

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month periods ended 31 March 2011 and 2010

Review report of Independent Auditor

To the Shareholders of Hana Microelectronics Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Hana Microelectronics Public Company Limited and its subsidiaries as at 31 March 2011, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-month periods ended 31 March 2011 and 2010, 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. 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 2010 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 1 March 2011. The consolidated and separate statements of financial position as at 31 December 2010, 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. In addition, as described in Note 1.4 and 1.5 to the financial statements, during the current period, the Company adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied them in its preparation and presentation of the interim financial statements. For the first-time adoption of TAS 19 Employee Benefits, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current period.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited
Bangkok: 13 May 2011

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of financial position

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2011 (Unaudited but reviewed)	31 December 2010 (Audited)	31 March 2011 (Unaudited but reviewed)	31 December 2010 (Audited)
Assets					
Current assets					
Cash and cash equivalents	3	3,498,489	2,974,544	850,923	662,729
Short-term investments	5	2,051,137	2,035,009	-	-
Trade accounts receivable					
Subsidiary companies	4, 6	-	-	20,626	18,433
Other companies - net	6	2,330,056	2,431,564	961,004	1,012,426
Trade accounts receivable - net		2,330,056	2,431,564	981,630	1,030,859
Inventories - net	7	2,582,513	2,555,008	658,453	615,977
Other current assets					
Advances		38,160	45,543	5,230	4,437
Input tax refundable		49,854	60,633	9,137	9,358
Income tax refundable		8,137	8,137	8,137	8,137
Others		130,032	128,827	28,241	12,203
Total other current assets		226,183	243,140	50,745	34,135
Total current assets		10,688,378	10,239,265	2,541,751	2,343,700
Non-current assets					
Investments in subsidiary companies	8	-	-	3,427,502	3,427,502
Other long-term investment		97	97	97	97
Property, plant and equipment - net	9	6,483,406	6,526,493	1,694,610	1,722,116
Intangible assets - net	10	16,794	17,569	4,584	4,739
Other non-current assets		2,074	20,511	1,329	1,329
Total non-current assets		6,502,371	6,564,670	5,128,122	5,155,783
Total assets		17,190,749	16,803,935	7,669,873	7,499,483

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	<u>Note</u> 31 March 2011 (Unaudited but reviewed)	31 December 2010 (Audited)	31 March 2011 (Unaudited but reviewed)	31 December 2010 (Audited)
Liabilities and shareholders' equity				
Current liabilities				
Trade accounts payable				
Subsidiary companies	4	-	17,380	13,050
Other companies		1,610,062	439,521	458,506
Total trade accounts payable		1,610,062	456,901	471,556
Corporate income tax payable		31,750	11,917	8,728
Short-term provisions				
Provision for loss on tax assessment	14.5	150,466	150,466	150,466
Provision for product warranty		190,180	-	-
Total short-term provisions		340,646	150,466	150,466
Other current liabilities				
Other accounts payable		216,338	48,920	46,925
Accrued expenses		199,225	38,262	26,291
Advances received from customers		167,967	-	10,041
Others		36,899	22,301	14,101
Total other current liabilities		620,429	109,483	97,358
Total current liabilities		2,602,887	728,767	728,108
Non-current liabilities				
Provision for long-term employee benefits	1.4	280,231	113,401	-
Total non-current liabilities		280,231	113,401	-
Total liabilities		2,883,118	842,168	728,108

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of financial position (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 2011</u> (Unaudited but reviewed)	<u>31 December 2010</u> (Audited)	<u>31 March 2011</u> (Unaudited but reviewed)	<u>31 December 2010</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
Retained earnings				
Appropriated - statutory reserve	320,218	320,218	100,000	100,000
Appropriated - reserve for treasury shares	11 262,987	262,987	262,987	262,987
Unappropriated	11,869,814	11,700,365	4,174,011	4,117,681
Other components of shareholders' equity	<u>(436,095)</u>	<u>(495,741)</u>	<u>-</u>	<u>-</u>
Equity attributable to owners of the Company	14,570,618	14,341,523	7,090,692	7,034,362
Treasury shares	11 <u>(262,987)</u>	<u>(262,987)</u>	<u>(262,987)</u>	<u>(262,987)</u>
Total shareholders' equity	<u>14,307,631</u>	<u>14,078,536</u>	<u>6,827,705</u>	<u>6,771,375</u>
Total liabilities and shareholders' equity	<u>17,190,749</u>	<u>16,803,935</u>	<u>7,669,873</u>	<u>7,499,483</u>

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

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Directors
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Hana Microelectronics Public Company Limited and its subsidiaries

Income statements

For the three-month periods ended 31 March 2011 and 2010

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

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Revenues					
Sales		3,819,467	3,924,907	1,335,761	1,616,385
Other income					
Interest income		36,721	22,079	2,423	1,719
Dividend income	8	-	-	-	175,000
Gain on exchange		50,486	22,044	15,027	-
Others		72,388	59,534	17,744	16,428
Total other income		159,595	103,657	35,194	193,147
Total revenues		3,979,062	4,028,564	1,370,955	1,809,532
Expenses					
Cost of sales		3,303,235	3,224,468	1,146,406	1,304,701
Selling expenses		20,618	29,529	5,510	5,619
Administrative expenses		182,836	142,803	41,668	28,405
Loss on exchange		-	-	-	9,659
Other expenses		6,464	6,890	-	-
Total expenses		3,513,153	3,403,690	1,193,584	1,348,384
Profit before finance cost and corporate income tax					
Finance cost		(1,838)	(1,913)	(590)	(516)
Profit before corporate income tax		464,071	622,961	176,781	460,632
Corporate income tax		(6,825)	(25,559)	(3,182)	(12,425)
Profit for the period		457,246	597,402	173,599	448,207
Profit attributable to:					
Equity holders of the Company		457,246	597,402	173,599	448,207
Earnings per share					
12					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		0.57	0.74	0.22	0.56

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of comprehensive income

For the three-month periods ended 31 March 2011 and 2010

(Unit: Thousand Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Profit for the period		<u>457,246</u>	<u>597,402</u>	<u>173,599</u>	<u>448,207</u>
Other comprehensive income:					
Gain on change in value of available-for-sale investments	5.2	13,474	22,056	-	-
Exchange differences on translation of financial statements in foreign currency		<u>46,172</u>	<u>(185,263)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period		<u>59,646</u>	<u>(163,207)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u><u>516,892</u></u>	<u><u>434,195</u></u>	<u><u>173,599</u></u>	<u><u>448,207</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u><u>516,892</u></u>	<u><u>434,195</u></u>	<u><u>173,599</u></u>	<u><u>448,207</u></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 three-month periods ended 31 March 2011 and 2010

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash flows from operating activities				
Profit before tax	464,071	622,961	176,781	460,632
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	295,811	268,794	73,208	65,603
Amortisation	1,398	765	155	121
Allowance for doubtful accounts (reversal)	1,029	(4,693)	-	-
Allowance for diminution in inventory value (reversal)	59,756	(18,720)	37,742	(14,246)
Gain on sales of short-term investments	(2,178)	-	-	-
Revaluation gain on investments in securities held for trading	(506)	(2,520)	-	-
Dividend income from subsidiary company	-	-	-	(175,000)
Loss (gain) on disposals of equipment	157	1,404	(1,716)	717
Provision for product warranty	6,464	6,890	-	-
Provision for employee benefits	10,398	-	3,954	-
Unrealised loss on exchange	7,043	9,438	8,450	11,102
Unrealised gain on forward contracts	(826)	(1,592)	-	-
Unrealised loss on swap contracts	169	284	-	-
Interest income from short-term investments	(26,235)	(13,608)	-	-
Interest expenses	-	18	-	-
Income from operating activities before changes in operating assets and liabilities	816,551	869,421	298,574	348,929
Operating assets (increase) decrease				
Trade accounts receivable	94,370	(180,905)	37,483	(105,385)
Inventories	(87,261)	(135,696)	(80,218)	(19,895)
Other current assets	44,278	(16,352)	(16,410)	(3,174)
Other non-current assets	5,467	24	-	-
Operating liabilities increase (decrease)				
Trade accounts payable	(85,446)	(47,885)	(11,352)	1,815
Accrued expenses	22,633	39,221	11,971	26,328
Advances received from customers	(1,036)	29,106	(10,041)	5,956
Other current liabilities	997	(17,812)	377	(367)
Cash from operating activities	810,553	539,122	230,384	254,207
Cash paid for corporate income tax	(648)	(1,037)	(199)	(185)
Net cash from operating activities	809,905	538,085	230,185	254,022

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 2011 and 2010

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash flows from investing activities				
Increase in short-term investments	(32,502)	(110,718)	-	-
Proceeds from sales of short-term investments	32,531	-	-	-
Interest income from short-term investments	-	13,608	-	-
Acquisitions of property, plant and equipment	(352,984)	(369,878)	(49,692)	(43,966)
Proceeds from disposals of equipment	8,476	8,812	7,701	-
Increase in intangible assets	(623)	(267)	-	(250)
Decrease (increase) in other non-current assets	12,970	8,687	-	(5,730)
Net cash used in investing activities	(332,132)	(449,756)	(41,991)	(49,946)
Cash flows from financing activities				
Decrease in short-term loan from financial institution	-	(1,983)	-	-
Cash paid for interest expenses	-	(18)	-	-
Net cash used in financing activities	-	(2,001)	-	-
Increase in cash and cash equivalents	477,773	86,328	188,194	204,076
Translation adjustment	46,172	(185,263)	-	-
Net increase (decrease) in cash and cash equivalents	523,945	(98,935)	188,194	204,076
Cash and cash equivalents at beginning of period	2,974,544	4,272,065	662,729	902,743
Cash and cash equivalents at end of period (Note 3)	3,498,489	4,173,130	850,923	1,106,819
	-	-	-	-
Supplemental cash flow information				
Non-cash related transactions from investing activities				
Net increase (decrease) in accounts payable				
for purchase of plant and equipment	(91,627)	(91,620)	1,995	(1,953)
Revaluation surplus on changes in fair value of				
available-for-sale investments	13,473	22,056	-	-
Dividend receivable from subsidiary	-	-	-	175,000
Interest receivable from short-term investments	26,235	-	-	-

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 2011 and 2010

(Unit: Thousand Baht)

Consolidated financial statements													
						Other components of shareholders' equity							
						Other comprehensive income							
						Surplus							
Retained earnings						on change in		Exchange differences		Total other		Total equity	
Appropriated						fair value of		on translation of		components of		attributable to	
Reserve for						available-for-sale		financial statements		shareholders'		shareholders of	
Treasury shares						investments		in foreign currency		equity		the Company	
Unappropriated						in foreign currency		equity		Treasury		Total	
Issued						on change in		Exchange differences		Total other		Total equity	
and paid up						fair value of		on translation of		components of		attributable to	
Share						available-for-sale		financial statements		shareholders'		shareholders of	
Statutory reserve						investments		in foreign currency		equity		the Company	
treasury shares						in foreign currency		equity		Treasury		Total	
Unappropriated						in foreign currency		equity		Treasury		Total	
Note	share capital	premium	Statutory reserve	treasury shares	Unappropriated	investments	in foreign currency	equity	the Company	Treasury	Total	shareholders'	equity
	830,475	1,723,219	320,218	262,987	10,077,775	68,996	(14,397)	54,599	13,269,273	(262,987)	13,006,286		
	-	-	-	-	597,402	22,056	(185,263)	(163,207)	434,195	-	434,195		
	830,475	1,723,219	320,218	262,987	10,675,177	91,052	(199,660)	(108,608)	13,703,468	(262,987)	13,440,481		
	830,475	1,723,219	320,218	262,987	11,700,365	103,873	(599,614)	(495,741)	14,341,523	(262,987)	14,078,536		
	-	-	-	-	(287,797)	-	-	-	(287,797)	-	(287,797)		
	-	-	-	-	457,246	13,474	46,172	59,646	516,892	-	516,892		
	830,475	1,723,219	320,218	262,987	11,869,814	117,347	(553,442)	(436,095)	14,570,618	(262,987)	14,307,631		

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 2011 and 2010

(Unit: Thousand Baht)

		Separate financial statements						
				Retained earnings				
		Issued	Share	Appropriated		Treasury	Total	
	Note	and paid up share capital	premium	Statutory reserve	Reserve for treasury shares	Unappropriated	shares	
Balance as at 31 December 2009		830,475	1,723,219	100,000	262,987	3,962,787	(262,987)	6,616,481
Total comprehensive 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>
Balance as at 31 December 2010		830,475	1,723,219	100,000	262,987	4,117,681	(262,987)	6,771,375
Cumulative effect of changes in accounting policy								
for employee benefits	1.4	-	-	-	-	(117,269)	-	(117,269)
Total comprehensive income for the period		-	-	-	-	173,599	-	173,599
Balance as at 31 March 2011		<u>830,475</u>	<u>1,723,219</u>	<u>100,000</u>	<u>262,987</u>	<u>4,174,011</u>	<u>(262,987)</u>	<u>6,827,705</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 2011 and 2010

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 is principally engaged in the manufacture and sales 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 2009) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive 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 interim financial statements in English language have been translated from the Thai language interim 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 2010. There are no changes in the group structure during the current period.

1.4 Application of new accounting standards during the period

During the current period, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Employee benefits

Post-employment benefits (Defined contribution plans)

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current period.

2. New accounting standards issued during the period not yet effective

During the current period, the Federation of Accounting Professions issued the below listed new accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting Standard Interpretations:

- SIC 10 Government Assistance - No Specific Relation to Operating Activities
- SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets
- SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

3. Cash and cash equivalents

Cash and cash equivalents as reflected in the cash flow statements for the three-month periods ended 31 March 2011 and 2010 consist of the following:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Cash in hand and at banks	1,415,926	2,817,171	300,923	266,819
Bills of exchange	850,000	1,340,000	550,000	840,000
Fixed deposits with maturity not over 3 months	1,232,563	15,959	-	-
Cash and cash equivalents	<u>3,498,489</u>	<u>4,173,130</u>	<u>850,923</u>	<u>1,106,819</u>

4. 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		Pricing policy
	financial statements		
	For the three-month		
	periods ended 31 March		
	<u>2011</u>	<u>2010</u>	
Transactions with subsidiaries (eliminated from the consolidation)			
Sales	4	3	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	21	22	Cost plus mark up
Service fee expenses	-	1	Rates stipulated in the agreement

The balances of the accounts as at 31 March 2011 and 31 December 2010 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	Separate financial statements	
	31 March 2011	31 December 2010
Trade accounts receivable - subsidiary companies		
Hana Microdisplay Technologies, Inc.	11,439	15,834
Omac Sales Limited	6,629	1,450
Hana Semiconductor (Ayutthaya) Company Limited	1,438	-
Hana Semiconductor (BKK) Company Limited	1,120	1,149
Total trade accounts receivable - subsidiary companies	20,626	18,433
Trade accounts payable - subsidiary companies		
Omac Sales Limited	11,884	8,244
Hana Microdisplay Technologies, Inc.	2,945	2,169
Hana Semiconductor (Ayutthaya) Company Limited	1,052	1,369
Hana Microelectronics, Inc.	634	624
Hana Semiconductor International Limited	579	576
Hana Microelectronics Investments Company Limited	286	68
Total trade accounts payable - subsidiary companies	17,380	13,050

Directors' and management's remuneration

During the three-month periods ended 31 March 2011 and 2010, the Company and its subsidiaries had salaries, bonuses, meeting allowances and other benefits of their directors and management recognised as expenses totaling Baht 17.1 million and Baht 19.3 million, respectively (the Company only: Baht 1.7 million and Baht 1.4 million, respectively).

5. Short-term investments

(Unit: Thousand Baht)

		Consolidated financial statements			
		31 March 2011		31 December 2010	
		Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Securities held for trading					
	Overseas marketable equity securities	30,297	34,429	30,154	33,274
	Domestic marketable equity securities	37,530	127,867	37,353	128,196
	Total	67,827	162,296	67,507	161,470
	Add: Revaluation surplus on changes in value of investments	94,469	-	93,963	-
	Securities held for trading	162,296	162,296	161,470	161,470
Available-for-sale securities					
	Overseas marketable corporate bonds	921,010	967,600	901,608	932,940
	Quoted bonds	850,485	921,241	868,058	940,599
	Total	1,771,495	1,888,841	1,769,666	1,873,539
	Add: Revaluation surplus on changes in value of investments	117,346	-	103,873	-
	Available-for-sale securities	1,888,841	1,888,841	1,873,539	1,873,539
	Total short-term investments	2,051,137	2,051,137	2,035,009	2,035,009

5.1 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 period, there were no additions or disposals of the investments.

As at 31 March 2011, the subsidiary had assessed the fair value of the equity securities for mutual fund and the remaining shares by referring to latest bid price as quoted on the Stock Exchanges, in which the fair value had increased by USD 0.004 million or equivalent to approximately Baht 0.1 million (2010: increased by HKD 0.9 million or equivalent to approximately Baht 2.5 million). The changes in the fair value of these investments were recognised in the income statements.

5.2 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, the subsidiary did not invest in both listed corporate bonds and quoted bonds but sold some of the quoted bonds, resulting in gain of USD 0.07 million or equivalent to approximately Baht 2.2 million.

As at 31 March 2011, 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 USD 0.4 million or equivalent to approximately Baht 13.5 million (2010: increased by HKD 5.8 million or equivalent to approximately Baht 22.1 million). The change in the fair value of such bonds are shown as a separate item in the statements of comprehensive income.

6. Trade accounts receivable

The balances of trade accounts receivable as at 31 March 2011 and 31 December 2010, aged on the basis of due dates, are summarised below.

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
<u>Age of receivable</u>				
<u>Accounts receivable - subsidiary companies</u>				
Not yet due	-	-	4,386	2,054
Past due				
Up to 3 months	-	-	9,430	8,238
3 - 6 months	-	-	6,188	3,630
6 - 12 months	-	-	337	4,030
Over 12 months	-	-	285	481
Total accounts receivable - subsidiary companies	-	-	20,626	18,433
<u>Accounts receivable - other companies</u>				
Not yet due	1,945,625	1,909,840	884,636	858,884
Past due				
Up to 3 months	366,387	513,225	73,061	152,470
3 - 6 months	19,371	8,957	3,307	1,072
6 - 12 months	1,578	2,782	-	-
Over 12 months	1,364	-	-	-
Total accounts receivable - other companies	2,334,325	2,434,804	961,004	1,012,426
Less: Allowance for doubtful accounts	(4,269)	(3,240)	-	-
Total trade accounts receivable - other companies - net	2,330,056	2,431,564	961,004	1,012,426
Total trade accounts receivable - net	<u>2,330,056</u>	<u>2,431,564</u>	<u>981,630</u>	<u>1,030,859</u>

7. Allowance for diminution in inventory value

Movements in the allowance for diminution in inventory value account during the three-month period ended 31 March 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2010	206,071	176,815
Allowance made during the period	71,879	49,865
Write-off obsolete and damaged inventories during the period	(12,123)	(12,123)
Balance as at 31 March 2011	265,827	214,557

8. Investments in subsidiary companies

Company's name	(Unit: Thousand Baht)							
	Separate financial statements							Dividend received for the three-month periods ended 31 March
	Paid up capital		Shareholding percentage		Cost			
	31 March 2011	31 December 2010	31 March 2011	31 December 2010	31 March 2011	31 December 2010		
		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					<u>3,427,502</u>	<u>3,427,502</u>	<u>-</u>	<u>175,000</u>

9. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2011	6,526,493	1,722,116
Acquisitions during the period - at cost	235,204	51,687
Disposals during the period - net book value at disposal date	(8,633)	(5,985)
Depreciation for the period	(295,811)	(73,208)
Translation adjustment	26,153	-
Net book value as at 31 March 2011	<u>6,483,406</u>	<u>1,694,610</u>

10. Intangible assets

Movements in the intangible asset account, which represents computer software, during the three-month period ended 31 March 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2011	17,569	4,739
Additions during the period - at cost	587	-
Amortisation during the period	(1,398)	(155)
Translation adjustment	36	-
Net book value as at 31 March 2011	<u>16,794</u>	<u>4,584</u>

11. Treasury shares

As at 31 March 2011 and 31 December 2010, details of treasury shares are as follows:

	Consolidated and separate financial statements	
	31 March 2011	31 December 2010
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 shares in issue	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 of shares 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 2011, the Company has set aside approximately Baht 262.99 million as reserve for treasury shares (31 December 2010: Baht 262.99 million).

12. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) 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 profit for the period attributable to equity holders of the Company (excluding other comprehensive income) 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.

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Profit for the period (Thousand Baht)	457,246	597,402	173,599	448,207
Number of weighted average ordinary shares (Thousand shares)	804,879	804,879	804,879	804,879
Basic earnings per share (Baht per share)	0.57	0.74	0.22	0.56

Warrants

The Company had in 2006 issued warrants to the Company's employees and directors, as detailed below.

Number of 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

The warrants were excluded from the calculation of potential diluted ordinary shares for diluted earnings per share calculation for the three-month period ended 31 March 2010 since their exercise price exceeded the weighted average fair value of the ordinary shares of the Company.

However, no warrants were exercised until the exercise period ended on 31 July 2010.

13. 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 2011 and 2010 are as follows:

(Unit: Million Baht)

Consolidated financial statements for the three-month periods ended 31 March								
	Domestic		Foreign		Eliminated		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenue from external customers	2,804	3,143	1,015	782	-	-	3,819	3,925
Intersegment revenues	10	9	1,142	874	(1,152)	(883)	-	-
Total revenues	<u>2,814</u>	<u>3,152</u>	<u>2,157</u>	<u>1,656</u>	<u>(1,152)</u>	<u>(883)</u>	<u>3,819</u>	<u>3,925</u>
Segment income	354	544	162	156			516	700
Unallocated income and expenses:								
Other income							109	82
Gain on exchange							51	22
Selling expenses							(21)	(29)
Administrative expenses							(183)	(143)
Other expenses							(6)	(7)
Finance cost							(2)	(2)
Corporate income tax							(7)	(26)
Profit for the period							<u>457</u>	<u>597</u>

14. Commitments and contingent liabilities

14.1 Capital commitments

As at 31 March 2011, the Company and its subsidiaries had capital commitments of approximately USD 4 million or equivalent to Baht 107 million, relating to construction of new plant and acquisitions of machinery (the Company only: Baht 32 million).

14.2 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.

14.3 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.

14.4 Guarantees

As at 31 March 2011, there were outstanding bank guarantees of approximately Baht 191 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 made by the Revenue Department (as described in Note 14.5), Baht 46 million to guarantee electricity use and Baht 1 million among others.

14.5 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.

15. 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 manage such 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 2011 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 March 2011
	(Million)	(Million)	(Baht per 1 foreign currency unit)
China Yuan	264	74	4.6322
US Dollar	155	53	30.2967
Indian rupee	45	-	0.6707
Japanese Yen	35	75	0.3657
Euro	9	-	42.8572
Australia Dollar	2	-	31.3024
Singapore Dollar	2	-	24.0304
Brazilian Real	2	-	18.5268
Pound Sterling	1	-	48.7976
Hong Kong Dollar	1	1	3.8918

As at 31 March 2011, 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 USD)
10	22 April 2011	29.73
40	10 June 2011	30.47
10	2 August 2011	30.79
(Million Euro)		(USD per Euro)
5	16 May 2011	1.36

In addition, this subsidiary company entered into the linked asset swap agreement with an overseas bank to hedge one of its bond holding. The details of the swap agreement outstanding as at 31 March 2011 are as follows:

Swap agreements	Notional amount	Maturity date	Yield to maturity	Fair value (loss)
	(Million USD)		(Percent)	(Million Baht)
Credit default swap - quoted bonds	2	20 June 2013	1.43	(0.17)

16. Subsequent events

The Company

On 29 April 2011, the Annual General Meeting of the shareholders of the Company No. 18/2011 passed a resolution approving the dividend payment from the 2010 income to the Company's shareholders at Baht 1.55 per share or a total of approximately Baht 1,248 million. The dividends were paid to the shareholders on 12 May 2011.

The subsidiary company

On 20 April 2011, the Extraordinary General Meeting of the shareholders No. 1/2011 of Hana Semiconductor (Ayutthaya) Company Limited, a subsidiary company, passed a resolution approving the dividend payment from the 2010 income to its shareholders at Baht 1 per share or a total of approximately Baht 120 million. The dividends were paid to the shareholders on 28 April 2011, in which the Company received dividend amounting to Baht 70 million.

17. Reclassification

Certain amounts in the income statements for the three-month period ended 31 March 2010 have been reclassified to conform to the current period's classification but with no effect to previously reported profit or shareholders' equity. The reclassifications are as follows:

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statement	
	As reclassified	As previously reported	As reclassified	As previously reported
Income statements				
Administrative expenses	142,803	123,538	28,405	26,962
Management benefit expenses	-	19,265	-	1,443

18. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 May 2011.