

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month period ended 31 March 2008

Review report of independent auditor

To the shareholders of Hana Microelectronics Public Company Limited

I have reviewed the consolidated balance sheet of Hana Microelectronics Public Company Limited and its subsidiaries as at 31 March 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2008, and the separate financial statements of Hana Microelectronics Public Company Limited for the same period. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my review.

I did not review the financial statements of an overseas subsidiary company whose financial statements are included in the consolidated financial statements. This subsidiary company had the total assets as at 31 March 2008 of approximately Baht 218 million, representing 2% of the consolidated total and total revenues for the three-month period then ended of approximately Baht 29 million, representing 1% of the consolidated total. The financial statements of this subsidiary company were reviewed by other auditor and I have already obtained the review report from that auditor. Therefore, my report related to any amounts and particulars of this subsidiary company as included in the consolidated financial statements, are based solely upon the review report of that auditor.

I conducted my review in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my review and from the review report of the auditor of the subsidiary company, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The consolidated financial statements of Hana Microelectronics Public Company Limited and its subsidiaries, and separate financial statements of Hana Microelectronics Public Company Limited for the year ended 31 December 2007 were audited in accordance with generally accepted auditing standards by another auditor of our firm who, based on her audit and the report of the other auditor, expressed an unqualified opinion on these statements but drew attention to the change in accounting policy for recording investments in subsidiary companies in the separate financial statements from the equity method to the cost method, under her report dated 28 February 2008. The consolidated and separate balance sheets as at 31 December 2007, as presented herein for comparative purposes, formed an integral part of the financial statements which that auditor audited and reported on.

The consolidated statements of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2007 of Hana Microelectronics Public Company Limited and its subsidiaries and the separate financial statements of Hana Microelectronics Public Company Limited, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were reviewed by the aforementioned auditor who reported, under her report dated 14 May 2007, that based on her review and the report of the other auditor, nothing had come to her attention that caused her to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited
Bangkok: 15 May 2008

Hana Microelectronics Public Company Limited and its subsidiaries

Balance sheets

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2008 (Unaudited but reviewed)	31 December 2007 (Audited)	31 March 2008 (Unaudited but reviewed)	31 December 2007 (Audited)
Assets					
Current assets					
Cash and cash equivalents	2	3,721,196	3,386,431	496,834	291,663
Trade accounts receivable	4				
Subsidiary companies	3	-	-	24,985	23,952
Other companies		2,164,181	2,457,148	779,535	910,415
Total		2,164,181	2,457,148	804,520	934,367
Less: Allowance for doubtful accounts		(3,194)	(7,608)	-	-
Trade accounts receivable - net		2,160,987	2,449,540	804,520	934,367
Advances to subsidiary company	3	-	-	4,209	3,808
Inventories - net	5	2,031,597	2,205,351	656,422	653,795
Other current assets					
Advances		41,480	41,118	20,538	19,329
Withholding tax deducted at source		8,455	7,787	4,442	4,238
Input tax refundable		38,475	58,066	5,673	6,332
Income tax refundable		19,412	19,412	19,412	19,412
Accounts receivable under forward exchange contracts		72,984	-	72,984	-
Others		67,023	36,180	4,202	6,687
Total other current assets		247,829	162,563	127,251	55,998
Total current assets		8,161,609	8,203,885	2,089,236	1,939,631
Non-current assets					
Investments in subsidiary companies	6	-	-	3,431,506	3,431,506
Other long-term investment		97	97	97	97
Property, plant and equipment - net	7	5,524,382	5,566,939	1,518,224	1,531,455
Other non-current assets		2,104	2,531	1,329	1,329
Total non-current assets		5,526,583	5,569,567	4,951,156	4,964,387
Total current assets		13,688,192	13,773,452	7,040,392	6,904,018

The accompanying notes are an integral part of the financial statements.

Hana Microelectronics Public Company Limited and its subsidiaries

Balance sheets (continued)

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	As at	As at	As at	As at
	<u>Note</u> <u>31 March 2008</u> (Unaudited but reviewed)	<u>31 December 2007</u> (Audited)	<u>31 March 2008</u> (Unaudited but reviewed)	<u>31 December 2007</u> (Audited)
Liabilities and shareholders' equity				
Current liabilities				
Trade accounts payable				
Subsidiary companies	3	-	90,737	67,755
Other companies		1,419,608	360,245	414,323
Total trade accounts payable		1,419,608	450,982	482,078
Advances from subsidiary company	3	-	-	385
Other current liabilities				
Other payable		70,606	22,523	57,986
Accrued expenses		177,274	48,894	29,573
Corporate income tax payable		106,551	71,478	43,113
Advances received		117,493	19,139	21,891
Provision for loss on tax assessment	11.5	150,466	150,466	150,466
Provision for product warranty		123,000	-	-
Others		55,083	8,260	41,081
Total other current liabilities		800,473	320,760	344,110
Total current liabilities		2,220,081	771,742	826,573
Total liabilities		2,220,081	771,742	826,573
Shareholders' equity				
Share capital				
Registered				
1,000,000,000 ordinary shares of Baht 1 each		1,000,000	1,000,000	1,000,000
Issued and fully paid-up				
830,405,960 ordinary shares of Baht 1 each		830,406	830,406	830,406
Share premium		1,722,078	1,722,078	1,722,078
Translation adjustment		(297,102)	-	-
Retained earnings				
Appropriated - statutory reserve		322,301	100,000	100,000
Unappropriated		9,049,153	3,616,166	3,424,961
Excess of cost of investments over net book value of the subsidiary companies		(158,725)	-	-
Total shareholders' equity		11,468,111	6,268,650	6,077,445
Total liabilities and shareholders' equity		13,688,192	7,040,392	6,904,018

The accompanying notes are an integral part of the financial statements.

Directors

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries**Income statements****For the three-month periods ended 31 March 2008 and 2007**

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues					
Sales		3,674,981	3,567,272	1,325,134	1,238,676
Other income					
Interest income		11,471	5,110	1,482	66
Rental income		1,189	1,177	4,542	4,530
Gain on exchange		70,769	100,985	40,436	-
Reversal of guarantee expenses	11.5	25,472	-	25,472	-
Others		46,095	39,960	5,651	4,245
Total other income		154,996	147,232	77,583	8,841
Total revenues		3,829,977	3,714,504	1,402,717	1,247,517
Expenses					
Cost of sales		3,135,447	3,071,122	1,128,195	1,071,641
Selling and administrative expenses		209,667	245,612	54,968	37,230
Loss on exchange		-	-	-	2,074
Total expenses		3,345,114	3,316,734	1,183,163	1,110,945
Income before interest expenses and corporate income tax					
corporate income tax		484,863	397,770	219,554	136,572
Interest expenses		-	-	-	(129)
Corporate income tax		(37,222)	(27,993)	(28,349)	(5,872)
Net income for the period		447,641	369,777	191,205	130,571
Net income attributable to:					
Equity holders of the parent		447,641	369,777	191,205	130,571
Earnings per share					
9					
Basic earnings per share					
Net income attributable to equity holders of the parent (Baht)		0.54	0.45	0.23	0.16
Weighted average number of ordinary shares					
(Thousand shares)		830,406	826,691	830,406	826,691
Diluted earnings per share					
Net income attributable to equity holders of the parent (Baht)			0.45		0.16
Weighted average number of ordinary shares					
(Thousand shares)			829,393		829,393

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of cash flows

For the three-month periods ended 31 March 2008 and 2007

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from operating activities				
Net income before tax	484,863	397,770	219,554	136,443
Adjustments to reconcile net income to net cash provided by (paid from) operating activities:				
Depreciation	224,576	200,251	56,712	45,991
Increase (decrease) in allowance for doubtful accounts	(4,414)	19,322	-	-
Increase (decrease) in allowance for obsolete inventories	17,670	25,767	34,732	(11,336)
Loss (gain) on disposals of equipment	370	3,296	597	(613)
Provision for product warranty	6,491	6,262	-	-
Unrealized (gain) loss on exchange	8,650	(5,476)	(5,956)	4,089
Unrealized gain on forward contracts	(72,984)	-	(72,984)	-
Interest expenses	-	-	-	129
Income from operating activities before changes in operating assets and liabilities	665,222	647,192	232,655	174,703
Operating assets (increase) decrease				
Trade accounts receivable	273,565	325,118	142,767	69,363
Inventories	156,084	49,210	(37,359)	40,521
Other current assets	(13,050)	(130,393)	3,674	(5,742)
Other non-current assets	427	15,280	-	6,527
Operating liabilities increase (decrease)				
Trade accounts payable	(102,781)	(267,929)	(37,942)	(202,615)
Other payable	(343,192)	184,496	(17,950)	(53,743)
Accrued expenses	49,277	46,300	17,783	11,879
Advances received	3,493	8,476	(3,071)	(4,593)
Other current liabilities	(27,982)	(17,953)	(32,821)	(28,045)
Cash from operating activities	661,063	859,797	267,736	8,255
Cash paid for corporate income tax	(651)	(1,954)	(188)	(171)
Net cash from operating activities	660,412	857,843	267,548	8,084

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the three-month periods ended 31 March 2008 and 2007

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from investing activities				
Increase in short-term loans and advances				
to related parties	-	-	(401)	(3,779)
Proceeds from disposals of equipment	714	128,051	374	3,025
Acquisitions of property, plant and equipment	<u>(60,582)</u>	<u>(666,924)</u>	<u>(61,965)</u>	<u>(204,418)</u>
Net cash used in investing activities	<u>(59,868)</u>	<u>(538,873)</u>	<u>(61,992)</u>	<u>(205,172)</u>
Cash flows from financing activities				
Decrease in advances from subsidiary companies	-	-	(385)	-
Cash received from share capital increase	-	18,314	-	18,314
Decrease in share subscription received				
in advance before registration	<u>-</u>	<u>(5,145)</u>	<u>-</u>	<u>(5,145)</u>
Net cash from (used in) financing activities	<u>-</u>	<u>13,169</u>	<u>(385)</u>	<u>13,169</u>
	600,544	332,139	205,171	(183,919)
Translation adjustment	<u>(265,779)</u>	<u>(126,803)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	334,765	205,336	205,171	(183,919)
Cash and cash equivalents at beginning of the period	<u>3,386,431</u>	<u>2,117,760</u>	<u>291,663</u>	<u>312,959</u>
Cash and cash equivalents at end of the period (Note 2)	<u><u>3,721,196</u></u>	<u><u>2,323,096</u></u>	<u><u>496,834</u></u>	<u><u>129,040</u></u>
Supplemental cash flow information				
Non-cash related transaction from investing activities				
Net increase (decrease) in other accounts payable				
for purchases of plant and equipment	122,521	(258,262)	(17,513)	15,995

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the three-month periods ended 31 March 2008 and 2007

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Share capital issued and paid up	Share subscription received in advance before registration	Share premium	Translation adjustment	Retained earnings		Excess of cost of investments over net book value of the subsidiary companies	
					Appropriated - statutory reserve	Unappropriated		
Balance as at 31 December 2006	825,218	5,729	1,686,021	211,618	320,100	6,981,677	(158,725)	9,871,638
Ordinary shares issued during the period	1,729	-	-	-	-	-	-	1,729
Decrease in share subscription received in advance before registration	-	(5,145)	-	-	-	-	-	(5,145)
Increase in share premium	-	-	16,585	-	-	-	-	16,585
Translation adjustment	-	-	-	(135,592)	-	-	-	(135,592)
Net income for the period	-	-	-	-	-	369,777	-	369,777
Balance as at 31 March 2007	<u>826,947</u>	<u>584</u>	<u>1,702,606</u>	<u>76,026</u>	<u>320,100</u>	<u>7,351,454</u>	<u>(158,725)</u>	<u>10,118,992</u>
Balance as at 31 December 2007	830,406	-	1,722,078	(26,723)	322,301	8,601,512	(158,725)	11,290,849
Translation adjustment	-	-	-	(270,379)	-	-	-	(270,379)
Net income for the period	-	-	-	-	-	447,641	-	447,641
Balance as at 31 March 2008	<u>830,406</u>	<u>-</u>	<u>1,722,078</u>	<u>(297,102)</u>	<u>322,301</u>	<u>9,049,153</u>	<u>(158,725)</u>	<u>11,468,111</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity (continued)
For the three-month periods ended 31 March 2008 and 2007

(Unit: Thousand Baht)

	Separate financial statements					
	Share capital issued and paid up	Share subscription received in advance before registration	Share premium	Retained earnings		Total
				Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2006	825,218	5,729	1,686,021	100,000	3,059,767	5,676,735
Ordinary shares issued during the period	1,729	-	-	-	-	1,729
Decrease in share subscription received in advance before registration	-	(5,145)	-	-	-	(5,145)
Increase in share premium	-	-	16,585	-	-	16,585
Net income for the period	-	-	-	-	130,571	130,571
Balance as at 31 March 2007	<u>826,947</u>	<u>584</u>	<u>1,702,606</u>	<u>100,000</u>	<u>3,190,338</u>	<u>5,820,475</u>
Balance as at 31 December 2007	830,406	-	1,722,078	100,000	3,424,961	6,077,445
Net income for the period	-	-	-	-	191,205	191,205
Balance as at 31 March 2008	<u>830,406</u>	<u>-</u>	<u>1,722,078</u>	<u>100,000</u>	<u>3,616,166</u>	<u>6,268,650</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month periods ended 31 March 2008 and 2007

1. General information

1.1 Corporate information

Hana Microelectronics Public Company Limited (“the Company”) was incorporated as a limited company under Thai law and transformed to be a public limited company under the Public Limited Companies Act on 27 January 1993. The Company is principally engaged in the manufacturer of electronic components and its registered address at No. 10/4 Moo 3, Vibhavadi - Rangsit Road, Kwang Talad Bangkhen, Laksi, Bangkok.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard Pronouncement No. 41 (revised 2007) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the statements of 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.

1.3 Basis of consolidation

These consolidated interim financial statements include the financial statements of Hana Microelectronics Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2007. There are no changes in the group structure during the current period.

(Unaudited but reviewed)

1.4 Accounting standards which are effective for the current year

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

These accounting standards became effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these accounting standards and believes that TAS 33 and TAS 49 are not relevant to the business of the Company, whereas the other accounting standards do not have any significant impact on the financial statements for the current period.

1.5 Significant accounting policies

These interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2007.

2. Supplemental cash flow information

Cash and cash equivalents as at 31 March 2008 and 2007 as reflected in the cash flow statements consist of the following:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash and deposits at banks	3,056,802	2,014,054	176,834	129,040
Discounted bill of exchange	580,000	200,000	320,000	-
Investment in money market fund	52,900	98,045	-	-
Fixed deposits with maturity not over 3 months	31,494	10,997	-	-
Cash and cash equivalents	<u>3,721,196</u>	<u>2,323,096</u>	<u>496,834</u>	<u>129,040</u>

(Unaudited but reviewed)

3. Related party transactions

During the periods, the Company had significant business transactions with its subsidiaries. These transactions, which have been concluded on commercial terms and based agreed upon in the ordinary course of business between the Company and those companies, are summarised below:

(Unit: Million Baht)

	Separate financial statements		Pricing policy
	For the three-month periods		
	ended 31 March		
	<u>2008</u>	<u>2007</u>	
Transactions with subsidiaries			
(eliminated from the consolidation)			
Sales	22	1	Prices agreed by the parties due to the uniqueness of products sold to each customer
Rental income	3	3	Contract price
Purchase of materials	104	17	Cost, Cost plus 2% mark up
Service fee expenses	2	6	Rates stipulated in the agreement

The outstanding balances as at 31 March 2008 and 31 December 2007 between the Company and its subsidiaries are as follows:

(Unit: Thousand Baht)

	Separate financial statements	
	<u>31 March 2008</u>	<u>31 December 2007</u>
Trade accounts receivable - subsidiary companies		
Omac Sales Limited	17,243	15,707
Hana Microelectronics Investment Company Limited	5,655	6,335
Hana Semiconductor (BKK) Company Limited	1,121	1,134
Hana Microdisplay Technologies, Inc.	958	776
Hana Semiconductor (Ayutthaya) Company Limited	8	-
Total trade accounts receivable - subsidiary companies	<u>24,985</u>	<u>23,952</u>
Advances to subsidiary company		
Hana Semiconductor (Ayutthaya) Company Limited	<u>4,209</u>	<u>3,808</u>
Total advances to subsidiary company	<u>4,209</u>	<u>3,808</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements	
	31 March 2008	31 December 2007
Trade accounts payable - subsidiary companies		
Omac Sales Limited	72,738	49,305
Hana Semiconductor (Ayutthaya) Company Limited	11,719	12,692
Hana Semiconductor International Company Limited	2,421	1,333
Hana Microdisplay Technologies, Inc.	2,173	1,094
Hana Microelectronics, Inc.	1,686	3,331
Total trade accounts payable - subsidiary companies	<u>90,737</u>	<u>67,755</u>
Advances from subsidiary company		
Hana Semiconductor (BKK) Company Limited	-	385
Total advances from subsidiary company	<u>-</u>	<u>385</u>

Directors and management's remuneration

During the three-month period ended 31 March 2008, the Company and its subsidiaries paid salaries and meeting allowances to their directors and management totaling Baht 6 million (the Company only: Baht 3 million) (2007: Baht 4 million, the Company only: Baht 2 million).

4. Trade accounts receivable

As at 31 March 2008 and 31 December 2007, the aging analysis of trade accounts receivable were as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
<u>Trade accounts receivable - subsidiary companies</u>				
Less than 3 months	-	-	14,015	16,059
3 - 6 months	-	-	3,603	5,316
6 - 12 months	-	-	7,774	2,577
More than 12 months	-	-	(407)	-
Total trade accounts receivable - subsidiary companies	<u>-</u>	<u>-</u>	<u>24,985</u>	<u>23,952</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
<u>Trade accounts receivable - other companies</u>				
Less than 3 months	2,107,125	2,429,800	760,003	903,891
3 - 6 months	45,659	20,921	10,907	5,108
6 - 12 months	10,044	5,295	7,626	(103)
More than 12 months	1,353	1,132	999	1,519
Total trade accounts receivable - other companies	2,164,181	2,457,148	779,535	910,415
Less: Allowance for doubtful accounts	(3,194)	(7,608)	-	-
Total trade accounts receivable - other companies, net	2,160,987	2,449,540	779,535	910,415
Total trade accounts receivable - net	2,160,987	2,449,540	804,520	934,367

5. Allowance for diminution in value of inventory

Movements in the allowance for diminution in value of inventory account during the three-month period ended 31 March 2008 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2007	206,930	98,958
Add: Allowance made during the period	17,687	34,732
Translation adjustment	(17)	-
Balance as at 31 March 2008	224,600	133,690

(Unaudited but reviewed)

6. Investments in subsidiary companies

(Unit: Thousand Baht)

Company's name	Separate financial statements				
	Paid up capital	Percentage of shareholding		Investment under cost method	
		31 March 2008	31 December 2007	31 March 2008	31 December 2007
	2008	Percent	Percent	2008	2007
Hana Trading Company Limited	250	100	100	4,000	4,000
Hana Semiconductor (BKK) Company Limited	1,000,000	100	100	1,011,100	1,011,100
Omac Sales Limited	325	100	100	273,492	273,492
Hana Microelectronics International Company Limited	-	100	100	-	-
Hana Microelectronics Investment Company Limited	-	100	100	-	-
Hana Technologies Group Limited	-	100	100	-	-
Hana Semiconductor Investments Company Limited	4	100	100	4	4
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	58	58	2,142,910	2,142,910
Total investments in subsidiary companies				<u>3,431,506</u>	<u>3,431,506</u>

On 21 December 2007, the Extraordinary General Meeting of shareholders of Hana Trading Company Limited, a subsidiary company, passed a special resolution to dissolve the subsidiary and the subsidiary filed for deregistration with the Ministry of Commerce on 7 January 2008.

7. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2008 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2007	5,566,939	1,531,455
Acquisitions during the period - at cost	225,639	44,452
Construction in progress transferred in during the period	154,330	65,879
Construction in progress transferred out during the period	(154,330)	(65,879)
Disposals during the period - net book value at disposal date	(1,084)	(971)
Depreciation for the period	(224,576)	(56,712)
Translation adjustment	(42,536)	-
Net book value as at 31 March 2008	<u>5,524,382</u>	<u>1,518,224</u>

8. Warrants

As at 31 March 2008, the outstanding warrants issued to the Company's employees and directors which remain unexercised were as follows:

1. 7,500,000 warrants

Exercise price:	Average closing price of the 30 days prior to 31 January, 30 April, 31 July and 31 October
Exercise ratio:	1 ordinary share: 1 warrant
Exercise period:	From 31 October 2004 to 31 July 2008
Outstanding unexercised warrants:	2,743,500 warrants

2. 20,000,000 warrants

Exercise price:	Baht 20.73 per share
Exercise ratio:	1 ordinary share: 1 warrant
Exercise period:	From 31 October 2005 to 31 July 2009
Outstanding unexercised warrants:	5,956,100 warrants

3. 20,000,000 warrants

Exercise price:	Baht 27.40 per share
Exercise ratio:	1 ordinary share: 1 warrant
Exercise period:	From 31 October 2006 to 31 July 2010
Outstanding unexercised warrants:	20,000,000 warrants

9. Earnings per share

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

Diluted earnings per share is calculated by dividing net income for the period by the weighted average number of ordinary shares in issue during the period 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 period or on the date the potential ordinary shares were issued.

(Unaudited but reviewed)

For the three-month period ended 31 March 2008, the warrants are excluded from the potential ordinary shares since their exercise price exceeds the weighted average fair value of the ordinary shares of the Company.

10. Financial information by segment

The Company's and its subsidiaries' operations mainly involve a single industry segment in electronic components which are mainly carried on in the geographic area in Thailand, Hong Kong, the United States of America and China. Geographical segment information of the Company and its subsidiaries for the three-month periods ended 31 March 2008 and 2007 are as follows:

(Unit: Million Baht)

	Consolidated for the three-month periods ended 31 March							
	Domestic		Foreign		Eliminate		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Revenue from external customers	2,781	2,928	894	639	-	-	3,675	3,567
Intersegment revenues	102	45	1,256	1,220	(1,358)	(1,265)	-	-
Total revenues	<u>2,883</u>	<u>2,973</u>	<u>2,150</u>	<u>1,859</u>	<u>(1,358)</u>	<u>(1,265)</u>	<u>3,675</u>	<u>3,567</u>
Segment income	407	428	132	68			539	496
Unallocated income and expenses:								
Other income							84	46
Gain on exchange							71	101
Selling and administrative expenses							(209)	(245)
Income before corporate income tax							485	398
Corporate income tax							(37)	(28)
Net income for the period	<u>448</u>	<u>428</u>	<u>132</u>	<u>68</u>			<u>448</u>	<u>370</u>

11. Commitments and contingencies

11.1 Capital commitments

As at 31 March 2008, the Company and its subsidiaries had capital commitments for the constructions of factory buildings and acquisitions of machinery of approximately USD 4.8 million or equivalent to Baht 152.5 million.

11.2 Operating lease commitments

The Company and its subsidiaries operate their business in Bangkok on a leased premise, the lease agreement of which is made between the landlord and a related company. The lease is for a period as from the year 1986 up to the year 2011 with the annual lease payment of approximately Baht 0.2 million in the year 1992 and subject to an increase at the rate of 10% per annum.

11.3 Marketing supportive service agreement

Since the year 2001, the Company and four subsidiary companies entered into marketing supportive service agreement with an overseas subsidiary company. Under that agreement, the Company and the four subsidiary companies have to pay service fees to that subsidiary company at the rates stipulated in the agreement.

11.4 Guarantees

As at 31 March 2008, there were outstanding bank guarantees of approximately Baht 182 million (the Company only: Baht 154 million) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and the subsidiaries, and to be security for the tax assessment made by the Revenue Department as discussed in Note 11.5.

11.5 Tax assessment and litigation

- a) During the year 2003, the Company received a notification of a corporate income tax assessment for the year 1997 from the Revenue Department for not allocating interest expenses and loss on exchange rate of loans to the promoted operations, causing the under recording of corporate income tax for the year 1997, which together with related penalty and surcharge amounted to Baht 150 million. The Company did not agree with the assessment and appealed it to the Tax Tribunal. In November 2007, the Tax Tribunal rejected the appeal. Currently, the Company is in the process of appealing to the Tax Court. However, the Company has recorded provision for loss on tax assessment of approximately Baht 150 million and has placed a bank guarantee as security against the assessment.

(Unaudited but reviewed)

- b) As at 31 December 2006, the Company had contingent liabilities from legal action which the Company disputed concerning the Company's purported obligations in regards to the liabilities of a former related company. The Company made full provision for estimated maximum payment in event of an unfavorable ruling by the court for approximately USD 1 million or equivalent Baht 31 million together with legal cost and interest at the rate of 10% per annum. In February 2008, the Company had made settlement agreement and general release for this case in which the Company already paid for such guarantee expenses of Baht 7.9 million. The Company had therefore reversed the remaining guarantee expenses of Baht 25.5 million as income in the income statement for the current period.

12. Financial instruments

As at 31 March 2008, the Company had outstanding forward exchange contracts, of which details are presented below.

Sell amount	Maturity date	Contractual exchange rate per contracts (Baht per foreign currency unit)
USD 20 million	30 June 2008	33.560
USD 20 million	30 December 2008	32.875

13. Subsequent event

On 30 April 2008, the Annual General Meeting of the shareholders of the Company No.15/2008 passed resolution to approve a dividend payment from the 2007 income to the Company's shareholders at Baht 1.30 per share. The dividend will be paid on 22 May 2008.

14. Approval of interim financial statements

These interim financial statements were authorised for issue by the board of directors of the Company on 15 May 2008.