

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month periods ended
31 March 2012 and 2011

Independent Auditor's Report on Review of Interim Financial Information

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 2012, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-month periods ended 31 March 2012 and 2011, as well as the condensed notes to the consolidated financial statements, and have also reviewed the separate financial information of Hana Microelectronics Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my reviews.

Scope of review

I conducted my reviews in accordance with Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Accounting Standard 34 Interim Financial Reporting.

Statements of financial position as at 31 December 2011 for comparative purposes

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 2011 in accordance with auditing standards, and based on my audit and the report of the other auditor, expressed an unqualified opinion and drew attention to the adoption of new accounting standards on those statements under my report dated 28 February 2012. The consolidated and separate statements of financial position as at 31 December 2011, as presented herein for comparative purposes, formed an integral part of those financial statements. I have not performed any other audit procedures subsequent to the date of the above report.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited
Bangkok: 14 May 2012

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 2012	31 December 2011	31 March 2012	31 December 2011
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	3,905,562	3,824,147	685,253	520,425
Short-term investments	5	1,954,025	2,014,320	-	-
Trade and other receivables	4, 6	2,926,850	2,568,516	1,324,433	1,275,015
Insurance claim receivable		-	300,000	-	-
Inventories	7	2,499,373	2,646,579	877,495	993,410
Other current assets		142,411	154,071	52,949	58,846
Total current assets		11,428,221	11,507,633	2,940,130	2,847,696
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	9	6,541,648	6,372,590	1,689,067	1,630,984
Intangible assets		13,755	14,541	4,589	4,756
Other non-current assets		21,263	16,851	1,329	1,329
Total non-current assets		6,576,763	6,404,079	5,122,584	5,064,668
Total assets		18,004,984	17,911,712	8,062,714	7,912,364

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)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2012	31 December 2011	31 March 2012	31 December 2011
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institution	10	54,949	38,821	-	-
Trade and other payables	4, 11	2,418,453	2,506,443	908,760	1,004,751
Short-term provisions	15.5	369,508	368,474	150,466	150,466
Corporate income tax payable		30,226	15,155	12,358	5,450
Other current liabilities		72,752	65,341	24,703	23,278
Total current liabilities		2,945,888	2,994,234	1,096,287	1,183,945
Non-current liabilities					
Provision for long-term employee benefits		365,384	352,899	160,445	154,851
Total non-current liabilities		365,384	352,899	160,445	154,851
Total liabilities		3,311,272	3,347,133	1,256,732	1,338,796
Shareholders' equity					
Share capital					
Registered					
974,403,900 ordinary shares of Baht 1 each					
(31 December 2011: 1,000,000,000 ordinary shares of Baht 1 each)					
	12	974,404	1,000,000	974,404	1,000,000
Issued and fully paid-up					
804,878,860 ordinary shares of Baht 1 each					
(31 December 2011: 830,474,960 ordinary shares of Baht 1 each)					
	12	804,879	830,475	804,879	830,475
Share premium		1,723,219	1,723,219	1,723,219	1,723,219
Retained earnings					
Appropriated - statutory reserve					
		352,497	320,218	100,000	100,000
Appropriated - reserve for treasury shares					
	12	-	262,987	-	262,987
Unappropriated					
		12,051,472	11,783,074	4,177,884	3,919,874
Other components of shareholders' equity		(238,355)	(92,407)	-	-
Equity attributable to owners of the Company		14,693,712	14,827,566	6,805,982	6,836,555
Treasury shares	12	-	(262,987)	-	(262,987)
Total shareholders' equity		14,693,712	14,564,579	6,805,982	6,573,568
Total liabilities and shareholders' equity		18,004,984	17,911,712	8,062,714	7,912,364
		-	-	-	-

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 three-month periods ended 31 March 2012 and 2011

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

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Revenues					
Sales		3,987,617	3,819,467	1,857,004	1,335,761
Interest income		43,235	36,721	2,154	2,423
Gain on exchange		89,620	50,486	-	15,027
Others income		115,408	72,388	18,375	17,744
Total revenues		4,235,880	3,979,062	1,877,533	1,370,955
Expenses					
Cost of sales		3,640,796	3,303,235	1,584,736	1,146,406
Selling expenses		34,493	20,618	6,611	5,510
Administrative expenses		259,536	182,836	44,703	41,668
Loss on exchange		-	-	1,492	-
Other expenses		6,342	6,464	-	-
Total expenses		3,941,167	3,513,153	1,637,542	1,193,584
Profit before finance cost and corporate income tax					
Finance cost		(1,789)	(1,838)	(567)	(590)
Profit before corporate income tax		292,924	464,071	239,424	176,781
Corporate income tax		(17,843)	(6,825)	(7,010)	(3,182)
Profit for the period		275,081	457,246	232,414	173,599
Profit attributable to:					
Equity holders of the Company		275,081	457,246	232,414	173,599
Earnings per share					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)	13	0.34	0.57	0.29	0.22

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 2012 and 2011

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Profit for the period		<u>275,081</u>	<u>457,246</u>	<u>232,414</u>	<u>173,599</u>
Other comprehensive income:					
Gain on change in value of available-for-sale investments	5.2	47,319	13,474	-	-
Exchange differences on translation of financial statements in foreign currency		<u>(193,267)</u>	<u>46,172</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period		<u>(145,948)</u>	<u>59,646</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u><u>129,133</u></u>	<u><u>516,892</u></u>	<u><u>232,414</u></u>	<u><u>173,599</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u><u>129,133</u></u>	<u><u>516,892</u></u>	<u><u>232,414</u></u>	<u><u>173,599</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 2012 and 2011

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash flows from operating activities				
Profit before tax	292,924	464,071	239,424	176,781
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	290,828	295,811	71,550	73,208
Amortisation	801	1,398	167	155
Allowance for doubtful accounts (reversal)	(6,085)	1,029	-	-
Reduction of inventories to net realisable value	30,249	59,756	33,172	37,742
Loss (gain) on disposals of equipment	(6,683)	157	39	(1,716)
Provision for product warranty	6,342	6,464	-	-
Provision for long-term employee benefits	12,485	10,398	5,594	3,954
Gain on sales of short-term investments	(9,167)	(2,178)	-	-
Revaluation gain on investments in securities held for trading	(3,962)	(506)	-	-
Unrealised loss on exchange	6,916	7,043	11,008	8,450
Unrealised gain on forward contracts	(23,169)	(826)	-	-
Unrealised loss on swap contract	228	169	-	-
Interest income from short-term investments	(28,151)	(26,235)	-	-
Interest expenses	87	-	-	-
Profit from operating activities before changes in operating assets and liabilities	563,643	816,551	360,954	298,574
Operating assets (increase) decrease				
Trade and other receivables	(364,292)	97,076	(70,699)	36,631
Insurance claim receivable	300,000	-	-	-
Inventories	116,957	(87,261)	82,743	(80,218)
Other current assets	35,509	41,572	5,877	(15,558)
Other non-current assets	8,693	5,467	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(153,930)	(63,849)	(82,966)	(9,422)
Other current liabilities	7,184	997	1,425	377
Cash from operating activities	513,764	810,553	297,334	230,384
Cash paid for corporate income tax	(2,859)	(648)	(102)	(199)
Net cash from operating activities	510,905	809,905	297,232	230,185

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 2012 and 2011

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash flows from investing activities				
Increase in short-term investments	(153,473)	(32,502)	-	-
Interest income from short-term investments	26,928	-	-	-
Proceeds from sales of short-term investments	274,217	32,531	-	-
Acquisitions of property, plant and equipment	(433,590)	(352,984)	(132,815)	(49,692)
Proceeds from disposals of equipment	46,774	8,476	411	7,701
Increase in intangible assets	(15)	(623)	-	-
Decrease (increase) in other non-current assets	(13,105)	12,970	-	-
Net cash used in investing activities	(252,264)	(332,132)	(132,404)	(41,991)
Cash flows from financing activities				
Increase in short-term loans from financial institution	16,128	-	-	-
Cash paid for interest expenses	(87)	-	-	-
Net cash used in financing activities	16,041	-	-	-
Increase in cash and cash equivalents	274,682	477,773	164,828	188,194
Translation adjustment	(193,267)	46,172	-	-
Net increase in cash and cash equivalents	81,415	523,945	164,828	188,194
Cash and cash equivalents at beginning of period	3,824,147	2,974,544	520,425	662,729
Cash and cash equivalents at end of period (Note 3)	3,905,562	3,498,489	685,253	850,923
	-	-	-	-
Supplemental cash flow information				
Non-cash related transactions from investing activities				
Net increase (decrease) in accounts payable				
for purchase of plant and equipment	66,387	(91,627)	(2,732)	1,995
Revaluation surplus on changes in fair value of				
available-for-sale investments	47,319	13,473	-	-

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 2012 and 2011

(Unit: Thousand Baht)

		Separate financial statements							
		Issued and paid up share capital	Share premium	Retained earnings		Unappropriated	Total equity attributable to owners of the Company	Treasury shares	Total
				Appropriated					
Note				Statutory reserve	Reserve for treasury shares				
	Balance as at 31 December 2010	830,475	1,723,219	100,000	262,987	4,117,681	7,034,362	(262,987)	6,771,375
	Cumulative effect of changes in accounting policy								
	for employee benefits	-	-	-	-	(117,269)	(117,269)	-	(117,269)
	Total comprehensive income for the period	-	-	-	-	173,599	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>7,090,692</u>	<u>(262,987)</u>	<u>6,827,705</u>
	Balance as at 31 December 2011	830,475	1,723,219	100,000	262,987	3,919,874	6,836,555	(262,987)	6,573,568
	Total comprehensive income for the period	-	-	-	-	232,414	232,414	-	232,414
	Write-off treasury shares	12 (25,596)	-	-	(262,987)	25,596	(262,987)	262,987	-
	Balance as at 31 March 2012	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>-</u>	<u>4,177,884</u>	<u>6,805,982</u>	<u>-</u>	<u>6,805,982</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 2012 and 2011

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 2011. There are no changes in the group structure during the current period.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2011.

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

During the current period, the Federation of Accounting Professions issued the financial reporting standard TFRS 8: Operating Segments, which is effective for fiscal years beginning on or after 1 January 2013.

The Company's management believes that this financial reporting standard will not have any significant impact on the financial statements when it is initially applied.

3. Cash and cash equivalents

Cash and cash equivalents as reflected in the cash flow statements for the three-month periods ended 31 March 2012 and 2011 consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash and deposits at banks	1,716,047	1,415,926	285,253	300,923
Bills of exchange	720,000	850,000	400,000	550,000
Fixed deposits with maturity not over 3 months	1,469,515	1,232,563	-	-
Cash and cash equivalents	<u>3,905,562</u>	<u>3,498,489</u>	<u>685,253</u>	<u>850,923</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 financial statements		Pricing policies
	For the three-month periods ended 31 March		
	<u>2012</u>	<u>2011</u>	
Transactions with subsidiaries (eliminated from the consolidation)			
Sales	4	4	Prices agreed between the parties due to the uniqueness of products sold to each customer
Rental income	2	3	Contract price
Purchase of materials	104	21	Cost plus margin
Purchase of fixed assets	46	-	Cost plus margin
Service fee expenses	2	-	Rates stipulated in the agreement

(Unaudited but reviewed)

The balances of the accounts as at 31 March 2012 and 31 December 2011 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Separate financial statements	
	31 March	31 December
	2012	2011
Trade accounts receivable - subsidiary companies (Note 6)		
Hana Microdisplay Technologies, Inc.	15,084	11,642
Hana Semiconductor (Ayutthaya) Company Limited	5,552	352
Omac Sales Limited	415	108
Hana Microelectronics Investments Company Limited	148	-
Hana Semiconductor (BKK) Company Limited	112	107
Hana Semiconductor International Limited	76	78
Total trade accounts receivable - subsidiary companies	21,387	12,287
Trade accounts payable - subsidiary companies (Note 11)		
Hana Semiconductor (Ayutthaya) Company Limited	85,885	36,863
Omac Sales Limited	83,295	49,990
Hana Semiconductor International Limited	4,516	4,540
Hana Microdisplay Technologies, Inc.	1,614	1,069
Hana Microelectronics, Inc.	436	1,651
Hana Microelectronics Investments Company Limited	-	32
Total trade accounts payable - subsidiary companies	175,746	94,145

Directors' and management's remuneration

During the three-month periods ended 31 March 2012 and 2011, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Short-term employee benefits	17.4	17.1	2.6	1.7
Post-employment benefits	0.1	-	0.1	-
Total	17.5	17.1	2.7	1.7

5. Short-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 March 2012		31 December 2011	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Securities held for trading				
Overseas marketable equity securities	92,530	97,374	95,074	95,956
Add: Revaluation surplus on changes in value of investments	4,844	-	882	-
Investments in securities held for trading	<u>97,374</u>	<u>97,374</u>	<u>95,956</u>	<u>95,956</u>
Available-for-sale securities				
Overseas marketable corporate bonds	848,369	933,874	1,000,449	1,046,768
Quoted bonds	<u>887,039</u>	<u>916,593</u>	<u>843,831</u>	<u>865,252</u>
Total	1,735,408	1,850,467	1,844,280	1,912,020
Add: Revaluation surplus on changes in value of investments	115,059	-	67,740	-
Investments in available-for-sale securities	<u>1,850,467</u>	<u>1,850,467</u>	<u>1,912,020</u>	<u>1,912,020</u>
Fixed deposit with financial institution				
Fixed deposit within 1 year	<u>6,184</u>	<u>6,184</u>	<u>6,344</u>	<u>6,344</u>
Investment in fixed deposit with financial institution	<u>6,184</u>	<u>6,184</u>	<u>6,344</u>	<u>6,344</u>
Total short-term investments	<u><u>1,954,025</u></u>	<u><u>1,954,025</u></u>	<u><u>2,014,320</u></u>	<u><u>2,014,320</u></u>

5.1 Securities held for trading

Since the third quarter of 2008, Hana Microelectronics International Company Limited, an overseas subsidiary company, has invested in mutual fund of a company listed on the Stock Exchange of Cayman Island and bond investment trust of an overseas bank. These investments are held for trading purpose.

As at 31 March 2012, the subsidiary had assessed the fair value of the equity securities for mutual fund and the bond investment trust from an overseas bank by referring to the latest bid price as quoted on the Stock Exchanges, in which the fair value had increased by USD 0.1 million or equivalent to approximately Baht 4.0 million (2011: increased by USD 0.004 million or equivalent to approximately Baht 0.1 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 has 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 three-month period ended 31 March 2012, the subsidiary additionally invested in an overseas listed corporate bonds and quoted bond and disposed some of the bonds, resulting in gain of USD 0.3 million or equivalent to approximately Baht 9.2 million.

As at 31 March 2012, 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 1.6 million or equivalent to approximately Baht 47.3 million (2011: increased by USD 0.4 million or equivalent to approximately Baht 13.5 million). The change in the fair value of such bonds are shown as a separate item in the statements of comprehensive income.

As at 31 March 2012, part of short-term investments were used as security for short-term loans from financial institution as discussed in Note 10.

(Unaudited but reviewed)

6. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2012	2011	2012	2011
Age of receivable				
Trade receivables - subsidiary companies				
Not yet due	-	-	4,763	1,691
Past due				
Up to 3 months	-	-	6,312	4,140
3 - 6 months	-	-	4,028	2,387
6 - 12 months	-	-	4,239	3,107
Over 12 months	-	-	2,045	962
Total trade receivables - subsidiary companies	-	-	21,387	12,287
Age of receivable				
Trade receivables - unrelated companies				
Not yet due	2,377,743	2,090,226	1,184,096	1,138,627
Past due				
Up to 3 months	400,683	354,943	110,586	105,460
3 - 6 months	23,726	20,670	1,639	929
6 - 12 months	11,935	7,236	659	34
Over 12 months	2,098	5,380	118	-
Total trade receivables - unrelated companies	2,816,185	2,478,455	1,297,098	1,245,050
Less: Allowance for doubtful accounts	(5,104)	(11,189)	-	-
Total trade receivables - unrelated companies - net	2,811,081	2,467,266	1,297,098	1,245,050
Total trade receivables - net	2,811,081	2,467,266	1,318,485	1,257,337
Other receivables	115,769	101,250	5,948	17,678
Trade and other receivables - net	2,926,850	2,568,516	1,324,433	1,275,015

7. Reduction of inventories to net realisable value

Movements in the adjustment to reduce inventories to net realisable value during the three-month period ended 31 March 2012 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2011	349,397	176,021
Reduction of inventory value during the period	50,655	53,577
Write-off obsolete and damaged inventories during the period	(20,405)	(20,405)
Translation adjustment	(1)	-
Balance as at 31 March 2012	379,646	209,193

8. Investments in subsidiary companies

Company's name	Separate financial statements					
	Paid up capital		Shareholding percentage		Cost	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011	31 March 2012	31 December 2011
			Percent	Percent		
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910
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

(Unaudited but reviewed)

9. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2011	6,372,590	1,630,984
Acquisitions during the period - at cost	550,206	130,083
Disposals during the period - net book value at disposal date	(40,091)	(450)
Depreciation for the period	(290,828)	(71,550)
Translation adjustment	(50,229)	-
Net book value as at 31 March 2012	<u>6,541,648</u>	<u>1,689,067</u>

10. Short-term loans from financial institution

The balances of short-term loans from financial institution of an overseas subsidiary as at 31 March 2012 and 31 December 2011 are summarised below.

(Unit: Million)

	31 March 2012			31 December 2011		
	Pound Sterling	Euro	USD	Pound Sterling	Euro	USD
Principal loan balance	0.52	0.44	0.37	0.74	0.38	-
Interest rate per annum (percent)	0.88	0.58	0.47	0.88	1.27	-

These loans are secured by the pledge of the short-term investments held under the accounts of the lender by the subsidiary company.

11. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
Trade payables - related parties	-	-	175,746	94,145
Trade payables - unrelated parties	1,767,705	1,916,228	603,328	812,933
Advance received from customers	184,050	164,050	49,267	30,094
Other payables for purchase of machineries	240,859	174,472	35,662	38,394
Accrued expenses	225,839	251,693	44,757	29,185
Total trade and other payables	<u>2,418,453</u>	<u>2,506,443</u>	<u>908,760</u>	<u>1,004,751</u>

12. Treasury shares

As at 31 March 2012 and 31 December 2011, details of treasury shares are as follows:

	Consolidated and separate financial statements	
	31 March 2012	31 December 2011
Cost of treasury shares (Thousand Baht)	-	262,987
Number of treasury shares (Thousand shares)	-	25,596
Average price per share (Baht)	-	10.27
Percentage of treasury shares to the Company's shares in issue	-	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 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 more than 83 million shares, 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 December 2011, the Company set aside approximately Baht 262.99 million as reserve for treasury shares.

A resolution of the meeting of the Company's Board of Directors No. 3/2554 held on 10 August 2011 approved the resale of 25,596,100 treasury shares, or equivalent to 3.08 percent of total issued and paid-up shares of the Company. The treasury shares will be sold through the Stock Exchange of Thailand. The period of the resale of these shares is from 25 August 2011 to 2 September 2011, and the resale price shall not less than 85 percent of the average closing price of the last 5 trading days. However, no treasury shares were sold until the ending resale period on 2 September 2011.

(Unaudited but reviewed)

On 28 February 2012, the meeting of the Board of Directors of the Company No. 1/2012 passed resolutions approving to write off all 25,596,100 treasury shares with a par value of Baht 1 each which remain unsold, and approving to decrease the Company's registered, issued and paid-up share capital, resulting from treasury shares written off. As a result, the Company's registered share capital was reduced from Baht 1,000,000,000 (1,000,000,000 ordinary shares of Baht 1 each) to Baht 974,403,900 (974,403,900 million ordinary shares of Baht 1 each), and its issued and paid-up share capital was reduced from Baht 830,474,960 (830,474,960 ordinary shares of Baht 1 each) to Baht 804,878,860 (804,878,860 ordinary shares of Baht 1 each). The Company registered the share capital decrease with the Ministry of Commerce on 5 March 2012.

13. 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.

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Profit for the period (Thousand Baht)	275,081	457,246	232,414	173,599
Number of weighted average ordinary shares (Thousand shares)	804,879	804,879	804,879	804,879
Basic earnings per share (Baht)	0.34	0.57	0.29	0.22

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 2012 and 2011 are as follows:

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements for the three-month periods ended 31 march								
Domestic		Foreign		Eliminated		Total		
2012	2011	2012	2011	2012	2011	2012	2011	
Revenue from external customers	2,756	2,804	1,232	1,015	-	-	3,988	3,819
Intersegment revenues	8	10	1,489	1,142	(1,497)	(1,152)	-	-
Total revenues	<u>2,764</u>	<u>2,814</u>	<u>2,721</u>	<u>2,157</u>	<u>(1,497)</u>	<u>(1,152)</u>	<u>3,988</u>	<u>3,819</u>
Segment income	203	354	144	162	-	-	347	516
Unallocated income and expenses:								
Other income							158	109
Gain on exchange							90	51
Selling expenses							(35)	(21)
Administrative expenses							(259)	(183)
Other expenses							(6)	(6)
Finance cost							(2)	(2)
Corporate income tax							(18)	(7)
Profit for the period							<u>275</u>	<u>457</u>

15. Commitments and contingent liabilities

15.1 Capital commitments

As at 31 March 2012, the Company and its subsidiaries had capital commitments of approximately USD 6 million or equivalent to Baht 198 million, relating to acquisitions of machinery (the Company only: Baht 28 million).

15.2 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 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. The lease payment rate has been changed to Baht 0.1 million per month since March 2011.

15.3 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.

15.4 Guarantees

As at 31 March 2012, there were outstanding bank guarantees of approximately Baht 188 million (the Company only: Baht 154 million) issued by the 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 143 million to be security for the tax assessment made by the Revenue Department (as described in Note 15.5), Baht 44 million to guarantee electricity use and Baht 1 million among others.

15.5 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.

16. Foreign currency risk

The Company's and the subsidiaries' exposure to foreign currency risk arises 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.

(Unaudited but reviewed)

The balances of financial assets and liabilities denominated in foreign currencies as at 31 March 2012 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 March 2012
	(Million)	(Million)	(Baht per 1 foreign currency unit)
China Yuan	293	96	4.9039
US Dollar	162	64	30.8431
Indian Rupee	45	-	0.5980
Japanese Yen	31	56	0.3755
Euro	9	-	41.1741
Hong Kong Dollar	4	-	3.9727
Pound Sterling	3	-	49.3049
Australia Dollar	2	-	32.0895
Singapore Dollar	2	-	24.5461
Brazilian Real	2	-	16.1400

As at 31 March 2012, the overseas subsidiary companies 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)
40	13 June 2012	30.980
10	26 June 2012	30.890
20	29 June 2012	30.875
10	4 September 2012	30.440
(Million EUR)		(USD per EUR)
5	16 May 2012	1.37

In addition, an overseas subsidiary company entered into a 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 2012 are as follows:

Swap agreement	Notional amount	Maturity date	Yield to maturity	Fair value gain (loss)
	(Million USD)		(Percent)	(Million Baht)
Credit default swap - quoted bonds	2	20 June 2013	1.43	(0.2)

17. Event after the reporting period

On 30 April 2012, the Annual General Meeting of the shareholders of the Company No. 19/2012 passed a resolution approving the dividend payment for the year 2011 to the Company's shareholders at Baht 1 per share or a total of approximately Baht 805 million. The dividends have been paid to the shareholders on 14 May 2012.

18. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 May 2012.