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Hana Microelectronics Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month periods ended
31 March 2010 and 2009

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 31 March 2010, the related consolidated statements of income, changes in shareholders' equity and cash flows for the three-month periods ended 31 March 2010 and 2009, 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 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, 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 2009 in accordance with generally accepted auditing standards and, based on my audit and the report of the other auditor, expressed an unqualified opinion on those statements under my report dated 23 February 2010. The consolidated and separate balance sheets as at 31 December 2009, 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 May 2010

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 2010	31 December 2009	31 March 2010	31 December 2009
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	2	4,173,130	4,272,065	1,106,819	902,743
Short-term investments - net	4	1,864,423	1,729,129	-	-
Trade accounts receivable					
Subsidiary companies	3, 5	-	-	8,768	20,881
Other companies - net	5	2,442,699	2,293,060	1,151,767	1,052,954
Trade accounts receivable - net		2,442,699	2,293,060	1,160,535	1,073,835
Inventories - net	6	1,911,240	1,756,824	562,038	527,897
Other current assets					
Advances		31,186	8,718	1,178	559
Input tax refundable		22,697	28,093	3,254	6,312
Income tax refundable		8,137	8,137	8,137	8,137
Dividend receivable from subsidiary company	3	-	-	175,000	-
Others		61,473	61,210	18,824	12,681
Total other current assets		123,493	106,158	206,393	27,689
Total current assets		10,514,985	10,157,236	3,035,785	2,532,164
Non-current assets					
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	5,604,656	5,605,407	1,534,516	1,558,823
Intangible assets - net	9	15,916	16,414	3,590	3,461
Other non-current assets		23,036	31,747	7,059	1,329
Total non-current assets		5,643,705	5,653,665	4,972,764	4,991,212
Total assets		16,158,690	15,810,901	8,008,549	7,523,376

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)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2010	31 December 2009	31 March 2010	31 December 2009
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loan from financial institution	10	41,923	43,906	-	-
Trade accounts payable					
Subsidiary companies	3	-	-	18,702	19,778
Other companies		1,436,641	1,506,486	555,161	559,630
Total trade accounts payable		1,436,641	1,506,486	573,863	579,408
Short-term provisions					
Provision for loss on tax assessment	16.5	150,466	150,466	150,466	150,466
Provision for product warranty		174,990	173,002	-	-
Others		-	9,277	-	-
Total short-term provisions		325,456	332,745	150,466	150,466
Other current liabilities					
Other payable		420,490	512,110	40,647	42,600
Accrued expenses		191,002	151,781	49,412	22,941
Corporate income tax payable		134,012	108,305	101,329	88,539
Advances received from customers		142,190	114,606	14,930	9,216
Others		26,495	34,676	13,214	13,725
Total other current liabilities		914,189	921,478	219,532	177,021
Total current liabilities		2,718,209	2,804,615	943,861	906,895
Total liabilities		2,718,209	2,804,615	943,861	906,895

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 2010</u> (Unaudited but reviewed)	<u>31 December 2009</u> (Audited)	<u>31 March 2010</u> (Unaudited but reviewed)	<u>31 December 2009</u> (Audited)
Shareholders' equity				
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 - revaluation gain on				
change in fair value of investments	4 91,052	68,996	-	-
Translation adjustment	(199,660)	(14,397)	-	-
Retained earnings				
Appropriated - statutory reserve	320,218	320,218	100,000	100,000
Appropriated - reserve for treasury shares	12 262,987	262,987	262,987	262,987
Unappropriated	<u>10,675,177</u>	<u>10,077,775</u>	<u>4,410,994</u>	<u>3,962,787</u>
Total shareholders' equity	<u>13,703,468</u>	<u>13,269,273</u>	<u>7,327,675</u>	<u>6,879,468</u>
Treasury shares	12 <u>(262,987)</u>	<u>(262,987)</u>	<u>(262,987)</u>	<u>(262,987)</u>
Total shareholders' equity - net	<u>13,440,481</u>	<u>13,006,286</u>	<u>7,064,688</u>	<u>6,616,481</u>
Total liabilities and shareholders' equity	<u>16,158,690</u>	<u>15,810,901</u>	<u>8,008,549</u>	<u>7,523,376</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 31 March 2010 and 2009**

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

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Revenues					
Sales		3,924,907	2,636,191	1,616,385	1,108,534
Other income					
Interest income		22,079	13,580	1,719	1,796
Dividend income	7	-	-	175,000	-
Gain on exchange		22,044	-	-	-
Others		59,534	36,791	16,428	11,469
Total other income		103,657	50,371	193,147	13,265
Total revenues		4,028,564	2,686,562	1,809,532	1,121,799
Expenses					
Cost of sales		3,224,468	2,271,550	1,304,701	885,756
Selling expenses		29,529	42,676	5,619	7,534
Administrative expenses		123,538	126,103	26,962	23,274
Management's remuneration	3	19,265	17,889	1,443	1,635
Loss on exchange		-	7,294	9,659	36,780
Other expenses		6,890	7,104	-	-
Total expenses		3,403,690	2,472,616	1,348,384	954,979
Income before finance cost and corporate income tax					
Corporate income tax		624,874	213,946	461,148	166,820
Finance cost		(1,913)	(1,769)	(516)	(453)
Income before corporate income tax		622,961	212,177	460,632	166,367
Corporate income tax		(25,559)	(10,971)	(12,425)	(5,193)
Net income for the period		597,402	201,206	448,207	161,174
Net income attributable to:					
Equity holders of the parent		597,402	201,206	448,207	161,174
Earnings per share					
Basic earnings per share					
Net income attributable to equity holders of the parent (Baht)		0.74	0.25	0.56	0.20
Weighted average number of ordinary shares					
(Thousand shares)		804,879	819,230	804,879	819,230

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 2010 and 2009

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from operating activities				
Net income before tax	622,961	212,177	460,632	166,367
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation	268,794	248,639	65,603	59,897
Amortisation expenses	765	771	121	74
Doubtful accounts (reversal)	(4,693)	1,077	-	-
Reversal of allowance for diminution in inventory value	(18,720)	(72,429)	(14,246)	(57,322)
Loss (gain) on disposals of equipment	1,404	(623)	717	(104)
Provision for product warranty	6,890	7,104	-	-
Revaluation gain from change in fair value of investments in securities held for trading	(2,520)	(2,255)	-	-
Unrealised (gain) loss on exchange	9,438	(7,105)	11,102	1,157
Unrealised gain on forward contracts	(1,592)	(18,775)	-	-
Dividend income from subsidiary company	-	-	(175,000)	-
Interest income from short-term investments	(13,608)	-	-	-
Interest expenses	18	-	-	-
Income from operating activities before changes in operating assets and liabilities	869,137	368,581	348,929	170,069
Operating assets (increase) decrease				
Trade accounts receivable	(180,905)	(55,932)	(105,385)	(190,508)
Inventories	(135,696)	305,169	(19,895)	164,876
Other current assets	(16,352)	22,147	(3,174)	9,374
Other non-current assets	24	(14)	-	-
Operating liabilities increase (decrease)				
Trade accounts payable	(47,885)	(163,069)	1,815	(62,310)
Accrued expenses	39,221	(21,070)	26,328	(2,561)
Advances received from customers	29,106	(1,593)	5,956	2,028
Other current liabilities	(17,528)	(5,825)	(367)	(11,849)
Cash from operating activities	539,122	448,394	254,207	79,119
Cash paid for corporate income tax	(1,037)	(3,434)	(185)	(190)
Net cash from operating activities	538,085	444,960	254,022	78,929

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 2010 and 2009**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from investing activities				
Increase in short-term investments	(110,718)	(213,396)	-	-
Interest income from short-term investments	13,608	-	-	-
Proceeds from disposals of equipment	8,812	4,361	-	147
Acquisitions of property, plant and equipment	(369,878)	(153,791)	(43,966)	(28,974)
Acquisitions of computer software	(267)	-	(250)	-
Decrease (increase) in other non-current assets	8,687	-	(5,730)	-
Net cash used in investing activities	<u>(449,756)</u>	<u>(362,826)</u>	<u>(49,946)</u>	<u>(28,827)</u>
Cash flows from financing activities				
Decrease in short-term loan from financial institution	(1,983)	-	-	-
Cash paid for interest expenses	(18)	-	-	-
Cash paid for repurchase of treasury shares	-	(150,676)	-	(150,676)
Net cash used in financing activities	<u>(2,001)</u>	<u>(150,676)</u>	<u>-</u>	<u>(150,676)</u>
Increase (decrease) in cash and cash equivalents	86,328	(68,542)	204,076	(100,574)
Translation adjustment	(185,263)	113,399	-	-
Net increase (decrease) in cash and cash equivalents	(98,935)	44,857	204,076	(100,574)
Cash and cash equivalents at beginning of the period	4,272,065	4,316,298	902,743	610,860
Cash and cash equivalents at end of the period (Note 2)	<u>4,173,130</u>	<u>4,361,155</u>	<u>1,106,819</u>	<u>510,286</u>

Supplemental cash flow information

Non-cash related transactions from investing activities

Net decrease in other accounts payable				
for purchases of plant and equipment	(91,620)	(80,223)	(1,953)	(7,093)
Revaluation gain from change in fair value of investments				
in available-for-sale securities	22,056	17,368	-	-
Dividend receivable from subsidiary company	-	-	175,000	-

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 2010 and 2009

(Unit: Thousand Baht)

Consolidated financial statements										
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
					Statutory reserve	Reserve for treasury shares	Unappropriated			
Balance as at 31 December 2008	830,475	1,723,219	(24,799)	310,585	322,420	41,037	9,390,553	(154,975)	(41,037)	12,397,478
Income recognised directly in equity:										
Investments in available-for-sale securities										
Gain recognised in shareholders' equity	4	-	17,368	-	-	-	-	-	-	17,368
Translation adjustment		-	-	113,399	-	-	-	-	-	113,399
Net income recognised directly in equity		-	17,368	113,399	-	-	-	-	-	130,767
Net income for the period		-	-	-	-	-	201,206	-	-	201,206
Total income for the period		-	17,368	113,399	-	-	201,206	-	-	331,973
Unappropriated retained earnings										
transferred to reserve for treasury shares		-	-	-	-	150,676	(150,676)	-	-	-
Treasury shares		-	-	-	-	-	-	-	(150,676)	(150,676)
Balance as at 31 March 2009	<u>830,475</u>	<u>1,723,219</u>	<u>(7,431)</u>	<u>423,984</u>	<u>322,420</u>	<u>191,713</u>	<u>9,441,083</u>	<u>(154,975)</u>	<u>(191,713)</u>	<u>12,578,775</u>
Balance as at 31 December 2009	830,475	1,723,219	68,996	(14,397)	320,218	262,987	10,077,775	-	(262,987)	13,006,286
Income (expenses) recognised directly in equity:										
Investments in available-for-sale securities										
Gain recognised in shareholders' equity	4	-	22,056	-	-	-	-	-	-	22,056
Translation adjustment		-	-	(185,263)	-	-	-	-	-	(185,263)
Net income (expenses) recognised directly in equity		-	22,056	(185,263)	-	-	-	-	-	(163,207)
Net income for the period		-	-	-	-	-	597,402	-	-	597,402
Total income (expenses) for the period		-	22,056	(185,263)	-	-	597,402	-	-	434,195
Balance as at 31 March 2010	<u>830,475</u>	<u>1,723,219</u>	<u>91,052</u>	<u>(199,660)</u>	<u>320,218</u>	<u>262,987</u>	<u>10,675,177</u>	<u>-</u>	<u>(262,987)</u>	<u>13,440,481</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 2010 and 2009

(Unit: Thousand Baht)

	Separate financial statements							
	Note	Issued and paid up share capital	Share premium	Retained earnings			Treasury shares	Total
				Appropriated		Unappropriated		
				Statutory reserve	Reserve for treasury shares			
Balance as at 31 December 2008	830,475	1,723,219	100,000	41,037	3,628,238	(41,037)	6,281,932	
Net income for the period	-	-	-	-	161,174	-	161,174	
Total income for the period	-	-	-	-	161,174	-	161,174	
Unappropriated retained earnings								
transferred to reserve for treasury shares	-	-	-	150,676	(150,676)	-	-	
Treasury shares	-	-	-	-	-	(150,676)	(150,676)	
Balance as at 31 March 2009	<u>830,475</u>	<u>1,723,219</u>	<u>100,000</u>	<u>191,713</u>	<u>3,638,736</u>	<u>(191,713)</u>	<u>6,292,430</u>	
Balance as at 31 December 2009	830,475	1,723,219	100,000	262,987	3,962,787	(262,987)	6,616,481	
Net income for the period	-	-	-	-	448,207	-	448,207	
Total income for the period	-	-	-	-	448,207	-	448,207	
Balance as at 31 March 2010	<u>830,475</u>	<u>1,723,219</u>	<u>100,000</u>	<u>262,987</u>	<u>4,410,994</u>	<u>(262,987)</u>	<u>7,064,688</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 periods ended 31 March 2010 and 2009

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 operates its business in Thailand and it is principally engaged in the manufacture of electronic components. 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.

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 2009. There are no changes in the group structure during the current period.

1.4 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 2009.

2. Cash and cash equivalents

Cash and cash equivalents as reflected in the cash flow statements for the three-month periods ended 31 March 2010 and 2009 consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash in hand and at banks	2,817,171	2,139,959	266,819	190,286
Bills of exchange	1,340,000	910,000	840,000	320,000
Fixed deposits with maturity not over 3 months	15,959	1,311,196	-	-
Cash and cash equivalents	<u>4,173,130</u>	<u>4,361,155</u>	<u>1,106,819</u>	<u>510,286</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 policy
	For the three-month periods ended 31 March		
	<u>2010</u>	<u>2009</u>	
Transactions with subsidiaries (eliminated from the consolidation)			
Sales	3	41	Prices agreed between the parties due to the uniqueness of products sold to each customer
Dividend income	175	-	Declared rate
Rental income	3	3	Rates stipulated in the agreement
Purchase of materials	22	20	Cost plus mark up
Service fee expenses	1	2	Rates stipulated in the agreement
Purchase of fixed assets	-	12	Cost plus mark up

(Unaudited but reviewed)

The balances of the accounts as at 31 March 2010 and 31 December 2009 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Separate financial statements	
	31 March	31 December
	2010	2009
Trade accounts receivable - subsidiary companies		
Omac Sales Limited	4,485	4,220
Hana Microdisplay Technologies, Inc.	3,130	2,127
Hana Semiconductor (BKK) Company Limited	1,120	1,129
Hana Microelectronics International Company Limited	32	33
Hana Semiconductor International Company Limited	1	31
Hana Microelectronics Investment Company Limited	-	13,341
Total trade accounts receivable - subsidiary companies	8,768	20,881
Dividend receivable from subsidiary company		
Hana Semiconductor (Ayutthaya) Company Limited	175,000	-
Total dividend receivable from subsidiary company	175,000	-
Trade accounts payable - subsidiary companies		
Omac Sales Limited	14,750	17,445
Hana Microelectronics, Inc.	1,644	1,037
Hana Semiconductor (Ayutthaya) Company Limited	1,233	563
Hana Semiconductor International Limited	570	587
Hana Microdisplay Technologies, Inc.	305	146
Hana Microelectronics Investment Company Limited	200	-
Total trade accounts payable - subsidiary companies	18,702	19,778

Directors' and management's remuneration

During the three-month periods ended 31 March 2010 and 2009, the Company and its subsidiaries paid salaries, meeting allowances and gratuities to their directors and management totaling Baht 19.3 million and Baht 17.9 million, respectively (the Company only: Baht 1.4 million and Baht 1.6 million, respectively).

4. Short-term Investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 March 2010		31 December 2009	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Securities held for trading				
Overseas marketable equity securities	32,394	33,534	33,389	33,420
Domestic marketable equity securities	40,128	85,283	41,361	85,253
Credit linked note	32,394	32,335	33,389	33,182
Total	104,916	151,152	108,139	151,855
Add: Revaluation gain on investments	46,236	-	43,716	-
Securities held for trading - net	151,152	151,152	151,855	151,855
Available-for-sale securities				
Overseas marketable corporate bonds	1,168,256	1,231,068	1,221,504	1,279,251
Quoted bonds	453,963	482,203	286,774	298,023
Total	1,622,219	1,713,271	1,508,278	1,577,274
Add: Revaluation gain on investments	91,052	-	68,996	-
Available-for-sale securities - net	1,713,271	1,713,271	1,577,274	1,577,274
Total short-term investments - net	1,864,423	1,864,423	1,729,129	1,729,129

4.1 Securities held for trading

In 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, there were no additions nor disposals of the investments.

As at 31 March 2010, 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 and by referring to the value quoted by the bank for credit linked note, in which the fair value had increased by HKD 0.9 million or equivalent to approximately Baht 2.5 million (2009: HKD 0.5 million or equivalent to approximately Baht 2.3 million). The change in fair value of these investments was recognised in the income statement for the period.

As at 31 March 2010, investments in securities held for trading of HKD 117 million, or equivalent to Baht 488 million, were used as security for short-term loan from financial institution 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 on 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 had additionally invested in both listed corporate bonds and quoted bonds.

As at 31 March 2010, the subsidiary had assessed the fair value of the bonds by referring to the value quoted by the above three banks in which the fair value had increased by HKD 5.8 million or equivalent to approximately Baht 22 million (2009: HKD 3.9 million or equivalent to approximately Baht 17.4 million). The subsidiary recorded gain from the change in the fair value of such bonds as a separate item in the statement of changes in shareholders' equity.

5. Trade accounts receivable

The balances of trade accounts receivable as at 31 March 2010 and 31 December 2009, aged on the basis of due dates, are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2010	2009	2010	2009
<u>Age of receivable</u>				
<u>Accounts receivable - subsidiary</u>				
<u>companies</u>				
Not yet due	-	-	2,435	15,260
Past due				
Up to 3 months	-	-	4,670	4,325
3 - 6 months	-	-	483	594
6 - 12 months	-	-	858	436
Over 12 months	-	-	322	266
Total accounts receivable -				
subsidiary companies	-	-	8,768	20,881

(Unaudited but reviewed)

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2010	2009	2010	2009
<u>Accounts receivable - other companies</u>				
Not yet due	2,070,645	1,922,022	996,057	964,057
Past due				
Up to 3 months	354,732	359,037	154,279	88,632
3 - 6 months	10,180	9,382	133	265
6 - 12 months	8,206	3,266	1,231	-
Over 12 months	658	5,768	67	-
Total accounts receivable - other companies	2,444,421	2,299,475	1,151,767	1,052,954
Less: Allowance for doubtful accounts	(1,722)	(6,415)	-	-
Total trade accounts receivable - other companies - net	2,442,699	2,293,060	1,151,767	1,052,954
Total trade accounts receivable - net	2,442,699	2,293,060	1,160,535	1,073,835

6. Allowance for diminution in inventory value

Movements in the allowance for diminution in inventory value account during the three-month period ended 31 March 2010 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2009	241,069	207,616
Allowance made during the period	30,975	33,727
Write-off obsolete and damaged inventories during the period	(49,688)	(47,973)
Translation adjustment	(7)	-
Balance as at 31 March 2010	222,349	193,370

7. Investments in subsidiary companies

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Paid up capital		Shareholding percentage		Cost		Dividend received for the three-month periods ended	
	31	31	31	31	31	31	31 March	
	March	December	March	December	March	December	2010	2009
	2010	2009	2010	2009	2010	2009	2010	2009
			Percent	Percent				
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910	175,000	-
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100	-	-
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					3,427,502	3,427,502	175,000	-

8. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2009	5,605,407	1,558,823
Acquisitions during the period - at cost	325,363	42,013
Disposals during the period - net book value at disposal date	(10,216)	(717)
Depreciation for the period	(268,794)	(65,603)
Translation adjustment	(47,104)	-
Net book value as at 31 March 2010	5,604,656	1,534,516

9. Intangible assets

Movements in the intangible asset account, which represents computer software, during the three-month period ended 31 March 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2009	16,414	3,461
Additions during the period - at cost	267	250
Amortisation during the period	(765)	(121)
Net book value as at 31 March 2010	<u>15,916</u>	<u>3,590</u>

10. Short-term loan from financial institution

During 2009, Hana Microelectronics International Company Limited, an overseas subsidiary company, entered into a loan agreement with an overseas commercial bank to borrow short-term loan of HKD 10.2 million. The short-term loan bears interest at the rate of 4.35% per annum and is secured by the pledge of the investments held under the account of the lender by the subsidiary company. As at 31 March 2010, the subsidiary company had outstanding loan of HKD 10.1 million or equivalent to approximately Baht 41.9 million (31 December 2009: HKD 10.2 million or equivalent to approximately Baht 43.9 million).

11. Warrants

As at 31 March 2010, 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 periods ended 31 March 2010 and 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 31 March 2010 and 31 December 2009, details of treasury shares are as follows:

	Consolidated and separate financial statements	
	31 March 2010	31 December 2009
Cost of treasury shares (Thousand Baht)	262,987	262,987
Number of treasury shares (Thousand shares)	25,596	25,596
Average price per share (Baht)	10.27	10.27
Percentage of treasury shares to the Company's issued shares	3.08	3.08

A resolution of a meeting of the Company's Board of Directors No. 4/2551 held on 7 October 2008 approved the repurchase of shares of the Company with a budget of not more than Baht 1,600 million, in order to manage its excess cash, increase earnings per share and maximise shareholder benefits. 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.

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 31 March 2010, the Company has set aside approximately Baht 262.99 million as reserve for treasury shares (31 December 2009: Baht 262.99 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 periods ended 31 March 2010 and 2009 is calculated as follows:

	(Unit: Thousand shares)	
	<u>Consolidated and separate financial statements</u>	
	<u>For the three-month periods ended 31 March</u>	
	<u>2010</u>	<u>2009</u>
Balance brought forward (net of treasury shares)	804,879	825,998
Less: Treasury shares	-	(6,768)
Weighted average number of ordinary shares	<u>804,879</u>	<u>819,230</u>

The warrants were excluded from the calculation of potential diluted ordinary shares for diluted earnings per share calculation for the three-month periods ended 31 March 2010 and 2009 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 periods ended 31 March 2010 and 2009 are as follows:

(Unit: Million Baht)

Consolidated financial statements for the three-month periods ended 31 March

	Domestic		Foreign		Eliminated		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue from external customers	3,143	2,054	782	582	-	-	3,925	2,636
Intersegment revenues	9	44	874	637	(883)	(681)	-	-
Total revenues	<u>3,152</u>	<u>2,098</u>	<u>1,656</u>	<u>1,219</u>	<u>(883)</u>	<u>(681)</u>	<u>3,925</u>	<u>2,636</u>
Segment income	544	283	156	82			700	365
Unallocated income and expenses:								
Other income							82	50
Gain (loss) on exchange							22	(7)
Selling expenses							(29)	(43)
Administrative expenses							(124)	(126)
Management's remuneration							(19)	(18)
Other expenses							(7)	(7)
Finance cost							(2)	(2)
Corporate income tax							(26)	(11)
Net income for the period							<u>597</u>	<u>201</u>

15. Dividend paid

During the three-month period ended 31 March 2010, a subsidiary had dividend payment as follows:

	Approved by	Total Dividends	Dividend per share
		Thousand Baht	Baht
Hana Semiconductor (Ayutthaya) Company Limited			
<u>For the year 2010</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 29 March 2010	300,000	2.50

16. Commitments and contingent liabilities

16.1 Capital commitments

As at 31 March 2010, the Company and its subsidiaries had capital commitments of approximately USD 8 million or equivalent to Baht 248 million, relating to the acquisition of machinery (the Company only: Baht 77 million).

16.2 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.

16.3 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.

16.4 Guarantees

As at 31 March 2010, 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 16.5), Baht 36 million to guarantee electricity use and Baht 1 million among others.

16.5 Tax assessment and litigation

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.

17. 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 31 March 2010 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 March 2010
	(Million)	(Million)	(Baht per 1 foreign currency unit)
China Yuan	311	66	4.7462
US Dollar	156	53	32.3733
Japan Yen	9	-	43.4116
Australia Dollar	2	-	29.6431
Singapore Dollar	2	-	23.1036
Pound Sterling	1	-	48.7961

(Unaudited but reviewed)

As at 31 March 2010, an overseas subsidiary company had outstanding forward exchange contracts, of which details are presented below.

<u>Sold amount</u>	<u>Maturity date</u>	<u>Contractual exchange rate for amount sold</u>
(Million USD)		(Baht per foreign currency unit)
10	22 July 2010	32.86
40	10 September 2010	32.43

In addition, this subsidiary company entered into the linked asset swap agreement with an overseas bank. The details of the swap agreement outstanding as at 31 March 2010 are as follows:

<u>Swap agreements</u>	<u>Notional amount</u>	<u>Maturity date</u>	<u>Yield to maturity</u>	<u>Fair value gain (loss)</u>
	(Million USD)		(Percent)	(Million Baht)
Credit default swap - quoted bonds	2	20 June 2013	1.43	(0.3)

18. Subsequent event

On 30 April 2010, the Annual General Meeting of the shareholders of the Company No. 17/2010 passed a resolution approving the dividend payment from the 2009 income to the Company's shareholders at Baht 1.40 per share or a total of approximately Baht 1,127 million. The dividend will be paid to the shareholders on 12 May 2010.

19. Reclassification

Certain amounts in the consolidated financial statements for the three-month period ended 31 March 2009 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: Baht)	
	<u>Consolidated financial statement</u>	
	<u>As</u>	<u>As previously</u>
	<u>reclassified</u>	<u>reported</u>
<u>Income statement</u>		
Administrative expenses	126,103	132,015
Management benefit expenses	17,889	11,977

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 May 2010.