

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

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 2011 and 2010**

**1. General information**

**1.1 Corporate information of the Company and its subsidiaries**

KCE Electronics Public Company Limited (“the Company”) was incorporated as a limited company under Thai law and was transformed to be a public limited company under the Public Limited Companies Act on 21 December 1992. The Company operates in Thailand and its principal activity is the manufacture and distribution of printed circuit board products, with the registered address at No. 125-125/1, 1 Moo 4 Lat Krabang Industrial Estate, Kwang Lumplataew, Khet Lat Krabang, Bangkok.

The Company has the subsidiaries as follows:

KCE Technology Co., Ltd. was incorporated as a limited company under Thai law, with the registered address at No. 117 - 118 Moo 1, Hi-Tech Industrial Estate, Tambon Ban Lain, Amphur Bang Pa-In, Pranakornsriyuthaya Province. The subsidiary company operates its business in Thailand and its principal activity is the manufacture and distribution of printed circuit board products.

K.C.E. International Co., Ltd. was incorporated as a limited company under Thai law, with the registered address at No. 677 Moo 4 Export Processing Zone, Bangpoo Industrial Estate, Sukhumvit Road, Tambon Phraksa, Amphur Muang, Samutprakarn Province. The subsidiary company operates its business in Thailand and its principal activity is the manufacture and distribution of printed circuit board products.

Thai Laminate Manufacturer Co., Ltd. was incorporated as a limited company under Thai law, with the registered address at No. 115/2 Moo 4 Export Processing Zone, Lat Krabang Industrial Estate, Kwang Lumplataew, Khet Lat Krabang, Bangkok. The subsidiary company operates its business in Thailand and its principal activity is the manufacture and distribution of prepreg and laminate products to the Company and two subsidiary companies (K.C.E. International Co., Ltd. and KCE Technology Co., Ltd).

KCE (Thailand) Co., Ltd. was incorporated as a limited company under Thai law, with the registered address at No. 100/61, 21st floor, Vongvanich Building, Rama 9 Road, Tambon Huaykwang, Khet Huaykwang, Bangkok. The subsidiary company operates its business in Thailand and its principal activity is the domestic sale representative to the Company and its affiliates.

Thai Business Solution Co., Ltd. was incorporated as a limited company under Thai law, with the registered address at No. 100/61, 21st Floor, Vongvanich Building, Rama 9 Road, Tambon Huaykwang, Khet Huaykwang, Bangkok. The subsidiary company operates its business in Thailand and its principal activity is a service provider for computer system implementation and support.

## 1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards No. 34 (revised 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

## 1.3 Basis of consolidation

These consolidated financial statements include the financial statements of KCE Electronics Public Company Limited (hereinafter called "the Company") and its subsidiaries (hereinafter called "the subsidiaries") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2010, with no change in the group structure during the current period.

The group structure as at 30 September 2011 and 31 December 2010 was detailed below.

Company's name	Percentage of shareholding		Subsidiary's assets as a percentage to the consolidated total assets as at		Subsidiary's revenues as a percentage to the consolidated total revenues for the three-month periods ended		Subsidiary's revenues as a percentage to the consolidated total revenues for the nine-month periods ended	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	30 September 2010	30 September 2011	30 September 2010
	KCE Technology Co., Ltd.	100.00	100.00	52	53	45	46	44
K.C.E. International Co., Ltd.	99.99	99.99	8	8	11	9	10	8
Thai Laminate Manufacturer Co., Ltd. (74.80% held by the Company and 25.20% held by K.C.E. International Co., Ltd.)	100.00	100.00	8	9	1	1	1	1
KCE (Thailand) Co., Ltd.	60.00	60.00	1	1	3	3	4	3
Thai Business Solution Co., Ltd.	49.00	49.00	-	-	-	-	-	-

#### 1.4 Application of new accounting standards during the period

During the current period, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements for the current period, except for the following accounting standard.

**TAS 19 Employee Benefits**

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

As described in Note 1.5, the Company and its subsidiaries have changed the accounting policies related to employee benefits in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current period. The changes have the cumulative effect of decreasing the beginning balance of retained earnings of the Company and its subsidiaries by Baht 62.8 million (the Company only: Baht 36.7 million), and decreasing the profit of the Company and its subsidiaries for the three-month and nine-month periods ended 30 September 2011 by Baht 2.0 million and Baht 6.0 million, respectively, or Baht 0.004 per share and Baht 0.013 per share, respectively (Separate financial statements: decreasing profit by Baht 0.9 million and Baht 2.6 million, respectively, or Baht 0.002 per share and Baht 0.006 per share, respectively). The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

## 1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2010, except for the changes in the following accounting policies due to the adoption of revised and new accounting standards.

### ***Employee benefits***

#### *Post-employment benefits (Defined contribution plans)*

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

#### *Post-employment benefits (Defined benefit plans)*

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current period.

## 2. New accounting standards issued during the period not yet effective

During the current period, the Federation of Accounting Professions issued the below listed new accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting Standard Interpretations:

SIC 10 Government Assistance - No Specific Relation to Operating Activities

SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

## 3. Trade accounts receivable

The balance of trade accounts receivable as at 30 September 2011 and 31 December 2010, aged on the basis of due date, was as follows:

Age of receivables	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
<b><u>Trade accounts receivable - related parties</u></b>				
Not yet due	406,316	268,446	209,877	158,143
Past due				
Up to 3 months	63,940	76,672	68,001	79,959
3 - 6 months	4,459	4	4,499	272
6 - 12 months	4	-	-	-
Total trade accounts receivable				
- related parties	474,719	345,122	282,377	238,374
<b><u>Trade accounts receivable - unrelated parties</u></b>				
Not yet due	1,495,282	1,031,236	635,273	421,017
Past due				
Up to 3 months	212,489	151,923	84,215	108,957
3 - 6 months	31,318	613	31,319	-
6 - 12 months	2,182	956	245	-
Over 12 months	10	1,285	-	-
Total trade accounts receivable -				
unrelated parties	1,741,281	1,186,013	751,052	529,974
Total trade accounts receivable	2,216,000	1,531,135	1,033,429	768,348
Less: Allowance for doubtful accounts	(352)	(165)	(322)	(136)
Trade accounts receivable - net	2,215,648	1,530,970	1,033,107	768,212

#### 4. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of businesses and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	For the three-month periods ended 30 September		For the three-month periods ended 30 September		
	2011	2010	2011	2010	
<i>Transactions with subsidiaries (eliminated from the consolidated financial statements)</i>					
Sales of goods	-	-	81.1	64.4	Market prices and prices per job order for each product which are agreed between the parties
Service income	-	-	4.7	4.3	Market prices and prices per job order for each product which are agreed between the parties
Sales of fixed assets	-	-	0.5	0.1	Net book value plus margin and prices agreed between the parties
Dividend income	-	-	-	179.5	As announced in the minute of shareholders' meeting
Other income	-	-	1.9	1.5	Price agreed between the parties
Purchases of goods	-	-	288.1	260.8	Market prices and prices per job order for each product which are agreed between the parties
Purchases of fixed assets	-	-	1.8	6.1	Prices agreed between the parties
<i>Transactions with associated companies</i>					
Sales of goods	345.4	349.8	142.9	148.9	Market prices at which similar quality products are sold under same conditions
Purchases of raw materials	12.9	18.6	6.5	5.0	Market prices at which similar quality products are purchased under same conditions
Commission expenses	18.0	17.3	9.4	9.6	At the agreed rates between the parties which is general rate for the same business
Purchases of fixed assets	0.1	-	-	-	Prices agreed between the parties

## (Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September		
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
<u>Transactions with subsidiaries</u>					
<i>(eliminated from the consolidated financial statements)</i>					
Sales of goods	-	-	231.2	251.9	Market prices and prices per job order for each product which are agreed between the parties
Service income	-	-	12.8	15.8	Market prices and prices per job order for each product which are agreed between the parties
Sales of fixed assets	-	-	0.5	0.8	Net book value plus margin and prices agreed between the parties
Dividend income	-	-	-	187.3	As announced in the minute of shareholders' meeting
Other income	-	-	5.7	4.5	Price agreed between the parties
Purchases of goods	-	-	819.1	725.8	Market prices and prices per job order for each product which are agreed between the parties
Purchases of fixed assets	-	-	4.9	42.8	Prices agreed between the parties
<u>Transactions with associated companies</u>					
Sales of goods	953.9	1,045.0	440.9	454.7	Market prices at which similar quality products are sold under same conditions
Purchases of raw materials	44.5	59.6	14.4	15.7	Market prices at which similar quality products are purchased under same conditions
Commission expenses	42.2	45.3	22.7	22.3	At the agreed rates between the parties which is general rate for the same business
Purchases of fixed assets	0.2	0.3	-	0.3	Prices agreed between the parties



(Unaudited but reviewed)

As at 30 September 2011 and 31 December 2010, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
<b><u>Trade accounts receivable - related parties</u></b>				
<b>Subsidiaries</b>				
KCE Technology Co., Ltd.	-	-	91,712	67,915
K.C.E. International Co., Ltd.	-	-	4,863	5,603
KCE (Thailand) Co., Ltd.	-	-	2,038	4,175
Thai Laminate Manufacturer Co., Ltd.	-	-	695	917
Total trade accounts receivable - subsidiaries	-	-	99,308	78,610
<b>Associated companies</b>				
KCE America, Inc.	377,965	304,108	156,944	131,605
KCE Singapore Pte., Ltd.	96,754	41,014	26,125	28,159
Total trade accounts receivable - associated companies	474,719	345,122	183,069	159,764
<b>Total trade accounts receivable - related parties</b>	<b>474,719</b>	<b>345,122</b>	<b>282,377</b>	<b>238,374</b>
<b><u>Amounts due from and advances to related parties</u></b>				
<b>Subsidiaries</b>				
KCE Technology Co., Ltd.	-	-	18,308	35
K.C.E. International Co., Ltd.	-	-	5,447	-
Thai Laminate Manufactures Co., Ltd.	-	-	259	7
Thai Business Solution Co., Ltd.	-	-	46	-
KCE (Thailand) Co., Ltd.	-	-	17	-
Total amounts due from and advances to subsidiaries	-	-	24,077	42
<b>Associated company</b>				
KCE Singapore Pte., Ltd.	-	75	-	-
Total amounts due from associated company	-	75	-	-
<b>Total amounts due from and advances to related parties</b>	<b>-</b>	<b>75</b>	<b>24,077</b>	<b>42</b>
<b><u>Dividend receivable from related party</u></b>				
<b>Subsidiary</b>				
K.C.E. International Co., Ltd.	-	-	-	66,496
<b>Total dividend receivable from related party</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,496</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
<b><u>Trade accounts payable - related parties</u></b>				
<b>Subsidiaries</b>				
Thai Laminate Manufacturer Co., Ltd.	-	-	334,896	242,866
K.C.E. International Co., Ltd.	-	-	74,034	36,587
KCE Technology Co., Ltd.	-	-	2,387	40,135
Total trade accounts payable - subsidiaries	-	-	411,317	319,588
<b>Associated company</b>				
KCE Singapore Pte., Ltd.	20,006	14,081	14,600	11,084
Total trade accounts payable - associated company	20,006	14,081	14,600	11,084
<b>Total trade accounts payable - related parties</b>	<b>20,006</b>	<b>14,081</b>	<b>425,917</b>	<b>330,672</b>
<b><u>Amounts due to and advances from related parties</u></b>				
<b>Subsidiaries</b>				
K.C.E. International Co., Ltd.	-	-	1,858	-
Thai Business Solution Co., Ltd.	-	-	423	3,875
Thai Laminate Manufacturer Co., Ltd.	-	-	20	-
Total amounts due to and advances from subsidiaries	-	-	2,301	3,875
<b>Associated company</b>				
KCE Singapore Pte., Ltd.	13,313	12,140	1,839	1,524
Total amounts due to and advances from associated company	13,313	12,140	1,839	1,524
<b>Total amounts due to and advances from related parties</b>	<b>13,313</b>	<b>12,140</b>	<b>4,140</b>	<b>5,399</b>

**Directors' and management's remuneration**

During the three-month and nine-month periods ended 30 September 2011, the Company and its subsidiaries had salaries, bonus, meeting allowances and other remuneration of their directors and management recognised as expenses totaling Baht 16.4 million and Baht 56.1 million, respectively (the Company only: Baht 6.9 million and Baht 27.8 million, respectively) and during the three-month and nine-month periods ended 30 September 2010 totaling Baht 14.5 million and Baht 47.6 million, respectively (the Company only: Baht 7.2 million and Baht 24.1 million, respectively).

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 17.4 to the financial statements.

**5. Inventories - Allowance for diminution in value of inventories and inventory obsolescence**

Movements in the allowance for diminution in value of inventories and inventory obsolescence account during the nine-month period ended 30 September 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2011	44,205	17,607
Add: Allowance for diminution in value of inventories and inventory obsolescence made during the period	6,109	5,356
Balance as at 30 September 2011	<u>50,314</u>	<u>22,963</u>

**6. Investments in subsidiaries**

Investments in subsidiaries as shown in the separate financial statements are as follows:

Company's name	(Unit: Thousand Baht)							
	Separate financial statements							
	Paid-up capital		Shareholding percentage		Carrying amounts based on cost method		Dividend income	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010	For the nine-month periods ended 30 September	
			(%)	(%)			2011	2010
KCE Technology Co., Ltd.	1,600,000	1,400,000	100.00	100.00	1,600,000	1,400,000	-	-
K.C.E. International Co., Ltd.	100,000	100,000	99.99	99.99	185,396	185,396	-	-
Thai Laminate Manufacturer Co., Ltd.	250,000	250,000	74.80	74.80	368,460	368,460	-	187,320
KCE (Thailand) Co., Ltd.	3,600	3,600	60.00	60.00	2,160	2,160	-	-
Thai Business Solution Co., Ltd.	3,000	3,000	49.00	49.00	1,470	1,470	-	-
Total					<u>2,157,486</u>	<u>1,957,486</u>	<u>-</u>	<u>187,320</u>

(Unaudited but reviewed)

On 16 June 2011, the Extraordinary General Meeting No. 2/2554 of the shareholders of KCE Technology Co., Ltd. (a subsidiary company) approved the increase of the subsidiary's registered share capital from Baht 1,400 million (140,000,000 ordinary shares of Baht 10 each) to Baht 1,600 million (160,000,000 ordinary shares of Baht 10 each) through an issuance of 20,000,000 new ordinary shares at a par value of Baht 10 each, totaling Baht 200 million, 100 percent called up within 30 September 2011. The subsidiary company registered the share capital increase with the Ministry of Commerce on 29 June 2011.

On 26 August 2011, the subsidiary company fully received from the Company for its share capital increase.

## 7. Investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010
			(%)	(%)				
KCE America, Inc.	Foreign sale representative of the Company and its affiliates	United States of America	50.00	50.00	644	644	53,536	50,660
KCE Singapore Pte., Ltd.	Foreign sale representative of the Company and its affiliates	Singapore	49.00	49.00	4,201	4,201	27,698	26,156
Total					4,845	4,845	81,234	76,816

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Shareholding percentage		Cost	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	(%)	(%)		
KCE America, Inc.	25.00	25.00	322	322
KCE Singapore Pte., Ltd.	24.50	24.50	2,100	2,100
Total			2,422	2,422

During the nine-month periods ended 30 September 2011 and 2010, there was no dividend received from the associated companies.

(Unaudited but reviewed)

For the three-month and nine-month periods ended 30 September 2011 and 2010, share of income from investments in the above two associated companies was calculated from the interim financial statements which had not been reviewed by the auditors of those associated companies because they are located overseas and the Company has no power to direct the financial and operating policies of those companies, including the review of their financial statements.

## 8. Property, plant and equipment

Movements in the property, plant and equipment account during the nine-month period ended 30 September 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2011	5,308,170	1,261,886
Acquisitions during the period - at cost	206,463	63,583
Disposals/write-off during the period - net book value at disposal/write-off date	(18,580)	(2,502)
Depreciation for the period	(418,873)	(121,121)
Reversal of allowance for impairment of fixed assets	<u>8,128</u>	<u>-</u>
Net book value as at 30 September 2011	<u><u>5,085,308</u></u>	<u><u>1,201,846</u></u>

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

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

8.2.1 Thai Laminate Manufacturer Co., Ltd. has mortgaged its construction and pledged its machinery with a total net book value as at 30 September 2011 of Baht 209.84 million as collateral for loans from banks, as described in Note 11.

8.2.2 KCE Technology Co., Ltd. has mortgaged its land and construction thereon and pledged its machinery with a total net book value as at 30 September 2011 of Baht 1,758.04 million as collateral for bank overdrafts and loans from banks, as described in Note 10 and 11.

- 8.3 During the period, the subsidiaries had capitalised interest expenses as part of costs of machinery and equipment under installation with the capitalisation rate as follows:

	Consolidated financial statements			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2011	2010	2011	2010
	Interest expenses capitalised as cost (Thousand Baht)	-	-	99
Capitalisation rate (percent)	-	-	1.64 - 1.96	-

## 9. Intangible assets

Movements in intangible assets, which are computer software, during the nine-month period ended 30 September 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2011	75,359	53,656
Acquisitions during the period - at cost	17,947	10,969
Amortisation for the period	(6,117)	(2,946)
Net book value as at 30 September 2011	<u>87,189</u>	<u>61,679</u>

## 10. Bank overdrafts and short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Bank overdrafts	-	6,545	-	6,545
Short-term loans	370,000	212,875	240,000	100,625
Packing credits	2,547,795	2,584,913	831,617	886,913
Trust receipts	459,391	364,709	81,808	66,758
Total	<u>3,377,186</u>	<u>3,169,042</u>	<u>1,153,425</u>	<u>1,060,841</u>

(Unaudited but reviewed)

- 10.1 Bank overdrafts and partial loans from banks of the Company are guaranteed by K.C.E. International Co., Ltd., a subsidiary company.
- 10.2 Bank overdrafts and loans from banks of K.C.E. International Co., Ltd., a subsidiary company, are guaranteed by the Company.
- 10.3 Bank overdrafts and loans from banks of KCE Technology Co., Ltd., a subsidiary company, are guaranteed by the Company and are secured by the mortgage of most of land and construction thereon and the pledge of most of machinery of the subsidiary.

## 11. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Euro portion (Consolidated: 31 December 2010: Euro 0.18 million)	-	7,405	-	-
USD portion (30 September 2011: Consolidated: USD 49.61 million, Separate: USD 9.04 million)	1,553,291	-	283,039	-
Baht portion	79,934	1,479,890	51,234	133,494
Total	1,633,225	1,487,295	334,273	133,494
Less: Current portion	(512,585)	(397,407)	(99,219)	(47,230)
Long-term loans - net of current portion	<u>1,120,640</u>	<u>1,089,888</u>	<u>235,054</u>	<u>86,264</u>

Movements in the long-term loan account during the nine-month period ended 30 September 2011 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2011	1,487,295	133,494
Add: Additional loans withdrawn during the period	1,557,896	274,806
Unrealised loss on exchange rate	58,274	12,500
Less: Repayments during the period	(1,470,240)	(86,527)
Balance as at 30 September 2011	<u>1,633,225</u>	<u>334,273</u>

11.1 During the period, the Company entered into the loan agreements as follows:

11.1.1 A loan of USD 2.85 million shall be repaid within 66 months from the withdrawal date. The payment of principal is to be made in monthly installments of USD 47,500 each, with the first installment to be made in January 2012. Interest is to be paid monthly at a rate of SIBOR (3 months) plus fixed percent per annum. During the period, the Company drew out USD 0.71 million from this agreement and the withdrawal period will be ended on 30 December 2011.

11.1.2 A loan of USD 1.8 million to convert the existing Baht loan into USD shall be repaid within 51 months from the withdrawal date. The payment of principal is to be made in monthly installments of USD 35,500 each, with the first installment to be made in June 2011. Interest is to be paid monthly at a rate of SIBOR (3 months) plus fixed percent per annum. During the period, the Company drew out USD 1.77 million from this agreement and the withdrawal period was ended during the period.

11.1.3 A loan of USD 7.0 million shall be repaid within 36 months from the withdrawal date. The payment of principal is to be made in monthly installments of USD 120,000 each for the first 6 installments, USD 175,000 each for the 7-18 installments, USD 350,000 each for the 19-28 installments, and the balance for the 29 installment. The first installment is to be made in February 2012. Interest is to be paid monthly at a rate of SIBOR (3 months) plus fixed percent per annum. During the period, the Company drew out USD 6.71 million from this agreement and the withdrawal period was ended during the period.

11.2 During the period, KCE Technology Co., Ltd., a subsidiary company, entered into the loan agreements as follows:

11.2.1 A loan of USD 2.7 million shall be repaid within 72 months from the withdrawal date. The payment of principal is to be made in quarterly installments of USD 128,000 each, with the first installment to be made in May 2012. Interest is to be paid monthly at a rate of SIBOR (3 months) plus fixed percent per annum. During the period, the subsidiary company drew out USD 1.31 million from this agreement and the withdrawal period will be ended on 31 December 2011.

11.2.2 A loan of USD 25.61 million to convert the existing Baht loan into USD shall be repaid within 48 months from the withdrawal date. The payment of principal is to be made in monthly installments of USD 440,000 each for the first 12 installments, USD 846,000 each for the 13-21 installments, USD 715,000 each for the 22-36 installments, USD 165,500 each for the 37-47 installments and the balance for the 48 installment. The first installment is to be made in June 2011. Interest is to be paid monthly at a rate of SIBOR (3 months) plus fixed percent per annum. During the period, the Company drew out USD 25.34 million from this agreement and the withdrawal period was ended during the period.



11.3 During the period, K.C.E. International Co., Ltd., a subsidiary company, entered into the loan agreements as follows:

11.3.1 A loan agreement for loan of USD 3.0 million. The loan shall be repaid within 72 months from the withdrawal date. The payment of principal is to be made in quarterly installments of USD 190,000 each, with the first installment to be made in September 2013. Interest is to be paid monthly at a rate of SIBOR (3 months) plus fixed percent per annum. During the period, the subsidiary company drew out USD 1.61 million from this agreement and the withdrawal period will be ended on 30 December 2011. This loan is guaranteed by the Company.

11.3.2 A loan agreement for loan of USD 2.26 million. The loan shall be repaid within 24 months from the withdrawal date. The payment of principal is to be made in monthly installments of USD 93,900 each, with the first installment to be made in August 2011. Interest is to be paid monthly at a rate of SIBOR (1 month) plus fixed percent per annum. During the period, the subsidiary company fully drew out the loan from this agreement. This loan is guaranteed by the Company.

Under the loan agreement, the subsidiary company has to comply with certain conditions, including maintaining interest bearing debt to equity ratio of not more than 2:1 and debt service coverage ratio (DSCR) of not less than 1.2:1.

11.4 During the period, Thai Laminate Manufacturer Co., Ltd., a subsidiary company, entered into a loan agreement for loan of USD 12.0 million to convert the existing Baht loan into USD. The loan shall be repaid within 38 months from the withdrawal date. The payment of principal is to be made in quarterly installments of USD 1.0 million each, with the first installment to be made in October 2011. Interest is to be paid monthly at a rate of SIBOR (3 months) plus fixed percent per annum. During the period, the subsidiary company fully drew out the loan from this agreement.

11.5 Long-term loans from bank of Thai Laminate Manufacturer Co., Ltd., a subsidiary company, are secured by mortgage and pledge of the subsidiary's construction and machinery.

11.6 Long-term loans from banks of KCE Technology Co., Ltd., a subsidiary company, consist of Baht loans which carry interest at the rate of MLR (Minimum Loan Rate) less 1.0 to 2.0 percent per annum, and USD loans which carry interest at the rate of SIBOR (3 months) plus fixed percent per annum. These loans are guaranteed by the Company and are secured by the mortgage of the subsidiary's land and construction thereon and the pledge of most of the subsidiary's machinery.

## **12. Share capital**

### **12.1 Share warrants**

During 2007, the Company issued and allotted 3,000,000 registered and nontransferable (except for transferring as stipulated in the prospectus) warrants free of charge to the employees of the Company and/or its subsidiaries. These warrants are exercisable at a price of Baht 3.93 per share at a ratio of 1 warrant to 1 new ordinary share, every quarter from 15 to 18 of March, June, September and December, for a period of 5 years from the issue date, starting from 15 to 18 September 2008 and with a final exercise date of 18 June 2012. The aforesaid exercise price and/or exercise ratio may be adjusted if certain events stipulated in the prospectus occur.

Subsequently on 29 April 2010, the Annual General Meeting of the Company's shareholders passed a resolution approving the issuance and offering of 10,000,000 registered and nontransferable (except for transferring as stipulated in the prospectus for ESOP-W3) warrants free of charge to the directors and employees of the Company and/or its subsidiaries, and allocation of shares to reserve for the exercise of the warrants. These warrants are exercisable at a price of Baht 6.86 per share at a ratio of 1 warrant to 1 new ordinary share, every quarter from 15 to 18 of March, June, September and December, for a period of 3 years from the issue date, starting from 15 to 18 June 2010 and with a final exercise date of 18 June 2013.

Subsequently on 28 April 2011, the Annual General Meeting of the Company's shareholders passed a resolution approving the issuance and offering of 10,000,000 registered and nontransferable (except for transferring as stipulated in the prospectus for ESOP-W4) warrants free of charge to the directors and employees of the Company and/or its subsidiaries, and allocation of shares to reserve for the exercise of the warrants. These warrants are exercisable at a price of Baht 7.81 per share at a ratio of 1 warrant to 1 new ordinary share, every quarter from 1 to 10 of March, June, September and December, for a period of 5 years from the issue date. The Company's Board of Directors has the authority to determine the first exercise date to purchase the newly-issued shares as proper after the sale of repurchased shares has completed or in case of a cancellation of repurchased shares by virtue of Section 3, the sale and cancellation of repurchased shares, of the 2001 Ministerial Regulations regarding rules and regulation concerning the share repurchase, the sale of repurchased shares and the cancellation of repurchased shares.

(Unaudited but reviewed)

Movements of share warrants during the three-month and nine-month periods ended 30 September 2011 and 2010 are summarised below.

	Number of units (units)			
	For the three-month		For the nine-month	
	periods ended 30 September		periods ended 30 September	
	2011	2010	2011	2010
Warrants issued at beginning of the period	2,800,000	8,338,000	4,430,000	2,435,500
Add: Issued during the period	-	-	-	10,000,000
Less: Exercised during the period	-	(3,908,000)	(1,157,000)	(8,005,500)
Canceled during the period	-	-	(473,000)	-
Warrants issued at end of the period	<u>2,800,000</u>	<u>4,430,000</u>	<u>2,800,000</u>	<u>4,430,000</u>

## 12.2 Treasury shares

As at 30 September 2011 and 31 December 2010, details of treasury shares are as follows:

	Consolidated and separate financial statements	
	30 September	31 December
	2011	2010
Cost of treasury shares (Thousand Baht)	70,050.49	39,836.69
Number of treasury shares (Thousand shares)	8,170.50	4,149.80
Average price per share (Baht)	8.57	9.60
Percentage of treasury shares to the Company's shares in issue	1.73	0.88

On 20 July 2010, the meeting of the Board of Directors of the Company No. 7/2553 passed the resolutions approving the Company's share repurchase program for financial management, with value not exceeding Baht 90 million, and not exceeding the Company's retained earnings. The number of shares repurchased was 10 million shares at the par value of Baht 1 each, or equal to 2.14 percent of the total paid-up share capital. The repurchase period was from 9 August 2010 to 8 February 2011.

Any shares bought back are to be resold on the Stock Exchange of Thailand during the period from 9 August 2011 to 8 February 2012. Resale of shares, cancellations of the repurchased shares and reductions of share capital are to conform with the 2001 Ministerial Regulations on the principles and procedures for the share repurchase, the sale of repurchased shares and the cancellation of repurchased shares. The determination of the resale price will be taken into account the prevailing market price at the time of sale.

During the first quarter of the year 2011, the Company repurchased 4.02 million ordinary shares with total cost of Baht 30.21 million and set aside Baht 30.21 million of its retained earnings as reserve for treasury shares. As at 30 September 2011, total shares repurchased by the Company were 8.17 million ordinary shares with total cost of Baht 70.05 million, and reserve for treasury shares amounted to Baht 70.05 million.

### 12.3 Reserve for treasury shares

Under the notification of the Office of the Securities and Exchange Commission No. Gor Lor Tor. Chor Sor. (Wor) 2/2548 and the notification of the Federation of Accounting Professions No. Sor. Sor Wor Bor Chor. 016/2548, public companies have to set aside retained earnings in an amount equal to the amount paid for treasury shares until they either dispose of such shares or reduce paid-up capital to cancel any remaining shares, as the case may be.

### 12.4 Weighted average number of ordinary shares

The weighted average number of ordinary shares used in calculating earnings per share for the three-month and nine-month periods ended 30 September 2011 and 2010 is calculated as follows:

	(Unit: Shares)			
	Consolidated and separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2011	2010	2011	2010
Balance brought forward (net of treasury shares)	464,053,769	467,159,269	466,917,469	455,717,569
Less: Treasury shares	-	(1,741,663)	(3,572,098)	(586,934)
Add: Weighted average number of ordinary shares issued during the period	-	679,652	697,656	2,914,126
Treasury shares sold during the period	-	-	-	4,509,183
Weighted average number of ordinary shares	464,053,769	466,097,258	464,043,027	462,553,944
Add: Potential ordinary shares - share warrants (2011: 2,800,000 units, 2010: 4,430,000 units)	-	2,116,378	276,946	924,839
Diluted weighted average number of ordinary shares	464,053,769	468,213,636	464,319,973	463,478,783

In March 2011, the Company received share subscription of Baht 6.86 per share for 712,000 additional ordinary shares supporting the exercise of the warrants, or a total of Baht 4,884,320. The Company registered the resulting increase of Baht 712,000 in its capital with the Ministry of Commerce on 17 March 2011.

In June 2011, the Company received share subscription of Baht 6.86 per share for 445,000 additional ordinary shares supporting the exercise of the warrants, or a total of Baht 3,052,700. The Company registered the resulting increase of Baht 445,000 in its capital with the Ministry of Commerce on 30 June 2011.

### **13. Corporate income tax**

Interim corporate income tax has been calculated on net income of the non-BOI promoted operations (if any), after adding back non-tax deductible expenses and deducting tax loss carried forward from prior years, using the estimated effective tax rate for the year.

### **14. Earnings per share**

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

(Unaudited but reviewed)

The following table sets forth the computation of basic and diluted earnings per share:

Consolidated financial statements					
For the three-month periods ended 30 September					
Profit		Weighted average number of ordinary shares		Earnings per share	
<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company	<u>52,466</u>	<u>165,129</u>	464,054	466,097	<u>0.113</u> <u>0.354</u>
<b>Effect of dilutive potential ordinary shares</b>					
Warrants		-	2,117		
<b>Diluted earnings per share</b>					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>52,466</u>	<u>165,129</u>	<u>464,054</u>	<u>468,214</u>	<u>0.113</u> <u>0.353</u>
Separate financial statements					
For the three-month periods ended 30 September					
Profit		Weighted average number of ordinary shares		Earnings per share	
<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company	<u>61,817</u>	<u>292,138</u>	464,054	466,097	<u>0.133</u> <u>0.627</u>
<b>Effect of dilutive potential ordinary shares</b>					
Warrants		-	2,117		
<b>Diluted earnings per share</b>					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>61,817</u>	<u>292,138</u>	<u>464,054</u>	<u>468,214</u>	<u>0.133</u> <u>0.624</u>

(Unaudited but reviewed)

## Consolidated financial statements

For the nine-month periods ended 30 September

	Profit		Weighted average number of ordinary shares		Earnings per share	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	<u>232,290</u>	<u>507,181</u>	464,043	462,554	<u>0.501</u>	<u>1.096</u>
<b>Effect of dilutive potential ordinary shares</b>						
Warrants			<u>277</u>	<u>925</u>		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>232,290</u>	<u>507,181</u>	<u>464,320</u>	<u>463,479</u>	<u>0.500</u>	<u>1.094</u>

## Separate financial statements

For the nine-month periods ended 30 September

	Profit		Weighted average number of ordinary shares		Earnings per share	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	<u>250,925</u>	<u>425,833</u>	464,043	462,554	<u>0.541</u>	<u>0.921</u>
<b>Effect of dilutive potential ordinary shares</b>						
Warrants			<u>277</u>	<u>925</u>		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>250,925</u>	<u>425,833</u>	<u>464,320</u>	<u>463,479</u>	<u>0.540</u>	<u>0.919</u>

## **15. Dividend payment**

On 28 April 2011, the Annual General Meeting of the Company's shareholders approved the payment of dividend in respect of the Company's operating results for the period from 1 July 2010 to 31 December 2010 at Baht 0.30 per share to the ordinary shareholders, totaling approximately Baht 139.1 million. The Company paid the dividend on 27 May 2011.

On 16 August 2011, the Meeting of the Company's Board of Directors approved the payment of interim dividend in respect of the Company's operating results for the first half of the year ended 30 June 2011 at Baht 0.10 per share to the ordinary shareholders, totaling approximately Baht 46.4 million. The Company paid such dividend on 16 September 2011.

## **16. Insurance claim**

During the second quarter of the year 2010, the electrical distribution control room of KCE Technology Co., Ltd., a subsidiary, was fired. The loss from the fire incident is covered by the subsidiary's insurance, which covers all risks and business interruption. As at 30 September 2011, the subsidiary estimated and recognised insurance claim receivable from property damage and business interruption of Baht 61.3 million (31 December 2010: Baht 94.7 million) based on the memorandum received from the insurance broker and recognised the net compensation from insurance claim of Baht 17.0 million as revenue in profit or loss for the nine-month period then ended (2010: Baht 41.0 million). However, the actual amount recoverable is dependent upon the actual damage and the terms and conditions of policies. The subsidiary is now in the process of claiming compensation from the insurers.

## **17. Commitments and contingent liabilities**

### **17.1 Capital commitments**

As at 30 September 2011, the Company and its subsidiaries had capital commitments related to purchases of machinery amounting to approximately Baht 15.2 million (the Company only: Baht 13.8 million).



## 17.2 Operating lease commitments

17.2.1 The Company and its subsidiaries have entered into several lease agreements in respect of the lease of motor vehicles and equipment. The terms of the agreements are generally between 1 and 4 years. Operating lease agreements are non-cancelable.

As at 30 September 2011, future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Payable within:		
Less than 1 year	62.0	54.4
1 to 4 years	114.9	107.5

17.2.2 On 26 October 2005, KCE America Inc., an associated company, entered into an operating lease agreement for its office premises with a subsidiary of an associated company for a period of 15 years. As at 30 September 2011, the associated company had a commitment to pay the rental fee in the future under this agreement of approximately USD 1.5 million or equivalent to approximately Baht 47.8 million.

## 17.3 Long-term service commitments

17.3.1 The Company and its subsidiaries had commitments under service contracts, the terms of which are between 1 and 3 years. As at 30 September 2011, the future minimum charges under these service agreements are as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Payable within:		
Less than 1 year	38.9	9.0
1 to 3 years	3.3	2.0

17.3.2 As at 30 September 2011, the Company and its two subsidiaries had commitments in respect of installment and implementation of computer software, with a subsidiary company, amounting to Baht 23.2 million (the Company only: Baht 3.6 million).

## 17.4 Guarantees

17.4.1 As at 30 September 2011 and 31 December 2010, the Company and its subsidiaries had contingent liabilities in respect of cross guarantees of loans and other credit facilities as follows:

(Unit: Million)

Guarantee company	Guarantor			
	KCE Electronics Plc.		K.C.E. International Co., Ltd.	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
KCE Electronics Plc.				
- Baht	-	-	214	141
K.C.E. International Co., Ltd.				
- Baht	116	123	-	-
- USD	4	-	-	-
KCE Technology Co., Ltd.				
- Baht	2,150	3,104	-	-
- USD	25	-	-	-

17.4.2 As at 30 September 2011, the Company and its subsidiaries had contingent liabilities in respect of bank guarantees issued on their behalves amounting to Baht 68.4 million (the Company only: Baht 28.2 million) in respect of certain performance bonds as required in the normal course of businesses, mainly for guarantee of electric payment.

## 17.5 Litigation

As at 30 September 2011, the Company had contingent liabilities in respect of specific business tax assessment from the Revenue Department's officer of Baht 4.2 million because the Company provided guarantee to a related party with free-of-charge. On 9 July 2009, the Central Tax Court announced a judgement which was in favour of the Company and overran the assessment of the officer and the Tax Appeal Board's judgement from the Revenue Department. Later on 7 September 2009, the Revenue Department lodged an appeal against the Central Tax Court's judgement and the Central Tax Court had issued a court receipt for such appeal. At present, the lawsuit is being considered by the Supreme Court. The Company's management believes that the Company will eventually win the case and has therefore not set aside any contingent liabilities in the accounts.

## 18. Financial information by segment

The Company's and its subsidiaries' operations mainly involve business segments in printed circuit board, prepreg and laminate products with production facilities in Thailand and operate in both local and overseas markets. Financial information of the Company and its subsidiaries by business segment is as follows:

(Unit: Thousand Baht)

Consolidated financial statements																
For the three-month periods ended 30 September 2011 and 2010																
	Prepreg and laminate business		Printed circuit board business								Service provider business		Eliminating entries		Total	
	2011	2010	America		Europe		Asia		Total		2011	2010	2011	2010	2011	2010
Revenue from external customers	26,129	25,060	317,544	356,705	1,212,599	1,178,779	554,727	413,865	2,084,870	1,949,349	11,814	2,535	-	-	2,122,813	1,976,944
Inter-segment revenues	476,107	393,947	-	-	-	-	349,401	285,057	349,401	285,057	3,089	13,942	(828,597)	(692,946)	-	-
Total revenues	<u>502,236</u>	<u>419,007</u>	<u>317,544</u>	<u>356,705</u>	<u>1,212,599</u>	<u>1,178,779</u>	<u>904,128</u>	<u>698,922</u>	<u>2,434,271</u>	<u>2,234,406</u>	<u>14,903</u>	<u>16,477</u>	<u>(828,597)</u>	<u>(692,946)</u>	<u>2,122,813</u>	<u>1,976,944</u>
Segment operating profit	<u>59,470</u>	<u>17,700</u>							<u>274,249</u>	<u>342,846</u>	<u>6,109</u>	<u>8,797</u>	<u>26,050</u>	<u>(4,872)</u>	<u>365,878</u>	<u>364,471</u>
Unallocated income															20,823	90,493
Unallocated expenses															(298,969)	(246,469)
Finance cost															(35,136)	(43,619)
Corporate income tax															-	(117)
Non-controlling interests of the subsidiaries															(130)	370
Profit															<u>52,466</u>	<u>165,129</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statements																
For the nine-month periods ended 30 September 2011 and 2010																
	Prepreg and laminate		Printed circuit board business							Service provider		Eliminating entries		Total		
	business		America		Europe		Asia		Total		business					
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue from external customers	69,870	74,523	914,314	1,000,337	3,527,868	3,277,545	1,438,485	1,377,046	5,880,667	5,654,928	26,831	5,582	-	-	5,977,368	5,735,033
Inter-segment revenues	1,287,995	1,041,407	-	-	-	-	1,051,572	955,829	1,051,572	955,829	(4,774)	51,496	(2,334,793)	(2,048,732)	-	-
Total revenues	1,357,865	1,115,930	914,314	1,000,337	3,527,868	3,277,545	2,490,057	2,332,875	6,932,239	6,610,757	22,057	57,078	(2,334,793)	(2,048,732)	5,977,368	5,735,033
Segment operating profit	111,478	99,387							898,323	1,116,260	(1,413)	31,649	11,114	(21,847)	1,019,502	1,225,449
Unallocated income															130,846	165,171
Unallocated expenses															(804,523)	(728,056)
Finance cost															(112,784)	(143,835)
Corporate income tax															(1,937)	(3,142)
Non-controlling interests of the subsidiaries															1,186	(8,406)
Profit															232,290	507,181

The Company and its subsidiaries have transfer pricing policy as described in Note 4 to the financial statements.

## 19. Foreign currency, interest rate and raw material price risk

As at 30 September 2011, the Company and its subsidiaries had outstanding forward exchange contracts, currency option agreements, cross currency and interest rate swap agreements and commodity hedge agreements, of which details are presented below.

### 19.1 Forward exchange contracts

Currency	Amount	Maturity date	Contract exchange rate	Exchange rate as at 30 September 2011
	(Thousand)		(Baht per unit of foreign currency)	(Baht per unit of foreign currency)
Sell				
US dollar	32,363	26 October 2011 - 3 April 2012	30.2388 - 31.4408	30.9286
Euro	11,658	4 October 2011 - 22 February 2012	41.1900 - 44.7850	41.8129

### 19.2 Currency option agreements

	Currency	Bought amount	Strike rate	Delivery date
		(Thousand)	(Baht per unit of foreign currency)	
Call option	US dollar	22,000	30.20	20 October 2011 - 22 December 2011

When exchange rate on delivery date is higher than call option strike rate, the Company will buy US dollar at strike rate.

As at 30 September 2011, fair value of currency call option agreements was Baht 23.0 million.

### 19.3 Cross currency and interest rate swap

19.3.1 As at 30 September 2011, the Company had a cross currency and interest rate swap agreement with a local bank for the period from 29 April 2011 to 30 January 2013 by which the Company agreed to swap the currency and interest rate of Baht 63.7 million using exchange rate of Baht 30.10 per 1 USD and swap a floating interest rate of THB MLR minus 1.50 to 2.00 percent per annum to US fixed interest rate of 3.47 percent per annum.

19.3.2 As at 30 September 2011, a subsidiary company had an interest rate swap agreement with a local bank for the period from 7 July 2011 to 7 July 2014 by which the subsidiary company agreed to swap the interest rate of its USD 6.0 million facilities from a floating interest rate of US LIBOR (3 months) plus fixed percent per annum to US fixed interest rate of 3.06 percent per annum.

#### 19.4 Commodity hedge agreements

As at 30 September 2011, the Company and its subsidiaries had outstanding copper swap agreements, of which details are presented below.

Type of goods	Quantity	Maturity date	Contract price	Commodity's market price as at 30 September 2011
	(Ton)		(US dollar per ton)	(US dollar per ton)
Copper	550	October 2011 - February 2012	8,380 - 9,200	7,132

#### 20. Event after the reporting period

During October and November 2011, there was severe flooding in Thailand. The location of a subsidiary company's factory and offices was inundated, forcing the subsidiary company to temporarily cease production. However, the management of the Company and the subsidiary company expects that the damage to assets caused by this event will not materially affect the subsidiary company's financial statements since the subsidiary company has insurance coverage for disaster risk. The subsidiary company is in the process of estimating the impact to its financial statements, and the financial impact of the floods will be reported in the fourth quarter of the current year.

#### 21. Reclassification

Certain amounts in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2010 have been reclassified to conform to the current period's classification but with no effect to previously reported profit or shareholders' equity. The reclassifications are as follows:

(Unaudited but reviewed)

(Unit: Thousand Baht)

Statements of comprehensive income for the three-month period ended  
30 September 2010 (Only reclassification items)

	Consolidated financial statement		Separate financial statement	
	As reclassified	As previously	As reclassified	As previously
		reported		reported
Revenues from sales	1,974,408	1,968,969	905,070	903,487
Gain on exchange rate	30,901	30,745	20,856	13,266
Interest income from				
a related company	-	-	-	27
Gain from hedging activities	1,610	3,047	-	1,067
Other income	36,652	43,036	18,693	20,338
Cost of sales	1,612,473	1,609,264	713,117	712,679
Selling expenses	134,280	138,864	60,325	60,763
Administrative expenses	112,189	96,302	42,730	35,578
Management benefit expenses	-	14,512	-	7,152
Loss from hedging activities	-	-	6,990	-
Finance cost	43,619	45,845	13,098	13,654

(Unit: Thousand Baht)

Statements of comprehensive income for the nine-month period ended  
30 September 2010 (Only reclassification items)

	Consolidated financial statement		Separate financial statement	
	As reclassified	As previously	As reclassified	As previously
		reported		reported
Revenues from sales	5,729,451	5,718,082	2,475,610	2,472,591
Gain on exchange rate	19,904	15,912	-	-
Interest income from				
a related company	-	-	-	66
Gain from hedging activities	1,478	14,911	-	5,689
Other income	99,818	113,276	47,613	50,787
Cost of sales	4,509,584	4,502,814	1,959,175	1,958,414
Selling expenses	384,756	390,913	158,803	159,564
Administrative expenses	343,300	296,351	133,057	109,004
Management benefit expenses	-	47,562	-	24,053
Loss on exchange rate	-	-	3,510	9,101
Loss from hedging activities	-	-	4,589	-
Finance cost	143,835	155,365	41,365	46,273

## 22. Approval of interim financial statements

These interim financial statements were authorised for issue by the authorised directors of the Company on 10 November 2011.