

Overall Group Performance

Hana Microelectronics Group 'Hana' Sales Revenue decreased 28% year on year, to THB 2.64 billion for the first quarter of 2009 from THB 3.67 billion for the first quarter of 2008. Sales Revenue in USD terms declined by 34% to USD 74.6m from USD 113.4m in Q1 2008. Operating Profits decreased 45% to THB 206.5m in Q1 2009 from THB 376.0m in Q1 2008.

	<u>Quarter</u>		<u>Quarter</u>		<u>%</u>	
	<u>31-Mar-09</u>		<u>31-Mar-08</u>		<u>Q109-Q108</u>	<u>Q109-Q108</u>
PCBA (Lamphun)	1,113,895	42%	1,327,358	36%	(213,463)	-16%
PCBA (JiaXing)	448,307	17%	686,627	19%	(238,320)	-35%
CPG - (Bangkok)	265,941	10%	431,729	12%	(165,788)	-38%
IC (Ayutthaya)	720,590	27%	1,046,248	28%	(325,658)	-31%
IC (JiaXing)	63,032	2%	154,532	4%	(91,500)	-59%
HMT (USA)	24,426	1%	28,487	1%	(4,061)	-14%
Total Revenue	2,636,191		3,674,981		(1,038,790)	-28%

Sales Revenue Analysis**Year on Year Sales Revenue Analysis**

Quarter 1 2009 sales revenue for the group dropped 34% year-on-year in USD terms, from USD 113m in Q108 to USD 75m in Q109 as the recession induced by the global credit crunch continued from the last quarter of 2008. The average exchange rate for Q109 was 9% weaker at THB/USD 35.34 from THB/USD 32.42 in Q108 resulting in the sales decline in THB terms being less at a 28% decline year on year.

The microelectronics divisions sales decreased by 30% in USD terms, with sales in both Lamphun decreasing 25% and JiaXing decreasing 40%. The IC divisions USD sales revenues were 40% lower, with revenues in both the IC division in Ayutthaya and JiaXing decreasing by 37% and 63% respectively. The CPG division sales also declined by 44%.

Quarter on Quarter Sales Revenue Analysis

As the full impact of the recession struck in the middle of Q408, group sales in Q109 also declined quarter on quarter by 24% from USD 99m in Q408 to USD 75m in Q109. In THB equivalent the group sales decreased by 23% in Q109 compared to Q408, as the average THB/USD exchange rate weakened by 1.4% from 34.85 in Q408 to 35.34 in Q109. Sales revenues from the microelectronics divisions were 23% lower, with Lamphun dropping 20% and JiaXing 30%. Sales revenues from the IC divisions were 32% lower with Ayutthaya sales decreasing by 29% and JiaXing IC sales decreasing by 56%. The CPG division sales were 14% lower quarter on quarter.

Sales Revenue Split

	<u>Q1 2009</u>	<u>Q4 2008</u>	<u>Q3 2008</u>	<u>Q2 2008</u>	<u>Q1 2008</u>
PCBA (Thailand)	42%	39%	36%	39%	36%
PCBA (China)	17%	18%	16%	17%	19%
CPG - (Bangkok)	10%	9%	11%	11%	12%
IC (AYT)	27%	29%	31%	28%	28%
IC (JXG)	2%	4%	5%	4%	4%
HMT (USA)	1%	1%	1%	1%	1%
	100%	100%	100%	100%	100%

Gross Profit / Cost of Sale Analysis

The Gross Profit margin was 14% in Q109 which was 1% lower than in Q108 due to the lower economies of scale in Q109 as the sales revenues declined. However, the effect was reduced due to the inventory revaluation of THB 22m due to the weaker THB/USD exchange rate.

Sales and General Administration Expense Analysis

SGA expenses were 8% lower by THB 16m due to cost savings.

Operating Profit Analysis

Year-on-year operating profits were 45% lower in Q109 and operating margins were also lower by 2% at 8% in Q109 from 10% Q108. The 2% reduction is a result of lower gross profit margin 1%, decreased operating leverage 1%. The gross profit and operating profit was reduced by THB 40m due to redundancy payments in Q109.

Foreign Exchange Rates

Each week's sales and purchases are booked based on the exchange rate at the close of the previous week. The average exchange rate for Q109 was Baht/USD 35.34 from 32.42 in Q108 (and from Baht/USD 34.85 in Q408).

The offshore subsidiaries income statements are translated at the average rate for the quarter, (for their respective currencies). The Balance sheets of the offshore companies were translated at the closing rate of Baht/USD 35.53 at 31/3/09, and 34.94 at 31/12/08 or the respective rate applicable to each offshore subsidiary's base currency.

Payout Analysis

No dividend was paid out in Q109.

Financial Status

The group currently has no interest bearing debt. Cash (and equivalents) reserves at the 31st March, 2009 were THB 5.0 billion up from the level at 31st March, 2008 of THB 3.7 billion.

Asset Quality

Accounts Receivable

Most of customers are well known and have good reputation in the IC, and electronics industry. Provision is made of amounts outstanding over 90 days and amounts which the management believe may be doubtful. Accounts receivable days were 55 days in Q109 and 53 days in Q108.

Accounts receivable - other companies	<u>31/03/2009</u>	<u>31/03/2008</u>	'000
Less than 3 months	1,571,410	2,107,125	98%
3 - 6 months	18,384	45,659	1%
6 - 12 months	29,519	10,044	2%
More than 12 months	3,531	1,353	0%
Total accounts receivable - other companies	<u>1,622,844</u>	<u>2,164,181</u>	
Less : Allowance for doubtful accounts	-25,294	-3,194	-2%
	<u>1,597,550</u>	<u>2,160,987</u>	-26%

Inventory

In general, Hana's production is based on clients' order, consequently, the majority of inventory are raw materials, expendable tools and work in process with little finished goods pending for customer delivery. The group companies normally write-off out-of-date inventory, and make provision for aged inventory and depletion in the value of fixed assets, if material, each quarter. Inventory days were 72 days as at 31st March, 2009 to the 58 days as at 31st March, 2008.

Liquidity

Liquidity ratios are high at approximately 4 times current liabilities. Operating Cashflow (EBITDA) in Q1 2009 was THB 455m which was 29% lower than Q1 2008 was THB 601m.

Capital Expenditure

Capital Expenditure was THB 40m in Q1 2009 and THB 225m in Q1 2008. Generally, capital expenditure for production equipment will follow the increase in sales, particularly in the IC division. However, there is a 3 to 6 month time lag due to the ordering lead time. Plant expansion will depend on the current building utilisation and lead time to construct new plant or expand in an existing plant.

Source of Financial Capital

As the group has no net interest bearing debt and operating working capital is positive the groups funding is from the shareholders equity.

Major Factors which could have an Impact on the Company's Performance

The company business is that of an electronics manufacturing service company. As such, it manufactures products on behalf of its customers for shipment to them or their customers. Therefore, the company's performance is mostly affected by its ability to win and retain business from the existing and new customers. In turn, customer demand is affected by world economic growth and the customer's sales growth.

As all the groups sales revenue are in foreign currency (primarily USD) and USD currency costs are 63% percent of sales revenues, the Group operating profit sensitivity to change in the Thai Baht/USD and Chinese CNY/USD exchange rates is currently about Baht 100m per quarter for every 10% change in the average Baht/USD and CNY/USD rates (i.e. $(1 - 0.63) \times \text{Sales Revenue} \times 10\%$).

The Group's Thai companies balance sheet exposure is a net asset of approximately USD 65m, being the foreign currency working capital balance. Out of the groups foreign exchange exposure, USD 50m is hedged, Foreign exchange contracts are used to buy THB and Sell USD on a rolling 3 or 6 months basis.

Whilst the book value of the offshore companies are represented in foreign currency, the effect of the change in the exchange rate is shown by the movement of the foreign currency 'Translation Adjustment' in the shareholders funds section of the balance sheet. There is no cash affect concerning its movement.

Exceptional Items

None

Future Plan

None

HANA MICROELECTRONICS GROUP

CONSOLIDATED STATEMENT OF EARNINGS

'000 Baht	Quarter		Quarter		%		
	<u>31-Mar-09</u>		<u>31-Mar-08</u>		<u>Q109-Q108</u>	<u>Q109-Q108</u>	
REVENUES							
Sales	2,636,191		3,674,981		(1,038,790)	-28%	
consisting of:							
<i>PCBA (Thailand)</i>	1,113,895	42%	1,327,358	36%	(213,463)	-16%	
<i>PCBA (China)</i>	448,307	17%	686,627	19%	(238,320)	-35%	
<i>CPG - (Bangkok)</i>	265,941	10%	431,729	12%	(165,788)	-38%	
<i>IC (AYT)</i>	720,590	27%	1,046,248	28%	(325,658)	-31%	
<i>IC (JXG)</i>	63,032	2%	154,532	4%	(91,500)	-59%	
<i>HMT (USA)</i>	24,426	1%	28,487	1%	(4,061)	-14%	
	<u>2,636,191</u>	100%	<u>3,674,981</u>	100%	<u>(1,038,790)</u>	-28%	
Share of Assoc. company Profit	-		-		-		
Interest	13,580		11,471		2,109	18%	
Other Income - Operating	35,627		46,095		(10,468)	-23%	
Other Income - Non Operating	1,164		26,581		(25,417)	-96%	
TOTAL REVENUES	<u>2,686,562</u>		<u>3,759,128</u>		<u>(1,072,566)</u>	-29%	
EXPENSES							
Cost of Sales	2,271,550	86%	3,135,447	85%	(863,897)	-28%	
Selling & Admin. Expenses	193,772	7%	209,587	6%	(15,815)	-8%	
Interest Expenses	1,769		-		1,769		
TOTAL EXPENSES	<u>2,467,091</u>	94%	<u>3,345,034</u>	91%	<u>(877,943)</u>	-26%	
EARNINGS from Operation	<u>219,471</u>	8%	<u>414,094</u>	11%	<u>(194,623)</u>	-47%	
Exchange Gain (Loss)	(7,294)		70,769		(78,063)		
Share of Assoc. company Loss	-		-		-		
EARNINGS before Income Tax	<u>212,177</u>	8%	<u>484,863</u>	13%	<u>(272,686)</u>	-56%	
Corporate Income Tax	(10,971)	5%	(37,222)	8%	26,251	-71%	
Earnings before Exceptional Items	<u>201,206</u>		<u>447,641</u>		<u>(246,435)</u>	-55%	
Exceptional Items	-		-		-		
NET EARNINGS for the Period	<u>201,206</u>	7%	<u>447,641</u>	12%	<u>(246,435)</u>	-55%	
EARNINGS % of SALES	8%		12%		-	0.05	
Average number of shares (1 Baht par)	823,707		830,406		-	6,699	
EARNINGS per SHARE (baht) before exch. & exc	0.25		0.45		-	0.20	
EARNINGS per SHARE (baht) after exceptionals	0.24		0.54		-	0.29	
Operating Profit (EBIT)	206,496		376,042		-	169,546	-45%
	8%		10%				
Depreciation	248,639		224,576		24,063	11%	
EBITDA (excl exchange gain/loss)	455,135		600,618		-	145,483	-24%
EBITDA % of Sales Revenue	17%		16%				
Cashflow Earnings per Share	0.55		0.72		-	0.17	

HANA MICROELECTRONICS GROUP

CONSOLIDATED Balance Sheet

'000 Baht	Quarter <u>31-Mar-09</u>	Quarter <u>31-Mar-08</u>	<u>Q109-Q108</u>
ASSETS			
CURRENT ASSETS			
Cash in Hand & at Banks	4,956,798	3,721,196	1,235,602
Deposits at Finance Companies & Notes Receivable			
Accounts Receivable - trade	1,597,550	2,160,987	(563,437)
Amounts due from Related Companies	-	-	
Inventories	1,827,842	2,031,597	(203,755)
Other Current Assets	113,341	247,829	(134,488)
TOTAL CURRENT ASSETS	8,495,531	8,161,609	333,922
LOAN TO OTHER COMPANY	97	97	
FIXED ASSETS (net)	5,696,400	5,524,382	172,018
OTHER ASSETS	19,057	2,104	16,953
TOTAL ASSETS	<u>14,211,085</u>	<u>13,688,192</u>	522,893
LIABILITIES			
CURRENT LIABILITIES			
Bank Overdrafts & Loans	-	-	
Accounts & Notes Payable	920,022	1,419,608	(499,586)
Corporate Income Tax Payable	78,194	106,551	(28,357)
Accrued Expenses	285,979	327,740	(41,761)
Other Current Liabilities	348,115	366,182	(18,067)
TOTAL CURRENT LIABILITIES	<u>1,632,310</u>	<u>2,220,081</u>	(587,771)
TOTAL LIABILITIES	1,632,310	2,220,081	(587,771)
SHAREHOLDERS EQUITY			
Share Capital	830,475	830,406	69
Share subscription received in advance	-	-	
Share Premium	1,723,219	1,722,078	1,141
Retained Earnings			
Appropriated Statutory Reserve	322,420	322,301	119
Unappropriated	9,441,083	9,049,153	391,930
Translation adj. & Investment revaluation	416,553	(297,102)	713,655
Excess Cost over Net Book Value of Subsidiary Investments	(154,975)	(158,726)	3,751
TOTAL SHAREHOLDERS EQUITY	<u>12,578,775</u>	<u>11,468,111</u>	1,110,664
TOTAL LIABILITIES & SHAREHOLDERS EQUITY	<u>14,211,085</u>	<u>13,688,191</u>	522,893
Cash & Equivalents	4,956,798	3,721,196	1,235,602
Liabilities	1,632,310	2,220,081	-587,771
Debt/Equity	0.13	0.19	-0
Net Debt (Net cash)	-3,324,488	-1,501,115	-1,823,373
Net Debt/Equity	-0.26	-0.13	-0

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CONSOLIDATED Summary Statement of Cashflows

'000 Baht	Quarter <u>31-Mar-09</u>	Quarter <u>31-Mar-08</u>
<u>Cashflow from Operating Activities</u>		
Net Earnings before tax	212,177	484,863
Adjustments to reconcile net earnings to net cash provided by operating activities		
Non Cash items		
Depreciation	249,410	224,576
Unrealised (gain) Loss on exchange	(7,105)	8,650
Change in other provisions	(85,901)	(52,867)
Share of loss from AIT associate under equity method	-	-
Provision for diminution in value of investment in AIT	-	-
	<u>156,404</u>	<u>180,359</u>
Working Capital (increase) decrease		
Trade accounts receivable	(55,932)	273,565
Inventories	305,169	156,084
Trade accounts payable	(163,069)	(102,781)
Other	(9,790)	11,514
	<u>76,378</u>	<u>338,382</u>
Net Cashflow from Operating Activities	<u>444,959</u>	<u>1,003,604</u>
Cashflow from Investing Activities		
(Increase) decrease in short term investment	(213,396)	-
Increase in property, plant and equipment	(153,790)	(403,774)
Proceeds from sale of fixed assets	4,361	714
Increase (decrease) in translation adjustment	113,399	(265,779)
Revaluation deficit on investments	-	-
Other	-	-
	<u>(249,426)</u>	<u>(668,839)</u>
Cashflow from Financing Activities		
Cash received from increase in share capital	-	-
Dividend paid	-	-
Other	(150,676)	-
Net cash (used in) from financing activities	<u>(150,676)</u>	<u>-</u>
Net Cash, equivalents and short term liquid investments increase (decrease)	44,857	334,765
Cash and Equivalents at the beginning of the period	<u>4,316,298</u>	<u>3,386,431</u>
Cash and Equivalents at the end of the period	4,361,155	3,721,196
Increase (decrease) in payables for purchases of plant/equipment	(80,223)	122,521

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Financial Ratios

'000 Baht	<u>Quarter</u> <u>31-Mar-09</u>	<u>Quarter</u> <u>31-Mar-08</u>	<u>Q109-Q108</u>	
Profitability Ratios				
Gross Profit Margin (%)	14%	15%	-	-1%
Operating Profit Margin (%)	8%	10%	-	-2%
Net Profit before Exceptional Margin (%)	8%	12%	-	-5%
Net Profit after Exceptional Margin (%)	8%	12%	-	-5%
EBITDA margin (%)	17%	16%	-	1%
Return On Equity (%) pa	6%	16%	-	-9%
Efficiency Ratios				
Working Capital turnover	4.0	10.6	-	6.6
Account Receivable days	55	53	-	1.6
Inventory days	72	58	-	14.1
Accounts Payable days	36	41	-	4.3
Liquidity Ratios				
Current Ratio	5.2	3.7	-	1.5
Quick Ratio	4.0	2.6	-	1.4
Financial Capital Ratios				
Debt / Equity	0.1	0.2	-	0.1
Net Debt to Equity	-0.3	-0.1	-	0.1
Interest Coverage	n/a	n/a	-	-