

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2007 AND 2006

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
					(Restated)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		190,165,371	147,599,376	83,320,822	82,312,274
Trade accounts receivable	8				
Related parties	9	526,672,107	550,906,958	276,460,821	216,096,854
Other companies		1,473,871,954	1,461,679,076	436,452,064	398,140,231
		2,000,544,061	2,012,586,034	712,912,885	614,237,085
Less : Allowance for doubtful accounts		(2,420,485)	(1,033,531)	(2,357,396)	(1,033,531)
Trade accounts receivable - net		1,998,123,576	2,011,552,503	710,555,489	613,203,554
Amounts due from and short-term loans to related parties - net	9	336	2,227	16,904	5,952,395
Inventories - net	10	1,711,323,322	1,370,554,543	479,003,298	359,901,802
Other current assets					
Accounts receivable under hedging agreements		17,541,161	375,545	1,761,399	-
Receivable from Revenue Department		5,531,090	11,045,381	1,267,050	3,913,241
Other accounts receivable		48,033,304	7,736,951	4,682,674	3,693,401
Accrued income		15,871,494	2,658,263	6,821,445	910,240
Prepaid expenses		7,713,995	4,536,169	2,799,045	1,454,436
Others		15,085,567	13,081,486	1,677,282	1,982,297
Total other current assets		109,776,611	39,433,795	19,008,895	11,953,615
TOTAL CURRENT ASSETS		4,009,389,216	3,569,142,444	1,291,905,408	1,073,323,640
NON-CURRENT ASSETS					
Investments in subsidiaries	11	-	-	919,098,175	916,938,175
Investments in associates	12	82,173,056	81,116,130	2,422,385	2,422,385
Investments in marketable securities		1,494,103	1,057,183	1,494,103	1,057,183
Deposit and advance for purchases of assets		12,170,904	3,411,054	11,030,583	-
Property, plant and equipment - net	13	5,774,597,665	5,469,699,995	1,380,473,642	1,022,292,002
Goodwill - net	14	-	67,517	-	-
Negative goodwill - net	14	(7,187,382)	(10,781,070)	-	-
Deposits and others		4,327,085	1,859,430	3,925,835	1,634,429
TOTAL NON-CURRENT ASSETS		5,867,575,431	5,546,430,239	2,318,444,723	1,944,344,174
TOTAL ASSETS		9,876,964,647	9,115,572,683	3,610,350,131	3,017,667,814

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 2007 AND 2006

(Unit : Baht)

Note	Consolidated financial statements		Separate financial statements		
	2007	2006	2007	2006	
				(Restated)	
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans					
from financial institutions	15	3,724,086,344	3,420,514,246	869,104,492	821,647,428
Trade accounts payable					
Related parties	9	51,264,377	67,794,102	352,812,201	284,466,494
Other companies		1,370,045,041	1,151,867,258	319,065,250	258,873,109
Total trade accounts payable		1,421,309,418	1,219,661,360	671,877,451	543,339,603
Current portion of accounts payable under					
financial lease agreements	16	23,249,671	-	22,980,439	-
Current portion of long-term loans	17	573,383,283	696,813,251	63,796,691	74,648,460
Amounts due to and advances from related parties	9	9,155,383	10,812,304	7,860,577	13,124,337
Other current liabilities					
Other payable from purchases of equipment		206,637,633	166,516,067	153,109,160	44,416,027
Accrued expenses		184,512,162	163,947,684	65,936,100	49,427,636
Other accounts payable		100,906,122	84,239,458	2,036,285	2,028,853
Corporate income tax payable		-	5,947,667	-	-
Accrued interest expenses		29,745,487	28,528,888	3,052,673	3,044,259
Others		7,395,635	6,262,761	2,033,340	1,519,642
Total other current liabilities		529,197,039	455,442,525	226,167,558	100,436,417
TOTAL CURRENT LIABILITIES		6,280,381,138	5,803,243,686	1,861,787,208	1,553,196,245
NON-CURRENT LIABILITIES					
Accounts payable under financial lease agreements,					
net of current portion	16	82,377,862	-	82,377,862	-
Long-term loans, net of current portion	17	804,112,967	1,029,053,947	43,380,460	48,245,412
TOTAL NON-CURRENT LIABILITIES		886,490,829	1,029,053,947	125,758,322	48,245,412
TOTAL LIABILITIES		7,166,871,967	6,832,297,633	1,987,545,530	1,601,441,657

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 2007 AND 2006

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
					(Restated)
SHAREHOLDERS' EQUITY					
Share capital	18				
Registered					
500,000,000 ordinary shares of Baht 1 each					
(2006 : 450,000,000 ordinary shares of Baht 1 each)		500,000,000	450,000,000	500,000,000	450,000,000
Issued and fully paid-up					
462,497,269 ordinary shares of Baht 1 each					
(2006 : 314,930,000 ordinary shares of Baht 1 each)		462,497,269	314,930,000	462,497,269	314,930,000
Share premium		1,017,395,000	1,017,395,000	1,017,395,000	1,017,395,000
Translation adjustments		(10,948,216)	(7,401,612)	-	-
Deferred loss from hedging activities		(9,209,143)	(4,033,152)	(3,668,754)	(943,613)
Retained earnings					
Appropriated - statutory reserve	20	50,000,000	45,000,000	50,000,000	45,000,000
Unappropriated		989,319,751	736,893,328	96,581,086	39,844,770
TOTAL SHAREHOLDERS' EQUITY OF THE COMPANY		2,499,054,661	2,102,783,564	1,622,804,601	1,416,226,157
COMPANY'S SHARES HELD BY ITS SUBSIDIARIES	18.4	(14,809,577)	(22,743,814)	-	-
MINORITY INTEREST - equity attributable to minority shareholders of subsidiaries		225,847,596	203,235,300	-	-
TOTAL SHAREHOLDERS' EQUITY		2,710,092,680	2,283,275,050	1,622,804,601	1,416,226,157
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,876,964,647	9,115,572,683	3,610,350,131	3,017,667,814
		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 2007 AND 2006

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
					(Restated)
REVENUES					
Sales	9	8,365,410,830	7,539,854,242	2,925,541,911	2,485,372,387
Other income					
Dividend received from subsidiaries	9, 11	-	-	-	125,743,680
Gain on exchange rate		49,694,907	-	16,675,886	-
Interest income	9	32,300,303	32,052,945	31,063,508	32,920,394
Others		132,370,489	124,047,816	46,724,773	40,032,610
Total other income		214,365,699	156,100,761	94,464,167	198,696,684
Share of income from investments in associates	12	4,688,915	20,121,805	-	-
TOTAL REVENUES		8,584,465,444	7,716,076,808	3,020,006,078	2,684,069,071
EXPENSES					
Cost of sales	9	6,894,218,870	6,409,811,630	2,511,007,989	2,244,184,977
Selling and administrative expenses	9	1,113,440,936	1,053,579,150	401,083,068	348,039,868
Loss on exchange rate		-	26,465,673	-	5,906,527
Impairment of investments in subsidiaries	11	-	-	-	172,411,586
TOTAL EXPENSES		8,007,659,806	7,489,856,453	2,912,091,057	2,770,542,958
INCOME (LOSS) BEFORE INTEREST EXPENSES					
AND CORPORATE INCOME TAX		576,805,638	226,220,355	107,915,021	(86,473,887)
INTEREST EXPENSES		(287,770,449)	(296,124,223)	(46,178,705)	(42,327,512)
CORPORATE INCOME TAX	19	(10,517,497)	(13,989,869)	-	-
INCOME (LOSS) AFTER CORPORATE INCOME TAX		278,517,692	(83,893,737)	61,736,316	(128,801,399)
NET INCOME ATTRIBUTABLE TO MINORITY INTEREST					
IN SUBSIDIARIES		(21,091,269)	(32,453,378)	-	-
NET INCOME (LOSS) FOR THE YEAR		257,426,423	(116,347,115)	61,736,316	(128,801,399)
EARNINGS PER SHARE					
Basic earnings per share					
Net income (loss)		0.66	(0.37)	0.16	(0.41)
Weighted average number of ordinary shares (shares)	18.5	388,386,870	310,025,000	392,958,720	314,930,000
Diluted earnings per share					
Net income (loss)		0.66	(0.37)	0.16	(0.41)
Weighted average number of ordinary shares (shares)	18.5	388,386,870	310,025,000	392,958,720	314,930,000

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 2007 AND 2006

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
Cash flows from operating activities				
Net income (loss)	257,426,423	(116,347,115)	61,736,316	(128,801,399)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities :-				
Share of income from investments in associates	(4,688,915)	(20,121,805)	-	-
Depreciation	551,263,417	532,184,229	121,756,341	114,150,089
Amortisation of goodwill - net	(3,526,171)	(3,526,171)	-	-
Allowance for doubtful accounts	29,942,634	29,942,634	29,942,634	29,942,634
Bad debts	1,386,954	536,550	1,323,865	896,208
Unrealised gain on exchange rate	(25,529,411)	(10,913,433)	(5,024,003)	(4,900,386)
Gain on sales of fixed assets	(1,409,366)	(2,135,239)	(1,873,252)	(2,478,591)
Loss from write-off of fixed assets	783,194	473,230	46,324	436,505
Discount on hedging activities	-	502,971	-	3,546
Interest income from associated company	(29,942,634)	(29,942,634)	(29,942,634)	(29,942,634)
Loss from write-off of inventories	14,938,184	6,421,871	-	-
Allowance for diminution in value of inventories and inventory obsolescence	7,819,868	11,061,731	2,963,938	8,428,191
Gain from write-off of accounts payable	-	(501,665)	-	(501,665)
Allowance for diminution in value of investments in subsidiaries	-	-	-	172,411,586
Unrealised loss (gain) from revaluation of investments in marketable securities	(436,920)	147,640	(436,920)	147,640
Dividend received from subsidiaries	-	-	-	(125,743,680)
Net income attributable to minority interest	21,091,269	32,453,378	-	-
Net income from operation before changes in operating assets and liabilities	819,118,526	430,236,172	180,492,609	34,048,044
Operating assets decrease (increase)				
Trade accounts receivable	10,187,437	(18,748,148)	(94,132,442)	86,973,718
Inventories	(363,526,831)	(99,658,163)	(122,065,434)	(43,204,438)
Other current assets	(70,095,043)	(14,857,955)	(6,363,080)	(4,914,375)
Other non-current assets	(13,498,238)	7,192,450	(13,321,989)	(634,000)
Operating liabilities increase (decrease)				
Trade accounts payable	204,972,205	153,554,715	127,197,359	111,547,164
Other current liabilities	43,933,601	28,858,279	11,018,099	6,762,658
Net cash from operating activities	631,091,657	486,577,350	82,825,122	190,578,771

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 2007 AND 2006

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
				(Restated)
Cash flows from investing activities				
Increase in investments in subsidiary	-	-	(2,160,000)	(250,000,000)
Dividend received from subsidiaries	-	-	-	125,743,680
Proceeds from sales of equipment	22,057,521	12,084,933	2,260,537	12,009,407
Cash paid for purchases of equipment	(729,601,155)	(476,349,695)	(267,927,509)	(231,525,588)
Decrease in minority interest	1,521,027	-	-	-
Increase (decrease) in translation adjustments	85,386	(85,386)	-	-
Net cash used in investing activities	<u>(705,937,221)</u>	<u>(464,350,148)</u>	<u>(267,826,972)</u>	<u>(343,772,501)</u>
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	308,116,817	514,500,271	47,029,684	158,395,748
Cash received from long-term loans	349,126,844	179,046,112	67,168,089	111,046,111
Cash paid for long-term loans	(695,333,608)	(719,178,784)	(75,754,644)	(72,578,068)
Cash received from share capital increase	147,567,269	-	147,567,269	-
Dividend paid to minority shareholders of subsidiaries	-	(19,656,318)	-	-
Increase in the Company's shares held by it subsidiaries	-	(18,762,629)	-	-
Disposal of the Company's shares held by it subsidiaries	7,934,237	16,612,442	-	-
Net cash from (used in) financing activities	<u>117,411,559</u>	<u>(47,438,906)</u>	<u>186,010,398</u>	<u>196,863,791</u>
Net increase (decrease) in cash and cash equivalents	42,565,995	(25,211,704)	1,008,548	43,670,061
Cash and cash equivalents at beginning of the year	147,599,376	172,811,080	82,312,274	38,642,213
Cash and cash equivalents at end of the year	<u>190,165,371</u>	<u>147,599,376</u>	<u>83,320,822</u>	<u>82,312,274</u>
Supplement cash flows information				
Cash paid during the year for :-				
Interest expenses	294,362,092	294,660,455	50,214,092	43,269,056
Corporate income tax	20,795,350	21,635,593	764,647	738,361

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