

**KCE Electronics Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the years ended 31 December 2009 and 2008**

**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 adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has affected substantially business and financial plans of Thailand enterprises and asset value. The governments of many countries put in effort to contain the crisis, it remains uncertain as to when the global economy will return to its 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 was 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 renovated facilities of the subsidiary which has ceased the operation. Such subsidiary has resumed certain parts of its production line during September 2009. 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 30 January 2009, 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 (hereinafter called “the Company”) and its subsidiaries (hereinafter called “the subsidiaries”) as below.

Company's name	Percentage of shareholding		Subsidiary's assets as a percentage to the consolidated total assets as at 31 December		Subsidiary's revenues as a percentage to the consolidated total revenues for the years ended 31 December	
	2009	2008	2009	2008	2009	2008
K.C.E. International Co., Ltd.	94.99	94.99	5	6	-	13
KCE Technology Co., Ltd.	100.00	100.00	57	56	57	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	8	9	2	2
KCE (Thailand) Co., Ltd.	60.00	60.00	1	1	4	3
Thai Business Solution Co., Ltd.	49.00	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.
- 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**

In June 2009, the Federation of Accounting Professions has issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements are corresponded to those per this notification.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

#### **3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year**

Framework for Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007)

Impairment of Assets

TFRS 5 (revised 2007)

Non-current Assets Held for Sale  
and Discontinued Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became 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 TFRS 5 (revised 2007), Accounting Treatment Guidance for Leasehold Right and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the business of the Company, while Framework for Preparation and Presentation of Financial Statements (revised 2007) and TAS 36 (revised 2007) do not have any significant impact on the financial statements for the current year.

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

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allows early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 and TAS 40 are not relevant to the business of the Company, while TAS 24 (revised 2007) will not have any significant impact on the financial statements for the year in which they are initially applied.

### 4. Change in accounting policies

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.

## **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 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 accumulated amortisation and accumulated impairment losses (if any).

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 15 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 financial leases. Financial 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 financial 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 on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling on 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.

### **Currency swap agreements**

Currency swap agreements represent agreements between the Company and counterparties to exchange currencies at pre-determined rates of exchange and times stipulated in the agreements.

Amounts receivable or payable under currency swap agreements are translated based on the exchange rate applying on the balance sheet date. Unrealised gains or losses arising from such translation are included in the income statement.

### **Currency option agreements**

Currency option agreements are contracts between two parties whereby the seller grants the buyer a future option to buy (call option) or to sell (put option) foreign currency at an exchange rate stipulated in the agreement. The Company and its subsidiaries enter into such agreements in order to manage foreign exchange risk.

The notional amounts of cross currency option agreements utilised by the Company and its subsidiaries to manage foreign exchange risk are not recognised as assets or liabilities upon inception of the agreement, but fees paid by the Company and its subsidiaries in respect of such agreements are amortised on a straight line basis over the term of the agreement.

### **Commodities put option agreements**

The Company and its subsidiaries enter into commodities put option agreements whereby the seller grants the buyer a future option or to sell (put option) commodities at the price 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 put 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 in estimating collection loss from each debtor based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Allowance for diminution in value of inventories**

In determining an allowance for diminution of inventories the management needs to make judgment in estimating loss from deteriorated inventories 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.

### **Intangible assets**

The initial recognition and measurement of 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. Trade accounts receivable

The balance of trade accounts receivable as at 31 December 2009 and 2008, aged on the basis of due date, as follows:

Age of receivables	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b><u>Trade accounts receivable - related parties</u></b>				
Not yet due	380,814,204	412,697,269	240,555,507	262,722,851
Past due				
Up to 3 months	59,137,267	58,780,959	64,563,489	148,637,593
3 - 6 months	3,446,421	2,751,998	-	485,497
6 - 12 months	1,816,147	-	-	-
Total trade accounts receivable				
- related parties	<u>445,214,039</u>	<u>474,230,226</u>	<u>305,118,996</u>	<u>411,845,941</u>
<b><u>Trade accounts receivable - unrelated parties</u></b>				
Not yet due	1,034,632,567	713,419,524	360,052,643	209,446,309
Past due				
Up to 3 months	74,697,926	156,030,315	39,827,127	55,359,046
3 - 6 months	5,829,328	12,487,934	1,001,618	6,689,038
6 - 12 months	158,691	322,279	158,691	322,279
Over 12 months	591,981	715,482	-	715,482
Total trade accounts receivable - unrelated				
parties	<u>1,115,910,493</u>	<u>882,975,534</u>	<u>401,040,079</u>	<u>272,532,154</u>
Total trade accounts receivable	1,561,124,532	1,357,205,760	706,159,075	684,378,095
Less: Allowance for doubtful accounts	<u>(732,030)</u>	<u>(4,540,200)</u>	<u>(470,716)</u>	<u>(4,260,556)</u>
Trade accounts receivable - net	<u>1,560,392,502</u>	<u>1,352,665,560</u>	<u>705,688,359</u>	<u>680,117,539</u>

## 8. 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 31 December		For the years ended 31 December		
	2009	2008	2009	2008	
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)					
Sales of goods	-	-	325.4	576.5	Market prices and prices per job order for each product which are agreed between the parties
Sales of fixed assets	-	-	33.0	25.3	Net book value plus margin and prices agreed between the parties
Other income	-	-	4.3	12.9	Prices agreed between the parties
Purchases of goods	-	-	724.6	1,051.1	Market prices and prices per job order for each product which are agreed between the parties
Purchases of fixed assets	-	-	39.5	13.1	Prices agreed between the parties
Dividend income	-	-	66.5	-	Dividend of Baht 7 per share as declared by the subsidiary
<u>Transactions with associated companies</u>					
Sales of goods	1,024.9	1,671.5	434.3	603.6	Market prices at which similar quality products are sold under same conditions
Purchases of raw materials	103.9	226.3	30.9	70.2	Market prices at which similar quality products are purchased under same conditions
Purchases of fixed assets	-	0.9	-	0.6	Prices agreed between the parties
Commission expense	56.0	67.1	28.3	22.5	At the rates agreed between the parties which is general rate for the same business
<u>Transactions with related company</u>					
Interest income	22.4	29.9	22.4	29.9	Interest rate at 7.5 percent per annum

As at 31 December 2009 and 2008, the balance of the accounts between the Company and those related companies are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b><u>Trade accounts receivable - related parties</u></b>				
<b>Subsidiaries</b>				
KCE Technology Co., Ltd.	-	-	98,770,466	233,962,850
K.C.E. International Co., Ltd.	-	-	7,577,450	215,414
KCE (Thailand) Co., Ltd.	-	-	3,427,337	5,175,440
Thai Laminate Manufacturer Co., Ltd.	-	-	1,462,602	5,611,436
Total trade accounts receivable - subsidiaries	-	-	111,237,855	244,965,140
<b>Associated companies</b>				
KCE America, Inc.	389,451,127	402,494,262	147,062,168	132,735,147
KCE Singapore Pte., Ltd.	55,762,912	71,735,964	46,818,973	34,145,654
Total trade accounts receivable - associated companies	445,214,039	474,230,226	193,881,141	166,880,801
<b>Total trade accounts receivable - related parties</b>	<b>445,214,039</b>	<b>474,230,226</b>	<b>305,118,996</b>	<b>411,845,941</b>
<b><u>Amounts due from and short-term loans to related parties</u></b>				
<b>Subsidiaries</b>				
KCE Technology Co., Ltd.	-	-	472,698	18,166,747
Thai Laminate Manufactures Co., Ltd.	-	-	85,517	-
Thai Business Solution Co., Ltd.	-	-	72,765	-
K.C.E. International Co., Ltd.	-	-	3,846	1,092,624
KCE (Thailand) Co., Ltd.	-	-	-	72,765
Total amounts due from and short-term loans to subsidiaries	-	-	634,826	19,332,136
<b>Associated companies</b>				
KCE Singapore Pte., Ltd.	2,749	23,045	-	-
KCE America, Inc.	-	538,331	-	-
Total amounts due from and short-term loans to associated companies	2,749	561,376	-	-

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Related company</b>				
Avatar Systems Corporation				
Loans	399,235,126	399,235,126	399,235,126	399,235,126
Accrued interest income	323,564,918	301,169,468	323,564,918	301,169,468
	722,800,044	700,404,594	722,800,044	700,404,594
Less: Allowance for doubtful accounts	(722,800,044)	(700,404,594)	(722,800,044)	(700,404,594)
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>				
	2,749	561,376	634,826	19,332,136
<b><u>Dividend receivable from a related company</u></b>				
<b>Subsidiary</b>				
K.C.E. International Co., Ltd.	-	-	66,495,800	-

The Company had not received repayment from Avatar Systems Corporation, a subsidiary of an associated company, totaling approximately Baht 722.8 million. Currently, the Central Bankruptcy Court has ordered that company into final receivership. 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	
	2009	2008	2009	2008
<b><u>Trade accounts payable - related parties</u></b>				
<b>Subsidiaries</b>				
Thai Laminate Manufacturer Co., Ltd.	-	-	213,596,327	212,892,349
KCE Technology Co., Ltd.	-	-	55,555,510	128,747,647
K.C.E. International Co., Ltd.	-	-	13,058,584	48,397,474
Total trade accounts payable - subsidiaries	-	-	282,210,421	390,037,470
<b>Associated company</b>				
KCE Singapore Pte., Ltd.	23,846,660	49,093,414	18,656,121	20,604,806
Total trade accounts payable - associated company	23,846,660	49,093,414	18,656,121	20,604,806
<b>Total trade accounts payable - related parties</b>	<b>23,846,660</b>	<b>49,093,414</b>	<b>300,866,542</b>	<b>410,642,276</b>



(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b><u>Amounts due to and advances from related parties</u></b>				
<b>Subsidiaries</b>				
K.C.E. International Co., Ltd.	-	-	45,383,814	20,398,745
KCE Technology Co., Ltd.	-	-	22,803,869	191,100
Thai Business Solution Co., Ltd.	-	-	4,305,733	-
Total amounts due to and advances from subsidiaries	-	-	72,493,416	20,589,845
<b>Associated company</b>				
KCE Singapore Pte., Ltd.	8,685,612	11,300,858	806,094	2,795,473
Total amounts due to and advances from associated company	8,685,612	11,300,858	806,094	2,795,473
<b>Total amounts due to and advances from related parties</b>	<b>8,685,612</b>	<b>11,300,858</b>	<b>73,299,510</b>	<b>23,385,318</b>

**Guarantee obligations with related parties**

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 26.3 to the financial statements.

**9. Inventories**

(Unit: Baht)

	Consolidated financial statements							
	Allowance for diminution in value of inventory							
	Reduce cost to net realisable							
	Cost		value		Deteriorated inventory		Inventory-net	
2009	2008	2009	2008	2009	2008	2009	2008	
Finished goods	174,044,234	334,739,662	(9,104,234)	(26,552,852)	(11,852,662)	(12,456,753)	153,087,338	295,730,057
Work in process	312,668,513	304,788,077	-	-	(51,517)	(527,695)	312,616,996	304,260,382
Raw materials	227,542,515	323,463,091	(252,220)	(22,383,415)	(4,334,311)	(6,588,580)	222,955,984	294,491,096
Supplies	251,805,167	243,817,790	-	-	(12,850,529)	(12,748,677)	238,954,638	231,069,113
Spare parts	155,515,519	224,609,116	-	-	-	-	155,515,519	224,609,116
Goods in transit	77,132,821	24,918,198	-	-	-	-	77,132,821	24,918,198
Total	<u>1,198,708,769</u>	<u>1,456,335,934</u>	<u>(9,356,454)</u>	<u>(48,936,267)</u>	<u>(29,089,019)</u>	<u>(32,321,705)</u>	<u>1,160,263,296</u>	<u>1,375,077,962</u>

## Separate financial statements

	Allowance for diminution in value of inventory							
	Cost		Reduce cost to net realisable value				Inventories-net	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Finished goods	40,143,687	90,977,275	(2,212,624)	(10,146,482)	-	(1,275,961)	37,931,063	79,554,832
Work in process	109,682,839	112,020,436	-	-	-	-	109,682,839	112,020,436
Raw materials	71,214,646	61,234,288	-	-	(918,271)	(1,088,030)	70,296,375	60,146,258
Supplies	104,787,385	110,225,766	-	-	(11,425,851)	(11,599,707)	93,361,534	98,626,059
Spare parts	47,959,863	77,224,113	-	-	-	-	47,959,863	77,224,113
Goods in transit	12,443,438	3,669,565	-	-	-	-	12,443,438	3,669,565
<b>Total</b>	<b>386,231,858</b>	<b>455,351,443</b>	<b>(2,212,624)</b>	<b>(10,146,482)</b>	<b>(12,344,122)</b>	<b>(13,963,698)</b>	<b>371,675,112</b>	<b>431,241,263</b>

## 10. Investments in subsidiaries

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

(Unit: Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method net	
	2009	2008	2009 (%)	2008 (%)	2009	2008	2009	2008	2009	2008
K.C.E. International Co., Ltd.	100,000,000	100,000,000	94.99	94.99	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.	1,400,000,000	1,150,000,000	100.00	100.00	1,400,000,000	1,150,000,000	(541,771,135)	(563,271,135)	858,228,865	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	3,000,000	49.00	49.00	1,470,000	1,470,000	-	-	1,470,000	1,470,000
Total					1,733,839,310	1,483,839,310	(541,771,135)	(563,271,135)	1,192,068,175	920,568,175

On 23 April 2009, the Board of Directors Meeting no. 2/2552 of KCE Technology Company Limited, a subsidiary, passed a resolution to call for additional share capital of Baht 2 each from the shareholders of share increase of 50 million shares. The Company, as a shareholder, had made the additional payment on 15 May 2009 and on 18 May 2009, totaling Baht 99,999,986.

On 17 June 2009, the Board of Directors Meeting no. 3/2552 of KCE Technology Company Limited, a subsidiary, passed a resolution to call for additional share capital of Baht 3 each from the shareholders of share increase of 50 million shares. The Company, as a shareholder, had made the additional payment on 10 July 2009, totaling Baht 149,999,979.

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.

## 11. Investments in associates

### 11.1 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	
			2009 (%)	2008 (%)	2009	2008	2009	2008
KCE America, Inc.	Foreign sale representative of the Company and its affiliates	United States of America	48.75	48.75	643,633	643,633	53,712,395	59,487,226
KCE Singapore Pte., Ltd.	Foreign sale representative of the Company and its affiliates	Singapore	47.77	47.77	4,201,138	4,201,138	28,064,743	27,606,377
Total					4,844,771	4,844,771	81,777,138	87,093,603

(Unit: Baht)

Company's name	Separate financial statements			
	Shareholding percentage		Cost	
	2009 (%)	2008 (%)	2009	2008
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
Total			2,422,385	2,422,385

(Unit: Baht)

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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
KCE America, Inc.	(3,384,220)	1,014,431	-	-
KCE Singapore Pte., Ltd.	<u>1,547,275</u>	<u>951,003</u>	-	-
Total	<u>(1,836,945)</u>	<u>1,965,434</u>	-	-

Share of income from investments for 2009 and 2008 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.

## 11.2 Summarised financial information of associates

(Unit: Thousand Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the year ended 31 December		Net income (loss) for the year ended 31 December	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	KCE America, Inc.	US\$ 50,000	US\$ 50,000	508,683	521,061	70,639	390,192	876,077	1,494,523	(4,999)
KCE Singapore Pte., Ltd.	S\$ 500,000	S\$ 500,000	101,066	237,548	63,832	185,493	401,848	612,518	1,301	1,819

## 12. 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 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
Purchase	-	-	-	1,897,583	7,519,865	312,501	679,501	-	85,597,641	-	96,007,091
Transfer in (out)	-	653,540	517,758,305	25,022,883	82,099,604	91,264	-	(165,017)	(625,234,322)	-	226,257
Disposal	(67,604,155)	-	(30,012,873)	(4,249)	(938,582)	-	-	-	(1,952,897)	-	(100,512,756)
31 December 2009	<u>337,186,827</u>	<u>682,674,425</u>	<u>7,933,801,058</u>	<u>233,674,061</u>	<u>649,196,492</u>	<u>19,421,495</u>	<u>47,424,665</u>	<u>3,957,448</u>	<u>79,722,508</u>	<u>-</u>	<u>9,987,058,979</u>
<b>Accumulated depreciation:</b>											
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
Depreciation for the year	-	29,841,717	449,604,917	24,809,957	71,426,926	1,322,914	6,309,105	-	-	-	583,315,536
Accumulated depreciation of disposed assets	-	-	(18,908,152)	(4,246)	(677,141)	-	-	-	-	-	(19,589,539)
31 December 2009	<u>-</u>	<u>271,328,364</u>	<u>3,550,174,948</u>	<u>104,381,742</u>	<u>400,746,248</u>	<u>10,716,319</u>	<u>30,826,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,368,173,734</u>
<b>Net book value:</b>											
31 December 2008	<u>404,790,982</u>	<u>440,534,238</u>	<u>4,326,577,443</u>	<u>127,181,813</u>	<u>230,519,142</u>	<u>9,624,325</u>	<u>22,228,156</u>	<u>4,122,465</u>	<u>621,312,086</u>	<u>-</u>	<u>6,186,890,650</u>
31 December 2009	<u>337,186,827</u>	<u>411,346,061</u>	<u>4,383,626,110</u>	<u>129,292,319</u>	<u>248,450,244</u>	<u>8,705,176</u>	<u>16,598,552</u>	<u>3,957,448</u>	<u>79,722,508</u>	<u>-</u>	<u>5,618,885,245</u>
<b>Depreciation for the year:</b>											
2008 (Baht 477.2 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)											<u>542,228,252</u>
2009 (Baht 504.3 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)											<u>583,315,536</u>

(Unit: Baht)

## Separate financial statements

	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	Total
<b>Cost:</b>										
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
Purchase	-	-	41,357,412	1,107,350	2,174,976	102,600	-	4,936,672	-	49,679,010
Transfer in (out)	-	653,540	85,632,161	8,799,947	209,418	-	-	(95,055,686)	-	239,380
Disposal	(67,604,155)	-	(44,507,024)	(4,248)	(197,190)	-	-	(1,785,368)	-	(114,097,985)
31 December 2009	163,999,736	132,229,075	2,068,505,559	155,703,404	39,506,155	16,966,003	14,370,673	34,110,344	-	2,625,390,949
<b>Accumulated depreciation:</b>										
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
Depreciation for the year	-	6,020,045	132,051,555	21,768,579	5,621,946	844,808	1,414,170	-	-	167,721,103
Accumulated depreciation of disposed assets	-	-	(12,030,074)	(4,246)	(167,725)	-	-	-	-	(12,202,045)
31 December 2009	-	65,603,762	1,108,444,950	85,979,977	26,827,586	7,845,995	10,644,536	-	-	1,305,346,806
<b>Net book value:</b>										
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
31 December 2009	163,999,736	66,625,313	960,060,609	69,723,427	12,678,569	9,120,008	3,726,137	34,110,344	-	1,320,044,143
<b>Depreciation for the year:</b>										
2008 (Baht 154.0 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)										159,168,770
2009 (Baht 159.8 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)										167,721,103

As at 31 December 2009 and 2008, 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 1,111.6 million and Baht 1,127.3 million, respectively (the Company only: Baht 524.9 million and Baht 687.3 million, respectively).

12.1 As at 31 December 2009, 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.

12.2 As at 31 December 2009, the subsidiaries of the Company have mortgaged and pledged the following property, plant and equipment:

12.2.1 Thai Laminate Manufacturer Co., Ltd., a subsidiary, has mortgaged construction and pledged its machinery with a total net book value as at 31 December 2009 of Baht 356.36 million as collateral for loans from banks, as described in Note 16 to the financial statements.

12.2.2 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 14 and 16 to the financial statements.

12.3 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 2009 and 2008 as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Interest capitalisation expense as part of costs of machinery and equipment (Thousand Baht)	1,299	4,523	594	1,573
The assets capitalisation rates (Percent per annum)	1.98 - 6.69	2.47 - 7.50	1.98 - 5.25	3.50 - 7.50



### 13. Intangible assets

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

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cost	99,519,166	64,425,785	53,184,300	26,063,648
Less: Accumulated amortisation	(43,306,324)	(38,026,657)	(16,489,631)	(14,736,955)
Net book value	<u>56,212,842</u>	<u>26,399,128</u>	<u>36,694,669</u>	<u>11,326,693</u>
Amortisation expenses included in income statements for the year	<u>5,684,408</u>	<u>4,828,273</u>	<u>1,513,296</u>	<u>1,149,328</u>

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

Bank overdrafts and short-term loans from financial institutions as at 31 December 2009 and 2008 are consisted of:

(Unit: Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
		Bank overdrafts	6.25 - 7.00	29,455,804	79,467,759
Short-term loans	3.50 - 6.13	383,000,000	1,199,500,000	145,000,000	301,500,000
Packing credits	2.65 - 6.25	2,443,023,520	2,465,600,000	806,023,520	735,500,000
Trust receipts	1.49 - 3.75	409,329,492	716,166,586	102,345,138	99,458,199
Total		<u>3,264,808,816</u>	<u>4,460,734,345</u>	<u>1,065,703,615</u>	<u>1,171,351,999</u>

14.1 As at 31 December 2009 and 2008, bank overdrafts and partial loans from banks of the Company are guaranteed by K.C.E. International Co., Ltd., a subsidiary company.

14.2 As at 31 December 2009 and 2008, bank overdrafts and loans from banks of K.C.E. International Co., Ltd., a subsidiary company, are guaranteed by the Company.

14.3 As at 31 December 2009 and 2008, 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.

## 15. Liabilities under hire-purchase and financial lease agreements

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Liabilities under hire-purchase and financial lease agreements	343,713,235	264,166,195	333,343,006	254,104,186
Less : Portion due within one year	<u>(100,619,917)</u>	<u>(71,459,774)</u>	<u>(95,951,170)</u>	<u>(68,205,930)</u>
Liabilities under hire-purchase and financial lease agreements - net of current portion	<u>243,093,318</u>	<u>192,706,421</u>	<u>237,391,836</u>	<u>185,898,256</u>

The Company and its subsidiaries entered into a number of financial lease agreements with a leasing company for machinery and equipment for their 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 2009, future minimum lease payments required under hire-purchase and financial lease agreements were as follow:

(Unit: Million Baht)

	Consolidated financial statements		
	Less than 1		
	<u>year</u>	<u>1-5 years</u>	<u>Total</u>
Future minimum lease payments	112.81	251.00	363.81
Deferred interest expenses	<u>(12.19)</u>	<u>(7.91)</u>	<u>(20.10)</u>
Present value of future minimum lease payments	<u>100.62</u>	<u>243.09</u>	<u>343.71</u>

(Unit: Million Baht)

	Separate financial statements		
	Less than 1		
	<u>year</u>	<u>1-5 years</u>	<u>Total</u>
Future minimum lease payments	107.73	244.91	352.64
Deferred interest expenses	<u>(11.78)</u>	<u>(7.52)</u>	<u>(19.30)</u>

Present value of future minimum lease payments	<u>95.95</u>	<u>237.39</u>	<u>333.34</u>
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## 16. Long-term loans

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
EURO portion	25,796,823	87,498,356	-	43,407,824
Baht portion	1,542,775,683	866,811,770	162,733,683	58,000,000
	<u>1,568,572,506</u>	<u>954,310,126</u>	<u>162,733,683</u>	<u>101,407,824</u>
Less: Current portion of long-term loans	(354,785,197)	(395,131,250)	(50,090,000)	(65,538,824)
Long-term loans, net of current portion	<u><u>1,213,787,309</u></u>	<u><u>559,178,876</u></u>	<u><u>112,643,683</u></u>	<u><u>35,869,000</u></u>

As at 31 December 2009, a subsidiary company, KCE Technology Co., Ltd. had long-term loans from banks in EURO currency of EURO 0.5 million in the consolidated financial statements (31 December 2008: EURO 1.8 million in the consolidated financial statements and EURO 0.9 million in the separate financial statement).

Details of long-term loans from banks as at 31 December 2009 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.	2 April 2008	Baht 250,000,000	25,500,000	73,733,683	99,233,683	3 years 4 months	1 month	1 month
2.	21 July 2008	Baht 150,000,000	24,590,000	38,910,000	63,500,000	5 years 6 months	1 month	1 month
Total loans of the Company			50,090,000	112,643,683	162,733,683			

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	67,500,000	33,750,000	101,250,000	4 years	3 months	3 months
2.	23 January 2008	Baht 120,000,000	10,000,000	82,142,000	92,142,000	5 years	3 months	3 months
			77,500,000	115,892,000	193,392,000			
<u>KCE Technology Co., Ltd.</u>								
1.	1 December 2003	EURO 3,000,000	16,941,197	8,855,626	25,796,823	6 years	3 months	3 months
2.	9 August 2004	Baht 445,500,000	78,600,000	78,700,000	157,300,000	6 years	3 months	1 month
3.	27 October 2004	Baht 124,500,000	14,600,000	29,600,000	44,200,000	6 years	3 months	1 month
4.	28 February 2005	Baht 180,000,000	31,800,000	52,800,000	84,600,000	6 years	3 months	1 month
5.	31 October 2005	Baht 200,000,000	35,400,000	93,800,000	129,200,000	6 years	3 months	1 month
6.	8 August 2007	Baht 70,000,000	12,354,000	57,646,000	70,000,000	6 years	3 months	1 month
7.	23 July 2008	Baht 370,000,000	-	201,350,000	201,350,000	6 years	3 months	1 month
8.	19 May 2009	Baht 500,000,000	37,500,000	462,500,000	500,000,000	5 years	3 months	1 month
			227,195,197	985,251,626	1,212,446,823			
Total loans of subsidiaries			304,695,197	1,101,143,626	1,405,838,823			
Total loans of the Company and subsidiaries			354,785,197	1,213,787,309	1,568,572,506			

- 16.1 Long-term loans from banks of the Company are Baht loan which carry interest at the rate of MLR (Minimum Loan Rate) less 2.0 percent per annum. Parts of that loan are the transfer of short-term loans due in the current year to long-term loans of the same bank amounting to Baht 102.8 million.
- 16.2 A long-term Baht 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 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.
- 16.3 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. Parts of that loan are the transfer of promissory note to long-term loans of the same bank amounting to Baht 500 million.

## **17. Share capital**

### **17.1 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)	
	2009	2008
Warrants issued as at beginning of the year	3,000,000	2,370,000
Add: Warrants issued during the year	-	630,000
Less: Exercised during the year	(564,500)	-
Warrants issued as at end of the year	<u>2,435,500</u>	<u>3,000,000</u>

## 17.2 Treasury shares

As at 31 December 2009, details of treasury shares are as follows:

	Consolidated and separate <u>financial statements</u>
Cost of treasury shares (Thousand Baht)	7,508.22
Number of treasury shares (Thousand shares)	6,779.70
Average price per share (Baht)	1.10
Percentage of treasury shares to the Company's shares in issue	1.46

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.

## 17.3 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.



## 17.4 Weighted average number of ordinary shares

As at 31 December 2009 and 2008, the weighted average number of ordinary shares in the consolidated financial statements is calculated as follows:

	(Unit: Share)	
	Consolidated financial statement	
	2009	2008
Balance brought forward	462,218,585	462,497,269
Less: Treasury shares	(6,169,868)	(278,684)
Weighted average number of ordinary shares	456,048,717	462,218,585
Add: Potential ordinary share - share warrants		
(2009: 2,435,500 shares, 2008: 3,000,000 shares)	-	-
Diluted weighted average number of ordinary shares	<u>456,048,717</u>	<u>462,218,585</u>

	(Unit: Share)	
	Separate financial statements	
	2009	2008
Balance brought forward	462,218,585	462,497,269
Less: Treasury shares	(6,169,868)	(278,684)
Weighted average number of ordinary shares	456,048,717	462,218,585
Add: Potential ordinary share - share warrants		
(2009: 2,435,500 shares, 2008: 3,000,000 shares)	-	-
Diluted weighted average number of ordinary shares	<u>456,048,717</u>	<u>462,218,585</u>

In December 2009, the Company received advance subscription of Baht 3.93 per share for 564,500 additional ordinary shares supporting the exercise of the warrants, or a total of Baht 2,218,485. The Company registered the resulting increase of Baht 564,500 in its capital with the Ministry of Commerce on 1 February 2010. As at 31 December 2009, there were a total of 2,435,500 outstanding unexercised warrants. Since exercise price of the above warrants exceeds the weighted average of fair value of ordinary shares for the year ended 31 December 2009, the issued share warrant is excluded from the calculation of potential diluted ordinary shares for diluted earnings per share calculation.

## 18. 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.

## 19. Expenses by nature

Significant expenses by nature are as follow:

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Raw materials and consumables used	2,040,274,851	3,431,732,797	1,356,780,711	2,012,519,179
Salary, wages and other employee benefits	931,900,392	1,062,247,051	419,990,732	370,451,668
Depreciation	583,315,536	542,228,252	167,721,103	159,168,770
Utility expenses	400,861,298	435,543,608	128,915,967	131,964,335
Freight charge	170,237,039	327,745,331	84,520,501	135,711,347
Repair and maintenance	192,464,688	335,494,560	53,845,606	97,620,965
Loss from hedging activities	-	295,691,064	-	101,084,840
Commission expenses	154,765,644	195,526,106	48,947,934	63,143,623
Changes in inventories of finished goods and work in progress	(152,814,992)	44,325,561	(53,171,185)	20,679,884

## 20. Corporate income tax

No corporate income tax is payable on the Company's income for 2009 and 2008 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 2009 and 2008 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.

## 21. 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.	
	1292/2539	1062/2541	1065/2543	1003/2538	1015/2543	1278(2)2548	1099/2544	1249(1)/2545	1664(2)2547	1176(2)/2550	1160(2)/2551	1378/2543	1598(2)/2547
1. Certificate No.													
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 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 (Expired)	3 years (Expired)	3 years (Expired)	3 years (Expired)	5 years	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	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	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	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	22 December 2009	25 June 2001	1 November 2004

All sales of the Company for 2009 and 2008 are derived from non-promoted operation which could be separated between export and local sales as follows:

	(Unit: Baht)	
	<u>2009</u>	<u>2008</u>
Sales		
Export	2,386,321,040	3,012,601,633
Local sales	<u>82,363,188</u>	<u>19,692,881</u>
Total sales	<u><u>2,468,684,228</u></u>	<u><u>3,032,294,514</u></u>

## 22. 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.

## 23. 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 for the year ended as at 31 December 2009 and 2008 is as follows:

(Unit: Thousand Baht)

Consolidated financial statements																
For the years ended 31 December 2009 and 2008																
Printed Circuit Board business																
	Prepreg and Laminate business		America		Europe		Asia		Total		Service provider business		Eliminating entries		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue from external customers	101,809	154,199	875,598	1,417,520	3,444,687	4,454,756	1,328,449	1,640,862	5,648,734	7,513,138	1,900	-	-	-	5,752,443	7,667,337
Inter-segment revenues	949,516	1,380,718	-	-	-	-	996,566	1,426,271	996,566	1,426,271	54,058	13,663	(2,000,140)	(2,820,652)	-	-
Total revenues	<u>1,051,325</u>	<u>1,534,917</u>	<u>875,598</u>	<u>1,417,520</u>	<u>3,444,687</u>	<u>4,454,756</u>	<u>2,325,015</u>	<u>3,067,133</u>	<u>6,645,300</u>	<u>8,939,409</u>	<u>55,958</u>	<u>13,663</u>	<u>(2,000,140)</u>	<u>(2,820,652)</u>	<u>5,752,443</u>	<u>7,667,337</u>
Segment operating income	100,576	156,561							1,000,141	878,116	24,474	4,324	(45,999)	26,179	1,079,192	1,065,180
Unallocated income and expense:																
Gain on sale of land															41,296	-
Gain on exchange rate															53,381	-
Interest income															22,680	30,723
Gain from hedging activities															1,724	-
Income from insurance claim															-	28,621
Other income															67,281	169,820
Selling expense															(406,784)	(678,273)
Administrative expense															(351,422)	(350,360)
Management benefit expense															(56,178)	(57,135)
Loss on exchange rate															-	(20,468)
Loss from hedging activities															-	(295,691)
Finance cost															(271,427)	(285,350)
Share of income from investments in associated															(1,837)	1,965
Corporate income tax															(3,685)	(1,567)
Minority interest in income of subsidiaries															(2,668)	(6,635)
Net income (loss)															<u>171,553</u>	<u>(399,170)</u>

Financial information by business segment for the consolidated balance sheets as at 31 December 2009 and 2008 are as follows:

(Unit: Thousand Baht)

	Prepreg and Laminate		Printed Circuit Board business		Service provider business		Total	
	business							
	2009	2008	2009	2008	2009	2008	2009	2008
Property, plant and equipment	536,637	596,333	5,079,811	5,588,411	2,437	2,147	5,618,885	6,186,891
Other assets	782,999	870,307	2,385,612	2,320,688	20,277	6,755	3,188,888	3,197,750
Total assets	1,319,636	1,466,640	7,465,423	7,909,099	22,714	8,902	8,807,773	9,384,641

Transfer prices between business segments are as set out in Note 8 to the financial statements.

## **24. 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 2009, the Company and its subsidiaries contributed Baht 18.3 million in the consolidated financial statements (2008: Baht 20.7 million) and Baht 6.9 million in the separate financial statement (2008: Baht 7.6 million) to the fund.

## **25. Dividend payment**

### The Company

On 29 April 2009, the Annual General Meeting of the Company's shareholders passed a resolution approving the omission of the annual dividend payment for the year 2008 to the Company's shareholders.

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 shareholders, totaling of Baht 37 million. The Company paid the dividend on 28 May 2008.

### Subsidiary

On 16 December 2009, the Board of Directors' Meeting No. 4/2552 of K.C.E. International Company Limited, a subsidiary, approved the payment of an interim dividend on its retained earnings of Baht 7 per share to its shareholders, or a total of Baht 70 million. The dividend is to be paid on 16 April 2010.

## 26. Commitments and contingent liabilities

### 26.1 Operating lease commitments

26.1.1 The Company and its subsidiaries have entered into several lease agreements in respect of the lease of motor vehicles and equipment. The terms of the agreements are generally between 1 and 4 years. Operating lease agreements are non-cancelable.

As at 31 December 2009, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Payable within:		
Less than 1 year	100,619,917	95,951,170
1 to 4 years	243,093,318	237,391,836

26.1.2 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 2009, the associated company has a commitment to pay the rental fee in the future of approximately USD 1.7 million or equivalent to approximately Baht 57.5 million.

### 26.2 Long-term service commitments

26.2.1 As at 31 December 2009, the Company and its subsidiaries have service contract commitments with a period of 1 to 3 years and the future minimum charge according to the agreements until the end of the agreement are as follows:

	Consolidated	Separate
<u>Currency</u>	<u>financial statements</u>	<u>financial statements</u>
Baht	32,479,840	17,685,009
US dollar	128,572	26,148



26.2.2 As at 31 December 2009, the Company and its two subsidiaries have commitment in respect of installment and implementation of computer software with a subsidiary company amounting to Baht 64.8 million (the Company only: Baht 19.7 million).

### 26.3 Guarantees

26.3.1 As at 31 December 2009 and 2008, 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.	
	2009	2008	2009	2008
K.C.E. International Co., Ltd.				
- Baht	2	73	-	-
- USD	-	1	-	-
KCE Technology Co., Ltd.				
- Baht	3,440	3,572	-	-
- EURO	1	1	-	-
Thai Laminate Manufacturer Co., Ltd.				
- Baht	101	135	-	-
KCE Electronics Plc.				
- Baht	-	-	151	219

26.3.2 As at 31 December 2009, the Company and its subsidiaries have contingent liabilities in respect of bank guarantees issued on their behalves amounting to Baht 59.9 million (the Company only: Baht 28.5 million) in respect of certain performance bonds as required in the normal course of business, mainly for guarantee of electric payment.

## **26.4 Litigation**

As at 31 December 2009, the Company has contingent liabilities in respect of specific business tax assessment from Revenue Department's officer of Baht 4.2 million because the Company guaranteed to a related party without fee. On 9 July 2009, the Central Tax Court announced a judgement which was in favour of the Company and overran the assessment of officer and the Tax Appeal Board's judgement from Revenue Department. Later on 7 September 2009, the Revenue Department lodged an appeal against the Central Tax Court's judgement and the Central Tax Court has issued a court receipt for such appeal. At present, the lawsuit is being considered by the Supreme Court. The Company's management believe that the Company will eventually win the case and the Company has therefore not yet set aside any contingent liabilities in the accounts.

## **27. Financial instruments**

### **27.1 Financial risk management**

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 32 "*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 foreign currency risk. 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 2009 classified by type of interest rates are summarised in the table below.

	Consolidated financial statements			Interest rate (% p.a.)
	Floating interest rate	Non- interest bearing (Million Baht)	Total	
<u>Financial Assets</u>				
Cash and cash equivalents	157	-	157	0.05 - 0.50
Trade accounts receivable	-	1,560	1,560	-
Investments in associates accounted for under equity method	-	82	82	-
	<u>157</u>	<u>1,642</u>	<u>1,799</u>	
<u>Financial liabilities</u>				
Bank overdrafts	30	-	30	6.25 - 7.00
Short-term loans from financial institutions	3,235	-	3,235	1.49 - 6.25
Trade accounts payable	-	874	874	-
Amounts due to and advances from related parties	-	9	9	-
Other payable from purchases of equipment	-	35	35	-
Accounts payable under financial lease agreements	344	-	344	2.85 - 7.79
Long-term loans	1,569	-	1,569	2.75 - 5.25
	<u>5,178</u>	<u>918</u>	<u>6,096</u>	

	Separate financial statements			Interest rate
	Floating interest rate	Non-interest bearing	Total	
	(Million Baht)			(% p.a.)
<u>Financial Assets</u>				
Cash and cash equivalents	48	-	48	0.05 - 0.25
Trade accounts receivable	-	706	706	-
Investments in subsidiaries and associates accounted for under cost method	-	1,194	1,194	-
	<u>48</u>	<u>1,900</u>	<u>1,948</u>	
<u>Financial liabilities</u>				
Bank overdrafts	13	-	13	7.00
Short-term loans from financial institutions	1,053	-	1,053	2.65 - 6.13
Trade accounts payable	-	577	577	-
Amounts due to and advances from related parties	-	73	73	-
Other payable from purchases of equipment	-	12	12	-
Accounts payable under financial lease agreements	333	-	333	2.85 - 7.79
Long-term loans	163	-	163	3.88
	<u>1,562</u>	<u>662</u>	<u>2,224</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 2009, 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 2009	
	(Thousand Unit)	(Thousand Unit)	(Thousand Unit)	(Thousand Unit)	Buying rate	Selling rate
					(Baht per unit of foreign currency)	
US dollar	37,602	36,690	12,843	17,983	33.1226	33.5168
Euro	6,941	972	4,312	226	47.3297	48.1284
Pound sterling	37	-	14	-	52.4976	53.4022
Japanese yen	-	10,571	-	978	0.3580	0.3656

As at 31 December 2009, the Company and its subsidiaries had outstanding forward exchange contracts and currency option contract, of which details are presented below.

**a) Forward exchange contracts**

Currency	Amount	Maturity date	Contract exchange rate	Exchange rate as at 31 December 2009
	(Thousand)		(Baht per unit of foreign currency)	(Baht per unit of foreign currency)
Buy				
US dollar	7,769	27 January 2010 - 17 June 2010	33.2450 - 34.3000	33.5168
Sell				
US dollar	1,848	27 January 2010 - 27 April 2010	33.1850 - 33.3600	33.1226
Euro	3,019	15 June 2010 - 28 June 2010	47.8588 - 50.1900	47.3297

**b) Currency option agreement**

	Currency	Sold amount	Strike rate	Delivery date
			(Baht per unit of foreign currency)	
Put option	US dollar	5,000,000	33.4000	24 March 2010

When exchange rate on delivery date is lower than strike rate, the Company will sell US dollar at strike rate.

## 27.2 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.

## 28. 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 2009, the Group's debt-to-equity ratio was 2.6:1 (2008: 3.1:1) and the Company's was 1.4:1 (2008: 1.6:1).

## 29. Reclassification

Certain amounts in the balance sheet as at 31 December 2008 and income statement for the same period have been reclassified to conform to the current period's classification but with no effect to previously reported net loss or shareholders' equity. The reclassifications are as follows:

(Unit: Baht)

	Balance sheet as at 31 December 2008			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously	As reclassified	As previously
		reported		reported
Other accounts receivable	20,465,741	20,465,741	13,314,687	4,368,677
Accrued income	-	3,596,580	-	814,796
Other current assets - others	36,691,933	33,095,353	5,391,116	13,522,330
Other accounts payable	317,677,543	306,600,840	86,728,244	75,651,541
Accrued expenses	43,729,340	54,806,043	12,354,654	23,431,357

(Unit: Baht)

Income statements for the year ended 31 December 2008

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Administrative expenses	350,359,585	405,120,075	118,500,513	143,420,770
Management benefit expenses	57,135,125	-	28,141,336	-
Other expenses	-	2,374,635	-	3,221,079

**30. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2010.