

KCE Electronics Public Company Limited and its subsidiaries

Balance sheets

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2008	31 December 2007	30 June 2008	31 December 2007
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		195,386	190,165	69,667	83,321
Trade accounts receivable	3				
Related parties	4	487,851	526,672	270,037	276,461
Other companies		1,569,632	1,473,872	527,434	436,452
		2,057,483	2,000,544	797,471	712,913
Less: Allowance for doubtful accounts		(920)	(2,420)	(850)	(2,358)
Trade accounts receivable - net		2,056,563	1,998,124	796,621	710,555
Amounts due from and short-term loans to related parties - net	4	100	-	7,106	17
Inventories - net		1,786,077	1,711,323	522,774	479,003
Other current assets					
Accounts receivable under hedging agreements		31,927	17,541	10,072	1,761
Other accounts receivable		20,691	48,033	7,295	4,683
Accrued income		9,121	15,872	1,221	6,822
Prepaid expenses		14,186	7,714	3,353	2,799
Others		26,322	20,617	8,439	2,944
Total other current assets		102,247	109,777	30,380	19,009
Total current assets		4,140,373	4,009,389	1,426,548	1,291,905
Non-current assets					
Investments in subsidiaries	6	-	-	920,568	919,098
Investments in associates	7	84,151	82,173	2,423	2,423
Investments in marketable securities		1,219	1,494	1,219	1,494
Deposit and advance for purchases of assets		33,341	12,171	25,542	11,030
Property, plant and equipment - net	8	5,976,062	5,764,395	1,450,945	1,379,025
Computer software - net	9	21,624	10,203	8,373	1,449
Negative goodwill - net		(7,187)	(7,187)	-	-
Deposits and others		12,135	4,327	10,861	3,926
Total Non-current assets		6,121,345	5,867,576	2,419,931	2,318,445
Total assets		10,261,718	9,876,965	3,846,479	3,610,350

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 2008	31 December 2007	30 June 2008	31 December 2007
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	10	4,065,274	3,724,087	964,103	869,104
Trade accounts payable					
Related parties	4	76,799	51,264	474,365	352,812
Other companies		1,535,051	1,370,045	359,443	319,065
Total trade accounts payable		1,611,850	1,421,309	833,808	671,877
Current portion of liabilities under financial lease agreements		55,955	23,250	54,141	22,980
Current portion of long-term loans	11	474,391	573,383	62,162	63,797
Amounts due to and advances from related parties	4	8,583	9,155	12,895	7,861
Other current liabilities					
Other payable from purchases of equipment		161,924	206,638	64,411	153,109
Other accounts payable		149,706	100,906	18,589	2,036
Accrued expenses		188,047	184,512	63,839	65,936
Accrued interest expenses		29,133	29,745	3,533	3,053
Others		14,356	7,396	1,544	2,034
Total other current liabilities		543,166	529,197	151,916	226,168
Total current liabilities		6,759,219	6,280,381	2,079,025	1,861,787
Non-current liabilities					
Liabilities under financial lease agreements,					
net of current portion		178,123	82,378	172,872	82,378
Long-term loans, net of current portion	11	615,738	804,113	15,487	43,380
Total non-current liabilities		793,861	886,491	188,359	125,758
Total liabilities		7,553,080	7,166,872	2,267,384	1,987,545

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		
	Note	30 June 2008 (Unaudited but reviewed)	31 December 2007 (Audited)	30 June 2008 (Unaudited but reviewed)	31 December 2007 (Audited)	
Shareholders' equity						
Share capital						
Registered						
		500,000,000 ordinary shares of Baht 1 each	500,000	500,000	500,000	500,000
Issued and fully paid-up						
		462,497,269 ordinary shares of Baht 1 each	462,497	462,497	462,497	462,497
		Share premium	1,017,395	1,017,395	1,017,395	1,017,395
		Translation adjustments	(9,938)	(10,948)	-	-
		Deferred loss from hedging activities	-	(9,209)	-	(3,668)
Retained earnings						
		Appropriated - statutory reserve	50,000	50,000	50,000	50,000
		Unappropriated	961,966	989,320	49,203	96,581
		Total shareholders' equity of the company	2,481,920	2,499,055	1,579,095	1,622,805
	12.2	Company's shares held by its subsidiaries	(10,004)	(14,810)	-	-
Minority interest - equity attributable to minority shareholders of subsidiaries						
			236,722	225,848	-	-
		Total shareholders' equity	2,708,638	2,710,093	1,579,095	1,622,805
		Total liabilities and shareholders' equity	10,261,718	9,876,965	3,846,479	3,610,350

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 2008 and 2007**

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

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Revenues					
Sales and service income	4	2,021,670	2,022,358	810,402	719,313
Other income					
Interest income	4	7,753	8,018	7,536	7,810
Gain on exchange rate	13	-	1,977	-	2,269
Unrealised gain from hedging activities		24,036	-	6,310	-
Others		34,220	39,236	12,382	9,858
Total other income		66,009	49,231	26,228	19,937
Share of income from investments in associates	7	-	4,996	-	-
Total revenues		2,087,679	2,076,585	836,630	739,250
Expenses					
Cost of sales	4	1,701,326	1,639,900	704,859	599,339
Selling and administrative expenses	4	307,748	294,377	114,536	114,665
Loss on exchange rate		110,112	-	39,319	-
Share of loss from investments in associates		211	-	-	-
Total expenses		2,119,397	1,934,277	858,714	714,004
Income (loss) before interest expenses and corporate income tax		(31,718)	142,308	(22,084)	25,246
Interest expenses		(66,966)	(72,384)	(13,621)	(11,176)
Corporate income tax	14	694	(2,938)	-	-
Net income (loss) for the period		(97,990)	66,986	(35,705)	14,070
Net income (loss) attributable to:					
Equity holders of the parent		(101,306)	60,908	(35,705)	14,070
Minority interests of the subsidiaries		3,316	6,078		
Total		(97,990)	66,986		
Earnings per share					
Basic earnings per share					
Net income ((loss) attributable to equity holders of the parent (Baht)		(0.22)	0.19	(0.08)	0.04
Weighted average number of ordinary shares (shares)	12.3	459,225,419	322,776,265	462,497,269	329,524,565
Diluted earnings per share					
Net income ((loss) attributable to equity holders of the parent (Baht)		(0.22)	0.19	(0.08)	0.04
Weighted average number of ordinary shares (shares)	12.3	459,225,419	322,776,265	462,497,269	329,524,565

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 2008 and 2007**

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues					
Sales and service income	4	4,195,413	4,104,940	1,620,349	1,383,893
Other income					
Interest income	4	15,282	15,828	15,057	15,619
Gain on exchange rate	13	29,221	812	1,068	3,729
Unrealised gain from hedging activities		24,036	-	6,310	-
Others		63,851	62,012	23,622	22,121
Total other income		132,390	78,652	46,057	41,469
Share of income from investments in associates	7	968	1,278	-	-
Total revenues		4,328,771	4,184,870	1,666,406	1,425,362
Expenses					
Cost of sales	4	3,546,197	3,340,170	1,425,140	1,173,117
Selling and administrative expenses	4	624,044	563,681	224,444	209,975
Total expenses		4,170,241	3,903,851	1,649,584	1,383,092
Income before interest expenses and corporate income tax		158,530	281,019	16,822	42,270
Interest expenses		(136,505)	(146,906)	(27,200)	(23,528)
Corporate income tax	14	(3,400)	(8,638)	-	-
Net income (loss) for the period		18,625	125,475	(10,378)	18,742
Net income (loss) attributable to:					
Equity holders of the parent		9,299	114,991	(10,378)	18,742
Minority interests of the subsidiaries		9,326	10,484		
Total		18,625	125,475		
Earnings per share					
Basic earnings per share					
Net income (loss) attributable to equity holders of the parent (Baht)		0.02	0.36	(0.02)	0.06
Weighted average number of ordinary shares (shares)	12.3	459,225,419	315,519,299	462,497,269	322,267,599
Diluted earnings per share					
Net income (loss) attributable to equity holders of the parent (Baht)		0.02	0.36	(0.02)	0.06
Weighted average number of ordinary shares (shares)	12.3	459,225,419	315,519,299	462,497,269	322,267,599

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

(Unaudited but reviewed)

KCE Electronics Public Company Limited and its subsidiaries

Cash flows statements

For the six-month periods ended 30 June 2008 and 2007

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from operating activities				
Net income (loss) before tax	22,025	134,113	(10,378)	18,742
Adjustments to reconcile net income (loss) before tax to net cash provided by (used in) operating activities:				
Share of income from investments in associates	(968)	(1,278)	-	-
Depreciation	271,236	261,193	75,668	55,136
Amortisation	2,611	2,596	656	646
Amortisation of goodwill	-	(1,763)	-	-
Allowance for doubtful accounts - Interest income from associated company	14,890	14,848	14,890	14,848
Allowance for doubtful accounts (Reversal)	(1,500)	3,043	(1,508)	3,043
Unrealised loss (gain) on exchange rate	49,548	(2,287)	6,301	2,561
Unrealised gain from hedging activities	(24,036)	-	(6,310)	-
Gain on sales of fixed assets	(329)	(512)	(156)	(1,332)
Loss from write-off of fixed assets	601	126	958	46
Interest income from associated company	(14,890)	(14,848)	(14,890)	(14,848)
Loss from write-off of inventories	320	1,745	-	-
Allowance for diminution in value of inventories and inventory obsolescence	13,288	9,511	1,914	2,615
Unrealised loss (gain) on revaluation of investments in marketable securities	275	(215)	275	(215)
Interest expenses	136,505	146,906	27,200	23,528
Income from operating activities before changes in operating assets and liabilities	469,576	553,178	94,620	104,770
Operating assets decrease (increase)				
Trade accounts receivable	19,567	(16,789)	(48,731)	(73,558)
Inventories	(88,362)	(255,163)	(45,685)	(91,205)
Other current assets	16,972	(22,191)	(3,008)	(937)
Other non-current assets	(7,808)	7	(21,565)	(99)
Operating liabilities increase (decrease)				
Trade accounts payable	139,052	458,337	133,738	198,499
Other current liabilities	40,300	10,556	12,089	4,886
Cash from operating activities	589,297	727,935	121,458	142,356
Cash paid for interest expenses	(138,450)	(143,553)	(27,223)	(16,791)
Cash paid for corporate income tax	(2,021)	(11,961)	(343)	(430)
Net cash from operating activities	448,826	572,421	93,892	125,135

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

(Unaudited but reviewed)

KCE Electronics Public Company Limited and its subsidiaries

Cash flows statements (continued)

For the six-month periods ended 30 June 2008 and 2007

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from investing activities				
Proceeds from sales of equipment	2,040	993	380	1,281
Cash paid for purchase of equipment	(363,333)	(342,389)	(114,988)	(126,274)
Cash paid for purchase of computer software	(11,667)	-	(2,665)	-
Increase in investment in subsidiaries	-	-	(1,470)	(2,160)
Increase in minority interest	1,530	1,440	-	-
Translation adjustments	-	(69)	-	-
Net cash used in investing activities	(371,430)	(340,025)	(118,743)	(127,153)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	269,356	(168,589)	94,343	(156,601)
Cash received from liabilities under financial lease agreement	152,069	-	145,117	-
Cash paid for liabilities under financial lease agreement	(163,641)	-	(156,420)	-
Cash received from long-term loans	-	259,763	-	52,863
Cash paid for long-term loans	(298,130)	(411,981)	(34,843)	(39,195)
Cash received from capital increase	-	147,567	-	147,567
Cash paid for dividend	(36,635)	-	(37,000)	-
Investment in the Company's shares held by its subsidiaries	-	(763)	-	-
Disposal of the Company's shares held by its subsidiaries	4,806	632	-	-
Net cash from (used in) financing activities	(72,175)	(173,371)	11,197	4,634
Net increase (decrease) in cash and cash equivalents	5,221	59,025	(13,654)	2,616
Cash and cash equivalents at beginning of the period	190,165	147,599	83,321	82,312
Cash and cash equivalents at end of the period	195,386	206,624	69,667	84,928

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 2008 and 2007

(Unit: Thousand Baht)

	Consolidated 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	Minority interest	Total
Balance as at 1 January 2007	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
Unrealised items in income statements									
Translation adjustments	-	-	(3,210)	-	-	-	-	-	(3,210)
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
Net income for the period	-	-	-	-	-	114,991	-	10,484	125,475
Balance as at 30 June 2007	<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 2008 and 2007

(Unit: Thousand Baht)

	Consolidated financial statements (continued)								
	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	Minority interest	Total
Balance as at 1 January 2008	462,497	1,017,395	(10,948)	(9,209)	50,000	989,320	(14,810)	225,848	2,710,093
Unrealised items in income statements									
Translation adjustments	-	-	1,010	-	-	-	-	-	1,010
Deferred gain from hedging activities	-	-	-	9,209	-	-	-	-	9,209
Disposal of the Company's shares held by its subsidiaries	-	-	-	-	-	-	4,806	-	4,806
Minority interest	-	-	-	-	-	-	-	1,530	1,530
Dividend paid	-	-	-	-	-	(36,653)	-	18	(36,635)
Net income for the period	-	-	-	-	-	9,299	-	9,326	18,625
Balance as at 30 June 2008	<u>462,497</u>	<u>1,017,395</u>	<u>(9,938)</u>	<u>0</u>	<u>50,000</u>	<u>961,966</u>	<u>(10,004)</u>	<u>236,722</u>	<u>2,708,638</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 2008 and 2007

(Unit: Thousand Baht)

	Separate financial statements					Total
	Share capital	Share premium	Deferred	Retained earnings		
	issued and fully paid-up		gain (loss) from hedging activities	Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2007	314,930	1,017,395	(944)	45,000	39,845	1,416,226
Ordinary shares issued during the period	147,567	-	-	-	-	147,567
Unrealised items in income statements						
Deferred gain from hedging activities	-	-	1,279	-	-	1,279
Net income for the period	-	-	-	-	18,742	18,742
Balance as at 30 June 2007	<u>462,497</u>	<u>1,017,395</u>	<u>335</u>	<u>45,000</u>	<u>58,587</u>	<u>1,583,814</u>
Balance as at 1 January 2008	462,497	1,017,395	(3,668)	50,000	96,581	1,622,805
Unrealised items in income statements						
Deferred gain from hedging activities	-	-	3,668	-	-	3,668
Dividend paid	-	-	-	-	(37,000)	(37,000)
Net loss for the period	-	-	-	-	(10,378)	(10,378)
Balance as at 30 June 2008	<u>462,497</u>	<u>1,017,395</u>	<u>-</u>	<u>50,000</u>	<u>49,203</u>	<u>1,579,095</u>

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