

**Appendix of Minutes of Annual General Meeting of Shareholders
for the year 2009 (No. 26/2009)
of
KCE Electronics Public Company Limited**

**Summary of questions raised and answers given
at the Annual General Meeting of Shareholders for the year 2009 (No. 26/2009)**

Agenda Item 2

Question

What are the Company preventive measures against the global economic downturn and will the Company take this opportunity to enter into the acquisition of the closed-down SME businesses?

Answer

The Company has tried to decrease its costs. The first strategy which the Company has implemented from the end of the preceding year is to be economical, in order to maintain liquidity, and to control all the Company costs and expenses, to correspond to its decreased sales volume and the global economy downturn, which has directly affected exporters. However, several overseas companies which were our competitor have closed down, we are therefore expecting more orders to be sent to us when the economy has recovered.

Question

What is the current KCE production capacity?

Answer

The Company's original production capacity was at 1,800,000 sq.ft per month. As a result of the decreased sales volume, the Company decided to temporarily close the plant in Bangpu, which was a double-side plant with production capacity at 600,000 sq.ft per month. The Company currently has production capacity at 1,200,000 sq.ft. per month. As per the record of the Company production, the Company procured an order for 800,000 sq.ft. last December and approximately 900,000 sq.ft. in April and an order for more than one million sq.ft. is expected in May. This is a good indication of the Company's prospects.

Question

What is the Company's trend of business operation in 2009?

Answer

The Company will try to reduce costs and develop the Company's internal management by implementing the SAP system in order to analyze data more accurately, timely and precisely. In spite of the fact that Company's sales

volume has decreased due to the economic crisis, the Company can expedite the completion of some projects earlier than scheduled. Currently, the system programs for the account and stock departments have been completely installed and implemented. The complete installation and implementation of other systems is also expected within this year. In addition, during several past years, the Company has tried to increase its production capacity and the Company will take this moment to review and improve its efficiency.

Question

Under the global economic fluctuation in 2009, what will be the trend of the Company's sales volume for the year 2009 when compared to 2008 and how will the sales volume structure be distributed? What will be the trend of the Company's business operations in 2009?

Answer

The sales volume of this year is expected to be lower than that of the preceding years due to the economic recession. For this year, the Company is expected to gain approximately 180 million USD from 240 million USD, which it earned last year and a large profit is unlikely to be expected due to several factors. However, the Company is currently spreading its business and persuading several new clients in various areas of business, including several automotive companies. Currently, we have approximately 100 clients.

Agenda Item 3

Question

What was the Company's policy for hedging of gain and loss for the year 2008?

Answer

During the year 2008, the Company was substantially affected by the copper price since the Company had entered into a closed contract: the Company cannot amend the terms of price after the contract closing. As per such contract, which was made during the tendency of continuous high price of copper, the Company determined the copper price at 7,200 USD/Ton, which was the price at which the Company had viewed to be the appropriate price to guarantee the risk, however the copper price fluctuated to 2,900 USD/Ton. In the accounting perspective, the Company sustained a loss from such fluctuation but in reality, the Company has gained a profit since it paid 2,900 USD/Ton for the material and did not reduce the sale price.

Question

How can the Company control the fluctuation of hedging of gain and loss each year so that it will not affect the Company's operational result as occurred in 2008?

Answer

The Company wishes that the Baht fluctuation would not occur, since the fluctuation prevents the Company from predicting its prospects and operations. However, the rising value of Baht does not benefit any exporters. Looking back to 2007, the Company was able to make a sale of almost 240 million USD when the Baht was at the rate of 42 THB/USD. Subsequently, the Baht went down to 33 THB/USD and this contributed a loss of Baht 9 for a US dollar, which was in the total amount of loss of approximate Baht 1,800 million.

Question

What will be the measures that the Company will take against the loss caused by 68% of products sold to the automotive industry?

Answer

Basically, it is very difficult to gain access to the automotive industry since the main concern of this industry is the customers' life and property. The Company has devoted its time and effort to gain creditability from its clients and then gain a proportion of 68% of products sold to the said industry. The Company is currently rated in the third rank of global manufacturers for the automotive industry. Even though the automotive industry is currently encountering an economic crisis, it is expected that the situation will improve and this industry will become strong in the near future. In addition, since the Company has a long-time good reputation in this industry, many new clients have recently contacted the Company for products.

Question

As we understand that the continuous growth of the sales volume, in spite of an inflation period, was caused by the expansion of plants and the reduction of loss, while some uncontrolled factors still persist, we are wondering if the Company has to expand its business in the future, even though, in the past, KCE operational result has not been improving and it is quite contradictory that the sales volume is increasing while a profit is unlikely to be reported.

Answer

The Company's current setback is the value of the Baht. Even though the Company has increased production, the Company cannot overcome the effect of the value of the Baht. The rising of the Baht value may benefit importers, contradictorily, exporters are not granted the same opportunity. The past 2-3 years have been the Company's hardest time due to the unstable and fluctuating Thai Baht. The Company cannot gain any profit as it did previously since the exchange rate had dropped from Baht 37 per USD to Baht 32 per USD, and the Company therefore lost Baht 5 per USD.

Question

Since the Company has increased the sales volume to decrease the production cost, we are wondering if the Company has to accelerate the increase of its sales volume to accommodate the orders placed.

Answer

If the exchange rate is at Baht 40 per USD, the Company does not need to make more production since the Company is capable of making a profit. The reason why the Company expands its business or accelerates its sales volume is that the Company does not want any uncertainty and the Company does not want to pursue speculation on the Baht. We were advised by the Bank of Thailand to enter into a forward contract in order to secure the risk of the Baht value and gain liberty in money conversion. However, entering into a forward contract requires an underline in currency and there must be a sale or purchase of products. In this situation, the foreign investor can make transactions in Thai Baht. Moreover, the Bank of Thailand has not provided a free market policy since we cannot sell or buy back the forward projection on the day after the purchase or sale.

Agenda Item 4

Question

Will the hedging of material cost give any advantage to the Company in 2009?

Answer

If the Company can procure the same order as its original one or maintain 100% of its orders, it will not encounter any problems since the hedging of the material cost at 7,200 USD/Ton can bring a profit to the Company. Even though the material cost has currently decreased to some 4,000 USD/Ton, the Company has still gained profit. However, due to a 60% decrease of orders, the Company has gained less profit. Therefore, the Company will not encounter any problems if it can maintain 100% of its orders.

Agenda Item 7

Question

It seems that the Company's auditing fee is higher than that of other companies.

Answer

The amount of Baht 3,305,000 is determined for the audit of KCE affiliates, including the amount of Baht 990,000 determined only for the audit of KCE. The auditing fee is calculated based on the projected hours spent by the auditors on this audit, which is subject to the number of the Company's transactions. In addition, the amendment of the professional accounting principles which has come into effect since the preceding year is also a basis of

the calculation of auditing fee. The Company tries to maintain the auditing fee at the most appropriate rate and also believes the determined auditing fee is appropriate when compared to other companies in the same business.
