

KCE Electronics Public Company Limited and its subsidiaries

Notes to interim financial statements

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

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 was transformed to be a public limited 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, Khet Lat Krabang, Bangkok.

The Company has the subsidiaries as follows:

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

K.C.E. International Co., Ltd. was incorporated as a limited company under Thai law, with the registered address 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. was incorporated as a limited company under Thai law, with the registered address at No. 115/2 Moo 4 Export Processing Zone, Lat Krabang Industrial Estate, Kwang Lumplatew, Khet 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 (Thailand) Co., Ltd. was incorporated as a limited company under Thai law, with the registered address 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 the domestic sale representative to the Company and its affiliates.

Thai Business Solution Co., Ltd. was incorporated as a limited company under Thai law, with the registered address 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 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards No. 34 (revised 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

These consolidated financial statements include the financial statements of KCE Electronics Public Company Limited (hereinafter called "the Company") and its subsidiaries (hereinafter called "the subsidiaries") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2010, with no change in the group structure during the current period.

The group structure as at 30 June 2011 and 31 December 2010 was detailed below.

Company's name	Percentage of shareholding		Subsidiary's assets as a percentage to the consolidated total assets as at		Subsidiary's revenues as a percentage to the consolidated total revenues for the three-month periods ended		Subsidiary's revenues as a percentage to the consolidated total revenues for the six-month periods ended	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	KCE Technology Co., Ltd.	100.00	100.00	51	53	34	49	43
K.C.E. International Co., Ltd.	99.99	99.99	8	8	10	9	9	8
Thai Laminate Manufacturer Co., Ltd. (74.80% held by the Company and 25.20% held by K.C.E. International Co., Ltd.)	100.00	100.00	10	9	1	1	1	1
KCE (Thailand) Co., Ltd.	60.00	60.00	1	1	6	3	4	3
Thai Business Solution Co., Ltd.	49.00	49.00	-	-	2	-	1	-

1.4 Application of new accounting standards during the period

During the current period, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates

TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements for the current period, except for the following accounting standard.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

As described in Note 1.5, the Company and its subsidiaries have changed the accounting policies related to employee benefits in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current period. The changes have the cumulative effect of decreasing the beginning balance of retained earnings of the Company and its subsidiaries by Baht 62.8 million (the Company only: Baht 36.7 million), and decreasing the profit of the Company and its subsidiaries for the three-month and six-month periods ended 30 June 2011 by Baht 2.0 million and Baht 4.0 million, respectively, or Baht 0.004 per share and Baht 0.008 per share, respectively (Separate financial statement: decreasing profit by Baht 0.9 million and Baht 1.8 million, respectively, or Baht 0.002 per share and Baht 0.004 per share, respectively). The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2010, except for the changes in the following accounting policies due to the adoption of revised and new accounting standards.

Employee benefits

Post-employment benefits (Defined contribution plans)

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current period.

2. New accounting standards issued during the period not yet effective

During the current period, the Federation of Accounting Professions issued the below listed new accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting Standard Interpretations:

- SIC 10 Government Assistance - No Specific Relation to Operating Activities
- SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets
- SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

3. Trade accounts receivable

The balance of trade accounts receivable as at 30 June 2011 and 31 December 2010, aged on the basis of due date, was as follows:

Age of receivables	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
<u>Trade accounts receivable - related parties</u>				
Not yet due	383,576	268,446	231,204	158,143
Past due				
Up to 3 months	37,305	76,672	63,680	79,959
3 - 6 months	1,285	4	32	272
Total trade accounts receivable				
- related parties	422,166	345,122	294,916	238,374
<u>Trade accounts receivable - unrelated parties</u>				
Not yet due	1,320,271	1,031,236	560,687	421,017
Past due				
Up to 3 months	201,098	151,923	96,477	108,957
3 - 6 months	5,121	613	476	-
6 - 12 months	175	956	79	-
Over 12 months	1,408	1,285	-	-
Total trade accounts receivable - unrelated parties	1,528,073	1,186,013	657,719	529,974
Total trade accounts receivable	1,950,239	1,531,135	952,635	768,348
Less: Allowance for doubtful accounts	(356)	(165)	(322)	(136)
Trade accounts receivable - net	1,949,883	1,530,970	952,313	768,212

4. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of businesses 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		Pricing policy
	For the three-month periods ended 30 June		For the three-month periods ended 30 June		
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
<i>Transactions with subsidiaries</i> (eliminated from the consolidated financial statements)					
Sales of goods	-	-	74.4	72.3	Market prices and prices per job order for each product which are agreed between the parties
Service income	-	-	4.4	4.8	Market prices and prices per job order for each product which are agreed between the parties
Sales of fixed assets	-	-	-	0.5	Net book value plus margin and prices agreed between the parties
Dividend income	-	-	-	7.8	As announced in the minute of shareholders' meeting
Other income	-	-	1.8	1.6	Price agreed between the parties
Purchases of goods	-	-	274.2	265.9	Market prices and prices per job order for each product which are agreed between the parties
Purchases of fixed assets	-	-	1.7	35.5	Prices agreed between the parties
<i>Transactions with associated companies</i>					
Sales of goods	339.9	353.7	157.5	168.4	Market prices at which similar quality products are sold under same conditions
Purchases of raw materials	16.1	17.8	3.8	4.1	Market prices at which similar quality products are purchased under same conditions
Commission expense	9.6	14.7	6.4	7.1	At the agreed rates between the parties which is general rate for the same business
Purchases of fixed assets	0.1	0.3	-	-	Prices agreed between the parties

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	For the six-month periods ended 30 June		For the six-month periods ended 30 June		
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
<i><u>Transactions with subsidiaries</u></i>					
<i>(eliminated from the consolidated financial statements)</i>					
Sales of goods	-	-	150.1	187.5	Market prices and prices per job order for each product which are agreed between the parties
Service income	-	-	8.1	11.5	Market prices and prices per job order for each product which are agreed between the parties
Sales of fixed assets	-	-	-	0.7	Net book value plus margin and prices agreed between the parties
Dividend income	-	-	-	7.8	As announced in the minute of shareholders' meeting
Other income	-	-	3.8	3.0	Price agreed between the parties
Purchases of goods	-	-	531.0	465.0	Market prices and prices per job order for each product which are agreed between the parties
Purchases of fixed assets	-	-	3.1	36.7	Prices agreed between the parties
<i><u>Transactions with associated companies</u></i>					
Sales of goods	608.5	695.2	298.0	305.8	Market prices at which similar quality products are sold under same conditions
Purchases of raw materials	31.6	41.0	7.9	10.7	Market prices at which similar quality products are purchased under same conditions
Commission expense	24.2	28.0	13.3	12.7	At the agreed rates between the parties which is general rate for the same business
Purchases of fixed assets	0.1	0.3	-	0.3	Prices agreed between the parties

(Unaudited but reviewed)

As at 30 June 2011 and 31 December 2010, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
<u>Trade accounts receivable - related parties</u>				
Subsidiaries				
KCE Technology Co., Ltd.	-	-	92,387	67,915
K.C.E. International Co., Ltd.	-	-	6,268	5,603
KCE (Thailand) Co., Ltd.	-	-	1,081	4,175
Thai Laminate Manufacturer Co., Ltd.	-	-	602	917
Total trade accounts receivable - subsidiaries	-	-	100,338	78,610
Associated companies				
KCE America, Inc.	348,889	304,108	161,967	131,605
KCE Singapore Pte., Ltd.	73,277	41,014	32,611	28,159
Total trade accounts receivable - associated companies	422,166	345,122	194,578	159,764
Total trade accounts receivable - related parties	422,166	345,122	294,916	238,374
<u>Amounts due from and advances to related parties</u>				
Subsidiaries				
K.C.E. International Co., Ltd.	-	-	432	-
KCE Technology Co., Ltd.	-	-	407	35
Thai Laminate Manufactures Co., Ltd.	-	-	127	7
Thai Business Solution Co., Ltd.	-	-	16	-
KCE (Thailand) Co., Ltd.	-	-	5	-
Total amounts due from and advances to subsidiaries	-	-	987	42
Associated company				
KCE Singapore Pte., Ltd.	-	75	-	-
Total amounts due from associated company	-	75	-	-
Total amounts due from and advances to related parties	-	75	987	42
<u>Dividend receivable from related party</u>				
Subsidiary				
K.C.E. International Co., Ltd.	-	-	-	66,496
Total dividend receivable from related party	-	-	-	66,496

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2011	2010	2011	2010
<u>Trade accounts payable - related parties</u>				
Subsidiaries				
Thai Laminate Manufacturer Co., Ltd.	-	-	286,832	242,866
K.C.E. International Co., Ltd.	-	-	83,216	36,587
KCE Technology Co., Ltd.	-	-	33,713	40,135
Total trade accounts payable - subsidiaries	-	-	403,761	319,588
Associated company				
KCE Singapore Pte., Ltd.	21,598	14,081	11,340	11,084
Total trade accounts payable - associated company	21,598	14,081	11,340	11,084
Total trade accounts payable - related parties	21,598	14,081	415,101	330,672
<u>Amounts due to and advances from related parties</u>				
Subsidiaries				
KCE Technology Co., Ltd.	-	-	5,314	-
K.C.E. International Co., Ltd.	-	-	1,691	-
Thai Business Solution Co., Ltd.	-	-	992	3,875
KCE (Thailand) Co., Ltd.	-	-	759	-
Total amounts due to and advances from subsidiaries	-	-	8,756	3,875
Associated company				
KCE Singapore Pte., Ltd.	12,837	12,140	3,078	1,524
Total amounts due to and advances from associated company	12,837	12,140	3,078	1,524
Total amounts due to and advances from related parties	12,837	12,140	11,834	5,399

Directors' and management's remuneration

During the three-month and six-month periods ended 30 June 2011, the Company and its subsidiaries had salaries, bonus, meeting allowances and other remuneration of their directors and management recognised as expenses totaling Baht 22.4 million and Baht 39.7 million, respectively (the Company only: Baht 13.2 million and Baht 20.9 million, respectively) and during the three-month and six-month periods ended 30 June 2010 totaling Baht 18.3 million and Baht 33.1 million, respectively (the Company only: Baht 9.8 million and Baht 16.9 million, respectively).

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 15.4 to the financial statements.

5. Inventories - Allowance for diminution in value of inventories and inventory obsolescence

Movements in the allowance for diminution in value of inventories and inventory obsolescence account during the six-month period ended 30 June 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2011	44,205	17,607
Add: Allowance for diminution in value of inventories and inventory obsolescence made during the period	14,182	3,134
Balance as at 30 June 2011	<u>58,387</u>	<u>20,741</u>

6. Investments in subsidiaries

Investments in subsidiaries as shown in the separate financial statements are as follows:

Company's name	(Unit: Thousand Baht)							
	Separate financial statements							
	Paid-up capital		Shareholding percentage		Carrying amounts based on cost method		Dividend income	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010	30 June 2011	31 December 2010	For the six-month periods ended 30 June	
			(%)	(%)			2011	2010
KCE Technology Co., Ltd.	1,400,000	1,400,000	100.00	100.00	1,400,000	1,400,000	-	-
K.C.E. International Co., Ltd.	100,000	100,000	99.99	99.99	185,396	185,396	-	-
Thai Laminate Manufacturer Co., Ltd.	250,000	250,000	74.80	74.80	368,460	368,460	-	7,800
KCE (Thailand) Co., Ltd.	3,600	3,600	60.00	60.00	2,160	2,160	-	-
Thai Business Solution Co., Ltd.	3,000	3,000	49.00	49.00	1,470	1,470	-	-
Total					<u>1,957,486</u>	<u>1,957,486</u>	<u>-</u>	<u>7,800</u>

On 16 June 2011, the Extraordinary General Meeting No. 2/2554 of the shareholders of KCE Technology Co., Ltd. (a subsidiary company) approved the increase of its registered share capital from Baht 1,400 million (140,000,000 ordinary shares of Baht 10 each) to Baht 1,600 million (160,000,000 ordinary shares of Baht 10 each) through an issuance of 20,000,000 new ordinary shares at a par value of Baht 10 each, totaling Baht 200 million, 100 percent called up within 30 September 2011. The subsidiary company registered the share capital increase with the Ministry of Commerce on 29 June 2011.

7. Investments in associates

(Unit: Thousand Baht)

		Consolidated financial statements						
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 June 2011	31 December 2010	30 June 2011	31 December 2010	30 June 2011	31 December 2010
			(%)	(%)				
KCE America, Inc.	Foreign sale representative of the Company and its affiliates	United States of America	50.00	50.00	644	644	52,606	50,660
KCE Singapore Pte., Ltd.	Foreign sale representative of the Company and its affiliates	Singapore	49.00	49.00	4,201	4,201	27,283	26,156
Total					4,845	4,845	79,889	76,816

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Shareholding percentage		Cost	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	(%)	(%)		
KCE America, Inc.	25.00	25.00	322	322
KCE Singapore Pte., Ltd.	24.50	24.50	2,100	2,100
Total			2,422	2,422

During the six-month periods ended 30 June 2011 and 2010, there was no dividend received from the associated companies.

For the three-month and six-month periods ended 30 June 2011 and 2010, share of income (loss) from investments in the above two associated companies was calculated from the interim financial statements which had not been reviewed by the auditors 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 review of their financial statements.

8. Property, plant and equipment

Movements in the property, plant and equipment account during the six-month period ended 30 June 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2011	5,308,170	1,261,886
Acquisitions during the period - at cost	87,878	33,911
Disposals/write-off during the period - net book value at disposal/write-off date	(9,601)	(1,626)
Depreciation for the period	(281,559)	(80,727)
Reversal of allowance for impairment of fixed assets	8,128	-
Net book value as at 30 June 2011	<u>5,113,016</u>	<u>1,213,444</u>

8.1 The Company and its two subsidiaries, which are K.C.E. International Co., Ltd. and Thai Laminate Manufacturer Co., Ltd., entered into the negative pledge memorandums as 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.

8.2 The subsidiaries have mortgaged and pledged the following property, plant and equipment.

8.2.1 Thai Laminate Manufacturer Co., Ltd. has mortgaged its construction and pledged its machinery with a total net book value as at 30 June 2011 of Baht 256.32 million as collateral for loans from banks, as described in Note 11.

8.2.2 KCE Technology Co., Ltd. has mortgaged its land and construction thereon and pledged its machinery with a total net book value as at 30 June 2011 of Baht 1,789.75 million as collateral for bank overdrafts and loans from banks, as described in Note 10 and 11.

(Unaudited but reviewed)

8.3 During the period, the subsidiaries had capitalised interest expenses as part of costs of machinery and equipment under installation with the capitalisation rate as follows:

	Consolidated financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2011	2010	2011	2010
Interest expenses capitalised as cost (Thousand Baht)	50	-	99	-
Capitalisation rate (percent)	1.64 - 1.96	-	1.64 - 1.96	-

9. Intangible assets

Movements in intangible assets, which are computer software, during the six-month period ended 30 June 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2011	75,359	53,656
Acquisitions during the period - at cost	10,957	3,254
Amortisation for the period	(4,021)	(1,924)
Net book value as at 30 June 2011	<u>82,295</u>	<u>54,986</u>

10. Bank overdrafts and short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Bank overdrafts	-	6,545	-	6,545
Short-term loans	300,000	212,875	230,000	100,625
Packing credits	2,645,187	2,584,913	774,789	886,913
Trust receipts	477,990	364,709	62,928	66,758
Total	<u>3,423,177</u>	<u>3,169,042</u>	<u>1,067,717</u>	<u>1,060,841</u>

(Unaudited but reviewed)

- 10.1 Bank overdrafts and partial loans from banks of the Company are guaranteed by K.C.E. International Co., Ltd., a subsidiary company.
- 10.2 Bank overdrafts and loans from banks of K.C.E. International Co., Ltd., a subsidiary company, are guaranteed by the Company.
- 10.3 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 most of land and construction thereon and the pledge of most of machinery of the subsidiary.

11. Long-term loans

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2011	2010	2011	2010
Euro portion (Consolidated: 31 December 2010: Euro 0.18 million)	-	7,405	-	-
USD portion (30 June 2011: Consolidated: USD 42.1 million, Separate: USD 2.27 million)	1,300,282	-	70,110	-
Baht portion	131,634	1,479,890	58,734	133,494
Total	1,431,916	1,487,295	128,844	133,494
Less: Current portion	(403,860)	(397,407)	(58,711)	(47,230)
Long-term loans - net of current portion	<u>1,028,056</u>	<u>1,089,888</u>	<u>70,133</u>	<u>86,264</u>

Movements in the long-term loan account during the six-month period ended 30 June 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2011	1,487,295	133,494
Add: Additional loans withdrawn during the period	1,285,139	69,612
Unrealised loss on exchange rate	29,463	1,565
Less: Repayments during the period	(1,369,981)	(75,827)
Balance as at 30 June 2011	<u>1,431,916</u>	<u>128,844</u>

11.1 During the period, the Company entered into the loan agreement as follows:

11.1.1 A loan of USD 2.85 million shall be repaid within 66 months from the withdrawal date. The payment of principal is to be made in monthly installments of USD 47,500 each, with the first installment to be made in December 2011. Interest is to be paid monthly at a rate of SIBOR (3 months) plus fixed percent per annum. During the period, the Company drew out USD 0.54 million from this agreement and the withdrawal period will be ended on 30 December 2011.

11.1.2 A loan of USD 1.8 million to convert existing Baht loan into USD shall be repaid within 51 months from the withdrawal date. The payment of principal is to be made in monthly installments of USD 35,500 each, with the first installment to be made in June 2011. Interest is to be paid monthly at a rate of SIBOR (3 months) plus fixed percent per annum. During the period, the Company drew out USD 1.77 million from this agreement and the withdrawal period was ended during the period.

11.2 During the period, KCE Technology Co., Ltd., a subsidiary company, entered into the loan agreement as follows:

11.2.1 A loan of USD 2.7 million shall be repaid within 72 months from the withdrawal date. The payment of principal is to be made in quarterly installments of USD 128,000 each, with the first installment to be made in May 2012. Interest is to be paid monthly at a rate of SIBOR (3 months) plus fixed percent per annum. During the period, the subsidiary company drew out USD 1.314 million from this agreement and the withdrawal period will be ended on 31 December 2011.

11.2.2 A loan of USD 25.605 million to convert existing Baht loan into USD shall be repaid within 48 months from the withdrawal date. The payment of principal is to be made in monthly installments of USD 440,000 each for the first 12 installments, USD 846,000 each for the 13-21 installments, USD 715,000 each for the 22-36 installments, USD 165,500 each for the 37-47 installments and the balance for the 48 installment. The first installment is to be made in June 2011. Interest is to be paid monthly at a rate of SIBOR (3 months) plus fixed percent per annum. During the period, the Company drew out USD 25.34 million from this agreement and the withdrawal period was ended during the period.

11.3 During the period, K.C.E. International Co., Ltd., a subsidiary company, entered into the loan agreements as follows:

11.3.1 A loan agreement for loan of USD 3.0 million. The loan shall be repaid within 72 months from the withdrawal date. The payment of principal is to be made in quarterly installments of USD 190,000 each, with the first installment to be made in September 2013. Interest is to be paid monthly at a rate of SIBOR (3 months) plus fixed percent per annum. During the period, the subsidiary company drew out USD 1.61 million from this agreement and the withdrawal period will be ended on 30 December 2011. This loan is guaranteed by the Company.

11.3.2 A loan agreement for loan of USD 2.255 million. The loan shall be repaid within 24 months from the withdrawal date. The payment of principal is to be made in monthly installments of USD 93,900 each, with the first installment to be made in August 2011. Interest is to be paid monthly at a rate of SIBOR (1 month) plus fixed percent per annum. Under the loan agreement, the subsidiary company has to comply with certain conditions, including maintaining interest bearing debt to equity ratio of not more than 2:1 and debt service coverage ratio (DSCR) of not less than 1.2:1. This loan is guaranteed by the Company.

The subsidiary company fully drew out the loan from this agreement in July 2011.

11.4 During the period, Thai Laminate Manufacturer Co., Ltd., a subsidiary company, entered into a loan agreement for loan of USD 12.0 million to convert existing Baht loan into USD. The loan shall be repaid within 38 months from the withdrawal date. The payment of principal is to be made in quarterly installments of USD 1.0 million each, with the first installment to be made in October 2011. Interest is to be paid monthly at a rate of SIBOR (3 months) plus fixed percent per annum. During the period, the subsidiary company drew out USD 12.0 million from this agreement and the withdrawal period was ended during the period.

11.5 Long-term loans from bank of Thai Laminate Manufacturer Co., Ltd., a subsidiary company, are secured by mortgage and pledge of the subsidiary's construction and machinery.

11.6 Long-term loans from banks of KCE Technology Co., Ltd., a subsidiary company, consist of Baht loans which carry interest at the rate of MLR (Minimum Loan Rate) less 1.0 to 2.0 percent per annum, and USD loans which carry interest at the rate of SIBOR (3 months) plus fixed percent per annum. 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.

12. Share capital

12.1 Share warrants

During 2007, the Company issued and allotted 3,000,000 registered and nontransferable (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.

Subsequently on 29 April 2010, the Annual General Meeting of the Company's shareholders passed a resolution approving the issuance and offering of 10,000,000 registered and nontransferable (except for transferring as stipulated in the prospectus for ESOP-W3) warrants free of charge to the directors and employees of the Company and/or its subsidiaries, and allocation of shares to reserve for the exercise of the warrants. These warrants are exercisable at a price of Baht 6.86 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 3 years from the issue date, starting from 15 to 18 June 2010 and with a final exercise date of 18 June 2013.

Subsequently on 28 April 2011, the Annual General Meeting of the Company's shareholders passed a resolution approving the issuance and offering of 10,000,000 registered and nontransferable (except for transferring as stipulated in the prospectus for ESOP-W4) warrants free of charge to the directors and employees of the Company and/or its subsidiaries, and allocation of shares to reserve for the exercise of the warrants. These warrants are exercisable at a price of Baht 7.81 per share at a ratio of 1 warrant to 1 new ordinary share, every quarter from 1 to 10 of March, June, September and December, for a period of 5 years from the issue date. The Company's Board of Directors has the authority to determine the first exercise date to purchase the newly-issued shares as proper after the sale of repurchased shares has completed or in case of a cancellation of repurchased shares by virtue of Section 3, the sale and cancellation of repurchased shares, of the 2001 Ministerial Regulations regarding rules and regulation concerning the share repurchase, the sale of repurchased shares and the cancellation of repurchased shares.

(Unaudited but reviewed)

Movements of share warrants during the three-month and six-month periods ended 30 June 2011 and 2010 are summarised below.

	Number of units (units)			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2011	2010	2011	2010
Warrants issued at beginning of the period	3,718,000	953,000	4,430,000	2,435,500
Add: Issued during the period	-	10,000,000	-	10,000,000
Less: Exercised during the period	(445,000)	(2,615,000)	(1,157,000)	(4,097,500)
Canceled during the period	(473,000)	-	(473,000)	-
Warrants issued at end of the period	<u>2,800,000</u>	<u>8,338,000</u>	<u>2,800,000</u>	<u>8,338,000</u>

12.2 Treasury shares

As at 30 June 2011 and 31 December 2010, details of treasury shares are as follows:

	Consolidated and separate financial statements	
	30 June	31 December
	2011	2010
Cost of treasury shares (Thousand Baht)	70,050.49	39,836.69
Number of treasury shares (Thousand shares)	8,170.50	4,149.80
Average price per share (Baht)	8.57	9.60
Percentage of treasury shares to the Company's shares in issue	1.73	0.88

On 20 July 2010, the meeting of the Board of Directors of the Company No. 7/2553 passed the resolutions approving the Company's share repurchase program for financial management, with value not exceeding Baht 90 million, and not exceeding the Company's retained earnings. The number of shares repurchased was 10 million shares at the par value of Baht 1 each, or equal to 2.14 percent of the total paid-up share capital. The repurchase period was from 9 August 2010 to 8 February 2011.

Any shares bought back are to be resold on the Stock Exchange of Thailand during the period from 9 to 16 August 2011. 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 share repurchase, the sale of repurchased shares and the cancellation of repurchased shares. The determination of the resale price will be taken into account the prevailing market price at the time of sale.

(Unaudited but reviewed)

During the first quarter of the year 2011, the Company repurchased 4.02 million ordinary shares with total cost of Baht 30.21 million and set aside Baht 30.21 million of its retained earnings as reserve for treasury shares. As at 30 June 2011, total shares repurchased by the Company were 8.17 million ordinary shares with total cost of Baht 70.05 million, and reserve for treasury shares amounted to Baht 70.05 million.

12.3 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.

12.4 Weighted average number of ordinary shares

The weighted average number of ordinary shares used in calculating earnings per share for the three-month and six-month periods ended 30 June 2011 and 2010 is calculated as follows:

	(Unit: Shares)			
	Consolidated and separate financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2011	2010	2011	2010
Balance brought forward (net of treasury shares)	463,608,769	457,232,069	466,917,469	455,717,569
Less: Treasury shares	-	-	(3,344,079)	-
Add: Weighted average number of ordinary shares issued during the period	78,242	1,942,280	464,177	1,680,246
Treasury shares sold during the period	-	5,537,084	-	3,355,108
Weighted average number of ordinary shares	463,687,011	464,711,433	464,037,567	460,752,923
Add: Potential ordinary shares - share warrants (2011: 2,800,000 units, 2010: 8,338,000 units)	443,924	464,352	534,973	575,700
Diluted weighted average number of ordinary shares	<u>464,130,935</u>	<u>465,175,785</u>	<u>464,572,540</u>	<u>461,328,623</u>

In March 2011, the Company received share subscription of Baht 6.86 per share for 712,000 additional ordinary shares supporting the exercise of the warrants, or a total of Baht 4,884,320. The Company registered the resulting increase of Baht 712,000 in its capital with the Ministry of Commerce on 17 March 2011.

In June 2011, the Company received share subscription of Baht 6.86 per share for 445,000 additional ordinary shares supporting the exercise of the warrants, or a total of Baht 3,052,700. The Company registered the resulting increase of Baht 445,000 in its capital with the Ministry of Commerce on 30 June 2011.

13. Corporate income tax

Interim corporate income tax has been calculated on net income of the non-BOI promoted operations (if any), after adding back non-tax deductible expenses and deducting tax loss carried forward from prior years, using the estimated effective tax rate for the year.

14. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert 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.

The following table sets forth the computation of basic and diluted earnings per share:

Consolidated financial statements					
For the three-month periods ended 30 June					
Profit		Weighted average number of ordinary shares		Earnings per share	
<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share					
Profit attributable to equity holders of the Company					
27,655	161,071	463,687	464,711	0.060	0.347
Effect of dilutive potential ordinary shares					
Warrants					
		444	465		
Diluted earnings per share					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
27,655	161,071	464,131	465,176	0.060	0.346

(Unaudited but reviewed)

Separate financial statements						
For the three-month periods ended 30 June						
Profit		Weighted average number of ordinary shares		Earnings per share		
<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Profit attributable to equity holders of the Company						
<u>79,793</u>	<u>58,690</u>	<u>464,687</u>	<u>464,711</u>	<u>0.172</u>	<u>0.126</u>	
Effect of dilutive potential ordinary shares						
Warrants						
		<u>444</u>	<u>465</u>			
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares						
<u>79,793</u>	<u>58,690</u>	<u>464,131</u>	<u>465,176</u>	<u>0.172</u>	<u>0.126</u>	
Consolidated financial statements						
For the six-month periods ended 30 June						
Profit		Weighted average number of ordinary shares		Earnings per share		
<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Profit attributable to equity holders of the Company						
<u>179,824</u>	<u>342,052</u>	<u>464,038</u>	<u>460,753</u>	<u>0.388</u>	<u>0.742</u>	
Effect of dilutive potential ordinary shares						
Warrants						
		<u>535</u>	<u>576</u>			
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares						
<u>179,824</u>	<u>342,052</u>	<u>464,573</u>	<u>461,329</u>	<u>0.387</u>	<u>0.741</u>	
Separate financial statements						
For the six-month periods ended 30 June						
Profit		Weighted average number of ordinary shares		Earnings per share		
<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Profit attributable to equity holders of the Company						
<u>189,108</u>	<u>133,695</u>	<u>464,038</u>	<u>460,753</u>	<u>0.408</u>	<u>0.290</u>	
Effect of dilutive potential ordinary shares						
Warrants						
		<u>535</u>	<u>576</u>			
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares						
<u>189,108</u>	<u>133,695</u>	<u>464,573</u>	<u>461,329</u>	<u>0.407</u>	<u>0.290</u>	

15. Commitments and contingent liabilities

15.1 Capital commitments

As at 30 June 2011, the Company and its subsidiaries had capital commitments related to purchases of machinery amounting to approximately Baht 21.1 million, USD 0.4 million and Yen 0.7 million or equivalent to a total of approximately Baht 35.2 million (the Company only: Baht 20.4 million, USD 0.4 million, and Yen 0.7 million or equivalent to a total of approximately Baht 34.3 million).

15.2 Operating lease commitments

15.2.1 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 30 June 2011, future minimum lease payments required under these non-cancelable operating lease contracts were as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Payable within:		
Less than 1 year	78.7	70.1
2 to 4 years	133.7	124.6

15.2.2 On 26 October 2005, KCE America Inc., an associated company, entered into an operating lease agreement for its office premises with a subsidiary of an associated company for a period of 15 years. As at 30 June 2011, the associated company had a commitment to pay the rental fee in the future under this agreement of approximately USD 1.6 million or equivalent to approximately Baht 48.0 million.

15.3 Long-term service commitments

15.3.1 The Company and its subsidiaries had commitments under service contracts, the terms of which are between 1 and 3 years. As at 30 June 2011, the future minimum charges under these service agreements are as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Payable within:		
Less than 1 year	34.0	13.9
2 to 3 years	2.7	1.2

15.3.2 As at 30 June 2011, the Company and its two subsidiaries had commitments in respect of installment and implementation of computer software, with a subsidiary company, amounting to Baht 29.2 million (the Company only: Baht 5.4 million).

15.4 Guarantees

15.4.1 As at 30 June 2011 and 31 December 2010, the Company and its subsidiaries had 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.	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
KCE Electronics Plc.				
- Baht	-	-	162	141
K.C.E. International Co., Ltd.				
- Baht	186	123	-	-
- USD	2	-	-	-
KCE Technology Co., Ltd.				
- Baht	1,634	3,104	-	-
- USD	26	-	-	-

15.4.2 As at 30 June 2011, the Company and its subsidiaries had contingent liabilities in respect of bank guarantees issued on their behalves amounting to Baht 40.9 million (the Company only: Baht 28.5 million) in respect of certain performance bonds as required in the normal course of businesses, mainly for guarantee of electric payment.

15.5 Litigation

As at 30 June 2011, the Company had contingent liabilities in respect of specific business tax assessment from the Revenue Department's officer of Baht 4.2 million because the Company provided guarantee to a related party with free-of-charge. On 9 July 2009, the Central Tax Court announced a judgement which was in favour of the Company and overran the assessment of the officer and the Tax Appeal Board's judgement from the 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 had issued a court receipt for such appeal. At present, the lawsuit is being considered by the Supreme Court. The Company's management believes that the Company will eventually win the case and has therefore not set aside any contingent liabilities in the accounts.

16. Dividend payment

On 28 April 2011, the Annual General Meeting of the Company's shareholders approved the payment of dividend in respect of the Company's operating results for the period from 1 July 2010 to 31 December 2010 at Baht 0.30 per share to the ordinary shareholders, totaling approximately Baht 139.1 million. The Company paid the dividend on 27 May 2011.

17. Insurance claim

During the second quarter of the year 2010, the electrical distribution control room of KCE Technology Co., Ltd., a subsidiary, was fired. The loss from the fire incident is covered by the subsidiary's insurance, which covers all risks and business interruption. As at 30 June 2011, the subsidiary estimated and recognised insurance claim receivable from property damage and business interruption of Baht 95.6 million (31 December 2010: 94.7 million) based on the memorandum received from the insurance broker and recognised the net compensation from insurance claim of Baht 17.0 million as revenue in profit or loss for the six-month period then ended (2010: Baht 20.0 million). However, the actual amount recoverable is dependent upon the actual damage and the terms and conditions of policies. The subsidiary is now in the process of claiming compensation from the insurers.

18. 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 operate in both local and overseas markets. Financial information of the Company and its subsidiaries by business segment is as follows:

(Unit: Thousand Baht)

Consolidated financial statements																
For the three-month periods ended 30 June 2011 and 2010																
	Prepreg and laminate business		Printed circuit board business								Service provider business		Eliminating entries		Total	
	2011	2010	America		Europe		Asia		Total		2011	2010	2011	2010	2011	2010
Revenue from external customers	19,542	25,805	325,265	314,214	1,163,543	1,057,839	471,325	496,349	1,960,133	1,868,402	9,330	2,682	-	-	1,989,005	1,896,889
Inter-segment revenues	419,801	340,345	-	-	-	-	393,154	314,792	393,154	314,792	1,798	21,695	(814,753)	(676,832)	-	-
Total revenues	439,343	366,150	325,265	314,214	1,163,543	1,057,839	864,479	811,141	2,353,287	2,183,194	11,128	24,377	(814,753)	(676,832)	1,989,005	1,896,889
Segment operating income	25,644	43,214							322,269	360,167	3,381	15,784	(29,073)	(11,250)	322,221	407,915
Unallocated income															29,528	55,350
Unallocated expenses															(287,364)	(246,132)
Finance cost															(36,334)	(47,729)
Corporate income tax															(388)	(2,234)
Non-controlling interests of the subsidiaries															(8)	(6,099)
Profit															27,655	161,071

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statements																
For the six-month periods ended 30 June 2011 and 2010																
	Prepreg and laminate		Printed circuit board business							Service provider		Eliminating entries		Total		
	business		America		Europe		Asia		Total		business		2011	2010	2011	2010
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue from external customers	43,741	49,463	596,770	643,632	2,315,269	2,098,766	883,758	963,182	3,795,797	3,705,580	15,017	3,046	-	-	3,854,555	3,758,089
Inter-segment revenues	811,888	647,460	-	-	-	-	702,171	670,771	702,171	670,771	(7,863)	37,555	(1,506,196)	(1,355,786)	-	-
Total revenues	855,629	696,923	596,770	643,632	2,315,269	2,098,766	1,585,929	1,633,953	4,497,968	4,376,351	7,154	40,601	(1,506,196)	(1,355,786)	3,854,555	3,758,089
Segment operating income	49,251	83,675							640,354	774,987	(7,522)	22,852	(14,936)	(16,975)	667,147	864,539
Unallocated income															120,071	85,807
Unallocated expenses															(529,125)	(496,277)
Finance cost															(77,648)	(100,216)
Corporate income tax															(1,937)	(3,025)
Non-controlling interests of the subsidiaries															1,316	(8,776)
Profit															179,824	342,052

The Company and its subsidiaries have transfer pricing policy as described in Note 4 to the financial statements.

19. Foreign currency, interest rate and raw material price risk

As at 30 June 2011, the Company and its subsidiaries had outstanding forward exchange contracts, currency option agreements, cross currency and interest rate swap agreements and commodity hedge agreements, of which details are presented below.

19.1 Forward exchange contracts

Currency	Amount	Maturity date	Contract exchange rate	Exchange rate as at 30 June 2011
	(Thousand)		(Baht per unit of foreign currency)	(Baht per unit of foreign currency)
Buy				
US dollar	492	27 December 2011	30.9100	30.8882
Sell				
US dollar	22,644	27 July 2011 - 27 December 2011	30.2949 - 31.2186	30.5074
Euro	13,621	9 September 2011 - 20 December 2011	42.1600 - 44.7850	44.0591

19.2 Currency option agreements

	Currency	Bought/sold amount	Strike rate	Delivery date
		(Thousand)	(Baht per unit of foreign currency)	
Call option	US dollar	38,000	30.4000 - 30.7000	11 July 2011 - 12 September 2011
Put option	US dollar	9,000	30.5400 - 31.0300	25 July 2011 - 27 July 2011

When exchange rate on delivery date is higher than call option strike rate, the Company will buy US dollar at strike rate, and when exchange rate on delivery date is lower than put option strike rate, the Company will sell US dollar at strike rate.

As at 30 June 2011, fair value of currency call option and put option agreements were Baht 14.7 million, and Baht 1.1 million, respectively.

19.3 Cross currency and interest rate swap

19.3.1 As at 30 June 2011, the Company had a Cross currency and interest rate swap agreement with a local bank for the period from 29 April 2011 to 30 January 2013 by which the Company agreed to swap the currency and interest rate of Baht 63.7 million using exchange rate of Baht 30.10 per 1 USD and swap a floating interest rate of THB MLR minus 1.50 to 2.00 percent per annum, to US fixed interest rate of 3.47 percent per annum.

19.3.2 As at 30 June 2011, a subsidiary company had an interest rate swap agreement with a local bank for the period from 7 July 2011 to 7 July 2014 by which the subsidiary company agreed to swap the interest rate of its USD 6.0 million facilities from a floating interest rate of US LIBOR (3 months) plus fixed percent per annum, to US fixed interest rate of 3.06 percent per annum.

19.4 Commodity hedge agreements

As at 30 June 2011, the Company and its subsidiaries had outstanding copper swap agreements, of which details are presented below.

Type of goods	Quantity	Maturity date	Contract price	Commodity's market price as at 30 June 2011
	(Ton)		(US dollar per ton)	(US dollar per ton)
Copper	700	July - November 2011	8,920 - 9,100	9,301

20. Reclassification

Certain amounts in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2010 have been reclassified to conform to the current period's classification but with no effect to previously reported profit or shareholders' equity. The reclassifications are as follows:

(Unaudited but reviewed)

(Unit: Thousand Baht)

Statements of comprehensive income for the three-month period ended
30 June 2010 (Only reclassification items)

	Consolidated financial statement		Separate financial statement	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
Revenues from sales	1,894,207	1,891,453	800,916	800,271
Interest income from				
a related company	-	-	-	35
Gain on exchange rate	246	-	-	-
Gain from hedging activities	-	6,624	-	2,533
Other income	34,375	37,772	15,815	16,506
Administrative expenses	109,263	91,006	44,232	34,454
Management benefit expenses	-	18,257	-	9,778
Loss on exchange rate	-	5,694	12,155	15,632
Loss from hedging activities	4,360	-	2,772	-
Finance cost	47,729	53,416	13,714	15,623

(Unit: Thousand Baht)

Statements of comprehensive income for the six-month period ended
30 June 2010 (Only reclassification items)

	Consolidated financial statement		Separate financial statement	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
Revenues from sales	3,755,043	3,749,113	1,570,540	1,569,104
Interest income from				
a related company	-	-	-	39
Gain from hedging activities	-	11,864	2,401	4,622
Other income	63,166	70,240	28,920	30,449
Administrative expenses	233,099	200,049	90,327	73,426
Management benefit expenses	-	33,050	-	16,901
Loss on exchange rate	10,997	14,833	24,366	22,367
Loss from hedging activities	132	-	-	-
Finance cost	100,216	109,520	28,267	32,619

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the authorised directors of the Company on 10 August 2011.