

## KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEETS

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	<u>Note</u> 30 June 2007 (Unaudited but reviewed)	31 December 2006 (Audited)	30 June 2007 (Unaudited but reviewed)	31 December 2006 (Audited) (Restated)
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	206,624	147,599	84,928	82,312
Trade accounts receivable	4			
Related parties	5	613,537	218,406	216,097
Other companies		1,408,788	462,898	398,140
		2,022,325	681,304	614,237
Less : Allowance for doubtful accounts		(4,076)	(4,076)	(1,033)
Trade accounts receivable - net		2,018,249	677,228	613,204
Amounts due from and short-term loans				
to related parties - net	5	20,945	1,238	5,952
Inventories - net	6	1,614,462	448,492	359,902
Other current assets				
Receivable from Revenue Department		6,985	2,361	3,913
Prepaid expenses		12,062	3,050	1,455
Others		35,010	7,506	6,586
Total other current assets		54,057	12,917	11,954
<b>TOTAL CURRENT ASSETS</b>		<b>3,914,337</b>	<b>1,224,803</b>	<b>1,073,324</b>
<b>NON-CURRENT ASSETS</b>				
Investments in subsidiaries	7	-	919,098	916,938
Investments in associates	7	79,253	2,423	2,423
Investments in marketable securities		1,272	1,272	1,057
Deposit and advance for purchase of assets		5,115	-	-
Property, plant and equipment - net	8	5,511,679	1,116,954	1,022,292
Goodwill - net		34	-	-
Negative goodwill - net		(8,984)	-	-
Deposits and others		1,852	1,733	1,634
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,590,221</b>	<b>2,041,480</b>	<b>1,944,344</b>
<b>TOTAL ASSETS</b>		<b>9,504,558</b>	<b>3,266,283</b>	<b>3,017,668</b>

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 financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2007 (Unaudited but reviewed)	31 December 2006 (Audited)	30 June 2007 (Unaudited but reviewed)	31 December 2006 (Audited) (Restated)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans					
from financial institutions	9	3,268,294	3,420,514	665,046	821,647
Trade accounts payable					
Related parties	5	74,251	67,794	371,201	284,466
Other companies		1,593,536	1,151,868	367,854	258,874
Total trade accounts payable		1,667,787	1,219,662	739,055	543,340
Current portion of long-term loans	10	578,845	696,813	67,918	74,649
Amounts due to and advances from related parties	5	26,312	10,812	27,829	13,124
Other current liabilities					
Other payable from purchases of equipment		110,749	166,516	48,510	44,416
Other payable		101,505	84,239	-	2,029
Accrued expenses		160,399	163,948	62,066	49,428
Accrued interest expenses		27,088	28,529	2,104	3,044
Corporate income tax payable		3,896	5,948	-	-
Others		7,068	6,263	1,833	1,520
Total other current liabilities		410,705	455,443	114,513	100,437
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,951,943</b>	<b>5,803,244</b>	<b>1,614,361</b>	<b>1,553,197</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term loans, net of current portion	10	992,461	1,029,054	68,108	48,245
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>992,461</b>	<b>1,029,054</b>	<b>68,108</b>	<b>48,245</b>
<b>TOTAL LIABILITIES</b>		<b>6,944,404</b>	<b>6,832,298</b>	<b>1,682,469</b>	<b>1,601,442</b>

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 financial statements		Separate financial statements	
	As at	As at	As at	As at
	<u>Note</u> 30 June 2007 (Unaudited but reviewed)	31 December 2006 (Audited)	30 June 2007 (Unaudited but reviewed)	31 December 2006 (Audited) (Restated)
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	<i>11</i>			
Registered				
500,000,000 ordinary shares of Baht 1 each				
(31 December 2006 : 450,000,000 ordinary shares of Baht 1 each)	500,000	450,000	500,000	450,000
Issued and fully paid-up				
462,497,269 ordinary shares of Baht 1 each				
(31 December 2006 : 314,930,000 ordinary shares of Baht 1 each)	462,497	314,930	462,497	314,930
Share premium	1,017,395	1,017,395	1,017,395	1,017,395
Translation adjustments	(10,611)	(7,401)	-	-
Deferred gain (loss) from hedging activities	1,705	(4,033)	335	(944)
Retained earnings				
Appropriated - statutory reserve	45,000	45,000	45,000	45,000
Unappropriated	851,884	736,893	58,587	39,845
<b>TOTAL SHAREHOLDERS' EQUITY OF THE COMPANY</b>	<b>2,367,870</b>	<b>2,102,784</b>	<b>1,583,814</b>	<b>1,416,226</b>
COMPANY'S SHARES HELD BY ITS SUBSIDIARIES	<i>11.3</i> (22,875)	(22,744)	-	-
MINORITY INTEREST - equity attributable to minority				
shareholders of subsidiaries	215,159	203,235	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,560,154</b>	<b>2,283,275</b>	<b>1,583,814</b>	<b>1,416,226</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>9,504,558</b>	<b>9,115,573</b>	<b>3,266,283</b>	<b>3,017,668</b>
	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

## INCOME STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

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

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
					(Restated)
<b>REVENUES</b>					
Sales	5	2,022,358	1,778,593	719,313	616,528
Other income					
Gain on exchange rate		1,977	20,108	2,269	5,275
Interest income	5	8,018	8,016	7,810	8,091
Others		39,236	18,709	9,858	9,803
Total other income		49,231	46,833	19,937	23,169
Share of income from investments in associates		4,996	2,576	-	-
<b>TOTAL REVENUES</b>		<b>2,076,585</b>	<b>1,828,002</b>	<b>739,250</b>	<b>639,697</b>
<b>EXPENSES</b>					
Cost of sales	5	1,639,900	1,559,876	599,339	582,067
Selling and administrative expenses	5	294,377	271,569	114,665	92,161
Impairment of investments in subsidiaries		-	-	-	78,248
<b>TOTAL EXPENSES</b>		<b>1,934,277</b>	<b>1,831,445</b>	<b>714,004</b>	<b>752,476</b>
<b>INCOME (LOSS) BEFORE INTEREST EXPENSES</b>					
AND CORPORATE INCOME TAX		142,308	(3,443)	25,246	(112,779)
<b>INTEREST EXPENSES</b>		<b>(72,384)</b>	<b>(73,399)</b>	<b>(11,176)</b>	<b>(9,748)</b>
<b>CORPORATE INCOME TAX</b>	13	<b>(2,938)</b>	<b>(2,445)</b>	<b>-</b>	<b>-</b>
<b>INCOME (LOSS) AFTER CORPORATE INCOME TAX</b>		<b>66,986</b>	<b>(79,287)</b>	<b>14,070</b>	<b>(122,527)</b>
<b>NET INCOME ATTRIBUTABLE TO MINORITY</b>					
INTEREST IN SUBSIDIARIES		(6,078)	(11,277)	-	-
<b>NET INCOME (LOSS) FOR THE PERIOD</b>		<b>60,908</b>	<b>(90,564)</b>	<b>14,070</b>	<b>(122,527)</b>
<b>BASIC EARNING (LOSS) PER SHARE (BAHT)</b>					
Net income (loss)		0.19	(0.29)	0.04	(0.39)
Weighted average number of ordinary shares (shares)	11.4	322,776,265	311,231,500	329,524,565	314,930,000

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

(UNAUDITED BUT REVIEWED)

## KCE ELECTRONICS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## INCOME STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

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

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
					(Restated)
<b>REVENUES</b>					
Sales	5	4,104,940	3,496,355	1,383,893	1,197,487
Other income					
Gain on exchange rate		812	1,013	3,729	-
Interest income	5	15,828	15,694	15,619	15,769
Others		62,012	39,317	22,121	18,515
Total other income		78,652	56,024	41,469	34,284
Share of income from investments in associates		1,278	4,168	-	-
<b>TOTAL REVENUES</b>		<b>4,184,870</b>	<b>3,556,547</b>	<b>1,425,362</b>	<b>1,231,771</b>
<b>EXPENSES</b>					
Cost of sales	5	3,340,170	3,015,396	1,173,117	1,102,711
Selling and administrative expenses	5	563,681	532,737	209,975	178,257
Impairment of investments in subsidiaries		-	-	-	146,584
Loss on exchange rate		-	-	-	3,341
<b>TOTAL EXPENSES</b>		<b>3,903,851</b>	<b>3,548,133</b>	<b>1,383,092</b>	<b>1,430,893</b>
<b>INCOME (LOSS) BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX</b>					
		281,019	8,414	42,270	(199,122)
<b>INTEREST EXPENSES</b>					
		(146,906)	(137,646)	(23,528)	(18,504)
<b>CORPORATE INCOME TAX</b>					
	13	(8,638)	(6,120)	-	-
<b>INCOME (LOSS) AFTER CORPORATE INCOME TAX</b>		<b>125,475</b>	<b>(135,352)</b>	<b>18,742</b>	<b>(217,626)</b>
<b>NET INCOME ATTRIBUTABLE TO MINORITY</b>					
INTEREST IN SUBSIDIARIES		(10,484)	(21,016)	-	-
<b>NET INCOME (LOSS) FOR THE PERIOD</b>		<b>114,991</b>	<b>(156,368)</b>	<b>18,742</b>	<b>(217,626)</b>
<b>BASIC EARNING (LOSS) PER SHARE (BAHT)</b>					
Net income (loss)		0.36	(0.50)	0.06	(0.69)
Weighted average number of ordinary shares (shares)	11.4	315,519,299	311,231,500	322,267,599	314,930,000

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 2007 AND 2006

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
				(Restated)
<b>Cash flows from operating activities</b>				
Net income (loss)	114,991	(156,368)	18,742	(217,626)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities :-				
Share of loss (income) from investments in associates accounted for under equity method	(1,278)	(4,168)	-	-
Depreciation	263,789	265,423	55,782	58,046
Amortisation of goodwill - net	(1,763)	(1,763)	-	-
Allowance for doubtful accounts	14,848	14,848	14,848	14,848
Bad debts	3,043	777	3,043	896
Unrealised loss (gain) on exchange rate	(2,287)	(17,533)	2,561	(988)
Gain on sales of fixed assets	(512)	(387)	(1,332)	(402)
Loss from write-off of fixed assets	126	30	46	-
Interest income from associated company	(14,848)	(14,848)	(14,848)	(14,848)
Loss from write-off of inventories	1,745	522	-	-
Allowance for diminution in value of inventories and inventory obsolescence	9,511	22,547	2,615	11,789
Allowance for diminution in value of investments in subsidiaries	-	-	-	146,584
Unrealised loss (gain) on revaluation of investments in marketable securities	(215)	189	(215)	189
Net income attributable to minority interests	10,484	21,016	-	-
Net income (loss) from operating activities before changes in operating assets and liabilities	397,634	130,285	81,242	(1,512)
Operating assets decrease (increase)				
Trade accounts receivable	(16,789)	193,032	(73,558)	108,563
Inventories	(255,163)	(291,603)	(91,205)	(55,214)
Other current assets	(23,462)	19,470	(1,367)	(44,114)
Non-current assets	7	3,881	(99)	(4)
Operating liabilities increase				
Trade accounts payable	458,337	197,368	198,499	122,512
Other current liabilities	11,857	16,861	11,623	35,426
Net cash from operating activities	572,421	269,294	125,135	165,657

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 2007 AND 2006

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
				(Restated)
<b>Cash flows from investing activities</b>				
Proceeds from sales of equipment	993	726	1,281	4,576
Cash paid for purchase of land and equipment	(342,389)	(150,228)	(126,274)	(48,051)
Increase in investment in subsidiary	-	-	(2,160)	-
Increase in minority interest	1,440	-	-	-
Translation adjustments	(69)	-	-	-
Net cash used in investing activities	<u>(340,025)</u>	<u>(149,502)</u>	<u>(127,153)</u>	<u>(43,475)</u>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(168,589)	243,397	(156,601)	(10,586)
Cash received from long-term loans	259,763	-	52,863	-
Cash paid for long-term loans	(411,981)	(335,245)	(39,195)	(33,503)
Cash received from share capital increase	147,567	-	147,567	-
Investment in the Company's shares held by its subsidiaries	(763)	(1,803)	-	-
Disposal of the Company's shares held by its subsidiaries	632	4,723	-	-
Net cash from (used in) financing activities	<u>(173,371)</u>	<u>(88,928)</u>	<u>4,634</u>	<u>(44,089)</u>
Net increase in cash and cash equivalents	59,025	30,864	2,616	78,093
Cash and cash equivalents at beginning of the period	<u>147,599</u>	<u>172,811</u>	<u>82,312</u>	<u>38,642</u>
Cash and cash equivalents at end of the period	<u><u>206,624</u></u>	<u><u>203,675</u></u>	<u><u>84,928</u></u>	<u><u>116,735</u></u>
<b>Supplement cash flows information</b>				
Cash paid during the period for :-				
Interest expenses	143,552	134,409	16,791	17,718
Corporate income tax	11,961	11,913	430	412

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 2007 AND 2006

(Unit : Thousand Baht)

## Consolidated financial statements

	Share capital		Translation adjustments	Deferred gain (loss) from hedging activities	Retained earnings		Company's shares held by its subsidiaries	Minority interest	Total
	issued and fully paid-up	Share premium			Appropriated - statutory reserve	Unappropriated			
<b>Balance as at 1 January 2006</b>	314,930	1,017,395	(393)	-	45,000	853,614	(20,594)	190,064	2,400,016
Translation adjustments	-	-	(3,706)	-	-	-	-	-	(3,706)
Net income (loss) for the period	-	-	-	-	-	(156,368)	-	21,016	(135,352)
Increase in the Company's shares held by its subsidiaries	-	-	-	-	-	-	(1,803)	-	(1,803)
Disposal of the Company's shares held by its subsidiaries	-	-	-	-	-	-	4,723	-	4,723
<b>Balance as at 30 June 2006</b>	<u>314,930</u>	<u>1,017,395</u>	<u>(4,099)</u>	<u>-</u>	<u>45,000</u>	<u>697,246</u>	<u>(17,674)</u>	<u>211,080</u>	<u>2,263,878</u>
<b>Balance as at 1 January 2007</b>	314,930	1,017,395	(7,401)	(4,033)	45,000	736,893	(22,744)	203,235	2,283,275
Ordinary shares issued during the period	147,567	-	-	-	-	-	-	-	147,567
Translation adjustments	-	-	(3,210)	-	-	-	-	-	(3,210)
Net income for the period	-	-	-	-	-	114,991	-	10,484	125,475
Deferred gain from hedging activities	-	-	-	5,738	-	-	-	-	5,738
Increase in the Company's shares held by its subsidiaries	-	-	-	-	-	-	(2,452)	-	(2,452)
Disposal of the Company's shares held by its subsidiaries	-	-	-	-	-	-	2,321	-	2,321
Minority interest	-	-	-	-	-	-	-	1,440	1,440
<b>Balance as at 30 June 2007</b>	<u>462,497</u>	<u>1,017,395</u>	<u>(10,611)</u>	<u>1,705</u>	<u>45,000</u>	<u>851,884</u>	<u>(22,875)</u>	<u>215,159</u>	<u>2,560,154</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 2007 AND 2006

(Unit : Thousand Baht)

	Separate financial statements							
	Share capital issued and fully paid-up	Share premium	Translation adjustments	Deferred gain (loss) from hedging activities	Retained earnings Appropriated - statutory reserve	Unappropriated	Company's shares held by its subsidiaries	Total
<b>Balance as at 1 January 2006 - as previously reported</b>	314,930	1,017,395	(393)	-	45,000	853,240	(20,594)	2,209,578
Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies (Note 2)	-	-	393	-	-	(684,594)	20,594	(663,607)
<b>Balance as at 1 January 2006 - as restated</b>	314,930	1,017,395	-	-	45,000	168,646	-	1,545,971
Net loss for the period (restated)	-	-	-	-	-	(217,626)	-	(217,626)
<b>Balance as at 30 June 2006 - as restated</b>	314,930	1,017,395	-	-	45,000	(48,980)	-	1,328,345
<b>Balance as at 1 January 2007 - as previously reported</b>	314,930	1,017,395	(7,316)	(944)	45,000	736,893	(22,744)	2,083,214
Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies (Note 2)	-	-	7,316	-	-	(697,048)	22,744	(666,988)
<b>Balance as at 1 January 2007 - as restated</b>	314,930	1,017,395	-	(944)	45,000	39,845	-	1,416,226
Ordinary shares issued during the period	147,567	-	-	-	-	-	-	147,567
Net income for the period	-	-	-	-	-	18,742	-	18,742
Deferred gain from hedging activities	-	-	-	1,279	-	-	-	1,279
<b>Balance as at 30 June 2007</b>	462,497	1,017,395	-	335	45,000	58,587	-	1,583,814

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