

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the years ended 31 December 2008 and 2007**

**1. General information**

**1.1 Corporate information of the Company and its subsidiaries**

KCE Electronics Public Company Limited (“the Company”) was incorporated as a limited company under Thai law and had transformed to be a public company under the Public Limited Companies Act on 21 December 1992. The Company operates in Thailand and its principal activity is the manufacture and distribution of printed circuit board products, with the registered address at No. 125-125/1, 1 Moo 4 Lat Krabang Industrial Estate, Kwang Lumplatew, Lat Krabang, Bangkok.

K.C.E. International Co., Ltd., a subsidiary company, was incorporated as a limited company under Thai law. The registered address is at No. 677 Moo 4 Export Processing Zone, Bangpoo Industrial Estate, Sukhumvit Road, Tambon Phraksa, Amphur Muang, Samutprakarn Province. The subsidiary company operates its business in Thailand and its principal activity is the manufacture and distribution of printed circuit board products.

Thai Laminate Manufacturer Co., Ltd., a subsidiary company, was incorporated as a limited company under Thai law. The registered address is at No. 115/2 Moo 4 Export Processing Zone, Lat Krabang Industrial Estate, Kwang Lumplatew, Lat Krabang, Bangkok. The subsidiary company operates its business in Thailand and its principal activity is the manufacture and distribution of prepreg and laminate products to the Company and two subsidiary companies (K.C.E. International Co., Ltd. and KCE Technology Co., Ltd).

KCE Technology Co., Ltd., a subsidiary company, was incorporated as a limited company under Thai law. The registered address is at No. 117-118 Moo 1, Hi-Tech Industrial Estate, Tambon Ban Lain, Amphur Bang Pa-In, Pranakornsriyuthaya Province. The subsidiary company operates its business in Thailand and its principal activity is the manufacture and distribution of printed circuit board products.

KCE (Thailand) Co., Ltd., a subsidiary company, was incorporated as a limited company under Thai law. The registered address is at No. 100/61, 21st floor, Vongvanich Building, Rama 9 Road, Tambon Huaykwang, Amphur Huaykwang, Bangkok. The subsidiary company operates its business in Thailand and its principal activity is the domestic sale representative to the Company and its affiliates.

Thai Business Solution Co., Ltd., a subsidiary company, was incorporated as a limited company under Thai law. The registered address is at No. 100/61, 21st Floor, Vongvanich Building, Rama 9 Road, Tambon Huaykwang, Khet Huaykwang, Bangkok. The subsidiary company operates its business in Thailand and its principal activity is a service provider for computer system implementation and support.

## **1.2 Economic crisis**

The financial crisis experienced by the United States over the past year has had a far reaching effect on the global economy as evidenced by sharp falls in share prices worldwide, a tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has substantially affected the business and financial plans of Thailand enterprises and asset value. The governments of many countries made efforts to contain the crisis, however, it remains uncertain as to when the global economy will return to normalcy. These financial statements have been prepared on the bases of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be affected by an array of future events.

From the said crisis, the Company and its subsidiaries have been affected from the reduction in purchase order from customers which caused K.C.E. International Co., Ltd., a subsidiary company, announced temporary cease of the production since December 2008 and the whole production will be moved to the Company and KCE Technology Co., Ltd., another subsidiary. However, the management of the Company and its subsidiaries have contacted various customers to increase the purchase order in the future and have a plan to renovate facilities of the subsidiary which has ceased the operation to support the production of more complicated products in the future. Therefore, the management of the Company and its subsidiaries believe that the Company and the subsidiaries' operations will return to normal in the future. The accompanying financial statements have therefore been prepared on a going concern basis, assuming that the Company and the subsidiaries are able to continue their operations and that the realisation of assets and settlement of liabilities and obligations will occur in the ordinary course of business of the Company and the subsidiaries, without any expectation of significant disruption to the ongoing activities.

## 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of KCE Electronics Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) as below.

Company's name	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
	2008	2007	2008	2007	2008	2007
<u>Held by the Company</u>						
K.C.E. International Co., Ltd.	94.99	94.99	6	9	13	15
KCE Technology Co., Ltd.	100.00	100.00	56	54	50	50
Thai Laminate Manufacturer Co., Ltd. (Held by the Company 52.00% and K.C.E. International Co., Ltd. 19.20%)	70.24	70.24	9	9	2	2
KCE (Thailand) Co., Ltd.	60.00	60.00	1	1	3	1
Thai Business Solution Co., Ltd.	49.00	-	-	-	-	-

b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

c) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.

d) Material balances and transactions between the Company and its subsidiaries and investments in subsidiaries in the Company's accounts and subsidiaries' share capital have been eliminated from the consolidated financial statements.

- e) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.
  - f) The lower of cost of investments in subsidiaries than the Company's share of net fair value of the subsidiaries' assets, liabilities and contingent liabilities at the time of acquisition has been shown as "Negative goodwill" under non-current assets in the consolidated balance sheets. The Company reassess the acquiree's assets and liabilities. If the net fair value of the acquiree's assets, liabilities and contingent liabilities acquired is higher than the cost of combinations, the negative goodwill from business combination before 2008 will be recognised to retained earnings.
- 2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

### **3. Adoption of new accounting standards**

#### **3.1 Accounting standards which are effective for the current year**

The Federation of Accounting Professions has issued Notification No. 9/2550, 38/2550 and 62/2550 mandating the use of new accounting standards as follows:

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these standards and believes that TAS 49 is not relevant to the business of the Company, while TAS 25, TAS 29, TAS 31, TAS 33, TAS 35, TAS 39, TAS 41 and TAS 51 do not have any significant impact to the financial statements for the current year, but TAS 43 (revised 2007) has an impact to the financial statements for the current year as discussed in Note 4.1.

### **3.2 Accounting standards which are not effective for the current year**

The Federation of Accounting Professions has also issued Notification No. 86/2551 mandating the use of the following new accounting standards.

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

### **4. Change in accounting policies**

- 4.1 TAS 43 (revised 2007) applies to goodwill arising from business combinations for which effective on or after 1 January 2008. The Company does not require to amortise negative goodwill acquired in a business combination before 2008. The Company will reassess the acquiree's assets, liabilities and contingent liabilities before recognising negative goodwill to retained earnings. Based on the reassessment of such assets and liabilities as at 31 December 2008, the management of the Company believes that the Company's share of net fair value of the acquiree's assets, liabilities and contingent liabilities acquired is higher than the cost of combinations and considering the cash flow projection of such acquiree company in the future, the management of the Company believes that there will be no loss from such investment in the future. Therefore, the whole of negative goodwill of Baht 7.2 million was recognised to retained earnings in the consolidated statement of changes in shareholders' equity for the year ended 31 December 2008.
- 4.2 The Company and its subsidiaries enter into off-balance sheet derivatives for hedging commodities price risk. For the agreements which are effective as from 1 April 2008, the Company and its subsidiaries choose not to adopt accounting for hedge activities. The Company and its subsidiaries recognise unrealised gains or losses on the change of fair value of financial instruments in the income statements. The Company and its subsidiaries recognised loss on the change of fair value of financial instruments in the income statements for the year ended 31 December 2008 as follow:

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
Realised loss	74,782,579	16,545,304
Unrealised loss	<u>220,908,485</u>	<u>84,539,536</u>
	<u>295,691,064</u>	<u>101,084,840</u>

## 5. Significant accounting policies

### 5.1 Revenue recognition

#### a) Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

#### b) Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

#### c) Interest income

Interest income is recognised on an accrual basis based on the effective rate.

#### d) Dividends

Dividends are recognised when the right to receive the dividends is established.

### 5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and cash at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### **5.3 Trade accounts receivable and allowance for doubtful accounts**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The adequacy of the allowance is based on analysis of debt aging and current status of receivables outstanding at the balance sheet date including trend to collect from each debtor.

### **5.4 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

### **5.5 Inventories and allowance for diminution in value of inventories and inventory obsolescence**

Finished goods and work in process are valued at the lower of cost (weighted average method) and net realisable value. The cost includes cost of material, labour and production overheads.

Raw materials, spare parts and factory supplies are valued at the lower of cost (weighted average method) and net realisable value and charged to production costs when consumed.

The net realisable value of inventories is estimated from the estimated selling price in the ordinary course of business, less the estimated costs to complete the sale.

Allowance for diminution in value of inventories and inventory obsolescence are set up for obsolete, slow-moving and deteriorated inventories.

## 5.6 Investments

- a) Investments in the associates in the consolidated financial statements are stated under equity method.
- b) Investments in the subsidiaries and associates in the separate financial statements are stated under cost method.
- c) Investments in marketable securities held for trading are stated at fair value, which is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. Changes in the carrying amount of securities are recorded as gain or loss on revaluation of investment in marketable securities in the income statements. The weighted average method is used for computation of the cost of investments.
- d) Company's shares held by subsidiaries are stated at cost and are presented as a deduction in shareholders' equity. Gain or loss from sales of such shares is recorded in the shareholders' equity.

## 5.7 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Building and plant	-	20 - 25	years
Machinery and equipment	-	5 - 20	years
Plant and office improvement	-	5 - 20	years
Furniture, fixtures and office equipment	-	5 - 10	years
Vehicles	-	5	years

No depreciation is provided for land, construction in progress, and machinery and equipment in transit and under installation.

Depreciation is included in the income statement.



## **5.8 Intangible assets**

As at acquisition date, intangible assets acquired from other than business combination are recorded at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the useful economic life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. The amortisation expense is recognised in the income statement as an expense.

The intangible assets are computer software which have finite useful lives in 5 and 10 years.

## **5.9 Impairment of assets**

At each reporting date, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

### **5.10 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the useful life of the asset.

### **5.11 Hire-purchase agreements**

The Company and its subsidiaries record liabilities under hire purchase agreement at hire purchase payables less related interest. The liabilities are repayable according to the installment schedules in the hire-purchase agreements. Fixed assets acquired under hire purchase agreements are recorded at their cash price and are registered in the Company and its subsidiaries' names upon completion of repayment.

### **5.12 Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **5.13 Treasury shares**

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury shares are determined by reference to the carrying amount and are presented as premium on treasury shares. Losses on disposal of treasury shares are determined by reference to the carrying amount and are first deducted from premium on treasury shares, with any remaining loss being recorded against retained earnings.

#### **5.14 Employee benefits**

Salary, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

#### **5.15 Income tax**

Income tax is provided in the accounts based on the taxable profits determined in accordance with tax legislation.

#### **5.16 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the balance sheet date.

Gains and losses on exchange are included in the income statement.

#### **5.17 Derivatives**

##### **Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling on the balance sheet. Gains and losses from the translation are included in the income statement. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

##### **Financial instruments and commodities and currency option agreements**

The Company and its subsidiaries enter into commodities and currency option agreements whereby the seller grants the buyer a future option to buy (call option) or to sell (put option) commodities or foreign currency at the price and at the exchange rate as stipulated in the agreement. The Company and its subsidiaries enter into such agreements in order to manage such risk. The Company and its subsidiaries recognise unrealised gains or losses on the change of fair value of such commodities and currency option agreements in the income statements.

## **6. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Allowance for diminution of inventories**

In determining an allowance for diminution of inventories the management needs to make judgment in estimating loss from inventories obsolescence and the reduction of net realisable value of inventories.

### **Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

### **Impairment of investments**

The Company considers the impairment of investments in available for sales securities and other investments as impaired when the management judges that there has been a significant or permanent decline in the on recoverable value below their cost or where other objective evidence of impairment exists. The determination requires judgement.

## Goodwill and intangible assets

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

## Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the balance sheet date.

## 7. Additional information of cash flows statements

Non-cash related transactions for investing activity for the years ended 31 December 2008 and 2007 are as follows:

	(Unit: Baht)			
	Consolidated financial		Separate financial statements	
	statements	statements	statements	statements
	2008	2007	2008	2007
Purchase of fixed assets	403,863,719	318,103,268	193,230,128	263,740,884
Sale of fixed assets	(1,121,495)	-	(19,378,695)	-
Add(less):				
Other payable from purchases of fixed assets	(103,340,524)	(209,345,797)	(19,932,778)	(153,109,160)
Amounts due to related parties for purchases of fixed assets	-	-	(473,196)	(5,273,423)
Trust receipts	(117,545,115)	-	-	-
Accounts payable under hire purchase agreements	(181,788,333)	(105,627,533)	(171,726,324)	(105,358,301)
Advances and deposit for purchases of fixed assets	(1,097,830)	(3,118,404)	(1,097,830)	-
Accrued interest capitalised as costs of machinery and equipment	(91,917)	-	-	-
Amounts due from related parties for sales of fixed assets	-	-	18,257,200	-
Other receivable from sale of fixed assets	1,121,495	-	1,121,495	-
Others	-	(11,534)	-	-
	-	-	-	-

## 8. Trade accounts receivable

The balance of trade accounts receivable as at 31 December 2008 and 2007, aged on the basis of due date, as follows:

(Unit: Baht)

Age of receivables	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<b><u>Trade accounts receivable - related parties</u></b>				
Not yet due	412,697,269	416,623,641	262,722,851	222,528,754
Past due				
Up to 3 months	58,780,959	105,797,248	148,637,593	53,519,803
3 - 6 months	2,751,998	2,579,766	485,497	-
6 - 12 months	-	383,494	-	375,646
Over 12 months	-	1,287,958	-	36,618
Total trade accounts receivable				
- related parties	474,230,226	526,672,107	411,845,941	276,460,821
<b><u>Trade accounts receivable - unrelated parties</u></b>				
Not yet due	713,419,524	1,355,432,980	209,446,309	393,500,515
Past due				
Up to 3 months	156,030,315	94,344,264	55,359,046	35,871,371
3 - 6 months	12,487,934	10,362,734	6,689,038	2,442,566
6 - 12 months	322,279	11,781,678	322,279	2,813,492
Over 12 months	715,482	1,950,298	715,482	1,824,120
Total trade accounts receivable - unrelated parties	882,975,534	1,473,871,954	272,532,154	436,452,064
Total trade accounts receivable	1,357,205,760	2,000,544,061	684,378,095	712,912,885
Less: Allowance for doubtful accounts	(4,540,200)	(2,420,485)	(4,260,556)	(2,357,396)
Trade accounts receivable - net	1,352,665,560	1,998,123,576	680,117,539	710,555,489

## 9. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	For the years ended		For the years ended		
	31 December		31 December		
	2008	2007	2008	2007	
<u>Transactions with subsidiaries</u>					
<i>(eliminated from the consolidated financial statements)</i>					
Sales of goods	-	-	576.5	300.0	Market prices and prices per job order for each product which are agreed between the parties
Sales of fixed assets	-	-	25.3	0.3	Net book value plus margin and prices agreed between the parties
Other income	-	-	12.9	0.2	Prices agreed between the parties
Purchases of goods	-	-	1,051.1	927.2	Market prices and prices per job order for each product which are agreed between the parties
Purchases of fixed assets	-	-	13.1	37.2	Prices agreed between the parties
<u>Transactions with associated companies</u>					
Sales of goods	1,671.5	1,833.5	603.6	604.6	Market prices at which similar quality products are sold under same conditions
Sales of fixed assets	-	20.4	-	-	Net book value plus margin and prices agreed between the parties
Purchases of raw materials	226.3	236.4	70.2	83.4	Market prices at which similar quality products are purchased under same conditions
Purchases of fixed assets	0.9	23.7	0.6	2.4	Prices agreed between the parties
Commission expense	67.1	47.6	22.5	23.3	At the rates agreed between the parties which is general rate for the same business
<u>Transactions with related company</u>					
Interest income	29.9	29.9	29.9	29.9	Interest rate at 7.5 percent per annum

As at 31 December 2008 and 2007, the balance of the accounts between the Company and those related companies are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<b><u>Trade accounts receivable - related parties</u></b>				
<b>Subsidiaries</b>				
KCE Technology Co., Ltd.	-	-	233,962,850	73,789,592
Thai Laminate Manufacturer Co., Ltd.	-	-	5,611,436	1,515,678
KCE (Thailand) Co., Ltd.	-	-	5,175,440	5,092,617
K.C.E. International Co., Ltd.	-	-	215,414	21,831,476
Total trade accounts receivable - subsidiaries	-	-	244,965,140	102,229,363
<b>Associated companies</b>				
KCE America, Inc.	402,494,262	474,563,257	132,735,147	146,830,692
KCE Singapore Pte., Ltd.	71,735,964	52,108,850	34,145,654	27,400,766
Total trade accounts receivable - associated companies	474,230,226	526,672,107	166,880,801	174,231,458
<b>Total trade accounts receivable - related parties</b>	<b>474,230,226</b>	<b>526,672,107</b>	<b>411,845,941</b>	<b>276,460,821</b>
<b><u>Amounts due from and short-term loans to related parties</u></b>				
<b>Subsidiaries</b>				
KCE Technology Co., Ltd.	-	-	18,166,747	8,904
K.C.E. International Co., Ltd.	-	-	1,092,624	-
KCE (Thailand) Co., Ltd.	-	-	72,765	8,000
Total amounts due from and short-term loans to subsidiaries	-	-	19,332,136	16,904
<b>Associated company</b>				
KCE America, Inc.	538,331	-	-	-
KCE Singapore Pte., Ltd.	23,045	336	-	-
Total amounts due from and short-term loans to associated company	561,376	336	-	-



(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<b>Related company</b>				
Avatar Systems Corporation				
Loans	399,235,126	399,235,126	399,235,126	399,235,126
Accrued interest income	301,169,468	271,226,834	301,169,468	271,226,834
	700,404,594	670,461,960	700,404,594	670,461,960
Less: Allowance for doubtful accounts	(700,404,594)	(670,461,960)	(700,404,594)	(670,461,960)
Total amounts due from and short-term loans to related company	-	-	-	-
<b>Total amounts due from and short-term loans to related parties - net</b>	<b>561,376</b>	<b>336</b>	<b>19,332,136</b>	<b>16,904</b>

The Company had not received repayment from Avatar Systems Corporation, a subsidiary of an associated company, totaling approximately Baht 399 million. Currently, the Company is in the process to sue this case under the court in Thailand. However, as at the balance sheet date, the Company has recorded the above transaction with that company as short-term loans to related parties and has set up a full allowance for such loans and other receivable from that company.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<b><u>Trade accounts payable - related parties</u></b>				
<b>Subsidiaries</b>				
Thai Laminate Manufacturer Co., Ltd.	-	-	212,892,349	251,855,678
KCE Technology Co., Ltd.	-	-	128,747,647	82,968,607
K.C.E. International Co., Ltd.	-	-	48,397,474	3,507,609
Total trade accounts payable - subsidiaries	-	-	390,037,470	338,331,894
<b>Associated company</b>				
KCE Singapore Pte., Ltd.	49,093,414	51,264,377	20,604,806	14,480,307
Total trade accounts payable - associated company	49,093,414	51,264,377	20,604,806	14,480,307
<b>Total trade accounts payable - related parties</b>	<b>49,093,414</b>	<b>51,264,377</b>	<b>410,642,276</b>	<b>352,812,201</b>

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<b><u>Amounts due to and advances from related parties</u></b>				
<b>Subsidiaries</b>				
K.C.E. International Co., Ltd.	-	-	20,398,745	778,408
KCE Technology Co., Ltd.	-	-	191,100	4,911,223
Total amounts due to and advances from subsidiaries	-	-	20,589,845	5,689,631
<b>Associated companies</b>				
KCE Singapore Pte., Ltd.	11,300,858	9,155,383	2,795,473	2,170,946
Total amounts due to and advances from associated companies	11,300,858	9,155,383	2,795,473	2,170,946
<b>Total amounts due to and advances from related parties</b>	<b>11,300,858</b>	<b>9,155,383</b>	<b>23,385,318</b>	<b>7,860,577</b>

**Directors and management's remuneration**

In 2008 and 2007, the Company and its subsidiaries recorded salaries, bonus, provident fund and meeting allowances to their directors and management totaling Baht 57.1 million and Baht 55.9 million, respectively (the Company only: Baht 28.1 million and Baht 30.4 million, respectively).

**Guarantee obligations with related parties**

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 27.4 to the financial statements.

## 10. Inventories

(Unit: Baht)

Consolidated financial statements								
Allowance of diminution in value of inventory								
Reduce cost to net realisable								
	Cost		value		Inventory obsolescence		Inventory-net	
	2008	2007	2008	2007	2008	2007	2008	2007
Finished goods	334,739,662	295,267,443	(26,552,852)	(9,108,100)	(12,456,753)	(6,023,707)	295,730,057	280,135,636
Work in process	304,788,077	434,467,075	-	-	(527,695)	-	304,260,382	434,467,075
Raw materials	323,463,091	466,785,436	(22,383,415)	-	(6,588,580)	(1,886,583)	294,491,096	464,898,853
Supplies	243,817,790	264,216,713	-	-	(12,748,677)	(11,654,354)	231,069,113	252,562,359
Spare parts	224,609,116	207,189,884	-	-	-	-	224,609,116	207,189,884
Goods in transit	24,918,198	72,069,515	-	-	-	-	24,918,198	72,069,515
<b>Total</b>	<b>1,456,335,934</b>	<b>1,739,996,066</b>	<b>(48,936,267)</b>	<b>(9,108,100)</b>	<b>(32,321,705)</b>	<b>(19,564,644)</b>	<b>1,375,077,962</b>	<b>1,711,323,322</b>

(Unit: Baht)

Separate financial statements								
Allowance of diminution in value of inventories								
Reduce cost to net realisable								
	Cost		value		Inventory obsolescence		Inventories-net	
	2008	2007	2008	2007	2008	2007	2008	2007
Finished goods	90,977,275	75,010,922	(10,146,482)	(4,461,161)	(1,275,961)	(168,954)	79,554,832	70,380,807
Work in process	112,020,436	141,904,345	-	-	-	-	112,020,436	141,904,345
Raw materials	61,234,288	94,194,945	-	-	(1,088,030)	(608,880)	60,146,258	93,586,065
Supplies	110,225,766	107,792,156	-	-	(11,599,707)	(10,456,069)	98,626,059	97,336,087
Spare parts	77,224,113	63,834,735	-	-	-	-	77,224,113	63,834,735
Goods in transit	3,669,565	11,961,259	-	-	-	-	3,669,565	11,961,259
<b>Total</b>	<b>455,351,443</b>	<b>494,698,362</b>	<b>(10,146,482)</b>	<b>(4,461,161)</b>	<b>(13,963,698)</b>	<b>(11,233,903)</b>	<b>431,241,263</b>	<b>479,003,298</b>

## 11. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Baht)

Company's name	Separate financial statements									
	Paid-up capital		Shareholding percentage		Cost		Provision for impairment of investments		Carrying amounts based on cost method net	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
			(%)	(%)						
K.C.E. International Co., Ltd.	100,000,000	100,000,000	94.993	94.993	172,499,000	172,499,000	-	-	172,499,000	172,499,000
Thai Laminate Manufacturer Co., Ltd.	250,000,000	250,000,000	52.00	52.00	157,710,310	157,710,310	-	-	157,710,310	157,710,310
KCE Technology Co., Ltd.	1,150,000,000	1,150,000,000	100.00	100.00	1,150,000,000	1,150,000,000	(563,271,135)	(563,271,135)	586,728,865	586,728,865
KCE (Thailand) Co., Ltd.	3,600,000	3,600,000	60.00	60.00	2,160,000	2,160,000	-	-	2,160,000	2,160,000
Thai Business Solution Co., Ltd.	3,000,000	-	49.00	-	1,470,000	-	-	-	1,470,000	-
Total					<u>1,483,839,310</u>	<u>1,482,369,310</u>	<u>(563,271,135)</u>	<u>(563,271,135)</u>	<u>920,568,175</u>	<u>919,098,175</u>

On 8 March 2007, the Company purchased 216,000 shares of KCE (Thailand) Co., Ltd. at Baht 10 per share, or a total sum of Baht 2.16 million, which represents 60 percent of registered share capital of that company.

On 10 April 2007, the Extraordinary General Meeting of the shareholders of Konstant Pte. Ltd., a subsidiary company held by the subsidiary of the Company, passed a resolution approving the dissolution of the company. On 20 August 2007, that company finished the process of liquidation in accordance with the Singapore Companies Act.

On 29 April 2008, the Company purchased 147,000 shares of Thai Business Solution Co., Ltd. at Baht 10 per share, or a total sum of Baht 1.47 million, which represents 49 percent of registered share capital of that company. The Company regards such company as a subsidiary company because the Company has the control over the policies and the management of this company.

## 12. Investments in associates

### 12.1 Details of associates

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			<u>2008</u> (%)	<u>2007</u> (%)	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
KCE America, Inc.	Foreign sale representative of the Company and its affiliates	United States of America	48.75	48.75	643,633	643,633	59,487,226	56,461,901
KCE Singapore Pte., Ltd.	Foreign sale representative of the Company and its affiliates	Singapore	47.77	47.77	4,201,138	4,201,138	27,606,377	25,711,155
Total					4,844,771	4,844,771	87,093,603	82,173,056

(Unit: Baht)

Company's name	Separate financial statements			
	Shareholding percentage		Cost	
	<u>2008</u> (%)	<u>2007</u> (%)	<u>2008</u>	<u>2007</u>
KCE America, Inc.	25.00	25.00	321,816	321,816
KCE Singapore Pte., Ltd.	24.50	24.50	2,100,569	2,100,569

Company's name	Consolidated financial statements		Separate financial statements	
	Share of income from investments in associates during the year		Dividend received during the year	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Total			<u>2,422,385</u>	<u>2,422,385</u>
			(Unit: Baht)	
KCE America, Inc.	1,014,431	1,458,266	-	-
KCE Singapore Pte., Ltd.	951,003	3,230,649	-	-
Total	<u>1,965,434</u>	<u>4,688,915</u>	<u>-</u>	<u>-</u>

Share of income from investments for 2008 and 2007 in above two associated companies was calculated from the unaudited financial statements of those associated companies because they are located overseas and the Company has no power to direct the financial and operating policies of those companies, including the audit of their financial statements.

## 12.2 Summarised financial information of associates

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the year ended		Net income for the year ended	
	31 December		31 December		31 December		31 December		31 December	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
KCE America, Inc.	US\$ 50,000	US\$ 50,000	521,061	586,706	390,192	479,684	1,494,523	1,645,420	2,315	13,595
KCE Singapore Pte., Ltd.	S\$ 500,000	S\$ 500,000	237,548	159,397	185,493	110,905	612,518	630,708	1,819	6,153

### 13. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements										
	Land	Building and plant	Machinery and equipment	Plant improvement	Furniture, fixtures and office equipment	Office improvement	Vehicles	Plant and plant improvement under construction	Machinery and equipment under installation	Machinery and equipment in transit	Total
<b>Cost:</b>											
31 December 2007 - as previously report	404,790,982	630,879,339	6,892,200,527	135,787,784	532,547,098	12,523,883	40,794,781	1,065,605	423,804,207	66,816,357	9,141,210,563
Reclassified to intangible assets	-	-	(16,611,404)	-	(26,873,103)	-	-	-	-	-	(43,484,507)
31 December 2007 - after reclassified	404,790,982	630,879,339	6,875,589,123	135,787,784	505,673,995	12,523,883	40,794,781	1,065,605	423,804,207	66,816,357	9,097,726,056
Purchase	-	-	25,865,910	17,227,408	14,084,779	3,152,794	18,492,820	12,858,059	868,166,613	15,328,908	975,177,291
Transfer in (out)	-	51,141,546	602,304,463	54,126,314	44,905,395	3,341,053	-	(9,801,199)	(663,872,307)	(82,145,265)	-
Disposal	-	-	(57,703,870)	(383,662)	(4,148,564)	-	(12,542,437)	-	(6,786,427)	-	(81,564,960)
31 December 2008	404,790,982	682,020,885	7,446,055,626	206,757,844	560,515,605	19,017,730	46,745,164	4,122,465	621,312,086	-	9,991,338,387
<b>Accumulated depreciation:</b>											
31 December 2007 - as previously report	-	213,813,851	2,761,886,906	58,502,657	295,769,621	8,205,017	28,434,846	-	-	-	3,366,612,898
Accumulated depreciation of assets reclassified to intangible assets	-	-	(13,921,097)	-	(19,330,238)	-	-	-	-	-	(33,251,335)
31 December 2007 - after reclassified	-	213,813,851	2,747,965,809	58,502,657	276,439,383	8,205,017	28,434,846	-	-	-	3,333,361,563
Depreciation for the year	-	27,672,796	428,322,323	21,242,653	57,291,359	1,188,388	6,510,733	-	-	-	542,228,252
Accumulated depreciation of disposed assets	-	-	(56,809,949)	(169,279)	(3,734,279)	-	(10,428,571)	-	-	-	(71,142,078)
31 December 2008	-	241,486,647	3,119,478,183	79,576,031	329,996,463	9,393,405	24,517,008	-	-	-	3,804,447,737
<b>Net book value:</b>											
31 December 2007	404,790,982	417,065,488	4,127,623,314	77,285,127	229,234,612	4,318,866	12,359,935	1,065,605	423,804,207	66,816,357	5,764,364,493
31 December 2008	404,790,982	440,534,238	4,326,577,443	127,181,813	230,519,142	9,624,325	22,228,156	4,122,465	621,312,086	-	6,186,890,650
<b>Depreciation for the year:</b>											
2007 (Baht 488.9 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)											546,108,256
2008 (Baht 477.2 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)											542,228,252

(Unit: Baht)

	Separate financial statements									Total
	Land	Building and plant	Machinery and equipment	Plant improvement	Furniture, fixtures and office equipment	Office improvement	Vehicles	Machinery and equipment under installation	Machinery and equipment in transit	
<b>Cost:</b>										
31 December 2007 - as previously report	231,603,891	81,125,125	1,706,559,168	93,865,170	28,099,314	10,419,556	11,350,387	204,640,510	48,816,828	2,416,479,949
Reclassified to intangible assets	-	-	(12,242,130)	-	(2,794,181)	-	-	-	-	(15,036,311)
31 December 2007 - after reclassified	231,603,891	81,125,125	1,694,317,038	93,865,170	25,305,133	10,419,556	11,350,387	204,640,510	48,816,828	2,401,443,638
Purchase	-	-	31,489,926	14,854,227	8,323,520	3,102,794	4,374,346	290,188,750	-	352,333,563
Transfer in (out)	-	50,450,410	316,365,000	37,080,958	4,009,853	3,341,053	-	(362,430,446)	(48,816,828)	-
Disposal	-	-	(56,148,954)	-	(319,555)	-	(1,354,060)	(6,384,088)	-	(64,206,657)
31 December 2008	231,603,891	131,575,535	1,986,023,010	145,800,355	37,318,951	16,863,403	14,370,673	126,014,726	-	2,689,570,544
<b>Accumulated depreciation:</b>										
31 December 2007 - as previously report	-	55,724,096	899,226,755	45,163,777	21,134,354	6,281,906	8,475,419	-	-	1,036,006,307
Accumulated depreciation of assets reclassified to intangible assets	-	-	(11,120,618)	-	(2,467,008)	-	-	-	-	(13,587,626)
31 December 2007 - after reclassified	-	55,724,096	888,106,137	45,163,777	18,667,346	6,281,906	8,475,419	-	-	1,022,418,681
Depreciation for the year	-	3,859,621	131,051,927	19,051,867	3,013,963	719,281	1,472,111	-	-	159,168,770
Accumulated depreciation of disposed assets	-	-	(30,734,595)	-	(307,944)	-	(717,164)	-	-	(31,759,703)
31 December 2008	-	59,583,717	988,423,469	64,215,644	21,373,365	7,001,187	9,230,366	-	-	1,149,827,748
<b>Net book value:</b>										
31 December 2007	231,603,891	25,401,029	806,210,901	48,701,393	6,637,787	4,137,650	2,874,968	204,640,510	48,816,828	1,379,024,957
31 December 2008	231,603,891	71,991,818	997,599,541	81,584,711	15,945,586	9,862,216	5,140,307	126,014,726	-	1,539,742,796
<b>Depreciation for the year:</b>										
2007 (Baht 118.0 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)										120,447,724
2008 (Baht 154.0 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)										159,168,770



As at 31 December 2008 and 2007, certain machinery and equipment of the Company and its subsidiaries have been fully depreciated but are still in use. The original cost of those assets amounted to Baht 1,127.3 million and Baht 817.7 million, respectively (the Company only: Baht 687.3 million and Baht 409.8 million, respectively).

13.1 As at 31 December 2008, the Company and its two subsidiaries, K.C.E. International Co., Ltd. and Thai Laminate Manufacturer Co., Ltd., entered into negative pledge memorandums which are part of bank overdrafts and loans agreements. Under these memorandums, the Company and its subsidiaries are not allowed to dispose of, transfer, mortgage or provide any lien on their assets, as stipulated in such memorandums.

13.2 As at 31 December 2008, the subsidiaries of the Company have mortgaged and pledged the following property, plant and equipment:

13.2.1 Thai Laminate Manufacturer Co., Ltd., a subsidiary, has mortgaged construction and pledged its machinery with a total net book value as at 31 December 2008 of Baht 244.7 million as collateral for loans from banks, as described in Note 17 to the financial statements.

13.2.2 KCE Technology Co., Ltd. a subsidiary, has mortgaged most of land and construction thereon and pledged most of its machinery as collateral for bank overdrafts and loans from banks, as described in Notes 15 and 17 to the financial statements.

13.3 The Company and its subsidiaries have capitalised interest expenses as part of costs of machinery and equipment under installation for the years ended 31 December 2008 and 2007 as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Interest capitalisation expense as part of costs of machinery and equipment (Thousand Baht)	4,523	7,808	1,573	4,044
The assets capitalisation rates (Percent per annum)	2.47 - 7.50	2.13 - 7.25	3.50 - 7.50	3.50 - 7.25

## 14. Intangible assets

Details of intangible assets which are computer software are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cost	64,425,785	43,484,507	26,063,648	15,036,311
Less: Accumulated amortisation	(38,026,657)	(33,251,335)	(14,736,955)	(13,587,626)
Net book value	26,399,128	10,233,172	11,326,693	1,448,685
Amortisation expenses included in income statements for the year	4,828,273	5,155,161	1,149,328	1,308,617

## 15. Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions as at 31 December 2008 and 2007 are consisted of:

(Unit: Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
		Bank overdrafts	7.00 - 8.20	79,467,759	38,100,235
Short-term loans	4.30 - 6.50	1,199,500,000	1,003,000,000	301,500,000	215,000,000
Packing credits	4.20 - 6.00	2,465,600,000	2,147,000,000	735,500,000	612,000,000
Trust receipts	2.47 - 7.37	716,166,586	535,986,109	99,458,199	42,104,492
Total		4,460,734,345	3,724,086,344	1,171,351,999	869,104,492

15.1 As at 31 December 2008 and 2007, bank overdrafts and partial loans from banks of the Company are guaranteed by K.C.E. International Co., Ltd., a subsidiary company.

15.2 As at 31 December 2008 and 2007, bank overdrafts and loans from banks of K.C.E. International Co., Ltd., a subsidiary company, are guaranteed by the Company.

15.3 As at 31 December 2008 and 2007, bank overdrafts and loans from banks of KCE Technology Co., Ltd., a subsidiary company, are guaranteed by the Company and are secured by the mortgage of land, construction thereon and the pledge of most of machinery of such subsidiary company.

## 16. Liabilities under financial lease agreements

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
Liabilities under finance lease agreements	264,166,195	105,627,533	254,104,186	105,358,301
Less : Portion due within one year	(71,459,774)	(23,249,671)	(68,205,930)	(22,980,439)
Liabilities under finance lease agreements - net of current portion	<u>192,706,421</u>	<u>82,377,862</u>	<u>185,898,256</u>	<u>82,377,862</u>

The Company and its subsidiaries entered into a number of financial lease agreements with a leasing company for machinery and equipment for its operations. The rental installments are paid on a monthly basis for up to 4 years. At the end of each agreement, the Company and its subsidiaries have an option to purchase such machinery and equipment at terms and prices which are specified in the lease agreements.

As at 31 December 2008, future minimum lease payments required under finance lease agreements were as follow:

(Unit: Million Baht)

	Consolidated financial statements		
	Less than 1		
	year	1-5 years	Total
Future minimum lease payments	84.02	204.11	288.13
Deferred interest expenses	(12.56)	(11.40)	(23.96)
Present value of future minimum lease payments	<u>71.46</u>	<u>192.71</u>	<u>264.17</u>

(Unit: Million Baht)

	Separate financial statements		
	Less than 1		
	year	1-5 years	Total
Future minimum lease payments	80.35	196.89	277.24
Deferred interest expenses	(12.15)	(10.99)	(23.14)
Present value of future minimum lease payments	<u>68.20</u>	<u>185.90</u>	<u>254.10</u>

## 17. Long-term loans

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
EURO portion	87,498,356	201,331,480	43,407,824	107,177,151
Baht portion	866,811,770	1,176,164,770	58,000,000	-
	<u>954,310,126</u>	<u>1,377,496,250</u>	<u>101,407,824</u>	<u>107,177,151</u>
Less: Current portion of long-term loans	(395,131,250)	(573,383,283)	(65,538,824)	(63,796,691)
Long-term loans, net of current portion	<u><u>559,178,876</u></u>	<u><u>804,112,967</u></u>	<u><u>35,869,000</u></u>	<u><u>43,380,460</u></u>

As at 31 December 2008, the Company and its subsidiary, KCE Technology Co., Ltd. had long-term loans from banks in EURO currency of EURO 1.8 million in consolidated financial statements and EURO 0.9 million in the separate financial statement (2007: EURO 4.1 million in consolidated financial statements and EURO 2.2 million in the separate financial statement).

Details of long-term loans from banks as at 31 December 2008 are as follows:

No.	Contract date	Credit facility	Outstanding long-term loan amount			Significant terms and conditions of loan agreements		
			Current portion	Non-current portion	Total	Loan period	Principal repayment	Interest repayment
			(Baht)	(Baht)	(Baht)			
<b><u>The Company only</u></b>								
1.	9 June 2006	EURO 3,500,000	43,407,824	-	43,407,824	3 years	1 month	1 month
2.	21 July 2008	Baht 150,000,000	22,131,000	35,869,000	58,000,000	5 years 6 months	1 month	1 month
Total loans of the Company			65,538,824	35,869,000	101,407,824			

No.	Contract date	Credit facility	Outstanding long-term loan amount			Significant terms and conditions of loan agreements		
			Current portion	Non-current portion	Total	Loan period	Principal repayment	Interest repayment
			(Baht)	(Baht)	(Baht)			
<b><u>Subsidiaries</u></b>								
<u>Thai Laminate Manufacturer Co., Ltd.</u>								
1.	6 July 2006	Baht 135,000,000	33,750,000	101,250,000	135,000,000	4 years	3 months	3 months
2.	23 January 2008	Baht 120,000,000	-	92,142,000	92,142,000	5 years	3 months	3 months
			33,750,000	193,392,000	227,142,000			
<u>KCE Technology Co., Ltd.</u>								
1.	1 December 2003	EURO 3,000,000	34,954,656	9,135,876	44,090,532	6 years	3 months	3 months
2.	9 August 2004	Baht 445,500,000	104,800,000	78,700,000	183,500,000	6 years	3 months	1 month
3.	20 September 2004	Baht 704,049,700	33,169,770	-	33,169,770	4 years 6 months	3 months	1 month
4.	27 October 2004	Baht 124,500,000	29,200,000	29,600,000	58,800,000	6 years	3 months	1 month
5.	28 February 2005	Baht 180,000,000	42,400,000	52,800,000	95,200,000	6 years	3 months	1 month
6.	31 October 2005	Baht 200,000,000	47,200,000	93,800,000	141,000,000	6 years	3 months	1 month
7.	8 August 2007	Baht 70,000,000	4,118,000	65,882,000	70,000,000	6 years	3 months	1 month
			295,842,426	329,917,876	625,760,302			
Total loans of subsidiaries			329,592,426	523,309,876	852,902,302			
Total loans of the Company and subsidiaries			395,131,250	559,178,876	954,310,126			

- 17.1 Long-term loans from banks of the Company are Baht and EURO loan which carry interest at the rate of MLR (Minimum Loan Rate) less 2.0 percent per annum and LIBOR plus 1.5 percent per annum, respectively.
- 17.2 A long-term loan from bank of Thai Laminate Manufacturer Co., Ltd., a subsidiary company, carries interest at the rates of MLR (Minimum Loan Rate) less 1.0 to 1.25 percent per annum. The loan is guaranteed by the Company and secured by mortgage of the subsidiary company's plant, building and pledge of part of its machinery. In addition, there are certain significant conditions that the subsidiary has to comply with, such as maintaining a ratio of total debt to equity not exceeding 3: 1. Moreover, the Company and its subsidiaries must maintain the shareholding structure, whether by direct or indirect holding at not less than 51 percent of the registered and paid-up capital of the subsidiary.
- 17.3 Long-term loans from banks of KCE Technology Co., Ltd. a subsidiary company are Baht and Euro loans which carry interest at the rates of MLR (Minimum Loan Rate) less 1.0 to 1.25 percent and LIBOR plus 2.0 percent per annum, respectively. These loans are guaranteed by the Company and are secured by the mortgage of the subsidiary's land and construction thereon and the pledge of most of the subsidiary's machinery.

## **18. Share capital**

### **18.1 Share warrant**

The Company issued and allotted 3,000,000 registered and untransferable (except for transferring as stipulated in the prospectus) warrants free of charge to the employees of the Company and/or its subsidiaries. These warrants are exercisable at a price of Baht 3.93 per share at a ratio of 1 warrant to 1 new ordinary share, every quarter from 15 to 18 of March, June, September and December, for a period of 5 years from the issue date, starting from 15 to 18 September 2008 and with a final exercise date of 18 June 2012. The aforesaid exercise price and/or exercise ratio may be adjusted if certain events stipulated in the prospectus occur.

Movement of share warrant during the year are summarised below.

	Number of units (unit)	
	2008	2007
Warrants issued as at beginning of the year	2,370,000	-
Add: Warrants issued during the year	630,000	2,370,000
Warrants issued as at end of the year	<u>3,000,000</u>	<u>2,370,000</u>

As at 31 December 2008, 3,000,000 units of issued warrant remained. No warrants were exercised because the exercise price as at stipulated exercise date exceeds the fair value of ordinary share.

## 18.2 Treasury shares

As at 31 December 2008, details of treasury shares are as follows:

	Consolidated and separate <u>financial statements</u>
Cost of treasury shares (Thousand Baht)	6,374.6
Number of treasury shares (Thousand shares)	5,999.9
Average price per share (Baht)	1.06
Percentage of treasury shares to the Company's shares in issue	1.29

Any shares bought back are to be resold on the Stock Exchange of Thailand during the period from 8 December 2009 to 7 June 2012. Resale of shares, cancellations of the repurchased shares and reductions of share capital are to conform with the 2001 Ministerial Regulations on the principles and procedures for the repurchase and resale of shares. The determination of the resale price will take into account the prevailing market price at the time of sale.

## 18.3 Reserve for treasury shares

Under the notification of the Office of the Securities and Exchange Commission No. Gor Lor Tor. Chor Sor. (Wor) 2/2548 and the notification of the Federation of Accounting Professions No. Sor. Sor Wor Bor Chor. 016/2548, public companies have to set aside retained earnings in an amount equal to the amount paid for treasury shares until they either dispose of such shares or reduce paid-up capital to cancel any remaining shares, as the case may be.

## 18.4 Company's shares held by its subsidiaries

This shareholding is presented as a deduction item in the shareholders' equity in order to present the net Company's shareholders' equity in the consolidated financial statements. The details as at 31 December 2008 and 2007 are as follows:



	2008	2007
Number of shares held by its subsidiaries (shares)	-	4,571,850
Cost of shares (Baht)	-	12,962,513
Shares discount (Baht)	-	1,847,064
Shares held by its subsidiaries (Baht)	-	14,809,577

### 18.5 Weighted average number of ordinary shares

As at 31 December 2008 and 2007, the weighted average number of ordinary shares in the consolidated financial statements is calculated as follows:

	(Unit: Share)	
	Consolidated financial statement	
	2008	2007
Balance brought forward	462,497,269	314,930,000
Add: Shares issued during the year	-	78,028,720
Less: Treasury shares	(278,684)	-
Shares of the Company held by subsidiaries	-	(4,571,850)
Weighted average number of ordinary shares	462,218,585	388,386,870
Add: Potential ordinary share - share warrants		
(2008: 30,000,000 shares, 2007: 2,370,000 shares)	-	-
Diluted weighted average number of ordinary shares	462,218,585	388,386,870

Since exercise price of the above warrants exceeds the weighted average of fair value of ordinary shares for the year ended 31 December 2008, the Company expected that the warrant will not be exercised. Therefore, the issued share warrant is excluded from the calculation of potential diluted ordinary shares for diluted earnings per share calculation.

	(Unit: Share)	
	Separate financial statements	
	2008	2007
Balance brought forward	462,497,269	314,930,000
Add: Shares issued during the year	-	78,028,720
Less: Treasury shares	(278,684)	-
Weighted average number of ordinary shares	462,218,585	392,958,720

## 19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net income deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 20. Expenses by nature

Significant expenses by nature are as follow:

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Raw materials and consumables used	3,431,732,797	4,181,847,926	2,012,519,179	1,942,947,184
Salary, wages and other employee benefits	1,062,247,051	1,055,429,758	370,451,668	358,713,725
Depreciation	542,228,252	546,108,256	159,168,770	120,447,724
Utility expenses	435,543,608	437,451,261	131,964,335	123,445,941
Freight charge	327,745,331	372,775,082	135,711,347	132,169,990
Repair and maintenance	335,494,560	392,034,051	97,620,965	108,181,116
Loss from hedging activities	295,691,064	-	101,084,840	-
Commission expenses	195,526,106	213,249,843	63,143,623	76,233,292
Changes in inventories of finished goods and work in progress	44,325,561	(96,345,986)	20,679,884	(84,406,845)

## 21. Corporate income tax

No corporate income tax is payable on the Company's income for 2008 and 2007 because the Company has tax loss from the write-off of debts according to the Central Bankruptcy Court's order and has tax loss carried forward from prior years over its income for the year.

Corporate income tax for 2008 and 2007 of three subsidiary companies, K.C.E. International Co., Ltd., Thai Laminate Manufacturer Co., Ltd. and KCE Technology Co., Ltd., have been calculated from the non-BOI promoted income (if any), after adding back non-tax deductible expenses and deducting loss from the write-off of debts according to the Central Bankruptcy Court's order and tax loss carried forward from prior years.

## 22. Promotional privileges

The Company and its subsidiaries have been granted promotional privileges under the Investment Promotion Act B.E. 2520 by the Board of Investment under certain significant conditions. Significant privileges of the Company and its subsidiaries are as follow:

Details	KCE Electronics Public Company Limited			K.C.E. International Co., Ltd.			Thai Laminate Manufacturer Co., Ltd.				KCE Technology Co., Ltd.	
1. Certificate No.	1292/2539	1062/2541	1065/2543	1003/2538	1015/2543	1278(2)/2548	1099/2544	1249(1)/2545	1664(2)/2547	1176(2)/2550	1378/2543	1598(2)/2547
2. Promotional privileges for	Manufacturing of Printed Circuit Board	Manufacturing of Printed Circuit Board	Manufacturing of Printed Circuit Board	Manufacturing of Printed Circuit Board	Manufacturing of Printed Circuit Board	Manufacturing of Printed Circuit Board	Manufacturing of Prepreg	Manufacturing of Laminate	Manufacturing of Prepreg	Manufacturing of Propreg and Laminate	Manufacturing of Printed Circuit Board	Manufacturing of Printed Circuit Board
3. The significant privileges are												
3.1 Exemption of corporate income tax for net income from promotional operation and exemption of income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.	3 years (Expired)	3 years (Expired)	3 years (Expired)	3 years (Expired)	3 years (Expired)	3 years	3 years (Expired)	3 years (Expired)	3 years (Expired)	5 years	7 years (Expired)	7 years
3.2 Allowance for 5% of the increment in export income over the preceding year for ten years, providing that the export income of that particular year should not be lower than the average export income over the three preceding years except for the first two years.	Granted (Expired)	Granted	Granted	Granted (Expired)	Granted	Not granted	Granted	Not granted	Not granted	Not granted	Granted	Not granted
3.3 Exemption of import duty on machinery as approved by the board.	Granted	Granted	Granted	50%	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted
3.4 Exemption of import duty on raw materials and significant supplies used in export production for a period of one year from the first import date.	Granted (Expired)	Granted (Expired)	Not granted	Granted (Expired)	Not granted	Not granted	Not granted	Not granted	Not granted	Not granted	Granted (Expired)	Granted (Expired)
4. Date of first earning operating income	6 January 1996	8 August 1998	4 June 2000	15 June 1994	13 October 1999	1 September 2006	3 November 2000	1 September 2003	7 July 2004	2 May 2007	25 June 2001	1 November 2004

All sales of the Company for 2008 and 2007 are derived from non-promoted operation which could be separated between export and local sales as follows:

	(Unit: Baht)	
	<u>2008</u>	<u>2007</u>
Sales		
Export	3,012,601,633	2,891,071,273
Local sales	<u>19,692,881</u>	<u>46,322,555</u>
Total sales	<u><u>3,032,294,514</u></u>	<u><u>2,937,393,828</u></u>

### **23. Earnings per share**

Basic earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares held by outsiders and in issue during the year.

Diluted earnings per share is calculated by dividing net income for the year by the total sum of the weighted average number of ordinary shares held by outsiders and in issue during the year and the weighted average number of ordinary shares to be issued for conversion of all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

## 24. Financial information by segment

The Company and its subsidiaries' operations mainly involve business segments in printed circuit board, prepreg and laminate products with production facilities in Thailand and operates in both local and overseas markets. Financial information of the Company and its subsidiaries by business is as follows:

(Unit: Thousand Baht)

Consolidated financial statements																
For the years ended 31 December 2008 and 2007																
Printed Circuit Board business																
	Prepreg and Laminate business		America		Europe		Asia		Total		Service provider business		Eliminating entries		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue from external customers	154,199	138,701	1,417,520	1,633,058	4,454,756	4,900,339	1,640,862	1,693,313	7,513,138	8,226,710	-	-	-	-	7,667,337	8,365,411
Inter-segment revenues	1,380,718	1,447,262	-	-	-	-	1,426,271	870,940	1,426,271	870,940	13,663	-	(2,820,652)	(2,318,202)	-	-
Total revenues	<u>1,534,917</u>	<u>1,585,963</u>	<u>1,417,520</u>	<u>1,633,058</u>	<u>4,454,756</u>	<u>4,900,339</u>	<u>3,067,133</u>	<u>2,564,253</u>	<u>8,939,409</u>	<u>9,097,650</u>	<u>13,663</u>	<u>-</u>	<u>(2,820,652)</u>	<u>(2,318,202)</u>	<u>7,667,337</u>	<u>8,365,411</u>
Segment operating income	156,561	140,397							878,116	1,324,125	4,324	-	26,179	6,669	1,065,180	1,471,191
Unallocated income and expense:																
Gain on exchange rate															-	49,695
Interest income															30,723	32,300
Income from insurance claim															28,621	-
Other income															169,820	131,307
Selling expense															(678,273)	(721,151)
Administrative expense															(405,120)	(383,371)
Loss on exchange rate															(20,468)	-
Loss from hedging activities															(295,691)	-
Other expenses															(2,375)	(1,490)
Finance cost															(285,350)	(294,136)
Share income from investment in associated															1,965	4,689
Corporate income tax															(1,567)	(10,517)
Minority interest in income of subsidiaries															(6,635)	(21,091)
Net income (loss)															<u>(399,170)</u>	<u>257,426</u>

Financial information by business segment for the consolidated balance sheets as at 31 December 2008 and 2007 are as follows:

(Unit: Thousand Baht)

	Prepreg and Laminate		Printed Circuit Board business		Service provider business		Total	
	business							
	2008	2007	2008	2007	2008	2007	2008	2007
Property, plant and equipment	596,333	525,044	5,588,411	5,239,320	2,147	-	6,186,891	5,764,364
Other assets	870,307	939,273	2,320,688	3,173,328	6,755	-	3,197,750	4,112,601
Total assets	1,466,640	1,464,317	7,909,099	8,412,648	8,902	-	9,384,641	9,876,965

Transfer prices between business segments are as set out in Note 9 to the financial statements.

## 25. Provident fund

The Company and its subsidiaries, and their employees have jointly established a provident fund as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company or the subsidiary companies contributed to the fund monthly at the rates of 4 - 8 percent of their basic salary. The fund, which is managed by National Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2008, the Company and its subsidiaries contributed Baht 20.7 million in consolidated financial statements (2007: Baht 19.3 million) and Baht 7.6 million in the separate financial statement (2007: Baht 7.6 million) to the fund.

## 26. Dividend payment

On 29 April 2008, the Annual General Meeting of the Company's shareholders approved the payment of dividend in respect of previous year's net income at Baht 0.08 per share to the ordinary shareholders, totaling of Baht 37 million. The Company paid the dividend on 28 May 2008.

On 30 April 2007, the Annual General Meeting of the Company's shareholders passed a resolution approving the omission of the annual dividend payment for the year 2006 to the Company's shareholders.

## 27. Commitments and contingent liabilities

27.1 As at 31 December 2008, the Company and its subsidiaries have rental and service contract commitments with a period of 1 - 3 years. The future minimum charge according to the agreements until the end of the agreements are as follows:

<u>Currency</u>	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
Baht	27,380,897	9,367,004
US Dollar	72,904	-

27.2 As at 31 December 2008, the Company and its subsidiaries have outstanding bank guarantees of approximately Baht 63.0 million (the Company only: Baht 28.3 million) in respect of certain performance bonds as required in the normal course of business, mainly for guarantee of electric payment.

27.3 As at 31 December 2008, the Company and its subsidiaries had commitment to purchase machine amounting to approximately USD 0.9 million and YEN 114.7 million and Euro 0.2 million or totally equivalent to Baht 89.1 million (The Company only: USD 0.7 million or totally equivalent to Baht 23.5 million).

27.4 As at 31 December 2008 and 2007, the Company and its subsidiaries have contingent liabilities in respect of cross guarantees of loans and other credit facilities as follows:

(Unit: Million)

Guarantee company	Guarantor			
	KCE Electronics Plc.		K.C.E. International Co., Ltd.	
	2008	2007	2008	2007
K.C.E. International Co., Ltd.				
- Baht	73	212	-	-
- USD	1	5	-	-
KCE Technology Co., Ltd.				
- Baht	3,572	3,846	-	-
- EURO	1	2	-	-
Thai Laminate Manufacturer Co., Ltd.				
- Baht	135	170	-	-
KCE Electronics Plc.				
- Baht	-	-	219	258

27.5 On 26 October 2005, KCE America Inc., an associated company, had entered into operating lease agreement for its office premises with a subsidiary of an associated company for a period of 15 years. Under this agreement, as at 31 December 2008, the associated company has commitment to pay the rental fee in the future of approximately USD 1.8 million or equivalent to approximately Baht 63.9 million.

27.6 As at 31 December 2008, the Company has contingent liabilities in respect of specifies business tax assessment from Revenue Department's officer of Baht 4.2 million because the Company guaranteed to a related party without fee. However, the Company appealed such assessment to the Central Tax Court, which the case is under consideration at the present. The Company's management believe that there is no tax to be paid from such assessment. Therefore, the Company did not record any contingent liabilities in the accounts.

27.7 As at 31 December 2008, the Company has commitment with a subsidiary in respect of installment and implementation of computer software amounting to Baht 29.4 million.



## **28. Financial instruments**

### **28.1 Financial risk management**

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 48 "*Financial Instruments: Disclosure and Presentations*", principally comprise cash and cash equivalents, trade accounts receivable, investments, trade accounts payable, and short-term and long-term loans. In addition, the Company and its subsidiaries have off-balance sheets derivatives for hedging the risk from commodities' price. The financial risks associated with these financial instruments and derivatives and how they are managed is described below.

#### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base that has good payment abilities. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the balance sheet.

#### ***Interest rate risk***

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks and financial institutions, bank overdrafts, and loans from bank. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2008 classified by type of interest rates are summarised in the table below.

	Consolidated financial statements			Interest rate
	Floating interest rate	Non-interest bearing	Total	
	(Million Baht)			(% p.a.)
<u>Financial Assets</u>				
Cash and cash equivalents	85	33	118	0.25 - 3.25
Trade accounts receivable	-	1,353	1,353	-
Investments in associates accounted for under equity method	-	87	87	-
	<u>85</u>	<u>1,473</u>	<u>1,558</u>	
<u>Financial liabilities</u>				
Bank overdrafts	80	-	80	7.00 - 8.20
Short-term loans from financial institutions	4,381	-	4,381	2.47 - 7.38
Trade accounts payable	-	866	866	-
Amounts due to and advances from related parties	-	11	11	-
Other payable from purchases of equipment	-	116	116	-
Accounts payable under financial lease agreements	264	-	264	5.56 - 7.79
Long-term loans	954	-	954	4.25 - 6.00
	<u>5,679</u>	<u>993</u>	<u>6,672</u>	

	Separate financial statements			
	Floating interest rate	Non- interest bearing	Total	Interest rate
	(Million Baht)			(% p.a.)
<u>Financial Assets</u>				
Cash and cash equivalents	16	15	31	0.25 - 2.00
Trade accounts receivable	-	680	680	-
Investments in subsidiaries and associates accounted for under cost method	-	923	923	-
	<u>16</u>	<u>1,618</u>	<u>1,634</u>	
<u>Financial liabilities</u>				
Bank overdrafts	35	-	35	7.00
Short-term loans from financial institutions	1,136	-	1,136	3.18 - 5.50
Trade accounts payable	-	613	613	-
Amounts due to and advances from related parties	-	23	23	-
Other payable from purchases of equipment	-	20	20	-
Accounts payable under financial lease agreements	254	-	254	5.85 - 7.79
Long-term loans	101	-	101	4.25 - 4.75
	<u>1,526</u>	<u>656</u>	<u>2,182</u>	

## **Foreign currency risk**

The Company and its subsidiaries' exposure to foreign currency risk relates primarily to their sales of goods, purchases of materials and loans, which are denominated in foreign currencies. The Company and its subsidiaries have policies to manage their assets and liabilities denominated in foreign currencies through balancing the proportions and conditions of those assets and liabilities (Natural Hedging), with emphasis on having cash inflows and cash outflows occur concurrently. In addition, the policy has also been focused on hedging on transaction risk in accordance with varying situations and forecasts of the foreign exchange rates. As a result, the Company and its subsidiaries have entered into a number of forward exchange contracts with banks that have maturities of less than one year in order to hedge their foreign currency risk.

As at 31 December 2008, the Company and its subsidiaries had balances of financial assets and liabilities denominated in foreign currencies as follow:

Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate as at	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	31 December 2008	
	(Thousand Unit)	(Thousand Unit)	(Thousand Unit)	(Thousand Unit)	Buying rate	Selling rate
					(Baht per unit of foreign currency)	
USD	30,549	37,541	10,621	11,702	34.7129	35.0824
EURO	5,863	3,586	2,681	1,147	48.7514	49.6515
GBP	315	37	235	-	50.1709	51.1328
YEN	-	109,807	-	8,591	0.3819	0.3898

As at 31 December 2008, the Company and its subsidiaries had outstanding forward exchange contracts, of which details are presented below:

Currency	Amount	Maturity date	Contract exchange rate
	(Thousand)		(Baht per unit of foreign currency)
Buy			
USD	17,845	2 January 2009 - 23 June 2009	33.2600 - 35.6062
EURO	570	6 February 2009 - 5 June 2009	45.6930 - 51.7048
Sell			
USD	12,235	9 January 2009 - 28 May 2009	33.6400 - 35.4400
EURO	1,700	5 March 2009 - 29 June 2009	48.8259 - 49.7600

## **Commodity price risk**

As at 31 December 2008, the Company and its subsidiaries had outstanding commodity swap agreements, of which details are presented below.

Type of goods	Quantity	Maturity date	Contract price	Commodity's market price as at 31 December 2008
	(Ton)		(US dollar per unit)	(US dollar per unit)
Copper	1,430	28 February 2009 - 30 June 2009	3,180 - 7,200	2,902

On 17 September 2008, the Company and its subsidiaries had entered into put option agreements with an overseas bank in respect of future sale of copper of 600 ton (the Company only: 150 ton). The bank has to exercise the option within 28 February 2009 for sale of copper to the Company and its subsidiary, which has maturity date between March 2009 and August 2009. If the contract price, which is USD 6,700 per ton, is greater than average market price in the month of settlement, the Company and its subsidiaries will pay the bank an amount equal to the difference multiplied by notional quantity per settlement period.

## **28.2 Fair values of financial instruments**

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

## **29. Capital management**

The primary objective of the Group's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2008, the Group's debt-to-equity ratio was 3.1:1 (2007: 2.6:1) and the Company's was 1.6:1 (2007: 1.2:1).

### 30. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2007 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously	As reclassified	As previously
		reported		reported
Property, plant and equipment - net	5,764,364,493	5,774,597,665	1,379,024,957	1,380,473,642
Intangible assets	10,233,172	-	1,448,685	-

### 31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2009.