

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month period ended 31 March 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 31 March 2014, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-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 period. 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: 14 May 2014

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	<u>Note</u>	<u>31 March 2014</u>	<u>31 December 2013</u>	<u>31 March 2014</u>	<u>31 December 2013</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Assets					
Current assets					
Cash and cash equivalents	2	5,933,274	4,185,699	493,158	320,032
Short-term investments	4	2,675,690	2,524,311	-	-
Trade and other receivables	3, 5	2,964,738	3,241,169	1,392,491	1,447,223
Insurance claim receivable	14	92,963	11,963	-	-
Inventories	6	3,230,253	3,171,981	1,473,544	1,268,860
Other current assets		114,944	142,623	39,246	53,082
Total current assets		<u>15,011,862</u>	<u>13,277,746</u>	<u>3,398,439</u>	<u>3,089,197</u>
Non-current assets					
Investments in subsidiary companies	7	-	-	3,583,449	3,583,449
Property, plant and equipment	8	6,627,664	6,691,459	2,500,149	2,363,295
Land leasehold rights	9	151,686	153,418	-	-
Other intangible assets		15,285	12,163	8,330	4,584
Deferred tax assets		18,765	18,924	8,665	8,070
Other non-current assets		4,855	3,427	2,457	2,457
Total non-current assets		<u>6,818,255</u>	<u>6,879,391</u>	<u>6,103,050</u>	<u>5,961,855</u>
Total assets		<u><u>21,830,117</u></u>	<u><u>20,157,137</u></u>	<u><u>9,501,489</u></u>	<u><u>9,051,052</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 31 March 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	<u>Note</u>	<u>31 March 2014</u>	<u>31 December 2013</u>	<u>31 March 2014</u>	<u>31 December 2013</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institution	10	13,698	15,946	-	-
Trade and other payables	3, 11	2,573,329	2,484,859	1,613,299	1,439,191
Short-term provisions	16.5	422,196	419,335	147,522	147,522
Income tax payable		294,757	17,606	18,414	11,488
Other current liabilities		74,815	239,515	62,324	92,291
Total current liabilities		3,378,795	3,177,261	1,841,559	1,690,492
Non-current liabilities					
Provision for long-term employee benefits		399,198	385,798	197,230	190,303
Total non-current liabilities		399,198	385,798	197,230	190,303
Total liabilities		3,777,993	3,563,059	2,038,789	1,880,795
Shareholders' equity					
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		375,919	375,919	100,000	100,000
Unappropriated		14,891,422	13,301,102	4,834,602	4,542,159
Other components of shareholders' equity		256,685	388,959	-	-
Equity attributable to owner of the Company		18,052,124	16,594,078	7,462,700	7,170,257
Total shareholders' equity		18,052,124	16,594,078	7,462,700	7,170,257
Total liabilities and shareholders' equity		21,830,117	20,157,137	9,501,489	9,051,052
		-	-	-	-

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 31 March 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		4,670,033	3,621,866	2,203,576	1,540,691
Interest income		42,469	35,244	6	37
Gain on exchange		73,641	72,132	15,000	-
Insurance compensation income	14	1,350,000	29,689	-	-
Others income		62,709	67,139	10,025	12,981
Total revenues		6,198,852	3,826,070	2,228,607	1,553,709
Expenses					
Cost of sales		4,089,004	3,447,416	1,865,804	1,408,690
Selling expenses		30,133	29,057	5,941	6,360
Administrative expenses		204,138	198,955	57,553	61,276
Loss on exchange		-	-	-	11,923
Other expenses		5,720	5,185	-	-
Total expenses		4,328,995	3,680,613	1,929,298	1,488,249
Profit before finance cost and					
income tax expenses		1,869,857	145,457	299,309	65,460
Finance cost		(1,909)	(1,839)	(531)	(578)
Profit before income tax expenses		1,867,948	143,618	298,778	64,882
Income tax expenses	12	(277,628)	699	(6,335)	1,215
Profit for the period		1,590,320	144,317	292,443	66,097
Profit attributable to:					
Equity holders of the Company		1,590,320	144,317	292,443	66,097
Earnings per share					
	13				
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		1.98	0.18	0.36	0.08
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 31 March 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>1,590,320</u>	<u>144,317</u>	<u>292,443</u>	<u>66,097</u>
Other comprehensive income:				
Gain (loss) on change in value of available-for-sale investments	4.2	24,112	(7,512)	-
Exchange differences on translation of financial statements in foreign currency, net of income tax	12	(156,386)	(331,356)	-
Other comprehensive income (loss) for the period	<u>(132,274)</u>	<u>(338,868)</u>	<u>-</u>	<u>-</u>
Total comprehensive income (loss) for the period	<u>1,458,046</u>	<u>(194,551)</u>	<u>292,443</u>	<u>66,097</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>1,458,046</u>	<u>(194,551)</u>	<u>292,443</u>	<u>66,097</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 three-month period ended 31 March 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	1,867,948	143,618	298,778	64,882
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	287,761	303,004	67,898	71,401
Amortisation expenses	827	1,003	285	167
Allowance for doubtful accounts (reversal)	18,074	(2,298)	-	-
Reduction of inventories to net realisable value	9,084	2,114	324	21,336
Loss (gain) on disposals/write-off equipment	11,335	(294)	93	469
Reversal of allowance for impairment loss on assets	(11,801)	(783)	-	-
Provision for product warranty	5,720	5,185	-	-
Provision for vacation	-	539	-	539
Provision for long-term employee benefits	13,400	27,126	6,927	18,603
Gain on sales/redemption of short-term investments	(8,606)	(4,642)	-	-
Gain on redemption of swap contract	-	(104)	-	-
Revaluation gain on investments in securities held for trading	(247)	(720)	-	-
Unrealised loss (gain) on exchange	17,624	(4,008)	11,478	(2,105)
Unrealised gain on forward contracts	(14,942)	(28,199)	-	-
Interest income from short-term investments	(33,116)	(26,627)	-	-
Interest expenses	119	202	-	-
Profit from operating activities before changes in operating assets and liabilities	2,163,180	415,116	385,783	175,292

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 three-month period ended 31 March 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>
Operating assets (increase) decrease				
Trade and other receivables	199,309	359,760	9,904	126,810
Insurance claim receivable	(81,000)	-	-	-
Inventories	(67,356)	293,233	(205,008)	76,084
Other current assets	42,530	39,680	13,774	(6,032)
Other non-current assets	10	32	-	-
Operating liabilities increase (decrease)				
Trade and other payables	96,742	(139,109)	175,964	16,156
Other current liabilities	(164,698)	5,833	(29,967)	6,065
Cash from operating activities	2,188,717	974,545	350,450	394,375
Cash paid for long-term employee benefits	-	(5,990)	-	(25)
Cash paid for redemption of swap contract	-	(195)	-	-
Cash paid for income tax	(732)	(8,246)	(3)	(221)
Net cash from operating activities	2,187,985	960,114	350,447	394,129
Cash flows from investing activities				
Increase (decrease) in short-term investments	(212,620)	70,765	-	-
Interest income from short-term investments	32,479	26,039	-	-
Proceeds from sales/redemption of short-term investments	94,206	90,066	-	-
Acquisitions of property, plant and equipment	(198,788)	(245,631)	(174,399)	(213,346)
Proceeds from disposals of equipment	6,352	8,538	1,110	93
Decrease (increase) in intangible assets	(2,217)	107	(4,032)	-
Increase in other non-current assets	(1,438)	(884)	-	-
Net cash used in investing activities	(282,026)	(51,000)	(177,321)	(213,253)
Cash flows from financing activities				
Decrease in short-term loans from financial institution	(2,248)	(2,795)	-	-
Cash paid for interest expenses	(119)	(202)	-	-
Net cash used in financing activities	(2,367)	(2,997)	-	-
Increase in cash and cash equivalents	1,903,592	906,117	173,126	180,876
Translation adjustment	(156,017)	(330,963)	-	-
Net increase in cash and cash equivalents	1,747,575	575,154	173,126	180,876
Cash and cash equivalents at beginning of period	4,185,699	3,111,181	320,032	94,145
Cash and cash equivalents at end of period (Note 2)	5,933,274	3,686,335	493,158	275,021
	-	-	-	-

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 three-month period ended 31 March 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>
Supplemental cash flow information				
Non-cash related transactions from investing activities				
Net increase (decrease) in accounts payable				
for purchase of plant and equipment	31,064	(36,225)	31,556	29,170
Revaluation gain (loss) on changes in fair value of				
investments in available-for-sale	24,112	(7,512)	-	-
Translation adjustment for deferred tax assets	369	393	-	-

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 three-month period ended 31 March 2014

(Unit: Thousand Baht)

	Consolidated financial statements								
	Issued and paid up share capital	Share premium	Retained earnings		Other components of shareholders' equity			Total equity attributable to owners of the Company	Total shareholders' equity
Appropriated - Statutory reserve			Unappropriated	Other comprehensive income	Surplus (deficit)	Total other components of shareholders' equity			
					on changes in value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currency			
Balance as at 31 December 2012	804,879	1,723,219	352,497	12,194,644	210,082	(390,799)	(180,717)	14,894,522	14,894,522
Total comprehensive income for the period	-	-	-	144,317	(7,512)	(331,356)	(338,868)	(194,551)	(194,551)
Unappropriated retained earnings transferred to statutory reserve	-	-	23,422	(23,422)	-	-	-	-	-
Balance as at 31 March 2013	<u>804,879</u>	<u>1,723,219</u>	<u>375,919</u>	<u>12,315,539</u>	<u>202,570</u>	<u>(722,155)</u>	<u>(519,585)</u>	<u>14,699,971</u>	<u>14,699,971</u>
Balance as at 31 December 2013	804,879	1,723,219	375,919	13,301,102	118,218	270,741	388,959	16,594,078	16,594,078
Total comprehensive income for the period	-	-	-	1,590,320	24,112	(156,386)	(132,274)	1,458,046	1,458,046
Balance as at 31 March 2014	<u>804,879</u>	<u>1,723,219</u>	<u>375,919</u>	<u>14,891,422</u>	<u>142,330</u>	<u>114,355</u>	<u>256,685</u>	<u>18,052,124</u>	<u>18,052,124</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 three-month period ended 31 March 2014

(Unit: Thousand Baht)

	Separate financial statements				Total equity	
	Issued and paid up share capital	Share premium	Retained earnings		attributable to owners of the Company	Total
			Appropriated - Statutory reserve	Unappropriated		
Balance as at 31 December 2012	804,879	1,723,219	100,000	3,643,039	6,271,137	6,271,137
Total comprehensive income for the period	-	-	-	66,097	66,097	66,097
Balance as at 31 March 2013	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>3,709,136</u>	<u>6,337,234</u>	<u>6,337,234</u>
Balance as at 31 December 2013	804,879	1,723,219	100,000	4,542,159	7,170,257	7,170,257
Total comprehensive income for the period	-	-	-	292,443	292,443	292,443
Balance as at 31 March 2014	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>4,834,602</u>	<u>7,462,700</u>	<u>7,462,700</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 period ended 31 March 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 31 March 2014 and 31 December 2013 as presented in the statement of financial position consisted of the following:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Cash	629	697	196	160
Bank deposits	4,743,196	2,820,647	492,962	319,872
Fixed deposits with maturity not over 3 months	1,189,449	1,364,355	-	-
Total cash and cash equivalents	<u>5,933,274</u>	<u>4,185,699</u>	<u>493,158</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 31 March		
	<u>2014</u>	<u>2013</u>	
Transactions with subsidiaries			
(eliminated from the consolidated financial statements)			
Sales of goods	3	4	Prices agreed between the parties due to the uniqueness of products sold to each customer
Rental income	-	1	Contract price
Purchase of materials	64	35	Cost plus mark up
Purchase of fixed assets	12	3	Cost plus mark up
Service fee expenses	1	-	Rates stipulated in the agreement

As at 31 March 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	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Trade and other receivables (Note 5)				
Trade receivables - related parties				
Subsidiary companies	-	-	20,066	5,695
Total trade receivables - related parties	-	-	20,066	5,695
Other receivables - related parties				
Subsidiary companies	-	-	107	91
Related company (by way of common directors)	32	32	-	-
Total other receivables - related parties	32	32	107	91
Total trade and other receivables	<u>32</u>	<u>32</u>	<u>20,173</u>	<u>5,786</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
Trade and other payables (Note 11)				
Trade payables - related parties				
Subsidiary companies	-	-	425,475	387,092
Total trade payables - related parties	-	-	425,475	387,092
Other payables - related parties				
Subsidiary companies	-	-	447	601
Total other payables - related parties	-	-	447	601
Total trade and other payables	-	-	425,922	387,693

Directors' and management's benefits

During the three-month periods ended 31 March 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 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	17.8	14.5	2.7	2.6
Post-employment benefits	0.2	1.6	0.2	0.2
Total	18.0	16.1	2.9	2.8

4. Short-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 March 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	97,330	109,965	98,441	110,899
Unsecured subordinated notes	28,403	30,080	27,710	29,317
Total	125,733	140,045	126,151	140,216
Add: Gain on changes in fair value of investments	14,312	-	14,065	-
Investments in securities held for trading	140,045	140,045	140,216	140,216
Available-for-sale securities (Note 4.2)				
Overseas marketable corporate bonds	1,461,066	1,560,860	1,452,805	1,527,480
Local quoted bonds	32,446	31,716	32,817	30,833
Overseas quoted bonds	893,278	936,544	780,256	825,782
Total	2,386,790	2,529,120	2,265,878	2,384,095
Add: Revaluation surplus on changes in fair value of investments	142,330	-	118,217	-
Investments in available-for-sale securities	2,529,120	2,529,120	2,384,095	2,384,095
Fixed deposit with financial institution				
Fixed deposit within 1 year	6,525	6,525	-	-
Investment in fixed deposit with financial institution	6,525	6,525	-	-
Total short-term investments	2,675,690	2,675,690	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 31 March 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 0.01 million or equivalent to approximately Baht 0.25 million (2013: increased by USD 0.04 million or equivalent to approximately Baht 0.72 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 three-month period ended 31 March 2014, the subsidiary additionally invested in an overseas listed corporate bond and overseas quoted bonds, and disposed some of the corporate bonds and overseas quoted bonds, resulting in gain of USD 0.26 million or equivalent to approximately Baht 8.61 million (2013: gain of USD 0.16 million or equivalent to approximately Baht 4.65 million).

As at 31 March 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 4.39 million or equivalent to approximately Baht 142.33 million (2013: USD 6.91 million or equivalent to approximately Baht 202.57 million). The subsidiary recognised gain on changes in fair value of the available-for-sale securities approximately Baht 24.11 million as shown as other comprehensive income in the statements of comprehensive income (2013: loss of approximately Baht 7.51 million).

As at 31 March 2014, part of short-term investments were used as security for short-term loans from financial institution as discussed in Note 10.

(Unaudited but reviewed)

5. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
<u>Age of receivable</u>				
Trade receivables - subsidiary companies				
Not yet due	-	-	8,540	-
Past due				
Up to 3 months	-	-	6,285	1,029
3 - 6 months	-	-	628	1,934
6 - 12 months	-	-	1,912	29
Over 12 months	-	-	2,701	2,703
Total trade receivables - subsidiary companies (Note 3)	-	-	20,066	5,695
Trade receivables - unrelated parties				
Not yet due	2,264,827	2,410,361	1,028,100	1,140,571
Past due				
Up to 3 months	554,884	722,243	314,237	296,123
3 - 6 months	64,797	13,813	23,839	247
6 - 12 months	2,403	1,222	26	-
Over 12 months	2,952	3,150	4	4
Total trade receivables - unrelated parties	2,889,863	3,150,789	1,366,206	1,436,945
Less: Allowance for doubtful accounts	(22,343)	(4,269)	-	-
Total trade receivables - unrelated parties - net	2,867,520	3,146,520	1,366,206	1,436,945
Total trade receivables - net	2,867,520	3,146,520	1,386,272	1,442,640
Other receivables - related parties (Note 3)	32	32	107	91
Other receivables - unrelated parties	97,186	94,617	6,112	4,492
Total other receivables	97,218	94,649	6,219	4,583
Trade and other receivables - net	2,964,738	3,241,169	1,392,491	1,447,223

6. Reduction of inventories to net realisable value

Movements in the adjustment to reduce inventories to net realisable value during the three-month period ended 31 March 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	46,427	37,666
Write-off obsolete and damaged inventories during the period	(37,342)	(37,342)
Translation adjustment	(1)	-
Balance as at 31 March 2014	310,957	267,384

7. Investments in subsidiary companies

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Paid up capital		Shareholding percentage		Cost	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
			Percent	Percent		
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100
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>

8. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2013	6,691,459	2,363,295
Acquisitions during the period - at cost	295,254	205,955
Disposals/write-off during the period - net book value at disposal/write-off date	(17,687)	(1,203)
Depreciation for the period	(287,761)	(67,898)
Allowance for impairment reversed during the period	11,801	-
Translation adjustment	(65,402)	-
Net book value as at 31 March 2014	<u>6,627,664</u>	<u>2,500,149</u>

9. 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 three-month period ended 31 March 2014 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 31 December 2013	153,418
Translation adjustment	(1,732)
Net book value as at 31 March 2014	<u>151,686</u>

10. Short-term loans from financial institution

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

	(Unit: Million)	
	31 March 2014	31 December 2013
	AUD	AUD
Principal loan balance	0.46	0.55
Interest rate per annum (percent)	3.21	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.

11. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Trade payables - subsidiary companies (Note 3)	-	-	425,475	387,092
Trade payables - unrelated parties	2,062,044	2,015,112	1,040,325	958,523
Advance received from customers	159,282	154,542	29,146	24,654
Other payables for purchase of machineries	113,376	82,312	63,850	32,294
Other payable - related parties (Note 3)	-	-	447	601
Accrued expenses	238,627	232,893	54,056	36,027
Total trade and other payables	2,573,329	2,484,859	1,613,299	1,439,191

12. 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 periods ended 31 March 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	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	277,839	4,510	6,929	4,400
Deferred tax:				
Relating to origination and reversal of temporary differences	(211)	(5,209)	(594)	(5,615)
Income tax expense (income) reported in the income statement	<u>277,628</u>	<u>(699)</u>	<u>6,335</u>	<u>(1,215)</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	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	369	393	-	-

13. 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.

14. 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. The subsidiary recognised the insurance compensation income on its business interruption losses totaling Baht 1,350 million in the income statement for the three-month period ended 31 March 2014.

(Unaudited but reviewed)

15. 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 periods of three-month ended 31 March 2014 and 2013, respectively.

(Unit: Million Baht)

	Consolidated financial statements for the three-month periods ended 31 March													
	Printed Circuit		Board Assembly		Integrated Circuit		Other		Total segments		Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from external customers	3,130	2,559	1,499	1,020	41	43	4,670	3,622	-	-	4,670	3,622		
Intersegment revenues	821	731	240	209	336	252	1,397	1,192	(1,397)	(1,192)	-	-		
Total revenues	<u>3,951</u>	<u>3,290</u>	<u>1,739</u>	<u>1,229</u>	<u>377</u>	<u>295</u>	<u>6,067</u>	<u>4,814</u>	<u>(1,397)</u>	<u>(1,192)</u>	<u>4,670</u>	<u>3,622</u>		
Segment profit (loss)	421	208	151	(45)	9	11	581	174	-	-	581	174		
Insurance compensation income											1,350	30		
Other income											105	102		
Gain on exchange											74	72		
Selling expenses											(30)	(29)		
Administrative expenses											(204)	(199)		
Other expenses											(6)	(5)		
Finance cost											(2)	(2)		
Profit before income tax expense											1,868	143		
Income tax expenses											(278)	1		
Profit for the period											<u>1,590</u>	<u>144</u>		

16. Commitments and contingent liabilities

16.1 Capital commitments

As at 31 March 2014, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery of approximately USD 1.7 million or equivalent to a total of Baht 54 million. (31 December 2013: USD 2 million or equivalent to Baht 66.2 million) and the Company only of approximately Baht 37.2 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 of approximately Baht 43 million and USD 10.25 million or equivalent to Baht 333 million, respectively, (31 December 2013: the Company only of approximately Baht 170 million and Baht 5 million for a manufacturing plant and an office building, respectively).

16.2 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.

16.3 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.

16.4 Guarantees

As at 31 March 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 16.5) and Baht 53 million to guarantee electricity uses, among others (31 December 2013: Baht 55 million).

16.5 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 31 March 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 31 March 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.

17. 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 31 March 2014 and 31 December 2013 are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at		as at		as at	
	31 March	31 December	31 March	31 December	31 March	31 December
	2014	2013	2014	2013	2014	2013
	(Million)	(Million)	(Million)	(Million)	(Baht per foreign currency unit)	
US Dollar	292	201	69	12	32.4432	32.8136
China Yuan	272	288	68	85	5.2245	5.4087
Japan Yen	203	90	24	5	0.3155	0.3130
Indian Rupee	43	43	-	-	0.5415	0.5289
Euro	17	7	-	-	44.6075	45.0217
Pound Sterling	10	3	-	-	53.9651	53.9162
Australia dollar	6	2	1	1	29.9958	29.1776
Hong Kong dollar	5	4	1	-	4.1821	4.2316
Singapore Dollar	3	2	-	-	25.7764	25.8826
Brazilian real	3	2	-	-	14.4900	13.7700

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

As at 31 March 2014		
Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
10	4 April 2014	33.09
10	28 April 2014	32.59
10	6 May 2014	32.70
10	28 May 2014	32.60
20	17 June 2014	32.53
20	29 August 2014	32.95
20	15 September 2014	32.74
(Million Euro)		(USD per Euro)
3	12 May 2014	1.35

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

18. Event after the reporting period

On 30 April 2014, the Annual General Meeting of the shareholders of the Company No. 21/2014 passed a resolution approving the dividend payment for the year 2013 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 16 May 2014.

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 May 2014.