

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY		
	As at	As at	As at	As at	
	Note	31 March 2006	31 December 2005	31 March 2006	31 December 2005
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		200,690	172,811	97,815	38,642
Trade accounts receivable	3				
Related parties	4	621,292	730,922	231,764	280,904
Others		1,306,095	1,281,437	418,878	422,984
		1,927,387	2,012,359	650,642	703,888
Less : Allowance for doubtful accounts		(1,205)	(497)	(756)	(137)
Trade accounts receivable - net		1,926,182	2,011,862	649,886	703,751
Amounts due from and short-term loans to related parties - net	4	4,234	355	576	4,139
Inventories - net		1,479,020	1,288,380	381,237	325,126
Other current assets					
Receivable from Revenue Department		9,812	7,195	1,772	1,345
Advance for purchase of land		-	38,621	-	-
Prepaid expenses		17,843	5,220	4,685	1,555
Other receivable		4,944	3,246	593	386
Others		20,180	7,150	1,617	1,223
Total other current assets		52,779	61,432	8,667	4,509
TOTAL CURRENT ASSETS		3,662,905	3,534,840	1,138,181	1,076,167
NON-CURRENT ASSETS					
Investments in subsidiaries and associates accounted for					
under equity method	5	66,438	67,917	1,462,575	1,505,379
Investments in marketable securities		1,137	1,205	1,137	1,205
Property, plant and equipment - net	6	5,241,255	5,274,332	856,613	867,186
Goodwill - net		118	135	-	-
Negative goodwill - net		(13,476)	(14,375)	-	-
Other non-current assets					
Deposits		5,244	9,012	985	960
Others		40	40	40	40
TOTAL NON-CURRENT ASSETS		5,300,756	5,338,266	2,321,350	2,374,770
TOTAL ASSETS		8,963,661	8,873,106	3,459,531	3,450,937

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

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		As at	As at	As at	As at
		31 March 2006 (Unaudited but reviewed)	31 December 2005 (Audited)	31 March 2006 (Unaudited but reviewed)	31 December 2005 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans					
from financial institutions	7	2,984,887	2,800,627	657,367	663,252
Trade accounts payable					
Related parties	4	81,809	98,284	268,825	241,590
Others		1,089,441	984,016	245,417	197,068
Total trade accounts payable		1,171,250	1,082,300	514,242	438,658
Current portion of long-term loans	8	761,450	736,744	45,135	58,505
Amounts due to and advances from related parties	4	6,307	8,313	17,800	5,355
Other current liabilities					
Other payable from purchases of fixed assets		69,602	57,338	3,631	2,898
Accrued expenses		199,876	136,611	61,346	44,747
Other payable		72,899	85,023	-	-
Corporate income tax payable		7,439	9,018	-	-
Accrued interest expenses		20,329	20,168	1,294	1,478
Others		7,239	6,105	1,104	1,359
Total other current liabilities		377,384	314,263	67,375	50,482
TOTAL CURRENT LIABILITIES		5,301,278	4,942,247	1,301,919	1,216,252
NON-CURRENT LIABILITIES					
Long-term loans - net of current portion	8	1,322,174	1,530,843	17,601	25,107
TOTAL NON-CURRENT LIABILITIES		1,322,174	1,530,843	17,601	25,107
TOTAL LIABILITIES		6,623,452	6,473,090	1,319,520	1,241,359

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

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	As at	As at	As at	As at
	Note	31 March 2006 (Unaudited but reviewed)	31 December 2005 (Audited)	31 March 2006 (Unaudited but reviewed)
SHAREHOLDERS' EQUITY				
Share capital	9			
Registered				
450,000,000 ordinary shares of Baht 1 each		450,000	450,000	450,000
Issued and fully paid-up				
314,930,000 ordinary shares of Baht 1 each		314,930	314,930	314,930
Share premium		1,017,395	1,017,395	1,017,395
Translation adjustments		(3,443)	(393)	(3,464)
Retained earnings				
Appropriated - statutory reserve		45,000	45,000	45,000
Unappropriated		787,810	853,614	787,436
TOTAL SHAREHOLDERS' EQUITY OF THE COMPANY		2,161,692	2,230,546	2,161,297
COMPANY'S SHARES HELD BY ITS SUBSIDIARIES	9.2	(21,286)	(20,594)	(21,286)
MINORITY INTEREST - equity attributable to minority				
shareholders of subsidiaries		199,803	190,064	-
TOTAL SHAREHOLDERS' EQUITY		2,340,209	2,400,016	2,140,011
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8,963,661	8,873,106	3,459,531
		0	0	0

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

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DIRECTORS

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(UNAUDITED BUT REVIEWED)

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

(Unit : Thousand Baht except loss per share expressed in Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2006	2005	2006	2005
REVENUES					
Sales	4	1,713,143	1,394,307	580,959	509,207
Share of profit from investments in subsidiaries and associates accounted for under equity method		1,592	680	-	-
Other income					
Interest income	4	7,678	7,388	7,678	7,387
Others		25,227	14,870	8,712	5,924
Total other income		32,905	22,258	16,390	13,311
TOTAL REVENUES		1,747,640	1,417,245	597,349	522,518
EXPENSES					
Cost of sales	4	1,455,520	1,273,217	520,644	469,287
Selling and administrative expenses	4	261,168	223,670	86,096	74,240
Directors' remuneration		-	3,942	-	2,806
Share of loss from investments in subsidiaries and associates accounted for under equity method		-	-	39,041	98,278
Loss on exchange rate		19,095	6,810	8,616	8,583
TOTAL EXPENSES		1,735,783	1,507,639	654,397	653,194
EARNINGS (LOSS) BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX					
		11,857	(90,394)	(57,048)	(130,676)
INTEREST EXPENSES					
		(64,247)	(45,728)	(8,756)	(6,180)
CORPORATE INCOME TAX					
		(3,675)	(842)	-	(570)
LOSS AFTER CORPORATE INCOME TAX					
		(56,065)	(136,964)	(65,804)	(137,426)
MINORITY INTERESTS IN NET EARNINGS					
		(9,739)	(462)	-	-
NET LOSS FOR THE PERIOD					
		(65,804)	(137,426)	(65,804)	(137,426)
BASIC LOSS PER SHARE (BAHT)					
Net loss		(0.21)	(0.44)	(0.21)	(0.44)
Weighted average number of ordinary shares (shares)	9.3	310,285,000	310,570,800	310,285,000	310,570,800
DILUTED LOSS PER SHARE (BAHT)					
Net loss		(0.21)	(0.44)	(0.21)	(0.44)
Diluted weighted average number of ordinary shares (shares)	9.3	310,285,000	310,608,090	310,285,000	310,608,090

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

(UNAUDITED BUT REVIEWED)

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Cash flows from operating activities				
Net loss	(65,804)	(137,426)	(65,804)	(137,426)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities :-				
Share of loss (profit) from investments in subsidiaries and associates				
accounted for under equity method	(1,592)	(680)	39,041	98,278
Depreciation	132,933	122,271	29,393	29,055
Amortisation of goodwill - net	(882)	(882)	-	-
Allowance for doubtful accounts	7,383	7,376	7,383	7,376
Bad debts	708	1,338	619	1,373
Unrealised loss (gain) on exchange rate	(15,183)	30,591	5,897	4,585
Gain on sales of fixed assets	(1,003)	(627)	(310)	(654)
Loss from write-off of fixed assets	17	152	-	147
Interest income from associated company	(7,383)	(7,376)	(7,383)	(7,376)
Provision (reversal of provision) for diminution in value of stocks and stock obsolescence	12,732	(2,884)	9,589	609
Unrealised loss (gain) from revaluation of securities	68	(35)	68	(35)
Minority interest in net earnings of subsidiaries	9,739	462	-	-
Net earnings (loss) from operations before changes in operating assets and liabilities	71,733	12,280	18,493	(4,068)
Operating assets decrease (increase)				
Trade accounts receivable	61,922	98,004	38,991	(5,157)
Inventories	(203,372)	(50,168)	(65,700)	(6,232)
Other current assets	20,503	(4,125)	(3,470)	(1,455)
Other non-current assets	3,768	(516)	(25)	-
Operating liabilities increase				
Trade accounts payable	109,310	106,696	82,918	10,154
Other current liabilities	50,202	29,526	18,602	6,379
Net cash from (used in) operating activities	114,066	191,697	89,809	(379)

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

(UNAUDITED BUT REVIEWED)

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Cash flows from investing activities				
Cash received from sales of equipment	-	582	390	1,502
Cash paid for purchase of land and equipment	(87,106)	(125,861)	(5,265)	(25,724)
Decrease in minority interest	-	(2,003)	-	-
Translation adjustments	21	-	-	-
Net cash used in investing activities	<u>(87,085)</u>	<u>(127,282)</u>	<u>(4,875)</u>	<u>(24,222)</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	179,498	(27,696)	(5,885)	75,665
Cash paid for long-term loans	(177,908)	(16,204)	(19,876)	(57,899)
Increase in the Company's shares held by its subsidiaries	(692)	-	-	-
Net cash from (used in) financing activities	<u>898</u>	<u>(43,900)</u>	<u>(25,761)</u>	<u>17,766</u>
Net increase (decrease) in cash and cash equivalents	<u>27,879</u>	<u>20,515</u>	<u>59,173</u>	<u>(6,835)</u>
Cash and cash equivalents at beginning of the period	<u>172,811</u>	<u>147,510</u>	<u>38,642</u>	<u>63,696</u>
Cash and cash equivalents at end of the period	<u><u>200,690</u></u>	<u><u>168,025</u></u>	<u><u>97,815</u></u>	<u><u>56,861</u></u>
Supplement cash flows information				
Cash paid during the period for :-				
Interest expenses	64,251	45,755	8,941	6,589
Corporate income tax	2,104	1,137	170	668

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

(UNAUDITED BUT REVIEWED)

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

(Unit : Thousand Baht)

	CONSOLIDATED							
	Share capital			Retained earnings		Company's		
	issued and		Translation	Appropriated -		shares held	Minority	
fully paid-up	Share premium	adjustments	statutory reserve	Unappropriated	by its subsidiaries	interest	Total	
Balance as at 1 January 2006	314,930	1,017,395	(393)	45,000	853,614	(20,594)	190,064	2,400,016
Translation adjustments	-	-	(3,050)	-	-	-	-	(3,050)
Net loss for the period	-	-	-	-	(65,804)	-	-	(65,804)
Minority interest	-	-	-	-	-	-	9,739	9,739
Company's shares held by its subsidiaries	-	-	-	-	-	(692)	-	(692)
Balance as at 31 March 2006	<u>314,930</u>	<u>1,017,395</u>	<u>(3,443)</u>	<u>45,000</u>	<u>787,810</u>	<u>(21,286)</u>	<u>199,803</u>	<u>2,340,209</u>
Balance as at 1 January 2005	314,930	1,017,395	(2,129)	45,000	883,402	(19,915)	157,851	2,396,534
Translation adjustments	-	-	(464)	-	-	-	-	(464)
Net loss for the period	-	-	-	-	(137,426)	-	-	(137,426)
Minority interest	-	-	-	-	-	-	(1,541)	(1,541)
Balance as at 31 March 2005	<u>314,930</u>	<u>1,017,395</u>	<u>(2,593)</u>	<u>45,000</u>	<u>745,976</u>	<u>(19,915)</u>	<u>156,310</u>	<u>2,257,103</u>

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

(UNAUDITED BUT REVIEWED)

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2006 AND 2005

(Unit : Thousand Baht)

	THE COMPANY ONLY						
	Share capital		Translation adjustments	Retained earnings		Company's shares held by its subsidiaries	Total
	issued and fully paid-up	Share premium		Appropriated - statutory reserve	Unappropriated		
Balance as at 1 January 2006	314,930	1,017,395	(393)	45,000	853,240	(20,594)	2,209,578
Translation adjustments	-	-	(3,071)	-	-	-	(3,071)
Net loss for the period	-	-	-	-	(65,804)	-	(65,804)
Company's shares held by its subsidiaries	-	-	-	-	-	(692)	(692)
Balance as at 31 March 2006	<u>314,930</u>	<u>1,017,395</u>	<u>(3,464)</u>	<u>45,000</u>	<u>787,436</u>	<u>(21,286)</u>	<u>2,140,011</u>
Balance as at 1 January 2005	314,930	1,017,395	(2,129)	45,000	883,402	(19,915)	2,238,683
Translation adjustments	-	-	(464)	-	-	-	(464)
Net loss for the period	-	-	-	-	(137,426)	-	(137,426)
Balance as at 31 March 2005	<u>314,930</u>	<u>1,017,395</u>	<u>(2,593)</u>	<u>45,000</u>	<u>745,976</u>	<u>(19,915)</u>	<u>2,100,793</u>

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