

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month and nine-month periods ended
30 September 2014

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 September 2014, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, 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*.

Saifon Inkaew
Certified Public Accountant (Thailand) No. 4434

EY Office Limited
(Formerly known as Ernst & Young Office Limited)
Bangkok: 12 November 2014

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2014

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---|--|--------------------------|--------------------------------------|--------------------------|
| | As at | As at | As at | As at |
| | <u>Note</u> 30 September 2014 | 31 December 2013 | 30 September 2014 | 31 December 2013 |
| | (Unaudited | (Audited) | (Unaudited | (Audited) |
| | but reviewed) | | but reviewed) | |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 2 | 6,070,975 | 4,185,699 | 1,366,703 |
| Short-term investments | 4 | 2,813,172 | 2,524,311 | - |
| Trade and other receivables | 3, 5 | 3,489,628 | 3,241,169 | 1,587,521 |
| Insurance claim receivable | 15 | - | 11,963 | - |
| Inventories | 6 | 3,457,760 | 3,171,981 | 1,504,174 |
| Other current assets | | 107,683 | 142,623 | 21,614 |
| Total current assets | | <u>15,939,218</u> | <u>13,277,746</u> | <u>4,480,012</u> |
| Non-current assets | | | | |
| Investments in subsidiary companies | 7 | - | - | 3,583,449 |
| Investment in fixed deposit with financial institution | 8 | 328,471 | - | - |
| Property, plant and equipment | 9 | 6,524,850 | 6,691,459 | 2,548,431 |
| Land leasehold rights | 10 | 141,118 | 153,418 | - |
| Other intangible assets | | 20,046 | 12,163 | 10,064 |
| Deferred tax assets | | 14,693 | 18,924 | 7,813 |
| Other non-current assets | | 3,162 | 3,427 | 1,426 |
| Total non-current assets | | <u>7,032,340</u> | <u>6,879,391</u> | <u>6,151,183</u> |
| Total assets | | <u><u>22,971,558</u></u> | <u><u>20,157,137</u></u> | <u><u>10,631,195</u></u> |

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 September 2014

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---|--|-------------------|--------------------------------------|-------------------|
| | As at | As at | As at | As at |
| <u>Note</u> | 30 September 2014 | 31 December 2013 | 30 September 2014 | 31 December 2013 |
| | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Liabilities and shareholders' equity | | | | |
| Current liabilities | | | | |
| Short-term loans from financial institution | 11 | - | 15,946 | - |
| Trade and other payables | 3, 12 | 3,362,839 | 2,484,859 | 1,979,114 |
| Short-term provisions | 18.5 | 362,493 | 419,335 | 77,033 |
| Income tax payable | | 142,135 | 17,606 | 5,479 |
| Other current liabilities | | 101,169 | 239,515 | 54,940 |
| Total current liabilities | | 3,968,636 | 3,177,261 | 2,116,566 |
| Non-current liabilities | | | | |
| Provision for long-term employee benefits | | 425,997 | 385,798 | 211,082 |
| Total non-current liabilities | | 425,997 | 385,798 | 211,082 |
| Total liabilities | | 4,394,633 | 3,563,059 | 2,327,648 |
| Shareholders' equity | | | | |
| Share capital | | | | |
| Registered | | | | |
| 974,403,900 ordinary shares of Baht 1 each | | 974,404 | 974,404 | 974,404 |
| Issued and fully paid-up | | | | |
| 804,878,860 ordinary shares of Baht 1 each | | 804,879 | 804,879 | 804,879 |
| Share premium | | 1,723,219 | 1,723,219 | 1,723,219 |
| Retained earnings | | | | |
| Appropriated - statutory reserve | | 386,272 | 375,919 | 100,000 |
| Unappropriated | | 15,349,368 | 13,301,102 | 5,675,449 |
| Other components of shareholders' equity | | 313,187 | 388,959 | - |
| Total shareholders' equity | | 18,576,925 | 16,594,078 | 8,303,547 |
| Total liabilities and shareholders' equity | | 22,971,558 | 20,157,137 | 10,631,195 |
| | | - | - | - |

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 September 2014

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

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--|--|------------------|--------------------------------------|------------------|
| <u>Note</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Revenues | | | | |
| Sales | 5,731,535 | 4,966,255 | 2,724,209 | 2,207,812 |
| Interest income | 55,572 | 40,869 | 4,088 | 828 |
| Dividend income | 16 | 16 | 16 | 420,016 |
| Gain on exchange | 10,694 | 43,162 | 17,520 | 24,676 |
| Others income | 18.5 74,695 | 101,701 | 22,666 | 37,320 |
| Total revenues | 5,872,512 | 5,152,003 | 2,768,499 | 2,690,652 |
| Expenses | | | | |
| Cost of sales | 5,006,077 | 4,226,601 | 2,394,491 | 1,802,215 |
| Selling expenses | 30,495 | 49,029 | 6,551 | 6,256 |
| Administrative expenses | 217,143 | 168,602 | 60,619 | 51,247 |
| Other expenses | 5,618 | 115,932 | - | 110,401 |
| Total expenses | 5,259,333 | 4,560,164 | 2,461,661 | 1,970,119 |
| Profit before finance cost and | | | | |
| income tax expenses | | | | |
| | 613,179 | 591,839 | 306,838 | 720,533 |
| Finance cost | (1,943) | (2,310) | (535) | (676) |
| Profit before income tax expenses | 611,236 | 589,529 | 306,303 | 719,857 |
| Income tax expenses | 13 (24,381) | (22,677) | (6,125) | (8,000) |
| Profit for the period | 586,855 | 566,852 | 300,178 | 711,857 |
| Profit attributable to: | | | | |
| Equity holders of the Company | 586,855 | 566,852 | 300,178 | 711,857 |
| Earnings per share | | | | |
| 14 | | | | |
| Basic earnings per share | | | | |
| Profit attributable to equity holders of | | | | |
| the Company (Baht) | | | | |
| | 0.73 | 0.70 | 0.37 | 0.88 |
| Number of weighted average ordinary shares | | | | |
| (Thousand shares) | | | | |
| | 804,879 | 804,879 | 804,879 | 804,879 |

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 September 2014

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--|--|-----------------------|--------------------------------------|-----------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Profit for the period | <u>586,855</u> | <u>566,852</u> | <u>300,178</u> | <u>711,857</u> |
| Other comprehensive income: | | | | |
| Gain (loss) on change in value of available-for-sale investments | (16,762) | 3,600 | - | - |
| Exchange differences on translation of financial statements in foreign currency, net of income tax | <u>3,249</u> | <u>81,730</u> | <u>-</u> | <u>-</u> |
| Other comprehensive income for the period | <u>(13,513)</u> | <u>85,330</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the period | <u><u>573,342</u></u> | <u><u>652,182</u></u> | <u><u>300,178</u></u> | <u><u>711,857</u></u> |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | <u><u>573,342</u></u> | <u><u>652,182</u></u> | <u><u>300,178</u></u> | <u><u>711,857</u></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 nine-month period ended 30 September 2014

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

| | | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--|-------------|--|-------------------|--------------------------------------|------------------|
| | <u>Note</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Revenues | | | | | |
| Sales | | 15,924,608 | 12,849,457 | 7,442,797 | 5,636,698 |
| Interest income | | 155,320 | 119,714 | 7,299 | 2,503 |
| Dividend income | | 43 | 43 | 1,030,043 | 1,190,043 |
| Gain on exchange | | 141,421 | 9,233 | 50,496 | 40,113 |
| Insurance compensation income | 15 | 1,350,000 | 742,215 | - | - |
| Others income | 18.5 | 203,687 | 295,731 | 42,381 | 78,322 |
| Total revenues | | 17,775,079 | 14,016,393 | 8,573,016 | 6,947,679 |
| Expenses | | | | | |
| Cost of sales | | 13,819,237 | 11,443,229 | 6,412,018 | 4,779,594 |
| Selling expenses | | 93,225 | 109,325 | 19,396 | 18,657 |
| Administrative expenses | | 622,397 | 566,591 | 181,387 | 161,723 |
| Other expenses | | 17,029 | 126,401 | - | 110,401 |
| Total expenses | | 14,551,888 | 12,245,546 | 6,612,801 | 5,070,375 |
| Profit before finance cost and | | | | | |
| income tax expenses | | 3,223,191 | 1,770,847 | 1,960,215 | 1,877,304 |
| Finance cost | | (6,228) | (6,956) | (1,622) | (2,653) |
| Profit before income tax expenses | | 3,216,963 | 1,763,891 | 1,958,593 | 1,874,651 |
| Income tax expenses | 13 | (353,465) | (40,559) | (20,424) | (17,894) |
| Profit for the period | | 2,863,498 | 1,723,332 | 1,938,169 | 1,856,757 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | 2,863,498 | 1,723,332 | 1,938,169 | 1,856,757 |
| Earnings per share | | | | | |
| 14 | | | | | |
| Basic earnings per share | | | | | |
| Profit attributable to equity holders of | | | | | |
| the Company (Baht) | | 3.56 | 2.14 | 2.41 | 2.31 |
| Number of weighted average ordinary shares | | | | | |
| (Thousand shares) | | 804,879 | 804,879 | 804,879 | 804,879 |

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 nine-month period ended 30 September 2014

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--|--|------------------|--------------------------------------|------------------|
| <u>Note</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Profit for the period | <u>2,863,498</u> | <u>1,723,332</u> | <u>1,938,169</u> | <u>1,856,757</u> |
| Other comprehensive income: | | | | |
| Gain (loss) on change in value of available-for-sale investments | 4.2 | 74,686 | (86,586) | - |
| Exchange differences on translation of financial statements in foreign currency, net of income tax | | (150,458) | 252,456 | - |
| Other comprehensive income for the period | <u>(75,772)</u> | <u>165,870</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the period | <u>2,787,726</u> | <u>1,889,202</u> | <u>1,938,169</u> | <u>1,856,757</u> |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | <u>2,787,726</u> | <u>1,889,202</u> | <u>1,938,169</u> | <u>1,856,757</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 nine-month period ended 30 September 2014

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--|--|-------------|--------------------------------------|-------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Cash flows from operating activities | | | | |
| Profit before tax | 3,216,963 | 1,763,891 | 1,958,593 | 1,874,651 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation | 846,252 | 903,830 | 203,067 | 213,166 |
| Amortisation expenses | 2,436 | 2,981 | 917 | 509 |
| Allowance for doubtful accounts | 15,912 | 1,333 | - | - |
| Reduction of inventories to net realisable value (reversal) | (31,024) | (49,150) | (25,729) | 7,938 |
| Dividend income from subsidiary companies | - | - | (1,030,000) | (1,190,000) |
| Dividend income from other company | (43) | (43) | (43) | (43) |
| Loss (gain) on disposals/write-off assets | 28,036 | (6,367) | (363) | 819 |
| Reversal of allowance for impairment loss on assets | (20,691) | (783) | - | - |
| Provision for product warranty | 17,029 | 12,326 | - | - |
| Provision for employee vacation | - | 393 | - | 539 |
| Provision for long-term employee benefits | 40,520 | 57,850 | 20,779 | 34,817 |
| Provision for loss on tax assessments (reversal) | (9,946) | 110,402 | (9,946) | 110,402 |
| Gain on sales/redemption of short-term investments | (11,694) | (26,476) | - | - |
| Gain on redemption of swap contract | - | (104) | - | - |
| Revaluation gain on investments in securities held for trading | (139) | (2,096) | - | - |
| Unrealised loss (gain) on exchange | 10,326 | 4,490 | 5,459 | (10,947) |
| Unrealised loss (gain) on forward contracts | (11,004) | 23,349 | - | - |
| Interest income from short-term investments | (105,019) | (82,015) | - | - |
| Interest expenses | 316 | 1,288 | - | 756 |
| Profit from operating activities before changes in operating assets and liabilities | 3,988,230 | 2,715,099 | 1,122,734 | 1,042,607 |

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 nine-month period ended 30 September 2014

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--|--|------------------|--------------------------------------|------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Cash flows from operating activities (continued) | | | | |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | (307,076) | (160,926) | (166,041) | 14,807 |
| Insurance claim receivable | 11,963 | - | - | - |
| Inventories | (254,755) | (319,536) | (209,585) | (435,576) |
| Other current assets | 45,683 | 63,794 | 31,373 | 11,741 |
| Other non-current assets | 12 | (19) | - | - |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | 895,923 | 1,068,873 | 548,475 | 789,650 |
| Other current liabilities | (138,346) | 19,493 | (37,351) | (4,649) |
| Cash from operating activities | 4,241,634 | 3,386,778 | 1,289,605 | 1,418,580 |
| Cash paid for long-term employee benefits | (321) | (7,862) | - | (1,897) |
| Cash paid for redemption of swap contract | - | (195) | - | - |
| Cash paid for tax assessments | (60,543) | (26,990) | (60,543) | (26,990) |
| Cash paid for income tax | (225,091) | (86,440) | (26,175) | (24,562) |
| Interest paid | - | (756) | - | (756) |
| Net cash from operating activities | 3,955,679 | 3,264,535 | 1,202,887 | 1,364,375 |
| Cash flows from investing activities | | | | |
| Increase in fixed deposit with financial institution | -328,471 | - | - | - |
| Increase in short-term investments | (548,790) | (181,244) | - | - |
| Interest income from short-term investments | 107,383 | 83,852 | - | - |
| Proceeds from sales/redemption of short-term investments | 346,448 | 252,976 | - | - |
| Increase in investment in a subsidiary company | - | - | - | (38,790) |
| Dividend income from subsidiary companies | - | - | 1,030,000 | 1,190,000 |
| Dividend income from other company | 43 | 43 | 43 | 43 |
| Acquisitions of property, plant and equipment | (701,643) | (1,095,117) | (383,077) | (718,912) |
| Proceeds from disposals of equipment | 23,685 | 31,684 | 7,063 | 298 |
| Decrease (increase) in intangible assets | 1,981 | (685) | (6,397) | (545) |
| Decrease (increase) in other non-current assets | 253 | (14,936) | 1,031 | (28,365) |
| Net cash from (used in) investing activities | (1,099,111) | (923,427) | 648,663 | 403,729 |

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 nine-month period ended 30 September 2014

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--|--|------------------|--------------------------------------|------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Cash flows from financing activities | | | | |
| Decrease in short-term loans from financial institution | (15,946) | (7,906) | - | - |
| Cash paid for interest expenses | (316) | (532) | - | - |
| Dividend paid | <u>(804,879)</u> | <u>(804,879)</u> | <u>(804,879)</u> | <u>(804,879)</u> |
| Net cash used in financing activities | <u>(821,141)</u> | <u>(813,317)</u> | <u>(804,879)</u> | <u>(804,879)</u> |
| Increase in cash and cash equivalents | 2,035,427 | 1,527,791 | 1,046,671 | 963,225 |
| Translation adjustment | <u>(150,151)</u> | <u>252,045</u> | - | - |
| Net increase in cash and cash equivalents | 1,885,276 | 1,779,836 | 1,046,671 | 963,225 |
| Cash and cash equivalents at beginning of the period | <u>4,185,699</u> | <u>3,111,181</u> | <u>320,032</u> | <u>94,145</u> |
| Cash and cash equivalents at end of the period (Note 2) | <u>6,070,975</u> | <u>4,891,017</u> | <u>1,366,703</u> | <u>1,057,370</u> |
| | - | - | - | - |
| Supplemental cash flow information | | | | |
| Non-cash related transactions from investing activities | | | | |
| Net increase (decrease) in accounts payable for purchase | | | | |
| of property, plant and equipment | 9,029 | (102,993) | 11,826 | 9,810 |
| Revaluation gain (loss) on changes in | | | | |
| fair value of investments in available-for-sale | 74,686 | (86,586) | - | - |
| Translation adjustment for deferred tax assets | 307 | (411) | - | - |

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

(Unaudited and reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2014

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | | | | |
|-----------------------------------|--|------------------|--|----------------|--|----------------------|---------------|------------|---------------|
| | | | | | Other components of shareholders' equity | | | | |
| | | | | | Other comprehensive income | | | | |
| | | | | | Surplus | | Total other | | |
| | | | | | on changes in | Exchange differences | components of | | Total |
| | | | | | value of | on translation of | shareholders' | | shareholders' |
| | | | | | available-for-sale | financial statements | equity | | equity |
| | | | | | investments | in foreign currency | | | |
| Note | Issued and paid up share capital | Share premium | Retained earnings Appropriated - Statutory reserve | Unappropriated | | | | | |
| | 804,879 | 1,723,219 | 352,497 | 12,194,644 | 210,082 | (390,799) | (180,717) | 14,894,522 | |
| | - | - | - | 1,723,332 | (86,586) | 252,456 | 165,870 | 1,889,202 | |
| 17 | - | - | - | (804,879) | - | - | - | (804,879) | |
| | - | - | 23,422 | (23,422) | - | - | - | - | |
| | 804,879 | 1,723,219 | 375,919 | 13,089,675 | 123,496 | (138,343) | (14,847) | 15,978,845 | |
| | 804,879 | 1,723,219 | 375,919 | 13,301,102 | 118,218 | 270,741 | 388,959 | 16,594,078 | |
| | - | - | - | 2,863,498 | 74,686 | (150,458) | (75,772) | 2,787,726 | |
| 17 | - | - | - | (804,879) | - | - | - | (804,879) | |
| | - | - | 10,353 | (10,353) | - | - | - | - | |
| | 804,879 | 1,723,219 | 386,272 | 15,349,368 | 192,904 | 120,283 | 313,187 | 18,576,925 | |

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

(Unaudited and reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the nine-month period ended 30 September 2014

(Unit: Thousand Baht)

| Separate financial statements | | | | | |
|---|-----------------------|------------------|-------------------------------------|------------------|------------------|
| | Issued and paid up | Share premium | Retained earnings | | |
| Note | share capital | | Appropriated - Statutory reserve | Unappropriated | Total |
| Balance as at 31 December 2012 | 804,879 | 1,723,219 | 100,000 | 3,643,039 | 6,271,137 |
| Total comprehensive income for the period | - | - | - | 1,856,757 | 1,856,757 |
| Dividend paid | - | - | - | (804,879) | (804,879) |
| Balance as at 30 September 2013 | <u>804,879</u> | <u>1,723,219</u> | <u>100,000</u> | <u>4,694,917</u> | <u>7,323,015</u> |
| | | | | | |
| Balance as at 31 December 2013 | 804,879 | 1,723,219 | 100,000 | 4,542,159 | 7,170,257 |
| Total comprehensive income for the period | - | - | - | 1,938,169 | 1,938,169 |
| Dividend paid | - | - | - | (804,879) | (804,879) |
| Balance as at 30 September 2014 | <u>804,879</u> | <u>1,723,219</u> | <u>100,000</u> | <u>5,675,449</u> | <u>8,303,547</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 nine-month periods ended 30 September 2014

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. The registered office of the Company is at 65/98, Soi Vibhavadi-Rangsit 64, Junction 2, 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 2012) “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 2013. There are no changes in the group structure during the current period.

1.4 New accounting standards

(a) Accounting standards that became effective in the current accounting period

The Company disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effects of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, and believes that they do not have a significant impact.

(b) Accounting standards that will become effective in the future

The Company has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effect of this financial reporting standard and believes that it is not relevant to the business of the Company.

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 2013.

2. Cash and cash equivalents

Cash and cash equivalents as at 30 September 2014 and 31 December 2013 as presented in the statement of financial position consisted of the following:

| | Consolidated | | (Unit: Thousand Baht) Separate | |
|---|----------------------|---------------------|-----------------------------------|---------------------|
| | financial statements | | financial statements | |
| | 30 September 2014 | 31 December 2013 | 30 September 2014 | 31 December 2013 |
| Cash | 902 | 697 | 198 | 160 |
| Bank deposits | 2,581,565 | 2,820,647 | 366,505 | 319,872 |
| Fixed deposits with maturity not over 3 months | 3,488,508 | 1,364,355 | 1,000,000 | - |
| Total cash and cash equivalents | <u>6,070,975</u> | <u>4,185,699</u> | <u>1,366,703</u> | <u>320,032</u> |

3. 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 | | For the nine-month periods ended | | |
| | 30 September | | 30 September | | |
| | 2014 | 2013 | 2014 | 2013 | |
| Transactions with subsidiaries | | | | | |
| (eliminated from the consolidated financial statements) | | | | | |
| Sales of goods | 8 | 1 | 17 | 7 | Prices agreed between the parties due to the uniqueness of products sold to each customer |
| Dividend income | - | 420 | 1,030 | 1,190 | Declared rate |
| Rental income | - | 1 | - | 3 | Contract price |
| Purchase of materials | 48 | 68 | 168 | 155 | Cost plus margin |
| Purchase of fixed assets | - | - | 14 | 18 | Cost plus margin/appraisal value |
| Service fee | 1 | - | 2 | - | Rates stipulated in the agreement |

As at 30 September 2014 and 31 December 2013, the balances of the accounts between the Company and those related parties are as follows:

| | (Unit: Thousand Baht) | | | |
|--|-----------------------------------|------------------|-------------------------------|------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 30 September 2014 | 31 December 2013 | 30 September 2014 | 31 December 2013 |
| | | | | |
| Trade and other receivables (Note 5) | | | | |
| Trade receivables - related parties | | | | |
| Subsidiary companies | - | - | 27,669 | 5,695 |
| Total trade receivables - related parties | - | - | 27,669 | 5,695 |
| Other receivables - related parties | | | | |
| Subsidiary companies | - | - | 26 | 91 |
| Related company (by way of common directors) | 32 | 32 | - | - |
| Total other receivables - related parties | 32 | 32 | 26 | 91 |
| Total trade and other receivables | 32 | 32 | 27,695 | 5,786 |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|----------------------|----------------------|----------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 30 | 31 | 30 | 31 |
| | September | December | September | December |
| | 2014 | 2013 | 2014 | 2013 |
| Trade and other payables (Note 12) | | | | |
| Trade payables - related parties | | | | |
| Subsidiary companies | - | - | 502,034 | 387,092 |
| Total trade payables - related parties | - | - | 502,034 | 387,092 |
| Other payables - related parties | | | | |
| Subsidiary companies | - | - | - | 601 |
| Total other payables - related parties | - | - | - | 601 |
| Total trade and other payables | - | - | 502,034 | 387,693 |

Directors' and management's benefits

During the three-month and nine-month periods ended 30 September 2014 and 2013, 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 September

| | Consolidated | | Separate | |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2014 | 2013 | 2014 | 2013 |
| Short-term employee benefits | 32.7 | 16.6 | 3.8 | 2.1 |
| Post-employment benefits | 0.2 | 1.5 | 0.2 | 0.2 |
| Total | 32.9 | 18.1 | 4.0 | 2.3 |

(Unit: Million Baht)

For the nine-month periods ended 30 September

| | Consolidated | | Separate | |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2014 | 2013 | 2014 | 2013 |
| Short-term employee benefits | 69.8 | 50.0 | 9.2 | 7.3 |
| Post-employment benefits | 0.6 | 4.5 | 0.6 | 0.6 |
| Total | 70.4 | 54.5 | 9.8 | 7.9 |

4. Short-term investments

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|---|-----------------------------------|------------------|----------------------------|------------------|
| | 30 September 2014 | | 31 December 2013 | |
| | Cost/ Carrying value | Fair value | Cost/ Carrying value | Fair value |
| Securities held for trading (Note 4.1) | | | | |
| Overseas marketable equity securities | 97,120 | 110,147 | 98,441 | 110,899 |
| Unsecured subordinated notes | 26,703 | 27,880 | 27,710 | 29,317 |
| Total | 123,823 | 138,027 | 126,151 | 140,216 |
| Add: Gain on changes in fair value of investments | 14,204 | - | 14,065 | - |
| Investments in securities held for trading | 138,027 | 138,027 | 140,216 | 140,216 |
| Available-for-sale securities (Note 4.2) | | | | |
| Overseas marketable corporate bonds | 1,403,089 | 1,538,499 | 1,452,805 | 1,527,480 |
| Local quoted bonds | 32,376 | 33,006 | 32,816 | 30,833 |
| Overseas quoted bonds | 1,040,266 | 1,097,130 | 780,256 | 825,782 |
| Total | 2,475,731 | 2,668,635 | 2,265,877 | 2,384,095 |
| Add: Revaluation surplus on changes in fair value of investments | 192,904 | - | 118,218 | - |
| Investments in available-for-sale securities | 2,668,635 | 2,668,635 | 2,384,095 | 2,384,095 |
| Fixed deposit with financial institution | | | | |
| Fixed deposit within 1 year | 6,510 | 6,510 | - | - |
| Investment in fixed deposit with financial institution | 6,510 | 6,510 | - | - |
| Total short-term investments | 2,813,172 | 2,813,172 | 2,524,311 | 2,524,311 |

4.1 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 September 2014, 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 0.10 million or equivalent to approximately Baht 0.14 million (2013: increased by USD 0.06 million or equivalent to approximately Baht 2.10 million). The changes in the fair value of these investments were recognised in the income statements.

4.2 Available-for-sale securities

In addition, this subsidiary has invested in private corporate bonds issued by various companies listed on the overseas Stock Exchanges and overseas and local quoted bonds through the three overseas banks. These investments are classified as available-for-sale investments. During the nine-month period ended 30 September 2014, the subsidiary additionally invested in overseas listed corporate bonds and overseas quoted bonds, and redeemed some of the corporate bonds and overseas quoted bonds, resulting in gain of USD 0.36 million or equivalent to approximately Baht 11.69 million (2013: gain of USD 0.87 million or equivalent to approximately Baht 26.48 million).

As at 30 September 2014, the subsidiary had assessed the fair value of the bonds by referring to the value quoted by the banks in which there was a revaluation surplus on the fair value of USD 5.96 million or equivalent to approximately Baht 192.90 million (2013: USD 3.93 million or equivalent to approximately Baht 123.50 million). The subsidiary recognised gain on changes in fair value of the available-for-sale securities approximately Baht 74.69 million as shown as other comprehensive income in the statements of comprehensive income (2013: loss of approximately Baht 86.59 million).

5. Trade and other receivables

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|---------------------|----------------------|---------------------|
| | financial statements | | financial statements | |
| | 30 September 2014 | 31 December 2013 | 30 September 2014 | 31 December 2013 |
| <u>Age of receivable</u> | | | | |
| Trade receivables - subsidiary companies | | | | |
| Not yet due | - | - | 1,457 | - |
| Past due | | | | |
| Up to 3 months | - | - | 15,161 | 1,029 |
| 3 - 6 months | - | - | 7,500 | 1,934 |
| 6 - 12 months | - | - | 1,003 | 29 |
| Over 12 months | - | - | 2,548 | 2,703 |
| Total trade receivables - subsidiary companies (Note 3) | - | - | 27,669 | 5,695 |
| Trade receivables - unrelated parties | | | | |
| Not yet due | 2,573,599 | 2,410,361 | 1,166,164 | 1,140,571 |
| Past due | | | | |
| Up to 3 months | 789,361 | 722,243 | 388,270 | 296,123 |
| 3 - 6 months | 16,633 | 13,813 | 2,395 | 247 |
| 6 - 12 months | 2,602 | 1,222 | 237 | - |
| Over 12 months | 4,195 | 3,150 | 4 | 4 |
| Total trade receivables - unrelated parties | 3,386,390 | 3,150,789 | 1,557,070 | 1,436,945 |
| Less: Allowance for doubtful accounts | (20,181) | (4,269) | - | - |
| Total trade receivables - unrelated parties - net | 3,366,209 | 3,146,520 | 1,557,070 | 1,436,945 |
| Total trade receivables - net | 3,366,209 | 3,146,520 | 1,584,739 | 1,442,640 |
| Other receivables - related parties (Note 3) | 32 | 32 | 26 | 91 |
| Other receivables - unrelated parties | 123,387 | 94,617 | 2,756 | 4,492 |
| Total other receivables | 123,419 | 94,649 | 2,782 | 4,583 |
| Trade and other receivables - net | 3,489,628 | 3,241,169 | 1,587,521 | 1,447,223 |

(Unaudited but reviewed)

6. Reduction of inventories to net realisable value

Movements in the adjustment to reduce inventories to net realisable value during the nine-month period ended 30 September 2014 are summarised below.

| | (Unit: Thousand Baht) | |
|--|---|-------------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Balance as at 31 December 2013 | 301,873 | 267,060 |
| Reduction of inventory value during the period | 93,965 | 56,099 |
| Reversal of reduction of inventory value during the period | (43,160) | - |
| Write-off obsolete and damaged inventories during the period | (81,828) | (81,828) |
| Translation adjustment | (1) | - |
| Balance as at 30 September 2014 | 270,849 | 241,331 |

7. Investments in subsidiary companies

| Company's name | (Unit: Thousand Baht) | | | | | | | |
|--|-------------------------------|------------------------|------------------------------------|-----------------------------------|-------------------------|------------------------|---|------------------|
| | Separate financial statements | | | | | | | |
| | Paid up capital | | Shareholding percentage | | Cost | | Dividend received for the nine-month periods ended 30 September | |
| | 30 September 2014 | 31 December 2013 | 30 September 2014 Percent | 31 December 2013 Percent | 30 September 2014 | 31 December 2013 | | |
| Hana Semiconductor (Ayutthaya) Company Limited | 1,200,000 | 1,200,000 | 58 | 58 | 2,142,910 | 2,142,910 | 630,000 | 665,000 |
| Hana Semiconductor (BKK) Company Limited | 1,000,000 | 1,000,000 | 100 | 100 | 1,011,100 | 1,011,100 | 400,000 | 525,000 |
| Omac Sales Limited | 325 | 325 | 100 | 100 | 273,492 | 273,492 | - | - |
| Hana Microelectronics Cambodia Company Limited | 155,947 | 155,947 | 100 | 100 | 155,947 | 155,947 | - | - |
| 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>3,583,449</u> | <u>3,583,449</u> | <u>1,030,000</u> | <u>1,190,000</u> |

8. Investment in fixed deposit with financial institution

During the second quarter of 2014, an overseas subsidiary has invested in a structured deposit with financial institution amounting to CNY 62.4 million or equivalent to Baht 328.5 million for a period of 2 years, with the maturity date on 28 April 2016. The parties mutually agreed that the subsidiary will receive interest income approximately CNY 6.6 million at the maturity date under the condition that CNYmat (the mid spot exchange rate for USDCNH) is less than or equal to CNY 6.0528 per USD on any agreed determination date otherwise, zero.

9. Property, plant and equipment

Movements in the property, plant and equipment account during the nine-month period ended 30 September 2014 are summarised below.

| | (Unit: Thousand Baht) | |
|--|---|-------------------------------------|
| | Consolidated financial statements | Separate financial statements |
| | <hr/> | <hr/> |
| Net book value as at 31 December 2013 | 6,691,459 | 2,363,295 |
| Acquisitions during the period - at cost | 760,946 | 394,903 |
| Disposals/write-off during the period - net book value at disposal/write-off date | (47,657) | (6,700) |
| Depreciation for the period | (846,252) | (203,067) |
| Allowance for impairment reversed during the period | 16,625 | - |
| Translation adjustment | (50,271) | - |
| | <hr/> | <hr/> |
| Net book value as at 30 September 2014 | 6,524,850 | 2,548,431 |

10. Land leasehold rights

During the year 2013, an overseas subsidiary entered into land leasehold agreements for building of factory and dormitory for its employees for the period of 50 years.

Movements in land leasehold rights account during the nine-month period ended 30 September 2014 are summarised below.

| | (Unit: Thousand Baht) |
|--|---|
| | Consolidated financial statements |
| | <hr/> |
| Net book value as at 31 December 2013 | 153,418 |
| Translation adjustment | (12,300) |
| | <hr/> |
| Net book value as at 30 September 2014 | 141,118 |

(Unaudited but reviewed)

11. Short-term loans from financial institution

The balances of short-term loans from financial institution of an overseas subsidiary as at 30 September 2014 and 31 December 2013 are summarised below.

(Unit: Million)

| | 30 September 2014 | 31 December 2013 |
|-----------------------------------|----------------------|---------------------|
| | AUD | AUD |
| Principal loan balance | - | 0.55 |
| Interest rate per annum (percent) | - | 3.03 - 3.64 |

During the current quarter, the oversea subsidiary has fully repaid this short-term loan.

12. Trade and other payables

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|---------------------|----------------------|---------------------|
| | financial statements | | financial statements | |
| | 30 September 2014 | 31 December 2013 | 30 September 2014 | 31 December 2013 |
| Trade payables - subsidiary companies (Note 3) | - | - | 502,034 | 387,092 |
| Trade payables - unrelated parties | 2,721,084 | 2,015,112 | 1,325,205 | 958,523 |
| Advance received from customers | 182,688 | 154,542 | 28,066 | 24,654 |
| Other payables for purchase of machineries | 91,341 | 82,312 | 44,120 | 32,294 |
| Other payable - related parties (Note 3) | - | - | - | 601 |
| Accrued expenses | 367,726 | 232,893 | 79,689 | 36,027 |
| Total trade and other payables | <u>3,362,839</u> | <u>2,484,859</u> | <u>1,979,114</u> | <u>1,439,191</u> |

13. 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 nine-month periods ended 30 September 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

| | For the three-month periods ended 30 September | | | |
|---|--|---------------|----------------------|--------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Current income tax: | | | | |
| Interim corporate income tax charge | 22,647 | 20,681 | 5,163 | 5,970 |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | 1,734 | 1,996 | 962 | 2,030 |
| Income tax expense reported in the income statement | <u>24,381</u> | <u>22,677</u> | <u>6,125</u> | <u>8,000</u> |

(Unit: Thousand Baht)

| | For the nine-month periods ended 30 September | | | |
|---|---|---------------|----------------------|---------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Current income tax: | | | | |
| Interim corporate income tax charge | 349,541 | 43,571 | 20,166 | 22,700 |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | 3,924 | (3,012) | 258 | (4,806) |
| Income tax expense reported in the income statement | <u>353,465</u> | <u>40,559</u> | <u>20,424</u> | <u>17,894</u> |

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2014 and 2013 are as follows:

(Unit: Thousand Baht)

| | For the three-month periods ended 30 September | | | |
|--|--|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Deferred tax relating to exchange differences on translation of financial statements in foreign currency | 57 | 119 | - | - |

(Unit: Thousand Baht)

| | For the nine-month periods ended 30 September | | | |
|--|---|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Deferred tax relating to exchange differences on translation of financial statements in foreign currency | (307) | 411 | - | - |

14. 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.

15. 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.

The subsidiary claimed insurance compensation for its property damages losses and its 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, and as at 31 December 2011, it had therefore recognised this insurance claim receivable as current asset in the statement of financial position, and net such amount against loss from flood event in profit or loss in the income statement. The recognised compensation did not exceed the above loss from the damages to fixed assets and inventories.

During the year 2012, the subsidiary received the compensation payments on its business interruption losses totaling Baht 400 million, and recognised these compensations as other income in the income statements for the year ended 31 December 2012.

Subsequently, during the first quarter, second quarter and fourth quarter of 2013, the subsidiary received the remaining compensation payments on its property damages amounting to Baht 30 million, Baht 712 million and Baht 188 million, respectively, and recorded a reimbursement from insurance claim receivable of Baht 12 million as current asset in the statement of financial position as at 31 December 2013. The subsidiary recognised the insurance compensation income on its property damages totaling Baht 942 million in the income statement for the year ended 31 December 2013.

In addition, during the first quarter and second quarter of 2014, the subsidiary received the remaining compensation payments on its business interruption losses amounting to Baht 1,269 million and Baht 81 million, respectively. The subsidiary recognised such insurance compensation income on its business interruption losses totaling Baht 1,350 million in the income statement for the nine-month period ended 30 September 2014.

(Unaudited but reviewed)

16. Segment information

The Company and its subsidiaries are organised into business units based on their products and services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following table presents revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2014 and 2013, respectively.

(Unit: Million Baht)

| Consolidated financial statements for the three-month periods ended 30 September | | | | | | | | | | | | |
|--|---------------------------------------|--------------|-------------------------|--------------|------------|------------|----------------|--------------|----------------|----------------|--------------|--------------|
| | Printed Circuit Board Assembly (PCBA) | | Integrated Circuit (IC) | | Other | | Total segments | | Eliminations | | Consolidated | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenue from external customers | 3,601 | 3,229 | 2,080 | 1,704 | 51 | 33 | 5,732 | 4,966 | - | - | 5,732 | 4,966 |
| Intersegment revenues | 1,158 | 993 | 309 | 300 | 467 | 359 | 1,934 | 1,652 | (1,934) | (1,652) | - | - |
| Total revenues | <u>4,759</u> | <u>4,222</u> | <u>2,389</u> | <u>2,004</u> | <u>518</u> | <u>392</u> | <u>7,666</u> | <u>6,618</u> | <u>(1,934)</u> | <u>(1,652)</u> | <u>5,732</u> | <u>4,966</u> |
| Segment profit | 499 | 508 | 218 | 223 | 8 | 9 | 725 | 740 | - | - | 725 | 740 |
| Other income | | | | | | | | | | | 130 | 143 |
| Gain on exchange | | | | | | | | | | | 11 | 43 |
| Selling expenses | | | | | | | | | | | (30) | (49) |
| Administrative expenses | | | | | | | | | | | (217) | (169) |
| Other expenses | | | | | | | | | | | (6) | (116) |
| Finance cost | | | | | | | | | | | (2) | (2) |
| Profit before income tax expenses | | | | | | | | | | | 611 | 590 |
| Income tax expenses | | | | | | | | | | | (24) | (23) |
| Profit for the period | | | | | | | | | | | <u>587</u> | <u>567</u> |

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements for the nine-month periods ended 30 September

| | Printed Circuit Board Assembly (PCBA) | | Integrated Circuit (IC) | | Other | | Total segments | | Eliminations | | Consolidated | |
|-----------------------------------|---------------------------------------|---------------|-------------------------|--------------|--------------|--------------|----------------|---------------|----------------|----------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenue from external customers | 10,664 | 8,598 | 5,120 | 4,142 | 141 | 109 | 15,925 | 12,849 | - | - | 15,925 | 12,849 |
| Intersegment revenues | 3,101 | 2,635 | 807 | 791 | 1,157 | 899 | 5,065 | 4,325 | (5,065) | (4,325) | - | - |
| Total revenues | <u>13,765</u> | <u>11,233</u> | <u>5,927</u> | <u>4,933</u> | <u>1,298</u> | <u>1,008</u> | <u>20,990</u> | <u>17,174</u> | <u>(5,065)</u> | <u>(4,325)</u> | <u>15,925</u> | <u>12,849</u> |
| Segment profit | 1,478 | 1,189 | 596 | 186 | 31 | 31 | 2,105 | 1,406 | - | - | 2,105 | 1,406 |
| Insurance compensation income | | | | | | | | | | | 1,350 | 742 |
| Other income | | | | | | | | | | | 359 | 416 |
| Gain on exchange | | | | | | | | | | | 141 | 9 |
| Selling expenses | | | | | | | | | | | (93) | (109) |
| Administrative expenses | | | | | | | | | | | (622) | (567) |
| Other expenses | | | | | | | | | | | (17) | (126) |
| Finance cost | | | | | | | | | | | (6) | (7) |
| Profit before income tax expenses | | | | | | | | | | | 3,216 | 1,764 |
| Income tax expenses | | | | | | | | | | | (354) | (41) |
| Profit for the period | | | | | | | | | | | <u>2,863</u> | <u>1,723</u> |

17. Dividend paid

During the nine-month periods ended 30 September 2014 and 2013, 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 2014</u> | | | |
| Dividends on 2013 income | Annual General Meeting of the shareholders on 30 April 2014 | 804,879 | 1.00 |
| <u>For the year 2013</u> | | | |
| Dividends on 2012 income | Annual General Meeting of the shareholders on 30 April 2013 | 804,879 | 1.00 |
| <u>Subsidiary companies</u> | | | |
| Hana Semiconductor (BKK) Company Limited | | | |
| <u>For the year 2014</u> | | | |
| Interim dividend in respect of the income for the period from 1 January 2014 to 30 April 2014 | Board of Director's Meeting on 6 May 2014 | 400,000 | 4.00 |
| <u>For the year 2013</u> | | | |
| 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 |
| Interim dividend in respect of the income for the period from 1 January 2013 to 31 August 2013 | Board of Director's Meeting on 26 August 2013 | 175,000 | 1.75 |
| Total for the year 2013 | | 525,000 | 5.25 |

(Unaudited but reviewed)

| Approved by | | Total dividends | Dividend per share |
|--|---|--------------------|-----------------------|
| | | Thousand Baht | Baht |
| Hana Semiconductor (Ayutthaya) Company Limited | | | |
| <u>For the year 2014</u> | | | |
| Dividends on the unappropriated retained earnings | Annual General Meeting of the shareholders on 17 April 2014 | 1,080,000 | 9.00 |
| <u>For the year 2013</u> | | | |
| Dividends on the unappropriated retained earnings | Annual General Meeting of the shareholders on 29 April 2013 | 720,000 | 6.00 |
| Interim dividend in respect of the income for the period from 1 January 2013 to 30 June 2013 | Board of Director's Meeting on 16 August 2013 | 420,000 | 3.50 |
| Total for the year 2013 | | 1,140,000 | 9.50 |

18. Commitments and contingent liabilities

18.1 Capital commitments

As at 30 September 2014, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery of approximately USD 1.5 million or equivalent to a total of Baht 47.5 million. (31 December 2013: USD 2 million or equivalent to Baht 66.2 million) and the Company only of approximately Baht 45.8 million (31 December 2013: Baht 62.6 million).

In addition, the Company and its overseas subsidiary had capital commitments relating to building of the manufacturing plants and an office building of approximately Baht 43 million and USD 7.7 million or equivalent to Baht 251 million (31 December 2013: Baht 175 million) and the Company only of approximately Baht 43 million (31 December 2013: 175 million).

18.2 Operating lease commitments

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.

18.3 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.

18.4 Guarantees

As at 30 September 2014, there were outstanding bank guarantees of approximately Baht 125 million (31 December 2013: Baht 132 million) and the Company only of approximately Baht 95 million (31 December 2013: Baht 92 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 77 million (31 December 2013: Baht 77 million) to be security for the tax assessments of the Company made by the Revenue Department (as discussed in Note 18.5) and Baht 48 million to guarantee electricity uses, among others (31 December 2013: Baht 55 million).

18.5 Tax assessments

During the second quarter and the third quarter of 2012, the Company received notifications of corporate income tax assessments for the years 2001 and 2002 from the Revenue Department for over allocation of administrative expenses, interest expenses and loss on exchange rate to the promoted operations, and over utilisation of losses carried forward, causing the under recording of corporate income tax for the years 2001 and 2002, which together with related penalty and surcharge amounted to approximately Baht 20 million and Baht 44 million, respectively. The Company recorded the loss on tax assessments totaling Baht 64 million included in other expenses in the income statement for the year ended 31 December 2012. The Company did not agree with the assessments and appealed them to the Board of Appeals on 28 June 2012 and 28 September 2012. As at 30 September 2014, the Company is in the process of appealing to the Board of Appeals. The Company expects the Board of Appeals to reverse the assessments made by the Revenue Department, with the result that the Company will not need to make any tax payment.

In addition, during the third quarter of 2013, the Company received a notification of corporate income tax assessment for the year 2003 from the Revenue Department for over allocation of administrative expenses, interest expenses and loss on exchange rate to the promoted operations, and over utilisation of losses carried forward, causing the under recording of corporate income tax for the year 2003, which together with related penalty and surcharge amounted to approximately Baht 40 million. The Company recorded such loss on tax assessment included in other expenses in the income statement for the year ended 31 December 2013. The Company paid the assessed tax and related surcharge totaling Baht 27 million on 24 September 2013, and appealed the remaining penalty of Baht 13 million to the Board of Appeals, in order to reduce the penalty.

As a result of the Supreme Court's decision regarding the above tax assessment for the year 1997, for prudent reason the Company assessed its tax liabilities as a result of over utilisation of losses carried forward in its tax computation for the year 2004, and recorded provisions for tax assessment for the year 2004 amounting to Baht 70 million included in other expenses in the income statement for the year ended 31 December 2013. Subsequently, during the third quarter of 2014, the Company received the notifications of corporate income tax assessment for the year 2004 from the Revenue Department for over allocation of selling and administrative expenses to the promoted operations, and over utilisation of losses carried forward, causing the under recording of corporate income tax for the year 2004, which together with related penalty and surcharge amounted to approximately Baht 60 million. The Company paid the assessed tax, penalty and related surcharge totaling approximately Baht 60 million on 12 September 2014, and recognised reversal of loss on tax assessment of approximately Baht 10 million as other income in the income statements for the three-month and nine-month periods ended 30 September 2014.

As at 30 September 2014, the Company has recorded provision for loss on tax assessments totaling approximately Baht 77 million (31 December 2013: Baht 148 million) and has place bank guarantees as security against the assessments.

19. 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.

(Unaudited but reviewed)

The balances of financial assets and liabilities denominated in foreign currencies as at 30 September 2014 and 31 December 2013 are summarised below.

| Foreign currency | Financial assets | | Financial liabilities | | Average exchange rate | |
|------------------|------------------|-----------|-----------------------|-----------|----------------------------------|----------|
| | as at | | as at | | as at | |
| | 30 | 31 | 30 | 31 | 30 | 31 |
| | September | December | September | December | September | December |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | (Million) | (Million) | (Million) | (Million) | (Baht per foreign currency unit) | |
| China Yuan | 327 | 288 | 96 | 85 | 5.2663 | 5.4087 |
| US Dollar | 214 | 201 | 65 | 12 | 32.3733 | 32.8136 |
| Japan Yen | 89 | 90 | 10 | 5 | 0.2960 | 0.3130 |
| Indian Rupee | 43 | 43 | - | - | 0.5251 | 0.5289 |
| Hong Kong dollar | 7 | 4 | 2 | - | 4.1706 | 4.2316 |
| Euro | 3 | 7 | - | - | 41.0688 | 45.0217 |
| Pound Sterling | 3 | 3 | - | - | 52.5738 | 53.9162 |
| Singapore Dollar | 2 | 2 | - | - | 25.4226 | 25.8826 |
| Brazilian real | 2 | 2 | - | - | 13.3800 | 13.7700 |
| Australia dollar | 1 | 2 | - | 1 | 28.2467 | 29.1776 |

As at 30 September 2014 and 31 December 2013, the two overseas subsidiary companies had outstanding forward exchange contracts, of which details are presented below.

As at 30 September 2014

| Sold amount | Contractual maturity date | Contractual exchange rate for amount sold |
|----------------|---------------------------|---|
| (Million USD) | | (Baht per USD) |
| 10 | 17 November 2014 | 32.91 |
| 10 | 28 November 2014 | 32.83 |
| 10 | 7 January 2015 | 32.60 |
| 10 | 7 January 2015 | 32.60 |
| 10 | 27 February 2015 | 32.17 |
| 20 | 16 March 2015 | 32.43 |
| 20 | 17 March 2015 | 32.56 |
| 20 | 27 August 2015 | 32.38 |
| (Million USD) | | (China Yuan per USD) |
| 10 | 8 September 2015 | 6.15 |
| (Million Euro) | | (USD per Euro) |
| 3 | 24 November 2014 | 1.37 |

As at 31 December 2013

| Sold amount | Contractual maturity date | Contractual exchange rate for amount sold |
|----------------|---------------------------|---|
| (Million USD) | | (Baht per USD) |
| 10 | 27 January 2014 | 32.85 |
| 10 | 4 February 2014 | 31.22 |
| 10 | 28 February 2014 | 31.85 |
| 10 | 28 February 2014 | 32.05 |
| 10 | 3 March 2014 | 32.49 |
| 20 | 15 January 2014 | 31.45 |
| 20 | 15 January 2014 | 31.44 |
| 20 | 31 January 2014 | 32.23 |
| (Million Euro) | | (USD per Euro) |
| 3 | 12 May 2014 | 1.35 |

20. Event after the reporting period

On 12 November 2014, the Board of Directors Meeting of the Company No. 5/2014 passed a resolution approving the interim dividend payment from the net profit from the first nine-month period of 2014 to the Company's shareholders at Baht 1 per share or a total of approximately Baht 805 million. The dividend will be paid to the shareholders on 11 December 2014.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 November 2014.