

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2010 and 2009

Report of Independent Auditor

To the Shareholders of Hana Microelectronics Public Company Limited

I have audited the accompanying consolidated balance sheets of Hana Microelectronics Public Company Limited and its subsidiaries as at 31 December 2010 and 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Hana Microelectronics Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I did not audit the financial statements of an overseas subsidiary company, whose financial statements are included in the consolidated financial statements. This subsidiary company had the total assets as at 31 December 2010 of approximately Baht 335 million, representing 2 percent of the consolidated total (2009: Baht 231 million, representing 2 percent of the consolidated total) and total revenues for the year then ended of approximately Baht 227 million, representing 1 percent of the consolidated total (2009: Baht 104 million, representing 1 percent of the consolidated total). The financial statements of this subsidiary company were audited by the auditor of this subsidiary company and I had obtained the reports from its auditor. My opinion, insofar as it related to any amounts and particulars included for this subsidiary company, was based solely upon the reports of the other auditor.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, based on my audits and the reports of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of Hana Microelectronics Public Company Limited and its subsidiaries and of Hana Microelectronics Public Company Limited as at 31 December 2010 and 2009, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited
Bangkok: 1 March 2011

Hana Microelectronics Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Assets					
Current assets					
Cash and cash equivalents	6	2,974,543,667	4,272,065,032	662,729,295	902,743,530
Short-term investments - net	8	2,035,008,875	1,729,128,825	-	-
Trade accounts receivable					
Subsidiary companies	7, 9	-	-	18,432,960	20,880,768
Other companies - net	9	2,431,563,826	2,293,059,875	1,012,425,958	1,052,953,820
Trade accounts receivable - net		2,431,563,826	2,293,059,875	1,030,858,918	1,073,834,588
Inventories - net	10	2,555,007,995	1,756,823,504	615,977,221	527,897,418
Other current assets					
Advances		45,543,055	8,717,817	4,436,454	558,722
Input tax refundable		60,633,584	28,093,285	9,358,276	6,311,780
Income tax refundable		8,136,856	8,136,856	8,136,856	8,136,856
Others		128,827,410	61,210,454	12,203,162	12,681,164
Total other current assets		243,140,905	106,158,412	34,134,748	27,688,522
Total current assets		10,239,265,268	10,157,235,648	2,343,700,182	2,532,164,058
Non-current assets					
Investments in subsidiary companies	11	-	-	3,427,501,838	3,427,501,838
Other long-term investment		97,000	97,000	97,000	97,000
Property, plant and equipment - net	12	6,526,493,027	5,600,953,118	1,722,116,444	1,558,823,046
Intangible assets - net	13	17,568,626	20,867,964	4,739,191	3,461,499
Other non-current assets		20,511,504	31,746,870	1,328,750	1,328,750
Total non-current assets		6,564,670,157	5,653,664,952	5,155,783,223	4,991,212,133
Total assets		16,803,935,425	15,810,900,600	7,499,483,405	7,523,376,191

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

Hana Microelectronics Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Short-term loan from financial institution	14	-	43,906,080	-	-
Trade accounts payable					
Subsidiary companies	7	-	-	13,050,545	19,778,378
Other companies		1,698,689,531	1,506,486,045	458,505,596	559,629,383
Total trade accounts payable		1,698,689,531	1,506,486,045	471,556,141	579,407,761
Advances from a subsidiary company	7	-	-	74	74
Short-term provisions					
Provision for loss on tax assessment	24.5	150,465,664	150,465,664	150,465,664	150,465,664
Provision for product warranty		182,991,964	173,002,377	-	-
Others		-	9,276,526	-	-
Total short-term provisions		333,457,628	332,744,567	150,465,664	150,465,664
Other current liabilities					
Other payable		307,965,443	512,109,568	46,925,107	42,600,033
Accrued expenses		176,592,436	151,780,909	26,291,304	22,941,621
Corporate income tax payable		25,266,043	108,304,631	8,727,959	88,538,735
Advances received from customers		165,490,419	114,606,139	10,041,402	9,216,145
Others		17,937,740	34,676,389	14,100,901	13,724,729
Total other current liabilities		693,252,081	921,477,636	106,086,673	177,021,263
Total current liabilities		2,725,399,240	2,804,614,328	728,108,552	906,894,762
Total liabilities		2,725,399,240	2,804,614,328	728,108,552	906,894,762

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

Hana Microelectronics Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Shareholders' equity					
Share capital					
Registered					
1,000,000,000 ordinary shares of Baht 1 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid-up					
830,474,960 ordinary shares of Baht 1 each		830,474,960	830,474,960	830,474,960	830,474,960
Share premium		1,723,218,982	1,723,218,982	1,723,218,982	1,723,218,982
Unrealised gain - revaluation surplus on					
changes in value of investments	8	103,872,536	68,996,217	-	-
Translation adjustment		(599,613,810)	(14,397,097)	-	-
Retained earnings					
Appropriated - statutory reserve	15	320,218,399	320,218,399	100,000,000	100,000,000
Appropriated - reserve for treasury shares	16	262,987,260	262,987,260	262,987,260	262,987,260
Unappropriated		<u>11,700,365,118</u>	<u>10,077,774,811</u>	<u>4,117,680,911</u>	<u>3,962,787,487</u>
Total shareholders' equity		<u>14,341,523,445</u>	<u>13,269,273,532</u>	<u>7,034,362,113</u>	<u>6,879,468,689</u>
Treasury shares	16	<u>(262,987,260)</u>	<u>(262,987,260)</u>	<u>(262,987,260)</u>	<u>(262,987,260)</u>
Total shareholders' equity - net		<u>14,078,536,185</u>	<u>13,006,286,272</u>	<u>6,771,374,853</u>	<u>6,616,481,429</u>
Total liabilities and shareholders' equity		<u>16,803,935,425</u>	<u>15,810,900,600</u>	<u>7,499,483,405</u>	<u>7,523,376,191</u>
		-	-	-	-

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

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Directors
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Hana Microelectronics Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Revenues					
Sales		16,957,935,712	13,457,941,436	6,300,669,065	5,748,316,268
Other income					
Interest income		140,740,873	82,548,448	5,341,663	4,840,542
Dividend income		3,674,105	42,421,726	275,019,102	621,558,000
Gain on exchange		192,417,177	139,173,583	-	-
Gain on liquidation of subsidiary company	11	-	28,543,180	-	-
Others		350,410,356	213,589,941	72,019,266	53,074,706
Total other income		687,242,511	506,276,878	352,380,031	679,473,248
Total revenues		17,645,178,223	13,964,218,314	6,653,049,096	6,427,789,516
Expenses					
	17				
Cost of sales		14,087,828,896	10,956,720,032	5,171,880,875	4,557,890,554
Selling expenses		121,359,704	159,263,314	23,121,723	26,941,333
Administrative expenses		480,213,766	520,097,503	109,286,715	136,889,339
Management benefit expenses	7	85,028,626	73,934,619	10,899,895	7,561,925
Loss on exchange		-	-	27,703,073	42,825,558
Other expenses		26,490,626	46,752,961	-	-
Total expenses		14,800,921,618	11,756,768,429	5,342,892,281	4,772,108,709
Income before finance cost and corporate income tax		2,844,256,605	2,207,449,885	1,310,156,815	1,655,680,807
Finance cost		(7,922,492)	(6,784,291)	(2,316,828)	(1,975,042)
Income before corporate income tax		2,836,334,113	2,200,665,594	1,307,839,987	1,653,705,765
Corporate income tax		(86,913,402)	(157,710,021)	(26,116,159)	(116,195,922)
Net income for the year		2,749,420,711	2,042,955,573	1,281,723,828	1,537,509,843
Net income attributable to:					
Equity holders of the parent		2,749,420,711	2,042,955,573	1,281,723,828	1,537,509,843
Earnings per share					
	18				
Basic earnings per share					
Net income attributable to equity holders of the parent (Baht)		3.42	2.53	1.59	1.90
Weighted average number of ordinary shares (shares)		804,878,860	808,585,721	804,878,860	808,585,721

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

Hana Microelectronics Public Company Limited and its subsidiaries

Cash flow statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from operating activities				
Net income before tax	2,836,334,113	2,200,665,594	1,307,839,987	1,653,705,765
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,138,503,896	1,002,842,247	274,015,157	251,772,621
Amortisation expenses	5,487,198	5,650,283	577,842	365,584
Reversal of allowance for doubtful accounts	(3,175,314)	(6,637,530)	-	-
Allowance for diminution in inventory value (reversal)	(34,998,185)	(17,801,167)	(30,801,428)	9,635,529
Loss on disposals of equipment	4,406,069	831,784	1,211,588	2,308,814
Loss from impairment of assets (reversal)	(16,715,107)	12,714,020	(1,192,066)	12,714,020
Provision for product warranty	26,490,626	28,093,879	-	-
Short-term provisions - other	(9,276,526)	5,676,527	-	-
Gain on liquidation of subsidiary company	-	(28,543,180)	-	-
Loss (gain) on sales of short-term investments	295,071	(13,841,697)	-	-
Revaluation gain on investments in securities held for trading	(50,247,269)	(49,319,459)	-	-
Unrealised gain on exchange	(12,935,373)	(6,662,736)	(2,530,802)	(3,072,768)
Unrealised loss (gain) on forward contracts	(25,799,479)	9,674,206	-	-
Unrealised loss on swap contracts	168,245	-	-	-
Dividend income from subsidiary companies	-	-	(275,000,000)	(621,000,000)
Dividend income from other companies	(3,674,105)	(42,421,726)	(19,125)	(558,000)
Interest income from short-term investments	(109,133,665)	(43,125,798)	-	-
Interest expenses	787,139	539,330	893	-
Income from operating activities before changes in operating assets and liabilities	3,746,517,334	3,058,334,577	1,274,102,046	1,305,871,565
Operating assets (increase) decrease				
Trade accounts receivable	(149,896,398)	(741,703,184)	44,452,150	(550,560,644)
Inventories	(763,186,306)	321,559,898	(57,278,375)	251,359,637
Other current assets	(115,613,887)	959,933	(6,160,774)	(10,309,816)
Other non-current assets	(5,391,408)	38,745	-	-
Operating liabilities increase (decrease)				
Trade accounts payable	202,624,005	423,086,418	(106,884,371)	157,750,776
Accrued expenses	24,811,527	(4,801,307)	3,349,683	(5,185,371)
Advances received from customers	56,093,374	8,429,404	991,749	(1,711,126)
Other current liabilities	(16,738,649)	(27,332,338)	376,172	(7,804,875)
Cash from operating activities	2,979,219,592	3,038,572,146	1,152,948,280	1,139,410,146
Cash paid for interest expenses	(1,140)	-	(893)	-
Cash paid for corporate income tax	(170,316,880)	(106,381,698)	(106,291,806)	(55,313,824)
Net cash from operating activities	2,808,901,572	2,932,190,448	1,046,655,581	1,084,096,322

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

Hana Microelectronics Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from investing activities				
Increase in short-term investments	(341,825,844)	(1,357,187,796)	-	-
Interest income from short-term investments	109,133,665	43,125,798	-	-
Proceeds from sales of short-term investments	120,774,311	147,639,616	-	-
Return on investments from the liquidated subsidiary company	-	72,403,317	-	-
Dividend income from subsidiary companies	-	-	275,000,000	621,000,000
Dividend income from other companies	3,674,105	42,421,726	19,125	558,000
Acquisitions of property, plant and equipment	(2,291,160,141)	(401,829,791)	(436,940,291)	(219,243,276)
Proceeds from disposals of equipment	35,281,249	35,988,409	3,937,288	9,079,994
Increase in intangible assets	(2,187,860)	(951,386)	(1,855,534)	(647,390)
Decrease (increase) in other non-current assets	<u>16,626,774</u>	<u>(29,597,248)</u>	<u>-</u>	<u>-</u>
Net cash from (used in) investing activities	<u>(2,349,683,741)</u>	<u>(1,447,987,355)</u>	<u>(159,839,412)</u>	<u>410,747,328</u>
Cash flows from financing activities				
Increase (decrease) in short-term loan from financial institution	(43,906,080)	43,906,080	-	-
Cash paid for interest expenses	(785,999)	(539,330)	-	-
Cash paid for purchase of treasury shares	-	(221,950,535)	-	(221,950,535)
Dividend paid	<u>(1,126,830,404)</u>	<u>(981,009,792)</u>	<u>(1,126,830,404)</u>	<u>(981,009,792)</u>
Net cash used in financing activities	<u>(1,171,522,483)</u>	<u>(1,159,593,577)</u>	<u>(1,126,830,404)</u>	<u>(1,202,960,327)</u>
Increase (decrease) in cash and cash equivalents	(712,304,652)	324,609,516	(240,014,235)	291,883,323
Translation adjustment	<u>(585,216,713)</u>	<u>(368,842,512)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,297,521,365)</u>	<u>(44,232,996)</u>	<u>(240,014,235)</u>	<u>291,883,323</u>
Cash and cash equivalents at beginning of year	<u>4,272,065,032</u>	<u>4,316,298,028</u>	<u>902,743,530</u>	<u>610,860,207</u>
Cash and cash equivalents at end of year (Note 6)	<u><u>2,974,543,667</u></u>	<u><u>4,272,065,032</u></u>	<u><u>662,729,295</u></u>	<u><u>902,743,530</u></u>
	-	-	-	-
Supplemental cash flow information				
Non-cash related transactions from investing activities				
Net increase (decrease) in accounts payable for purchase of plant and equipment	(204,144,125)	371,518,498	4,325,074	24,723,666
Revaluation surplus on changes in fair value of available-for-sale investments	34,876,319	93,795,406	-	-

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2010 and 2009

(Unit: Baht)

Consolidated financial statements											
	Note	Issued and paid up share capital	Share premium	Revaluation surplus (deficit) on changes in value of investments	Translation adjustment	Retained earnings			Excess of cost of investments over net book value of the subsidiary companies	Treasury shares	Total
						Statutory reserve	Reserve for treasury shares	Unappropriated			
Balance as at 31 December 2008											
Income (expenses) recognised directly in equity:											
		830,474,960	1,723,218,982	(24,799,189)	310,585,278	322,419,837	41,036,725	9,390,553,682	(154,975,555)	(41,036,725)	12,397,477,995
Investments in available-for-sale securities											
Gain recognised in shareholders' equity	8	-	-	93,795,406	-	-	-	-	-	-	93,795,406
Translation adjustment		-	-	-	(324,982,375)	-	-	-	-	-	(324,982,375)
Net income (expenses) recognised directly in equity											
Net income for the year		-	-	-	-	-	-	2,042,955,573	-	-	2,042,955,573
Total income (expenses) for the year											
Dividend paid	22	-	-	-	-	-	-	(981,009,792)	-	-	(981,009,792)
Unappropriated retained earnings											
transferred to statutory reserve		-	-	-	-	489,100	-	(489,100)	-	-	-
transferred to treasury shares reserve	16	-	-	-	-	-	221,950,535	(221,950,535)	-	-	-
Reversal of statutory reserve from liquidation of subsidiary											
		-	-	-	-	(2,690,538)	-	2,690,538	-	-	-
Offset the excess of cost of investments over net book value of the subsidiary companies against retained earnings											
	23	-	-	-	-	-	-	(154,975,555)	154,975,555	-	-
Treasury shares	16	-	-	-	-	-	-	-	-	(221,950,535)	(221,950,535)
Balance as at 31 December 2009											
		830,474,960	1,723,218,982	68,996,217	(14,397,097)	320,218,399	262,987,260	10,077,774,811	-	(262,987,260)	13,006,286,272

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

Consolidated financial statements											
	Note	Issued and paid up share capital	Share premium	Revaluation surplus (deficit) on changes in value of investments	Translation adjustment	Retained earnings			Excess of cost of investments over net book value of the subsidiary companies	Treasury shares	Total
						Statutory reserve	Reserve for treasury shares	Unappropriated			
Balance as at 31 December 2009											
Income (expenses) recognised directly in equity:		830,474,960	1,723,218,982	68,996,217	(14,397,097)	320,218,399	262,987,260	10,077,774,811	-	(262,987,260)	13,006,286,272
Investments in available-for-sale securities											
Gain recognised in shareholders' equity	8	-	-	34,876,319	-	-	-	-	-	-	34,876,319
Translation adjustment		-	-	-	(585,216,713)	-	-	-	-	-	(585,216,713)
Net income (expenses) recognised directly in equity		-	-	34,876,319	(585,216,713)	-	-	-	-	-	(550,340,394)
Net income for the year		-	-	-	-	-	-	2,749,420,711	-	-	2,749,420,711
Total income (expenses) for the year		-	-	34,876,319	(585,216,713)	-	-	2,749,420,711	-	-	2,199,080,317
Dividend paid	22	-	-	-	-	-	-	(1,126,830,404)	-	-	(1,126,830,404)
Balance as at 31 December 2010		<u>830,474,960</u>	<u>1,723,218,982</u>	<u>103,872,536</u>	<u>(599,613,810)</u>	<u>320,218,399</u>	<u>262,987,260</u>	<u>11,700,365,118</u>	<u>-</u>	<u>(262,987,260)</u>	<u>14,078,536,185</u>

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

Hana Microelectronics Public Company Limited and its subsidiaries
 Statements of changes in shareholders' equity (continued)
 For the years ended 31 December 2010 and 2009

(Unit: Baht)

Separate financial statements								
	Note	Issued and paid up share capital	Share premium	Retained earnings			Treasury shares	Total
				Appropriated		Unappropriated		
				Statutory reserve	Reserve for treasury shares			
Balance as at 31 December 2008		830,474,960	1,723,218,982	100,000,000	41,036,725	3,628,237,971	(41,036,725)	6,281,931,913
Net income for the year		-	-	-	-	1,537,509,843	-	1,537,509,843
Total income for the year		-	-	-	-	1,537,509,843	-	1,537,509,843
Dividend paid	22	-	-	-	-	(981,009,792)	-	(981,009,792)
Unappropriated retained earnings								
transferred to reserve for treasury shares	16	-	-	-	221,950,535	(221,950,535)	-	-
Treasury shares	16	-	-	-	-	-	(221,950,535)	(221,950,535)
Balance as at 31 December 2009		<u>830,474,960</u>	<u>1,723,218,982</u>	<u>100,000,000</u>	<u>262,987,260</u>	<u>3,962,787,487</u>	<u>(262,987,260)</u>	<u>6,616,481,429</u>
Balance as at 31 December 2009		830,474,960	1,723,218,982	100,000,000	262,987,260	3,962,787,487	(262,987,260)	6,616,481,429
Net income for the year		-	-	-	-	1,281,723,828	-	1,281,723,828
Total income for the year		-	-	-	-	1,281,723,828	-	1,281,723,828
Dividend paid	22	-	-	-	-	(1,126,830,404)	-	(1,126,830,404)
Balance as at 31 December 2010		<u>830,474,960</u>	<u>1,723,218,982</u>	<u>100,000,000</u>	<u>262,987,260</u>	<u>4,117,680,911</u>	<u>(262,987,260)</u>	<u>6,771,374,853</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 years ended 31 December 2010 and 2009

1. General information

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

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

The 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.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Hana Microelectronics Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets		Revenues			
					as a percentage to the consolidated total as at 31 December		as a percentage to the consolidated total for the year ended 31 December			
					<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
				Percent	Percent	Percent	Percent	Percent	Percent	
<u>Held by the Company</u>										
Hana Semiconductor (BKK) Company Limited	Manufacture and trading of electronic components	Thailand	100	100	3	3	5	8		
Omac Sales Limited	Trading of electronic components	Hong Kong	100	100	1	1	-	-		
Hana Microelectronics International Company Limited	Holding company	British Virgin Islands	100	100	13	13	2	2		
Hana Microelectronics Investments Company Limited	Holding company	British Virgin Islands	100	100	-	-	-	2		
Hana Technologies Group Limited	Holding company	Cayman Islands	100	100	-	-	-	-		
Hana Semiconductor (Ayuthaya) Company Limited	Manufacture and trading of electronic components	Thailand	58	58	17	16	20	17		
<u>Held through the subsidiary companies</u>										
Hana Semiconductor International Limited	Trading of electronic components	British Virgin Islands	100	100	5	4	20	18		
Hana Semiconductor Holding Limited	Holding company	British Virgin Islands	100	100	-	-	-	-		
Hana Technologies Investments Limited	Holding company	Cayman Islands	100	100	-	-	-	-		
Hana Microdisplay Technologies, Inc.	Manufacture and trading of electronic components	USA	100	100	2	2	1	1		
Hana Microelectronics, Inc.	Agent and customer services	USA	100	100	-	-	-	-		
Hana Microelectronics Enterprises Company Limited	Holding company	British Virgin Island	100	100	-	-	-	-		
Hana Macao Commercial Offshore Limited	Customer services	Macao	100	100	-	-	-	-		
Hana Microelectronics (Jiaxing) Company Limited	Manufacture and trading of electronic components	China	100	100	23	23	1	1		
Hana Semiconductor (Ayuthaya) Company Limited	Manufacture and trading of electronic components	Thailand	42	42	12	12	15	12		

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated into Thai Baht using the exchange rate prevailing on the balance sheet date, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Translation adjustment" in shareholders' equity.
 - e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

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

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements
(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue

TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

- b) Accounting standards that are effective for fiscal years beginning on or after January 2013: 1

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits or liabilities arising from other defined benefit plans using actuarial techniques. Currently, the Company accounts for such employee benefits when they are incurred.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates

This accounting standard requires an entity to identify its functional currency in accordance with certain conditions in the standard and to record transactions and report its financial position and operating results in this functional currency, which may not be Baht.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Rental income

Rental income is recognised on an accrual basis.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Inventories

Raw materials, work in process and finished goods are valued at the lower of standard cost (which approximates actual cost) and net realisable value. Cost of work in process and finished goods includes direct materials, direct labour and factory overheads.

Allowance for diminution in inventory value is set up for obsolete, slow-moving or deteriorated inventories.

4.5 Investments

- a) Investments in securities held for trading of a subsidiary are stated at fair value. Changes in fair value of these securities are recorded as gains or losses arising in the income statements.
- b) Investments in available-for-sale securities of a subsidiary are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded as gains or losses in the income statements when securities are sold.
- c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand and the Stock Exchange in foreign countries. The fair value of debt instruments is determined based on yield rate quoted by the overseas banks.

4.6 Property, plant and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the estimated useful lives as follows:

Leasehold improvements	-	period of lease
Buildings	-	20 years
Installation	-	10 years
Other assets	-	3 - 15 years

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and machinery under installation.

4.7 Intangible assets

Intangible assets are measured at cost on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	5 - 10 years

4.8 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.9 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the balance sheet date.

Gains and losses on exchange are included in determining income.

4.10 Impairment of assets

At each reporting date, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

4.11 Employee benefits

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

4.12 Treasury share

Treasury share is stated at cost and is presented as a reduction from shareholders' equity. Gains on disposal of treasury share is determined by reference to its carrying amount and are taken to premium on treasury stock, losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock and retained earnings, consecutively.

4.13 Provisions

Provisions are recognised when the Company and the subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

In addition, its subsidiaries also record provision for product warranty, which is estimated by reference to obligation for product warranty under manufacturing contract.

4.14 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

4.15 Derivatives - forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the balance sheet date. Gains and losses from the translation are included in determining income.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in inventory value

In determining an allowance for diminution in inventory value, the management needs to make judgment in estimating loss from obsolescence and slow moving, and the reduction of net realisable value of inventories.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Impairment of equity investments

The Company and its subsidiaries treat available-for-sale equity investments and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

Property plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company’s plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

6. Cash and cash equivalents

Cash and cash equivalents as at 31 December 2010 and 2009 as reflected in the balance sheets and cash flow statements consist of the following:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash in hand and at banks	1,064,128,170	1,761,724,595	212,729,295	362,743,530
Bills of exchange	750,000,000	1,240,000,000	450,000,000	540,000,000
Fixed deposits with maturity				
not over 3 months	<u>1,160,415,497</u>	<u>1,270,340,437</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents	<u><u>2,974,543,667</u></u>	<u><u>4,272,065,032</u></u>	<u><u>662,729,295</u></u>	<u><u>902,743,530</u></u>

As at 31 December 2010, bank deposits in saving account, fixed deposits and bills of exchange carried interests between 0.001 and 2.25 percent per annum (2009: 0.25 and 1.00 percent per annum).

7. Related party transactions

During the years, 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		Transfer pricing policy
	financial statements		
	<u>2010</u>	<u>2009</u>	
<u>Transactions with subsidiary companies</u>			
(eliminated from the consolidated financial statements)			
Sales of goods	22	182	Prices agreed between the parties due to the uniqueness of products sold to each customer
Dividend income	275	621	Declared rate
Rental income	13	13	Contract price
Purchase of materials	91	80	Cost plus mark up
Purchase of fixed assets	1	14	Cost plus mark up
Service fee expenses	2	5	Rates stipulated in the agreement

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

(Unit: Baht)

	Separate financial statements	
	<u>2010</u>	<u>2009</u>
Trade accounts receivable - subsidiary companies		
Hana Microdisplay Technologies, Inc.	15,833,621	2,126,519
Omac Sales Limited	1,450,094	4,219,397
Hana Semiconductor (BKK) Company Limited	1,149,245	1,129,211
Hana Microelectronics Investments Company Limited	-	13,341,319
Hana Microelectronics International Company Limited	-	33,199
Hana Semiconductor International Limited	-	31,123
Total trade accounts receivable - subsidiary companies	18,432,960	20,880,768

(Unit: Baht)

	Separate financial statements	
	<u>2010</u>	<u>2009</u>
Trade accounts payable - subsidiary companies		
Omac Sales Limited	8,243,628	17,445,149
Hana Microdisplay Technologies, Inc.	2,168,965	145,936
Hana Semiconductor (Ayutthaya) Company Limited	1,369,579	562,992
Hana Microelectronics, Inc.	623,922	1,037,313
Hana Semiconductor International Limited	575,970	586,988
Hana Microelectronics Investments Company Limited	68,481	-
Total trade accounts payable - subsidiary companies	<u>13,050,545</u>	<u>19,778,378</u>
Advance from a subsidiary company		
Hana Technologies Group Limited	<u>74</u>	<u>74</u>
Total advance from a subsidiary company	<u>74</u>	<u>74</u>

Directors' and management's remuneration

In 2010, the Company and its subsidiaries had salaries, bonus, meeting allowances and gratuities of their directors and management recognised as expenses totaling Baht 85.0 million (the Company only: Baht 10.9 million) (2009: Baht 73.9 million, the Company only: Baht 7.6 million).

8. Short-term Investments

(Unit: Baht)

Consolidated financial statements					
		31 December 2010		31 December 2009	
		Cost/ Carrying value		Cost/ Carrying value	
		Fair value	Fair value	Fair value	Fair value
Securities held for trading					
Overseas marketable equity securities		30,153,673	33,274,206	33,388,952	33,420,138
Domestic marketable equity securities		37,353,309	128,195,740	41,361,059	85,252,579
Credit linked note		-	-	33,388,952	33,181,941
Total		67,506,982	161,469,946	108,138,963	151,854,658
Add: Revaluation surplus on changes	in				
value of investments		93,962,964	-	43,715,695	-
Securities held for trading		161,469,946	161,469,946	151,854,658	151,854,658
Available-for-sale securities					
Overseas marketable corporate bonds		901,608,283	932,939,694	1,221,503,855	1,279,251,463
Quoted bonds		868,058,110	940,599,235	286,774,095	298,022,704
Total		1,769,666,393	1,873,538,929	1,508,277,950	1,577,274,167
Add: Revaluation surplus on changes					
in value of investments		103,872,536	-	68,996,217	-
Available-for-sale securities		1,873,538,929	1,873,538,929	1,577,274,167	1,577,274,167
Total short-term investments		2,035,008,875	2,035,008,875	1,729,128,825	1,729,128,825

8.1 Securities held for trading

Since the third quarter of 2008, Hana Microelectronics International Company Limited, an overseas subsidiary company, had invested in mutual fund of a company listed on the Stock Exchange of Cayman Island, warrants and shares of a company listed on the Stock Exchange of Thailand (SET), including the Credit linked note through an overseas bank. These investments are held for trading purpose. During 2009, this subsidiary additionally invested in shares of a company listed on the SET and sold the entire amount of warrants and partial shares invested in 2008, resulting in gain of HKD 2.2 million or equivalent to approximately Baht 9.9 million. In addition, the subsidiary had redeemed the Credit linked note invested in 2008, resulting in gain of HKD 0.4 million or equivalent to Baht 1.7 million and invested in a new Credit linked note through an overseas bank. During the current year, the subsidiary has redeemed the Credit linked note invested in the prior year, resulting in gain of HKD 0.2 million or equivalent to approximately Baht 0.8 million.

As at 31 December 2009, investments in securities held for trading of HKD 117 million, or equivalent to Baht 518 million, were used as security for short-term loan from financial institution as discussed in Note 14.

As at 31 December 2010, the subsidiary had assessed the fair value of the equity securities for mutual fund and the remaining shares by referring to latest bid price as quoted on the Stock Exchanges, in which the fair value had increased by HKD 14.1 million or equivalent to approximately Baht 50.2 million (2009: increased by HKD 11.4 million or equivalent to approximately Baht 49.3 million). The changes in the fair value of these investments were recognised in the income statement for the year.

8.2 Available-for-sale securities

In addition, this subsidiary had invested in private corporate bonds issued by various companies listed on the overseas Stock Exchanges and quoted bonds through the three overseas banks. These investments are classified as available-for-sale investments. During 2009, the subsidiary additionally invested in both listed corporate bonds and quoted bonds and sold some of the bonds, resulting in gain of HKD 0.5 million or equivalent to approximately Baht 2.2 million. During the current year, the subsidiary additionally invested in both listed corporate bonds and quoted bonds and sold some of the bonds, and partial quoted bonds were matured resulting in net loss of HKD 0.3 million or equivalent to approximately Baht 1.1 million

As at 31 December 2010, 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 HKD 10.8 million or equivalent to approximately Baht 34.9 million (2009: increased by HKD 21.5 million or equivalent to approximately Baht 93.8 million). The changes in the fair value of such bonds are shown as a separate item in the statement of changes in shareholders' equity.

9. Trade accounts receivable

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

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
<u>Age of receivable</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Accounts receivable - subsidiary companies</u>				
Not yet due	-	-	2,054,032	15,260,329
Past due				
Up to 3 months	-	-	8,237,822	4,325,251
3 - 6 months	-	-	3,630,195	593,365
6 - 12 months	-	-	4,030,145	436,316
Over 12 months	-	-	480,766	265,507
Total accounts receivable - subsidiary companies	-	-	18,432,960	20,880,768
<u>Accounts receivable - other companies</u>				
Not yet due	1,909,839,783	1,922,022,037	858,883,938	964,057,273
Past due				
Up to 3 months	513,225,406	359,036,611	152,470,428	88,631,874
3 - 6 months	8,956,571	9,381,923	1,071,592	264,293
6 - 12 months	2,781,662	3,265,939	-	380
Over 12 months	-	5,768,275	-	-
Total accounts receivable - other companies	2,434,803,422	2,299,474,785	1,012,425,958	1,052,953,820
Less: Allowance for doubtful accounts	(3,239,596)	(6,414,910)	-	-
Total trade accounts receivable - other companies - net	2,431,563,826	2,293,059,875	1,012,425,958	1,052,953,820
Total trade accounts receivable - net	<u>2,431,563,826</u>	<u>2,293,059,875</u>	<u>1,030,858,918</u>	<u>1,073,834,588</u>

10. Inventories

(Unit: Baht)

Consolidated financial statements								
Allowance for diminution in inventory value								
Cost	Damaged and deteriorated inventories				Slow-moving inventories		Inventories - net	
	2010	2009	2010	2009	2010	2009	2010	2009
Finished goods	685,983,946	499,262,249	(127,928,231)	(139,438,485)	(1,513,470)	(1,040,394)	556,542,245	358,783,370
Work in process	243,302,398	225,926,393	-	-	-	-	243,302,398	225,926,393
Raw materials	1,747,327,008	1,201,808,686	(33,839,102)	(34,099,223)	(42,789,745)	(66,490,631)	1,670,698,161	1,101,218,832
Goods in transit	84,465,191	70,894,909	-	-	-	-	84,465,191	70,894,909
Total	2,761,078,543	1,997,892,237	(161,767,333)	(173,537,708)	(44,303,215)	(67,531,025)	2,555,007,995	1,756,823,504

(Unit: Baht)

Separate financial statements								
Allowance for diminution in inventory value								
Cost	Damaged and deteriorated inventories				Slow-moving inventories		Inventories - net	
	2010	2009	2010	2009	2010	2009	2010	2009
Finished goods	223,298,762	249,766,034	(127,928,231)	(138,418,731)	(1,310,287)	(644,692)	94,060,244	110,702,611
Work in process	72,079,924	85,472,823	-	-	-	-	72,079,924	85,472,823
Raw materials	495,767,147	391,431,140	(29,471,120)	(29,942,102)	(18,105,384)	(38,610,925)	448,190,643	322,878,113
Goods in transit	1,646,410	8,843,871	-	-	-	-	1,646,410	8,843,871
Total	792,792,243	735,513,868	(157,399,351)	(168,360,833)	(19,415,671)	(39,255,617)	615,977,221	527,897,418

11. Investments in subsidiary companies

(Unit: Baht)

Company's name	Separate financial statements							
	Paid up capital		Shareholding percentage		Cost		Dividend received for the years ended 31 December	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
			Percent	Percent				
Hana Semiconductor (Ayuthaya) Company Limited	1,200,000,000	1,200,000,000	58	58	2,142,909,786	2,142,909,786	175,000,000	301,000,000
Hana Semiconductor (BKK) Company Limited	1,000,000,000	1,000,000,000	100	100	1,011,100,000	1,011,100,000	100,000,000	320,000,000
Omac Sales Limited	325,375	325,375	100	100	273,491,816	273,491,816	-	-
Hana Microelectronics International Company Limited	51	51	100	100	51	51	-	-
Hana Microelectronics Investment Company Limited	51	51	100	100	111	111	-	-
Hana Technologies Group Limited	74	74	100	100	74	74	-	-
Total investments in subsidiary companies					<u>3,427,501,838</u>	<u>3,427,501,838</u>	<u>275,000,000</u>	<u>621,000,000</u>

During the third quarter of 2009, Hana Microelectronics Company Limited (Shanghai), a subsidiary company of Hana Microelectronics Investment Company Limited, registered for liquidation. Hana Microelectronics Investment Company Limited received return on its investment in this subsidiary of USD 12.2 million or equivalent to approximately Baht 416.0 million, resulting in gain on investment under equity method of approximately Baht 28.5 million, which was included in the 2009 consolidated income statement.

12. Property, plant and equipment

(Unit: Baht)

Consolidated financial statements

	Land	Buildings	Leasehold improvement	Installation	Machinery and equipment	Office furniture and equipment	Vehicles	Construction in progress and machinery under installation	Total
Cost									
31 December 2009	157,377,250	1,835,701,467	138,354,232	535,122,648	8,745,579,530	426,315,288	55,337,926	179,350,037	12,073,138,378
Additions	121,631,200	11,918,498	155,100	27,482,231	1,038,671,923	50,455,073	8,430,333	944,457,953	2,203,202,311
Disposals	-	-	-	(6,469,918)	(199,472,608)	(8,124,745)	(13,569,917)	-	(227,637,188)
Transfer in (out)	-	210,207,844	-	15,149,835	513,347,270	5,571,767	-	(744,276,716)	-
Translation adjustment	-	(40,303,982)	(4,071,482)	-	(131,999,328)	(3,680,915)	(1,032,761)	(4,338,386)	(185,426,854)
31 December 2010	279,008,450	2,017,523,827	134,437,850	571,284,796	9,966,126,787	470,536,468	49,165,581	375,192,888	13,863,276,647
Accumulated depreciation									
31 December 2009	-	515,148,885	111,640,761	357,334,777	5,005,938,573	342,779,794	35,243,309	-	6,368,086,099
Depreciation for the year	-	91,278,658	5,946,604	40,572,920	958,037,693	34,808,512	7,859,509	-	1,138,503,896
Accumulated depreciation for disposed assets	-	-	-	(382,815)	(168,438,391)	(6,887,772)	(12,240,892)	-	(187,949,870)
Translation adjustment	-	(8,368,122)	(2,782,506)	-	(50,180,963)	(2,762,076)	(580,217)	-	(64,673,884)
31 December 2010	-	598,059,421	114,804,859	397,524,882	5,745,356,912	367,938,458	30,281,709	-	7,253,966,241
Allowance for impairment loss									
31 December 2009	-	-	-	613,065	103,486,096	-	-	-	104,099,161
Decrease during the year	-	-	-	-	(16,715,107)	-	-	-	(16,715,107)
Translation adjustment	-	-	-	-	(4,566,675)	-	-	-	(4,566,675)
31 December 2010	-	-	-	613,065	82,204,314	-	-	-	82,817,379
Net book value									
31 December 2009	157,377,250	1,320,552,582	26,713,471	177,174,806	3,636,154,861	83,535,494	20,094,617	179,350,037	5,600,953,118
31 December 2010	279,008,450	1,419,464,406	19,632,991	173,146,849	4,138,565,561	102,598,010	18,883,872	375,192,888	6,526,493,027
Depreciation for the year									
2009 (Baht 860 million included in manufacturing cost, and the balance in administrative expenses)									1,002,842,247
2010 (Baht 1,013 million included in manufacturing cost, and the balance in administrative expenses)									1,138,503,896

(Unit: Baht)

Separate financial statements

	Land	Buildings	Leasehold improvement	Installation	Machinery and equipment	Office furniture and equipment	Vehicles	Construction in progress and machinery under installation	Total
Cost									
31 December 2009	50,993,534	811,990,784	85,641,093	139,172,267	1,830,334,420	101,411,152	18,559,825	99,533,353	3,137,636,428
Additions	121,631,200	518,498	-	1,284,091	17,031,897	11,366,997	2,537,607	286,895,075	441,265,365
Disposals	-	-	-	-	(25,676,155)	(1,219,905)	-	-	(26,896,060)
Transfer in (out)	-	-	-	7,575,898	230,673,632	174,100	-	(238,423,630)	-
31 December 2010	172,624,734	812,509,282	85,641,093	148,032,256	2,052,363,794	111,732,344	21,097,432	148,004,798	3,552,005,733
Accumulated depreciation									
31 December 2009	-	230,870,288	78,353,943	63,482,309	1,104,824,929	80,562,131	12,017,721	-	1,570,111,321
Depreciation for the year	-	40,617,907	4,858,091	11,487,731	206,062,024	8,180,060	2,809,344	-	274,015,157
Accumulated depreciation for disposed assets	-	-	-	-	(20,739,368)	(1,007,816)	-	-	(21,747,184)
31 December 2010	-	271,488,195	83,212,034	74,970,040	1,290,147,585	87,734,375	14,827,065	-	1,822,379,294
Allowance for impairment loss									
31 December 2009	-	-	-	613,065	8,088,996	-	-	-	8,702,061
Decrease during the year	-	-	-	-	(1,192,066)	-	-	-	(1,192,066)
31 December 2010	-	-	-	613,065	6,896,930	-	-	-	7,509,995
Net book value									
31 December 2009	50,993,534	581,120,496	7,287,150	75,076,893	717,420,495	20,849,021	6,542,104	99,533,353	1,558,823,046
31 December 2010	172,624,734	541,021,087	2,429,059	72,449,151	755,319,279	23,997,969	6,270,367	148,004,798	1,722,116,444
Depreciation for the year									
2009 (Baht 187 million included in manufacturing cost, and the balance in administrative expenses)									251,772,621
2010 (Baht 206 million included in manufacturing cost, and the balance in administrative expenses)									274,015,157

As at 31 December 2010, certain equipment items have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation and allowance for impairment loss, of those assets amounted to approximately Baht 3,693 million (2009: Baht 3,148 million) and for the Company amounted to approximately Baht 614 million (2009: Baht 568 million).

13. Intangible assets

Details of intangible assets which are computer software are as follows:

	(Unit: Baht)	
	Consolidated financial statement	Separate financial statements
Cost		
31 December 2009	38,746,773	4,911,557
Additions	2,429,129	1,855,534
Translation adjustment	(695,843)	-
31 December 2010	<u>40,480,059</u>	<u>6,767,091</u>
Amortisation		
31 December 2009	(17,878,809)	(1,450,058)
Amortisation	(5,487,198)	(577,842)
Translation adjustment	454,574	-
31 December 2010	<u>(22,911,433)</u>	<u>(2,027,900)</u>
Net book value		
31 December 2009	<u>20,867,964</u>	<u>3,461,499</u>
31 December 2010	<u>17,568,626</u>	<u>4,739,191</u>
Amortisation for the year		
31 December 2009	<u>5,650,283</u>	<u>365,584</u>
31 December 2010	<u>5,487,198</u>	<u>577,842</u>

14. Short-term loan from financial institution

During 2009, Hana Microelectronics International Company Limited, an overseas subsidiary company, entered into a loan agreement with an overseas commercial bank to borrow short-term loan of AUD 1.5 million or equivalent to approximately Baht 43.9 million. The short-term loan bears interest at the rate of 4.35% per annum and is secured by the pledge of the investments held under the account of the lender by the subsidiary company. The subsidiary company had repaid this short-term loan during the second quarter of 2010.

15. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

16. Treasury shares

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

	Consolidated and separate financial statements	
	<u>2010</u>	<u>2009</u>
Cost of treasury shares (Thousand Baht)	262,987	262,987
Number of treasury shares (Thousand shares)	25,596	25,596
Average price per share (Baht)	10.27	10.27
Percentage of treasury shares to the Company's shares in issue	3.08	3.08

A resolution of a meeting of the Company's Board of Directors No. 4/2551 held on 7 October 2008 approved the repurchase of shares of the Company 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.

During the year 2009, the Company repurchased 21.12 million ordinary shares with total cost of Baht 221.95 million and set aside Baht 221.95 million of its retained earnings as reserve for treasury shares. As at 31 December 2010 and 2009, total shares repurchased by the Company were 25.6 million ordinary shares with total cost of Baht 262.99 million, and reserve for treasury shares amounted to Baht 262.99 million.

17. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Raw materials and consumables used	9,776,017,878	7,643,770,510	3,898,075,431	3,507,481,000
Changes in inventories of finished goods and work in process	(204,097,702)	158,128,113	39,860,171	70,795,710
Salary and wages and other employee benefits	2,496,593,570	1,920,550,641	771,319,223	580,988,765
Management benefit expenses	85,028,626	73,934,619	10,899,895	7,561,925
Depreciation	1,138,503,896	1,002,842,247	274,015,157	251,772,621
Loss on exchange	-	-	27,703,073	42,825,558
Product warranty expenses	26,490,626	28,093,879	-	-

18. Earnings per share

Basic earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares held by public and in issue during the year.

Diluted earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares held by public and in issue during the year 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 year or on the date the potential ordinary shares were issued.

Weighted average number of ordinary shares

The weighted average number of ordinary shares in the consolidated and separate financial statements for the years ended 31 December 2010 and 2009 is calculated as follows:

(Unit: Shares)

	Consolidated and separate financial statements	
	<u>2010</u>	<u>2009</u>
Balance brought forward (net of treasury shares)	804,878,860	825,997,860
Less: Treasury shares during the year	-	(17,412,139)
Weighted average number of ordinary shares	<u>804,878,860</u>	<u>808,585,721</u>

Warrants

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

Number of warrants: 20,000,000 warrants

Exercise price: Baht 27.40 per share

Exercise ratio: 1 ordinary share: 1 warrant

Exercise period: From 31 October 2006 to 31 July 2010

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

As at 31 December 2009, there were outstanding warrants of 20 million warrants. However, the warrants were excluded from the calculation of potential diluted ordinary shares for diluted earnings per share calculation for the year ended 31 December 2009 since the exercise price exceeded the weighted average fair value of the ordinary shares of the Company.

19. Promotional privileges

The Company and its subsidiaries have received promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment. Subject to certain imposed conditions, significant privileges are as follows:

Particulars	The Company								
1. Certificate No.	1842/2539	1341/Or/2544	1455 (1)/2544	1597(1)/2544	1642(2)/2546	1977(2)/2547	1328(2)/2548	2138(2)/2550	1887(1)/2552
2. Promotional privileges for	Production of PCBA	Production of Fiber Optic Device, Air Pressure and Temperature Control and Wireless Radio Frequency	Production of Wireless Sensor	Production of smart card and module for smart card	Production of Wireless Sensor	Production of Flexible Circuit Board Assembly and electronic components for Interface Device	Production of PCBA, RFID, TAG reader	Production of PCBA	Production of Semi Conductor i.e. Wireless Sensor
3. The significant privilege are									
3.1 Exemption from corporate income tax on net income derived from the promoted operation and exemption from income tax on dividends paid from the promoted operations which are tax exempted throughout the period in which the corporate income tax is exempted.	8 years (expired)	8 years	8 years	8 years	8 years (expired)	8 years	8 years	8 years	8 years
3.2 5% allowance of the increment in export income over the preceding years.	10 years (expired)	10 years	-	-	-	-	-	-	-
3.3 50 % reduction of the normal corporate income tax rate for net income derived after the expiry date in 3.1	5 years	5 years	5 years	5 years	5 years (expired)	5 years	5 years	5 years	5 years

Particulars	The Company								
	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted
3.4 Exemption from import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted
3.5 2 times deduction of transportation, electricity and water expenses from the first earning operating income	10 years (expired)	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
4. Date of first earning operating income	10 January 1997	17 January 2002 (Transferred from Hana Microelectronics (NRIE) Co., Ltd. in 2002)	27 March 2002	17 November 2001	30 June 2004	2 December 2004	24 March 2006	3 December 2007	2 December 2009

Particulars	Subsidiaries										
	Hana Semiconductor (BKK) Company Limited			Hana Semiconductor (Ayutthaya) Company Limited							
1. Certificate No.	1112/2541	1492/2541	2093(6)/2548	1187/Or/2543	1154(1)/2544	1594(2)/2545	1133(4)/2548	2176(4)/2548	1458(1)/2553	1817(2)/2550	1034(2)/2550
2. Promotional privileges for	Production of LED, OPTO and Microwave Amplifier	Production of Autoled (LED)	Production of Integrated Circuit (IC)	Production of Integrated Circuit (IC) Wafer Probe test (Dice) and Wafer saw	Production of IC OPTO	Production of IC OPTO and Integrated Circuit (IC)	Production of Integrated Circuit (IC) and Integrated Module	Production of Integrated Circuit (IC)	Production of Integrated Circuit (IC)	Production of Integrated Circuit (IC)	Production of Integrated Circuit (IC) and Integrated Circuit Tested (IC Tested)
3. The significant privilege are											
3.1 Exemption from corporate income tax on net income derived from the promoted operation and exemption from income tax on dividends paid from the promoted operations which are tax exempted throughout the period in which the corporate income tax is exempted.	-	3 years (expired)	5 years	7 years (expired)	7 years (expired)	7 years	8 years	8 years	8 years	7 years	8 years
3.2 5% allowance of the increment in export income over the preceding years.	-	10 years	-	10 years	-	-	-	-	-	-	-
3.3 Exemption from import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted
4. Date of first earning operating income	1 April 1998	16 November 1998	20 April 2006	3 January 2001 (Transferred from Hana Semiconductor or (BKK) Co., Ltd. in 1999)	22 May 2001	7 September 2003	3 January 2005	10 January 2006	28 May 2010	1 September 2010	Has not yet started utilising the privileges.

During the year 2010, the Company was approved by the Board of investment to terminate the promotional certificate no. 1091(1)/2545.

The Company's operating revenues for the years 2010 and 2009 could be divided according to promoted and non-promoted operations as follows:

	(Unit: Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Sales						
Domestic sales	18,788	133,365	24,320	69,220	43,108	202,585
Export sales	6,268,543,121	5,455,292,671	32,082,836	292,821,012	6,300,625,957	5,748,113,683
Total sales	<u>6,268,561,909</u>	<u>5,455,426,036</u>	<u>32,107,156</u>	<u>292,890,232</u>	<u>6,300,669,065</u>	<u>5,748,316,268</u>

20. 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 as at and for the years ended 31 December 2010 and 2009 are as follows:

	(Unit: Million Baht)							
	Consolidated financial statements							
	Domestic		Foreign		Eliminated		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues from external customers	13,090	10,640	3,868	2,818	-	-	16,958	13,458
Intersegment revenues	50	195	5,135	3,288	(5,185)	(3,483)	-	-
Total revenues	<u>13,140</u>	<u>10,835</u>	<u>9,003</u>	<u>6,106</u>	<u>(5,185)</u>	<u>(3,483)</u>	<u>16,958</u>	<u>13,458</u>
Segment income	2,076	1,949	794	552			2,870	2,501
Unallocated income and expenses:								
Other income							495	339
Gain on liquidation of subsidiary company							-	29
Gain on exchange							192	139
Selling expenses							(121)	(159)
Administrative expenses							(480)	(520)
Management benefit expenses							(85)	(74)
Other expenses							(27)	(47)
Finance cost							(8)	(7)
Corporate income tax							(87)	(158)
Net income for the year							<u>2,749</u>	<u>2,043</u>

(Unit: Million Baht)

	Consolidated financial statements							
	Domestic		Foreign		Eliminated		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Property, plant and equipment - net	4,847	4,011	1,679	1,590	-	-	6,526	5,601
Other assets	17,607	16,724	16,476	16,511	(23,805)	(23,025)	10,278	10,210
Total assets	<u>22,454</u>	<u>20,735</u>	<u>18,155</u>	<u>18,101</u>	<u>(23,805)</u>	<u>(23,025)</u>	<u>16,804</u>	<u>15,811</u>

Transfer prices between business segments are as set out in Note 7 to the financial statements.

21. Provident fund

The Company, the subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company or the subsidiaries contribute to the fund monthly at the rates of 3.0 - 7.5 percent of basic salary. The fund, which is managed by SCB Asset Management Company Limited, will be paid to employees upon terminating in accordance with the fund rules. During the year 2010, total amount of approximately of Baht 42 million (2009: Baht 40 million) had been contributed to the fund by the Company and its subsidiaries, and Baht 18 million had been contributed by the Company (2009: Baht 16 million).

22. Dividend paid

During the year 2010 and 2009, the Company and its subsidiaries had dividend payments as follows:

	Approved by	Total dividends	(Unit: Baht)
			Dividend per share
<u>The Company</u>			
<u>For the year 2010</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 30 April 2010	1,126,830,404	1.40
Total for the year 2010		<u>1,126,830,404</u>	<u>1.40</u>
<u>For the year 2009</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 30 April 2009	981,009,792	1.20
Total for the year 2009		<u>981,009,792</u>	<u>1.20</u>

	Approved by	Total dividends	Dividend per share
(Unit: Baht)			
<u>Subsidiary companies</u>			
Hana Semiconductor (BKK) Company Limited			
<u>For the year 2010</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders 30 April 2010	100,000,000	1.00
Total for the year 2010		<u>100,000,000</u>	<u>1.00</u>
<u>For the year 2009</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders 30 April 2009	100,000,000	1.00
Interim dividend in respect of the income for the period from 1 January 2009 to 30 April 2009	Board of Director's Meeting on 4 May 2009	220,000,000	2.20
Total for the year 2009		<u>320,000,000</u>	<u>3.20</u>
Hana Semiconductor (Ayutthaya) Company Limited			
<u>For the year 2010</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 29 March 2010	300,000,000	2.50
Total for the year 2010		<u>300,000,000</u>	<u>2.50</u>
<u>For the year 2009</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 24 April 2009	516,000,000	4.30
Total for the year 2009		<u>516,000,000</u>	<u>4.30</u>

23. Excess of cost of investments over net book value of the subsidiary companies

On 30 April 2009, the Annual General Meeting of the shareholders of the Company No. 16/2009 passed the resolution approving the offsetting of the excess of cost of investments over net book value of the subsidiary companies amounting to Baht 154,975,555 which the Company had already deducted in the consolidated shareholders' equity as at 31 December 2008, against the unappropriated retained earnings in the consolidated shareholders' equity. The Company recorded such transaction in the consolidated statement of changes in shareholders' equity for the year ended 31 December 2009.

24. Commitments and contingent liabilities

24.1 Capital commitments

As at 31 December 2010, the Company and its subsidiaries had capital commitments of approximately USD 20 million or equivalent to Baht 608 million, relating to the acquisitions of machinery (the Company only: Baht 197 million).

24.2 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.

24.3 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.

24.4 Guarantees

As at 31 December 2010, there were outstanding bank guarantees of approximately Baht 191 million (the Company only: Baht 154 million) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and the subsidiaries. These included letters of guarantee amounting to Baht 144 million to be security for the tax assessment of a subsidiary company made by the Revenue Department (as discussed in Note 24.5) and Baht 46 million to guarantee electricity use and Baht 1 million among others.

24.5 Tax assessment

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.

25. Financial instruments

25.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, investments, and trade accounts payable. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the balance sheets.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, bills of exchange and available-for-sales securities. However, since most of their financial assets bear floating interest rates, or fixed interest rate which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2010 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Consolidated financial statements				
	Fixed interest rate within one year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	(Million Baht)				
Financial assets					
Cash and cash equivalents	1,910	837	227	2,974	0.001 - 2.25
Short-term investments	1,851	23	161	2,035	1.55 - 9.75
Trade accounts receivable	-	-	2,432	2,432	-
Total financial assets	<u>3,761</u>	<u>860</u>	<u>2,820</u>	<u>7,441</u>	
Financial liabilities					
Trade accounts payable	-	-	1,699	1,699	-
Total financial liabilities	<u>-</u>	<u>-</u>	<u>1,699</u>	<u>1,699</u>	

	Separate financial statements				
	Fixed				
	interest rate				
	within	Floating	Non-interest		Effective
	one year	interest rate	bearing	Total	interest rate
(Million Baht)					(% p.a.)
Financial assets					
Cash and cash equivalents	450	209	4	663	0.25 - 1.45
Trade accounts receivable	-	-	1,031	1,031	-
Total financial assets	<u>450</u>	<u>209</u>	<u>1,035</u>	<u>1,694</u>	
Financial liabilities					
Trade accounts payable	-	-	472	472	-
Total financial liabilities	<u>-</u>	<u>-</u>	<u>472</u>	<u>472</u>	

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts will mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2010 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2010
	(Million)	(Million)	(Baht per foreign currency unit)
China Yuan	278	90	4.5582
US Dollar	166	45	30.1513
Indian Rupee	45	-	0.6703
Euro	9	-	39.9394
Japan Yen	4	8	0.3705
Singapore Dollar	2	-	23.3264
Brazilian real	2	-	18.1017
Australia dollar	2	-	30.7226
Pound Sterling	1	-	46.7968

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

Sold amount	Maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
40	10 March 2011	30.87
10	22 April 2011	29.73
(Million Euro)		(USD per Euro)
5	16 May 2011	1.36

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

Linked asset	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	(0.18)

25.2 Fair value of financial statements

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature and carry floating interest rate or the interest rate close to market rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

26. Capital management

The primary objective of the Company's and its subsidiaries' capital management is to ensure that they have an appropriate financial structure and preserve the ability to continue their business as a going concern.

According to the balance sheet as at 31 December 2010, the Group's debt-to-equity ratio was 0.19:1 (2009: 0.22:1) and the Company's was 0.11:1 (2009: 0.14:1).

27. Subsequent events

On 1 March 2011, the meeting of the Board of Directors of the Company No. 1/2011 passed a resolution approving the dividend payment for the year 2010 to the Company's shareholders at Baht 1.55 per share. The dividend will be paid on 12 May 2011.

The dividend payment will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

28. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2009 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	As reclassified	As previously reported	As reclassified	As previously reported
<u>Balance sheets</u>				
Property, plant and equipment - net	5,600,953,118	5,605,406,696	-	-
Intangible assets - net	20,867,964	16,414,386	-	-

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 1 March 2011.