

KCE Electronics Public Company Limited and its subsidiaries

Statements of financial position

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2011 (Unaudited but reviewed)	31 December 2010 (Audited)	30 June 2011 (Unaudited but reviewed)	31 December 2010 (Audited)
Assets					
Current assets					
Cash and cash equivalents		222,294	143,178	68,322	21,020
Short-term investments in trading securities		2,110	2,155	2,110	2,155
Trade accounts receivable	3				
Related parties	4	422,166	345,122	294,916	238,374
Unrelated parties		1,528,073	1,186,013	657,719	529,974
Total		1,950,239	1,531,135	952,635	768,348
Less: Allowance for doubtful accounts		(356)	(165)	(322)	(136)
Trade accounts receivable - net		1,949,883	1,530,970	952,313	768,212
Amounts due from and advances to related parties	4	-	75	987	42
Inventories - net	5	1,682,979	1,332,163	430,356	386,244
Other current assets					
Dividend receivable from related party	4	-	-	-	66,496
Value added tax refundable		9,830	9,300	2,928	3,164
Other accounts receivable		32,452	27,636	20,380	19,583
Insurance claim receivable	17	95,580	94,658	-	-
Prepaid expenses and others		68,184	49,059	14,875	15,797
Total other current assets		206,046	180,653	38,183	105,040
Total current assets		4,063,312	3,189,194	1,492,271	1,282,713
Non-current assets					
Investments in subsidiaries	6	-	-	1,957,486	1,957,486
Investments in associates	7	79,889	76,816	2,422	2,422
Deposits and advances for purchases of assets		98,899	98,892	98,680	98,857
Property, plant and equipment - net	8	5,113,016	5,308,170	1,213,444	1,261,886
Intangible assets - net	9	82,295	75,359	54,986	53,656
Deposits and others		2,810	4,481	2,007	3,465
Total non-current assets		5,376,909	5,563,718	3,329,025	3,377,772
Total assets		9,440,221	8,752,912	4,821,296	4,660,485

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

KCE Electronics Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2011	31 December 2010	30 June 2011	31 December 2010
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	10	3,423,177	3,169,042	1,067,717	1,060,841
Trade accounts payable					
Related parties	4	21,598	14,081	415,101	330,672
Unrelated parties		1,416,939	880,872	334,556	254,308
Total trade accounts payable		1,438,537	894,953	749,657	584,980
Current portion of liabilities under hire-purchase and finance lease agreements					
		78,718	105,858	70,121	96,199
Current portion of long-term loans	11	403,860	397,407	58,711	47,230
Amounts due to and advances from related parties	4	12,837	12,140	11,834	5,399
Other current liabilities					
Accounts payable from purchases of equipment		32,542	70,532	7,969	15,885
Other accounts payable		70,195	60,466	14,627	15,178
Accrued interest expenses		11,810	14,401	2,417	3,451
Accrued expenses and others		139,343	138,131	61,312	44,683
Total other current liabilities		253,890	283,530	86,325	79,197
Total current liabilities		5,611,019	4,862,930	2,044,365	1,873,846
Non-current liabilities					
Liabilities under hire-purchase and finance lease agreements - net of current portion					
		133,672	155,312	124,616	145,925
Long-term loans - net of current portion	11	1,028,056	1,089,888	70,133	86,264
Provision for long-term employee benefits		65,656	-	36,639	-
Total non-current liabilities		1,227,384	1,245,200	231,388	232,189
Total liabilities		6,838,403	6,108,130	2,275,753	2,106,035

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

KCE Electronics Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2011	31 December 2010	30 June 2011	31 December 2010
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity					
Share capital	12				
Registered					
500,000,000 ordinary shares of Baht 1 each		500,000	500,000	500,000	500,000
Issued and fully paid-up					
472,224,269 ordinary shares of Baht 1 each					
(31 December 2010: 471,067,269 ordinary shares of Baht 1 each)		472,224	471,067	472,224	471,067
Share premium		1,107,753	1,100,973	1,107,753	1,100,973
Retained earnings					
Appropriated - statutory reserve		50,000	50,000	50,000	50,000
Appropriated - reserve for treasury shares	12.3	70,050	39,837	70,050	39,837
Unappropriated		1,036,483	1,088,732	915,566	932,410
Other components of shareholders' equity		(54,410)	(57,750)	-	-
Equity attributable to owners of the Company		2,682,100	2,692,859	2,615,593	2,594,287
Less: Treasury shares	12.2	(70,050)	(39,837)	(70,050)	(39,837)
Equity attributable to owners of the Company - net		2,612,050	2,653,022	2,545,543	2,554,450
Non-controlling interests of the subsidiaries		(10,232)	(8,240)	-	-
Total shareholders' equity		2,601,818	2,644,782	2,545,543	2,554,450
Total liabilities and shareholders' equity		9,440,221	8,752,912	4,821,296	4,660,485
		-	-	-	-

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 comprehensive income**

For the three-month periods ended 30 June 2011 and 2010

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

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Profit or loss:					
Revenues					
	4				
Revenues from sales		1,979,675	1,894,207	886,679	800,916
Service income		9,330	2,682	4,411	4,858
Other income					
Gain on exchange rate		-	246	2,213	-
Dividend income from a subsidiary company		-	-	-	7,800
Compensation from insurance claim	17	-	20,000	-	-
Others		29,207	34,375	11,476	15,815
Total other income		29,207	54,621	13,689	23,615
Total revenues		2,018,212	1,951,510	904,779	829,389
Expenses					
	4				
Cost of sales		1,666,784	1,488,974	692,876	643,044
Selling expenses		127,177	132,509	59,292	54,782
Administrative expenses		116,851	109,263	51,785	44,232
Loss on exchange rate		25,393	-	-	12,155
Loss from hedging activities		17,943	4,360	11,418	2,772
Total expenses		1,954,148	1,735,106	815,371	756,985
Profit before share of income from investments in associates, finance cost and corporate income tax					
		64,064	216,404	89,408	72,404
Share of income from investments in associates		321	729	-	-
Profit before finance cost and corporate income tax		64,385	217,133	89,408	72,404
Finance cost		(36,334)	(47,729)	(9,615)	(13,714)
Profit before corporate income tax		28,051	169,404	79,793	58,690
Corporate income tax	13	(388)	(2,234)	-	-
Profit for the period		27,663	167,170	79,793	58,690
Other comprehensive income:					
Exchange differences on translation of financial statements					
in foreign currency		1,110	169	-	-
Other comprehensive income for the period		1,110	169	-	-
Total comprehensive income for the period		28,773	167,339	79,793	58,690

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

(Unaudited but reviewed)

KCE Electronics Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the three-month periods ended 30 June 2011 and 2010

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

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Profit attributable to:					
Equity holders of the Company		27,655	161,071	<u>79,793</u>	<u>58,690</u>
Non-controlling interests of the subsidiaries		<u>8</u>	<u>6,099</u>		
		<u>27,663</u>	<u>167,170</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		28,765	161,240	<u>79,793</u>	<u>58,690</u>
Non-controlling interests of the subsidiaries		<u>8</u>	<u>6,099</u>		
		<u>28,773</u>	<u>167,339</u>		
Earnings per share					
	14				
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		<u>0.060</u>	<u>0.347</u>	<u>0.172</u>	<u>0.126</u>
Diluted earnings per share					
Profit attributable to equity holders of the Company (Baht)		<u>0.060</u>	<u>0.346</u>	<u>0.172</u>	<u>0.126</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 comprehensive income (continued)**

For the six-month periods ended 30 June 2011 and 2010

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

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Profit or loss:					
Revenues					
	4				
Revenues from sales		3,839,538	3,755,043	1,753,253	1,570,540
Service income		15,017	3,046	8,081	11,530
Other income					
Gain on exchange rate		9,781	-	22,076	-
Dividend income from a subsidiary company	6	-	-	-	7,800
Gain from hedging activities		-	-	-	2,401
Compensation from insurance claim	17	17,000	20,000	-	-
Others		93,290	63,166	34,345	28,920
Total other income		120,071	83,166	56,421	39,121
Total revenues		3,974,626	3,841,255	1,817,755	1,621,191
Expenses					
	4				
Cost of sales		3,187,408	2,893,550	1,364,289	1,245,735
Selling expenses		270,138	252,049	122,007	98,801
Administrative expenses		240,105	233,099	99,373	90,327
Loss on exchange rate		-	10,997	-	24,366
Loss from hedging activities		18,615	132	23,080	-
Total expenses		3,716,266	3,389,827	1,608,749	1,459,229
Profit before share of income (loss) from investments in associates, finance cost and corporate income tax					
Share of income (loss) from investments in associates		(267)	2,641	-	-
Profit before finance cost and corporate income tax		258,093	454,069	209,006	161,962
Finance cost		(77,648)	(100,216)	(19,898)	(28,267)
Profit before corporate income tax		180,445	353,853	189,108	133,695
Corporate income tax	13	(1,937)	(3,025)	-	-
Profit for the period		178,508	350,828	189,108	133,695
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency					
		3,340	(2,179)	-	-
Other comprehensive income for the period		3,340	(2,179)	-	-
Total comprehensive income for the period		181,848	348,649	189,108	133,695

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

(Unaudited but reviewed)

KCE Electronics Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the six-month periods ended 30 June 2011 and 2010

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

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Profit attributable to:					
Equity holders of the Company		179,824	342,052	<u>189,108</u>	<u>133,695</u>
Non-controlling interests of the subsidiaries		<u>(1,316)</u>	<u>8,776</u>		
		<u>178,508</u>	<u>350,828</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		183,164	339,873	<u>189,108</u>	<u>133,695</u>
Non-controlling interests of the subsidiaries		<u>(1,316)</u>	<u>8,776</u>		
		<u>181,848</u>	<u>348,649</u>		
Earnings per share					
14					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		<u>0.388</u>	<u>0.742</u>	<u>0.408</u>	<u>0.290</u>
Diluted earnings per share					
Profit attributable to equity holders of the Company (Baht)		<u>0.387</u>	<u>0.741</u>	<u>0.407</u>	<u>0.290</u>

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 2011 and 2010**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from operating activities				
Profit before tax	180,445	353,853	189,108	133,695
Adjustments to reconcile profit before tax to net cash provided by (used in) operating activities:				
Share of loss (income) from investments in associates	267	(2,641)	-	-
Depreciation	281,559	293,382	80,727	84,879
Amortisation	4,021	3,872	1,924	1,370
Allowance for doubtful accounts				
- trade accounts receivable (reversal)	191	(115)	186	(55)
Allowance for diminution in value of inventories and inventory obsolescence	14,182	3,140	3,134	651
Reversal of allowance for impairment on fixed assets	(8,128)	-	-	-
Gain on disposals of equipment	(1,843)	(1,956)	(413)	(142)
Loss from write-off of equipment	7,785	2,268	105	615
Unrealised loss (gain) on revaluation of investments in trading securities	45	(99)	45	(99)
Reserve for long-term employee benefits	3,975	-	1,755	-
Unrealised loss on exchange rate	39,596	641	2,044	7,015
Unrealised loss (gain) from hedging activities	7,313	(6,873)	12,384	(2,258)
Dividend income from a subsidiary company	-	-	-	(7,800)
Interest expenses	72,548	95,689	18,615	27,294
Income from operating activities before changes in operating assets and liabilities	601,956	741,161	309,614	245,165
Operating assets decrease (increase)				
Trade accounts receivable	(390,042)	(281,047)	(170,289)	(170,933)
Inventories	(364,998)	(325,080)	(47,246)	(41,350)
Other current assets	(15,669)	(90,867)	5,082	(10,980)
Other non-current assets	1,671	1,392	1,458	1,603
Operating liabilities increase (decrease)				
Trade accounts payable	528,182	588,213	156,895	157,119
Other current liabilities	(4,079)	8,195	9,654	(26,882)
Reserve for long-term employee benefits	(1,778)	-	(1,778)	-
Cash from operating activities	355,243	641,967	263,390	153,742
Cash paid for interest expenses	(75,237)	(100,543)	(19,649)	(28,249)
Cash paid for corporate income tax	(2,377)	(6,294)	(490)	(495)
Net cash from operating activities	277,629	535,130	243,251	124,998

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 2011 and 2010**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from investing activities				
Proceeds from disposals of equipment	2,683	2,966	999	1,014
Cash paid for purchase of equipment	(174,684)	(76,536)	(45,339)	(62,012)
Cash paid for purchase of computer software	(10,881)	(3,983)	(2,801)	(1,271)
Dividend received from a subsidiary company	-	-	66,496	7,800
Cash paid for additional investments in subsidiaries	-	(243,400)	-	(182,550)
Net cash from (used in) investing activities	(182,882)	(320,953)	19,355	(237,019)
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans				
from financial institutions	287,413	20,169	3,856	208,573
Cash paid for liabilities under hire-purchase and				
financial lease agreements	(56,849)	(54,661)	(51,592)	(47,958)
Cash received from long-term loans	1,285,139	-	69,612	-
Cash paid for long-term loans	(1,369,981)	(212,192)	(75,827)	(12,600)
Cash received from capital increase and warrants exercised	7,937	23,765	7,937	23,765
Cash received from sales of treasury shares	-	48,269	-	48,269
Cash paid for purchase of treasury shares	(30,213)	-	(30,213)	-
Dividend paid	(139,077)	(72,878)	(139,077)	(68,558)
Net cash from (used in) financing activities	(15,631)	(247,528)	(215,304)	151,491
Net increase (decrease) in cash and cash equivalents	79,116	(33,351)	47,302	39,470
Cash and cash equivalents at beginning of the period	143,178	157,079	21,020	48,488
Cash and cash equivalents at end of the period	222,294	123,728	68,322	87,958

Supplemental cash flows information

1) Non-cash related transaction for operating activities				
Increase in provision for long-term employee benefits	63,459	-	36,662	-
2) Non-cash related transactions for investing activities				
Net increase in other receivable from disposals of				
machinery and equipment	1,000	-	1,000	115
Net increase (decrease) in accounts payable for				
purchases of machinery and equipment	(93,577)	15,417	(14,994)	10,062
Share subscription payable for additional				
investment in subsidiary	-	12,500	-	12,500
3) Non-cash related transaction for financing activities				
Assets acquired under hire-purchase and				
finance lease agreements	8,069	17,494	4,205	5,258

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 2011 and 2010

(Unit: Thousand Baht)

Consolidated financial statements														
Shareholders' equity of the Company														
	Share capital		Share subscriptions issued and received	Retained earnings			Other comprehensive income	Other components of shareholders' equity		Total other components of shareholders' equity	Treasury shares	Total equity attributable to the Company's shareholders	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	paid-up	Share premium		Appropriated	Statutory reserve	Reserve for treasury shares		Unappropriated	Excess of investments arising from additional purchases of investments in subsidiaries					
Balance as at 31 December 2009	462,497	1,017,395	2,219	50,000	7,508	724,730	(11,473)	-	(11,473)	(7,508)	2,245,368	233,196	2,478,564	
Ordinary shares issued during the period	2,047	5,998	(2,219)	-	-	-	-	-	-	-	5,826	-	5,826	
Share subscriptions received in advance	-	-	17,939	-	-	-	-	-	-	-	17,939	-	17,939	
Total comprehensive income for the period	-	-	-	-	-	342,052	(2,179)	-	(2,179)	-	339,873	8,776	348,649	
Treasury shares sold during the period	-	40,761	-	-	-	-	-	-	-	7,508	48,269	-	48,269	
Treasury shares reserve	-	-	-	-	(7,508)	7,508	-	-	-	-	-	-	-	
Increase in investments in subsidiary companies	-	-	-	-	-	-	-	(47,069)	(47,069)	-	(47,069)	(208,831)	(255,900)	
Dividend paid	-	-	-	-	-	(68,558)	-	-	-	-	(68,558)	-	(68,558)	
Dividend paid by a subsidiary company to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,320)	(4,320)	
Balance as at 30 June 2010	464,544	1,064,154	17,939	50,000	-	1,005,732	(13,652)	(47,069)	(60,721)	-	2,541,648	28,821	2,570,469	

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 2011 and 2010

(Unit: Thousand Baht)

Consolidated financial statements (continued)													
Shareholders' equity of the Company													
	Share capital issued and	Share premium	Share subscriptions received	Retained earnings			Other components of shareholders' equity			Total other components of shareholders' equity	Total equity attributable to the Company's shareholders	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Statutory reserve	Reserve for treasury shares	Unappropriated	comprehensive income	higher than the net book value of the subsidiaries at the acquisition date	Translation adjustments				
Note	paid-up		in advance	reserve	treasury shares	Unappropriated	adjustments	acquisition date	equity	Treasury shares	shareholders	subsidiaries	equity
Balance as at 31 December 2010	471,067	1,100,973	-	50,000	39,837	1,088,732	(19,192)	(38,558)	(57,750)	(39,837)	2,653,022	(8,240)	2,644,782
Cumulative effect of change in accounting policy for employee benefits	1.4	-	-	-	-	(62,783)	-	-	-	-	(62,783)	(676)	(63,459)
Ordinary shares issued during the period	12.4	1,157	6,780	-	-	-	-	-	-	-	7,937	-	7,937
Total comprehensive income for the period	-	-	-	-	-	179,824	3,340	-	3,340	-	183,164	(1,316)	181,848
Treasury shares repurchased during the period	12.2	-	-	-	-	-	-	-	-	(30,213)	(30,213)	-	(30,213)
Treasury shares reserve	-	-	-	-	30,213	(30,213)	-	-	-	-	-	-	-
Dividend paid	16	-	-	-	-	(139,077)	-	-	-	-	(139,077)	-	(139,077)
Balance as at 30 June 2011	472,224	1,107,753	-	50,000	70,050	1,036,483	(15,852)	(38,558)	(54,410)	(70,050)	2,612,050	(10,232)	2,601,818

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 2011 and 2010

(Unit: Thousand Baht)

	Note	Separate financial statements							Total
		Share			Retained earnings				
		Share capital		Share subscriptions received in advance	Appropriated		Unappropriated	Treasury shares	
		issued and paid-up	Share premium		Statutory reserve	Reserve for treasury shares			
Balance as at 31 December 2009	#####	1,017,395	2,219	50,000	7,508	69,382	(7,508)	1,601,493	
Ordinary shares issued during the period		2,047	5,998	(2,219)	-	-	-	5,826	
Share subscriptions received in advance		-	-	17,939	-	-	-	17,939	
Total comprehensive income for the period		-	-	-	-	-	133,695	133,695	
Treasury shares sold during the period		-	40,761	-	-	-	7,508	48,269	
Treasury shares reserve		-	-	-	(7,508)	7,508	-	-	
Dividend paid		-	-	-	-	(68,558)	-	(68,558)	
Balance as at 30 June 2010	#####	1,064,154	17,939	50,000	-	142,027	-	1,738,664	
Balance as at 31 December 2010	#####	1,100,973	-	50,000	39,837	932,410	(39,837)	2,554,450	
Cumulative effect of change in accounting policy for employee benefits	1.4	-	-	-	-	(36,662)	-	(36,662)	
Ordinary shares issued during the period	12.4	1,157	6,780	-	-	-	-	7,937	
Total comprehensive income for the period		-	-	-	-	-	189,108	189,108	
Treasury shares repurchased during the period	12.2	-	-	-	-	-	(30,213)	(30,213)	
Treasury shares reserve		-	-	-	30,213	(30,213)	-	-	
Dividend paid	16	-	-	-	-	(139,077)	-	(139,077)	
Balance as at 30 June 2011	#####	1,107,753	-	50,000	70,050	915,566	(70,050)	2,545,543	

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