

**Overall Group Performance**

Hana Microelectronics Group 'Hana' Sales Revenue was up 30% year on year at THB 5.5 billion for the second quarter of 2014 compared to THB 4.3 billion for the second quarter of 2013. Sales Revenue in USD terms increased by 19% to USD 170m from USD 143m in Q2 2013. Operating Profits increased 80% to THB 618m in Q2 2014 from THB 344m in Q2 2013.

Operating Profit increased by 80% to THB 618m in Q214 from THB 344m in Q213 due to an upturn in the electronics demand cycle in Q214 as opposed to a weak phase of the cycle in Q213. Additionally, the subsidiary Hana Semiconductor (Ayutthaya), continued to recover from the impact of the flood in 2011. Net Profit decreased by 32% to THB 686m in Q214 from THB 1,012m in Q213 as Q213 had exceptional income of THB 712m from flood insurance claim receipts.

|                          | <u>Quarter</u>   |     | <u>Quarter</u>   |     |                  |     |
|--------------------------|------------------|-----|------------------|-----|------------------|-----|
|                          | <u>30-Jun-14</u> |     | <u>30-Jun-13</u> |     | <u>%</u>         |     |
|                          |                  |     |                  |     | <u>Q214-Q213</u> |     |
| PCBA (Lamphun, Thailand) | 2,508,859        | 45% | 1,886,851        | 44% | 622,008          | 33% |
| PCBA (Jiaxing, China)    | 1,138,657        | 21% | 924,372          | 22% | 214,285          | 23% |
| IC (Ayutthaya, Thailand) | 1,531,547        | 28% | 1,121,687        | 26% | 409,860          | 37% |
| IC (Jiaxing, China)      | 295,314          | 5%  | 294,972          | 7%  | 342              | 0%  |
| HMT (Ohio, USA)          | 48,663           | 1%  | 33,454           | 1%  | 15,209           | 45% |
| Total Revenue            | 5,523,040        |     | 4,261,336        |     | 1,261,704        | 30% |

**Sales Revenue Analysis****Year on Year Sales Revenue Analysis**

Quarter 2 2014 sales revenue for the group increased 19% year-on-year in USD terms, from USD 143m in Q213 to USD 170m in Q214. The average exchange rate for Q214 was 9% weaker at THB/USD 32.45 from THB/USD 29.89 in Q213. As a result the sales revenue in THB terms was 30% higher year on year. Year-on-year, the microelectronics divisions sales increased by 19% in USD terms. Sales in Lamphun increased 22% whilst JiaXing increased by 13%. The IC divisions USD sales revenues increased 19% in Q214, with revenues of the IC divisions in Ayutthaya increasing by 26% and JiaXing decreasing by 8%. "HMT" the microdisplay/RFID operation in Ohio sales revenue increased 33%.

**Quarter on Quarter Sales Revenue Analysis**

Group sales increased quarter on quarter by 19% from USD 143m in Q114 to USD 170m in Q214. Sales in the microelectronics division increased 17% with Lamphun increasing 15% and JiaXing increasing 23%. Sales revenues from the IC divisions were 23% higher with Ayutthaya sales increasing by 25% and JiaXing IC sales increasing by 13%. The microdisplay division sales increased 19% in Q214 compared to Q114. In THB equivalent the group sales increased by 18% in Q214 compared to Q114. The average THB/USD exchange rate strengthened by 0.5% to 32.45 in Q214 from 32.66 in Q114.

**Sales Revenue Split**

|                          | <u>Q2 2014</u> | <u>Q1 2014</u> | <u>Q4 2013</u> | <u>Q3 2013</u> | <u>Q2 2013</u> |
|--------------------------|----------------|----------------|----------------|----------------|----------------|
| PCBA (Lamphun, Thailand) | 45%            | 47%            | 45%            | 44%            | 44%            |
| PCBA (Jiaxing, China)    | 21%            | 20%            | 22%            | 21%            | 22%            |
| IC (Ayutthaya, Thailand) | 28%            | 26%            | 26%            | 28%            | 26%            |
| IC (Jiaxing, China)      | 5%             | 6%             | 6%             | 6%             | 7%             |
| HMT (Ohio, USA)          | 1%             | 1%             | 1%             | 1%             | 1%             |
|                          | 100%           | 100%           | 100%           | 100%           | 100%           |

**Gross Profit / Cost of Sales Analysis and Sales and Administration Analysis**

The Gross Profit margin was 2% higher in Q214 at 14% up from 12% in Q213 due to higher sales revenue and weaker Thai Baht Exchange rate in Q214.

### **Operating Profit Analysis**

Year-on-year operating profits were 80% higher at THB 618m in Q214 due to the increase in sales revenue and gross profit in Q214. The Operating margin was 3% higher at 11% in Q214 from 8% in Q213 due to the higher gross margin in Q214. SG&A expenses were 2% higher in Q214 than in Q213 due to higher salary expenses. SG&A expenses in Q214 were similar to Q114.

### **Foreign Exchange Rates**

Each week's sales and purchases are booked based on the exchange rate at the close of the previous week. The average exchange rate for Q214 was Baht/USD 32.45 from 29.89 in Q213 (and Baht/USD 32.66 in Q114).

The offshore subsidiaries income statements are translated at the average rate for the quarter, (for their respective currencies). The Balance sheets of the offshore companies were translated at the closing rate of Baht/USD 32.46 at 30/06/14, and 31.13 at 30/06/13 (32.44 at 31/03/14) or the respective rate applicable to each offshore subsidiary's base currency.

### **Payout Analysis**

THB 805m dividend of THB 1.00 per share was paid during the quarter as the second and final dividend from the profits of 2013. THB 0.50 per share was paid from the BOI profits of the company and not subject to withholding tax deduction. THB 0.50 per share was paid from the non BOI profits of the company and subject to 10% withholding tax deduction.

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### **Financial Status**

The group currently has no interest bearing debt. Cash (and financial investments) reserves at the 30th June, 2014 were THB 8.6 billion and 30th June, 2013 were THB 6.2 billion.

### **Asset Quality**

#### **Accounts Receivable**

Most of customers are well known and have good reputation in the IC, and electronics industry. Provision is made of amounts outstanding over 90 days and amounts which the management believe may be doubtful. Accounts receivable days were 55 days in Q214 and 63 days in Q213.

|   | <u>30-Jun-14</u> | <u>30-Jun-13</u> | '000 |
|---|------------------|------------------|------|
| Trade Receivables                           |                  |                  |      |
| Less than 3 months                          | 3,241,221        | 2,871,894        |      |
| 3 - 6 months                                | 6,490            | 22,347           |      |
| 6 - 12 months                               | 19,691           | 18,630           |      |
| More than 12 months                         | 95               | 7,848            |      |
| Total accounts receivable - other companies | <u>3,267,497</u> | <u>2,920,719</u> |      |
| Less : Allowance for doubtful accounts      | (15,957)         | (8,466)          |      |
|   | <u>3,251,540</u> | <u>2,912,253</u> |      |

### **Inventory**

In general, Hana's production is based on clients' order, consequently, the majority of inventory are raw materials, expendable tools and work in process with little finished goods pending for customer delivery. The group companies normally write-off out-of-date inventory, and make provision for aged inventory and depletion in the value of fixed assets, if material, each quarter. Inventory days were 64 days as at 30th June, 2014 and 68 days as at 30th June, 2013.

### **Liquidity**

Liquidity ratios are high at approximately 4 times current liabilities. Operating Cashflow (EBITDA) in Q2 2014 was THB 902m which was 40% higher than Q2 2013 at THB 644m.

### **Capital Expenditure**

Capital Expenditure was THB 211m in Q2 2014 and THB 338m in Q2 2013. Generally, capital

expenditure for production equipment will follow the increase in sales, particularly in the IC division. However, there is a 3 to 6 month time lag due to the ordering lead time. Plant expansion will depend on the current building utilisation and lead time to construct new plant or expand in an existing plant.

#### **Source of Financial Capital**

As the group has no net interest bearing debt and operating working capital is positive the group's funding is from the shareholders equity.

#### **Major Factors which could have an Impact on the Company's Performance**

The company business is that of an electronics manufacturing service company. The company manufactures products on behalf of its customers for shipment to them or their customers. Therefore, the company's performance is mostly affected by its ability to win and retain business from the existing and new customers. In turn, customer demand is affected by world economic growth and the customer's sales growth.

The group's sales revenue are in foreign currency (primarily USD) and USD currency costs are approximately 60% percent of sales revenues. The Group operating profit sensitivity to change in the Thai Baht/USD and Chinese CNY/USD exchange rates is currently about Baht 170m per quarter for every 10% change in the average Baht/USD and CNY/USD rates (i.e.  $(1 - 0.60) \times \text{Sales Revenue} \times 10\%$  ). Out of the group's foreign exchange exposure, USD 100m is hedged, Foreign exchange contracts are used to buy THB and Sell USD on a rolling 3 or 6 months basis.

Whilst the book value of the offshore companies are represented in foreign currency, the effect of the change in the exchange rate is shown by the movement of the foreign currency 'Translation Adjustment' in the shareholders funds section of the balance sheet. There is no cash affect concerning its movement.

#### **Exceptional Items**

The plant of Hana Semiconductor (Ayutthaya) Co., LTD, a 100% owned subsidiary of the company, which is located in Hitech 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 plant, equipment and business of the subsidiary suffered major damage property damage and significant business interruption losses.

In 2012, THB 300m was received as an interim payment for the Property Insurance claim and THB 400m was received as an interim payment for the business interruption insurance claim.

THB 30m was received as a further part payment for the property claim settlement in Q113.

THB 712m recorded in Q213 as exceptional income to complete the THB 1,042m settlement of the building and machinery property insurance claim.

In Q413 THB 187m was received as from an agreed total amount payable of THB 199m as first and final payments for stock damage property claim settlement.

In Q114 THB 1,269m was received as from an agreed total amount payable of THB 1,350m as final payment for business interruption claim settlement.

In Q214 THB 93m was received as final payment, which complete the flood insurance claims.

In summary, the total flood insurance claims received were THB 1,042m for property damage, THB 199m for stock damage and THB 1,750m for business interruption.

#### **Subsequent Event**

None

# HANA MICROELECTRONICS GROUP

## CONSOLIDATED STATEMENT OF EARNINGS

|  | Quarter   |                  | Quarter   |                  | %         |                  |      |
|--|-----------|------------------|-----------|------------------|-----------|------------------|------|
|  | '000 Baht | 30-Jun-14        | 30-Jun-13 | Q214-Q213        | Q214-Q213 |                  |      |
| <b>REVENUES</b>  |           |                  |           |                  |           |                  |      |
| Sales  |           | 5,523,040        | 4,261,336 | 1,261,704        |           | 30%              |      |
| consisting of:   |           |                  |           |                  |           |                  |      |
| PCBA (Lamphun, Thailand)                               |           | 2,508,859        | 45%       | 1,886,851        | 44%       | 622,008          | 33%  |
| PCBA (Jiaxing, China)                                  |           | 1,138,657        | 21%       | 924,372          | 22%       | 214,285          | 23%  |
| CPG (Bangkok, Thailand)                                |           | -                | 0%        | -                | 0%        | -                |      |
| IC (Ayutthaya, Thailand)                               |           | 1,531,547        | 28%       | 1,121,687        | 26%       | 409,860          | 37%  |
| IC (Jiaxing, China)                                    |           | 295,314          | 5%        | 294,972          | 7%        | 342              | 0%   |
| HMT (Ohio, USA)  |           | 48,663           | 1%        | 33,454           | 1%        | 15,209           | 45%  |
|  |           | <u>5,523,040</u> | 100%      | <u>4,261,336</u> | 100%      | <u>1,261,704</u> | 30%  |
| Share of Assoc. company Profit                         |           | -                | -         | -                |           |                  |      |
| Other Income - Operating                               |           | 58,862           |           | 87,604           |           | (28,742)         | -33% |
| <b>TOTAL OPERATING REVENUES</b>                        |           | <u>5,581,902</u> |           | <u>4,348,940</u> |           | <u>1,232,962</u> | 28%  |
| <b>EXPENSES</b>  |           |                  |           |                  |           |                  |      |
| Cost of Sales  |           | 4,724,156        | 86%       | 3,769,212        | 88%       | 954,944          | 25%  |
| Selling & Admin. Expenses                              |           | 239,404          | 4%        | 235,557          | 6%        | 3,847            | 2%   |
| <b>TOTAL EXPENSES</b>                                  |           | <u>4,963,560</u> | 90%       | <u>4,004,769</u> | 94%       | <u>958,791</u>   | 24%  |
| <b>OPERATING EARNINGS</b>                              |           | <u>618,342</u>   | 11%       | <u>344,171</u>   | 8%        | <u>274,171</u>   | 80%  |
| Other Income - Non Operating                           |           | 7,448            |           | 39,314           |           | (31,866)         |      |
| Interest   |           | 57,279           |           | 43,601           |           | 13,678           | 31%  |
| Interest Expenses                                      |           | (2,376)          |           | (2,807)          |           | 431              |      |
| <b>EARNINGS before Income Tax</b>                      |           | <u>680,693</u>   | 12%       | <u>424,279</u>   | 10%       | <u>256,414</u>   | 111% |
| Corporate Income Tax                                   |           | (51,456)         | -1%       | (18,581)         | 0%        | (32,875)         | 177% |
| <b>Earnings before Exch. &amp; Exceptional Items</b>   |           | <u>629,237</u>   |           | <u>405,698</u>   |           | <u>223,539</u>   | 55%  |
| Exchange Gain (Loss)                                   |           | 57,086           |           | (106,061)        |           | 163,147          |      |
| Exceptional Items                                      |           | -                |           | 712,526          |           | (712,526)        |      |
| <b>NET EARNINGS for the Period</b>                     |           | <u>686,323</u>   | 12%       | <u>1,012,163</u> | 23%       | <u>(325,840)</u> | -32% |
| <b>EARNINGS % of SALES</b>                             |           | 12%              |           | 24%              |           | -11%             |      |
| Average number of shares (1 Baht par)                  |           | 804,879          |           | 804,879          |           | -                |      |
| <b>EARNINGS per SHARE (baht) before exch. &amp; ex</b> |           | 0.78             |           | 0.50             |           | 0.28             |      |
| <b>EARNINGS per SHARE (baht) after exceptionals</b>    |           | 0.85             |           | 1.26             | -         | 0.40             |      |
| Operating Profit (EBIT)                                |           | 618,342          |           | 344,171          |           | 274,171          |      |
|  |           | 11%              |           | 8%               |           |                  |      |
| Depreciation   |           | 283,632          |           | 299,875          |           | (16,243)         |      |
| EBITDA (excl exchange gain/loss)                       |           | 901,974          |           | 644,046          |           | 257,928          |      |
| EBITDA % of Sales Revenue                              |           | 16%              |           | 15%              |           |                  |      |
| Cashflow Earnings per Share                            |           | 1.12             |           | 0.80             |           | 0.32             |      |

# HANA MICROELECTRONICS GROUP

## CONSOLIDATED STATEMENT OF EARNINGS

| '000 Baht  | YTD               |      | YTD              |      | YTD              |  | YTD %     |       |
|--|-------------------|------|------------------|------|------------------|--|-----------|-------|
|  | 30-Jun-14         |      | 30-Jun-13        |      | Q214-Q213        |  | Q214-Q213 |       |
| <b>REVENUES</b>  |                   |      |                  |      |                  |  |           |       |
| Sales  | 10,193,073        |      | 7,883,202        |      | 2,309,871        |  |           | 29%   |
| consisting of:   |                   |      |                  |      |                  |  |           |       |
| PCBA (Lamphun, Thailand)                               | 4,709,057         | 46%  | 3,423,282        | 43%  | 1,285,775        |  |           | 38%   |
| PCBA (Jiaxing, China)                                  | 2,068,502         | 20%  | 1,730,571        | 22%  | 337,931          |  |           | 20%   |
| IC (Ayutthaya, Thailand)                               | 2,767,267         | 27%  | 2,136,628        | 27%  | 630,639          |  |           | 30%   |
| IC (Jiaxing, China)                                    | 558,390           | 5%   | 524,441          | 7%   | 33,949           |  |           | 6%    |
| HMT (Ohio, USA)  | 89,857            | 1%   | 68,280           | 1%   | 21,577           |  |           | 32%   |
|  | <u>10,193,073</u> | 100% | <u>7,883,202</u> | 100% | <u>2,309,871</u> |  |           | 29%   |
| Other Income - Operating                               | 109,176           |      | 140,567          |      | (31,391)         |  |           | -22%  |
| <b>TOTAL OPERATING REVENUES</b>                        | <u>10,302,249</u> |      | <u>8,023,769</u> |      | <u>2,278,480</u> |  |           | 28%   |
| <b>EXPENSES</b>  |                   |      |                  |      |                  |  |           |       |
| Cost of Sales  | 8,813,160         | 86%  | 7,216,628        | 92%  | 1,596,532        |  |           | 22%   |
| Selling & Admin. Expenses                              | 479,395           | 5%   | 468,754          | 6%   | 10,641           |  |           | 2%    |
|  | <u>9,292,555</u>  | 91%  | <u>7,685,382</u> | 97%  | <u>1,607,173</u> |  |           | 21%   |
| <b>OPERATING EARNINGS</b>                              | <u>1,009,694</u>  | 10%  | <u>338,387</u>   | 4%   | <u>671,307</u>   |  |           | 198%  |
| Other Income - Non Operating                           | 19,843            |      | 53,490           |      | (33,647)         |  |           | -63%  |
| Interest   | 99,748            |      | 78,845           |      | 20,903           |  |           | 27%   |
| Interest Expenses                                      | (4,285)           |      | (4,646)          |      | 361              |  |           |       |
| <b>EARNINGS before Income Tax</b>                      | <u>1,125,000</u>  | 11%  | <u>466,076</u>   | 6%   | <u>658,924</u>   |  |           | 141%  |
| Corporate Income Tax                                   | (329,084)         | 29%  | (17,882)         | 4%   | (311,202)        |  |           | 1740% |
| <b>Earnings before Exch. &amp; Exceptional Items</b>   | <u>795,916</u>    |      | <u>448,194</u>   |      | <u>347,722</u>   |  |           | 78%   |
| Exchange Gain (Loss)                                   | 130,727           |      | (33,929)         |      | 164,656          |  |           |       |
| Exceptional Items                                      | 1,350,000         |      | 742,215          |      | 607,785          |  |           |       |
| <b>NET EARNINGS for the Period</b>                     | <u>2,276,643</u>  | 22%  | <u>1,156,480</u> | 14%  | <u>1,120,163</u> |  |           | 97%   |
| <b>EARNINGS % of SALES</b>                             |                   |      |                  |      |                  |  |           |       |
| Average number of shares (1 Baht par)                  | 804,879           |      | 808,586          |      | (3,707)          |  |           |       |
| <b>EARNINGS per SHARE (baht) before exch. &amp; ex</b> | 0.99              |      | 0.55             |      | 0.43             |  |           |       |
| <b>EARNINGS per SHARE (baht) after exceptionals</b>    | 2.83              |      | 1.43             |      | 1.40             |  |           |       |
| Operating Profit (EBIT)                                | 1,009,694         | 10%  | 338,387          | 4%   | 671,307          |  |           |       |
| Depreciation   | 571,393           |      | 602,879          |      | (31,486)         |  |           |       |
| EBITDA (excl exchange gain/loss)                       | 1,581,087         | 16%  | 941,266          | 12%  | 639,821          |  |           |       |
| Cashflow Earnings per Share                            | 1.96              |      | 1.16             |      | 0.80             |  |           |       |

# HANA MICROELECTRONICS GROUP

## CONSOLIDATED Balance Sheet

'000 Baht

|   | Quarter<br><u>30-Jun-14</u> | Quarter<br><u>30-Jun-13</u> | <u>Q214-Q213</u> |
|---|-----------------------------|-----------------------------|------------------|
| <b>ASSETS</b>   |                             |                             |                  |
| <b>CURRENT ASSETS</b>                                     |                             |                             |                  |
| Cash in Hand & at Banks                                   | 5,498,113                   | 4,023,621                   | 1,474,492        |
| Financial Investments                                     | 2,769,087                   | 2,172,063                   | 597,024          |
| Accounts Receivable - trade                               | 3,403,084                   | 2,981,252                   | 421,832          |
| Amounts due from Related Companies                        | -                           | -                           |                  |
| Inventories   | 3,365,838                   | 2,834,417                   | 531,421          |
| Other Current Assets                                      | 95,074                      | 131,056                     | (35,982)         |
| <b>TOTAL CURRENT ASSETS</b>                               | <u>15,131,196</u>           | <u>12,142,409</u>           | <u>2,988,787</u> |
| LOAN TO OTHER COMPANY                                     | 326,118                     | 97                          | 326,021          |
| <b>FIXED ASSETS (net)</b>                                 | 6,543,851                   | 6,695,479                   | (151,628)        |
| OTHER ASSETS  | 185,815                     | 85,545                      | 100,270          |
| <b>TOTAL ASSETS</b>                                       | <u>22,186,980</u>           | <u>18,923,530</u>           | <u>3,263,450</u> |
| <b>LIABILITIES</b>  |                             |                             |                  |
| <b>CURRENT LIABILITIES</b>                                |                             |                             |                  |
| Bank Overdrafts & Loans                                   | 13,423                      | 18,634                      | (5,211)          |
| Accounts & Notes Payable                                  | 2,935,601                   | 2,555,726                   | 379,875          |
| Corporate Income Tax Payable                              | 286,263                     | 17,449                      | 268,814          |
| Accrued Expenses  | 427,967                     | 462,667                     | (34,700)         |
| Other Current Liabilities                                 | 107,545                     | 130,395                     | (22,850)         |
| <b>TOTAL CURRENT LIABILITIES</b>                          | <u>3,770,799</u>            | <u>3,184,871</u>            | <u>585,928</u>   |
| <b>LONG TERM LIABILITIES</b>                              | 412,598                     | 411,996                     | 602              |
| <b>TOTAL LIABILITIES</b>                                  | <u>4,183,397</u>            | <u>3,596,867</u>            | <u>586,530</u>   |
| <b>SHAREHOLDERS EQUITY</b>                                |                             |                             |                  |
| Share Capital   | 804,879                     | 804,879                     | (0)              |
| Treasury Shares   | -                           | -                           |                  |
| Share Premium   | 1,723,219                   | 1,723,219                   | (0)              |
| Retained Earnings   |                             |                             |                  |
| Appropriated Statutory Reserve                            | 386,272                     | 375,919                     | 10,353           |
| Unappropriated  | 14,762,513                  | 12,522,823                  | 2,239,690        |
| Translation adj. & Investment revaluation                 | 326,700                     | (100,177)                   | 426,877          |
| Unrealised gain(loss) on change in investments            | -                           | -                           |                  |
| Excess Cost over Net Book Value of Subsidiary Investments | -                           | -                           |                  |
| <b>TOTAL SHAREHOLDERS EQUITY</b>                          | <u>18,003,583</u>           | <u>15,326,663</u>           | <u>2,676,920</u> |
| <b>TOTAL LIABILITIES &amp; SHAREHOLDERS EQUITY</b>        | <u>22,186,980</u>           | <u>18,923,530</u>           | <u>3,263,450</u> |
|   | 0                           | -                           |                  |
| Cash & Equivalents  | 8,267,200                   | 6,195,684                   | 2,071,516        |
| Liabilities   | 4,183,397                   | 3,596,867                   | 586,530          |
| Debt/Equity   | 0.23                        | 0.23                        | 0.00             |
| Net Debt (Net cash)                                       | -4,083,803                  | -2,598,817                  | -1,484,986       |
| Net Debt/Equity   | -0.23                       | -0.17                       | -0.06            |

# HANA MICROELECTRONICS GROUP

## CONSOLIDATED Summary Statement of Cashflows

| '000 Baht   | Quarter<br><u>30-Jun-14</u> | Quarter<br><u>30-Jun-13</u> |
|---|-----------------------------|-----------------------------|
| <b><u>Cashflow from Operating Activities</u></b>  |                             |                             |
| Net Earnings before tax   | 737,779                     | 1,030,744                   |
| <b>Adjustments to reconcile net earnings to net cash provided by operating activities</b> |                             |                             |
| <b>Non Cash items</b>   |                             |                             |
| Depreciation  | 284,461                     | 300,876                     |
| Unrealised (gain) Loss on exchange  | (13,428)                    | 100,086                     |
| Increase (Decrease) in allowance for doubtful debts                                       | (6,386)                     | 3,860                       |
| Increase (Decrease) in allowance for obsolete inventories                                 | 12,371                      | 59,407                      |
| Change in other provisions  | (14,510)                    | (24,688)                    |
|   | <u>262,508</u>              | <u>439,541</u>              |
| <b>Working Capital (increase) decrease</b>  |                             |                             |
| Trade accounts receivable   | (430,336)                   | (590,599)                   |
| Inventories   | (147,956)                   | (341,403)                   |
| Trade accounts payable  | 477,190                     | 694,830                     |
| Other   | 100,798                     | (58,443)                    |
|   | <u>(304)</u>                | <u>(295,615)</u>            |
| <b>Net Cashflow from Operating Activities</b>   | <u>999,983</u>              | <u>1,174,670</u>            |
| <b>Cashflow from Investing Activities</b>   |                             |                             |
| (Increase) decrease in short term investment  | (312,906)                   | (6,752)                     |
| Increase in property, plant and equipment   | (332,389)                   | (504,289)                   |
| Proceeds from sale of fixed assets  | 11,161                      | 9,919                       |
| Increase (decrease) in translation adjustment   | 2,674                       | 501,397                     |
| Revaluation deficit on investments  | 1,580                       | (29,590)                    |
| Other   |                             |                             |
|   | <u>(629,880)</u>            | <u>(29,315)</u>             |
| <b>Cashflow from Financing Activities</b>   |                             |                             |
| Cash received from increase in share capital  | (109)                       | (184)                       |
| Dividend paid   | (804,879)                   | (804,879)                   |
| Other   | (276)                       | (3,006)                     |
| Net cash (used in ) from financing activities   | <u>(805,264)</u>            | <u>(808,069)</u>            |
| Net Cash, equivalents and short term liquid investments increase (decrease)               | (435,161)                   | 337,286                     |
| Cash and Equivalents at the beginning of the period                                       | <u>5,933,275</u>            | <u>3,686,335</u>            |
| Cash and Equivalents at the end of the period   | <u>5,498,114</u>            | <u>4,023,621</u>            |

# HANA MICROELECTRONICS GROUP

## Financial Ratios

| '000 Baht                                   | <u>Quarter</u><br><u>30-Jun-14</u> | <u>Quarter</u><br><u>30-Jun-13</u> | <u>Q214-Q213</u> |      |
|---|------------------------------------|------------------------------------|------------------|------|
| <b>Profitability Ratios</b>                 |                                    |                                    |                  |      |
| Gross Profit Margin (%)                     | 14%                                | 12%                                |                  | 3%   |
| Operating Profit Margin (%)                 | 11%                                | 8%                                 |                  | 3%   |
| Net Profit before Exceptional Margin (%)    | 11%                                | 10%                                |                  | 2%   |
| Net Profit after Exceptional Margin (%)     | 12%                                | 24%                                |                  | -11% |
| EBITDA margin (%)                           | 16%                                | 15%                                |                  | 1%   |
| Return On Equity (%) pa                     | 15%                                | 26%                                |                  | -11% |
| Return On Assets (%) pa                     | 12%                                | 21%                                |                  | -9%  |
| Return On Operating Capital Employed (%) pa | 25%                                | 16%                                |                  | 9%   |
| <b>Efficiency Ratios</b>                    |                                    |                                    |                  |      |
| Working Capital turnover                    | 6.2                                | 5.2                                |                  | 1.0  |
| Account Receivable days                     | 55                                 | 63                                 | -                | 7.5  |
| Inventory days                              | 64                                 | 68                                 | -                | 3.6  |
| Accounts Payable days                       | 56                                 | 61                                 | -                | 5.1  |
| <b>Liquidity Ratios</b>                     |                                    |                                    |                  |      |
| Current Ratio                               | 4.0                                | 3.8                                |                  | 0.2  |
| Quick Ratio                                 | 3.1                                | 2.9                                |                  | 0.2  |
| <b>Financial Capital Ratios</b>             |                                    |                                    |                  |      |
| Debt / Equity                               | 0.2                                | 0.2                                | -                | 0.0  |
| Net Debt to Equity                          | -0.2                               | -0.2                               | -                | 0.1  |
| Interest Coverage                           | n/a                                | n/a                                |                  |      |