</b>	<b>(21,824,370)</b>	<b>(1,135,972,544)</b>	
	<b>Total distributions to owners of the Company</b>											
	<b>Total transactions with owners, recorded directly in equity</b>											
	-	-	-	<b>(1,114,148,174)</b>	-	-	-	-	<b>(1,114,148,174)</b>	<b>(21,824,370)</b>	<b>(1,135,972,544)</b>	
	<b>Comprehensive income for the year</b>											
	Profit or loss											
	-	-	-	934,491,809	-	-	-	-	934,491,809	15,140,206	949,632,015	
	Other comprehensive income											
	-	-	-	(37,399,861)	(21,419,953)	-	-	(21,419,953)	(58,819,814)	-	(58,819,814)	
	-	-	-	<b>897,091,948</b>	<b>(21,419,953)</b>	-	-	<b>(21,419,953)</b>	<b>875,671,995</b>	<b>15,140,206</b>	<b>890,812,201</b>	
	<b>Total comprehensive income for the year</b>											
	Transfer to legal reserve											
19	-	-	397,029	(397,029)	-	-	-	-	-	-	-	
	<b>586,396,798</b>	<b>1,906,510,486</b>	<b>59,139,680</b>	<b>9,230,556,841</b>	<b>(33,745,721)</b>	<b>(38,558,460)</b>	<b>2,031,481</b>	<b>(70,272,700)</b>	<b>11,712,331,105</b>	<b>49,611,975</b>	<b>11,761,943,080</b>	
	<b>Balance at 31 December 2019</b>											

The accompanying notes are an integral part of these financial statements.

# KCE Electronics Public Company Limited and its subsidiaries

## Statement of changes in equity

	Note	Issued and paid-up share capital	Share premium	Separate financial statements		Other components of equity Change in percentage of holding in subsidiaries	Total equity
				Retained earnings			
				Legal reserve	Unappropriated (in Baht)		
<b>Year ended 31 December 2018</b>							
<b>Balance at 1 January 2018</b>		<b>586,396,798</b>	<b>1,906,510,486</b>	<b>58,742,651</b>	<b>5,208,532,620</b>	<b>-</b>	<b>7,760,182,555</b>
<b>Transactions with owners, recorded directly in equity</b>							
<i>Distributions to owners of the Company</i>							
Dividends	26	-	-	-	(1,290,072,956)	-	(1,290,072,956)
<b>Total distributions to owners of the Company</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,290,072,956)</b>	<b>-</b>	<b>(1,290,072,956)</b>
<b>Comprehensive income for the year</b>							
Profit or loss		-	-	-	2,181,643,046	-	2,181,643,046
Other comprehensive income		-	-	-	(4,907,504)	1,000,658	(3,906,846)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,176,735,542</b>	<b>1,000,658</b>	<b>2,177,736,200</b>
<b>Balance at 31 December 2018</b>		<b>586,396,798</b>	<b>1,906,510,486</b>	<b>58,742,651</b>	<b>6,095,195,206</b>	<b>1,000,658</b>	<b>8,647,845,799</b>

The accompanying notes are an integral part of these financial statements.

# KCE Electronics Public Company Limited and its subsidiaries

## Statement of changes in equity

	Note	Issued and paid-up share capital	Share premium	Separate financial statements		Other components of equity Change in percentage of holding in subsidiaries	Total equity
				Legal reserve	Unappropriated (in Baht)		
<b>Year ended 31 December 2019</b>							
<b>Balance at 1 January 2019</b>		<b>586,396,798</b>	<b>1,906,510,486</b>	<b>58,742,651</b>	<b>6,095,195,206</b>	<b>1,000,658</b>	<b>8,647,845,799</b>
<b>Transactions with owners, recorded directly in equity</b>							
<i>Distributions to owners of the Company</i>							
Dividends	26	-	-	-	(1,114,148,174)	-	(1,114,148,174)
<b>Total distributions to owners of the Company</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,114,148,174)</b>	<b>-</b>	<b>(1,114,148,174)</b>
<b>Comprehensive income for the year</b>							
Profit or loss		-	-	-	894,126,248	-	894,126,248
Other comprehensive income		-	-	-	(13,694,696)	-	(13,694,696)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>880,431,552</b>	<b>-</b>	<b>880,431,552</b>
Transfer to legal reserve	19	-	-	397,029	(397,029)	-	-
<b>Balance at 31 December 2019</b>		<b>586,396,798</b>	<b>1,906,510,486</b>	<b>59,139,680</b>	<b>5,861,081,555</b>	<b>1,000,658</b>	<b>8,414,129,177</b>

The accompanying notes are an integral part of these financial statements.

## KCE Electronics Public Company Limited and its subsidiaries

### Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2019	2018	2019	2018
	<i>(in Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	949,632,015	2,033,920,791	894,126,248	2,181,643,046
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Share of profit from investments in associate	(19,170,167)	(22,214,230)	-	-
Depreciation for plant and equipment and investment properties	977,501,120	954,865,383	502,739,065	471,378,199
Amortisation	37,292,597	36,102,040	15,212,483	14,470,952
Amortisation on contract costs assets	5,788,489	-	3,984,576	-
Doubtful debts expense	-	614,250	-	-
(Reversal of) allowance for inventories devaluation	18,066,758	(7,805,136)	8,345,636	365,912
Loss (gain) on disposal of machinery and equipment	(592,583)	(2,394,375)	(1,397,999)	17,833,973
Loss from write-off of inventories	18,916,820	22,027,611	11,169,496	12,307,651
Loss from write-off of equipment	218,807	574,972	167,150	505,285
(Reversal of) allowance for impairment losses on assets	(86,466)	-	-	-
Provision for employee benefit	80,441,681	16,074,131	33,340,539	5,732,558
Unrealised loss (gain) on exchange rate and hedging activities	(5,516,010)	13,743,301	(4,994,095)	5,380,132
Gain on previously-held equity interest in associate prior to change of status to subsidiary	-	(65,701,059)	-	-
Dividend received from subsidiaries	-	-	(619,548,712)	(1,301,073,576)
Dividend received from associate	-	-	(20,018,299)	(16,889,087)
Interest expense	54,186,089	101,170,373	36,734,230	68,142,990
Tax expense	40,749,411	48,766,556	7,958,029	816,871
	<u>2,157,428,561</u>	<u>3,129,744,608</u>	<u>867,818,347</u>	<u>1,460,614,906</u>
<b><i>Changes in operating assets and liabilities</i></b>				
Trade and other current receivables	293,944,956	1,016,712,182	479,360,671	(369,336,083)
Inventories	532,843,922	(579,625,541)	119,207,620	(284,603,854)
Other current assets	(14,808,790)	(1,555,447)	4,040,796	24,970,426
Contract costs assets	(155,571,473)	(82,262,504)	(150,201,654)	(52,673,001)
Other non-current assets	1,643,938	22,520,370	(3,966,373)	(7,489,311)
Trade and other current payables	(418,903,619)	(655,804,103)	(296,624,095)	54,262,888
Employee benefit paid	(11,846,790)	(7,060,626)	(3,111,290)	(4,839,176)
Net cash generated from operating	<u>2,384,730,705</u>	<u>2,842,668,939</u>	<u>1,016,524,022</u>	<u>820,906,795</u>
Taxes paid	<u>(35,326,093)</u>	<u>(68,641,012)</u>	<u>(5,158,153)</u>	<u>(3,728,339)</u>
<b>Net cash from operating activities</b>	<b><u>2,349,404,612</u></b>	<b><u>2,774,027,927</u></b>	<b><u>1,011,365,869</u></b>	<b><u>817,178,456</u></b>

The accompanying notes are an integral part of these financial statements.

## KCE Electronics Public Company Limited and its subsidiaries

### Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2019	2018	2019	2018
	<i>(in Baht)</i>			
<b>Cash flows from investing activities</b>				
Proceeds from disposals of machinery and equipment	27,631,020	8,129,535	8,322,368	711,700
Acquisition of property, plant and equipment	(622,555,979)	(746,750,568)	(436,254,287)	(577,616,746)
Acquisition of intangible assets	(11,351,588)	(2,841,532)	(4,010,768)	(1,612,608)
Net cash inflow (outflow) on acquisition of subsidiary	-	94,631,312	-	(160,687,000)
Dividend received from subsidiaries	-	-	619,548,712	1,301,073,576
Dividend received from associate	20,018,299	16,889,087	20,018,299	16,889,087
<b>Net cash from (used in) investing activities</b>	<b>(586,258,248)</b>	<b>(629,942,166)</b>	<b>207,624,324</b>	<b>578,758,009</b>
<b>Cash flows from financing activities</b>				
Interest paid	(56,336,084)	(104,442,837)	(37,712,799)	(70,879,470)
Increase (decrease) in bank overdrafts and short-term borrowings from financial institutions	(1,137,916,780)	1,053,759,619	(498,328,785)	1,127,727,477
Repayment of liabilities under hire-purchase and finance lease agreements	(2,035,917)	(6,545,355)	(3,253,160)	(2,109,980)
Proceed from long-term borrowings	400,000,000	891,081,153	400,000,000	891,081,153
Repayment of long-term borrowings	(236,383,670)	(2,436,411,361)	(83,665,624)	(2,286,573,208)
Sell of shares in subsidiary	-	-	-	1,043,533
Increase in investment in subsidiary	-	-	-	(30,388,000)
Dividend paid	(1,135,972,544)	(1,312,834,821)	(1,114,148,174)	(1,290,072,956)
<b>Net cash used in financing activities</b>	<b>(2,168,644,995)</b>	<b>(1,915,393,602)</b>	<b>(1,337,108,542)</b>	<b>(1,660,171,451)</b>
Net increase (decrease) in cash and cash equivalents before effect of exchange rate	(405,498,631)	228,692,159	(118,118,349)	(264,234,986)
Effect of exchange rate changes on balances held in foreign currencies	(19,978,451)	14,479,398	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(425,477,082)</b>	<b>243,171,557</b>	<b>(118,118,349)</b>	<b>(264,234,986)</b>
Cash and cash equivalents at 1 January	1,382,872,411	1,139,700,854	189,077,777	453,312,763
<b>Cash and cash equivalents at 31 December</b>	<b>957,395,329</b>	<b>1,382,872,411</b>	<b>70,959,428</b>	<b>189,077,777</b>
<b>Supplemental disclosure of cash flows information</b>				
1) Net (increase) decrease in other current receivables from disposal of machinery and equipment	(96,044)	-	11,948,745	(14,594,588)
2) Net decrease in trust receipts from purchase of machinery and equipment	-	(3,783,997)	-	-
3) Net decrease in other current payables from purchase of machinery and equipment	(102,363,868)	(102,480,593)	(88,398,185)	(117,334,972)
4) Net increase in assets acquired under hire-purchase and finance lease agreements	3,325,000	6,863,140	3,325,000	6,863,140

The accompanying notes are an integral part of these financial statements.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Acquisition of subsidiary
5	Related parties
6	Cash and cash equivalents
7	Trade and other current receivables
8	Inventories
9	Investments in associate
10	Investments in subsidiaries
11	Investment properties
12	Property, plant and equipment
13	Goodwill
14	Intangible assets
15	Interest-bearing liabilities
16	Trade and other current payables
17	Non-current provisions for employee benefits
18	Share capital
19	Reserves
20	Segment information and disaggregation of revenue
21	Gain on exchange rate hedging activities
22	Employee benefit expenses
23	Expenses by nature
24	Income tax
25	Earnings per share
26	Dividends
27	Financial instruments
28	Commitments
29	Thai Financial Reporting Standards (TFRS) not yet adopted
30	Reclassification of accounts

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

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 11 February 2020.

**1 General information**

KCE Electronics Public Company Limited (“the Company”), is incorporated in Thailand and was listed on the Stock Exchange of Thailand on 30 August 1988. The Company’s 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 2019 and 2018 are given in note 5 and 10.

**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 and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initial applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which replaces TAS 18 *Revenue* (“TAS 18”) and related interpretations. The details of accounting policies are disclosed in note 3 (s).

In addition, the Group has not early adopted a number of new and revised TFRS, which are not yet effective for the current period in preparing these financial statements. The Group has assessed the potential initial impact on the 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) Functional and presentation currency*

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

*(c) 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 the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 4	Acquisition of subsidiary: fair value of the consideration transferred and fair value of the assets acquired and liabilities assumed, measured on a provisional basis;
Note 13	Impairment test of goodwill: key assumptions underlying recoverable amounts;
Note 17	Measurement of defined benefit obligations: key actuarial assumptions; and
Note 24	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

### **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 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 recognised 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.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

*Step acquisition*

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

*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 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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**(b) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions.

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

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

Foreign currency differences are generally recognised in profit or loss.

*Foreign operations*

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

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

*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.

**(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, and contract assets**

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Contract assets are measured at the amount of consideration that the Group is entitled to, less impairment losses.

**(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 is calculated using standard cost adjusted to approximate average cost includes an appropriate share of production overheads based on normal operating capacity.

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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**(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:

Buildings	25 years
-----------	----------

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

**(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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

*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) Contract cost assets**

Contract cost assets are the incremental costs to obtain a contract with a customer. The Group expects to recover these costs.

Contract cost assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on systematic basis over the term of the contract it relates to, consistent with the related revenue recognition.

**(k) 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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

*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.

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	3 - 15	years
Customer relationship	10	years

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

**(l) Impairment**

The carrying amounts of the Group 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.

**(m) Interest-bearing liabilities**

Interest-bearing liabilities are recognised at cost.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

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

Trade and other current payables are stated at cost.

**(o) 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.

**(p) 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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**(q) 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.

**(r) Measurement of fair value**

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, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that 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).

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.

**(s) Revenue**

***Accounting policies for revenue recognition in 2019***

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

***Sale of goods and services rendered***

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Revenue for rendering of services is recognised at point in time based on as the services are provided. The related costs are recognised in profit or loss when they are incurred.

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

*Commission revenue*

For the contracts that the Group is arranging for the provision of the goods or services on behalf of its customers and does not control the goods or services before the primary sellers or service providers will provide the goods or services to the customers. The Group acts in the capacity of an agent and recognises the net amount of consideration as commission revenue.

***Accounting policies for revenue recognition in 2018***

Revenue excludes value added 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 revenue*

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.

**(t) *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.

**(u) *Investment income***

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

**(v) *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 periods of time to be prepared for its intended use or sale.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**(w) 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.

**(x) 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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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 realised.

**(y) *Earnings per share***

The Group presents basic 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.

**(z) *Related parties***

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

**(ab) *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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**4 Acquisition of subsidiary**

On 3 January 2018, the Group obtained control of an associate, KCE America, Inc., which is engaged in the business of sale agent in foreign countries, and has a subsidiary, KCE America Partner Company Limited, which its business is rental building, by acquiring additional ordinary shares at the proportion of 45%, amounting to US 4.95 million dollar or equivalent to Baht 160.7 million, resulting in the Group's total controlling interest in KCE America, Inc. increase from 50% to 95%, and indirect controlling interest in KCE America Partner Company Limited at 95%. On such date, KCE America, Inc. has changed status from associate to direct subsidiary, and KCE America Partner Company Limited is indirect subsidiary of the Group. Taking control of such companies will enable the Group to align the subsidiaries' policy and market strategy with those of the Group.

The fair value of the previously-held equity interest in associate prior to the change of status to subsidiary are as follow:

	Recognised amounts <i>(in thousand Baht)</i>
Fair value of previously-held equity interest in associate prior to the change of status to subsidiary	148,765
<i>Less</i> carrying amount of investment at equity method	(72,161)
Translation reserve transferred to profit or loss which has been recognised in the statement of comprehensive income	<u>(10,903)</u>
<b>Gain on previously-held equity interest in associate prior to the change of status to subsidiary</b>	<b><u><u>65,701</u></u></b>

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

*Consideration transferred*

	<b>Fair Value</b> <i>(in thousand Baht)</i>
Cash	<u>160,687</u>
<b>Total</b>	<b><u><u>160,687</u></u></b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

*Identifiable assets acquired and liabilities assumed*

	Carrying amounts	Fair value adjustments <i>(in thousand Baht)</i>	Fair values
Cash and cash equivalents	255,318	-	255,318
Trade and other current receivable	395,760	49,753	445,513
Inventories	198,102	-	198,102
Property, plant and equipment	30,923	136,867	167,790
Intangible assets	1,730	-	1,730
Other assets	17,981	-	17,981
Trade and other current payable	(754,063)	-	(754,063)
Long-term borrowing from financial institution	(17,585)	-	(17,585)
Deferred tax assets (liabilities)	1,780	(28,742)	(26,962)
<b>Total identifiable net assets</b>	<b>129,946</b>	<b>157,878</b>	<b>287,824</b>
Interest in acquired business (%)			95
<b>Net Identifiable assets acquired and liabilities assumed</b>			<b>273,433</b>
<i>Less</i> fair value of previously-held equity interest in associate prior to the change of status to subsidiary			(148,765)
			124,668
Goodwill arising from the acquisition			36,019
<b>Total Consideration</b>			<b>160,687</b>

*(in thousand Baht)*

Net cash acquired with the subsidiary	255,318
Cash paid	(160,687)
<b>Net cash inflow (outflow) on acquisition of subsidiary</b>	<b>94,631</b>

The fair value of property, plant and equipment has been determined provisionally by independent valuation.

As at 31 December 2018, the Group had completed the fair value assessment of the net assets acquired and adjusted the fair value from new information obtain within one year from the acquisition date about facts and circumstances that existed at the acquisition date.

The goodwill is attributable mainly to the marketing skills and technical talent of KCE America, Inc. and KCE America Partner Company Limited's work force, and the synergies expected to be achieved from integrating them into the Group's business. None of the goodwill recognised is expected to be deductible for income tax purposes.

The trade receivables comprise gross contractual amounts of Baht 391.8 million, of which Baht 1.9 million was expected to be uncollectible at the acquisition date.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**5 Related parties**

Relationships with subsidiaries and associates are described in notes 9 and 10. 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.

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>Associate</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

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

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>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sales of goods	-	-	1,702,350	2,003,869
Rendering of service	-	-	95,111	111,055
Rental income	-	-	4,802	5,368
Other income	-	-	13,873	13,048
Purchases of goods	-	-	2,296,875	2,590,658
Purchases of property, plant and equipment	-	-	31,552	49
Sales of property, plant and equipment	-	-	7,216	15,303
Dividend income	-	-	619,549	1,301,073
Commission expense	-	-	113,241	123,568
Other expenses	-	-	5,301	20,859
<b>Associates</b>				
Sales of goods	2,231	-	-	-
Purchases of raw materials	101,237	149,122	69,900	105,012
Purchases of property, plant and equipment	2,419	1,660	239	-
Dividend income	20,018	16,889	20,018	16,889
Other expenses	1,420	1,747	595	966
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	132,410	127,910	51,523	49,405
Retirement benefits obligations	2,989	1,019	1,328	169
Total key management personnel compensation	<u>135,399</u>	<u>128,929</u>	<u>52,851</u>	<u>49,574</u>

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

<i>Trade receivables</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	632,411	962,148
<b>Total</b>	-	-	<b>632,411</b>	<b>962,148</b>
Less allowance for doubtful accounts	-	-	-	-
<b>Net</b>	<u>-</u>	<u>-</u>	<u><b>632,411</b></u>	<u><b>962,148</b></u>
Bad and doubtful debts expense for the year	-	-	-	-

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

<i>Other current receivables</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	11,418	24,170
Associate	-	1,723	-	943
<b>Total</b>	<b>-</b>	<b>1,723</b>	<b>11,418</b>	<b>25,113</b>

<i>Trade payables</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	822,762	1,027,065
Associate	20,057	23,150	15,145	16,304
<b>Total</b>	<b>20,057</b>	<b>23,150</b>	<b>837,907</b>	<b>1,043,369</b>

<i>Other payables for purchase of machineries and equipment</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	11,779	-
Associate	-	726	-	195
<b>Total</b>	<b>-</b>	<b>726</b>	<b>11,779</b>	<b>195</b>

<i>Other current payables</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	32	84
<b>Total</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>84</b>

**6 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash on hand	403	411	50	50
Cash at banks - current accounts	154,820	357,310	14,777	72,802
Cash at banks - savings accounts	801,827	1,024,808	56,132	116,226
Others	345	343	-	-
<b>Total</b>	<b>957,395</b>	<b>1,382,872</b>	<b>70,959</b>	<b>189,078</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**7 Trade and other current receivables**

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
<b>Trade receivables</b>					
Related parties	5	-	-	632,411	962,148
Other parties		2,948,956	3,247,040	1,544,223	1,686,173
<b>Total</b>		<b>2,948,956</b>	<b>3,247,040</b>	<b>2,176,634</b>	<b>2,648,321</b>
Less allowance for doubtful accounts		(2,437)	(2,578)	-	-
<b>Net</b>		<b>2,946,519</b>	<b>3,244,462</b>	<b>2,176,634</b>	<b>2,648,321</b>
<b>Other current receivables</b>					
Related parties	5	-	1,723	11,418	25,113
Other parties		26,094	26,491	6,676	6,983
<b>Total</b>		<b>26,094</b>	<b>28,214</b>	<b>18,094</b>	<b>32,096</b>
<b>Total trade and other current receivables</b>		<b>2,972,613</b>	<b>3,272,676</b>	<b>2,194,728</b>	<b>2,680,417</b>
<i>For the years ended 31 December</i>					
Difference from changes in foreign currency exchange rate		(141)	-	-	-
Bad and doubtful debts expense		-	614	-	-

Aging analysis for trade receivables were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
<b>Related parties</b>				
Within credit terms	-	-	350,039	534,649
Overdue:				
Less than 3 months	-	-	270,558	301,787
3 - 6 months	-	-	11,477	123,901
6 - 12 months	-	-	337	1,811
Over 12 months	-	-	-	-
	-	-	<b>632,411</b>	<b>962,148</b>
Less allowance for doubtful accounts	-	-	-	-
	-	-	<b>632,411</b>	<b>962,148</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Other parties</b>				
Within credit terms	2,142,985	2,176,414	1,248,716	1,238,080
Overdue:				
Less than 3 months	791,637	907,232	295,507	429,886
3 - 6 months	13,711	131,760	-	16,308
6 - 12 months	17	27,417	-	1,899
Over 12 months	606	4,217	-	-
	<b>2,948,956</b>	<b>3,247,040</b>	<b>1,544,223</b>	<b>1,686,173</b>
<i>Less</i> allowance for doubtful accounts	<i>(2,437)</i>	<i>(2,578)</i>	<i>-</i>	<i>-</i>
	<b>2,946,519</b>	<b>3,244,462</b>	<b>1,544,223</b>	<b>1,686,173</b>
<b>Net</b>	<b>2,946,519</b>	<b>3,244,462</b>	<b>2,176,634</b>	<b>2,648,321</b>

The normal credit terms granted by the Group range from 30 days to 160 days.

## 8 Inventories

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Finished goods	1,190,329	1,496,994	638,460	702,920
Work in progress	271,887	248,992	163,262	133,101
Raw materials	492,096	633,506	135,094	158,133
Factory supplies	440,800	479,967	247,583	278,881
Spare parts	132,007	151,431	29,743	42,292
Goods in transit	175,635	243,624	17,861	47,053
	2,702,754	3,254,514	1,232,003	1,362,380
<i>Less</i> allowance for decline in value	<i>(80,772)</i>	<i>(62,705)</i>	<i>(13,559)</i>	<i>(5,213)</i>
<b>Net</b>	<b>2,621,982</b>	<b>3,191,809</b>	<b>1,218,444</b>	<b>1,357,167</b>
Inventories recognised as an expense in ‘cost of sales of goods’:				
- Cost	9,606,618	10,337,142	5,782,452	6,254,485
- Write-off	18,917	22,027	11,169	12,308
- Write-down to net realisable value (reversal)	18,067	(7,805)	8,346	366
<b>Net</b>	<b>9,643,602</b>	<b>10,351,364</b>	<b>5,801,967</b>	<b>6,267,159</b>

Inventories as at 31 December 2019 included finished goods (made to order) of Baht 643 million (2018: Baht 610 million) in the consolidated financial statements and Baht 371 million (2018: Baht 339 million) in the separate financial statements, which had been delivered to the customers’ warehouses but the control over 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 2019**

**9 Investments in associate**

		<b>Consolidated financial statements Equity Method</b>		<b>Separate financial statements Cost Method</b>	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<b>Associate</b>					
At 1 January		41,081	110,494	1,540	1,862
Share of profit from investments in associate using equity method		19,170	22,214	-	-
Change of status to subsidiary	4	-	(72,161)	-	(322)
Dividend income	5	(20,018)	(16,889)	-	-
Foreign currency translation differences for foreign operations		(2,717)	(2,577)	-	-
<b>At 31 December</b>		<b><u>37,516</u></b>	<b><u>41,081</u></b>	<b><u>1,540</u></b>	<b><u>1,540</u></b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Investments in associate as at 31 December 2019 and 2018 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	
			2019	2018	2019	2018	2019	2018	2019	2018
			(%)		<i>(in thousand Baht)</i>					
<b>Associate</b>										
KCE Taiwan Co., Ltd.	(1)	Taiwan	49.00	49.00	NTD 3,000,000	NTD 3,000,000	1,540	1,540	37,516	41,081
<b>Total</b>							<u>1,540</u>	<u>1,540</u>	<u>37,516</u>	<u>41,081</u>

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

Associate was incorporated and operate in Taiwan.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	<b>Separate financial statements</b>											
	Ownership interest		Paid-up capital		Cost		Impairment		Cost - net		Dividend income	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(%)		(in thousand Baht)									
<b>Associate</b>												
KCE Taiwan Co., Ltd.	49.0	49.0	NTD 3,000,000	NTD 3,000,000	1,540	1,540	-	-	1,540	1,540	20,018	16,889
<b>Total</b>					<b>1,540</b>	<b>1,540</b>	<b>-</b>	<b>-</b>	<b>1,540</b>	<b>1,540</b>	<b>20,018</b>	<b>16,889</b>

The following table summarises the financial information of the associate in their own financial statements, not adjusted for the Group's interest in this company.

	Reporting date	Ownership interest		Total assets		Total liabilities		Total revenues		Profit (loss)	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			(%)	(in thousand Baht)							
KCE Taiwan Co., Ltd.	31 December	49.00	49.00	111,270	133,970	35,574	51,073	160,543	212,292	39,091	45,370
<b>Total</b>				<b>111,270</b>	<b>133,970</b>	<b>35,574</b>	<b>51,073</b>	<b>160,543</b>	<b>212,292</b>	<b>39,091</b>	<b>45,370</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**10 Investments in subsidiaries**

	<i>Note</i>	<b>Separate financial statements</b>	
		2019	2018
		<i>(in thousand Baht)</i>	
At 1 January		2,842,720	2,651,366
Additional investment	4	-	191,075
Disposal investment		-	(43)
Change of status from associate to subsidiary	9	-	322
<b>At 31 December</b>		<b><u>2,842,720</u></b>	<b><u>2,842,720</u></b>

On 3 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 or equivalent to Baht 160.7 million which represented 45% of total issued and paid-up ordinary shares, resulted in increasing the Company's ownership from 25% to 70% (increasing its Group's ownership from 50% to 95%) (see Note 4).

On 10 July 2018, the Board of Directors of the Company approved the disposal of ordinary shares of KCE Singapore Pte., Ltd. of 2,500 shares with a par value of US 1 dollar at price of US 12.55 dollar per share to K.C.E. International Co., Ltd, a subsidiary, totalling US 0.03 million dollar or equivalent to Baht 1.04 million which represented 0.50% of total issued and paid-up ordinary shares, resulted in decreasing the Company's ownership from 75.50% to 75.00%.

On 14 December 2018, the Company has invested additionally in share capital in Chemtronic Products Co., Ltd. with the same shareholding percentage (94.96%) of 303,880 ordinary shares, with a par value of Baht 100 per share, totaling Baht 30.4 million.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Investments in subsidiaries as at 31 December 2019 and 2018, 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	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		(%)											
<b>Separate financial statements</b>													
(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	23,536	1,623,536	1,623,536	328,000	872,000
K.C.E. International Co., Ltd.	(1)	99.99	99.99	100,000	100,000	185,395	185,395	13,193	13,193	198,588	198,588	58,997	102,494
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	68,220	98,692
Chemtronic Product Co., Ltd.	(2)	94.96	94.96	80,000	80,000	75,968	75,968	-	-	75,968	75,968	-	-
Thai Laminate Manufacturer Co., Ltd.	(3)	74.80	74.80	250,000	250,000	368,460	368,460	13,971	13,971	382,431	382,431	51,425	121,550
KCE (Thailand) Co., Ltd.	(4)	60.00	60.00	3,600	3,600	2,160	2,160	1,066	1,066	3,226	3,226	27,000	18,360
KCE Singapore Pte., Ltd.	(5)	75.00	75.00	SGD 500,000	SGD 500,000	168,267	168,267	-	-	168,267	168,267	36,064	29,913
KCE America, Inc.	(5)	70.00	70.00	USD 50,000	USD 50,000	161,009	161,009	-	-	161,009	161,009	49,843	58,065
<b>Total</b>						<b>2,789,069</b>	<b>2,789,069</b>	<b>53,651</b>	<b>53,651</b>	<b>2,842,720</b>	<b>2,842,720</b>	<b>619,549</b>	<b>1,301,074</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	-	-	-	-	-	-	-	-
KCE America Partner Co., Ltd.	(6)	70.00	70.00	USD 302,257	USD 302,257	-	-	-	-	-	-	-	-

(1) The manufacture and distribution of electric printed circuit board products

(3) The manufacture and distribution of prepreg and laminate products

(5) The foreign sale representative

(2) The manufacture and distribution of chemicals products

(4) The domestic sale representative

(6) Rental building

All subsidiaries were incorporated in Thailand except KCE Singapore Pte., Ltd. which was incorporated in Singapore, KCE America, Inc. and KCE America Partner Co., Ltd., which both were incorporated in America.



**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**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 2019**

**12 Property, plant and equipment**

**Consolidated financial statements**

	Land and land improvement	Buildings and plant	Machinery and plant equipment	Plant improvement	Furniture, Fixtures and equipment <i>(in thousand Baht)</i>	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 2018	438,781	2,665,737	11,422,764	669,337	476,237	128,364	109,241	117,697	591,800	35,562	16,655,520
Additions	39,671	167,501	202,503	40,233	9,557	3,457	19,473	33,349	370,125	(31,591)	854,278
Transfers	-	44,220	452,995	68,856	1,831	174	-	(116,760)	(480,309)	(1,470)	(30,463)
Disposals/write-off	-	(115)	(244,274)	(805)	(20,155)	-	(16,856)	-	-	-	(282,205)
<b>At 31 December 2018 and 1 January 2019</b>	<b>478,452</b>	<b>2,877,343</b>	<b>11,833,988</b>	<b>777,621</b>	<b>467,470</b>	<b>131,995</b>	<b>111,858</b>	<b>34,286</b>	<b>481,616</b>	<b>2,501</b>	<b>17,197,130</b>
Additions	6,480	10,328	101,394	2,542	5,109	5,387	16,042	38,548	328,007	4,868	518,705
Transfers	27,976	26,879	631,001	25,255	954	(27,953)	70	(42,858)	(617,082)	(2,502)	21,740
Disposals/write-off	-	(14,196)	(114,399)	(120)	(6,627)	(39)	(18,135)	(28)	-	-	(153,544)
<b>At 31 December 2019</b>	<b>512,908</b>	<b>2,900,354</b>	<b>12,451,984</b>	<b>805,298</b>	<b>466,906</b>	<b>109,390</b>	<b>109,835</b>	<b>29,948</b>	<b>192,541</b>	<b>4,867</b>	<b>17,584,031</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

<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 2018	-	700,906	5,598,832	288,563	453,657	40,009	63,601	-	-	-	7,145,568
Depreciation charge for the year	-	124,984	744,037	42,550	15,863	9,729	15,521	-	-	-	952,684
Transfers	-	-	(25)	-	25	-	-	-	-	-	-
Disposals/write-off	-	(115)	(232,819)	(770)	(20,109)	-	(11,243)	-	-	-	(265,056)
<b>At 31 December 2018</b>											
<b>and 1 January 2019</b>	-	<b>825,775</b>	<b>6,110,025</b>	<b>330,343</b>	<b>449,436</b>	<b>49,738</b>	<b>67,879</b>	-	-	-	<b>7,833,196</b>
Depreciation charge for the year	-	128,050	760,168	47,084	16,204	9,378	14,435	-	-	-	975,319
Transfers	-	5,528	(5,502)	-	(26)	-	-	-	-	-	-
Disposals/write-off	-	(7,027)	(113,172)	(120)	(6,461)	(14)	(16,064)	-	-	-	(142,858)
<b>At 31 December 2019</b>	-	<b>952,326</b>	<b>6,751,519</b>	<b>377,307</b>	<b>459,153</b>	<b>59,102</b>	<b>66,250</b>	-	-	-	<b>8,665,657</b>
<b><i>Net book value</i></b>											
<b>At 1 January 2018</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>
<b>At 31 December 2018</b>											
<b>and 1 January 2019</b>											
Owned assets	478,452	2,051,568	5,723,963	447,278	18,034	82,257	26,548	34,286	481,616	2,501	9,346,503
Assets under finance leases	-	-	-	-	-	-	17,431	-	-	-	17,431
	<b>478,452</b>	<b>2,051,568</b>	<b>5,723,963</b>	<b>447,278</b>	<b>18,034</b>	<b>82,257</b>	<b>43,979</b>	<b>34,286</b>	<b>481,616</b>	<b>2,501</b>	<b>9,363,934</b>
<b>At 31 December 2019</b>											
Owned assets	512,908	1,948,028	5,702,297	427,991	7,753	50,288	26,861	28,116	192,541	4,867	8,901,650
Assets under finance leases	-	-	-	-	-	-	16,724	-	-	-	16,724
	<b>512,908</b>	<b>1,948,028</b>	<b>5,702,297</b>	<b>427,991</b>	<b>7,753</b>	<b>50,288</b>	<b>43,585</b>	<b>28,116</b>	<b>192,541</b>	<b>4,867</b>	<b>8,918,374</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	Separate financial statements										
	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>Cost</b>											
At 1 January 2018	164,388	1,320,251	5,300,379	500,953	93,760	125,354	32,023	96,829	584,191	35,563	8,253,691
Additions	-	4,436	184,805	39,451	4,145	1,361	10,659	31,242	251,554	(35,563)	492,090
Transfers	-	9,308	313,783	64,443	45	-	-	(94,190)	(304,831)	-	(11,442)
Disposals/write-off	-	-	(190,088)	(775)	(15,745)	-	-	-	-	-	(206,608)
<b>At 31 December 2018 and 1 January 2019</b>	<b>164,388</b>	<b>1,333,995</b>	<b>5,608,879</b>	<b>604,072</b>	<b>82,205</b>	<b>126,715</b>	<b>42,682</b>	<b>33,881</b>	<b>530,914</b>	<b>-</b>	<b>8,527,731</b>
Additions	19,952	14,650	99,005	1,639	1,295	5,387	5,125	25,188	202,045	2,275	376,561
Transfers	-	20,099	531,203	23,534	(18)	-	-	(42,264)	(518,451)	-	14,103
Disposals/write-off	-	-	(106,138)	-	(5,150)	(39)	(5,750)	(1,860)	-	-	(118,937)
<b>At 31 December 2019</b>	<b>184,340</b>	<b>1,368,744</b>	<b>6,132,949</b>	<b>629,245</b>	<b>78,332</b>	<b>132,063</b>	<b>42,057</b>	<b>14,945</b>	<b>214,508</b>	<b>2,275</b>	<b>8,799,458</b>
<b>Depreciation and impairment losses</b>											
At 1 January 2018	-	218,298	2,156,436	217,208	71,059	33,021	22,766	-	-	-	2,718,788
Depreciation charge for the year	-	52,020	364,573	30,508	7,598	8,736	5,397	-	-	-	468,832
Transfers	-	-	(23)	-	23	-	-	-	-	-	-
Disposals/write-off	-	-	(156,504)	(740)	(15,717)	-	-	-	-	-	(172,961)
<b>At 31 December 2018 and 1 January 2019</b>	<b>-</b>	<b>270,318</b>	<b>2,364,482</b>	<b>246,976</b>	<b>62,963</b>	<b>41,757</b>	<b>28,163</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,014,659</b>
Depreciation charge for the year	-	53,554	390,247	34,778	8,052	8,920	4,642	-	-	-	500,193
Transfers	-	5,528	(5,502)	-	(26)	-	-	-	-	-	-
Disposals/write-off	-	-	(99,742)	-	(4,998)	(14)	(4,446)	-	-	-	(109,200)
<b>At 31 December 2019</b>	<b>-</b>	<b>329,400</b>	<b>2,649,485</b>	<b>281,754</b>	<b>65,991</b>	<b>50,663</b>	<b>28,359</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,405,652</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	<b>Separate financial statements</b>										
	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 2018</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><u>164,388</u></b>	<b><u>1,101,953</u></b>	<b><u>3,143,943</u></b>	<b><u>283,745</u></b>	<b><u>22,701</u></b>	<b><u>92,333</u></b>	<b><u>9,257</u></b>	<b><u>96,829</u></b>	<b><u>584,191</u></b>	<b><u>35,563</u></b>	<b><u>5,534,903</u></b>
<b>At 31 December 2018 and 1 January 2019</b>											
Owned assets	164,388	1,063,677	3,244,397	357,096	19,242	84,958	768	33,881	530,914	-	5,499,321
Assets under finance leases	-	-	-	-	-	-	13,751	-	-	-	13,751
	<b><u>164,388</u></b>	<b><u>1,063,677</u></b>	<b><u>3,244,397</u></b>	<b><u>357,096</u></b>	<b><u>19,242</u></b>	<b><u>84,958</u></b>	<b><u>14,519</u></b>	<b><u>33,881</u></b>	<b><u>530,914</u></b>	<b><u>-</u></b>	<b><u>5,513,072</u></b>
<b>At 31 December 2019</b>											
Owned assets	184,340	1,039,344	3,483,464	347,491	12,341	81,400	347	14,945	214,508	2,275	5,380,455
Assets under finance leases	-	-	-	-	-	-	13,351	-	-	-	13,351
	<b><u>184,340</u></b>	<b><u>1,039,344</u></b>	<b><u>3,483,464</u></b>	<b><u>347,491</u></b>	<b><u>12,341</u></b>	<b><u>81,400</u></b>	<b><u>13,698</u></b>	<b><u>14,945</u></b>	<b><u>214,508</u></b>	<b><u>2,275</u></b>	<b><u>5,393,806</u></b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

The gross amount of the Group's and the Company's fully depreciated plant and equipment that was still in use as at 31 December 2019 amounted to Baht 3,114 million (2018: Baht 2,941 million) for the consolidated financial statements and Baht 1,107 million (2018: Baht 1,116 million) for the separate financial statements.

12.1 The Company and its two subsidiaries, K.C.E. International Co., Ltd. and Thai Laminate Manufacturer Co., Ltd., entered into negative pledge memorandums which are part of bank overdrafts and loans agreements. Under these memorandums, the Company and its subsidiaries are not allowed to dispose of, transfer, mortgage or provide any lien on their assets, as stipulated in such memorandums.

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

12.2.1 KCE Technology Co., Ltd. has mortgaged its land and construction thereon and pledged its machinery as at 31 December 2018 with a total net book value of Baht 1,129 million, as collateral for loans facilities from banks, as described in Note 15. During May 2019, the Subsidiary has redeemed mortgaged its land and construction thereon and pledged its machinery.

12.2.2 Chemtronic Technology (Thailand) Co., Ltd. has mortgaged its land with a total net book value as at 31 December 2019 of Baht 69 million (2018: Baht 69 million), as collateral for loans from banks, as described in Note 15.

12.2.3 KCE Singapore Pte., Ltd. has mortgaged its office building with a total net book value as at 31 December 2019 of Baht 148 million (2018: Baht 146 million), as collateral for loans from banks, as described in Note 15.

12.2.4 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 2019 of Baht 108 million (2018: Baht 63 million), as collateral for loans from banks, as described in Note 15.

12.2.5 KCE America Partner Co., Ltd has mortgaged its land and construction with a total net book value as at 31 December 2019 of Baht 155 million (2018: Baht 160 million), as collateral for loans from banks, as described in Note 15.

**13 Goodwill**

	<i>Note</i>	<b>Consolidated financial statements</b>	
		2019	2018
		<i>(in thousand Baht)</i>	
<b><i>Cost</i></b>			
At 1 January		153,517	117,498
Acquired through business combinations	4	-	36,019
<b>At 31 December</b>		<b><u>153,517</u></b>	<b><u>153,517</u></b>
<b><i>Impairment losses</i></b>			
At 1 January		-	-
<b>At 31 December</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b><i>Net book value</i></b>			
At 1 January		<b><u>153,517</u></b>	<b><u>117,498</u></b>
<b>At 31 December</b>		<b><u>153,517</u></b>	<b><u>153,517</u></b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

*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>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Chemtronic Group (*)	79,793	79,793	-	-
KCE Singapore Pte. Ltd.	37,705	37,705	-	-
KCE America, Inc.	36,019	36,019	-	-
<b>Total</b>	<b>153,517</b>	<b>153,517</b>	<b>-</b>	<b>-</b>

(\*) During 2019, the Group has restructured business units within the Chemtronic Group which comprised of Chemtronic Technology (Thailand) Co., Ltd and Chemtronic Product Co., Ltd. resulting in the changes of composition of its CGUs. Therefore, the Group has reallocated goodwill reflected to the restructured units within Chemtronic Group.

*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 in the estimation of the recoverable amount are set out below.

	<b>Consolidated financial statements</b>	
	2019	2018
	(%)	
<b>Chemtronic Group</b>		
Discount rates	8 and 8	11
Terminal value growth rate	0	0
<b>KCE Singapore Pte. Ltd.</b>		
Discount rate	8	9
Terminal value growth rate	0	0
<b>KCE America, Inc.</b>		
Discount rate	10	9
Terminal value growth rate	0	0

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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**14 Intangible assets**

	<b>Consolidated financial statements</b>		
	Software License	Customer Relationship	Total
	<i>(in thousand Baht)</i>		
<b>Cost</b>			
At 1 January 2018	415,508	96,219	511,727
Additions	2,824	-	2,824
Translation differences	17	-	17
<b>At 31 December 2018 and 1 January 2019</b>	<b>418,349</b>	<b>96,219</b>	<b>514,568</b>
Additions	11,409	-	11,409
Translation differences	(57)	-	(57)
<b>At 31 December 2019</b>	<b>429,701</b>	<b>96,219</b>	<b>525,920</b>
<b>Amortisation and impairment losses</b>			
At 1 January 2018	164,466	30,467	194,933
Amortisation for the year	26,480	9,622	36,102
<b>At 31 December 2018 and 1 January 2019</b>	<b>190,946</b>	<b>40,089</b>	<b>231,035</b>
Amortisation for the year	27,671	9,622	37,293
<b>At 31 December 2019</b>	<b>218,617</b>	<b>49,711</b>	<b>268,328</b>
<b>Net book value</b>			
<b>At 1 January 2018</b>	<b>251,042</b>	<b>65,752</b>	<b>316,794</b>
<b>At 31 December 2018 and 1 January 2019</b>	<b>227,403</b>	<b>56,130</b>	<b>283,533</b>
<b>At 31 December 2019</b>	<b>211,084</b>	<b>46,508</b>	<b>257,592</b>
			<b>Separate financial statements</b>
			Software License
			<i>(in thousand Baht)</i>
<b>Cost</b>			
At 1 January 2018			198,579
Additions			1,612
<b>At 31 December 2018 and 1 January 2019</b>			<b>200,191</b>
Additions			4,011
<b>At 31 December 2019</b>			<b>204,202</b>
<b>Amortisation and impairment losses</b>			
At 1 January 2018			80,156
Amortisation for the year			14,471
<b>At 31 December 2018 and 1 January 2019</b>			<b>94,627</b>
Amortisation for the year			15,212
<b>At 31 December 2019</b>			<b>109,839</b>
<b>Net book value</b>			
<b>At 1 January 2018</b>			<b>118,423</b>
<b>At 31 December 2018 and 1 January 2019</b>			<b>105,564</b>
<b>At 31 December 2019</b>			<b>94,363</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**15 Interest-bearing liabilities**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Current</b>				
Short-term borrowings from financial institutions - secured	200,000	650,000	200,000	460,000
Packing credits - secured	866,665	1,239,591	866,665	1,066,760
Trust receipts - secured	-	312,275	-	35,518
<b>Total bank overdrafts and short-term borrowings from financial institutions</b>	<b>1,066,665</b>	<b>2,201,866</b>	<b>1,066,665</b>	<b>1,562,278</b>
Current portion of long-term borrowings - secured	258,983	168,052	250,813	58,665
Current portion of liabilities under hire-purchase and finance lease agreements	3,919	4,222	2,716	2,994
<b>Total current interest-bearing liabilities</b>	<b>1,329,567</b>	<b>2,374,140</b>	<b>1,320,194</b>	<b>1,623,937</b>
<b>Non-current</b>				
Long-term borrowings - secured	724,116	658,974	696,166	578,389
Liabilities under hire-purchase and finance lease agreements	7,027	5,436	5,307	4,957
<b>Total non-current interest-bearing liabilities</b>	<b>731,143</b>	<b>664,410</b>	<b>701,473</b>	<b>583,346</b>
<b>Total</b>	<b>2,060,710</b>	<b>3,038,550</b>	<b>2,021,667</b>	<b>2,207,283</b>
<b>Assets pledged as security for liabilities as at 31 December</b>				
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Property, plant and equipment	479,706	1,564,788	-	-
<b>Total</b>	<b>479,706</b>	<b>1,564,788</b>	<b>-</b>	<b>-</b>

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. During May 2019, the Subsidiary has redeemed mortgaged its land and construction thereon and pledged its 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. As at 31 December 2019, the Subsidiary had no outstanding balance of the borrowings.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

- 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. As at 31 December 2019, the Subsidiary had no outstanding balance of the borrowing.
- 15.6 Long-term borrowings from financial institutions of Chemtronic Products Co., Ltd., a subsidiary, are secured by mortgage of 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.
- 15.7 Long-term borrowings from financial institutions of KCE America Partner Co., Ltd., an indirect subsidiary, are in US Dollar, with a fixed interest rate as specified in agreement. The loans are secured by the mortgage of the subsidiary's land and construction. Under the loan agreement, the subsidiary has to comply with certain conditions.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Details of long-term borrowings from financial institutions as at 31 December 2019 and 2018 are as follows:

No.	Contract date	Outstanding long-term borrowings amount						Significant terms and conditions of loan agreements			
		2019			2018			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.	2 December 2016	25,813	77,416	103,229	27,415	109,639	137,054	7 years	Fixed percentage	3 months	1 month
2.	16 August 2018	125,000	343,750	468,750	31,250	468,750	500,000	5 years	Fixed percentage	3 months	1 month
3.	23 August 2019	100,000	275,000	375,000	-	-	-	4 years	MLR - Fixed percentage	3 months	3 months
<b>Total borrowings of the Company</b>		<b>250,813</b>	<b>696,166</b>	<b>946,979</b>	<b>58,665</b>	<b>578,389</b>	<b>637,054</b>				
<b><u>Subsidiaries</u></b>											
<b><u>KCE Technology Co., Ltd.</u></b>											
1.	29 March 2016	-	-	-	83,600	-	83,600	3 years	THBFIX 3M + fixed percentage	3 months	1 month
		-	-	-	83,600	-	83,600				
<b><u>Thai Laminate Manufacturer Co., Ltd.</u></b>											
1.	2 July 2014	-	-	-	24,461	40,769	65,230	6 years	LIBOR + fixed percentage	3 months	1 month
		-	-	-	24,461	40,769	65,230				

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

No.	Contract date	Outstanding long-term borrowings amount						Significant terms and conditions of loan agreements			
		2019			2018			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 Products Co., Ltd.</u>											
1.	10 August 2017	3,750	9,375	13,125	-	15,000	15,000	5 years 9 months	MLR - fixed percentage	3 months	1 month
2.	5 October 2017	3,125	6,034	9,159	-	9,940	9,940	5 years 9 months	MLR - fixed percentage	3 months	1 month
		<u>6,875</u>	<u>15,409</u>	<u>22,284</u>	<u>-</u>	<u>24,940</u>	<u>24,940</u>				
<u>KCE America Partner Company Limited</u>											
1.	15 December 2016	1,295	12,541	13,836	1,326	14,876	16,202	11 years 6 months	Fixed percentage	1 month	1 month
		<u>1,295</u>	<u>12,541</u>	<u>13,836</u>	<u>1,326</u>	<u>14,876</u>	<u>16,202</u>				
<b>Total borrowings of subsidiaries</b>		<b>8,170</b>	<b>27,950</b>	<b>36,120</b>	<b>109,387</b>	<b>80,585</b>	<b>189,972</b>				
<b>Total borrowing of the Company and subsidiaries</b>		<b>258,983</b>	<b>724,116</b>	<b>983,099</b>	<b>168,052</b>	<b>658,974</b>	<b>827,026</b>				

As at 31 December 2019, the Group and the Company had all types of unutilised credit facilities totaling Baht 18,878 million and US dollar 83 million (Baht 2,868 million for separate financial statements).

As at 31 December 2018, the Group and the Company had all types of unutilised credit facilities totaling Baht 18,044 million, and US dollar 80 million (Baht 2,596 million for separate financial statements). This included credit facilities for construction of the new factory.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

<b>Consolidated financial statements</b>						
2019			2018			
<i>Liabilities under hire-purchase and finance lease agreements</i>	Minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Minimum lease payments	Interest	Present value of minimum lease payments
<i>Maturity Period</i>						
Within 1 year	4,257	(338)	3,919	4,514	(292)	4,222
1 – 5 years	7,325	(298)	7,027	5,683	(247)	5,436
<b>Total</b>	<b>11,582</b>	<b>(636)</b>	<b>10,946</b>	<b>10,197</b>	<b>(539)</b>	<b>9,658</b>

  

<b>Separate financial statements</b>						
2019			2018			
<i>Liabilities under hire-purchase and finance lease agreements</i>	Minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Minimum lease payments	Interest	Present value of minimum lease payments
<i>Maturity Period</i>						
Within 1 year	2,957	(241)	2,716	3,228	(234)	2,994
1 – 5 years	5,517	(210)	5,307	5,198	(241)	4,957
<b>Total</b>	<b>8,474</b>	<b>(451)</b>	<b>8,023</b>	<b>8,426</b>	<b>(475)</b>	<b>7,951</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**16 Trade and other current payables**

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Trade payables					
Related parties	5	20,057	23,150	837,907	1,043,369
Other parties		1,595,983	1,850,386	477,505	545,369
Other payables for purchase of machinery and equipment					
Related parties	5	-	726	11,779	195
Other parties		110,489	212,127	78,496	178,479
Other current payables					
Related parties	5	-	-	32	84
Other parties		95,424	104,865	32,897	40,231
Accrued expenses		471,093	604,316	248,350	267,617
<b>Total trade and other current payables</b>		<b>2,293,046</b>	<b>2,795,570</b>	<b>1,686,966</b>	<b>2,075,344</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.

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
At 1 January	182,585	162,376	74,437	67,409
<b>Include in profit or loss:</b>				
Current service cost	18,607	12,242	7,020	4,149
Past service cost	54,719	-	23,372	-
Interest on obligation	7,115	3,832	2,949	1,584
	<b>80,441</b>	<b>16,074</b>	<b>33,341</b>	<b>5,733</b>
<b>Included in other comprehensive income</b>				
Actuarial (gain) loss				
- Demographic assumptions	-	7,911	-	2,992
- Financial assumptions	46,750	(17,493)	17,118	(6,574)
- Experience adjustment	-	20,777	-	9,716
	<b>46,750</b>	<b>11,195</b>	<b>17,118</b>	<b>6,134</b>
Benefit paid	(11,847)	(7,060)	(3,111)	(4,839)
	<b>(11,847)</b>	<b>(7,060)</b>	<b>(3,111)</b>	<b>(4,839)</b>
<b>At 31 December</b>	<b>297,929</b>	<b>182,585</b>	<b>121,785</b>	<b>74,437</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised during the year then ended in the financial statements increased.

<i>Principal actuarial assumptions</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
			(%)	
Discount rate	3.25	3.25	3.25	3.25
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 2019, the weighted-average duration of the defined benefit obligation was 12 years (2018: 12 years).

*Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant.

<i>Effect to the defined benefit obligation</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Increase	Decrease	Increase	Decrease
			<i>(in thousand Baht)</i>	
<b>At 31 December 2019</b>				
Discount rate (1% movement)	(25,231)	29,968	(9,406)	10,973
Future salary growth (1% movement)	31,138	(26,595)	11,345	(9,863)
<b>At 31 December 2018</b>				
Discount rate (1% movement)	(19,130)	22,698	(7,141)	8,326
Future salary growth (1% movement)	23,638	(20,215)	8,621	(7,502)

**18 Share capital**

	Par value per share <i>(in Baht)</i>	2019		2018	
		Number	Amount	Number	Amount
		<i>(thousand shares / in thousand Baht)</i>			
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	-	-	586,397	586,397
- ordinary shares	0.5	1,172,794	586,397	-	-
Split shares					
- from Baht 1 to Baht 0.5	1	-	-	(586,397)	(586,397)
- from Baht 1 to Baht 0.5	0.5	-	-	1,172,794	586,397
Increase of authorised shares capital	0.5	10,000	5,000	-	-
<b>At 31 December</b>					
- ordinary shares	0.5	<b>1,182,794</b>	<b>591,397</b>	<b>1,172,794</b>	<b>586,397</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	Par value per share (in Baht)	2019		2018	
		Number	Amount	Number	Amount
<i>(thousand shares / in thousand Baht)</i>					
<b><i>Issued and paid-up</i></b>					
At 1 January					
- ordinary shares	1	-	-	586,397	586,397
- ordinary shares	0.5	1,172,794	586,397	-	-
Split shares					
- from Baht 1 to Baht 0.5	1	-	-	(586,397)	(586,397)
- from Baht 1 to Baht 0.5	0.5	-	-	1,172,794	586,397
<b>At 31 December</b>					
- ordinary shares	<b>0.5</b>	<b>1,172,794</b>	<b>586,397</b>	<b>1,172,794</b>	<b>586,397</b>

***Change in par value of the registered share capital***

At the Annual General Meeting of the Company's shareholders held on 26 April 2018, the Company's shareholders approved the change in par value of the registered share capital at ratio 1:2 from Baht 1.00 per share to Baht 0.50 per share by increasing the number of shares from 586.4 million shares to 1,172.8 million shares. The company registered the change in par value with Commercial Department on 16 May 2018.

***Issue of ordinary shares***

On 25 April 2019, the Company's shareholders at the Annual General Meeting approved the increase of the Company's authorised share capital in the amount of Baht 5,000,000 from the authorised share capital of Baht 586,396,798 to Baht 591,396,798 by issuing 10,000,000 new ordinary shares at Baht 0.5 par value per share. The Company registered the said increase of authorised share capital with the Ministry of Commerce on 8 May 2019.

**19 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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**20 Segment information and disaggregation of revenue**

The Group has 3 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 2019 or 2018.

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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

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 2019 and 2018 is as follows:

<b>Consolidated financial statements</b>																
For the years ended 31 December 2019 and 2018																
Printed Circuit Board business																
	Prepreg and Laminate business		America		Europe		Asia		Total		Chemical business		Eliminating entries		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<i>(in thousand Baht)</i>																
<b>Information about reportable segments</b>																
Revenues from external customers	174,533	74,841	1,907,967	2,183,665	5,597,114	6,562,233	4,102,693	4,770,037	11,607,774	13,515,935	315,065	391,719	-	-	12,097,372	13,982,495
Inter-segment revenues	2,103,880	2,447,059	1,267,239	2,096,662	-	-	2,807,438	3,123,713	4,074,677	5,220,375	102,163	122,840	(6,280,720)	(7,790,274)	-	-
<b>Total revenues</b>	<b>2,278,413</b>	<b>2,521,900</b>	<b>3,175,206</b>	<b>4,280,327</b>	<b>5,597,114</b>	<b>6,562,233</b>	<b>6,910,131</b>	<b>7,893,750</b>	<b>15,682,451</b>	<b>18,736,310</b>	<b>417,228</b>	<b>514,559</b>	<b>(6,280,720)</b>	<b>(7,790,274)</b>	<b>12,097,372</b>	<b>13,982,495</b>
<b>Disaggregation of revenue</b>																
Revenues from sales	2,278,413	2,521,900	3,175,206	4,280,327	5,597,114	6,562,233	6,783,183	7,731,139	15,555,503	18,573,699	417,228	514,559	(6,153,772)	(7,627,663)	12,097,372	13,982,495
Revenues from rendering of services	-	-	-	-	-	-	126,948	162,611	126,948	162,611	-	-	(126,948)	(162,611)	-	-
<b>Total</b>	<b>2,278,413</b>	<b>2,521,900</b>	<b>3,175,206</b>	<b>4,280,327</b>	<b>5,597,114</b>	<b>6,562,233</b>	<b>6,910,131</b>	<b>7,893,750</b>	<b>15,682,451</b>	<b>18,736,310</b>	<b>417,228</b>	<b>514,559</b>	<b>(6,280,720)</b>	<b>(7,790,274)</b>	<b>12,097,372</b>	<b>13,982,495</b>
<b>Timing of revenue recognition</b>																
At a point in time	2,278,413	2,521,900	3,175,206	4,280,327	5,597,114	6,562,233	6,910,131	7,893,750	15,682,451	18,736,310	417,228	514,559	(6,280,720)	(7,790,274)	12,097,372	13,982,495
<b>Total</b>	<b>2,278,413</b>	<b>2,521,900</b>	<b>3,175,206</b>	<b>4,280,327</b>	<b>5,597,114</b>	<b>6,562,233</b>	<b>6,910,131</b>	<b>7,893,750</b>	<b>15,682,451</b>	<b>18,736,310</b>	<b>417,228</b>	<b>514,559</b>	<b>(6,280,720)</b>	<b>(7,790,274)</b>	<b>12,097,372</b>	<b>13,982,495</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**Consolidated financial statements**

For the years ended 31 December 2019 and 2018

	Prepreg and Laminate business		Printed Circuit Board business								Chemical business		Eliminating entries		Total	
	2019	2018	America		Europe		Asia		Total		2019	2018	2019	2018	2019	2018
			2019	2018	2019	2018	2019	2018	2019	2018						
	<i>(in thousand Baht)</i>															
Segment operating profit	305,856	244,350							2,248,444	3,477,305	167,557	192,950	(268,087)	(283,473)	2,453,770	3,631,132
Unallocated profit and expenses:																
Gain on previously-held equity interest in associate prior to change of status to subsidiary															-	65,701
Other income															191,319	277,740
Distribution costs															(489,590)	(584,325)
Administrative expenses															(1,123,176)	(1,219,994)
Finance costs															(61,111)	(109,781)
Share of profit from investments in associate															19,170	22,214
Income tax expense															(40,750)	(48,766)
Profit for the year															<u>949,632</u>	<u>2,033,921</u>
Segment assets as at 31 December	<u>1,890,130</u>	<u>2,219,532</u>							<u>21,796,322</u>	<u>20,576,980</u>	<u>571,520</u>	<u>545,563</u>	<u>(7,756,969)</u>	<u>(5,221,067)</u>	<u>16,501,003</u>	<u>18,121,008</u>
Segment liabilities as Sat 31 December	<u>535,037</u>	<u>980,400</u>							<u>6,076,886</u>	<u>7,820,321</u>	<u>96,823</u>	<u>100,644</u>	<u>(1,969,686)</u>	<u>(2,787,460)</u>	<u>4,739,060</u>	<u>6,113,905</u>

For the year ended 31 December 2019, the Group had total revenues which were converted to US Dollar amounted to US dollar 393.0 million (2018: US dollar 435.9 million).

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	<b>Separate financial statements</b>							
	Reportable segment							
	Printed Circuit Board business							
	America		Europe		Asia		Total	
2019	2018	2019	2018	2019	2018	2019	2018	
	<i>(in thousand Baht)</i>							
<b>For the years ended 31 December</b>								
<b>Disaggregation of revenue</b>	<b>1,023,504</b>	<b>1,414,977</b>	<b>3,893,607</b>	<b>4,673,829</b>	<b>1,868,217</b>	<b>1,876,453</b>	<b>6,785,328</b>	<b>7,965,259</b>
Revenues from sales	1,023,504	1,414,977	3,893,607	4,673,829	1,773,106	1,765,398	6,690,217	7,854,204
Revenues from rendering of services	-	-	-	-	95,111	111,055	95,111	111,055
<b>Total</b>	<b>1,023,504</b>	<b>1,414,977</b>	<b>3,893,607</b>	<b>4,673,829</b>	<b>1,868,217</b>	<b>1,876,453</b>	<b>6,785,328</b>	<b>7,965,259</b>
<b>Timing of revenue recognition</b>								
At a point in time	1,023,504	1,414,977	3,893,607	4,673,829	1,868,217	1,876,453	6,785,328	7,965,259
<b>Total</b>	<b>1,023,504</b>	<b>1,414,977</b>	<b>3,893,607</b>	<b>4,673,829</b>	<b>1,868,217</b>	<b>1,876,453</b>	<b>6,785,328</b>	<b>7,965,259</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

***Geographical information***

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

***Major customer***

Revenues from 3 customers of the Group's printed circuit board business segment represents approximately Baht 4,704 million (2018: Baht 5,358 million) of the Group's total revenues.

***Contract Balances***

The following table provides information about receivable, contract assets and contract liabilities from contracts with customer.

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		31 December	1 January	31 December	1 January
	<i>Note</i>	2019	2019	2019	2019
		<i>(in thousand Baht)</i>			
Trade accounts receivable - net	5	2,946,519	3,244,462	2,176,634	2,648,321
Contract costs assets		232,045	82,263	198,890	52,673

The amount of amortisation which is included in the consolidated statement of comprehensive income for the year ended 31 December 2019 were Baht 5.8 million (2018: nil) and the separate statement of comprehensive income for the year then ended were Baht 4.0 million (2018: nil). There was no impairment loss recognised from the said assets.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

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.		Chemtronic Technology (Thailand) Co., Ltd.
1. Certificate No.	1219(2)/2557	2432(2)/2555	60-0545-1-05-1-0	5006(2)/2557
2. Promotional privileges for	Manufacturing of Printed Circuit Board	Manufacturing of Printed Circuit Board	Manufacturing of Printed Circuit Board	Recovery of Copper Sulfate
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	8 years	3 years	8 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
3.3 Exemption from import duty on machinery as approved by the board	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	Not granted
4. Date of first earning operating income	1 October 2015	21 August 2012	1 June 2017	1 January 2014

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Details	Chemtronic Product Co., Ltd.		Thai Laminate Manufacturer Co., Ltd		
1. Certificate No.	62-0056-1-00-1-0	62-0312-1-00-1-0	2469(2)/2556	2490(2)/2557	59-1009-1-00-1-0
2. Promotional privileges for	Recovery of Copper Sulfate	Recovery of Copper Sulfate	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	8 Years	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
3.3 Exemption from import duty on machinery as approved by the board	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	Granted	Granted	Granted
4. Date of first earning operating income	12 July 2018	Not yet operated	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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Summary of revenues from promoted and non-promoted businesses:

	<b>Separate financial statements</b>					
	2019			2018		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	5,546,669	727,858	6,274,527	6,667,128	834,360	7,501,488
Local sales	33,579	477,222	510,801	39,940	423,831	463,771
<b>Total Revenues</b>	<b><u>5,580,248</u></b>	<b><u>1,205,080</u></b>	<b><u>6,785,328</u></b>	<b><u>6,707,068</u></b>	<b><u>1,258,191</u></b>	<b><u>7,965,259</u></b>

**21 Gain on exchange rate and hedging activities**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Included in other income				
- Gain on exchange rate and hedging activities - net	99,388	185,979	69,950	99,108

**22 Employee benefit expenses**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Wages and salaries		1,837,789	2,036,637	764,085	843,141
Defined contribution plans		43,147	47,224	12,065	11,638
Defined benefit plans	17	82,400	16,074	33,341	5,733
Others		391,332	541,425	134,613	200,063
<b>Total</b>		<b><u>2,354,668</u></b>	<b><u>2,641,360</u></b>	<b><u>944,104</u></b>	<b><u>1,060,575</u></b>

*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 15% of their basic salaries and by the Group at rates ranging from 4% to 9% 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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**23 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:

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
Raw materials and consumables used		5,778,949	6,268,150	4,039,664	4,459,002
Employee benefit expenses	22	2,354,668	2,641,360	944,104	1,060,575
Utility expenses		876,278	910,041	434,888	432,718
Depreciation of plant and equipment	11, 12	963,198	954,866	502,739	471,378
Repair and maintenance expenses		301,835	387,448	124,661	98,351
Commission expense		124,511	198,821	208,766	287,831
Freight charge		66,030	75,684	25,654	39,426
Others		790,899	719,312	338,519	354,840
<b>Total cost of sales of goods, distribution costs and administrative expenses</b>		<b>11,256,368</b>	<b>12,155,682</b>	<b>6,618,995</b>	<b>7,204,121</b>

**24 Income tax**

*Income tax recognised in profit or loss*

<i>For the years ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
<i>Current tax expense</i>				
Current year	60,836	55,617	17,242	1,580
	<b>60,836</b>	<b>55,617</b>	<b>17,242</b>	<b>1,580</b>
<i>Deferred tax expense</i>				
Movements in temporary differences	(20,087)	(6,850)	(9,284)	(763)
	<b>(20,087)</b>	<b>(6,850)</b>	<b>(9,284)</b>	<b>(763)</b>
<b>Total</b>	<b>40,749</b>	<b>48,767</b>	<b>7,958</b>	<b>817</b>

*Income tax recognised in other comprehensive income*

	Consolidated financial statements					
	2019			2018		
	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)	(46,750)	9,350	(37,400)	(11,195)	2,239	(8,956)
<b>Total</b>	<b>(46,750)</b>	<b>9,350</b>	<b>(37,400)</b>	<b>(11,195)</b>	<b>2,239</b>	<b>(8,956)</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	<b>Separate financial statements</b>					
	Before tax	2019 Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before tax	2018 Tax (expense) benefit	Net of tax
Defined benefit plan						
actuarial gains (losses)	(17,118)	3,424	(13,694)	(6,134)	1,227	(4,907)
<b>Total</b>	<b><u>(17,118)</u></b>	<b><u>3,424</u></b>	<b><u>(13,694)</u></b>	<b><u>(6,134)</u></b>	<b><u>1,227</u></b>	<b><u>(4,907)</u></b>

**Reconciliation of effective tax rate**

<i>For the years ended 31 December</i>	<b>Consolidated financial statements</b>			
	Rate (%)	2019 <i>(in thousand Baht)</i>	Rate (%)	2018 <i>(in thousand Baht)</i>
Profit before income tax expense		990,381		2,082,687
Income tax using the Thai corporation tax rate	20	198,076	20	416,537
Income not subject to tax	(15)	(148,981)	(19)	(399,548)
Expenses not deductible for tax purposes and additional reduction transactions	-	(183)	1	24,414
Others	(1)	(8,163)	-	7,364
<b>Total</b>	<b><u>4</u></b>	<b><u>40,749</u></b>	<b><u>2</u></b>	<b><u>48,767</u></b>

<i>For the years ended 31 December</i>	<b>Separate financial statements</b>			
	Rate (%)	2019 <i>(in thousand Baht)</i>	Rate (%)	2018 <i>(in thousand Baht)</i>
Profit before income tax expense		902,084		2,182,460
Income tax using the Thai corporation tax rate	20	180,417	20	436,492
Income not subject to tax	(19)	(170,478)	(20)	(440,792)
Expenses not deductible for tax purposes and additional reduction transactions	-	(34)	-	2,541
Others	-	(1,947)	-	2,576
<b>Total</b>	<b><u>1</u></b>	<b><u>7,958</u></b>	<b><u>-</u></b>	<b><u>817</u></b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**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>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Total	95,923	73,564	(79,596)	(86,674)
Set off of tax	(20,912)	(15,962)	20,912	15,962
<b>Net deferred tax assets (liabilities)</b>	<b><u>75,011</u></b>	<b><u>57,602</u></b>	<b><u>(58,684)</u></b>	<b><u>(70,712)</u></b>

  

	<b>Separate financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Total	25,272	15,962	(21,008)	(24,406)
Set off of tax	(21,008)	(15,962)	21,008	15,962
<b>Net deferred tax assets (liabilities)</b>	<b><u>4,264</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(8,444)</u></b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

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

	<b>Consolidated financial statements</b> (Charged) / Credited to:				<b>Consolidated financial statements</b> (Charged) / Credited to:				
	<b>At 1 January 2018</b>	<b>Profit or loss</b>	<b>Other comprehensive income</b>	<b>Acquired in business combination (Note 4)</b>	<b>At 31 December 2018</b>	<b>At 1 January 2019</b>	<b>Profit or loss</b>	<b>Other comprehensive income</b>	<b>At 31 December 2019</b>
	<i>(in thousand Baht)</i>				<i>(in thousand Baht)</i>				
<b>Deferred tax assets</b>									
Allowance for decline in value of inventories	11,062	(44)	-	-	11,018	11,018	(472)	-	10,546
Allowance for impairment of assets	23,374	-	-	-	23,374	23,374	1,029	-	24,403
Employee benefit obligations	32,475	4,458	2,239	-	39,172	39,172	12,452	9,350	60,974
Loss carry forward	6,730	(6,730)	-	-	-	-	-	-	-
Others	1	(1)	-	-	-	-	-	-	-
<b>Total</b>	<b>73,642</b>	<b>(2,317)</b>	<b>2,239</b>	<b>-</b>	<b>73,564</b>	<b>73,564</b>	<b>13,009</b>	<b>9,350</b>	<b>95,923</b>
<b>Deferred tax liabilities</b>									
Finance lease agreements	(31,835)	7,347	-	-	(24,488)	(24,488)	3,479	-	(21,009)
Property, plant and equipment	-	-	-	(26,962)	(26,962)	(26,962)	4,365	-	(22,597)
Intangible assets	(37,044)	1,820	-	-	(35,224)	(35,224)	(766)	-	(35,990)
<b>Total</b>	<b>(68,879)</b>	<b>9,167</b>	<b>-</b>	<b>(26,962)</b>	<b>(86,674)</b>	<b>(86,674)</b>	<b>7,078</b>	<b>-</b>	<b>(79,596)</b>
<b>Net</b>	<b>4,763</b>	<b>6,850</b>	<b>2,239</b>	<b>(26,962)</b>	<b>(13,110)</b>	<b>(13,110)</b>	<b>20,087</b>	<b>9,350</b>	<b>16,327</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	Separate financial Statements (Charged) / Credited to:			Separate financial Statements (Charged) / Credited to:			At 31 December 2019
	At 1 January 2018	Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	At 1 January 2019	Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>							
Allowance for decline in value of inventories	1,188	(114)	-	1,074	1,074	(160)	914
Employee benefit obligations	13,482	179	1,227	14,888	14,888	6,046	24,358
Loss carry forward	6,729	(6,729)	-	-	-	-	-
Others	1	(1)	-	-	-	-	-
<b>Total</b>	<b>21,400</b>	<b>(6,665)</b>	<b>1,227</b>	<b>15,962</b>	<b>15,962</b>	<b>5,886</b>	<b>25,272</b>
<i>Deferred tax liabilities</i>							
Finance lease agreements	(31,834)	7,428	-	(24,406)	(24,406)	3,398	(21,008)
<b>Total</b>	<b>(31,834)</b>	<b>7,428</b>	<b>-</b>	<b>(24,406)</b>	<b>(24,406)</b>	<b>3,398</b>	<b>(21,008)</b>
<b>Net</b>	<b>(10,434)</b>	<b>763</b>	<b>1,227</b>	<b>(8,444)</b>	<b>(8,444)</b>	<b>9,284</b>	<b>4,264</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**25 Earnings per share**

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht/ thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (basic) for the year ended 31 December</b>	<b><u>934,492</u></b>	<b><u>2,014,872</u></b>	<b><u>894,126</u></b>	<b><u>2,181,643</u></b>
Number of ordinary shares outstanding at 1 January	1,172,794	586,397	1,172,794	586,397
Effect from reduction in par value from Baht 1 to Baht 0.5	-	586,397	-	586,397
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b><u>1,172,794</u></b>	<b><u>1,172,794</u></b>	<b><u>1,172,794</u></b>	<b><u>1,172,794</u></b>
<b>Earnings per share (basic) (in Baht)</b>	<b><u>0.80</u></b>	<b><u>1.72</u></b>	<b><u>0.76</u></b>	<b><u>1.86</u></b>

**26 Dividends**

The shareholders and/or the Board of Directors of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>Paid in 2019</i>				
Annual dividend	25 April 2019	9 May 2019	0.55	645
Interim dividend	13 August 2019	9 September 2019	0.40	469
<i>Paid in 2018</i>				
Annual dividend	26 April 2018	9 May 2018	1.10	645
Interim dividend	7 August 2018	6 September 2018	0.55	645

**27 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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**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.

The effective interest rates of financial assets and liabilities as at 31 December and the maturity period were as follows:

	Effective interest rate (% per annum)	Consolidated financial statements			
		Maturity Period			
As at 31 December		Within 1 year	After 1 year but within 5 years	After 5 years	Total
		<i>(in thousand Baht)</i>			
<b>2019</b>					
<b>Financial assets</b>					
Cash and cash equivalents	0.01-0.50	957,395	-	-	957,395
<b>Total</b>		<b>957,395</b>	<b>-</b>	<b>-</b>	<b>957,395</b>
<b>Financial liabilities</b>					
Bank overdrafts and short-term borrowings from financial institutions	0.02-2.28	1,066,665	-	-	1,066,665
Liabilities under hire-purchase and finance lease agreements	1.88-7.92	3,919	7,027	-	10,946
Long-term borrowings	1.40-4.75	258,983	724,116	-	983,099
<b>Total</b>		<b>1,329,567</b>	<b>731,143</b>	<b>-</b>	<b>2,060,710</b>
<b>2018</b>					
<b>Financial assets</b>					
Cash and cash equivalents	0.01-0.50	1,382,872	-	-	1,382,872
<b>Total</b>		<b>1,382,872</b>	<b>-</b>	<b>-</b>	<b>1,382,872</b>
<b>Financial liabilities</b>					
Bank overdrafts and short-term borrowings from financial institutions	0.04-3.10	2,201,866	-	-	2,201,866
Liabilities under hire-purchase and finance lease agreements	1.88-7.92	4,221	5,436	-	9,657
Long-term borrowings	1.40-2.26	168,052	658,974	-	827,026
<b>Total</b>		<b>2,374,139</b>	<b>664,410</b>	<b>-</b>	<b>3,038,549</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

As at 31 December	Effective interest rate (% per annum)	Separate financial statements			
		Maturity Period			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
		(in thousand Baht)			
<b>2019</b>					
<b>Financial assets</b>					
Cash and cash equivalents	0.01-0.25	70,959	-	-	70,959
<b>Total</b>		<b>70,959</b>	<b>-</b>	<b>-</b>	<b>70,959</b>
<b>Financial liabilities</b>					
Bank overdrafts and short-term borrowings from financial institutions	0.01-2.28	1,066,665	-	-	1,066,665
Liabilities under hire-purchase and finance lease agreements	3.42-3.80	2,716	5,307	-	8,023
Long-term borrowings	1.4-2.97	250,813	696,166	-	946,979
<b>Total</b>		<b>1,320,194</b>	<b>701,473</b>	<b>-</b>	<b>2,021,667</b>
<b>2018</b>					
<b>Financial assets</b>					
Cash and cash equivalents	0.01-0.25	189,078	-	-	189,078
<b>Total</b>		<b>189,078</b>	<b>-</b>	<b>-</b>	<b>189,078</b>
<b>Financial liabilities</b>					
Bank overdrafts and short-term borrowings from financial institutions	0.04-3.10	1,562,278	-	-	1,562,278
Liabilities under hire-purchase and finance lease agreements	3.42-4.38	2,994	4,957	-	7,951
Long-term borrowings	1.40-2.26	58,665	578,389	-	637,054
<b>Total</b>		<b>1,623,937</b>	<b>583,346</b>	<b>-</b>	<b>2,207,283</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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

<i>Assets and liabilities denominated in foreign currencies as at 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
<b><i>United States Dollar</i></b>				
		(in thousand Baht)		
Cash and cash equivalents	447,208	752,175	31,863	40,968
Trade and other current receivables	2,201,592	2,528,603	1,663,223	2,102,323
Interest-bearing liabilities	(357,793)	(500,023)	(343,957)	(129,057)
Trade and other current payables	(1,497,857)	(1,767,380)	(1,245,210)	(1,546,062)
<b>Gross balance sheet exposure</b>	<b>793,150</b>	<b>1,013,375</b>	<b>105,919</b>	<b>468,172</b>
<b><i>Euro</i></b>				
Cash and cash equivalents	17,835	42,218	8,694	23,729
Trade and other current receivables	447,741	407,998	388,744	394,829
Interest-bearing liabilities	(287,708)	(292,758)	(287,708)	(282,704)
Trade and other current payables	(32,857)	(37,507)	(36,904)	(31,265)
<b>Gross balance sheet exposure</b>	<b>145,011</b>	<b>119,951</b>	<b>72,826</b>	<b>104,589</b>
<b><i>Yen</i></b>				
Cash and cash equivalents	638	8,969	335	8,564
Interest-bearing liabilities	(103,229)	(137,054)	(103,229)	(137,054)
Trade and other current payables	(6,970)	(8,645)	(6,114)	(5,023)
<b>Gross balance sheet exposure</b>	<b>(109,561)</b>	<b>(136,730)</b>	<b>(109,008)</b>	<b>(133,513)</b>
<b><i>Chinese Yuan</i></b>				
Cash and cash equivalents	6,839	8,416	5,706	6,714
Trade and other current receivables	61,446	63,283	61,446	63,283
Trade and other current payables	-	(14,754)	(18,598)	(34,264)
<b>Gross balance sheet exposure</b>	<b>68,285</b>	<b>56,945</b>	<b>48,554</b>	<b>35,733</b>
<b><i>Singapore Dollars</i></b>				
Cash and cash equivalents	-	1,878	-	-
Trade and other current payables	(433)	(1,365)	(107)	(110)
<b>Gross balance sheet exposure</b>	<b>(433)</b>	<b>513</b>	<b>(107)</b>	<b>(110)</b>
<b><i>Pound Sterling</i></b>				
Cash and cash equivalents	568	590	568	590
Trade and other current receivables	-	86	-	86
<b>Gross balance sheet exposure</b>	<b>568</b>	<b>676</b>	<b>568</b>	<b>676</b>
<b><i>Swiss Franc</i></b>				
Trade and other current payables	(101)	(69)	-	(69)
<b>Gross balance sheet exposure</b>	<b>(101)</b>	<b>(69)</b>	<b>-</b>	<b>(69)</b>
<b><i>Taiwan Dollars</i></b>				
Trade and other current payables	(292)	(135)	-	-
<b>Gross balance sheet exposure</b>	<b>(292)</b>	<b>(135)</b>	<b>-</b>	<b>-</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**Forward exchange contracts**

As at 31 December 2019 and 2018, the Group had outstanding forward exchange contracts as follows:

Currency	Amount (Thousand)	Consolidated financial statements		Contract exchange rate (Per unit of foreign currency)
			Maturity date	
<b>2019</b>				
<i>Buying contract</i>				
US dollar	-		-	-
<i>Selling contract</i>				
US dollar	4,950		27 March 2020 – 24 June 2020	Baht 30.0580 – 30.4820
<b>2018</b>				
<i>Buying contract</i>				
US dollar	1,702		21 March 2019 – 26 June 2019	Baht 32.2050 - 32.4600
<i>Selling contract</i>				
US dollar	600		9 April 2019	Baht 32.6200

As at 31 December 2019 and 2018, the Company had no outstanding forward exchange contracts.

***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 2019, the subsidiary had no outstanding balance of borrowing amounted.

***Commodity hedge agreements***

As at 31 December 2019, the Group had outstanding copper swap agreements, of which details are presented below:

Type of good	Quantity (Ton)	Contract price (US dollars per ton)	Commodity's market price	Maturity date
			As at 31 December 2019	
<i>Buying contract</i>				
Copper	30	5,670	6,205	31 January 2020

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

As at 31 December 2018, the Group had outstanding copper swap agreements, of which details are presented below:

Type of good	Quantity (Ton)	Contract price (US dollars per ton)	Commodity's market price As at 31 December 2018	Maturity date
<i>Buying contract</i>				
Copper	60	5,850 – 6,150	5,965	31 January 2019
<i>Selling contract</i>				
Copper	60	6,250	5,964	31 January 2019

***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.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>(in thousand Baht)</i>				
<b>Financial assets (liabilities) not measured at fair value</b>				
<b>31 December 2019</b>				
Foreign currency forward contracts	79	920	-	-
<b>31 December 2018</b>				
Foreign currency forward contracts	(503)	23	-	-
Cross currency and interest rate swap contract	2,659	3,924	-	-
<b>Financial assets (liabilities) measured at fair value</b>				
<b>31 December 2019</b>				
Commodities hedge agreements	836	484	-	-
<b>31 December 2018</b>				
Commodities hedge agreements	1,057	485	-	-

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.

## 28 Commitments

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
<b>Capital commitments</b>				
Contracted but not provided for buildings and other constructions	4,509	2,835	-	-
Unrecognised purchase orders for machinery and equipment	38,411	174,130	29,127	170,079
<b>Total</b>	<b>42,920</b>	<b>176,965</b>	<b>29,127</b>	<b>170,079</b>
<b>Future minimum lease payments under non-cancellable operating lease and services contracts</b>				
Within one year	38,357	20,033	4,015	1,419
After one year but within five years	29,358	3,822	1,458	2,240
<b>Total</b>	<b>67,715</b>	<b>23,855</b>	<b>5,473</b>	<b>3,659</b>

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Other commitments</b>				
Unrecognised purchase orders for raw materials	640,627	937,035	101,881	107,602
Bank guarantees	47,654	50,853	46,301	49,299
<b>Total</b>	<b>688,281</b>	<b>987,888</b>	<b>148,182</b>	<b>156,901</b>

As at 31 December 2019 and 2018, the Group has forward exchange contracts, cross currency and interest rate swap contract and commodity hedge agreements as stated in Note 27.

## **29 Thai Financial Reporting Standards (TFRS) not yet adopted**

New and revised TFRS, which are relevant to the Group's operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

<b>TFRS</b>	<b>Topic</b>
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation

\* TFRS - Financial instruments standards

### **(a) TFRS - Financial instruments standards**

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

### **(b) TFRS 16 Leases**

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Group's future minimum lease payments under non-cancellable operating leases amounted to Baht 6 million and Baht 4 million, respectively, on an undiscounted basis. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**30 Reclassification of accounts**

Certain accounts in the 2018 financial statements have been reclassified to conform to the presentation in the 2019 financial statements. These reclassifications have principally been made following changes in accounting policies consequent to the adoption of revised TFRS as disclosed in note 2. There were no other significant reclassifications of accounts.

	<b>2018</b>					
	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	<i>(in thousand Baht)</i>					
<b><i>Statement of financial position as at 31 December 2018</i></b>						
Other current assets	122,032	(52,674)	69,358	85,295	(52,673)	32,622
Contract costs assets	-	82,263	82,263	-	52,673	52,673
Other non-current assets	88,509	<u>(29,589)</u>	58,920	-	<u>-</u>	<u>-</u>
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.