

Hana Microelectronics Public Company Limited  
and its subsidiaries  
Report and interim financial statements  
For the three-month and six-month periods ended  
30 June 2013

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Hana Microelectronics Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Hana Microelectronics Public Company Limited and its subsidiaries as at 30 June 2013, the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2013, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2013, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Hana Microelectronics Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

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

### **Conclusion**

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

### **Emphasis of matter**

I draw attention to Note 3 to the financial statements regarding the change in accounting policy as the result of adoption of Thai Accounting Standard 12 *Income Taxes*. My conclusion is not qualified in respect of this matter.

**Other matter**

The consolidated statement of financial position of Hana Microelectronics Public Company Limited and its subsidiaries, and the separate statement of financial position of Hana Microelectronics Public Company Limited as at 31 December 2012 (before restatement) were audited by another auditor of our firm who expressed an unqualified opinion on those statements, under her report dated 27 February 2013. The consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2012, and the consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2012 of Hana Microelectronics Public Company Limited and its subsidiaries, and the separate financial statements of Hana Microelectronics Public Company Limited for the same periods (before restatement) were also reviewed by the aforementioned auditor who concluded, under her report dated 9 August 2012, that nothing had come to her attention that caused her to believe that the interim financial information was not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

Ernst & Young Office Limited

Bangkok: 14 August 2013

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2013

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements			
	As at	As at	As at	As at	As at	As at	
	30 June	31 December	1 January	30 June	31 December	1 January	
	Note	2013	2012	2012	2013	2012	2012
	(Unaudited but reviewed)	(Audited) (Restated)		(Unaudited but reviewed)	(Audited) (Restated)		
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	4	4,023,621	3,111,181	3,824,147	320,587	94,145	520,425
Short-term investments	6	2,172,063	2,370,090	2,014,320	-	-	-
Trade and other receivables	5, 7	2,981,252	2,764,216	2,568,516	1,410,235	1,261,697	1,275,015
Insurance claim receivable	16	23,158	-	300,000	-	-	-
Inventories	8	2,834,417	2,847,768	2,646,579	1,037,785	915,062	993,410
Other current assets		107,898	162,931	154,071	35,783	49,327	58,846
<b>Total current assets</b>		<b>12,142,409</b>	<b>11,256,186</b>	<b>11,507,633</b>	<b>2,804,390</b>	<b>2,320,231</b>	<b>2,847,696</b>
<b>Non-current assets</b>							
Investments in subsidiary companies	9	-	-	-	3,427,502	3,427,502	3,427,502
Other long-term investment		97	97	97	97	97	97
Property, plant and equipment	10	6,695,479	6,621,701	6,372,590	2,050,959	1,701,265	1,630,984
Intangible assets		14,043	15,957	14,541	3,754	4,088	4,756
Deferred tax assets	3	20,267	14,967	15,801	11,518	4,682	3,762
Other non-current assets		51,235	20,724	16,851	28,663	1,329	1,329
<b>Total non-current assets</b>		<b>6,781,121</b>	<b>6,673,446</b>	<b>6,419,880</b>	<b>5,522,493</b>	<b>5,138,963</b>	<b>5,068,430</b>
<b>Total assets</b>		<b>18,923,530</b>	<b>17,929,632</b>	<b>17,927,513</b>	<b>8,326,883</b>	<b>7,459,194</b>	<b>7,916,126</b>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2013

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements			
	As at	As at	As at	As at	As at	As at	
	30 June	31 December	1 January	30 June	31 December	1 January	
	Note	2013	2012	2012	2013	2012	2012
	(Unaudited but reviewed)	(Audited) (Restated)		(Unaudited but reviewed)	(Audited) (Restated)		
<b>Liabilities and shareholders' equity</b>							
<b>Current liabilities</b>							
Short-term loans from financial institution	11	18,634	24,435	38,821	-	-	-
Trade and other payables	5, 12	2,555,726	2,087,840	2,506,443	1,254,593	775,390	1,004,751
Short-term provisions	19.5	462,667	448,350	368,474	214,575	214,575	150,466
Income tax payable		17,449	60,052	15,155	16,098	7,870	5,450
Other current liabilities		130,395	38,072	65,341	37,636	23,148	23,278
<b>Total current liabilities</b>		<b>3,184,871</b>	<b>2,658,749</b>	<b>2,994,234</b>	<b>1,522,902</b>	<b>1,020,983</b>	<b>1,183,945</b>
<b>Non-current liabilities</b>							
Provision for long-term employee benefits		411,996	376,361	352,899	192,823	167,074	154,851
<b>Total non-current liabilities</b>		<b>411,996</b>	<b>376,361</b>	<b>352,899</b>	<b>192,823</b>	<b>167,074</b>	<b>154,851</b>
<b>Total liabilities</b>		<b>3,596,867</b>	<b>3,035,110</b>	<b>3,347,133</b>	<b>1,715,725</b>	<b>1,188,057</b>	<b>1,338,796</b>
<b>Shareholders' equity</b>							
Share capital	13						
Registered							
974,403,900 ordinary shares of Baht 1 each							
(31 December 2012: 974,403,900 ordinary shares of Baht 1 each)							
(1 January 2012: 1,000,000,000 ordinary shares of Baht 1 each)							
		974,404	974,404	1,000,000	974,404	974,404	1,000,000
Issued and fully paid-up							
804,878,860 ordinary shares of Baht 1 each							
(31 December 2012: 804,878,860 ordinary shares of Baht 1 each)							
(1 January 2012: 830,474,960 ordinary shares of Baht 1 each)							
		804,879	804,879	830,475	804,879	804,879	830,475
Share premium		1,723,219	1,723,219	1,723,219	1,723,219	1,723,219	1,723,219
Retained earnings							
Appropriated - statutory reserve		375,919	352,497	320,218	100,000	100,000	100,000
Appropriated - reserve for treasury shares	13	-	-	262,987	-	-	262,987
Unappropriated		12,522,823	12,194,644	11,798,452	3,983,060	3,643,039	3,923,636
Other components of shareholders' equity		(100,177)	(180,717)	(91,984)	-	-	-
<b>Equity attributable to owner of the Company</b>		<b>15,326,663</b>	<b>14,894,522</b>	<b>14,843,367</b>	<b>6,611,158</b>	<b>6,271,137</b>	<b>6,840,317</b>
Treasury shares	13	-	-	(262,987)	-	-	(262,987)
<b>Total shareholders' equity</b>		<b>15,326,663</b>	<b>14,894,522</b>	<b>14,580,380</b>	<b>6,611,158</b>	<b>6,271,137</b>	<b>6,577,330</b>
<b>Total liabilities and shareholders' equity</b>		<b>18,923,530</b>	<b>17,929,632</b>	<b>17,927,513</b>	<b>8,326,883</b>	<b>7,459,194</b>	<b>7,916,126</b>
		-	-	-	-	-	-

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

Directors

(Unaudited but reviewed)

**Hana Microelectronics Public Company Limited and its subsidiaries****Income statement****For the three-month period ended 30 June 2013**

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

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u> (Restated)
<b>Revenues</b>					
Sales		4,261,336	4,699,914	1,888,195	1,988,560
Interest income		43,601	44,323	1,638	3,043
Dividend income		27	15	770,027	126,015
Gain on exchange		-	-	27,360	29,721
Insurance claim	16	712,526	204,000	-	-
Others income		126,891	105,462	28,021	19,464
<b>Total revenues</b>		<b>5,144,381</b>	<b>5,053,714</b>	<b>2,715,241</b>	<b>2,166,803</b>
<b>Expenses</b>					
Cost of sales		3,769,212	4,098,596	1,568,689	1,658,238
Selling expenses		31,239	35,223	6,041	6,917
Administrative expenses		199,034	299,979	49,200	53,513
Loss on exchange		106,061	56,061	-	-
Other expenses		5,284	26,598	-	21,089
<b>Total expenses</b>		<b>4,110,830</b>	<b>4,516,457</b>	<b>1,623,930</b>	<b>1,739,757</b>
<b>Profit before finance cost and income tax expenses</b>					
		1,033,551	537,257	1,091,311	427,046
Finance cost		(2,807)	(1,991)	(1,399)	(592)
<b>Profit before income tax expenses</b>		<b>1,030,744</b>	<b>535,266</b>	<b>1,089,912</b>	<b>426,454</b>
Income tax expenses	14	(18,581)	(12,638)	(11,109)	(1,694)
<b>Profit for the period</b>		<b>1,012,163</b>	<b>522,628</b>	<b>1,078,803</b>	<b>424,760</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		<u>1,012,163</u>	<u>522,628</u>	<u>1,078,803</u>	<u>424,760</u>
<b>Earnings per share</b>					
15					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		<u>1.26</u>	<u>0.65</u>	<u>1.34</u>	<u>0.53</u>
Number of weighted average ordinary shares					
(Thousand shares)		<u>804,879</u>	<u>804,879</u>	<u>804,879</u>	<u>804,879</u>

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

(Unaudited but reviewed)

**Hana Microelectronics Public Company Limited and its subsidiaries**

**Statement of comprehensive income**

**For the three-month period ended 30 June 2013**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
<b>Profit for the period</b>	<u>1,012,163</u>	<u>522,628</u>	<u>1,078,803</u>	<u>424,760</u>
<b>Other comprehensive income:</b>				
Gain (loss) on change in value of available-for-sale investments	(82,674)	3,151	-	-
Exchange differences on translation of financial statements in foreign currency	<u>502,082</u>	<u>200,239</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period</b>	<u>419,408</u>	<u>203,390</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u>1,431,571</u>	<u>726,018</u>	<u>1,078,803</u>	<u>424,760</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	<u>1,431,571</u>	<u>726,018</u>	<u>1,078,803</u>	<u>424,760</u>

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

(Unaudited but reviewed)

**Hana Microelectronics Public Company Limited and its subsidiaries****Income statement****For the six-month period ended 30 June 2013**

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

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u> (Restated)
<b>Revenues</b>					
Sales		7,883,202	8,687,531	3,428,886	3,845,564
Interest income		78,845	87,558	1,675	5,197
Dividend income		27	15	770,027	126,015
Gain on exchange		-	33,559	15,437	28,229
Insurance claim	16	742,215	204,000	-	-
Others income		194,030	220,870	41,002	37,839
<b>Total revenues</b>		<b>8,898,319</b>	<b>9,233,533</b>	<b>4,257,027</b>	<b>4,042,844</b>
<b>Expenses</b>					
Cost of sales		7,216,628	7,739,392	2,977,379	3,242,974
Selling expenses		60,296	69,716	12,401	13,528
Administrative expenses		397,989	559,515	110,476	98,216
Loss on exchange		33,929	-	-	-
Other expenses		10,469	32,940	-	21,089
<b>Total expenses</b>		<b>7,719,311</b>	<b>8,401,563</b>	<b>3,100,256</b>	<b>3,375,807</b>
<b>Profit before finance cost and income tax expenses</b>					
		1,179,008	831,970	1,156,771	667,037
Finance cost		(4,646)	(3,780)	(1,977)	(1,159)
<b>Profit before income tax expenses</b>		<b>1,174,362</b>	<b>828,190</b>	<b>1,154,794</b>	<b>665,878</b>
Income tax expenses	14	(17,882)	(30,828)	(9,894)	(8,915)
<b>Profit for the period</b>		<b>1,156,480</b>	<b>797,362</b>	<b>1,144,900</b>	<b>656,963</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		<u>1,156,480</u>	<u>797,362</u>	<u>1,144,900</u>	<u>656,963</u>
<b>Earnings per share</b>					
15					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		<u>1.44</u>	<u>0.99</u>	<u>1.42</u>	<u>0.82</u>
Number of weighted average ordinary shares (Thousand shares)					
		<u>804,879</u>	<u>804,879</u>	<u>804,879</u>	<u>804,879</u>

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



(Unaudited but reviewed)

**Hana Microelectronics Public Company Limited and its subsidiaries**

**Statement of comprehensive income**

**For the six-month period ended 30 June 2013**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
<b>Profit for the period</b>	<u>1,156,480</u>	<u>797,362</u>	<u>1,144,900</u>	<u>656,963</u>
<b>Other comprehensive income:</b>				
Gain (loss) on change in value of available-for-sale investments	6.2 (90,186)	50,470	-	-
Exchange differences on translation of financial statements in foreign currency	<u>170,726</u>	<u>6,663</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period</b>	<u>80,540</u>	<u>57,133</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u>1,237,020</u>	<u>854,495</u>	<u>1,144,900</u>	<u>656,963</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	<u>1,237,020</u>	<u>854,495</u>	<u>1,144,900</u>	<u>656,963</u>

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

(Unaudited but reviewed)

**Hana Microelectronics Public Company Limited and its subsidiaries****Statement of cash flows****For the six-month period ended 30 June 2013**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities</b>				
Profit before tax	1,174,362	828,190	1,154,794	665,878
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	602,879	587,419	143,205	143,715
Amortisation expenses	2,004	1,600	334	334
Allowance for doubtful accounts (reversal)	1,562	(5,753)	-	-
Reduction of inventories to net realisable value	61,521	52,515	36,808	53,252
Dividend income from subsidiary companies	-	-	(770,000)	(126,000)
Dividend income from other companies	(27)	(15)	(27)	(15)
Loss (gain) on disposals/write-off equipment	(2,561)	86,360	264	(156)
Reversal for impairment loss on assets	(783)	(89,006)	-	-
Provision for product warranty	10,470	22,535	-	-
Provision for vacation	393	-	539	-
Provision for long-term employee benefits	41,625	32,272	25,774	12,912
Provision for loss on tax assessments	-	20,331	-	20,331
Gain on sales/redemption of short-term investments	(19,682)	(9,456)	-	-
Gain on redemption of swap contract	(104)	-	-	-
Revaluation gain on investments in securities held for trading	(1,328)	(3,505)	-	-
Unrealised loss (gain) on exchange	3,591	4,390	(18,302)	5,915
Unrealised loss (gain) on forward contracts	64,392	(18,937)	-	-
Unrealised gain on swap contract	-	(129)	-	-
Interest income from short-term investments	(54,055)	(56,429)	-	-
Interest expenses	1,142	87	756	-
Profit from operating activities before changes in operating assets and liabilities	1,885,401	1,452,469	574,145	776,166
Operating assets (increase) decrease				
Trade and other receivables	(230,839)	(807,080)	(115,979)	(236,665)
Insurance claim receivable	(23,158)	300,000	-	-
Inventories	(48,170)	(372,431)	(159,531)	(72,605)
Other current assets	55,695	(7,607)	13,782	6,783
Other non-current assets	(12)	(11,600)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	555,721	654,765	401,243	112,737
Other current liabilities	13,640	(1,764)	13,948	(2,037)
Cash from operating activities	2,208,278	1,206,752	727,608	584,379
Cash paid for long-term employee benefits	(5,990)	(7,840)	(25)	(1,724)
Cash paid for redemption of swap contract	(195)	-	-	-
Cash paid for income tax	(66,358)	(24,935)	(8,502)	(7,075)
Interest paid	(756)	-	(756)	-
<b>Net cash from operating activities</b>	<b>2,134,979</b>	<b>1,173,977</b>	<b>718,325</b>	<b>575,580</b>

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

(Unaudited but reviewed)

**Hana Microelectronics Public Company Limited and its subsidiaries****Statement of cash flows (continued)****For the six-month period ended 30 June 2013**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Cash flows from investing activities</b>				
Decrease in short-term investments	(54,596)	(506,544)	-	-
Interest income from short-term investments	51,267	50,864	-	-
Proceeds from sales of short-term investments	183,447	337,884	-	-
Dividend income from subsidiary companies	-	-	770,000	126,000
Dividend income from other company	27	15	27	15
Acquisitions of property, plant and equipment	(749,920)	(823,513)	(429,995)	(207,733)
Proceeds from disposals of equipment	18,457	95,204	298	778
Increase in intangible assets	(90)	(33)	-	-
Increase in other non-current assets	(30,499)	(25,432)	(27,334)	(22,500)
<b>Net cash from (used in) investing activities</b>	<b>(581,907)</b>	<b>(871,555)</b>	<b>312,996</b>	<b>(103,440)</b>
<b>Cash flows from financing activities</b>				
Decrease in short-term loans from financial institution	(5,801)	(38,821)	-	-
Cash paid for interest expenses	(386)	(87)	-	-
Dividend paid	(804,879)	(804,879)	(804,879)	(804,879)
<b>Net cash used in financing activities</b>	<b>(811,066)</b>	<b>(843,787)</b>	<b>(804,879)</b>	<b>(804,879)</b>
Decrease in cash and cash equivalents	742,006	(541,365)	226,442	(332,739)
Translation adjustment	170,434	6,743	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>912,440</b>	<b>(534,622)</b>	<b>226,442</b>	<b>(332,739)</b>
Cash and cash equivalents at beginning of period	3,111,181	3,824,147	94,145	520,425
<b>Cash and cash equivalents at end of period (Note 4)</b>	<b>4,023,621</b>	<b>3,289,525</b>	<b>320,587</b>	<b>187,686</b>
	-	-	-	-
<b>Supplemental cash flow information</b>				
Non-cash related transactions from investing activities				
Net increase (decrease) in accounts payable				
for purchase of plant and equipment	(58,150)	54,839	63,466	(12,941)
Revaluation surplus (deficit) on changes in fair value of				
available-for-sale investments	(90,186)	50,470	-	-
Translation adjustment for deferred tax assets	(292)	80	-	-

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

(Unaudited but reviewed)

## Hana Microelectronics Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the six-month period ended 30 June 2013

(Unit: Thousand Baht)

Consolidated financial statements														
	Note	Issued and paid up share capital	Share premium	Retained earnings			Other components of shareholders' equity		Total equity attributable to owners of the Company	Treasury shares	Total shareholders' equity			
				Statutory reserve	Reserve for treasury shares	Unappropriated	on changes in value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currency				Total other components of shareholders' equity		
													Appropriated	Surplus (deficit)
<b>Balance as at 1 January 2012 - as previously reported</b>		830,475	1,723,219	320,218	262,987	11,783,074	67,740	(160,147)	(92,407)	14,827,566	(262,987)	14,564,579		
Cumulative effect of change in accounting policy for deferred tax	3	-	-	-	-	15,378	-	423	423	15,801	-	15,801		
<b>Balance as at 1 January 2012 - as restated</b>		830,475	1,723,219	320,218	262,987	11,798,452	67,740	(159,724)	(91,984)	14,843,367	(262,987)	14,580,380		
Total comprehensive income for the period (restated)		-	-	-	-	797,362	50,470	6,663	57,133	854,495	-	854,495		
Dividend paid	18	-	-	-	-	(804,879)	-	-	-	(804,879)	-	(804,879)		
Unappropriated retained earnings transferred to statutory reserve		-	-	32,279	-	(32,279)	-	-	-	-	-	-		
Write-off treasury shares	13	(25,596)	-	-	(262,987)	25,596	-	-	-	(262,987)	262,987	-		
<b>Balance as at 30 June 2012</b>		<u>804,879</u>	<u>1,723,219</u>	<u>352,497</u>	<u>-</u>	<u>11,784,252</u>	<u>118,210</u>	<u>(153,061)</u>	<u>(34,851)</u>	<u>14,629,996</u>	<u>-</u>	<u>14,629,996</u>		
<b>Balance as at 1 January 2013 - as previously reported</b>		804,879	1,723,219	352,497	-	12,229,599	210,082	(390,524)	(180,442)	14,929,752	-	14,929,752		
Cumulative effect of change in accounting policy for deferred tax	3	-	-	-	-	15,242	-	(275)	(275)	14,967	-	14,967		
Cumulative effect from prior year's adjustment	21	-	-	-	-	(50,197)	-	-	-	(50,197)	-	(50,197)		
<b>Balance as at 1 January 2013 - as restated</b>		804,879	1,723,219	352,497	-	12,194,644	210,082	(390,799)	(180,717)	14,894,522	-	14,894,522		
Total comprehensive income for the period		-	-	-	-	1,156,480	(90,186)	170,726	80,540	1,237,020	-	1,237,020		
Dividend paid	18	-	-	-	-	(804,879)	-	-	-	(804,879)	-	(804,879)		
Unappropriated retained earnings transferred to statutory reserve		-	-	23,422	-	(23,422)	-	-	-	-	-	-		
<b>Balance as at 30 June 2013</b>		<u>804,879</u>	<u>1,723,219</u>	<u>375,919</u>	<u>-</u>	<u>12,522,823</u>	<u>119,896</u>	<u>(220,073)</u>	<u>(100,177)</u>	<u>15,326,663</u>	<u>-</u>	<u>15,326,663</u>		

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

(Unaudited but reviewed)

## Hana Microelectronics Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2013

(Unit: Thousand Baht)

		Separate financial statements							
		Issued and paid up share capital	Share premium	Retained earnings			Total equity		Total
				Appropriated		Unappropriated	attributable to		
Note			Statutory reserve	Reserve for treasury shares			owners of the Company	Treasury shares	
	<b>Balance as at 1 January 2012 - as previously reported</b>	830,475	1,723,219	100,000	262,987	3,919,874	6,836,555	(262,987)	6,573,568
3	Cumulative effect of change in accounting policy for deferred tax	-	-	-	-	3,762	3,762	-	3,762
	<b>Balance as at 1 January 2012 - as restated</b>	830,475	1,723,219	100,000	262,987	3,923,636	6,840,317	(262,987)	6,577,330
	Total comprehensive income for the period (restated)	-	-	-	-	656,963	656,963	-	656,963
18	Dividend paid	-	-	-	-	(804,879)	(804,879)	-	(804,879)
13	Write-off treasury shares	(25,596)	-	-	(262,987)	25,596	(262,987)	262,987	-
	<b>Balance as at 30 June 2012</b>	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>-</u>	<u>3,801,316</u>	<u>6,429,414</u>	<u>-</u>	<u>6,429,414</u>
	<b>Balance as at 1 January 2013 - as previously reported</b>	804,879	1,723,219	100,000	-	3,638,357	6,266,455	-	6,266,455
3	Cumulative effect of change in accounting policy for deferred tax	-	-	-	-	4,682	4,682	-	4,682
	<b>Balance as at 1 January 2013 - as restated</b>	804,879	1,723,219	100,000	-	3,643,039	6,271,137	-	6,271,137
	Total comprehensive income for the period	-	-	-	-	1,144,900	1,144,900	-	1,144,900
18	Dividend paid	-	-	-	-	(804,879)	(804,879)	-	(804,879)
	<b>Balance as at 30 June 2013</b>	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>-</u>	<u>3,983,060</u>	<u>6,611,158</u>	<u>-</u>	<u>6,611,158</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 2013**

**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 Thai 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 2012. There are no changes in the group structure during the current period.

#### **1.4 Application of new accounting standards during the period**

The Federation of Accounting Professions issued the following accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance, all of which are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
--------	--------------------

Accounting Standard Interpretations:

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

Accounting Treatment Guidance for Transfers of Financial Assets

TAS 20 (revised 2009), TSIC 10, TSIC 21, TSIC 25 and Accounting Treatment Guidance for Transfers of Financial Assets are not relevant to the business of the Company and TAS 21 (revised 2009) and TFRS 8 do not have any significant impact on the financial statements for the current period, except for TAS 12 as follow.

#### **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current year and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 3 to the financial statements.

## 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 2012, except for the change in the accounting policy due to the adoption of TAS 12 *Income Taxes* as follow:

### **Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### **Current tax**

Current 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.

### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.



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

The Federation of Accounting Professions has issued notifications, which have been published in the Royal Gazette, during the current period, mandating the use of financial reporting standard, accounting standard interpretation and financial reporting standard interpretations as follows.

	<u>Effective date</u>
Financial Reporting Standard:	
TFRS 4 Insurance Contracts	1 January 2016
Accounting Standard Interpretation:	
TSIC 29 Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7 Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10 Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014

The management of the Company and its subsidiaries have assessed the effect of the above financial reporting standard, accounting standard interpretation and financial reporting standard interpretations and believes that these are not relevant to the business of the Company and its subsidiaries, except TFRIC 10 for which the management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

### 3. Cumulative effect of the change in accounting policy due to the adoption of new accounting standard

During the current period, the Company and its subsidiaries made the change described in Note 1.5 to the financial statements to its significant accounting policies, as a result of the adoption of TAS 12 *Income Taxes*. The cumulative effect of the change in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statement of financial position, income statement and the statement of comprehensive income are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	30 June	31 December	1 January	30 June	31 December	1 January
	2013	2012	2012	2013	2012	2012
<b>Statement of financial position</b>						
Increase in deferred tax assets	20,267	14,967	15,801	11,518	4,682	3,762
Increase in unappropriated retained earnings	19,975	15,242	15,378	11,518	4,682	3,762
Increase (decrease) in other components of shareholders' equity	292	(275)	423	-	-	-

(Unit: Thousand Baht)

	For the three-month periods ended 30 June				
	Consolidated financial statements		Separate financial statements		
	2013	2012	2013	2012	
<b>Income statement</b>					
Increase (decrease) in income tax		201	1,049	(1,221)	(382)
Increase (decrease) in profit attributable to equity holders of the Company		(201)	(1,049)	1,221	382
Increase (decrease) in basic earnings per share (Baht)		(0.0002)	(0.0013)	0.0015	0.0005
<b>Statement of comprehensive income:</b>					
Increase in exchange differences on translation of financial statements in foreign currency		685	229	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Income statement</b>				
Increase (decrease) in income tax	(5,008)	1,396	(6,836)	(171)
Increase (decrease) in profit attributable to equity holders of the Company	5,008	(1,396)	6,836	171
Increase (decrease) in basic earnings per share (Baht)	0.0062	(0.0017)	0.0085	0.0002
<b>Statement of comprehensive income:</b>				
Increase (decrease) in exchange differences on translation of financial statements in foreign currency	292	(80)	-	-

#### 4. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Cash	763	926	144	140
Bank deposits	2,433,916	1,841,953	220,443	94,005
Bills of exchange	-	180,000	-	-
Fixed deposits with maturity not over 3 months	1,588,942	1,088,302	100,000	-
Total cash and cash equivalents	<u>4,023,621</u>	<u>3,111,181</u>	<u>320,587</u>	<u>94,145</u>

## 5. 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		For the six-month periods		
	ended 30 June		ended 30 June		
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
<b>Transactions with subsidiaries</b> (eliminated from the consolidation)					
Sales	1	3	5	7	Prices agreed between the parties due to the uniqueness of products sold to each customer
Dividend income	770	126	770	126	Declared rate
Rental income	1	1	2	3	Contract price
Purchase of materials	52	61	87	165	Cost plus margin
Purchase of fixed assets	15	19	18	65	Cost plus margin/appraisal value
Service fee discount	-	(3)	-	(1)	Rates stipulated in the agreement

(Unaudited but reviewed)

The balances of the accounts as at 30 June 2013 and 31 December 2012 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
30 June 2013	31 December 2012	30 June 2013	31 December 2012	
<b>Trade and other receivables (Note 7)</b>				
<b>Trade receivables - related parties</b>				
Subsidiaries	-	-	22,583	26,824
<b>Total trade receivables - related parties</b>	-	-	22,583	26,824
<b>Other receivables - related parties</b>				
Subsidiary	-	-	334	3,780
Related company (by way of common directors)	32	32	-	-
<b>Total other receivables - related parties</b>	32	32	334	3,780
<b>Total trade and other receivables</b>	32	32	22,917	30,604
<b>Trade payables - related parties (Note 12)</b>				
Subsidiaries	-	-	288,337	224,226
<b>Total trade payables - related parties</b>	-	-	288,337	224,226

### **Directors' and management's remuneration**

During the three-month and six-month periods ended 30 June 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)			
	For the three-month periods ended 30 June			
	Consolidated		Separate	
financial statements		financial statements		
<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
Short-term employee benefits	18.9	17.0	2.6	1.9
Post-employment benefits	1.4	0.2	0.2	0.2
<b>Total</b>	<b>20.3</b>	<b>17.2</b>	<b>2.8</b>	<b>2.1</b>

	(Unit: Million Baht)			
	For the six-month periods ended 30 June			
	Consolidated		Separate	
financial statements		financial statements		
<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
Short-term employee benefits	33.4	34.4	5.2	4.5
Post-employment benefits	3.0	0.3	0.4	0.3
<b>Total</b>	<b>36.4</b>	<b>34.7</b>	<b>5.6</b>	<b>4.8</b>

**6. Short-term investments**

(Unit: Thousand Baht)

	Consolidated financial statements			
	30 June 2013		31 December 2012	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
<b>Securities held for trading</b>				
Overseas marketable equity securities	93,381	102,814	91,896	100,091
Unsecured subordinated notes	26,947	28,348	30,154	31,465
Total	120,328	131,162	122,050	131,556
Add: Revaluation surplus on changes in value of investments	10,834	-	9,506	-
Investments in securities held for trading	131,162	131,162	131,556	131,556
<b>Available-for-sale securities</b>				
Overseas marketable corporate bonds	1,044,967	1,124,513	1,080,730	1,213,375
Local quoted bonds	31,130	29,898	30,634	31,661
Overseas quoted bonds	838,658	880,240	910,962	987,372
Total	1,914,755	2,034,651	2,022,326	2,232,408
Add: Revaluation surplus on changes in value of investments	119,896	-	210,082	-
Investments in available-for-sale securities	2,034,651	2,034,651	2,232,408	2,232,408
<b>Fixed deposit with financial institution</b>				
Fixed deposit within 1 year	6,250	6,250	6,126	6,126
Investment in fixed deposit with financial institution	6,250	6,250	6,126	6,126
<b>Total short-term investments</b>	<b>2,172,063</b>	<b>2,172,063</b>	<b>2,370,090</b>	<b>2,370,090</b>

## **6.1 Securities held for trading**

Since the third quarter of 2008, Hana Microelectronics International Company Limited, an overseas subsidiary company, has invested in mutual fund of a company listed on the Stock Exchange of Cayman Island, bond investment trust of an overseas bank, and during 2012 additionally invested in interest bearing unsecured subordinated notes of a company listed on the Stock Exchange of Australia. The subsidiary classified these investments as held for trading purpose.

As at 30 June 2013, the subsidiary had assessed the fair value of the equity securities for mutual fund, the bond investment trust from an overseas bank and the interest bearing unsecured subordinated notes 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 (2012: increased by USD 0.1 million or equivalent to approximately Baht 3.5 million). The changes in the fair value of these investments were recognised in the income statement.

## **6.2 Available-for-sale securities**

The above subsidiary has invested in private corporate bonds issued by various companies listed on the overseas Stock Exchanges and quoted bonds through the three overseas banks. These investments are classified as available-for-sale investments. During the six-month period ended 30 June 2013, the subsidiary additionally invested in an overseas quoted bond, and disposed some of the overseas quoted bonds and redeemed some of the corporate bonds, resulting in gain of USD 0.6 million or equivalent to approximately Baht 19.7 million (2012: gain of USD 0.3 million or equivalent to approximately Baht 9.5 million).

As at 30 June 2013, the subsidiary had assessed the fair value of the bonds by referring to the value quoted by the banks in which the fair value had decreased by USD 3.0 million or equivalent to approximately Baht 90.2 million (2012: increased by USD 1.6 million or equivalent to approximately Baht 50.5 million). The changes in the fair value of such bonds are shown as other comprehensive income in the statement of comprehensive income.

**7. Trade and other receivables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
<b><u>Age of receivable</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Trade receivables - subsidiary companies				
Not yet due	-	-	112	997
Past due				
Up to 3 months	-	-	2,916	3,114
3 - 6 months	-	-	4,590	12,916
6 - 12 months	-	-	12,780	8,175
Over 12 months	-	-	2,185	1,622
Total trade receivables - subsidiary companies (Note 5)	-	-	22,583	26,824
Trade receivables - unrelated parties				
Not yet due	2,223,807	2,057,526	1,087,571	1,003,769
Past due				
Up to 3 months	648,087	596,354	293,175	217,752
3 - 6 months	22,347	23,758	1,263	3,418
6 - 12 months	18,630	16,349	408	286
Over 12 months	7,848	3,173	117	3
Total trade receivables - unrelated parties	2,920,719	2,697,160	1,382,534	1,225,228
Less: Allowance for doubtful accounts	(8,466)	(6,904)	-	-
Total trade receivables - unrelated parties - net	2,912,253	2,690,256	1,382,534	1,225,228
Total trade receivables - net	2,912,253	2,690,256	1,405,117	1,252,052
Other receivables - related parties (Note 5)	32	32	334	3,780
Other receivables - unrelated parties	68,967	73,928	4,784	5,865
Total other receivables	68,999	73,960	5,118	9,645
Trade and other receivables - net	2,981,252	2,764,216	1,410,235	1,261,697



**8. Reduction of inventories to net realisable value**

Movements in the adjustment to reduce inventories to net realisable value during the six-month period ended 30 June 2013 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Balance as at 31 December 2012</b>	399,285	284,149
Reduction of inventory value during the period	227,247	129,914
Reversal of reduction of inventory value during the period	(72,620)	-
Write-off obsolete and damaged inventories during the period	(93,106)	(93,106)
<b>Balance as at 30 June 2013</b>	<b>460,806</b>	<b>320,957</b>

**9. Investments in subsidiary companies**

Company's name	Separate financial statements							
	Paid up capital		Shareholding percentage		Cost		Dividend received for the six-month periods ended 30 June	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012	2013	2012
			Percent	Percent				
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910	420,000	126,000
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100	350,000	-
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>770,000</u>	<u>126,000</u>

**10. Property, plant and equipment**

Movements in the property, plant and equipment account during the six-month period ended 30 June 2013 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 31 December 2012</b>	6,621,701	1,701,265
Acquisitions during the period - at cost	632,300	493,461
Disposals/write-off during the period - net book value at disposal/write-off date	(15,896)	(562)
Depreciation for the period	(602,879)	(143,205)
Allowance for impairment reversed during the period	783	-
Translation adjustment	59,470	-
<b>Net book value as at 30 June 2013</b>	<b>6,695,479</b>	<b>2,050,959</b>

**11. Short-term loans from financial institution**

	(Unit: Million)	
	30 June 2013	31 December 2012
	AUD	USD
Principal loan balance	0.64	0.80
Interest rate per annum (percent)	3.38	1.00 - 1.35

**12. Trade and other payables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Trade payables - related parties (Note 5)	-	-	288,337	224,226
Trade payables - unrelated parties	2,018,311	1,552,396	796,893	475,785
Advance received from customers	128,477	120,315	23,083	26,524
Other payables for purchase of machineries	133,552	191,702	86,289	22,823
Accrued expenses	275,386	223,427	59,991	26,032
<b>Total trade and other payables</b>	<b>2,555,726</b>	<b>2,087,840</b>	<b>1,254,593</b>	<b>775,390</b>

### 13. Treasury shares

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

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

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

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

**14. Income tax**

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and six-month periods ended 30 June 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u> (Restated)
<b>Current income tax:</b>				
Interim corporate income tax charge	18,380	11,589	12,330	2,076
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	201	1,049	(1,221)	(382)
<b>Income tax expense reported in the income statement</b>	<u>18,581</u>	<u>12,638</u>	<u>11,109</u>	<u>1,694</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u> (Restated)
<b>Current income tax:</b>				
Interim corporate income tax charge	22,890	29,432	16,730	9,086
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(5,008)	1,396	(6,836)	(171)
<b>Income tax expense reported in the income statement</b>	<u>17,882</u>	<u>30,828</u>	<u>9,894</u>	<u>8,915</u>

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2013 and 2012 are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(Restated)		(Restated)	
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	685	229	-	-

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(Restated)		(Restated)	
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	292	(80)	-	-

## 15. 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 periods.

## 16. Insurance claims from flood event

The plant of Hana Semiconductor (Ayutthaya) Co., Ltd., a subsidiary of the Company, which is located in Hi-tech Industrial Estate in Ayutthaya province, was inundated in early October 2011 as a result of the extensive flooding in Thailand during the fourth quarter of 2011. The subsidiary suffered major damages to its property and business interruption losses. The subsidiary investigated the damages and recorded losses from flood event of Baht 399 million in profit or loss for the year 2011 which consisted of the damages to fixed assets of Baht 191 million, damages to inventories of Baht 153 million and other damages of Baht 55 million, including full provision for net book value of the damaged property which is to be replaced.

(Unaudited but reviewed)

The subsidiary claimed insurance compensation for its property damages and business interruption losses resulting from the flood. The subsidiary received an initial compensation payment on its property damages of Baht 300 million in February 2012.

During the second quarter and the third quarter of 2012, the subsidiary received the compensation payments on its business interruption losses of Baht 204 million and Baht 196 million, respectively, and recognised these compensations as other income in the income statement for the year ended 31 December 2012.

In addition, during the first quarter and the second quarter of 2013, the subsidiary received the compensation payments on its property damages of Baht 30 million and Baht 689 million respectively, and recognised an insurance claim receivable of Baht 23 million as current asset in the statement of financial position. The subsidiary recognised these compensations as other income in the income statement for the three-month and six-month periods ended 30 June 2013.

## **17. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on their products and services and have two reportable segments as follows:

1. The Print Circuit Board (PCBA) Segment, which produces and sells Print Circuit Board (PCBA).
2. The Integrated Circuit (IC) Segment, which produces and sells Integrated Circuit (IC).

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

Inter-segment revenues are eliminated on consolidation.

(Unaudited but reviewed)

The following table presents revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and six-month periods ended 30 June 2013 and 2012:

(Unit: Million Baht)

	Consolidated financial statements for the three-month periods ended 30 June									
	Print Circuit		Integrated Circuit				Eliminations		Total	
	Board (PCBA)		(IC)		Other					
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenue from external customers	2,810	3,171	1,418	1,482	33	47	-	-	4,261	4,700
Intersegment revenues	911	1,151	282	296	288	512	(1,481)	(1,959)	-	-
Total revenues	<u>3,721</u>	<u>4,322</u>	<u>1,700</u>	<u>1,778</u>	<u>321</u>	<u>559</u>	<u>(1,481)</u>	<u>(1,959)</u>	<u>4,261</u>	<u>4,700</u>
Segment profit	473	508	8	82	11	11	-	-	492	601
Other income									883	354
Loss on exchange									(106)	(56)
Selling expenses									(31)	(35)
Administrative expenses									(199)	(300)
Other expenses									(5)	(27)
Finance cost									(3)	(2)
Profit before income tax expenses									1,031	535
Income tax expenses									(19)	(13)
Profit for the period									<u>1,012</u>	<u>522</u>

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements for the six-month periods ended 30 June

	Print Circuit		Integrated Circuit		Other		Eliminations		Total	
	Board (PCBA)		(IC)							
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenue from external customers	5,369	6,213	2,438	2,319	76	156	-	-	7,883	8,688
Intersegment revenues	1,642	2,101	491	473	540	882	(2,673)	(3,456)	-	-
Total revenues	<u>7,011</u>	<u>8,314</u>	<u>2,929</u>	<u>2,792</u>	<u>616</u>	<u>1,038</u>	<u>(2,673)</u>	<u>(3,456)</u>	<u>7,883</u>	<u>8,688</u>
Segment profit	681	925	(37)	(3)	22	26	-	-	666	948
Other income									1,015	512
Gain (loss) on exchange									(34)	34
Selling expenses									(60)	(70)
Administrative expenses									(398)	(559)
Other expenses									(10)	(33)
Finance cost									(5)	(4)
Profit before income tax expenses									1,174	828
Income tax expenses									(18)	(31)
Profit for the period									<u>1,156</u>	<u>797</u>



**18. Dividend paid**

During the six-month periods ended 30 June 2013 and 2012, the Company and its subsidiary companies had dividend payments as follows:

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		Thousand Baht	Baht
<b><u>The Company</u></b>			
<b><u>For the year 2013</u></b>			
Dividends on 2012 income	Annual General Meeting of the shareholders on 30 April 2013	<u>804,879</u>	<u>1.00</u>
<b><u>For the year 2012</u></b>			
Dividends on 2011 income	Annual General Meeting of the shareholders on 30 April 2012	<u>804,879</u>	<u>1.00</u>
<b><u>Subsidiary companies</u></b>			
<b><u>Hana Semiconductor (BKK) Company Limited</u></b>			
<b><u>For the year 2013</u></b>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 30 April 2013	50,000	0.50
Interim dividend in respect of the income for the period from 1 January 2013 to 30 April 2013	Board of Director's Meeting on 3 May 2013	300,000	3.00
Total for the year 2013		<u>350,000</u>	<u>3.50</u>
<b><u>Hana Semiconductor (Ayutthaya) Company Limited</u></b>			
<b><u>For the year 2013</u></b>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 29 April 2013	<u>720,000</u>	<u>6.00</u>
<b><u>For the year 2012</u></b>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 17 April 2012	<u>216,000</u>	<u>1.80</u>

## **19. Commitments and contingent liabilities**

### **19.1 Capital commitments**

As at 30 June 2013, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery of approximately USD 3 million or equivalent to a total of Baht 93 million. (31 December 2012: USD 3 million or equivalent to Baht 96 million) and the Company only of approximately Baht 54 million (31 December 2012: Baht 20 million). In addition, the Company had capital commitments relating to building of office building of approximately Baht 84 million.

During the period, the Company entered into a construction agreement with an unrelated company to build a new manufacturing plant located in Saha Pathana Industrial Estate in Lumphun Province. The agreement is for the period from 2 January 2013 to 31 March 2014 which the Company is to make payments of approximately Baht 47 million each month.

### **19.2 Operating lease commitments**

The Company operates its business in Bangkok on a leased premise, the lease agreement of which is made between the landlord and the Company. The lease is for a period from the year 1986 up to the year 2014 with the annual lease payment of approximately Baht 0.2 million in the year 1992 and subject to an increase at the rate of 10% per annum. The lease payment rate has been changed to Baht 0.1 million per month since March 2011.

In addition, an overseas subsidiary entered into the factory lease agreement with an unrelated company. The lease is for a period from the year 2012 up to the year 2015 with the annual lease payment of approximately RMB 0.8 million.

### **19.3 Marketing supportive service agreement**

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

#### **19.4 Guarantees**

As at 30 June 2013, there were outstanding bank guarantees of approximately Baht 256 million (31 December 2012: Baht 256 million) and the Company only: Baht 223 million (31 December 2012: Baht 223 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 208 million (31 December 2012: Baht 208 million) to be security for the tax assessments of the Company made by the Revenue Department (as discussed in Note 19.5) and Baht 48 million to guarantee electricity uses, among others (31 December 2012: Baht 48 million).

#### **19.5 Tax assessments**

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.

During the second quarter and the third quarter of 2012, the Company received the notifications of corporate income tax assessments for the year 2001 and 2002 from the Revenue Department for the excess of the allocated administrative expenses, interest expenses and loss on exchange rate to the promoted operations, and over utilised of loss carried forward, causing the under recording of corporate income tax for the year 2001 and 2002, which together with related penalty and surcharge amounted to approximately Baht 20 million and Baht 44 million, respectively. The Company did not agree with the assessments and appealed them to the Board of Appeals on 28 June 2012 and 28 September 2012. The Company expects that the Board of Appeals will reverse the assessment of the Revenue Department, which will not result in any tax payment to the Company.

However, the Company has recorded provision for loss on tax assessments of approximately Baht 215 million as at 30 June 2013 (31 December 2012: Baht 215 million) and has placed the bank guarantees as securities against the assessments.

## 20. 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 30 June 2013 and 31 December 2012 are summarised below.

Foreign currency	Financial assets as at		Financial liabilities as at		Average exchange rate as at	
	30 June	31 December	30 June	31 December	30 June	31 December
	2013	2012	2013	2012	2013	2012
	(Million)	(Million)	(Million)	(Million)	(Baht per foreign currency unit)	
China Yuan	293	318	97	102	5.0700	4.9164
US Dollar	205	165	74	59	31.1271	30.6316
Japan Yen	71	64	24	5	0.3152	0.3545
Indian Rupee	45	45	-	-	0.5219	0.5597
Euro	9	9	1	-	40.6169	40.5563
Pound Sterling	3	3	-	-	47.4873	49.3458
Hong Kong dollar	2	3	2	1	4.0130	3.9510
Australia dollar	2	2	1	1	28.7987	31.7757
Singapore Dollar	2	2	-	-	24.5968	25.0340
Brazilian real	2	2	-	-	13.7900	15.1800

As at 30 June 2013 and 31 December 2012, two overseas subsidiary companies had outstanding forward exchange contracts, of which details are presented below.

As at 30 June 2013		
Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
10	3 September 2013	30.35
10	5 September 2013	30.64
10	26 September 2013	29.48
10	29 November 2013	30.19
10	29 November 2013	30.31
20	15 July 2013	30.93
20	15 July 2013	30.96
20	30 September 2013	31.28
(Million Euro)		(USD per Euro)
5	21 November 2013	1.29

As at 31 December 2012			
Sold amount	Contractual		Contractual exchange rate for amount sold
		maturity date	
(Million USD)			(Baht per USD)
10	4 March 2013		31.57
10	26 March 2013		31.17
20	13 March 2013		30.80
20	13 March 2013		30.80
20	28 March 2013		31.22
(Million Euro)			(USD per Euro)
5	20 May 2013		1.28

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 2012 are as follows:

As at 31 December 2012				
Swap agreement	Notional amount	Contractual		Fair value gain (loss)
		maturity date	Yield to maturity	
	(Million USD)		(Percent)	(Million Baht)
Credit default				
swap - quoted				
bonds	2	20 June 2013	1.43	(0.75)

During the first quarter of the current year, the subsidiary redeemed the linked asset swap agreement and recognised gain from the redemption in the income statement for the three-month and six-month periods ended 30 June 2013.

## 21. Prior year's adjustment

In April 2013, the subsidiary received information for the claims on its property damage from the insurance company, causing it to reconsider and recompute the corporate income tax for the year 2012. In this regard, the subsidiary recorded additional income tax expenses of Baht 50.2 million. The Company therefore restated the consolidated financial statements as at 31 December 2012 to reflect the adjustment of income tax of the subsidiary. The adjustment resulted in a Baht 6.7 million decrease in other current assets, a Baht 43.5 million increase in corporate income tax payable and a Baht 50.2 million decrease in unappropriated retained earnings. The cumulative effect of the prior year's adjustment has been presented under the heading of "Cumulative effect of the prior year's adjustment" in the statement of changes in shareholders' equity.

(Unaudited but reviewed)

The subsidiary restated the consolidated financial statements as at 30 June 2012 to reflect the adjustment of income tax of the subsidiary. The adjustment resulted in a Baht 6.7 million decrease in income tax expenses in the income statement for the three-month and six-month periods ended 30 June 2012.

**22. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 August 2013.