

Hana Microelectronics Public Company Limited  
and its subsidiaries  
Report and interim financial statements  
For the three-month and nine-month periods ended  
30 September 2009 and 2008

## **Review report of Independent Auditor**

To the Shareholders of Hana Microelectronics Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Hana Microelectronics Public Company Limited and its subsidiaries as at 30 September 2009, the related consolidated statements of income for the three-month and nine-month periods ended 30 September 2009 and 2008, and the consolidated statements of changes in shareholders' equity and cash flows for the nine-month periods then ended, and the separate financial statements of Hana Microelectronics Public Company Limited for the same periods. 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 reviews.

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 revenues for the three-month and nine-month periods ended 30 September 2008 of approximately Baht 32 million and Baht 95 million, representing 1% and 1% of the consolidated total, respectively. The financial statements of this subsidiary company were reviewed by other auditor and I had 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, was based solely upon the review report of that auditor.

I conducted my reviews 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 in accordance with generally accepted auditing standards. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my reviews 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.

I have previously audited the consolidated financial statements of Hana Microelectronics Public Company Limited and its subsidiaries, and the separate financial statements of Hana Microelectronics Public Company Limited for the year ended 31 December 2008 in accordance with generally accepted auditing standards and, based on my audit and the reports of the other auditors, expressed an unqualified opinion on those statements under my report dated 27 February 2009. The consolidated and separate balance sheets as at 31 December 2008, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Kamontip Lertwitworatep  
Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited  
Bangkok: 11 November 2009

Hana Microelectronics Public Company Limited and its subsidiaries

Balance sheets

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 30 September 2009 (Unaudited but reviewed)	As at 31 December 2008 (Audited)	As at 30 September 2009 (Unaudited but reviewed)	As at 31 December 2008 (Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	2	4,137,258	4,316,298	558,546	610,860
Short-term investments - net	4	1,355,996	362,624	-	-
Trade accounts receivable	5				
Subsidiary companies	3	-	-	30,200	23,131
Other companies - net		2,215,379	1,540,272	1,110,214	495,877
Trade accounts receivable - net		2,215,379	1,540,272	1,140,414	519,008
Inventories - net	6	1,552,792	2,060,582	581,866	788,892
Other current assets					
Advances		16,166	22,110	6,224	10,004
Input tax refundable		25,580	41,963	3,150	5,101
Income tax refundable		19,412	19,412	19,412	19,412
Others		61,704	53,230	5,948	9,087
Total other current assets		122,862	136,715	34,734	43,604
<b>Total current assets</b>		<b>9,384,287</b>	<b>8,416,491</b>	<b>2,315,560</b>	<b>1,962,364</b>
<b>Non-current assets</b>					
Investments in subsidiary companies	7	-	-	3,427,502	3,427,502
Other long-term investment		97	97	97	97
Property, plant and equipment - net	8	5,367,282	5,874,164	1,573,802	1,577,964
Intangible assets - net	9	16,516	18,670	3,153	3,233
Other non-current assets		2,154	2,189	1,329	1,329
<b>Total non-current assets</b>		<b>5,386,049</b>	<b>5,895,120</b>	<b>5,005,883</b>	<b>5,010,125</b>
<b>Total assets</b>		<b>14,770,336</b>	<b>14,311,611</b>	<b>7,321,443</b>	<b>6,972,489</b>

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
	30 September	31 December	30 September	31 December
	<u>Note</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Bank overdraft	10	75,890	-	-
Trade accounts payable				
Subsidiary companies	3	-	-	22,783
Other companies		1,369,998	1,087,988	575,435
Total trade accounts payable		1,369,998	1,087,988	598,218
Short-term provisions				
Provision for loss on tax assessment	17.5	150,466	150,466	150,466
Provision for product warranty		166,668	151,951	-
Others		18,659	10,780	-
Total short-term provisions		335,793	313,197	150,466
Other current liabilities				
Other payable		170,177	140,591	85,682
Accrued expenses		251,492	156,441	65,217
Corporate income tax payable		52,036	70,104	44,792
Advances received from customers		106,610	109,934	12,311
Others		27,886	35,878	16,602
Total other current liabilities		608,201	512,948	224,604
<b>Total current liabilities</b>		<b>2,389,882</b>	<b>1,914,133</b>	<b>973,288</b>
<b>Total liabilities</b>		<b>2,389,882</b>	<b>1,914,133</b>	<b>973,288</b>

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 30 September 2009 (Unaudited but reviewed)	As at 31 December 2008 (Audited)	As at 30 September 2009 (Unaudited but reviewed)	As at 31 December 2008 (Audited)
<b>Shareholders' equity</b>				
Share capital				
Registered				
1,000,000,000 ordinary shares of Baht 1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid-up				
830,474,960 ordinary shares of Baht 1 each	830,475	830,475	830,475	830,475
Share premium	1,723,219	1,723,219	1,723,219	1,723,219
Unrealised gain (loss) - revaluation gain (deficit) on change in fair value of investments	57,116	(24,799)	-	-
Translation adjustment	21,574	310,585	-	-
Retained earnings				
Appropriated - statutory reserve	320,218	322,420	100,000	100,000
Appropriated - reserve for treasury shares	12 262,987	41,037	262,987	41,037
Unappropriated	9,427,852	9,390,553	3,694,461	3,628,238
Excess of cost of investments over net book value of the subsidiary companies	16 -	(154,975)	-	-
<b>Total shareholders' equity</b>	<u>12,643,441</u>	<u>12,438,515</u>	<u>6,611,142</u>	<u>6,322,969</u>
Treasury shares	12 <u>(262,987)</u>	<u>(41,037)</u>	<u>(262,987)</u>	<u>(41,037)</u>
<b>Total shareholders' equity - net</b>	<u>12,380,454</u>	<u>12,397,478</u>	<u>6,348,155</u>	<u>6,281,932</u>
<b>Total liabilities and shareholders' equity</b>	<u>14,770,336</u>	<u>14,311,611</u>	<u>7,321,443</u>	<u>6,972,489</u>
	-	-	-	-

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

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Directors  
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(Unaudited but reviewed)

**Hana Microelectronics Public Company Limited and its subsidiaries****Income statements****For the three-month periods ended 30 September 2009 and 2008**

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

	Note	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Revenues</b>					
Sales		3,612,466	4,060,739	1,577,862	1,457,977
Other income					
Interest income		14,748	5,503	712	879
Gain on exchange		64,636	-	-	-
Dividend income		38,750	9	9	9
Others		62,992	57,689	15,380	15,808
Total other income		181,126	63,201	16,101	16,696
<b>Total revenues</b>		<b>3,793,592</b>	<b>4,123,940</b>	<b>1,593,963</b>	<b>1,474,673</b>
<b>Expenses</b>					
Cost of sales		2,882,260	3,235,373	1,243,392	1,144,228
Selling expenses		39,733	44,133	6,183	6,659
Administrative expenses		128,265	189,899	34,427	12,848
Directors' and management's remuneration		12,792	17,991	1,940	4,179
Loss on exchange		-	13,787	1,417	6,397
Other expenses		24,587	-	-	-
<b>Total expenses</b>		<b>3,087,637</b>	<b>3,501,183</b>	<b>1,287,359</b>	<b>1,174,311</b>
<b>Operating income</b>		<b>705,955</b>	<b>622,757</b>	<b>306,604</b>	<b>300,362</b>
Gain (loss) on liquidation of subsidiary companies	7	28,543	(3,752)	-	(3,188)
<b>Income before finance cost and corporate income tax</b>					
<b>corporate income tax</b>		<b>734,498</b>	<b>619,005</b>	<b>306,604</b>	<b>297,174</b>
Finance cost		(1,765)	(658)	(497)	(482)
<b>Income before corporate income tax</b>		<b>732,733</b>	<b>618,347</b>	<b>306,107</b>	<b>296,692</b>
Corporate income tax		(45,140)	(38,080)	(35,831)	(14,897)
<b>Net income for the period</b>		<b>687,593</b>	<b>580,267</b>	<b>270,276</b>	<b>281,795</b>
<b>Net income attributable to:</b>					
Equity holders of the parent		687,593	580,267	270,276	281,795
<b>Earnings per share</b>					
Basic earnings per share					
Net income attributable to equity holders of the parent					
(Baht)		0.85	0.70	0.34	0.34
Weighted average number of ordinary shares					
(Thousand shares)		804,879	830,475	804,879	830,475

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

(Unaudited but reviewed)

**Hana Microelectronics Public Company Limited and its subsidiaries****Income statements****For the nine-month periods ended 30 September 2009 and 2008**

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

	Note	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Revenues</b>					
Sales		9,466,568	11,660,945	4,001,976	4,302,479
Other income					
Interest income		55,311	26,166	3,476	4,774
Gain on exchange		114,179	86,939	-	-
Dividend income		42,422	18	621,558	440,018
Reversal of guarantee expenses	17.5	-	25,472	-	25,472
Others		161,257	177,889	37,804	44,746
Total other income		373,169	316,484	662,838	515,010
<b>Total revenues</b>		<u>9,839,737</u>	<u>11,977,429</u>	<u>4,664,814</u>	<u>4,817,489</u>
<b>Expenses</b>					
Cost of sales		7,817,983	9,641,978	3,192,079	3,528,585
Selling expenses		119,849	134,601	19,545	22,193
Administrative expenses		400,917	481,664	96,584	87,183
Directors' and management's remuneration		35,134	45,946	5,020	9,228
Loss on exchange		-	-	51,060	10,621
Other expenses		38,651	-	-	-
<b>Total expenses</b>		<u>8,412,534</u>	<u>10,304,189</u>	<u>3,364,288</u>	<u>3,657,810</u>
<b>Operating income</b>		<u>1,427,203</u>	<u>1,673,240</u>	<u>1,300,526</u>	<u>1,159,679</u>
Gain (loss) on liquidation of subsidiary companies	7	28,543	(3,752)	-	(3,192)
<b>Income before finance cost and corporate income tax</b>		<u>1,455,746</u>	<u>1,669,488</u>	<u>1,300,526</u>	<u>1,156,487</u>
Finance cost		(5,175)	(3,477)	(1,447)	(1,580)
<b>Income before corporate income tax</b>		<u>1,450,571</u>	<u>1,666,011</u>	<u>1,299,079</u>	<u>1,154,907</u>
Corporate income tax		(57,539)	(92,193)	(29,896)	(35,136)
<b>Net income for the period</b>		<u>1,393,032</u>	<u>1,573,818</u>	<u>1,269,183</u>	<u>1,119,771</u>
<b>Net income attributable to:</b>					
Equity holders of the parent		<u>1,393,032</u>	<u>1,573,818</u>	<u>1,269,183</u>	<u>1,119,771</u>
<b>Earnings per share</b>					
13					
Basic earnings per share					
Net income attributable to equity holders of the parent					
(Baht)		<u>1.72</u>	<u>1.90</u>	<u>1.57</u>	<u>1.35</u>
Weighted average number of ordinary shares					
(Thousand shares)		<u>809,835</u>	<u>830,435</u>	<u>809,835</u>	<u>830,435</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 cash flows****For the nine-month periods ended 30 September 2009 and 2008**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities</b>				
Net income before tax	1,450,571	1,666,011	1,299,079	1,154,907
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation	745,568	710,827	184,714	172,600
Amortisation expenses	2,403	1,324	329	192
Allowance for of doubtful accounts (reversal)	(21,897)	7,324	-	-
Allowance for diminution in inventory value (reversal)	(29,165)	49,962	(293)	54,486
Allowance for impairment loss of machinery and equipment	-	773	-	773
Loss (gain) on disposals of equipment	1,284	(138)	2,567	(169)
Short-term provisions	40,076	19,796	-	-
Reversal of guarantee expenses	-	(25,472)	-	(25,472)
Loss (gain) on liquidation of subsidiary companies	(28,543)	3,752	-	3,192
Gain on sales of short-term investments	(9,365)	-	-	-
Dividend income from subsidiary companies	-	-	(621,000)	(440,000)
Dividend income from other companies	(42,422)	(18)	(558)	(18)
Interest income from short-term investments	(24,155)	-	-	-
Revaluation gain on investments in securities held for trading	(43,956)	(246)	-	-
Unrealised loss (gain) on exchange	1,237	(3,786)	7,125	1,449
Unrealised loss (gain) on forward contracts	(25,841)	44,199	-	38,108
Interest expenses	-	-	-	163
Income from operating activities before changes in operating assets and liabilities	2,015,795	2,474,308	871,963	960,211
Operating assets (increase) decrease				
Trade accounts receivable	(672,947)	335,026	(633,366)	196,431
Inventories	536,955	(150,467)	207,319	(262,632)
Other current assets	35,304	23,042	8,607	8,745
Other non-current assets	35	365	-	-
Operating liabilities increase (decrease)				
Trade accounts payable	295,899	76,398	182,530	118,084
Accrued expenses	94,909	147,940	37,090	38,455
Advances received from customers	(126)	8,310	1,450	(5,465)
Other current liabilities	(18,772)	(14,448)	(4,928)	(2,913)
Cash from operating activities	2,287,052	2,900,474	670,665	1,050,916
Cash paid for corporate income tax	(76,362)	(121,218)	(26,015)	(57,145)
<b>Net cash from operating activities</b>	<b>2,210,690</b>	<b>2,779,256</b>	<b>644,650</b>	<b>993,771</b>

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 nine-month periods ended 30 September 2009 and 2008**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Cash flows from investing activities</b>				
Increase in short-term investments	(867,501)	(309,774)	-	-
Decrease in short-term loans and advances to related party	-	-	-	3,808
Interest income from short-term investments	24,155	-	-	-
Dividend income from subsidiary companies	-	-	621,000	440,000
Dividend income from other companies	42,422	18	558	18
Gain from sales of short-term investments	9,365	-	-	-
Return on investments from the liquidated subsidiary companies	72,403	-	-	812
Proceeds from disposals of equipment	32,231	2,961	8,147	1,411
Acquisitions of property, plant and equipment	(242,615)	(1,070,487)	(123,460)	(246,236)
Increase in intangible assets	(249)	-	(249)	-
<b>Net cash from (used in) investing activities</b>	<b>(929,789)</b>	<b>(1,377,282)</b>	<b>505,996</b>	<b>199,813</b>
<b>Cash flows from financing activities</b>				
Increase in bank overdraft	75,890	-	-	-
Decrease in advances from subsidiary companies	-	-	-	(385)
Cash received from share capital increase	-	1,210	-	1,210
Cash paid for repurchase of treasury shares	(221,950)	-	(221,950)	-
Dividend paid	(981,010)	(1,079,353)	(981,010)	(1,079,353)
<b>Net cash used in financing activities</b>	<b>(1,127,070)</b>	<b>(1,078,143)</b>	<b>(1,202,960)</b>	<b>(1,078,528)</b>
Increase (decrease) in cash and cash equivalents	153,831	323,831	(52,314)	115,056
Translation adjustment	(332,871)	195,157	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(179,040)</b>	<b>518,988</b>	<b>(52,314)</b>	<b>115,056</b>
Cash and cash equivalents at beginning of the period	<u>4,316,298</u>	<u>3,386,431</u>	<u>610,860</u>	<u>291,663</u>
<b>Cash and cash equivalents at end of the period (Note 2)</b>	<b><u>4,137,258</u></b>	<b><u>3,905,419</u></b>	<b><u>558,546</u></b>	<b><u>406,719</u></b>
	-	-	-	-
<b>Supplemental cash flow information</b>				
Non-cash related transactions from investing activities				
Net increase (decrease) in other accounts payable				
for purchases of plant and equipment	29,586	(43,710)	67,806	(22,002)
Revaluation gain (loss) from change in fair value of				
investments in available-for-sale securities	81,915	(9,540)	-	-

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 nine-month periods ended 30 September 2009 and 2008

(Unit: Thousand Baht)

<b>Consolidated financial statements</b>											
	Note	Issued and paid up share capital	Share premium	Revaluation gain (deficit) from change in fair value of investments	Translation adjustment	Retained earnings			Excess of cost of investments over net book value of the subsidiary companies	Treasury shares	Total
						Appropriated		Reserve for			
						Statutory reserve	treasury shares	Unappropriated			
<b>Balance as at 31 December 2007</b>		830,406	1,722,078	-	(26,723)	322,301	-	8,601,512	(158,725)	-	11,290,849
<b>Income (expenses) recognised directly in equity:</b>											
Investments in available-for-sale securities											
Loss recognised in shareholders' equity		-	-	(9,540)	-	-	-	-	-	-	(9,540)
Translation adjustment		-	-	-	195,397	-	-	-	-	-	195,397
<b>Net income (expenses) recognised directly in equity</b>		-	-	(9,540)	195,397	-	-	-	-	-	185,857
Net income for the period		-	-	-	-	-	-	1,573,818	-	-	1,573,818
<b>Total income (expenses) for the period</b>		-	-	(9,540)	195,397	-	-	1,573,818	-	-	1,759,675
Ordinary shares issued during the period		69	1,141	-	-	-	-	-	-	-	1,210
Dividend paid	15	-	-	-	-	-	-	(1,079,353)	-	-	(1,079,353)
Unappropriated retained earnings											
Reversal of statutory reserve from liquidation of subsidiary company		-	-	-	-	(100)	-	100	-	-	-
Decrease in excess of cost of investments over net book value of subsidiary companies		-	-	-	-	-	-	-	3,750	-	3,750
<b>Balance as at 30 September 2008</b>		<u>830,475</u>	<u>1,723,219</u>	<u>(9,540)</u>	<u>168,674</u>	<u>322,201</u>	<u>-</u>	<u>9,096,077</u>	<u>(154,975)</u>	<u>-</u>	<u>11,976,131</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

For the nine-month periods ended 30 September 2009 and 2008

(Unit: Thousand Baht)

<b>Consolidated financial statements</b>											
	Note	Issued and paid up share capital	Share premium	Revaluation gain (deficit) from change in fair value of investments	Translation adjustment	Retained earnings			Excess of cost of investments over net book value of the subsidiary companies	Treasury shares	Total
						Appropriated		Reserve for			
						Statutory reserve	treasury shares	Unappropriated			
<b>Balance as at 31 December 2008</b>		830,475	1,723,219	(24,799)	310,585	322,420	41,037	9,390,553	(154,975)	(41,037)	12,397,478
<b>Income (expenses) recognised directly in equity:</b>											
Investments in available-for-sale securities											
Gain recognised in shareholders' equity	4	-	-	81,915	-	-	-	-	-	-	81,915
Translation adjustment		-	-	-	(289,011)	-	-	-	-	-	(289,011)
<b>Net income (expenses) recognised directly in equity</b>		-	-	81,915	(289,011)	-	-	-	-	-	(207,096)
Net income for the period		-	-	-	-	-	-	1,393,032	-	-	1,393,032
<b>Total income (expenses) for the period</b>		-	-	81,915	(289,011)	-	-	1,393,032	-	-	1,185,936
Dividend paid	15	-	-	-	-	-	-	(981,010)	-	-	(981,010)
Unappropriated retained earnings											
Transferred to statutory reserve		-	-	-	-	489	-	(489)	-	-	-
Transferred to reserve for treasury shares	12	-	-	-	-	-	221,950	(221,950)	-	-	-
Reversal of statutory reserve from liquidation of subsidiary company		-	-	-	-	(2,691)	-	2,691	-	-	-
Offset the excess of cost of investments over net book value of the subsidiary companies against retained earnings	16	-	-	-	-	-	-	(154,975)	154,975	-	-
Treasury shares	12	-	-	-	-	-	-	-	-	(221,950)	(221,950)
<b>Balance as at 30 September 2009</b>		<u>830,475</u>	<u>1,723,219</u>	<u>57,116</u>	<u>21,574</u>	<u>320,218</u>	<u>262,987</u>	<u>9,427,852</u>	<u>-</u>	<u>(262,987)</u>	<u>12,380,454</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 nine-month periods ended 30 September 2009 and 2008

(Unit: Thousand Baht)

		Separate financial statements						
				Retained earnings				
				Appropriated				
		Issued	Share	Reserve for		Treasury	Total	
Note		and paid up	premium	Statutory reserve	treasury shares	Unappropriated	shares	
		share capital						
		830,406	1,722,078	100,000	-	3,424,961	-	6,077,445
		-	-	-	-	1,119,771	-	1,119,771
		-	-	-	-	1,119,771	-	1,119,771
		69	1,141	-	-	-	-	1,210
	15	-	-	-	-	(1,079,353)	-	(1,079,353)
		<u>830,475</u>	<u>1,723,219</u>	<u>100,000</u>	<u>-</u>	<u>3,465,379</u>	<u>-</u>	<u>6,119,073</u>
		830,475	1,723,219	100,000	41,037	3,628,238	(41,037)	6,281,932
		-	-	-	-	1,269,183	-	1,269,183
		-	-	-	-	1,269,183	-	1,269,183
	15	-	-	-	-	(981,010)	-	(981,010)
		-	-	-	221,950	(221,950)	-	-
	12	-	-	-	-	-	(221,950)	(221,950)
		<u>830,475</u>	<u>1,723,219</u>	<u>100,000</u>	<u>262,987</u>	<u>3,694,461</u>	<u>(262,987)</u>	<u>6,348,155</u>

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

**Hana Microelectronics Public Company Limited and its subsidiaries**

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 2009 and 2008**

**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 is at 10/4 Moo 3, Vibhavadi-Rangsit Road, Kwang Talad Bangkhen, Khet Laksi, Bangkok.

**1.2 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (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.

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



**b) Accounting standards which are not effective for the current year**

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

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

The management has assessed the effect of TAS 20 and TAS 40 and believes that they are not relevant to the business of the Company, and is still evaluating the effect of TAS 24 (revised 2007) and has not been able to reach a conclusion as to its effect to the financial statements for the year in which it is initially applied.

**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 2008.

**2. Cash and cash equivalents**

Cash and cash equivalents as reflected in the cash flow statements for the nine-month periods ended 30 September 2009 and 2008 consist of the following:

	(Unit: Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	2009	2008	2009	2008
Cash and deposits at banks	2,050,633	3,435,419	158,546	156,719
Bills of exchange	790,000	-	400,000	-
Investments in money market fund	-	470,000	-	250,000
Fixed deposits with maturity not over 3 months	1,296,625	-	-	-
Cash and cash equivalents	<u>4,137,258</u>	<u>3,905,419</u>	<u>558,546</u>	<u>406,719</u>



### 3. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with the related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Separate financial statements				Pricing policies
	For the three-month		For the nine-month		
	periods ended 30 September	periods ended 30 September	periods ended 30 September	periods ended 30 September	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
<b>Transactions with subsidiaries</b> (eliminated from the consolidation)					
Sales	32	32	130	93	Prices agreed between the parties due to the uniqueness of products sold to each customer
Rental income	4	4	10	10	Contract price
Purchase of materials	22	97	58	298	Cost plus margin
Service fee expenses	1	1	4	5	Rates stipulated in the agreement
Purchase of equipment	-	-	12	-	Cost plus margin

The balances of the accounts as at 30 September 2009 and 31 December 2008 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Separate financial statements	
	30 September	31 December
	<u>2009</u>	<u>2008</u>
<b>Trade accounts receivable - subsidiary companies</b>		
Hana Microelectronics Investment Company Limited	18,950	16,189
Hana Microdisplay Technologies, Inc.	8,698	4,010
Omac Sales Limited	1,294	1,695
Hana Semiconductor (BKK) Company Limited	1,185	1,201
Hana Microelectronics International Company Limited	65	35
Hana Semiconductor (Ayutthaya) Company Limited	8	1
<b>Total trade accounts receivable - subsidiary companies</b>	<u>30,200</u>	<u>23,131</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements	
	30 September	31 December
	2009	2008
<b>Trade accounts payable - subsidiary companies</b>		
Omac Sales Limited	16,118	23,893
Hana Microdisplay Technologies, Inc.	4,792	3,205
Hana Microelectronics, Inc.	876	2,014
Hana Semiconductor International Limited	590	3,064
Hana Semiconductor (Ayutthaya) Company Limited	403	1,032
Hana Semiconductor (BKK) Company Limited	4	4
<b>Total trade accounts payable - subsidiary companies</b>	<b>22,783</b>	<b>33,212</b>

**Directors' and management's remuneration**

During the three-month and nine-month periods ended 30 September 2009, the Company and its subsidiaries paid salaries, meeting allowances and gratuities to their directors and management totaling Baht 12.8 million and Baht 35.1 million, respectively (the Company only: Baht 1.9 million and Baht 5.0 million, respectively), (2008: Baht 18.0 million and Baht 45.9 million, respectively, the Company only: Baht 4.2 million and Baht 9.2 million, respectively).

**4. Short-term Investments**

(Unit: Thousand Baht)

	Consolidated financial statements			
	30 September 2009		31 December 2008	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
<b>Securities held for trading</b>				
Overseas marketable equity securities	33,560	31,985	34,956	28,351
Domestic marketable equity securities	41,573	81,501	11,083	12,084
Credit linked note	-	-	34,956	34,957
Total	75,133	113,486	80,995	75,392
Add: Revaluation gain (deficit) on investments	38,353	-	(5,603)	-
Securities held for trading - net	113,486	113,486	75,392	75,392
<b>Available-for-sale securities</b>				
Overseas marketable corporate bonds	525,024	543,494	247,478	219,399
Quoted bonds	660,370	699,016	64,553	67,833
Total	1,185,394	1,242,510	312,031	287,232
Add: Revaluation gain (deficit) on investments	57,116	-	(24,799)	-
Available-for-sale securities - net	1,242,510	1,242,510	287,232	287,232
<b>Total short-term investments - net</b>	<b>1,355,996</b>	<b>1,355,996</b>	<b>362,624</b>	<b>362,624</b>

#### **4.1 Securities held for trading**

Since the third quarter of 2008, Hana Microelectronics International Company Limited, an overseas subsidiary company, had invested in mutual fund of a company listed on the Stock Exchange of Cayman Island, warrants and shares of a company listed on the Stock Exchange of Thailand (SET), including the Credit linked note through an overseas bank. These investments are held for trading purpose. During the current period, this subsidiary company sold the entire amount of warrants and partial shares of the company listed in the SET, resulting in gain of HKD 1.2 million or equivalent to approximately Baht 5.4 million. In addition, this subsidiary company had gained from redemption of Credit linked note of HKD 0.4 million or equivalent to approximately Baht 1.7 million. As at 30 September 2009, the subsidiary had assessed the fair value of the equity securities for mutual fund and the remaining shares by referring to the value quoted by the banks for trading securities, in which the fair value had increased by HKD 8.9 million or equivalent to approximately Baht 38.4 million. The subsidiary recognised gain from the change in the fair value of these investments of HKD 10.1 million or equivalent to approximately Baht 43.9 million in the income statement for the nine-month period ended 30 September 2009.

As at 30 September 2009, investments in securities held for trading of HKD 103 million or equivalent to approximately Baht 448 million were used as security for bank overdraft as discussed in Note 10.

#### **4.2 Available-for-sale securities**

In addition, this subsidiary had invested in private corporate bonds issued by various companies listed in the overseas Stock Exchanges and quoted bonds through the three overseas banks. These investments are classified as available-for-sale investments. During the current period, this subsidiary sold listed corporate bonds and quoted bonds, resulting in gain of HKD 0.6 million or equivalent to approximately Baht 2.2 million. As at 30 September 2009, the subsidiary had assessed the fair value of the bonds by referring to the value quoted by the banks in which the fair value had increased by HKD 13.2 million or equivalent to approximately Baht 57.1 million. The subsidiary recorded gain from the change in the fair value of such bonds of HKD 18.7 million or equivalent to approximately Baht 81.9 million, which was presented as a separate item in the statement of changes in shareholders' equity for the nine-month period ended 30 September 2009.

## 5. Trade accounts receivable

The balances of trade accounts receivable as at 30 September 2009 and 31 December 2008, aged on the basis of due dates, are summarised below.

	(Unit: Thousand Baht)			
	Consolidated	financial	Separate	
	statements		financial statements	
	30 September	31 December	30 September	31 December
	2009	2008	2009	2008
<b><u>Age of receivable</u></b>				
<b><u>Accounts receivable - subsidiary companies</u></b>				
Not yet due	-	-	13,461	5,401
Past due				
Up to 3 months	-	-	9,495	16,317
3 - 6 months	-	-	1,560	919
6 - 12 months	-	-	4,414	262
Over 12 months	-	-	1,270	232
Total accounts receivable - subsidiary companies	-	-	30,200	23,131
<b><u>Accounts receivable - other companies</u></b>				
Not yet due	1,724,691	965,235	976,346	394,339
Past due				
Up to 3 months	478,066	560,701	133,589	101,529
3 - 6 months	3,347	30,274	279	9
6 - 12 months	9,103	7,013	-	-
Over 12 months	2,492	1,266	-	-
Total accounts receivable - other companies	2,217,699	1,564,489	1,110,214	495,877
Less: Allowance for doubtful accounts	(2,320)	(24,217)	-	-
Total trade accounts receivable - other companies - net	2,215,379	1,540,272	1,110,214	495,877
Total trade accounts receivable - net	2,215,379	1,540,272	1,140,414	519,008

## 6. Allowance for diminution in inventory value

Movements in the allowance for diminution in inventory value account during the nine-month period ended 30 September 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Balance as at 31 December 2008</b>	294,097	197,981
Allowance made during the period	50,237	69,168
Write-off obsolete and damaged inventories during the period	(80,521)	(69,461)
Translation adjustment	1,119	-
<b>Balance as at 30 September 2009</b>	<b>264,932</b>	<b>197,688</b>

## 7. Investments in subsidiary companies

(Unit: Thousand Baht)

Company's name	Separate financial statements						Dividend received for the nine-month periods ended	
	Paid up capital		Shareholding percentage		Cost			
	30 September 2009	31 December 2008	30 September 2009	31 December 2008	30 September 2009	31 December 2008	30 September	
			Percent	Percent			2009	2008
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910	301,000	140,000
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100	320,000	300,000
Omac Sales Limited	325	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	-	-	-	-
Total investments in subsidiary companies					<u>3,427,502</u>	<u>3,427,502</u>	<u>621,000</u>	<u>440,000</u>

During the third quarter of 2009, Hana Microelectronics Company Limited (Shanghai), a subsidiary company of Hana Microelectronics Investment Company Limited, registered for liquidation. Hana Microelectronics Investment Company Limited received return on its investment in this subsidiary of USD 12.2 million or equivalent to approximately Baht 416 million, resulting in gain on investment under equity method of approximately Baht 28.5 million.

**8. Property, plant and equipment**

Movements in the property, plant and equipment account during the nine-month period ended 30 September 2009 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Net book value as at 31 December 2008</b>	5,874,164	1,577,964
Acquisitions during the period - at cost	338,208	191,266
Construction in progress transferred in during the period	293,140	214,297
Construction in progress transferred out during the period	(293,140)	(214,297)
Disposals during the period - net book value at disposal date	(33,515)	(10,714)
Depreciation for the period	(745,568)	(184,714)
Translation adjustment	(66,007)	-
<b>Net book value as at 30 September 2009</b>	<u>5,367,282</u>	<u>1,573,802</u>

**9. Intangible assets**

Movements in the intangible asset account, which represents computer software, during the nine-month period ended 30 September 2009 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Net book value as at 31 December 2008</b>	18,670	3,233
Addition during the period	249	249
Amortisation during the period	(2,403)	(329)
<b>Net book value as at 30 September 2009</b>	<u>16,516</u>	<u>3,153</u>

**10. Bank overdraft**

During the period, Hana Microelectronics International Limited, an overseas subsidiary company, had utilised the bank overdraft facilities for acquisition of additional investments in securities held for trading. The bank overdraft bears interest at the rate of 2.0% per annum and is secured by the investments held under the account of the lender by the subsidiary company.

**11. Warrants**

As at 30 September 2009, the outstanding warrants issued to the Company's employees and directors which remain unexercised are as follows:

Outstanding unexercised warrants	: 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

Since the exercise price of the above warrants exceeded the weighted average fair value of ordinary shares for the three-month and nine-month periods ended 30 September 2009, the Company expected that the warrants will not be exercised and had excluded them from the calculation of dilutive potential ordinary shares for diluted earnings per share calculation.

**12. Treasury shares**

As at 30 September 2009 and 31 December 2008, details of treasury shares are as follows:

	Consolidated and separate financial statements	
	30 September 2009	31 December 2008
Cost of treasury shares (Thousand Baht)	262,987	41,037
Number of treasury shares (Thousand shares)	25,596	4,477
Average price per share (Baht)	10.27	9.17
Percentage of treasury shares to the Company's issued shares	3.08	0.54

The meeting of the Board of Directors of the Company No. 4/2551 held on 7 October 2008 had a resolution approving the repurchase of shares of the Company in order to manage its excess cash, increase earnings per share and to maximise shareholder benefits, with a budget of not more than Baht 1,600 million. The repurchase shall not be more than 83 million shares, or equivalent to 9.99% of total issued and paid-up shares of the Company. The period of repurchase of shares is from 22 October 2008 to 22 April 2009 and these shares are to be sold after 6 months from the date of completing the repurchase of shares, but not more than 3 years. During the nine-month period ended 30 September 2009, the Company repurchased 21.12 million ordinary shares with total cost of Baht 221.95 million.

(Unaudited but reviewed)

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 limited company is required to set aside retained earnings in an amount equal to the amount paid for treasury shares until either the shares are sold or paid-up capital is reduced by cancellation of any remaining unsold shares. As at 30 September 2009, the Company has set aside approximately Baht 263 million as reserve for treasury shares (31 December 2008: Baht 41 million).

### 13. Earnings per share

Basic earnings per share is calculated by dividing net income for the period by the weighted average number of ordinary shares held by public and 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 held by public and in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert of 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.

#### Weighted average number of ordinary shares

The weighted average number of ordinary shares for the three-month and nine-month periods ended 30 September 2009 and 2008 is calculated as follows:

(Unit: Thousand shares)

	Consolidated and separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2009	2008	2009	2008
Balance brought forward	804,879	830,424	825,998	830,406
Add: Shares issued during the period	-	51	-	29
Less: Treasury shares	-	-	(16,163)	-
Weighted average number of ordinary shares	<u>804,879</u>	<u>830,475</u>	<u>809,835</u>	<u>830,435</u>



The warrants were excluded from the calculation of potential diluted ordinary shares for diluted earnings per share calculation for the three-month and nine-month periods ended 30 September 2009 and 2008 since their exercise price exceeded the weighted average fair value of the ordinary shares of the Company.

#### 14. Segment information

The Company and its subsidiaries mainly involve a single industry segment in electronic components and mainly carry on their business in the geographic areas in Thailand, Hong Kong, the United States of America, and China. Geographical segment information of the Company and its subsidiaries for the three-month and nine-month periods ended 30 September 2009 and 2008 are as follows:

(Unit: Million Baht)

Consolidated financial statements for the three-month periods ended 30 September

	Domestic		Foreign		Eliminated		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenues from external customers	2,930	3,144	682	917	-	-	3,612	4,061
Intersegment revenues	35	101	869	1,187	(904)	(1,288)	-	-
Total revenues	<u>2,965</u>	<u>3,245</u>	<u>1,551</u>	<u>2,104</u>	<u>(904)</u>	<u>(1,288)</u>	<u>3,612</u>	<u>4,061</u>
Segment income	602	640	128	185			730	825
Unallocated income and expenses:								
Other income							116	63
Gain (loss) on liquidation of subsidiary companies							29	(4)
Gain (loss) on exchange							65	(14)
Selling expenses							(40)	(44)
Administrative expenses							(128)	(189)
Directors' and management's remuneration							(13)	(18)
Other expenses							(24)	-
Finance cost							(2)	(1)
Corporate income tax							(45)	(38)
Net income for the period							<u>688</u>	<u>580</u>

(Unit: Million Baht)

Consolidated financial statements for the nine-month periods ended 30 September

	Domestic		Foreign		Eliminated		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenues from external customers	7,524	8,943	1,943	2,718	-	-	9,467	11,661
Intersegment revenues	138	323	2,232	3,461	(2,370)	(3,784)	-	-
Total revenues	<u>7,662</u>	<u>9,266</u>	<u>4,175</u>	<u>6,179</u>	<u>(2,370)</u>	<u>(3,784)</u>	<u>9,467</u>	<u>11,661</u>
Segment income	1,323	1,527	326	492			1,649	2,019
Unallocated income and expenses:								
Other income							259	229
Gain (loss) on liquidation of subsidiary companies							29	(4)
Gain on exchange							114	87
Selling expenses							(120)	(135)
Administrative expenses							(401)	(481)
Directors' and management's remuneration							(35)	(46)
Other expenses							(39)	-
Finance cost							(5)	(3)
Corporate income tax							(58)	(92)
Net income for the period							<u>1,393</u>	<u>1,574</u>

**15. Dividend paid**

During the nine-month periods ended 30 September 2009 and 2008, the Company and its subsidiaries had dividend payments as follows:

	Approved by	Total Dividends	Dividend per share
		Thousand Baht	Baht
<b><u>The Company</u></b>			
<b><u>For the year 2009</u></b>			
Dividends on 2008 income	Annual General Meeting of the shareholders on 30 April 2009	981,010	1.20
<b><u>For the year 2008</u></b>			
Dividends on 2007 income	Annual General Meeting of the shareholders on 30 April 2008	1,079,353	1.30
<b><u>Subsidiary companies</u></b>			
<b>Hana Semiconductor (BKK) Company Limited</b>			
<b><u>For the year 2009</u></b>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 30 April 2009	100,000	1.00
Interim dividend in respect of the income for the period from 1 January 2009 to 30 April 2009	Board of Director's Meeting on 4 May 2009	220,000	2.20
Total for the year 2009		320,000	
<b><u>For the year 2008</u></b>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 30 April 2008	150,000	1.50
Interim dividend in respect of the income for the period from 1 January 2008 to 30 April 2008	Board of Director's Meeting on 6 May 2008	150,000	1.50
Total for the year 2008		300,000	
<b>Hana Semiconductor (Ayutthaya) Company Limited</b>			
<b><u>For the year 2009</u></b>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 24 April 2009	516,000	4.30
<b><u>For the year 2008</u></b>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 25 April 2008	240,000	2.00

**16. Excess of cost of investments over net book value of the subsidiary companies**

On 30 April 2009, the Annual General Meeting of the shareholders of the Company No. 16/2009 passed the resolution approving the offsetting of the excess of cost of investments over net book value of the subsidiary companies amounting to Baht 154,975,555 which the Company had already deducted in the consolidated shareholders' equity as at 31 December 2008, against the unappropriated retained earnings in the consolidated shareholders' equity. The Company recorded such transaction in the consolidated statement of changes in shareholders' equity for the nine-month period ended 30 September 2009.

**17. Commitments and contingent liabilities**

**17.1 Capital commitments**

As at 30 September 2009, the Company and its subsidiaries had capital commitments of approximately USD 5.6 million or equivalent to Baht 188.3 million, relating to the acquisition of machinery.

**17.2 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 2014 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.

**17.3 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.

#### **17.4 Guarantees**

As at 30 September 2009, there were outstanding bank guarantees of approximately Baht 181 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. These included letters of guarantee amounting to Baht 144 million to be security for the tax assessment of a subsidiary company made by the Revenue Department (as described in Note 17.5), Baht 36 million to guarantee electricity usage and Baht 1 million among others.

#### **17.5 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 Supreme Court and expects that the Supreme Court will reverse the judgment of the Central Tax Court, which will not result in any tax payment to the Company.

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.

- b) In 2006, the Company had contingent liabilities from legal action which the Company disputed concerning the Company's purported obligations with 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 to 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 other income in the income statement for the nine-month period ended 30 September 2008.

**18. Financial instruments*****Foreign currency risk***

The Company's and the subsidiaries' exposure to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies. The subsidiary of the Company entered into forward exchange contracts to reduce the risk. Generally, the forward contracts will mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 30 September 2009 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 30 September 2009
	(Million)	(Million)	(Baht per 1 foreign currency unit)
China Yuan	360	83	4.9179
US Dollar	152	37	33.5595
Japan Yen	-	767	0.3734

As at 30 September 2009, an overseas subsidiary company had outstanding forward exchange contracts, of which details are presented below.

Sold amount	Maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per foreign currency unit)
10	22 January 2010	34.08
40	11 December 2009	34.07

In addition, this subsidiary company entered into the linked asset swap agreements with an overseas bank. The details of the swap agreements outstanding as at 30 September 2009 are as follows:

Swap agreements	Notional amount	Maturity date	Yield to maturity	Fair value gain
	(Million USD)		(Percent)	(Million Baht)
2-Year China government bond	1	26 February 2010	1.05	0.04
Credit default swap - quoted bonds	2	20 June 2013	1.43	0.84

**19. Reclassification**

Certain amounts in the balance sheets as at 31 December 2008 and the income statements for the three-month and nine-month periods ended 30 September 2008 have been reclassified to conform to the current period's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

(Unit: Thousand Baht)

	Consolidated balance sheet as at 31 December 2008		Separate balance sheet as at 31 December 2008	
	As reclassified	As previously reported	As reclassified	As previously reported
Property, plant and equipment - net	5,874,164	5,875,209	1,577,964	1,579,009
Intangible assets - net	18,670	17,625	3,233	2,188

(Unit: Thousand Baht)

Income statements for the three-month period ended  
30 September 2008

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Selling and administrative expenses	-	252,681	-	24,155
Selling expenses	44,133	-	6,659	-
Administrative expenses	189,899	-	12,848	-
Directors' and management's remuneration	17,991	-	4,179	-
Interest expenses	-	-	-	13
Finance cost	658	-	482	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

Income statements for the nine-month period ended  
30 September 2008

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Selling and administrative expenses	-	665,688	-	120,021
Selling expenses	134,601	-	22,193	-
Administrative expenses	481,664	-	87,183	-
Directors' and management's remuneration	45,946	-	9,228	-
Interest expenses	-	-	-	163
Finance cost	3,477	-	1,580	-

**20. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 November 2009.