

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2006	2005	2006	2005
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		147,599,376	172,811,080	82,312,274	38,642,213
Trade accounts receivable	7				
Related parties	8	550,906,958	730,921,548	216,096,854	280,904,235
Other companies		1,461,679,076	1,281,436,916	398,140,231	422,984,589
		2,012,586,034	2,012,358,464	614,237,085	703,888,824
Less : Allowance for doubtful accounts		(1,033,531)	(496,981)	(1,033,531)	(137,323)
Trade accounts receivable - net		2,011,552,503	2,011,861,483	613,203,554	703,751,501
Amounts due from and short-term loans to related parties - net	8	2,227	355,392	5,952,395	4,139,102
Inventories - net	9	1,370,554,543	1,288,379,982	359,901,802	325,125,555
Other current assets					
Receivable from Revenue Department		11,045,381	7,195,100	3,913,241	1,344,582
Prepaid expenses		4,536,169	5,219,867	1,454,436	1,554,747
Others		23,852,245	9,627,050	6,585,938	1,608,634
Total other current assets		39,433,795	22,042,017	11,953,615	4,507,963
TOTAL CURRENT ASSETS		3,569,142,444	3,495,449,954	1,073,323,640	1,076,166,334
NON-CURRENT ASSETS					
Investments in subsidiaries and associates accounted for					
under equity method	10	81,116,130	67,917,199	1,586,349,078	1,505,379,441
Investments in marketable securities		1,057,183	1,204,823	1,057,183	1,204,823
Deposit and advance for purchase of assets		3,411,054	39,390,000	-	-
Property, plant and equipment - net	11	5,469,699,995	5,274,332,174	1,022,292,002	867,185,723
Goodwill - net	12	67,517	135,034	-	-
Negative goodwill - net	12	(10,781,070)	(14,374,758)	-	-
Deposits and others		1,859,430	9,051,880	1,634,429	1,000,429
TOTAL NON-CURRENT ASSETS		5,546,430,239	5,377,656,352	2,611,332,692	2,374,770,416
TOTAL ASSETS		9,115,572,683	8,873,106,306	3,684,656,332	3,450,936,750

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

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2006	2005	2006	2005
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans					
from financial institutions	13	3,420,514,246	2,800,627,423	821,647,428	663,251,680
Trade accounts payable					
Related parties	8	67,794,102	98,284,054	284,466,494	241,589,969
Other companies		1,151,867,258	984,015,670	258,873,109	197,068,290
Total trade accounts payable		1,219,661,360	1,082,299,724	543,339,603	438,658,259
Current portion of long-term loans	14	696,813,251	736,743,697	74,648,460	58,505,133
Amounts due to and advances from related parties	8	10,812,304	8,312,980	13,124,337	5,355,482
Other current liabilities					
Other payable from purchases of equipment		166,516,067	57,338,040	44,416,027	2,897,767
Accrued expenses		163,947,684	136,610,355	49,427,636	44,747,028
Other payable		84,239,458	85,023,219	2,028,853	-
Corporate income tax payable		5,947,667	9,018,015	-	-
Accrued interest expenses		28,528,888	20,168,008	3,044,259	1,477,777
Others		6,262,761	6,105,087	1,519,642	1,357,686
Total other current liabilities		455,442,525	314,262,724	100,436,417	50,480,258
TOTAL CURRENT LIABILITIES		5,803,243,686	4,942,246,548	1,553,196,245	1,216,250,812
NON-CURRENT LIABILITIES					
Long-term loans, net of current portion	14	1,029,053,947	1,530,843,054	48,245,412	25,107,474
TOTAL NON-CURRENT LIABILITIES		1,029,053,947	1,530,843,054	48,245,412	25,107,474
TOTAL LIABILITIES		6,832,297,633	6,473,089,602	1,601,441,657	1,241,358,286

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

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2006	2005	2006	2005
SHAREHOLDERS' EQUITY					
Share capital	15				
Registered					
450,000,000 ordinary shares of Baht 1 each		450,000,000	450,000,000	450,000,000	450,000,000
Issued and fully paid-up					
314,930,000 ordinary shares of Baht 1 each		314,930,000	314,930,000	314,930,000	314,930,000
Share premium		1,017,395,000	1,017,395,000	1,017,395,000	1,017,395,000
Translation adjustments		(7,401,612)	(393,352)	(7,316,226)	(393,352)
Deferred loss from hedging activities		(4,033,152)	-	(943,613)	-
Retained earnings					
Appropriated - statutory reserve	17	45,000,000	45,000,000	45,000,000	45,000,000
Unappropriated		736,893,328	853,614,189	736,893,328	853,240,443
TOTAL SHAREHOLDERS' EQUITY OF THE COMPANY		2,102,783,564	2,230,545,837	2,105,958,489	2,230,172,091
COMPANY'S SHARES HELD BY ITS SUBSIDIARIES	15.2	(22,743,814)	(20,593,627)	(22,743,814)	(20,593,627)
MINORITY INTEREST - equity attributable to minority					
shareholders of subsidiaries		203,235,300	190,064,494	-	-
TOTAL SHAREHOLDERS' EQUITY		2,283,275,050	2,400,016,704	2,083,214,675	2,209,578,464
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,115,572,683	8,873,106,306	3,684,656,332	3,450,936,750
		0	0	0	0

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

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DIRECTORS

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KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2006	2005	2006	2005
REVENUES					
Sales	8	7,539,854,242	6,668,240,965	2,485,372,387	2,317,903,339
Other income					
Interest income	8	32,052,945	30,156,507	32,920,394	29,971,581
Others		124,047,816	62,217,727	40,032,610	33,496,163
Total other income		156,100,761	92,374,234	72,953,004	63,467,744
Share of income from investments in subsidiaries and associates accounted for under equity method	10	20,121,805	16,770,888	-	-
TOTAL REVENUES		7,716,076,808	6,777,386,087	2,558,325,391	2,381,371,083
EXPENSES					
Cost of sales	8	6,409,811,630	5,547,562,569	2,244,184,977	1,993,201,197
Selling and administrative expenses	8	1,053,579,150	963,925,221	348,039,868	326,411,855
Loss on exchange rate		26,465,673	4,385,630	5,906,527	7,510,767
Share of loss from investments in subsidiaries and associates accounted for under equity method	10	-	-	34,213,622	24,411,672
TOTAL EXPENSES		7,489,856,453	6,515,873,420	2,632,344,994	2,351,535,491
INCOME (LOSS) BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX					
		226,220,355	261,512,667	(74,019,603)	29,835,592
INTEREST EXPENSES					
		(296,124,223)	(212,092,469)	(42,327,512)	(28,503,731)
CORPORATE INCOME TAX					
	16	(13,989,869)	(13,933,235)	-	-
INCOME (LOSS) AFTER CORPORATE INCOME TAX					
		(83,893,737)	35,486,963	(116,347,115)	1,331,861
NET INCOME ATTRIBUTABLE TO MINORITY INTEREST					
		(32,453,378)	(34,155,102)	-	-
NET INCOME (LOSS) FOR THE YEAR					
		(116,347,115)	1,331,861	(116,347,115)	1,331,861
EARNINGS PER SHARE					
Basic earnings per share					
Net income (loss)		(0.37)	-	(0.37)	-
Weighted average number of ordinary shares (shares)	15.3	310,025,000	310,415,000	310,025,000	310,415,000
Diluted earnings per share					
Net income (loss)		(0.37)	-	(0.37)	-
Diluted weighted average number of ordinary shares (shares)	15.3	310,025,000	310,453,109	310,025,000	310,453,109

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

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
Cash flows from operating activities				
Net income (loss)	(116,347,115)	1,331,861	(116,347,115)	1,331,861
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities :-				
Share of loss (income) from investments in subsidiaries and associates accounted for under equity method	(20,121,805)	(16,770,888)	34,213,622	24,411,672
Depreciation	532,184,229	511,709,360	114,150,089	116,091,451
Amortisation of goodwill - net	(3,526,171)	(3,526,171)	-	-
Allowance for doubtful accounts	29,942,634	29,935,686	29,942,634	29,935,686
Bad debts (reversal)	536,550	(1,017,817)	896,208	(907,230)
Unrealised loss (gain) on exchange rate	(10,913,433)	(10,767,319)	(4,900,386)	5,066,916
Gain on sales of fixed assets	(2,135,239)	(1,676,774)	(2,478,591)	(1,414,201)
Loss from write-off of fixed assets	473,230	379,412	436,505	163,855
Discount on hedging activities	502,971	-	3,546	-
Interest income from related company	(29,942,634)	(29,935,686)	(29,942,634)	(29,935,686)
Loss from write-off of inventories	6,421,871	15,936,110	-	10,737,179
Allowance (reversal of allowance) for diminution in value of stocks and stock obsolescence	11,061,731	(2,735,205)	8,428,191	(2,885,901)
Gain from write-off of accounts payable	(501,665)	(1,059,937)	(501,665)	(1,059,937)
Unrealised loss (gain) on revaluation of investments in marketable securities	147,640	(300,900)	147,640	(300,900)
Net income attributable to minority interest	32,453,378	34,155,102	-	-
Income from operating activities before changes in operating assets and liabilities	430,236,172	525,656,834	34,048,044	151,234,765
Operating assets decrease (increase)				
Trade accounts receivable	(18,748,148)	(309,770,498)	86,973,718	(116,806,089)
Inventories	(99,658,163)	3,358,468	(43,204,438)	20,999,679
Other current assets	(14,857,955)	(9,921,518)	(4,914,375)	1,290,777
Other non-current assets	7,192,450	2,090,595	(634,000)	-
Operating liabilities increase (decrease)				
Trade accounts payable	153,554,715	224,540,085	111,547,164	69,242,592
Other current liabilities	28,858,279	37,352,045	6,762,658	(237,671)
Net cash from operating activities	486,577,350	473,306,011	190,578,771	125,724,053

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

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
Cash flows from investing activities				
Increase in investments in subsidiary	-	-	(250,000,000)	-
Dividend received from subsidiaries	-	-	125,743,680	-
Proceeds from sales of equipment	12,084,933	1,367,906	12,009,407	18,122,564
Cash paid for purchases of land and equipment	(476,349,695)	(448,403,349)	(231,525,588)	(76,839,557)
Decrease in minority interest	-	(1,942,342)	-	-
Translation adjustments	(85,386)	-	-	-
Net cash used in investing activities	(464,350,148)	(448,977,785)	(343,772,501)	(58,716,993)
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	514,500,271	506,956,420	158,395,748	84,867,152
Cash received from (paid for) long-term loans	(540,132,672)	(474,185,658)	38,468,043	(145,434,933)
Dividend paid	-	(31,119,254)	-	(31,493,000)
Dividend paid to minority shareholders of subsidiaries	(19,656,318)	-	-	-
Increase in the Company's shares held by it subsidiaries	(18,762,629)	(678,180)	-	-
Disposal of the Company's shares held by it subsidiaries	16,612,442	-	-	-
Net cash from (used in) financing activities	(47,438,906)	973,328	196,863,791	(92,060,781)
Net increase (decrease) in cash and cash equivalents	(25,211,704)	25,301,554	43,670,061	(25,053,721)
Cash and cash equivalents at beginning of the year	172,811,080	147,509,526	38,642,213	63,695,934
Cash and cash equivalents at end of the year	147,599,376	172,811,080	82,312,274	38,642,213
Supplement cash flows information				
Cash paid during the year for :-				
Interest expenses	294,660,455	205,648,978	43,269,056	28,292,281
Corporate income tax	21,635,593	16,482,691	738,361	1,273,093

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

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	CONSOLIDATED								
	Issued and fully paid-up		Translation adjustments	Deferred loss from hedging activities	Retained earnings		Company's shares held by subsidiaries	Minority interest	Total
	share capital	Share premium			Appropriated - statutory reserve	Unappropriated			
Company's shares held by its subsidiaries									
Balance as at 1 January 2005	314,930,000	1,017,395,000	(2,128,574)	-	45,000,000	883,401,582	(19,915,447)	157,851,734	2,396,534,295
Translation adjustments	-	-	1,735,222	-	-	-	-	-	1,735,222
Net income for the year	-	-	-	-	-	1,331,861	-	34,155,102	35,486,963
Dividend paid (Note 18)	-	-	-	-	-	(31,119,254)	-	(373,746)	(31,493,000)
Company's shares held by its subsidiaries	-	-	-	-	-	-	(678,180)	-	(678,180)
Minority interests	-	-	-	-	-	-	-	(1,568,596)	(1,568,596)
Balance as at 31 December 2005 - as previously reported	314,930,000	1,017,395,000	(393,352)	-	45,000,000	853,614,189	(20,593,627)	190,064,494	2,400,016,704
Prior year's adjustments (Note 19)	-	-	-	-	-	(373,746)	-	373,746	-
Balance as at 31 December 2005 - restated	314,930,000	1,017,395,000	(393,352)	-	45,000,000	853,240,443	(20,593,627)	190,438,240	2,400,016,704
Translation adjustments	-	-	(7,008,260)	-	-	-	-	-	(7,008,260)
Deferred loss from hedging activities	-	-	-	(4,033,152)	-	-	-	-	(4,033,152)
Net loss for the year	-	-	-	-	-	(116,347,115)	-	32,453,378	(83,893,737)
Investment in the Company's share by its subsidiaries	-	-	-	-	-	-	(18,762,629)	-	(18,762,629)
Disposal of the Company's share by its subsidiaries	-	-	-	-	-	-	16,612,442	-	16,612,442
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	(19,656,318)	(19,656,318)
Balance as at 31 December 2006	314,930,000	1,017,395,000	(7,401,612)	(4,033,152)	45,000,000	736,893,328	(22,743,814)	203,235,300	2,283,275,050

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

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Baht)

	THE COMPANY ONLY							Total
	Issued and	Share premium	Translation	Deferred	Retained earnings		Company's	
	fully paid-up				loss from	Appropriated -		
share capital	Share premium	adjustments	hedging activities	statutory reserve	Unappropriated	by subsidiaries		
Balance as at 1 January 2005	314,930,000	1,017,395,000	(2,128,574)	-	45,000,000	883,401,582	(19,915,447)	2,238,682,561
Translation adjustments	-	-	1,735,222	-	-	-	-	1,735,222
Net income for the year	-	-	-	-	-	1,331,861	-	1,331,861
Dividend paid (Note 18)	-	-	-	-	-	(31,493,000)	-	(31,493,000)
Company's shares held by its subsidiaries	-	-	-	-	-	-	(678,180)	(678,180)
Balance as at 31 December 2005	314,930,000	1,017,395,000	(393,352)	-	45,000,000	853,240,443	(20,593,627)	2,209,578,464
Translation adjustments	-	-	(6,922,874)	-	-	-	-	(6,922,874)
Deferred loss from hedging activities	-	-	-	(943,613)	-	-	-	(943,613)
Net loss for the year	-	-	-	-	-	(116,347,115)	-	(116,347,115)
Investment in the Company's share by its subsidiaries	-	-	-	-	-	-	(18,762,629)	(18,762,629)
Disposal of the Company's share by its subsidiaries	-	-	-	-	-	-	16,612,442	16,612,442
Balance as at 31 December 2006	314,930,000	1,017,395,000	(7,316,226)	(943,613)	45,000,000	736,893,328	(22,743,814)	2,083,214,675

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