

Hana Microelectronics Public Company Limited  
and its subsidiaries  
Report and interim financial statements  
For the three-month and six-month periods ended 30 June 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 June 2014, the related consolidated statements of income and comprehensive income for the three-month and six-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-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: 8 August 2014

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

**Statement of financial position**

**As at 30 June 2014**

(Unit: Thousand Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		As at	As at	As at	As at
		30 June 2014	31 December 2013	30 June 2014	31 December 2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	2	5,498,113	4,185,699	1,053,592	320,032
Short-term investments	4	2,769,087	2,524,311	-	-
Trade and other receivables	3, 5	3,403,084	3,241,169	1,476,676	1,447,223
Insurance claim receivable	15	-	11,963	-	-
Inventories	6	3,365,838	3,171,981	1,520,420	1,268,860
Other current assets		95,074	142,623	25,602	53,082
<b>Total current assets</b>		<b>15,131,196</b>	<b>13,277,746</b>	<b>4,076,290</b>	<b>3,089,197</b>
<b>Non-current assets</b>					
Investments in subsidiary companies	7	-	-	3,583,449	3,583,449
Investment in fixed deposit with financial institution	8	326,118	-	-	-
Property, plant and equipment	9	6,543,851	6,691,459	2,517,799	2,363,295
Land leasehold rights	10	151,741	153,418	-	-
Other intangible assets		14,484	12,163	8,062	4,584
Deferred tax assets		16,371	18,924	8,774	8,070
Other non-current assets		3,219	3,427	1,426	2,457
<b>Total non-current assets</b>		<b>7,055,784</b>	<b>6,879,391</b>	<b>6,119,510</b>	<b>5,961,855</b>
<b>Total assets</b>		<b>22,186,980</b>	<b>20,157,137</b>	<b>10,195,800</b>	<b>9,051,052</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 2014**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2014	31 December 2013	30 June 2014	31 December 2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institution	11	13,423	15,946	-	-
Trade and other payables	3, 12	2,935,601	2,484,859	1,772,525	1,439,191
Short-term provisions	18.5	427,967	419,335	147,522	147,522
Income tax payable		286,263	17,606	14,824	11,488
Other current liabilities		107,545	239,515	53,405	92,291
<b>Total current liabilities</b>		<b>3,770,799</b>	<b>3,177,261</b>	<b>1,988,276</b>	<b>1,690,492</b>
<b>Non-current liabilities</b>					
Provision for long-term employee benefits		412,598	385,798	204,155	190,303
<b>Total non-current liabilities</b>		<b>412,598</b>	<b>385,798</b>	<b>204,155</b>	<b>190,303</b>
<b>Total liabilities</b>		<b>4,183,397</b>	<b>3,563,059</b>	<b>2,192,431</b>	<b>1,880,795</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
974,403,900 ordinary shares of Baht 1 each		974,404	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	804,879
Share premium		1,723,219	1,723,219	1,723,219	1,723,219
Retained earnings					
Appropriated - statutory reserve		386,272	375,919	100,000	100,000
Unappropriated		14,762,513	13,301,102	5,375,271	4,542,159
Other components of shareholders' equity		326,700	388,959	-	-
<b>Total shareholders' equity</b>		<b>18,003,583</b>	<b>16,594,078</b>	<b>8,003,369</b>	<b>7,170,257</b>
<b>Total liabilities and shareholders' equity</b>		<b>22,186,980</b>	<b>20,157,137</b>	<b>10,195,800</b>	<b>9,051,052</b>
		-	-	-	-

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

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Directors  
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(Unaudited but reviewed)

**Hana Microelectronics Public Company Limited and its subsidiaries****Income statement****For the three-month period ended 30 June 2014**

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Revenues</b>					
Sales		5,523,040	4,261,336	2,515,012	1,888,195
Interest income		57,279	43,601	3,205	1,638
Dividend income		27	27	1,030,027	770,027
Gain on exchange		57,086	-	17,976	27,360
Insurance claim	15	-	712,526	-	-
Others income		66,283	126,891	9,690	28,021
<b>Total revenues</b>		<b>5,703,715</b>	<b>5,144,381</b>	<b>3,575,910</b>	<b>2,715,241</b>
<b>Expenses</b>					
Cost of sales		4,724,156	3,769,212	2,151,723	1,568,689
Selling expenses		32,597	31,239	6,904	6,041
Administrative expenses		201,116	199,034	63,215	49,200
Loss on exchange		-	106,061	-	-
Other expenses		5,691	5,284	-	-
<b>Total expenses</b>		<b>4,963,560</b>	<b>4,110,830</b>	<b>2,221,842</b>	<b>1,623,930</b>
<b>Profit before finance cost and</b>					
<b>income tax expenses</b>		740,155	1,033,551	1,354,068	1,091,311
Finance cost		(2,376)	(2,807)	(556)	(1,399)
<b>Profit before income tax expenses</b>		<b>737,779</b>	<b>1,030,744</b>	<b>1,353,512</b>	<b>1,089,912</b>
Income tax expenses	13	(51,456)	(18,581)	(7,964)	(11,109)
<b>Profit for the period</b>		<b>686,323</b>	<b>1,012,163</b>	<b>1,345,548</b>	<b>1,078,803</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		686,323	1,012,163	1,345,548	1,078,803
<b>Earnings per share</b>					
14					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		0.85	1.26	1.67	1.34
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 June 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>
<b>Profit for the period</b>	<u>686,323</u>	<u>1,012,163</u>	<u>1,345,548</u>	<u>1,078,803</u>
<b>Other comprehensive income:</b>				
Gain (loss) on change in value of available-for-sale investments	67,336	(82,674)	-	-
Exchange differences on translation of financial statements in foreign currency, net of income tax	<u>2,679</u>	<u>502,082</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period</b>	<u>70,015</u>	<u>419,408</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><u>756,338</u></u>	<u><u>1,431,571</u></u>	<u><u>1,345,548</u></u>	<u><u>1,078,803</u></u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	<u><u>756,338</u></u>	<u><u>1,431,571</u></u>	<u><u>1,345,548</u></u>	<u><u>1,078,803</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 six-month period ended 30 June 2014**

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Revenues</b>					
Sales		10,193,073	7,883,202	4,718,588	3,428,886
Interest income		99,748	78,845	3,211	1,675
Dividend income		27	27	1,030,027	770,027
Gain on exchange		130,727	-	32,976	15,437
Insurance claim	15	1,350,000	742,215	-	-
Others income		128,992	194,030	19,715	41,002
<b>Total revenues</b>		<b>11,902,567</b>	<b>8,898,319</b>	<b>5,804,517</b>	<b>4,257,027</b>
<b>Expenses</b>					
Cost of sales		8,813,160	7,216,628	4,017,527	2,977,379
Selling expenses		62,730	60,296	12,845	12,401
Administrative expenses		405,254	397,989	120,768	110,476
Loss on exchange		-	33,929	-	-
Other expenses		11,411	10,469	-	-
<b>Total expenses</b>		<b>9,292,555</b>	<b>7,719,311</b>	<b>4,151,140</b>	<b>3,100,256</b>
<b>Profit before finance cost and</b>					
<b>income tax expenses</b>		<b>2,610,012</b>	<b>1,179,008</b>	<b>1,653,377</b>	<b>1,156,771</b>
Finance cost		(4,285)	(4,646)	(1,087)	(1,977)
<b>Profit before income tax expenses</b>		<b>2,605,727</b>	<b>1,174,362</b>	<b>1,652,290</b>	<b>1,154,794</b>
Income tax expenses	13	(329,084)	(17,882)	(14,299)	(9,894)
<b>Profit for the period</b>		<b>2,276,643</b>	<b>1,156,480</b>	<b>1,637,991</b>	<b>1,144,900</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		2,276,643	1,156,480	1,637,991	1,144,900
<b>Earnings per share</b>					
14					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		2.83	1.44	2.04	1.42
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 six-month period ended 30 June 2014

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Profit for the period</b>		<u>2,276,643</u>	<u>1,156,480</u>	<u>1,637,991</u>	<u>1,144,900</u>
<b>Other comprehensive income:</b>					
Gain (loss) on change in value of available-for-sale investments	4.2	91,448	(90,186)	-	-
Exchange differences on translation of financial statements in foreign currency, net of income tax		<u>(153,707)</u>	<u>170,726</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period</b>		<u>(62,259)</u>	<u>80,540</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u><u>2,214,384</u></u>	<u><u>1,237,020</u></u>	<u><u>1,637,991</u></u>	<u><u>1,144,900</u></u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		<u><u>2,214,384</u></u>	<u><u>1,237,020</u></u>	<u><u>1,637,991</u></u>	<u><u>1,144,900</u></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 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities</b>				
Profit before tax	2,605,727	1,174,362	1,652,290	1,154,794
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	571,393	602,879	135,578	143,205
Amortisation expenses	1,656	2,004	584	334
Allowance for doubtful accounts	11,688	1,562	-	-
Reduction of inventories to net realisable value	21,455	61,521	25,779	36,808
Dividend income from subsidiary companies	-	-	(1,030,000)	(770,000)
Dividend income from other company	(27)	(27)	(27)	(27)
Loss (gain) on disposals/write-off equipment	27,157	(2,561)	(236)	264
Reversal of allowance for impairment loss on assets	(20,691)	(783)	-	-
Provision for product warranty	11,410	10,470	-	-
Provision for vacation	-	393	-	539
Provision for long-term employee benefits	26,799	41,625	13,853	25,774
Gain on sales/redemption of short-term investments	(11,528)	(19,682)	-	-
Gain on redemption of swap contract	-	(104)	-	-
Revaluation gain on investments in securities held for trading	(1,744)	(1,328)	-	-
Unrealised loss (gain) on exchange	17,012	3,591	12,117	(18,302)
Unrealised loss (gain) on forward contracts	(27,758)	64,392	-	-
Interest income from short-term investments	(69,310)	(54,055)	-	-
Interest expenses	228	1,142	-	756
Profit from operating activities before changes in operating assets and liabilities	3,163,467	1,885,401	809,938	574,145

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 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Cash flows from operating activities (continued)</b>				
Operating assets (increase) decrease				
Trade and other receivables	(231,027)	(230,839)	(72,421)	(115,979)
Insurance claim receivable	11,963	(23,158)	-	-
Inventories	(215,312)	(48,170)	(277,339)	(159,531)
Other current assets	75,217	55,695	27,400	13,782
Other non-current assets	12	(12)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	522,692	555,721	359,186	401,243
Other current liabilities	(131,969)	13,640	(38,887)	13,948
Cash from operating activities	3,195,043	2,208,278	807,877	727,608
Cash paid for long-term employee benefits	-	(5,990)	-	(25)
Cash paid for redemption of swap contract	-	(195)	-	-
Cash paid for income tax	(58,316)	(66,358)	(11,667)	(8,502)
Interest paid	-	(756)	-	(756)
<b>Net cash from operating activities</b>	<b>3,136,727</b>	<b>2,134,979</b>	<b>796,210</b>	<b>718,325</b>
<b>Cash flows from investing activities</b>				
Increase in fixed deposit with financial institution	-326,118	-	-	-
Increase in short-term investments	(432,349)	(54,596)	-	-
Interest income from short-term investments	67,333	51,267	-	-
Proceeds from sales/redemption of short-term investments	292,293	183,447	-	-
Dividend income from subsidiary companies	-	-	1,030,000	770,000
Dividend income from other company	27	27	27	27
Acquisitions of property, plant and equipment	(479,937)	(749,920)	(286,232)	(429,995)
Proceeds from disposals of equipment	17,513	18,457	1,465	298
Increase in intangible assets	(2,300)	(90)	(4,062)	-
Decrease (increase) in other non-current assets	198	(30,499)	1,031	(27,334)
<b>Net cash from (used in) investing activities</b>	<b>(863,340)</b>	<b>(581,907)</b>	<b>742,229</b>	<b>312,996</b>
<b>Cash flows from financing activities</b>				
Decrease in short-term loans from financial institution	(2,523)	(5,801)	-	-
Cash paid for interest expenses	(228)	(386)	-	-
Dividend paid	(804,879)	(804,879)	(804,879)	(804,879)
<b>Net cash used in financing activities</b>	<b>(807,630)</b>	<b>(811,066)</b>	<b>(804,879)</b>	<b>(804,879)</b>
Increase in cash and cash equivalents	1,465,757	742,006	733,560	226,442
Translation adjustment	(153,343)	170,434	-	-
<b>Net increase in cash and cash equivalents</b>	<b>1,312,414</b>	<b>912,440</b>	<b>733,560</b>	<b>226,442</b>
Cash and cash equivalents at beginning of period	4,185,699	3,111,181	320,032	94,145
<b>Cash and cash equivalents at end of period (Note 2)</b>	<b>5,498,113</b>	<b>4,023,621</b>	<b>1,053,592</b>	<b>320,587</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 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>
<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	(32,173)	(58,150)	5,081	63,466
Revaluation gain (loss) on changes in fair value of				
investments in available-for-sale	91,448	(90,186)	-	-
Translation adjustment for deferred tax assets	364	(292)	-	-

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 six-month period ended 30 June 2014

(Unit: Thousand Baht)

Consolidated financial statements

	Note	Issued and paid up		Retained earnings		Other components of shareholders' equity			Total shareholders' equity
		share capital	Share premium	Appropriated - Statutory reserve	Unappropriated	value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currency	Total other components of shareholders' equity	
<b>Balance as at 31 December 2012</b>		804,879	1,723,219	352,497	12,194,644	210,082	(390,799)	(180,717)	14,894,522
Total comprehensive income for the period		-	-	-	1,156,480	(90,186)	170,726	80,540	1,237,020
Dividend paid	17	-	-	-	(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>12,522,823</u>	<u>119,896</u>	<u>(220,073)</u>	<u>(100,177)</u>	<u>15,326,663</u>
<b>Balance as at 31 December 2013</b>		804,879	1,723,219	375,919	13,301,102	118,218	270,741	388,959	16,594,078
Total comprehensive income for the period		-	-	-	2,276,643	91,448	(153,707)	(62,259)	2,214,384
Dividend paid	17	-	-	-	(804,879)	-	-	-	(804,879)
Unappropriated retained earnings transferred to statutory reserve		-	-	10,353	(10,353)	-	-	-	-
<b>Balance as at 30 June 2014</b>		<u>804,879</u>	<u>1,723,219</u>	<u>386,272</u>	<u>14,762,513</u>	<u>209,666</u>	<u>117,034</u>	<u>326,700</u>	<u>18,003,583</u>

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 six-month period ended 30 June 2014

(Unit: Thousand Baht)

<b>Separate financial statements</b>					
	Issued and paid up share capital	Share premium	Retained earnings		
Note	share capital	premium	Appropriated - Statutory reserve	Unappropriated	Total
<b>Balance as at 31 December 2012</b>	804,879	1,723,219	100,000	3,643,039	6,271,137
Total comprehensive income for the period	-	-	-	1,144,900	1,144,900
Dividend paid	-	-	-	(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>3,983,060</u>	<u>6,611,158</u>
<b>Balance as at 31 December 2013</b>	804,879	1,723,219	100,000	4,542,159	7,170,257
Total comprehensive income for the period	-	-	-	1,637,991	1,637,991
Dividend paid	-	-	-	(804,879)	(804,879)
<b>Balance as at 30 June 2014</b>	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>5,375,271</u>	<u>8,003,369</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 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 year

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 any significant impact on the financial statements.

### (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 June 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 June 2014	31 December 2013	30 June 2014	31 December 2013
Cash	795	697	154	160
Bank deposits	2,853,658	2,820,647	453,438	319,872
Fixed deposits with maturity not over 3 months	2,643,660	1,364,355	600,000	-
Total cash and cash equivalents	<u>5,498,113</u>	<u>4,185,699</u>	<u>1,053,592</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		For the six-month periods		
	ended 30 June		ended 30 June		
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<b>Transactions with subsidiaries</b>					
(eliminated from the consolidated financial statements)					
Sales of goods	6	1	9	5	Prices agreed between the parties due to the uniqueness of products sold to each customer
Dividend income	1,030	770	1,030	770	Declared rate
Rental income	-	1	-	2	Contract price
Purchase of materials	56	52	120	87	Cost plus margin
Purchase of fixed assets	2	15	14	18	Cost plus margin/appraisal value
Service fee expenses	-	-	1	-	Rates stipulated in the agreement

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
<b>Trade and other receivables (Note 5)</b>				
<b>Trade receivables - related parties</b>				
Subsidiary companies	-	-	13,127	5,695
<b>Total trade receivables - related parties</b>	-	-	13,127	5,695
<b>Other receivables - related parties</b>				
Subsidiary companies	-	-	26	91
Related company (by way of common directors)	32	32	-	-
<b>Total other receivables - related parties</b>	32	32	26	91
<b>Total trade and other receivables</b>	32	32	13,153	5,786



(Unaudited but reviewed)

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
<b>Trade and other payables (Note 12)</b>				
<b>Trade payables - related parties</b>				
Subsidiary companies	-	-	474,815	387,092
<b>Total trade payables - related parties</b>	-	-	474,815	387,092
<b>Other payables - related parties</b>				
Subsidiary companies	-	-	-	601
<b>Total other payables - related parties</b>	-	-	-	601
<b>Total trade and other payables</b>	-	-	474,815	387,693

**Directors' and management's benefits**

During the three-month and six-month periods ended 30 June 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 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	19.3	18.9	2.7	2.6
Post-employment benefits	0.2	1.4	0.2	0.2
<b>Total</b>	<u>19.5</u>	<u>20.3</u>	<u>2.9</u>	<u>2.8</u>

	(Unit: Million Baht)			
	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	37.1	33.4	5.4	5.2
Post-employment benefits	0.4	3.0	0.4	0.4
<b>Total</b>	<u>37.5</u>	<u>36.4</u>	<u>5.8</u>	<u>5.6</u>

**4. Short-term investments**

(Unit: Thousand Baht)

	Consolidated financial statements			
	30 June 2014		31 December 2013	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
<b>Securities held for trading (Note 4.1)</b>				
Overseas marketable equity securities	97,365	111,027	98,441	110,899
Unsecured subordinated notes	29,186	31,332	27,710	29,317
Total	126,551	142,359	126,151	140,216
Add: Gain on changes in fair value of investments	15,808	-	14,065	-
Investments in securities held for trading	142,359	142,359	140,216	140,216
<b>Available-for-sale securities (Note 4.2)</b>				
Overseas marketable corporate bonds	1,398,577	1,546,313	1,452,805	1,527,480
Local quoted bonds	32,458	32,815	32,816	30,833
Overseas quoted bonds	979,500	1,041,073	780,256	825,782
Total	2,410,535	2,620,201	2,265,877	2,384,095
Add: Revaluation surplus on changes in fair value of investments	209,666	-	118,218	-
Investments in available-for-sale securities	2,620,201	2,620,201	2,384,095	2,384,095
<b>Fixed deposit with financial institution</b>				
Fixed deposit within 1 year	6,527	6,527	-	-
Investment in fixed deposit with financial institution	6,527	6,527	-	-
<b>Total short-term investments</b>	<b>2,769,087</b>	<b>2,769,087</b>	<b>2,524,311</b>	<b>2,524,311</b>

#### **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 June 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 0.06 million or equivalent to approximately Baht 1.74 million (2013: increased by USD 0.04 million or equivalent to approximately Baht 1.33 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 six-month period ended 30 June 2014, the subsidiary additionally invested in overseas listed corporate bonds and overseas quoted bonds, and disposed some of the corporate bonds and overseas quoted bonds and redeemed some of the corporate bonds and overseas quoted bonds, resulting in gain of USD 0.35 million or equivalent to approximately Baht 11.53 million (2013: gain of USD 0.66 million or equivalent to approximately Baht 19.68 million).

As at 30 June 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 6.46 million or equivalent to approximately Baht 209.67 million (2013: USD 3.85 million or equivalent to approximately Baht 119.90 million). The subsidiary recognised gain on changes in fair value of the available-for-sale securities approximately Baht 91.45 million as shown as other comprehensive income in the statements of comprehensive income (2013: loss of approximately Baht 90.19 million).

As at 30 June 2014, part of short-term investments were used as security for short-term loans from financial institution as discussed in Note 11.

**5. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
<b><u>Age of receivable</u></b>				
Trade receivables - subsidiary companies				
Not yet due	-	-	2,049	-
Past due				
Up to 3 months	-	-	7,607	1,029
3 - 6 months	-	-	450	1,934
6 - 12 months	-	-	504	29
Over 12 months	-	-	2,517	2,703
Total trade receivables - subsidiary companies (Note 3)	-	-	13,127	5,695
Trade receivables - unrelated parties				
Not yet due	2,648,249	2,410,361	1,202,147	1,140,571
Past due				
Up to 3 months	592,972	722,243	253,151	296,123
3 - 6 months	6,490	13,813	1,742	247
6 - 12 months	19,691	1,222	151	-
Over 12 months	95	3,150	875	4
Total trade receivables - unrelated parties	3,267,497	3,150,789	1,458,066	1,436,945
Less: Allowance for doubtful accounts	(15,957)	(4,269)	-	-
Total trade receivables - unrelated parties - net	3,251,540	3,146,520	1,458,066	1,436,945
Total trade receivables - net	3,251,540	3,146,520	1,471,193	1,442,640
Other receivables - related parties (Note 3)	32	32	26	91
Other receivables - unrelated parties	151,512	94,617	5,457	4,492
Total other receivables	151,544	94,649	5,483	4,583
Trade and other receivables - net	3,403,084	3,241,169	1,476,676	1,447,223

## 6. 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 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Balance as at 31 December 2013</b>	301,873	267,060
Reduction of inventory value during the period	110,384	84,284
Reversal of reduction of inventory value during the period	(30,423)	-
Write-off obsolete and damaged inventories during the period	(58,505)	(58,505)
Translation adjustment	(1)	-
<b>Balance as at 30 June 2014</b>	<b>323,328</b>	<b>292,839</b>

## 7. Investments in subsidiary companies

Company's name	(Unit: Thousand Baht)							
	Separate financial statements							
	Paid up capital		Shareholding percentage		Cost		Dividend received for the six-month periods ended 30 June	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013		
		Percent	Percent			2014	2013	
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910	630,000	420,000
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100	400,000	350,000
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>770,000</u>

## 8. Investment in fixed deposit with financial institution

During the current quarter, an overseas subsidiary has invested in a structured deposit with financial institution amounting to CNY 62.4 million or equivalent to Baht 326.1 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 six-month period ended 30 June 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<hr/>	<hr/>
<b>Net book value as at 31 December 2013</b>	6,691,459	2,363,295
Acquisitions during the period - at cost	512,048	291,311
Disposals/write-off during the period - net book value at disposal/write-off date	(40,606)	(1,229)
Depreciation for the period	(571,393)	(135,578)
Allowance for impairment reversed during the period	16,625	-
Translation adjustment	(64,282)	-
	<hr/>	<hr/>
<b>Net book value as at 30 June 2014</b>	<b>6,543,851</b>	<b>2,517,799</b>

## 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 six-month period ended 30 June 2014 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
	<hr/>
Net book value as at 31 December 2013	153,418
Translation adjustment	(1,677)
	<hr/>
Net book value as at 30 June 2014	<b>151,741</b>

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

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

	(Unit: Million)	
	30 June 2014	31 December 2013
	AUD	AUD
Principal loan balance	0.44	0.55
Interest rate per annum (percent)	3.31	3.03 - 3.64

These loans are secured by the pledge of the short-term investments held under the accounts of the lender by the subsidiary company.

**12. Trade and other payables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Trade payables - subsidiary companies (Note 3)	-	-	474,815	387,092
Trade payables - unrelated parties	2,368,870	2,015,112	1,147,242	958,523
Advance received from customers	181,741	154,542	29,806	24,654
Other payables for purchase of machineries	50,139	82,312	37,375	32,294
Other payable - related parties (Note 3)	-	-	-	601
Accrued expenses	334,851	232,893	83,287	36,027
<b>Total trade and other payables</b>	<b>2,935,601</b>	<b>2,484,859</b>	<b>1,772,525</b>	<b>1,439,191</b>

**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 six-month periods ended 30 June 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	49,005	18,380	8,074	12,330
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	2,401	201	(110)	(1,221)
<b>Income tax expense reported in the income statement</b>	<u>51,456</u>	<u>18,581</u>	<u>7,964</u>	<u>11,109</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	326,894	22,890	15,003	16,730
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	2,190	(5,008)	(704)	(6,836)
<b>Income tax expense reported in the income statement</b>	<u>329,084</u>	<u>17,882</u>	<u>14,299</u>	<u>9,894</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 2014 and 2013 are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	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	<u>(5)</u>	<u>685</u>	<u>-</u>	<u>-</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	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	<u>(364)</u>	<u>292</u>	<u>-</u>	<u>-</u>

#### 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 of 2014, the subsidiary received the remaining compensation payments on its business interruption losses amounting to Baht 1,269 million and recorded a reimbursement from insurance claim receivable on its business interruption losses of Baht 81 million as current asset in the statement of financial position as at 31 March 2014. Subsequently, during the second quarter of 2014, the subsidiary received the remaining amount of insurance claim receivable. The subsidiary recognised the insurance compensation income on its business interruption losses totaling Baht 1,350 million in the income statement for the six-month period ended 30 June 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 six-month periods ended 30 June 2014 and 2013, respectively.

(Unit: Million Baht)

Consolidated financial statements for the three-month periods ended 30 June												
	Printed Circuit		Integrated Circuit		Other		Total segments		Eliminations		Consolidated	
	Board Assembly	(PCBA)	(IC)									
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from external customers	3,933	2,810	1,541	1,418	49	33	5,523	4,261	-	-	5,523	4,261
Intersegment revenues	1,122	911	258	282	354	288	1,734	1,481	(1,734)	(1,481)	-	-
Total revenues	<u>5,055</u>	<u>3,721</u>	<u>1,799</u>	<u>1,700</u>	<u>403</u>	<u>321</u>	<u>7,257</u>	<u>5,742</u>	<u>(1,734)</u>	<u>(1,481)</u>	<u>5,523</u>	<u>4,261</u>
Segment profit	558	473	227	8	14	11	799	492	-	-	799	492
Insurance compensation income											-	713
Other income											124	170
Gain (loss) on exchange											57	(106)
Selling expenses											(33)	(31)
Administrative expenses											(201)	(199)
Other expenses											(6)	(5)
Finance cost											(2)	(3)
Profit before income tax expenses											738	1,031
Income tax expenses											(52)	(19)
Profit for the period											<u>686</u>	<u>1,012</u>

(Unaudited but reviewed)

(Unit: Million Baht)

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

	Printed Circuit		Integrated Circuit		Other		Total segments		Eliminations		Consolidated	
	Board Assembly											
	(PCBA)		(IC)									
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue from external customers	7,063	5,369	3,040	2,438	90	76	10,193	7,883	-	-	10,193	7,883
Intersegment revenues	1,943	1,642	498	491	690	540	3,131	2,673	(3,131)	(2,673)	-	-
Total revenues	<u>9,006</u>	<u>7,011</u>	<u>3,538</u>	<u>2,929</u>	<u>780</u>	<u>616</u>	<u>13,324</u>	<u>10,556</u>	<u>(3,131)</u>	<u>(2,673)</u>	<u>10,193</u>	<u>7,883</u>
Segment profit (loss)	979	681	378	(37)	23	22	1,380	666	-	-	1,380	666
Insurance compensation income											1,350	742
Other income											229	273
Gain (loss) on exchange											131	(34)
Selling expenses											(63)	(60)
Administrative expenses											(405)	(398)
Other expenses											(12)	(10)
Finance cost											(4)	(5)
Profit before income tax expenses											2,606	1,174
Income tax expenses											(330)	(18)
Profit for the period											<u>2,276</u>	<u>1,156</u>

**17. Dividend paid**

During the six-month periods ended 30 June 2014 and 2013, the Company and its subsidiary companies had dividend payments as follows:

	Approved by	Total dividends	Dividend per share
		Thousand Baht	Baht
<b><u>The Company</u></b>			
<b><u>For the year 2014</u></b>			
Dividends on 2013 income	Annual General Meeting of the shareholders on 30 April 2014	804,879	1.00
<b><u>For the year 2013</u></b>			
Dividends on 2012 income	Annual General Meeting of the shareholders on 30 April 2013	804,879	1.00
<b><u>Subsidiary companies</u></b>			
<b>Hana Semiconductor (BKK) Company Limited</b>			
<b><u>For the year 2014</u></b>			
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
<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		350,000	3.50
<b>Hana Semiconductor (Ayutthaya) Company Limited</b>			
<b><u>For the year 2014</u></b>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 17 April 2014	1,080,000	9.00
<b><u>For the year 2013</u></b>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 29 April 2013	720,000	6.00

## **18. Commitments and contingent liabilities**

### **18.1 Capital commitments**

As at 30 June 2014, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery of approximately USD 4 million or equivalent to a total of Baht 127.5 million. (31 December 2013: USD 2 million or equivalent to Baht 66.2 million) and the Company only of approximately Baht 75.8 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 8.2 million or equivalent to Baht 267 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 June 2014, there were outstanding bank guarantees of approximately Baht 130 million (31 December 2013: Baht 132 million) and the Company only: Baht 97 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 53 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 June 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.

As at 30 June 2014, the Company has recorded provision for loss on tax assessments totaling approximately Baht 148 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.

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

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at		as at		as at	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	(Million)	(Million)	(Million)	(Million)	(Baht per foreign currency unit)	
US Dollar	204	201	41	12	32.4550	32.8136
China Yuan	326	288	63	85	5.2274	5.4087
Japan Yen	130	90	55	5	0.3204	0.3130
Indian Rupee	43	43	-	-	0.5404	0.5289
Euro	3	7	-	-	44.2748	45.0217
Pound Sterling	3	3	-	-	55.2568	53.9162
Australia dollar	2	2	-	1	30.5673	29.1776
Hong Kong dollar	6	4	2	-	4.1874	4.2316
Singapore Dollar	2	2	-	-	25.9865	25.8826
Brazilian real	2	2	-	-	14.3000	13.7700

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

As at 30 June 2014		
Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
10	7 July 2014	32.38
10	7 July 2014	32.38
10	28 August 2014	32.74
10	17 November 2014	32.91
10	28 November 2014	32.83
20	29 August 2014	32.95
20	15 September 2014	32.74
20	17 September 2014	32.55
(Million Euro)		(USD per Euro)
3	12 November 2014	1.37



(Unaudited but reviewed)

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. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 August 2014.