

27 February 2012

The Director and Manager  
The Stock Exchange of Thailand

Re: Information on Fiscal Year 2011 Operating Results

KCE Electronics PCL has pleasure submitting fiscal year 2011 operating results of the company and its subsidiaries, which achieved a consolidated net profit of Baht 132.0 million and operating profit of Baht 339.9 million (excluding the loss from foreign exchange rate and hedging (Forex) and loss from flooding). This compares to a fiscal year 2010 net profit of Baht 534.6 million and operating profit of Baht 432.6 million (excluding Forex gain). The 2011 operating performance is highlighted below.

Operating results for 2010 and 2011:

	Total Revenue	Net Profit	Operating Profit	Gross Profit
2010	Baht 7,261.1m	Baht 534.6m	Baht 432.6m	19.7%
2011	Baht 7,201.1m	Baht 132.0m	Baht 339.9m	17.2%

The company's 2011 consolidated sales and service income amounted to Baht 7,201.1 million (USD 237.2 million), compared to Baht 7,261.1 million (USD 230.0 million) in 2010, a slight growth of 3% in dollar terms. Growth was achieved despite 46% lower PCB sales in the fourth quarter due to floodwater inundating the main subsidiary's plant (KCE Technology Co., Ltd.) in mid-October 2011.

The decrease in gross margin in 2011 resulted mainly from higher manufacturing costs due to an increase in the price of raw materials, as well as from the low capacity utilization rate of a subsidiary (KCET) during the period of efficiency improvement. Additionally, the shutdown of the KCE Technology factory in the fourth quarter resulted in lower production at other KCE plants, which use KCET semi-processed products.

The higher administrative expense in 2011 is the result of damage from the operation shutdown of Baht 164 million, and loss from foreign exchange rate and hedging activities of Baht 78 million, which was previously shown as a separate line item in the Profit and Loss statement.

Fiscal year 2011 results included compensation from the insurance claim of Baht 87 million, which covered 2 events:

- a) Fire incident in 2010  
Additional claim recognized of Baht 17 million during 2011.
- b) Flood event in October 2011  
The company recognized insurance recovery for
  - Property damage of Baht 1,548 million, while assets totaling Baht 1,548 million were written off, resulting in net zero income.
  - Business interruption of Baht 70 million.

The KCET plant shutdown in the fourth quarter 2011 subsequently caused damage to the company and its subsidiaries as follows:

- KCE Technology
  - Operation shutdown Baht 164.1 million
  - Interest expense Baht 22.1 million
- KCE Electronics – estimated loss\* Baht 5.0 million
- KCE International – estimated loss\* Baht 10.0 million

- Thai Laminate Manufacturer – estimated loss\* Baht 10.0 million
- KCE (Thailand) – estimated loss\* Baht 5.0 million

( \* Operation loss from the loss of revenue due to KCET shutdown )

These damages, totaling Baht 216.2 million, would be fully compensated by the business interruption insurance, however the recovery of Baht 70 million was recognized in the fiscal year 2011, resulting in a remaining loss of Baht 146.2 million.

The management is using its best efforts to rehabilitate the factory in order to restore operations within the first quarter of 2012; 60% of production capacity was available by 20 February and the remainder planned to be completed by the end of March. Full operations are expected within the third quarter 2012.

Forwarded for your information.

Sincerely yours,

(Mrs. Voraluksana Ongkosit)  
Executive Director