

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

Review report of Independent Auditor

To the Shareholders of Hana Microelectronics Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Hana Microelectronics Public Company Limited and its subsidiaries as at 30 June 2011, the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2011 and 2010, the related consolidated statements of changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2011 and 2010, and the separate financial statements of Hana Microelectronics Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

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

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

I have previously audited the consolidated financial statements of Hana Microelectronics Public Company Limited and its subsidiaries, and the separate financial statements of Hana Microelectronics Public Company Limited for the year ended 31 December 2010 in accordance with generally accepted auditing standards and, based on my audit and the report of the other auditor, expressed an unqualified opinion on those statements under my report dated 1 March 2011. The consolidated and separate statements of financial position as at 31 December 2010, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report. In addition, as described in Note 1.4 and 1.5 to the financial statements, during the current period, the Company and its subsidiaries adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied them in preparation and presentation of the interim financial statements. For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current period.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited
Bangkok: 10 August 2011

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of financial position

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---------------------------------------|------|-----------------------------------|-------------------|-------------------------------|------------------|
| | | As at | As at | As at | As at |
| | | 30 June 2011 | 31 December 2010 | 30 June 2011 | 31 December 2010 |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 3 | 2,762,232 | 2,974,544 | 59,483 | 662,729 |
| Short-term investments | 5 | 1,982,511 | 2,035,009 | - | - |
| Trade accounts receivable | | | | | |
| Subsidiary companies | 4, 6 | - | - | 24,116 | 18,433 |
| Other companies - net | 6 | 2,735,946 | 2,431,564 | 1,125,594 | 1,012,426 |
| Total trade accounts receivable - net | | 2,735,946 | 2,431,564 | 1,149,710 | 1,030,859 |
| Inventories - net | 7 | 2,674,183 | 2,555,008 | 700,564 | 615,977 |
| Other current assets | | | | | |
| Advances | | 43,620 | 45,543 | 3,507 | 4,437 |
| Input tax refundable | | 45,942 | 60,633 | 5,071 | 9,358 |
| Income tax refundable | | 8,137 | 8,137 | 8,137 | 8,137 |
| Others | | 129,729 | 128,827 | 34,323 | 12,203 |
| Total other current assets | | 227,428 | 243,140 | 51,038 | 34,135 |
| Total current assets | | 10,382,300 | 10,239,265 | 1,960,795 | 2,343,700 |
| Non-current assets | | | | | |
| Investments in subsidiary companies | 8 | - | - | 3,427,502 | 3,427,502 |
| Other long-term investment | | 97 | 97 | 97 | 97 |
| Property, plant and equipment - net | 9 | 6,563,752 | 6,526,493 | 1,678,489 | 1,722,116 |
| Intangible assets - net | 10 | 16,091 | 17,569 | 4,431 | 4,739 |
| Other non-current assets | | 2,151 | 20,511 | 1,329 | 1,329 |
| Total non-current assets | | 6,582,091 | 6,564,670 | 5,111,848 | 5,155,783 |
| Total assets | | 16,964,391 | 16,803,935 | 7,072,643 | 7,499,483 |

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---|---|--------------------------------------|--|--------------------------------------|
| | As at | As at | As at | As at |
| | <u>Note</u> <u>30 June 2011</u> (Unaudited but reviewed) | <u>31 December 2010</u> (Audited) | <u>30 June 2011</u> (Unaudited but reviewed) | <u>31 December 2010</u> (Audited) |
| Liabilities and shareholders' equity | | | | |
| Current liabilities | | | | |
| Trade accounts payable | | | | |
| | | | | |
| Subsidiary companies | 4 | - | 34,540 | 13,050 |
| Other companies | | 1,672,478 | 512,497 | 458,506 |
| Total trade accounts payable | | 1,672,478 | 547,037 | 471,556 |
| Corporate income tax payable | | 12,643 | 8,419 | 8,728 |
| Short-term provisions | | | | |
| Provision for loss on tax assessment | 15.5 | 150,466 | 150,466 | 150,466 |
| Provision for product warranty | | 199,204 | - | - |
| Total short-term provisions | | 349,670 | 150,466 | 150,466 |
| Other current liabilities | | | | |
| Other accounts payable | | 229,924 | 55,058 | 46,925 |
| Accrued expenses | | 321,734 | 77,759 | 26,291 |
| Advances received from customers | | 186,598 | 15,632 | 10,041 |
| Others | | 77,058 | 22,028 | 14,101 |
| Total other current liabilities | | 815,314 | 170,477 | 97,358 |
| Total current liabilities | | 2,850,105 | 876,399 | 728,108 |
| Non-current liabilities | | | | |
| Provision for long-term employee benefits | 1.4 | 290,622 | 117,671 | - |
| Total non-current liabilities | | 290,622 | 117,671 | - |
| Total liabilities | | 3,140,727 | 994,070 | 728,108 |

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---|---|--------------------------------------|--|--------------------------------------|
| | As at | As at | As at | As at |
| | <u>Note</u> <u>30 June 2011</u> (Unaudited but reviewed) | <u>31 December 2010</u> (Audited) | <u>30 June 2011</u> (Unaudited but reviewed) | <u>31 December 2010</u> (Audited) |
| Shareholders' equity | | | | |
| Share capital | | | | |
| Registered | | | | |
| 1,000,000,000 ordinary shares of Baht 1 each | <u>1,000,000</u> | <u>1,000,000</u> | <u>1,000,000</u> | <u>1,000,000</u> |
| Issued and fully paid-up | | | | |
| 830,474,960 ordinary shares of Baht 1 each | 830,475 | 830,475 | 830,475 | 830,475 |
| Share premium | 1,723,219 | 1,723,219 | 1,723,219 | 1,723,219 |
| Retained earnings | | | | |
| Appropriated - statutory reserve | 320,218 | 320,218 | 100,000 | 100,000 |
| Appropriated - reserve for treasury shares | 11 262,987 | 262,987 | 262,987 | 262,987 |
| Unappropriated | 11,239,284 | 11,700,365 | 3,424,879 | 4,117,681 |
| Other components of shareholders' equity | <u>(289,532)</u> | <u>(495,741)</u> | - | - |
| Equity attributable to owners of the Company | 14,086,651 | 14,341,523 | 6,341,560 | 7,034,362 |
| Treasury shares | 11 (262,987) | (262,987) | (262,987) | (262,987) |
| Total shareholders' equity | <u>13,823,664</u> | <u>14,078,536</u> | <u>6,078,573</u> | <u>6,771,375</u> |
| Total liabilities and shareholders' equity | <u>16,964,391</u> | <u>16,803,935</u> | <u>7,072,643</u> | <u>7,499,483</u> |
| | - | - | - | - |

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

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Directors
.....

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries**Income statements****For the three-month periods ended 30 June 2011 and 2010**

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

| | Note | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---|------|--|------------------|--------------------------------------|------------------|
| | | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| Revenues | | | | | |
| Sales | | 4,340,261 | 4,389,478 | 1,582,132 | 1,690,814 |
| Other income | | | | | |
| Interest income | | 39,029 | 48,703 | 2,233 | 1,371 |
| Dividend income | 8 | 1,762 | 3,665 | 310,011 | 100,010 |
| Gain on exchange | | 42,914 | 17,336 | 18,617 | 12,940 |
| Others | | 160,844 | 76,567 | 17,611 | 18,124 |
| Total other income | | <u>244,549</u> | <u>146,271</u> | <u>348,472</u> | <u>132,445</u> |
| Total revenues | | <u>4,584,810</u> | <u>4,535,749</u> | <u>1,930,604</u> | <u>1,823,259</u> |
| Expenses | | | | | |
| Cost of sales | | 3,754,426 | 3,598,999 | 1,378,328 | 1,367,844 |
| Selling expenses | | 23,160 | 28,489 | 5,533 | 6,383 |
| Administrative expenses | | 160,148 | 131,555 | 40,620 | 26,373 |
| Other expenses | | 6,395 | 6,736 | - | - |
| Total expenses | | <u>3,944,129</u> | <u>3,765,779</u> | <u>1,424,481</u> | <u>1,400,600</u> |
| Profit before finance cost and corporate income tax | | | | | |
| Finance cost | | (3,719) | (2,048) | (1,119) | (610) |
| Profit before corporate income tax | | <u>636,962</u> | <u>767,922</u> | <u>505,004</u> | <u>422,049</u> |
| Corporate income tax | | (19,930) | (24,476) | (6,574) | (4,603) |
| Profit for the period | | <u>617,032</u> | <u>743,446</u> | <u>498,430</u> | <u>417,446</u> |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | <u>617,032</u> | <u>743,446</u> | <u>498,430</u> | <u>417,446</u> |
| Earnings per share | | | | | |
| Basic earnings per share | | | | | |
| Profit attributable to equity holders of the Company (Baht) | 12 | <u>0.77</u> | <u>0.92</u> | <u>0.62</u> | <u>0.52</u> |

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of comprehensive income

For the three-month periods ended 30 June 2011 and 2010

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--|--|-----------------------|--------------------------------------|-----------------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| Profit for the period | <u>617,032</u> | <u>743,446</u> | <u>498,430</u> | <u>417,446</u> |
| Other comprehensive income: | | | | |
| Gain on change in value of available-for-sale investments | 24,118 | (31,213) | - | - |
| Exchange differences on translation of financial statements in foreign currency | <u>122,445</u> | <u>8,331</u> | <u>-</u> | <u>-</u> |
| Other comprehensive income for the period | <u>146,563</u> | <u>(22,882)</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the period | <u><u>763,595</u></u> | <u><u>720,564</u></u> | <u><u>498,430</u></u> | <u><u>417,446</u></u> |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | <u><u>763,595</u></u> | <u><u>720,564</u></u> | <u><u>498,430</u></u> | <u><u>417,446</u></u> |

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

Hana Microelectronics Public Company Limited and its subsidiaries

Income statements

For the six-month periods ended 30 June 2011 and 2010

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

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|------------------|-------------------------------|------------------|
| | | 2011 | 2010 | 2011 | 2010 |
| Revenues | | | | | |
| Sales | | 8,159,728 | 8,314,385 | 2,917,893 | 3,307,199 |
| Other income | | | | | |
| Interest income | | 75,750 | 70,782 | 4,656 | 3,090 |
| Dividend income | 8 | 1,762 | 3,665 | 310,011 | 275,010 |
| Gain on exchange | | 93,400 | 39,380 | 33,644 | 3,281 |
| Others | | 233,232 | 136,101 | 35,355 | 34,552 |
| Total other income | | 404,144 | 249,928 | 383,666 | 315,933 |
| Total revenues | | 8,563,872 | 8,564,313 | 3,301,559 | 3,623,132 |
| Expenses | | | | | |
| Cost of sales | | 7,057,661 | 6,823,467 | 2,524,734 | 2,672,545 |
| Selling expenses | | 43,778 | 58,018 | 11,043 | 12,002 |
| Administrative expenses | | 342,984 | 274,358 | 82,288 | 54,778 |
| Other expenses | | 12,859 | 13,626 | - | - |
| Total expenses | | 7,457,282 | 7,169,469 | 2,618,065 | 2,739,325 |
| Profit before finance cost and corporate income tax | | | | | |
| Finance cost | | (5,557) | (3,961) | (1,709) | (1,126) |
| Profit before corporate income tax | | 1,101,033 | 1,390,883 | 681,785 | 882,681 |
| Corporate income tax | | (26,755) | (50,035) | (9,756) | (17,028) |
| Profit for the period | | 1,074,278 | 1,340,848 | 672,029 | 865,653 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | 1,074,278 | 1,340,848 | 672,029 | 865,653 |
| Earnings per share | | | | | |
| Basic earnings per share | | | | | |
| Profit attributable to equity holders of the Company (Baht) | 12 | 1.33 | 1.67 | 0.83 | 1.08 |

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of comprehensive income

For the six-month periods ended 30 June 2011 and 2010

(Unit: Thousand Baht)

| | Note | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--|------|--|-------------------------|--------------------------------------|-----------------------|
| | | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| Profit for the period | | <u>1,074,278</u> | <u>1,340,848</u> | <u>672,029</u> | <u>865,653</u> |
| Other comprehensive income: | | | | | |
| Gain on change in value of available-for-sale investments | 5.2 | 37,592 | (9,157) | - | - |
| Exchange differences on translation of financial statements in foreign currency | | <u>168,617</u> | <u>(176,932)</u> | <u>-</u> | <u>-</u> |
| Other comprehensive income for the period | | <u>206,209</u> | <u>(186,089)</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the period | | <u><u>1,280,487</u></u> | <u><u>1,154,759</u></u> | <u><u>672,029</u></u> | <u><u>865,653</u></u> |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the Company | | <u><u>1,280,487</u></u> | <u><u>1,154,759</u></u> | <u><u>672,029</u></u> | <u><u>865,653</u></u> |

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries**Statements of cash flows****For the six-month periods ended 30 June 2011 and 2010**

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--|--|------------------|--------------------------------------|----------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| Cash flows from operating activities | | | | |
| Profit before tax | 1,101,033 | 1,390,883 | 681,785 | 882,681 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation | 599,903 | 541,179 | 147,281 | 133,743 |
| Amortisation expenses | 2,852 | 1,533 | 308 | 251 |
| Allowance for doubtful accounts (reversal) | 5,926 | (2,337) | - | - |
| Allowance for diminution in inventory value (reversal) | (8,432) | (8,327) | 4,223 | (3,302) |
| Dividend income from subsidiary companies | - | - | (310,000) | (275,000) |
| Dividend income from other companies | (1,762) | (3,665) | (11) | (10) |
| Interest income from short-term investments | (51,352) | (54,673) | - | - |
| Loss (gain) on disposals of short-term investments | (53,087) | 3,977 | - | - |
| Revaluation gain on investments in securities held for trading | (1,346) | (25,728) | - | - |
| Loss (gain) on disposals of equipment | (1,592) | 3,214 | (3,811) | 620 |
| Allowance for impairment loss on assets (reversal) | (312) | - | 338 | - |
| Provision for product warranty | 12,860 | 13,627 | - | - |
| Provision for long-term employee benefits | 21,676 | - | 8,641 | - |
| Unrealised loss (gain) on exchange | (1,253) | (664) | (6,072) | 1,072 |
| Unrealised loss (gain) on forward contracts | 23,763 | (11,433) | - | - |
| Unrealised gain on asset swap contracts | (362) | (656) | - | - |
| Interest expenses | 440 | 18 | 434 | - |
| Income from operating activities before changes in operating assets and liabilities | 1,648,955 | 1,846,948 | 523,116 | 740,055 |
| Operating assets (increase) decrease | | | | |
| Trade accounts receivable | (310,723) | (287,972) | (107,539) | (69,213) |
| Inventories | (110,743) | (391,487) | (88,810) | (137,799) |
| Other current assets | 49,617 | (56,265) | (16,908) | (5,515) |
| Other non-current assets | 7,541 | 23 | - | - |
| Operating liabilities increase (decrease) | | | | |
| Trade accounts payable | (18,046) | 239,010 | 70,444 | 35,452 |
| Accrued expenses | 135,790 | 87,801 | 51,676 | 36,119 |
| Advances received from customers | 17,638 | 24,591 | 5,393 | (1,548) |
| Other current liabilities | 17,314 | (7,807) | (530) | 1,320 |
| Cash from operating activities | 1,437,343 | 1,454,842 | 436,842 | 598,871 |
| Cash paid for corporate income tax | (30,472) | (115,198) | (10,055) | (88,865) |
| Interest paid | (434) | - | (434) | - |
| Net cash from operating activities | 1,406,437 | 1,339,644 | 426,353 | 510,006 |

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the six-month periods ended 30 June 2011 and 2010

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--|--|--------------------|--------------------------------------|--------------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| Cash flows from investing activities | | | | |
| Increase in short-term investments | (134,244) | (207,562) | - | - |
| Proceeds from sales of short-term investments | 278,767 | 79,543 | - | - |
| Interest income from short-term investments | 17,771 | 28,237 | - | - |
| Dividend income from subsidiary companies | - | - | 310,000 | 275,000 |
| Dividend income from other companies | 1,762 | 3,665 | 11 | 10 |
| Proceeds from disposals of equipment | 17,201 | 11,364 | 15,768 | 900 |
| Acquisitions of property, plant and equipment | (730,500) | (890,348) | (107,816) | (117,557) |
| Acquisitions of computer software | (1,375) | (1,584) | - | (1,238) |
| Decrease (increase) in other non-current assets | 10,820 | (32,611) | - | (22,922) |
| Net cash from (used in) investing activities | (539,798) | (1,009,296) | 217,963 | 134,193 |
| Cash flows from financing activities | | | | |
| Decrease in short-term loan from financial institution | - | (43,906) | - | - |
| Cash paid for interest expenses | (6) | (18) | - | - |
| Dividend paid | (1,247,562) | (1,126,830) | (1,247,562) | (1,126,830) |
| Net cash used in financing activities | (1,247,568) | (1,170,754) | (1,247,562) | (1,126,830) |
| Decrease in cash and cash equivalents | (380,929) | (840,406) | (603,246) | (482,631) |
| Translation adjustment | 168,617 | (176,932) | - | - |
| Net decrease in cash and cash equivalents | (212,312) | (1,017,338) | (603,246) | (482,631) |
| Cash and cash equivalents at beginning of the period | 2,974,544 | 4,272,065 | 662,729 | 902,743 |
| Cash and cash equivalents at end of the period (Note 3) | 2,762,232 | 3,254,727 | 59,483 | 420,112 |
| Supplemental cash flow information | | | | |
| Non-cash related transactions from investing activities | | | | |
| Net increase (decrease) in other accounts payable | | | | |
| for purchases of plant and equipment | (78,041) | (84,581) | 8,133 | 4,668 |
| Revaluation gain (loss) from change in fair value of | | | | |
| investments in available-for-sale securities | 37,592 | (9,157) | - | - |

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2011 and 2010

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | | | | | | | | |
|---|----------------|------------------|-------------------|-----------------|-------------------|--|---------------------|----------------------|-------------------|------------------|-------------------|-----------------|--------|
| | | | | | | Other components of shareholders' equity | | | | | | | |
| | | | | | | Other comprehensive income | | | | | | | |
| | | | | | | Surplus | | | | | | | |
| Retained earnings | | | | | | on change in | | Exchange differences | | Total other | | Total equity | |
| Appropriated | | | | | | fair value of | | on translation of | | components of | | attributable to | |
| Reserve for | | | | | | available-for-sale | | financial statements | | shareholders' | | shareholders of | |
| Treasury shares | | | | | | investments | | in foreign currency | | equity | | the Company | |
| Unappropriated | | | | | | in foreign currency | | equity | | Treasury | | Total | |
| Issued | | | | | | on change in | | Exchange differences | | Total other | | Total equity | |
| and paid up | | | | | | fair value of | | on translation of | | components of | | attributable to | |
| Share | | | | | | available-for-sale | | financial statements | | shareholders' | | shareholders of | |
| Statutory reserve | | | | | | investments | | in foreign currency | | equity | | the Company | |
| treasury shares | | | | | | in foreign currency | | equity | | Treasury | | Total | |
| Unappropriated | | | | | | in foreign currency | | equity | | Treasury | | Total | |
| Note | share capital | premium | Statutory reserve | treasury shares | Unappropriated | investments | in foreign currency | equity | the Company | Treasury | Total | shareholders' | equity |
| Balance as at 31 December 2009 | 830,475 | 1,723,219 | 320,218 | 262,987 | 10,077,775 | 68,996 | (14,397) | 54,599 | 13,269,273 | (262,987) | 13,006,286 | | |
| Dividend paid | 14 | - | - | - | (1,126,830) | - | - | - | (1,126,830) | - | (1,126,830) | | |
| Total comprehensive income for the period | - | - | - | - | 1,340,848 | (9,157) | (176,932) | (186,089) | 1,154,759 | - | 1,154,759 | | |
| Balance as at 30 June 2010 | <u>830,475</u> | <u>1,723,219</u> | <u>320,218</u> | <u>262,987</u> | <u>10,291,793</u> | <u>59,839</u> | <u>(191,329)</u> | <u>(131,490)</u> | <u>13,297,202</u> | <u>(262,987)</u> | <u>13,034,215</u> | | |
| Balance as at 31 December 2010 | 830,475 | 1,723,219 | 320,218 | 262,987 | 11,700,365 | 103,873 | (599,614) | (495,741) | 14,341,523 | (262,987) | 14,078,536 | | |
| Cumulative effect of changes in accounting policy | | | | | | | | | | | | | |
| for employee benefits | 1.4 | - | - | - | (287,797) | - | - | - | (287,797) | - | (287,797) | | |
| Dividend paid | 14 | - | - | - | (1,247,562) | - | - | - | (1,247,562) | - | (1,247,562) | | |
| Total comprehensive income for the period | - | - | - | - | 1,074,278 | 37,592 | 168,617 | 206,209 | 1,280,487 | - | 1,280,487 | | |
| Balance as at 30 June 2011 | <u>830,475</u> | <u>1,723,219</u> | <u>320,218</u> | <u>262,987</u> | <u>11,239,284</u> | <u>141,465</u> | <u>(430,997)</u> | <u>(289,532)</u> | <u>14,086,651</u> | <u>(262,987)</u> | <u>13,823,664</u> | | |

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month periods ended 30 June 2011 and 2010

(Unit: Thousand Baht)

| | | Separate financial statements | | | | | | |
|------|---|-------------------------------|------------------|-------------------|--------------------------------|------------------|------------------|------------------|
| | | Issued | | Retained earnings | | | Treasury | |
| | | and paid up | Share | Appropriated | | shares | Total | |
| Note | | share capital | premium | Statutory reserve | Reserve for treasury shares | Unappropriated | | |
| | Balance as at 31 December 2009 | 830,475 | 1,723,219 | 100,000 | 262,987 | 3,962,787 | (262,987) | 6,616,481 |
| | Dividend paid | - | - | - | - | (1,126,830) | - | (1,126,830) |
| | Total comprehensive income for the period | - | - | - | - | 865,653 | - | 865,653 |
| | Balance as at 30 June 2010 | <u>830,475</u> | <u>1,723,219</u> | <u>100,000</u> | <u>262,987</u> | <u>3,701,610</u> | <u>(262,987)</u> | <u>6,355,304</u> |
| | Balance as at 31 December 2010 | 830,475 | 1,723,219 | 100,000 | 262,987 | 4,117,681 | (262,987) | 6,771,375 |
| | Cumulative effect of changes in accounting policy | | | | | | | |
| | for employee benefits | - | - | - | - | (117,269) | - | (117,269) |
| | Dividend paid | - | - | - | - | (1,247,562) | - | (1,247,562) |
| | Total comprehensive income for the period | - | - | - | - | 672,029 | - | 672,029 |
| | Balance as at 30 June 2011 | <u>830,475</u> | <u>1,723,219</u> | <u>100,000</u> | <u>262,987</u> | <u>3,424,879</u> | <u>(262,987)</u> | <u>6,078,573</u> |

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

Hana Microelectronics Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 2011 and 2010

1. General information

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2009) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

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

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language interim financial statements.

1.3 Basis of consolidation

These consolidated interim financial statements include the financial statements of Hana Microelectronics Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2010. There are no changes in the group structure during the current period.

1.4 Application of new accounting standards during the period

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

Accounting standards:

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

Financial reporting standards:

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

Financial Reporting Standard Interpretations:

TFRIC 15 Agreements for the Construction of Real Estate

Accounting Standard Interpretations:

SIC 31 Revenue-Barter Transactions Involving Advertising Services

These accounting standards do not have any significant impact on the financial statements for the current period, except for the following accounting standard.

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 using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current period. The change has the effect of decreasing the profit of the Company and its subsidiaries for the three-month and six-month periods ended 30 June 2011 by Baht 11.28 million (Baht 0.014 per share) and Baht 21.68 million (Baht 0.026 per share), respectively (Separate financial statements: decreasing profit by Baht 4.69 million and Baht 8.64 million, respectively, or earnings per share decreased by Baht 0.006 per share and Baht 0.010 per share, respectively). The cumulative effect of the change in the accounting policy amounting to Baht 287.80 million in the consolidated financial statement and Baht 117.27 million in the separate financial statement has been separately presented in the statements of changes in shareholders' equity.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2010, except for the changes in the following accounting policies due to the adoption of revised and new accounting standards.

Employee benefits

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans)

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

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

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

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

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

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

Accounting Standard Interpretations:

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

3. Cash and cash equivalents

Cash and cash equivalents as reflected in the cash flow statements for the six-month periods ended 30 June 2011 and 2010 consist of the following:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|------------------|----------------------------------|----------------|
| | 2011 | 2010 | 2011 | 2010 |
| Cash in hand and at banks | 1,318,794 | 2,743,634 | 59,483 | 220,112 |
| Bills of exchange | 100,000 | 500,000 | - | 200,000 |
| Fixed deposits with maturity not over 3 months | 1,343,438 | 11,093 | - | - |
| Cash and cash equivalents | <u>2,762,232</u> | <u>3,254,727</u> | <u>59,483</u> | <u>420,112</u> |

4. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with the related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

| | Separate financial statements | | | | Pricing policies |
|--|--|-------------|--|-------------|---|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | | |
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> | |
| Transactions with subsidiaries (eliminated from the consolidation) | | | | | |
| Sales | 2 | 7 | 6 | 10 | Prices agreed between the parties due to the uniqueness of products sold to each customer |
| Dividend income | 310 | 100 | 310 | 275 | Declared rate |
| Rental income | 3 | 3 | 6 | 6 | Contract price |
| Purchase of materials | 31 | 24 | 52 | 46 | Cost plus margin |
| Service fee expenses | 1 | 1 | 1 | 2 | Rates stipulated in the agreement |

(Unaudited but reviewed)

The balances of the accounts as at 30 June 2011 and 31 December 2010 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

| | Separate financial statements | |
|---|-------------------------------|---------------|
| | 30 June | 31 December |
| | 2011 | 2010 |
| Trade accounts receivable - subsidiary companies | | |
| Hana Microdisplay Technologies, Inc. | 15,570 | 15,834 |
| Omac Sales Limited | 8,150 | 1,450 |
| Hana Semiconductor (Ayutthaya) Company Limited | 266 | - |
| Hana Semiconductor International Limited | 76 | - |
| Hana Semiconductor (BKK) Company Limited | 54 | 1,149 |
| Total trade accounts receivable - subsidiary companies | 24,116 | 18,433 |
| | | |
| Trade accounts payable - subsidiary companies | | |
| Omac Sales Limited | 27,206 | 8,244 |
| Hana Microdisplay Technologies, Inc. | 3,224 | 2,169 |
| Hana Semiconductor International Limited | 1,798 | 576 |
| Hana Microelectronics, Inc. | 1,417 | 624 |
| Hana Microelectronics Investments Company Limited | 511 | 68 |
| Hana Semiconductor (Ayutthaya) Company Limited | 384 | 1,369 |
| Total trade accounts payable - subsidiary companies | 34,540 | 13,050 |

Directors' and management's remuneration

During the three-month and six-month periods ended 30 June 2011, the Company and its subsidiaries had salaries, bonuses, meeting allowances and other benefits of their directors and management recognised as expenses totaling Baht 18.8 million and Baht 35.9 million, respectively (the Company only: Baht 2.0 million and Baht 3.7 million, respectively) (2010: Baht 21.5 million and Baht 40.8 million, respectively, the Company only: Baht 2.6 million and Baht 4.0 million, respectively).

5. Short-term investments

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|---|-----------------------------------|------------------|-------------------------|------------------|
| | 30 June 2011 | | 31 December 2010 | |
| | Cost/ Carrying value | Fair value | Cost/ Carrying value | Fair value |
| Securities held for trading | | | | |
| Overseas marketable equity securities | 92,241 | 96,708 | 30,154 | 33,274 |
| Domestic marketable equity securities | - | - | 37,353 | 128,196 |
| Total | 92,241 | 96,708 | 67,507 | 161,470 |
| Add: Revaluation surplus on changes in value of investments | 4,467 | - | 93,963 | - |
| Securities held for trading | 96,708 | 96,708 | 161,470 | 161,470 |
| Available-for-sale securities | | | | |
| Overseas marketable corporate bonds | 877,484 | 933,642 | 901,608 | 932,940 |
| Quoted bonds | 866,854 | 952,161 | 868,058 | 940,599 |
| Total | 1,744,338 | 1,885,803 | 1,769,666 | 1,873,539 |
| Add: Revaluation surplus on changes in value of investments | 141,465 | - | 103,873 | - |
| Available-for-sale securities | 1,885,803 | 1,885,803 | 1,873,539 | 1,873,539 |
| Total short-term investments | 1,982,511 | 1,982,511 | 2,035,009 | 2,035,009 |

5.1 Securities held for trading

Since the third quarter of 2008, Hana Microelectronics International Company Limited, an overseas subsidiary company, had invested in mutual fund of a company listed on the Stock Exchange of Cayman Island, warrants and shares of a company listed on the Stock Exchange of Thailand (SET). These investments are held for trading purpose. During the six-month period ended 30 June 2011, the subsidiary company had additionally invested in a fund from an overseas bank. In addition, this subsidiary company had disposed the entire amount of the remaining shares of a company listed on the Stock Exchange of Thailand which resulted in gain of USD 1.8 million or equivalent to approximately Baht 53.1 million.

As at 30 June 2011, the subsidiary had assessed the fair value of the equity securities for mutual fund and the fund by referring to the latest bid price as quoted on the Stock Exchanges, in which the fair value had increased by USD 0.04 million or equivalent to approximately Baht 1.3 million (2010: increased by HKD 6.5 million or equivalent to approximately Baht 25.7 million). The changes in the fair value of these investments were recognised in the income statements.

5.2 Available-for-sale securities

In addition, this subsidiary had invested in private corporate bonds issued by various companies listed on the overseas Stock Exchanges and quoted bonds through the three overseas banks. These investments are classified as available-for-sale investments. During the six-month period ended 30 June 2011, the subsidiary did not invest in both listed corporate bonds and quoted bonds but disposed some of the quoted bonds, resulting in loss of USD 0.04 million or equivalent to approximately Baht 1.2 million.

As at 30 June 2011, the subsidiary had assessed the fair value of the bonds by referring to the value quoted by the banks in which the fair value had increased by USD 1.2 million or equivalent to approximately Baht 37.6 million (2010: decreased by HKD 1.7 million or equivalent to approximately Baht 9.2 million). The change in the fair value of such bonds are shown as a separate item in the statements of comprehensive income.

6. Trade accounts receivable

The balances of trade accounts receivable as at 30 June 2011 and 31 December 2010, aged on the basis of due dates, are summarised below.

| | Consolidated | | (Unit: Thousand Baht) | |
|--|----------------------|-------------|----------------------------------|-------------|
| | financial statements | | Separate financial statements | |
| | 30 June | 31 December | 30 June | 31 December |
| <u>Age of receivable</u> | 2011 | 2010 | 2011 | 2010 |
| <u>Accounts receivable - subsidiary companies</u> | | | | |
| Not yet due | - | - | 2,494 | 2,054 |
| Past due | | | | |
| Up to 3 months | - | - | 11,061 | 8,238 |
| 3 - 6 months | - | - | 3,650 | 3,630 |
| 6 - 12 months | - | - | 6,046 | 4,030 |
| Over 12 months | - | - | 865 | 481 |
| Total accounts receivable - subsidiary companies | - | - | 24,116 | 18,433 |
| <u>Accounts receivable - other companies</u> | | | | |
| Not yet due | 2,199,808 | 1,909,840 | 984,334 | 858,884 |
| Past due | | | | |
| Up to 3 months | 524,651 | 513,225 | 137,530 | 152,470 |
| 3 - 6 months | 14,818 | 8,957 | 2,052 | 1,072 |
| 6 - 12 months | 4,233 | 2,782 | 1,678 | - |
| Over 12 months | 1,602 | - | - | - |
| Total accounts receivable - other companies | 2,745,112 | 2,434,804 | 1,125,594 | 1,012,426 |
| Less: Allowance for doubtful accounts | (9,166) | (3,240) | - | - |
| Total trade accounts receivable - other companies - net | 2,735,946 | 2,431,564 | 1,125,594 | 1,012,426 |
| Total trade accounts receivable - net | 2,735,946 | 2,431,564 | 1,149,710 | 1,030,859 |

7. Allowance for diminution in inventory value

Movements in the allowance for diminution in inventory value account during the six-month period ended 30 June 2011 are summarised below.

| | (Unit: Thousand Baht) | |
|---|---|-------------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Balance as at 31 December 2010 | 206,071 | 176,815 |
| Allowance made during the period | 40,299 | 50,957 |
| Write-off obsolete and damaged inventories during the period | (48,732) | (46,734) |
| Translation adjustment | 1 | - |
| Balance as at 30 June 2011 | 197,639 | 181,038 |

8. Investments in subsidiary companies

(Unit: Thousand Baht)

| Company's name | Separate financial statements | | | | | | | |
|--|-------------------------------|------------------------|----------------------------|------------------------|--------------------|------------------------|---|----------------|
| | Paid up capital | | Shareholding percentage | | Cost | | Dividend received for the six-month periods ended | |
| | 30 June 2011 | 31 December 2010 | 30 June 2011 | 31 December 2010 | 30 June 2011 | 31 December 2010 | 30 June | |
| | | | Percent | Percent | | | 2011 | 2010 |
| Hana Semiconductor (Ayutthaya) Company Limited | 1,200,000 | 1,200,000 | 58 | 58 | 2,142,910 | 2,142,910 | 70,000 | 175,000 |
| Hana Semiconductor (BKK) Company Limited | 1,000,000 | 1,000,000 | 100 | 100 | 1,011,100 | 1,011,100 | 240,000 | 100,000 |
| Omac Sales Limited | 325 | 325 | 100 | 100 | 273,492 | 273,492 | - | - |
| Hana Microelectronics International Company Limited | - | - | 100 | 100 | - | - | - | - |
| Hana Microelectronics Investment Company Limited | - | - | 100 | 100 | - | - | - | - |
| Hana Technologies Group Limited | - | - | 100 | 100 | - | - | - | - |
| Total investments in subsidiary companies | | | | | <u>3,427,502</u> | <u>3,427,502</u> | <u>310,000</u> | <u>275,000</u> |

9. Property, plant and equipment

Movements in the property, plant and equipment account during the six-month period ended 30 June 2011 are summarised below.

| | (Unit: Thousand Baht) | |
|---|---|-------------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Net book value as at 31 December 2010 | 6,526,493 | 1,722,116 |
| Acquisitions during the period - at cost | 577,176 | 115,949 |
| Disposals during the period - net book value at disposal date | (15,609) | (11,957) |
| Depreciation for the period | (599,903) | (147,281) |
| Allowance for impairment decrease (increase) during the period | 312 | (338) |
| Translation adjustment | 75,283 | - |
| Net book value as at 30 June 2011 | <u>6,563,752</u> | <u>1,678,489</u> |

10. Intangible assets

Movements in the intangible asset account, which represents computer software, during the six-month period ended 30 June 2011 are summarised below.

| | (Unit: Thousand Baht) | |
|--|---|----------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Net book value as at 31 December 2010 | 17,569 | 4,739 |
| Additions during the period - at cost | 1,297 | - |
| Amortisation during the period | (2,852) | (308) |
| Translation adjustment | 77 | - |
| Net book value as at 30 June 2011 | <u>16,091</u> | <u>4,431</u> |

11. Treasury shares

As at 30 June 2011 and 31 December 2010, details of treasury shares are as follows:

| | Consolidated and separate financial statements | |
|---|---|-------------|
| | 30 June | 31 December |
| | 2011 | 2010 |
| Cost of treasury shares (Thousand Baht) | 262,987 | 262,987 |
| Number of treasury shares (Thousand shares) | 25,596 | 25,596 |
| Average price per share (Baht) | 10.27 | 10.27 |
| Percentage of treasury shares to the Company's shares in issue | 3.08 | 3.08 |

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

Under the notification of the Office of the Securities and Exchange Commission No. Gor Lor Tor. Chor. Sor. (Wor) 2/2548 and the notification of the Federation of Accounting Professions No. Sor. Sor Wor Bor Chor. 016/2548, public limited company is required to set aside retained earnings in an amount equal to the amount paid for treasury shares until either the shares are sold or paid-up capital is reduced by cancellation of any remaining unsold shares. As at 30 June 2011, the Company has set aside approximately Baht 262.99 million as reserve for treasury shares (31 December 2010: Baht 262.99 million).

12. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares held by public and in issue during the period.

Diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares held by public and in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert of all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

| | For the three-month periods ended 30 June | | | |
|---|---|---------|----------------------|---------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2011 | 2010 | 2011 | 2010 |
| Profit for the period (Thousand Baht) | 617,032 | 743,446 | 498,430 | 417,446 |
| Number of weighted average ordinary shares (Thousand shares) | 804,879 | 804,879 | 804,879 | 804,879 |
| Basic earnings per share (Baht per share) | 0.77 | 0.92 | 0.62 | 0.52 |

| | For the six-month periods ended 30 June | | | |
|---|---|-----------|----------------------|---------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2011 | 2010 | 2011 | 2010 |
| Profit for the period (Thousand Baht) | 1,074,278 | 1,340,848 | 672,029 | 865,653 |
| Number of weighted average ordinary shares (Thousand shares) | 804,879 | 804,879 | 804,879 | 804,879 |
| Basic earnings per share (Baht per share) | 1.33 | 1.67 | 0.83 | 1.08 |

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

(Unaudited but reviewed)

The warrants were excluded from the calculation of potential diluted ordinary shares for diluted earnings per share calculation for the three-month and six-month periods ended 30 June 2010 since their exercise price exceeded the weighted average fair value of the ordinary shares of the Company.

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

13. Segment information

The Company and its subsidiaries mainly involve a single industry segment in electronic components and mainly carry on their business in the geographic areas in Thailand, Hong Kong, the United States of America, and China. Geographical segment information of the Company and its subsidiaries for the three-month and six-month periods ended 30 June 2011 and 2010 are as follows:

(Unit: Million Baht)

| | Consolidated financial statements for the three-month periods ended 30 June | | | | | | | |
|----------------------------------|---|--------------|--------------|--------------|----------------|----------------|--------------|--------------|
| | Domestic | | Foreign | | Eliminated | | Total | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenue from external customers | 3,217 | 3,419 | 1,123 | 970 | - | - | 4,340 | 4,389 |
| Intersegment revenues | 8 | 13 | 1,311 | 1,317 | (1,319) | (1,330) | - | - |
| Total revenues | <u>3,225</u> | <u>3,432</u> | <u>2,434</u> | <u>2,287</u> | <u>(1,319)</u> | <u>(1,330)</u> | <u>4,340</u> | <u>4,389</u> |
| Segment income | 407 | 567 | 179 | 224 | | | 586 | 791 |
| Unallocated income and expenses: | | | | | | | | |
| Gain on exchange | | | | | | | 43 | 17 |
| Other income | | | | | | | 201 | 129 |
| Selling expenses | | | | | | | (23) | (28) |
| Administrative expenses | | | | | | | (160) | (132) |
| Other expenses | | | | | | | (6) | (7) |
| Finance cost | | | | | | | (4) | (2) |
| Corporate income tax | | | | | | | (20) | (24) |
| Profit for the period | | | | | | | <u>617</u> | <u>744</u> |

(Unit: Million Baht)

| | Consolidated financial statements for the six-month periods ended 30 June | | | | | | | |
|----------------------------------|---|--------------|--------------|--------------|----------------|----------------|--------------|--------------|
| | Domestic | | Foreign | | Eliminated | | Total | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenue from external customers | 6,021 | 6,562 | 2,139 | 1,752 | - | - | 8,160 | 8,314 |
| Intersegment revenues | 18 | 22 | 2,453 | 2,190 | (2,471) | (2,212) | - | - |
| Total revenues | <u>6,039</u> | <u>6,584</u> | <u>4,592</u> | <u>3,942</u> | <u>(2,471)</u> | <u>(2,212)</u> | <u>8,160</u> | <u>8,314</u> |
| Segment income | 761 | 1,111 | 341 | 380 | | | 1,102 | 1,491 |
| Unallocated income and expenses: | | | | | | | | |
| Gain on exchange | | | | | | | 93 | 39 |
| Other income | | | | | | | 311 | 211 |
| Selling expenses | | | | | | | (44) | (58) |
| Administrative expenses | | | | | | | (343) | (274) |
| Other expenses | | | | | | | (13) | (14) |
| Finance cost | | | | | | | (5) | (4) |
| Corporate income tax | | | | | | | (27) | (50) |
| Profit for the period | | | | | | | <u>1,074</u> | <u>1,341</u> |

14. Dividend paid

During the six-month periods ended 30 June 2011 and 2010, the Company and its subsidiary companies had dividend payments as follows:

| | Approved by | Total dividends | Dividend per share |
|---|---|--------------------|-----------------------|
| | | Thousand Baht | Baht |
| <u>The Company</u> | | | |
| <u>For the year 2011</u> | | | |
| Dividends on 2010 income | Annual General Meeting of the shareholders on 29 April 2011 | 1,247,562 | 1.55 |
| <u>For the year 2010</u> | | | |
| Dividends on 2009 income | Annual General Meeting of the shareholders on 30 April 2010 | 1,126,830 | 1.40 |
| <u>Subsidiary companies</u> | | | |
| Hana Semiconductor (BKK) Company Limited | | | |
| <u>For the year 2011</u> | | | |
| Dividends on the unappropriated retained earnings | Annual General Meeting of the shareholders on 29 April 2011 | 190,000 | 1.90 |
| Interim dividend in respect of the income for the period from 1 January 2011 to 30 April 2011 | Board of Director's Meeting on 4 May 2011 | 50,000 | 0.50 |
| Total for the year 2011 | | 240,000 | 2.40 |
| <u>For the year 2010</u> | | | |
| Dividends on the unappropriated retained earnings | Annual General Meeting of the shareholders on 30 April 2010 | 100,000 | 1.00 |
| Total for the year 2010 | | 100,000 | 1.00 |

| | | Approved by | Total dividends | Dividend per share |
|---|---|-------------|--------------------|-----------------------|
| | | | Thousand Baht | Baht |
| Hana Semiconductor (Ayutthaya) Company Limited | | | | |
| <u>For the year 2011</u> | | | | |
| Dividends on the unappropriated retained earnings | Annual General Meeting of the shareholders on 20 April 2011 | | 120,000 | 1.00 |
| <u>For the year 2010</u> | | | | |
| Dividends on the unappropriated retained earnings | Annual General Meeting of the shareholders on 29 March 2010 | | 300,000 | 2.50 |

15. Commitments and contingent liabilities

15.1 Capital commitments

As at 30 June 2011, the Company and its subsidiaries had capital commitments of approximately USD 3 million or equivalent to Baht 90 million, relating to construction of new plant and acquisitions of machinery (the Company only: Baht 59 million).

15.2 Operating lease commitments

The Company and its subsidiaries operate their business in Bangkok on a leased premise, the lease agreement of which is made between the landlord and a related company. The lease is for a period 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. The lease payment rate has been changed to Baht 0.1 million per month since March 2011.

15.3 Marketing supportive service agreement

Since the year 2001, the Company and four subsidiary companies entered into marketing supportive service agreement with an overseas subsidiary company. Under that agreement, the Company and the four subsidiary companies have to pay service fees to that subsidiary company at the rates stipulated in the agreement.

15.4 Guarantees

As at 30 June 2011, there were outstanding bank guarantees of approximately Baht 188 million (the Company only: Baht 154 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and the subsidiaries. These included letters of guarantee amounting to Baht 144 million to be security for the tax assessment made by the Revenue Department (as described in Note 15.5), Baht 43 million to guarantee electricity use and Baht 1 million among others.

15.5 Tax assessment and litigation

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

However, the Company has recorded provision for loss on tax assessment of approximately Baht 150 million and has placed a bank guarantee as security against the assessment.

16. Foreign currency risk

The Company's and the subsidiaries' exposure to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies. The subsidiary of the Company entered into forward exchange contracts to manage such risk. Generally, the forward contracts will mature within one year.

(Unaudited but reviewed)

The balances of financial assets and liabilities denominated in foreign currencies as at 30 June 2011 are summarised below.

| Foreign currency | Financial assets | Financial liabilities | Average exchange rate as at 30 June 2011 |
|------------------|------------------|-----------------------|--|
| | (Million) | (Million) | (Baht per 1 foreign currency unit) |
| China Yuan | 279 | 94 | 4.7650 |
| US Dollar | 165 | 58 | 30.7472 |
| Indian rupee | 45 | - | 0.6815 |
| Japanese Yen | 35 | 92 | 0.3819 |
| Euro | 9 | - | 44.5173 |
| Australia Dollar | 2 | - | 32.9540 |
| Singapore Dollar | 2 | - | 24.9765 |
| Pound Sterling | 2 | - | 49.4582 |
| Hong Kong Dollar | 1 | 1 | 3.9513 |

As at 30 June 2011, an overseas subsidiary company had outstanding forward exchange contracts, of which details are presented below.

| Sold amount | Maturity date | Contractual exchange rate for amount sold |
|----------------|-------------------|---|
| (Million USD) | | (Baht per USD) |
| 10 | 22 July 2011 | 30.08 |
| 10 | 2 August 2011 | 30.79 |
| 40 | 12 September 2011 | 30.42 |
| (Million Euro) | | (USD per Euro) |
| 5 | 16 November 2011 | 1.41 |

In addition, this subsidiary company entered into a linked asset swap agreement with an overseas bank to hedge one of its bond holding. The details of the swap agreement outstanding as at 30 June 2011 are as follows:

| Swap agreement | Notional amount | Maturity date | Yield to maturity | Fair value gain (loss) |
|------------------------------------|-----------------|---------------|-------------------|------------------------|
| | (Million USD) | | (Percent) | (Million Baht) |
| Credit default swap - quoted bonds | 2 | 20 June 2013 | 1.43 | 0.36 |

17. Subsequent events

On 10 August 2011, the meeting of the Board of Directors of the Company No. 3/2011 passed a resolution approving the resale of 25,596,100 treasury shares or equivalent to 3.08% of the total issued and paid-up shares of the Company. The period of the resale of these shares will be from 25 August 2011 to 2 September 2011, and the resale price will not be lower than 85% of the average closing price of the last 5 trading days. Provided that at the end of the period of share resale, there are treasury shares that still remain unsold, the Company will decrease its issued and paid up capital by writing off such unsold shares.

18. Reclassification

Certain amounts in the income statements for the three-month and six-month periods ended 30 June 2010 have been reclassified to conform to the current period's classification but with no effect to previously reported profit or shareholders' equity. The reclassifications are as follows:

(Unit: Thousand Baht)

| | For the three-month periods ended 30 June 2010 | | | |
|-----------------------------|--|----------|------------------------------|----------|
| | Consolidated financial statement | | Separate financial statement | |
| | As previously | | As previously | |
| | As reclassified | reported | As reclassified | reported |
| Income statements | | | | |
| Administrative expenses | 131,555 | 109,983 | 26,373 | 23,813 |
| Management benefit expenses | - | 21,572 | - | 2,560 |

(Unit: Thousand Baht)

| | For the six-month periods ended 30 June 2010 | | | |
|-----------------------------|--|----------|------------------------------|----------|
| | Consolidated financial statement | | Separate financial statement | |
| | As previously | | As previously | |
| | As reclassified | reported | As reclassified | reported |
| Income statements | | | | |
| Administrative expenses | 274,358 | 233,521 | 54,778 | 50,775 |
| Management benefit expenses | - | 40,837 | - | 4,003 |

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 August 2011.