

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY		
	As at 30	As at 31	As at 30	As at 31	
	<u>Note</u>	June 2006	December 2005	June 2006	December 2005
	(Unaudited	(Audited)	(Unaudited	(Audited)	
	but reviewed)		but reviewed)		
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		203,675	172,811	116,735	38,642
Trade accounts receivable	3				
Related parties	4	575,238	730,922	223,147	280,904
Others		1,250,780	1,281,437	373,806	422,984
		1,826,018	2,012,359	596,953	703,888
Less : Allowance for doubtful accounts		(1,274)	(497)	(1,033)	(137)
Trade accounts receivable - net		1,824,744	2,011,862	595,920	703,751
Amounts due from and short-term loans to related parties - net	4	4,398	355	40,581	4,139
Inventories - net	5	1,556,914	1,288,380	368,551	325,126
Other current assets					
Receivable from Revenue Department		8,352	7,195	1,704	1,345
Prepaid expenses		15,302	5,220	3,512	1,555
Others		13,507	9,627	4,026	1,609
Total other current assets		37,161	22,042	9,242	4,509
TOTAL CURRENT ASSETS		3,626,892	3,495,450	1,131,029	1,076,167
NON-CURRENT ASSETS					
Investments in subsidiaries and associates accounted for					
under equity method	6	68,379	67,917	1,419,267	1,505,379
Investments in marketable securities		1,016	1,205	1,016	1,205
Deposit and advance for purchase of assets		13,578	39,390	-	-
Property, plant and equipment - net	7	5,276,593	5,274,332	941,240	867,186
Goodwill - net		101	135	-	-
Negative goodwill - net		(12,578)	(14,375)	-	-
Other non-current assets					
Deposits		5,131	9,012	964	960
Others		40	40	40	40
TOTAL NON-CURRENT ASSETS		5,352,260	5,377,656	2,362,527	2,374,770
TOTAL ASSETS		8,979,152	8,873,106	3,493,556	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 30	As at 31	As at 30	As at 31
		June 2006	December 2005	June 2006	December 2005
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans					
from financial institutions	8	3,094,164	2,800,627	651,793	663,252
Trade accounts payable					
Related parties	4	72,148	98,284	280,033	241,590
Others		1,206,823	984,016	283,057	197,068
Total trade accounts payable		1,278,971	1,082,300	563,090	438,658
Current portion of long-term loans	9	752,810	736,744	36,107	58,505
Amounts due to and advances from related parties	4	9,212	8,313	50,951	5,355
Other current liabilities					
Other payable from purchases of fixed assets		127,292	57,338	80,964	2,898
Accrued expenses		154,741	136,611	40,704	44,747
Other payable		83,717	85,023	-	-
Corporate income tax payable		3,818	9,018	-	-
Accrued interest expenses		24,068	20,168	2,289	1,478
Others		7,034	6,105	1,238	1,359
Total other current liabilities		400,670	314,263	125,195	50,482
TOTAL CURRENT LIABILITIES		5,535,827	4,942,247	1,427,136	1,216,252
NON-CURRENT LIABILITIES					
Long-term loans - net of current portion	9	1,179,447	1,530,843	13,996	25,107
TOTAL NON-CURRENT LIABILITIES		1,179,447	1,530,843	13,996	25,107
TOTAL LIABILITIES		6,715,274	6,473,090	1,441,132	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 30	As at 31	As at 30	As at 31
<u>Note</u>	June 2006	December 2005	June 2006	December 2005
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
SHAREHOLDERS' EQUITY				
Share capital				
Registered				
450,000,000 ordinary shares of Baht 1 each	450,000	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	314,930
Share premium	1,017,395	1,017,395	1,017,395	1,017,395
Translation adjustments	(4,099)	(393)	(4,099)	(393)
Retained earnings				
Appropriated - statutory reserve	45,000	45,000	45,000	45,000
Unappropriated	697,246	853,614	696,872	853,240
TOTAL SHAREHOLDERS' EQUITY OF THE COMPANY	2,070,472	2,230,546	2,070,098	2,230,172
COMPANY'S SHARES HELD BY ITS SUBSIDIARIES	(17,674)	(20,594)	(17,674)	(20,594)
MINORITY INTEREST - equity attributable to minority shareholders of subsidiaries	211,080	190,064	-	-
TOTAL SHAREHOLDERS' EQUITY	2,263,878	2,400,016	2,052,424	2,209,578
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,979,152	8,873,106	3,493,556	3,450,937
	0	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 30 JUNE 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	1,773,864	1,635,657	616,528	582,429
Other income					
Gain on exchange rate		20,108	-	5,275	1,857
Interest income	4	8,016	7,555	8,091	7,472
Others		23,438	15,863	9,803	9,109
Total other income		51,562	23,418	23,169	18,438
Share of profit from investments in subsidiaries and associates accounted for under equity method		2,576	3,386	-	-
TOTAL REVENUES		1,828,002	1,662,461	639,697	600,867
EXPENSES					
Cost of sales	4	1,559,876	1,415,720	582,067	510,501
Selling and administrative expenses	4	267,429	236,092	88,021	79,660
Directors' remuneration		4,140	6,950	4,140	6,949
Loss on exchange rate		-	4,075	-	-
Share of loss from investments in subsidiaries and associates accounted for under equity method		-	-	46,285	55,089
TOTAL EXPENSES		1,831,445	1,662,837	720,513	652,199
LOSS BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX					
		(3,443)	(376)	(80,816)	(51,332)
INTEREST EXPENSES					
		(73,399)	(50,340)	(9,748)	(6,876)
CORPORATE INCOME TAX					
	12	(2,445)	127	-	-
LOSS BEFORE MINORITY INTEREST					
		(79,287)	(50,589)	(90,564)	(58,208)
MINORITY INTERESTS IN NET EARNINGS					
		(11,277)	(7,619)	-	-
NET LOSS FOR THE PERIOD					
		(90,564)	(58,208)	(90,564)	(58,208)
BASIC LOSS PER SHARE (BAHT)					
Net loss		(0.29)	(0.19)	(0.29)	(0.19)
Weighted average number of ordinary shares (shares)	10.3	311,231,500	310,570,800	311,231,500	310,570,800
DILUTED LOSS PER SHARE (BAHT)					
Net loss		(0.29)	(0.19)	(0.29)	(0.19)
Diluted weighted average number of ordinary shares (shares)	10.3	311,231,500	310,605,086	311,231,500	310,605,086

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

(UNAUDITED BUT REVIEWED)

KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF EARNINGS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 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	3,487,007	3,029,964	1,197,487	1,091,636
Other income					
Gain on exchange rate		1,013	-	-	-
Interest income	4	15,694	14,943	15,769	14,859
Others		48,665	30,734	18,515	15,033
Total other income		65,372	45,677	34,284	29,892
Share of profit from investments in subsidiaries and associates accounted for under equity method		4,168	4,065	-	-
TOTAL REVENUES		3,556,547	3,079,706	1,231,771	1,121,528
EXPENSES					
Cost of sales	4	3,015,396	2,688,937	1,102,711	979,788
Selling and administrative expenses	4	528,597	459,762	174,117	153,899
Directors' remuneration		4,140	10,892	4,140	9,755
Loss on exchange rate		-	10,885	3,341	6,726
Share of loss from investments in subsidiaries and associates accounted for under equity method		-	-	85,326	153,368
TOTAL EXPENSES		3,548,133	3,170,476	1,369,635	1,303,536
EARNINGS (LOSS) BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX					
INTEREST EXPENSES		(137,646)	(96,068)	(18,504)	(13,056)
CORPORATE INCOME TAX	12	(6,120)	(715)	-	(570)
LOSS BEFORE MINORITY INTEREST		(135,352)	(187,553)	(156,368)	(195,634)
MINORITY INTERESTS IN NET EARNINGS		(21,016)	(8,081)	-	-
NET LOSS FOR THE PERIOD		(156,368)	(195,634)	(156,368)	(195,634)
BASIC LOSS PER SHARE (BAHT)					
Net loss		(0.50)	(0.63)	(0.50)	(0.63)
Weighted average number of ordinary shares (shares)	10.3	311,231,500	310,570,800	311,231,500	310,570,800
DILUTED LOSS PER SHARE (BAHT)					
Net loss		(0.50)	(0.63)	(0.50)	(0.63)
Diluted weighted average number of ordinary shares (shares)	10.3	311,231,500	310,606,654	311,231,500	310,606,654

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 SIX-MONTH PERIODS ENDED 30 JUNE 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	(156,368)	(195,634)	(156,368)	(195,634)
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	(4,168)	(4,065)	85,326	153,368
Depreciation	265,423	248,696	58,046	57,896
Amortisation of goodwill - net	(1,763)	(1,762)	-	-
Allowance for doubtful accounts	14,848	14,841	14,848	14,841
Bad debts	777	537	896	794
Unrealised loss (gain) on exchange rate	(17,533)	61,953	(988)	286
Gain on sales of fixed assets	(387)	(1,357)	(402)	(1,369)
Loss from write-off of fixed assets	30	195	-	147
Interest income from associated company	(14,848)	(14,841)	(14,848)	(14,841)
Loss from write-off of inventories	522	-	-	-
Provision (reversal of provision) for diminution in value of stocks and stock obsolescence	22,547	(2,988)	11,789	1,512
Unrealised loss (gain) from revaluation of marketable securities	189	(44)	189	(44)
Minority interests in net earnings of subsidiaries	21,016	8,081	-	-
Net earnings (loss) from operations before changes in operating assets and liabilities	130,285	113,612	(1,512)	16,956
Operating assets decrease (increase)				
Trade accounts receivable	193,032	(89,382)	108,563	(26,407)
Inventories	(291,603)	6,413	(55,214)	(1,795)
Other current assets	19,470	3,169	(44,114)	1,021
Non-current assets	3,881	2,522	(4)	(10)
Operating liabilities increase (decrease)				
Trade accounts payable	197,368	129,332	122,512	57,261
Other current liabilities	16,861	(18,887)	35,426	(6,905)
Net cash from operating activities	269,294	146,779	165,657	40,121

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 SIX-MONTH PERIODS ENDED 30 JUNE 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	726	1,134	4,576	3,418
Cash paid for purchase of land and equipment	(150,228)	(240,646)	(48,051)	(32,167)
Decrease in minority interest	-	(1,942)	-	-
Net cash used in investing activities	<u>(149,502)</u>	<u>(241,454)</u>	<u>(43,475)</u>	<u>(28,749)</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	243,397	381,960	(10,586)	109,061
Cash paid for from long-term loans	(335,245)	(256,942)	(33,503)	(115,331)
Dividend paid	-	(31,120)	-	(31,493)
Investment in the Company's shares held by its subsidiaries	(1,803)	-	-	-
Disposal of the Company's shares held by its subsidiaries	4,723	-	-	-
Net cash from (used in) financing activities	<u>(88,928)</u>	<u>93,898</u>	<u>(44,089)</u>	<u>(37,763)</u>
Net increase (decrease) in cash and cash equivalents	30,864	(777)	78,093	(26,391)
Cash and cash equivalents at beginning of the period	172,811	147,510	38,642	63,696
Cash and cash equivalents at end of the period	<u>203,675</u>	<u>146,733</u>	<u>116,735</u>	<u>37,305</u>
Supplement cash flows information				
Cash paid during the period for :-				
Interest expenses	134,409	95,196	17,718	12,978
Corporate income tax	11,913	9,805	412	805

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 SIX-MONTH PERIODS ENDED 30 JUNE 2006 AND 2005

(Unit : Thousand Baht)

	CONSOLIDATED							
	Share capital		Translation	Retained earnings		Company's	Minority	Total
	issued and	Share premium		Appropriated -	Unappropriated			
fully paid-up		adjustments	statutory reserve		by its subsidiaries			
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	-	-	(3,706)	-	-	-	-	(3,706)
Net loss for the period	-	-	-	-	(156,368)	-	-	(156,368)
Investment in the Company's share by its subsidiaries	-	-	-	-	-	(1,803)	-	(1,803)
Disposal of the Company's share by its subsidiaries	-	-	-	-	-	4,723	-	4,723
Minority interests	-	-	-	-	-	-	21,016	21,016
Balance as at 30 June 2006	<u>314,930</u>	<u>1,017,395</u>	<u>(4,099)</u>	<u>45,000</u>	<u>697,246</u>	<u>(17,674)</u>	<u>211,080</u>	<u>2,263,878</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	-	-	1,801	-	-	-	-	1,801
Net loss for the period	-	-	-	-	(195,634)	-	-	(195,634)
Dividend paid (Note 11)	-	-	-	-	(31,120)	-	-	(31,120)
Minority interests	-	-	-	-	-	-	6,139	6,139
Balance as at 30 June 2005	<u>314,930</u>	<u>1,017,395</u>	<u>(328)</u>	<u>45,000</u>	<u>656,648</u>	<u>(19,915)</u>	<u>163,990</u>	<u>2,177,720</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 SIX-MONTH PERIODS ENDED 30 JUNE 2006 AND 2005

(Unit : Thousand Baht)

	THE COMPANY ONLY						
	Share capital		Translation adjustments	Retained earnings		Company's	
	issued and fully paid-up	Share premium		Appropriated - statutory reserve	Unappropriated	shares held by its subsidiaries	Total
Balance as at 1 January 2006	314,930	1,017,395	(393)	45,000	853,240	(20,594)	2,209,578
Translation adjustments	-	-	(3,706)	-	-	-	(3,706)
Net loss for the period	-	-	-	-	(156,368)	-	(156,368)
Investment in the Company's share by its subsidiaries	-	-	-	-	-	(1,803)	(1,803)
Disposal of the Company's share by its subsidiaries	-	-	-	-	-	4,723	4,723
Balance as at 30 June 2006	<u>314,930</u>	<u>1,017,395</u>	<u>(4,099)</u>	<u>45,000</u>	<u>696,872</u>	<u>(17,674)</u>	<u>2,052,424</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	-	-	1,801	-	-	-	1,801
Net loss for the period	-	-	-	-	(195,634)	-	(195,634)
Dividend paid (Note 11)	-	-	-	-	(31,493)	-	(31,493)
Balance as at 30 June 2005	<u>314,930</u>	<u>1,017,395</u>	<u>(328)</u>	<u>45,000</u>	<u>656,275</u>	<u>(19,915)</u>	<u>2,013,357</u>

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