

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

31

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 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the three-month periods ended 31 March 2009 and 2008, and the separate financial statements of Hana Microelectronics Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

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

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

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

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

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited
Bangkok: 14 May 2009

Hana Microelectronics Public Company Limited and its subsidiaries

Balance sheets

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	As at	As at	As at	As at
	<u>Note</u> 31 March 2009 (Unaudited but reviewed)	31 December 2008 (Audited)	31 March 2009 (Unaudited but reviewed)	31 December 2008 (Audited)
Assets				
Current assets				
Cash and cash equivalents	4,361,155	4,316,298	510,286	610,860
Short-term investments - net	4 595,643	362,624	-	-
Trade accounts receivable	5			
Subsidiary companies	3 -	-	42,059	23,131
Other companies - net	1,597,550	1,540,272	667,290	495,877
Trade accounts receivable - net	1,597,550	1,540,272	709,349	519,008
Inventories - net	6 1,827,842	2,060,582	681,338	788,892
Other current assets				
Advances	13,474	22,110	2,106	10,004
Input tax refundable	21,037	41,963	3,501	5,101
Income tax refundable	19,412	19,412	19,412	19,412
Others	59,418	53,230	9,089	9,087
Total other current assets	113,341	136,715	34,108	43,604
Total current assets	8,495,531	8,416,491	1,935,081	1,962,364
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 5,696,400	5,875,209	1,540,950	1,579,009
Intangible assets - net	9 16,854	17,625	2,114	2,188
Other non-current assets	2,203	2,189	1,329	1,329
Total non-current assets	5,715,554	5,895,120	4,971,992	5,010,125
Total assets	14,211,085	14,311,611	6,907,073	6,972,489

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> 31 March 2009 (Unaudited but reviewed)	31 December 2008 (Audited)	31 March 2009 (Unaudited but reviewed)	31 December 2008 (Audited)	
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable					
Subsidiary companies	3	-	-	50,750	33,212
Other companies		920,022	1,087,988	307,776	387,032
Total trade accounts payable		920,022	1,087,988	358,526	420,244
Short-term provisions					
Provision for loss on tax assessment	14.5	150,466	150,466	150,466	150,466
Provision for product warranty		161,595	151,951	-	-
Others		6,409	10,780	-	-
Total short-term provisions		318,470	313,197	150,466	150,466
Other current liabilities					
Other payable		60,368	140,591	10,783	17,876
Accrued expenses		135,513	156,441	25,566	27,985
Corporate income tax payable		78,194	70,104	45,976	40,784
Advances received from customers		109,052	109,934	13,645	11,672
Others		10,691	35,878	9,681	21,530
Total other current liabilities		393,818	512,948	105,651	119,847
Total current liabilities		1,632,310	1,914,133	614,643	690,557
Total liabilities		1,632,310	1,914,133	614,643	690,557

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> 31 March 2009 (Unaudited but reviewed)	31 December 2008 (Audited)	31 March 2009 (Unaudited but reviewed)	31 December 2008 (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 loss - revaluation deficit on				
change in fair value of investments	(7,431)	(24,799)	-	-
Translation adjustment	423,984	310,585	-	-
Retained earnings				
Appropriated - statutory reserve	322,420	322,420	100,000	100,000
- reserve for treasury shares	11 191,713	41,037	191,713	41,037
Unappropriated	9,441,083	9,390,553	3,638,736	3,628,238
Excess of cost of investments over net book				
value of the subsidiary companies	<u>(154,975)</u>	<u>(154,975)</u>	<u>-</u>	<u>-</u>
Total shareholders' equity	<u>12,770,488</u>	<u>12,438,515</u>	<u>6,484,143</u>	<u>6,322,969</u>
Treasury shares	11 <u>(191,713)</u>	<u>(41,037)</u>	<u>(191,713)</u>	<u>(41,037)</u>
Total shareholders' equity - net	<u>12,578,775</u>	<u>12,397,478</u>	<u>6,292,430</u>	<u>6,281,932</u>
Total liabilities and shareholders' equity	<u>14,211,085</u>	<u>14,311,611</u>	<u>6,907,073</u>	<u>6,972,489</u>
	-	-	-	-

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

Directors

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries**Income statements****For the three-month periods ended 31 March 2009 and 2008**

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

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Revenues					
Sales		2,636,191	3,674,981	1,108,534	1,325,134
Other income					
Interest income		13,580	11,471	1,796	1,482
Rental income		1,164	1,189	4,517	4,542
Gain on exchange		-	70,769	-	40,436
Reversal of guarantee expenses	14.5	-	25,472	-	25,472
Others		35,627	46,095	6,952	5,651
Total other income		50,371	154,996	13,265	77,583
Total revenues		2,686,562	3,829,977	1,121,799	1,402,717
Expenses					
Cost of sales		2,271,550	3,135,447	885,756	1,128,195
Selling expenses		42,676	44,846	7,534	7,798
Administrative expenses		132,015	143,340	23,274	43,773
Directors' and management's remuneration		11,977	13,769	1,635	3,125
Loss on exchange		7,294	-	36,780	-
Other expenses		7,104	6,491	-	-
Total expenses		2,472,616	3,343,893	954,979	1,182,891
Income before finance cost and corporate income tax					
Finance cost		(1,769)	(1,221)	(453)	(272)
Income before corporate income tax		212,177	484,863	166,367	219,554
Corporate income tax		(10,971)	(37,222)	(5,193)	(28,349)
Net income for the period		201,206	447,641	161,174	191,205
Net income attributable to:					
Equity holders of the parent		201,206	447,641	161,174	191,205
Earnings per share					
Basic earnings per share					
Net income attributable to equity holders of the parent (Baht)		0.24	0.54	0.20	0.23
Weighted average number of ordinary shares (Thousand shares)	12	823,707	830,406	823,707	830,406

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 2009 and 2008

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash flows from operating activities				
Net income before tax	212,177	484,863	166,367	219,554
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation	248,639	224,162	59,897	56,674
Amortisation expenses	771	414	74	38
Doubtful accounts (reversal)	1,077	(4,414)	-	-
Allowance for deminution in inventory value (reversal)	(72,429)	17,670	(57,322)	34,732
Loss (gain) on disposals of equipment	(623)	370	(104)	597
Provision for product warranty	7,104	6,491	-	-
Revaluation gain on investments	(2,255)	-	-	-
Unrealised (gain) loss on exchange	(7,105)	8,650	1,157	(5,956)
Unrealised gain on forward contracts	(18,775)	(72,984)	-	(72,984)
Income from operating activities before changes in operating assets and liabilities	368,581	665,222	170,069	232,655
Operating assets (increase) decrease				
Trade accounts receivable	(55,932)	273,565	(190,508)	142,767
Inventories	305,169	156,084	164,876	(37,359)
Other current assets	22,147	(13,050)	9,374	3,674
Other non-current assets	(14)	427	-	-
Operating liabilities increase (decrease)				
Trade accounts payable	(163,069)	(102,781)	(62,310)	(37,942)
Accrued expenses	(21,070)	49,277	(2,561)	17,783
Advances received from customers	(1,593)	3,493	2,028	(3,071)
Other current liabilities	(5,825)	(27,982)	(11,849)	(32,821)
Cash from operating activities	448,394	1,004,255	79,119	285,686
Cash paid for corporate income tax	(3,434)	(651)	(190)	(188)
Net cash from operating activities	444,960	1,003,604	78,929	285,498

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 2009 and 2008

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash flows from investing activities				
Increase in short-term investments	(213,396)	-	-	-
Increase in advances to subsidiary companies	-	-	-	(401)
Proceeds from disposals of equipment	4,361	714	147	374
Acquisitions of property, plant and equipment	<u>(153,791)</u>	<u>(403,774)</u>	<u>(28,974)</u>	<u>(79,915)</u>
Net cash used in investing activities	<u>(362,826)</u>	<u>(403,060)</u>	<u>(28,827)</u>	<u>(79,942)</u>
Cash flows from financing activities				
Decrease in advances from subsidiary companies	-	-	-	(385)
Cash paid for repurchase of treasury shares	<u>(150,676)</u>	-	<u>(150,676)</u>	-
Net cash used in financing activities	<u>(150,676)</u>	-	<u>(150,676)</u>	<u>(385)</u>
Increase (decrease) in cash and cash equivalents	(68,542)	600,544	(100,574)	205,171
Translation adjustment	<u>113,399</u>	<u>(265,779)</u>	-	-
Net increase (decrease) in cash and cash equivalents	<u>44,857</u>	<u>334,765</u>	<u>(100,574)</u>	<u>205,171</u>
Cash and cash equivalents at beginning of the period	<u>4,316,298</u>	<u>3,386,431</u>	<u>610,860</u>	<u>291,663</u>
Cash and cash equivalents at end of the period (Note 2)	<u>4,361,155</u>	<u>3,721,196</u>	<u>510,286</u>	<u>496,834</u>
Supplemental cash flow information				
Non-cash related transactions from investing activities				
Net increase (decrease) in other accounts payable				
for purchases of plant and equipment	(80,223)	(220,671)	(7,093)	(35,463)
Revaluation gain from change in fair value of investments	17,368	-	-	-

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 2009 and 2008

(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
						Appropriated		Unappropriated			
						Statutory reserve	Reserve for treasury shares				
Balance as at 31 December 2007		830,406	1,722,078	-	(26,723)	322,301	-	8,601,512	(158,725)	-	11,290,849
Expenses recognised directly in equity:											
Translation adjustment		-	-	-	(270,379)	-	-	-	-	-	(270,379)
Net expenses recognised directly in equity		-	-	-	(270,379)	-	-	-	-	-	(270,379)
Net income for the period		-	-	-	-	-	-	447,641	-	-	447,641
Total income (expenses) for the period		-	-	-	(270,379)	-	-	447,641	-	-	177,262
Balance as at 31 March 2008		830,406	1,722,078	-	(297,102)	322,301	-	9,049,153	(158,725)	-	11,468,111
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 statutory reserve		-	-	-	-	-	-	-	-	-	-
transferred to reserve for treasury shares	11	-	-	-	-	-	150,676	(150,676)	-	-	-
Treasury shares	11	-	-	-	-	-	-	-	-	(150,676)	(150,676)
Balance as at 31 March 2009		830,475	1,723,219	(7,431)	423,984	322,420	191,713	9,441,083	(154,975)	(191,713)	12,578,775

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 2009 and 2008

(Unit: Thousand Baht)

		Separate financial statements						
				Retained earnings				
				Appropriated				
				Reserve for		Treasury		
Note	Issued and paid up share capital	Share premium	Statutory reserve	treasury shares	Unappropriated	shares	Total	
	Balance as at 31 December 2007	830,406	1,722,078	100,000	-	3,424,961	-	6,077,445
	Net income for the period	-	-	-	-	191,205	-	191,205
	Total income for the period	-	-	-	-	191,205	-	191,205
	Balance as at 31 March 2008	<u>830,406</u>	<u>1,722,078</u>	<u>100,000</u>	<u>-</u>	<u>3,616,166</u>	<u>-</u>	<u>6,268,650</u>
	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	11	-	-	150,676	(150,676)	-	-
	Treasury shares	11	-	-	-	-	(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>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the three-month periods ended 31 March 2009 and 2008

1. General information

1.1 Corporate information

Hana Microelectronics Public Company Limited (“the Company”) was incorporated as a limited company under Thai law and transformed to be a public limited company under the Public Limited Companies Act on 27 January 1993. The Company is principally engaged in the manufacturer of electronic components and its registered address is at 10/4 Moo 3, Vibhavadi - Rangsit Road, Kwang Talad Bangkhen, Khet Laksi, Bangkok.

1.2 Economic crisis

The financial crisis experienced by the United States of America over the past year has had a far reaching adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, a tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has substantially affected the business and financial plans of Thailand enterprises and asset value. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to normalcy. These financial statements have been prepared on the bases of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be adversely affected by an array of future events.

1.3 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard Pronouncement No. 41 (revised 2007) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the statements of income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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.

1.4 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 2008. There are no changes in the group structure during the current period.

1.5 Accounting standards which are effective for the current year

The Federation of Accounting Professions has issued Notification No. 86/2551 mandating the use of the following new accounting standards.

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that they do not have any significant impact on the financial statements for the current period in which they are initially applied.

1.6 Significant accounting policies

These interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2008.

2. Cash and cash equivalents

Cash and cash equivalents as reflected in the cash flow statements for the three-month periods ended 31 March 2009 and 2008 consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Cash in hand and at banks	2,139,959	3,056,802	190,286	176,834
Bill of exchange	910,000	580,000	320,000	320,000
Investment in money market fund	-	52,900	-	-
Fixed deposits with maturity not over 3 months	1,311,196	31,494	-	-
Cash and cash equivalents	<u>4,361,155</u>	<u>3,721,196</u>	<u>510,286</u>	<u>496,834</u>

3. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with 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>2009</u>	<u>2008</u>	
Transactions with subsidiaries (eliminated from the consolidation)			
Sales	41	22	Prices agreed by the parties due to the uniqueness of products sold to each customer
Rental income	3	3	Contract price
Purchase of materials	20	104	Cost, Cost plus 2% mark up
Service fee expenses	2	2	Rates stipulated in the agreement
Purchase of fixed assets	12	-	Cost plus margin

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Separate financial statements	
	31 March 2009	31 December 2008
Trade accounts receivable - subsidiary companies		
Hana Microelectronics Investments Company Limited	32,281	16,189
Hana Microdisplay Technologies, Inc.	6,478	4,010
Omac Sales Limited	2,091	1,695
Hana Semiconductor (BKK) Company Limited	1,174	1,201
Hana Microelectronics International Company Limited	35	35
Hana Semiconductor (Ayuthaya) Company Limited	-	1
Total trade accounts receivable - subsidiary companies	42,059	23,131
Trade accounts payable - subsidiary companies		
Omac Sales Limited	37,454	23,893
Hana Microdisplay Technologies, Inc.	8,117	3,205
Hana Microelectronics, Inc.	3,954	2,014
Hana Semiconductor International Limited	1,114	3,064
Hana Semiconductor (Ayutthaya) Company Limited	111	1,032
Hana Semiconductor (BKK) Company Limited	-	4
Total trade accounts payable - subsidiary companies	50,750	33,212

Directors' and management's remuneration

During the three-month periods ended 31 March 2009 and 2008, the Company and its subsidiaries paid salaries, meeting allowances and gratuities to their directors and management totaling Baht 12.0 million and Baht 13.8 million, respectively (the Company only: Baht 1.6 Million and Baht 3.1 million, respectively).

4. Short-term Investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 March 2009		31 December 2008	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Securities held for trading				
Overseas marketable equity securities	35,528	29,615	34,956	28,351
Domestic marketable equity securities	49,837	52,999	11,083	12,084
Credit linked note	35,528	34,931	34,956	34,957
Total	120,893	117,545	80,995	75,392
Less: Revaluation deficit on investments	(3,348)	-	(5,603)	-
Securities held for trading - net	117,545	117,545	75,392	75,392
Available-for-sale securities				
Overseas marketable corporate bonds	327,846	312,727	247,478	219,399
Quoted bonds	157,683	165,371	64,553	67,833
Total	485,529	478,098	312,031	287,232
Less: Revaluation deficit on investments	(7,431)	-	(24,799)	-
Available-for-sale securities - net	478,098	478,098	287,232	287,232
Total short-term investments - net	595,643	595,643	362,624	362,624

In 2008, Hana Microelectronics International Company Limited, an overseas subsidiary company, had invested in mutual fund of a company listed on Cayman Island Stock Exchange, warrants and shares of a company listed on Thailand Stock Exchange including the Credit linked note through an overseas bank. During the current period, this subsidiary company had additionally invested in shares of a company listed on Thailand Stock Exchange. These investments are held for trading purpose. As at 31 March 2009, this subsidiary had assessed the fair value of the equity securities by referring to the latest bid price as quoted on the Stock Exchange for mutual fund, warrants and shares and by referring to the value quoted by the bank for trading securities, in which the fair value had decreased by HKD 0.7 million or equivalent to approximately Baht 3.3 million. Gain from the change in the fair value of these investments of approximately Baht 2.3 million was recorded in the income statement for the three-month period ended 31 March 2009.

In addition, in 2008 this subsidiary had invested in private corporate bonds issued by various companies listed in overseas Stock Exchanges and one quoted bond through the two overseas banks. During the current period, this subsidiary had additionally invested in private corporate bonds of a company listed on Frankfurt Stock Exchange and one quoted bond through the overseas bank. These investments are classified as available-for-sale investments. As at 31 March 2009, the subsidiary had assessed the fair value of the bonds by referring to the value quoted by the banks in which the fair value had decreased by HKD 1.6 million or equivalent to approximately Baht 7.4 million. Gain from the change in the fair value of such bonds of approximately Baht 17.4 million was shown as a separate item in the statement of changes in shareholders' equity for the three-month period ended 31 March 2009.

5. Trade accounts receivable

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2009	31 December 2008	31 March 2009	31 December 2008
<u>Age of receivable</u>				
<u>Accounts receivable - subsidiary</u>				
<u>companies</u>				
Not yet due	-	-	19,218	5,401
Past due				
Up to 3 months	-	-	17,645	16,317
3 - 6 months	-	-	3,759	919
6 - 12 months	-	-	1,201	262
Over 12 months	-	-	236	232
Total accounts receivable - subsidiary				
companies	-	-	42,059	23,131

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial		financial	
	statements	statements	statements	statements
	31 March	31 December	31 March	31 December
	2009	2008	2009	2008
<u>Accounts receivable - other</u>				
<u>companies</u>				
Not yet due	1,137,452	965,235	497,529	394,339
Past due				
Up to 3 months	433,958	560,701	169,723	101,529
3 - 6 months	18,384	30,274	38	9
6 - 12 months	29,519	7,013	-	-
Over 12 months	3,531	1,266	-	-
Total accounts receivable - other				
companies	1,622,844	1,564,489	667,290	495,877
Less: Allowance for doubtful accounts	(25,294)	(24,217)	-	-
Total trade accounts receivable -				
other companies - net	1,597,550	1,540,272	667,290	495,877
Total trade accounts receivable - net	1,597,550	1,540,272	709,349	519,008

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 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2008	294,097	197,981
Allowance made (reversed) during the period	(2,384)	12,139
Write-off obsolete and damaged inventories during the period	(69,461)	(69,461)
Translation adjustment	(584)	-
Balance as at 31 March 2009	221,668	140,659

7. Investments in subsidiaries

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Paid up capital		Shareholding percentage		Cost	
	31	31	31	31	31	31
	March	December	March	December	March	December
2009	2008	2009	2008	2009	2008	
		Percent	Percent			
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	-	-
Hana Semiconductor (Ayuthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910
Total investments in subsidiaries					3,427,502	3,427,502

8. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Net book value as at 31 December 2008	5,875,209	1,579,009
Acquisitions during the period - at cost	43,526	21,881
Construction in progress transferred in during the period	42,821	30,636
Construction in progress transferred out during the period	(42,821)	(30,636)
Disposals during the period - net book value at disposal date	(3,738)	(43)
Depreciation for the period	(248,639)	(59,897)
Translation adjustment	30,042	-
Net book value as at 31 March 2009	5,696,400	1,540,950

9. Intangible assets

Movements of the intangible assets, which are computer software, account during the three-month period ended 31 March 2009 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as of 31 December 2008	17,625	2,188
Amortisation during the period	(771)	(74)
Net book value as at 31 March 2009	<u>16,854</u>	<u>2,114</u>

10. Warrants

As at 31 March 2009, the outstanding warrants issued to the Company's employees and directors which remain unexercised are as follows:

1. 20,000,000 warrants

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

2. 20,000,000 warrants

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

Since exercise price of the above warrants exceeds the weighted average of fair value of ordinary shares for the period ended 31 March 2009, the Company expected that the warrants will not be exercised and had excluded the warrants from the calculation of dilutive potential ordinary shares for diluted earnings per share calculation.

11. Treasury shares

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

	Consolidated and separate financial statements	
	31 March 2009	31 December 2008
Cost of treasury shares (Thousand Baht)	191,713	41,037
Number of treasury shares (Thousand shares)	18,965	4,477
Average price per share (Baht)	10.11	9.17
Percentage of treasury shares to the Company's issued shares	2.28	0.54

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

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 2009, the Company has set aside approximately Baht 192 million as reserve for treasury shares (31 December 2008: Baht 41 million).

12. 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 2009 and 2008 is calculated as follows:

(Unit: Thousand Shares)

	Consolidated and separate financial statements	
	For the three-month periods ended 31 March	
	2009	2008
Balance brought forward	830,475	830,406
Less: Treasury shares	(6,768)	-
Weighted average number of ordinary shares	<u>823,707</u>	<u>830,406</u>

As at 31 March 2009 and 2008, there were 25,956,100 and 28,699,600 unexercised warrants, respectively. However, since the exercise price of the warrants exceeds the weighted average of fair value of ordinary shares for the periods ended 31 March 2009 and 2008, the Company expected that the warrants will not be exercised, and had excluded the warrants from the calculation of potential diluted ordinary shares for diluted earnings per share calculation.

13. Segment information

The Company and its subsidiaries mainly involve a single industry segment in electronic component and mainly carry on their business in the geographic areas in Thailand, Hong Kong, United States of America, and China. Geographical segment information of the Company and its subsidiary companies for the three-month periods ended 31 March 2009 and 2008 are as follows:

(Unit: Million Baht)

	Consolidated financial statements for the three-month periods ended 31 March							
	Domestic		Foreign		Eliminated		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenue from external customers	2,054	2,781	582	894	-	-	2,636	3,675
Intersegment revenues	44	102	637	1,256	(681)	(1,358)	-	-
Total revenues	<u>2,098</u>	<u>2,883</u>	<u>1,219</u>	<u>2,150</u>	<u>(681)</u>	<u>(1,358)</u>	<u>2,636</u>	<u>3,675</u>
Segment income	283	407	82	132			365	539
Unallocated income and expenses:								
Other income							50	84
Gain (loss) on exchange							(7)	71
Selling expenses							(43)	(45)
Administrative expenses							(139)	(150)
Directors' and management's remuneration							(12)	(13)
Finance cost							(2)	(1)
Corporate income tax							(11)	(37)
Net income for the period							<u>201</u>	<u>448</u>

14. Commitments and contingent liabilities

14.1 Capital commitments

As at 31 March 2009, the Company and its subsidiaries had capital commitments of approximately USD 1 million or equivalent to Baht 36 million, relating to the construction of factory buildings and acquisition of machinery.

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 2009, there were outstanding bank guarantees of approximately Baht 183 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 14.5), Baht 23 million to guarantee electricity usage and Baht 16 million among others.

14.5 Tax assessment and litigation

1. During the year 2003, the Company received a notification of a corporate income tax assessment for the year 1997 from the Revenue Department for not allocating interest expenses and loss on exchange rate of loans to the promoted operations, causing the under recording of corporate income tax for the year 1997, which together with related penalty and surcharge amounted to Baht 150 million. The Company did not agree with the assessment and appealed it to the Tax Tribunal. In November 2007, the Tax Tribunal rejected the appeal. Currently, the Company is in the process of appealing to the Tax Court. The Company expects that the Supreme Court will reverse the judgment of the Central Tax Court and return the assessed amount plus interest to the Company.

(Unaudited but reviewed)

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.

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

15. Financial instruments

As at 31 March 2009, an overseas subsidiary company of the 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 2009	33.5400
40	10 September 2009	36.4200

In addition, this subsidiary company entered into the government bond linked asset swap agreement with an overseas bank. The details of the investment asset swap agreement outstanding as at 31 March 2009 are as follows:

<u>Linked asset</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)
2-Year China				
government bond	1	26 February 2010	1.05	(1.74)

16. Subsequent events

On 30 April 2009, the Annual General Meeting of the shareholders of the Company No. 16/2009 passed the following resolutions.

1. Approved the dividend payment from the 2008 income to the Company's shareholders at Baht 1.20 per share. The dividend will be paid on 14 May 2009.
2. Approved to offset the excess of cost of investments over net book value of the subsidiary companies amounted to Baht 154,975,555 which the Company has already deducted in the consolidated shareholders' equity as at 31 December 2008, against the unappropriated retained earnings in the consolidated shareholders' equity.

17. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 May 2009.