

Hana Microelectronics Public Company Limited  
and its subsidiaries  
Report and consolidated interim financial statements  
For the three-month and six-month periods ended 30 June 2015

## **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 2015, 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

Bangkok: 11 August 2015

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	3	5,010,715	5,467,223	784,652	743,165
Short-term investments	5	3,361,861	2,863,280	-	-
Trade and other receivables	4, 6	3,289,155	3,354,080	1,300,333	1,441,054
Inventories	7	3,223,442	3,328,914	1,253,946	1,286,125
Other current assets		145,953	118,864	14,527	36,557
<b>Total current assets</b>		<b>15,031,126</b>	<b>15,132,361</b>	<b>3,353,458</b>	<b>3,506,901</b>
<b>Non-current assets</b>					
Investments in subsidiary companies	8	-	-	3,583,449	3,583,449
Investments in fixed deposit with financial institution	9	339,947	330,690	-	-
Property, plant and equipment	10	6,618,410	6,405,504	2,650,923	2,645,684
Land leasehold rights	11	142,653	140,641	-	-
Other intangible assets		18,876	19,685	12,687	12,662
Deferred tax assets		8,633	16,145	1,677	8,148
Other non-current assets		31,849	6,306	23,926	1,426
<b>Total non-current assets</b>		<b>7,160,368</b>	<b>6,918,971</b>	<b>6,272,662</b>	<b>6,251,369</b>
<b>Total assets</b>		<b>22,191,494</b>	<b>22,051,332</b>	<b>9,626,120</b>	<b>9,758,270</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 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	4, 12	2,427,396	2,477,893	1,231,929	1,541,969
Short-term provisions	18.5	378,715	360,134	64,110	64,110
Income tax payable		17,318	171,712	5,797	9,947
Other current liabilities		104,926	162,119	19,357	58,289
<b>Total current liabilities</b>		<b>2,928,355</b>	<b>3,171,858</b>	<b>1,321,193</b>	<b>1,674,315</b>
<b>Non-current liabilities</b>					
Provision for long-term employee benefits		565,380	515,862	278,363	259,352
<b>Total non-current liabilities</b>		<b>565,380</b>	<b>515,862</b>	<b>278,363</b>	<b>259,352</b>
<b>Total liabilities</b>		<b>3,493,735</b>	<b>3,687,720</b>	<b>1,599,556</b>	<b>1,933,667</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		412,808	386,272	100,000	100,000
Unappropriated		15,113,357	15,028,833	5,398,466	5,196,505
Other components of shareholders' equity		643,496	420,409	-	-
<b>Total shareholders' equity</b>		<b>18,697,759</b>	<b>18,363,612</b>	<b>8,026,564</b>	<b>7,824,603</b>
<b>Total liabilities and shareholders' equity</b>		<b>22,191,494</b>	<b>22,051,332</b>	<b>9,626,120</b>	<b>9,758,270</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 2015**

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

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Revenues</b>					
Sales		5,118,622	5,523,040	2,173,255	2,515,012
Interest income		57,697	57,279	3,179	3,205
Dividend income		28	27	560,028	1,030,027
Gain on exchange		-	57,086	16,807	17,976
Others income		60,273	66,283	12,204	9,690
<b>Total revenues</b>		<b>5,236,620</b>	<b>5,703,715</b>	<b>2,765,473</b>	<b>3,575,910</b>
<b>Expenses</b>					
Cost of sales		4,504,100	4,724,156	1,888,768	2,151,723
Selling expenses		33,437	32,597	7,963	6,904
Administrative expenses		234,773	201,116	79,252	63,215
Loss on exchange		42,034	-	-	-
Other expenses		5,855	5,691	-	-
<b>Total expenses</b>		<b>4,820,199</b>	<b>4,963,560</b>	<b>1,975,983</b>	<b>2,221,842</b>
<b>Profit before finance cost and</b>					
<b>income tax expenses</b>		416,421	740,155	789,490	1,354,068
Finance cost		(1,812)	(2,376)	(567)	(556)
<b>Profit before income tax expenses</b>		<b>414,609</b>	<b>737,779</b>	<b>788,923</b>	<b>1,353,512</b>
Income tax expenses	13	(15,360)	(51,456)	(1,900)	(7,964)
<b>Profit for the period</b>		<b>399,249</b>	<b>686,323</b>	<b>787,023</b>	<b>1,345,548</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		399,249	686,323	787,023	1,345,548
<b>Earnings per share</b>					
14					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		0.50	0.85	0.98	1.67
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 2015**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
Note	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Profit for the period</b>	<u>399,249</u>	<u>686,323</u>	<u>787,023</u>	<u>1,345,548</u>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Gain (loss) on change in value of available-for-sale investments	(23,992)	67,336	-	-
Exchange differences on translation of financial statements in foreign currency, net of income tax	13 <u>360,565</u>	<u>2,679</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	<u>336,573</u>	<u>70,015</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period</b>	<u>336,573</u>	<u>70,015</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><u>735,822</u></u>	<u><u>756,338</u></u>	<u><u>787,023</u></u>	<u><u>1,345,548</u></u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	<u><u>735,822</u></u>	<u><u>756,338</u></u>	<u><u>787,023</u></u>	<u><u>1,345,548</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 2015**

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

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Revenues</b>					
Sales		10,112,188	10,193,073	4,474,220	4,718,588
Interest income		111,893	99,748	5,700	3,211
Dividend income		28	27	560,028	1,030,027
Gain on exchange		45,971	130,727	32,209	32,976
Insurance claim	15	-	1,350,000	-	-
Others income		109,443	128,992	21,293	19,715
<b>Total revenues</b>		<b>10,379,523</b>	<b>11,902,567</b>	<b>5,093,450</b>	<b>5,804,517</b>
<b>Expenses</b>					
Cost of sales		8,894,194	8,813,160	3,904,768	4,017,527
Selling expenses		63,772	62,730	15,626	12,845
Administrative expenses		460,438	405,254	153,847	120,768
Other expenses		11,551	11,411	-	-
<b>Total expenses</b>		<b>9,429,955</b>	<b>9,292,555</b>	<b>4,074,241</b>	<b>4,151,140</b>
<b>Profit before finance cost and</b>					
<b>income tax expenses</b>		949,568	2,610,012	1,019,209	1,653,377
Finance cost		(3,730)	(4,285)	(1,063)	(1,087)
<b>Profit before income tax expenses</b>		<b>945,838</b>	<b>2,605,727</b>	<b>1,018,146</b>	<b>1,652,290</b>
Income tax expenses	13	(29,899)	(329,084)	(11,306)	(14,299)
<b>Profit for the period</b>		<b>915,939</b>	<b>2,276,643</b>	<b>1,006,840</b>	<b>1,637,991</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		915,939	2,276,643	1,006,840	1,637,991
<b>Earnings per share</b>					
14					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		1.14	2.83	1.25	2.04
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 2015**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
Note	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Profit for the period</b>	<u>915,939</u>	<u>2,276,643</u>	<u>1,006,840</u>	<u>1,637,991</u>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Gain (loss) on change in value of available-for-sale investments	5.2	(26,918)	91,448	-
Exchange differences on translation of financial statements in foreign currency, net of income tax	13	<u>250,005</u>	<u>(153,707)</u>	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>223,087</u>	-	-
<b>Other comprehensive income for the period</b>		<u>223,087</u>	-	-
<b>Total comprehensive income for the period</b>		<u>1,139,026</u>	<u>2,214,384</u>	<u>1,006,840</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company		<u>1,139,026</u>	<u>2,214,384</u>	<u>1,006,840</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 2015**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>				
Profit before tax	945,838	2,605,727	1,018,146	1,652,290
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	576,485	571,393	160,106	135,578
Amortisation expenses	1,968	1,656	909	584
Allowance for doubtful accounts (reversal)	(12,269)	11,688	-	-
Reduction of inventories to net realisable value (reversal)	(17,577)	21,455	(20,189)	25,779
Dividend income from subsidiary companies	-	-	(560,000)	(1,030,000)
Dividend income from other company	(28)	(27)	(28)	(27)
Loss (gain) on disposals/write-off equipment	176	27,157	(1,434)	(236)
Allowance for impairment loss on assets (reversal)	320	(20,691)	320	-
Provision for product warranty	11,552	11,410	-	-
Provision for long-term employee benefits	52,703	26,799	21,425	13,853
Gain on sales/redemption of short-term investments	(3,814)	(11,528)	-	-
Revaluation gain on investments in securities held for trading	(2,893)	(1,744)	-	-
Unrealised loss (gain) on exchange	(449)	17,012	3,837	12,117
Unrealised gain on forward contracts	(6,374)	(27,758)	-	-
Interest income from short-term investments	(71,551)	(69,310)	-	-
Interest expenses	-	228	-	-
Profit from operating activities before changes in operating assets and liabilities	1,474,087	3,163,467	623,092	809,938

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 2015

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities (continued)</b>				
Operating assets (increase) decrease				
Trade and other receivables	95,584	(231,027)	142,827	(72,421)
Insurance claim receivable	-	11,963	-	-
Inventories	123,049	(215,312)	52,368	(277,339)
Other current assets	(20,173)	75,217	22,276	27,400
Other non-current assets	(2,344)	12	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(40,518)	522,692	(275,108)	359,186
Other current liabilities	(70,594)	(131,969)	(38,933)	(38,887)
Cash from operating activities	1,559,091	3,195,043	526,522	807,877
Cash paid for long-term employee benefits	(3,185)	-	(2,412)	-
Cash paid for income tax	(163,152)	(58,316)	(8,986)	(11,667)
<b>Net cash from operating activities</b>	<b>1,392,754</b>	<b>3,136,727</b>	<b>515,124</b>	<b>796,210</b>
<b>Cash flows from investing activities</b>				
Increase in fixed deposit with financial institution	-9,257	-326,118	-	-
Increase in short-term investments	(688,079)	(432,349)	-	-
Interest income from short-term investments	69,583	67,333	-	-
Proceeds from sales/redemption of short-term investments	169,286	292,293	-	-
Dividend income from subsidiary companies	-	-	560,000	1,030,000
Dividend income from other company	28	27	28	27
Acquisitions of property, plant and equipment	(816,649)	(479,937)	(207,518)	(286,232)
Proceeds from disposals of equipment	7,321	17,513	2,166	1,465
Increase in intangible assets	(3,172)	(2,300)	(934)	(4,062)
Decrease (increase) in other non-current assets	(23,198)	198	(22,500)	1,031
<b>Net cash from (used in) investing activities</b>	<b>(1,294,137)</b>	<b>(863,340)</b>	<b>331,242</b>	<b>742,229</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 2015**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Cash flows from financing activities</b>				
Decrease in short-term loans from financial institution	-	(2,523)	-	-
Cash paid for interest expenses	-	(228)	-	-
Dividend paid	(804,879)	(804,879)	(804,879)	(804,879)
<b>Net cash used in financing activities</b>	<b>(804,879)</b>	<b>(807,630)</b>	<b>(804,879)</b>	<b>(804,879)</b>
Increase (decrease) in cash and cash equivalents	(706,262)	1,465,757	41,487	733,560
Translation adjustment	249,754	(153,343)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(456,508)</b>	<b>1,312,414</b>	<b>41,487</b>	<b>733,560</b>
Cash and cash equivalents at beginning of period	5,467,223	4,185,699	743,165	320,032
<b>Cash and cash equivalents at end of period (Note 3)</b>	<b>5,010,715</b>	<b>5,498,113</b>	<b>784,652</b>	<b>1,053,592</b>
	-		-	

**Supplemental cash flow information**

Non-cash related transactions from investing activities

Net increase (decrease) in accounts payable				
for purchase of plant and equipment	(19,440)	(32,173)	(41,222)	5,081
Revaluation gain (loss) on changes in fair value of				
investments in available-for-sale	(2,926)	91,448	-	-
Translation adjustment for deferred tax assets	(251)	364	-	-

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 2015

(Unit: Thousand Baht)

		Consolidated financial statements							
				Other components of shareholders' equity					
				Other comprehensive income					
				Surplus (deficit)					
				on changes in			Total other		
				value of			components of		
				available-for-sale			shareholders'		
				investments			equity		
				Exchange differences			Total		
				on translation of			shareholders'		
				financial statements			equity		
				in foreign currency			equity		
				Retained earnings					
				Appropriated -					
				Statutory reserve					
				Unappropriated					
				Issued and					
				paid up					
				Share					
				premium					
				share capital					
Note									
		804,879	1,723,219	375,919	13,301,102	118,218	270,741	388,959	16,594,078
		-	-	-	2,276,643	-	-	-	2,276,643
		-	-	-	-	91,448	(153,707)	(62,259)	(62,259)
		-	-	-	2,276,643	91,448	(153,707)	(62,259)	2,214,384
	17	-	-	-	(804,879)	-	-	-	(804,879)
		-	-	10,353	(10,353)	-	-	-	-
		804,879	1,723,219	386,272	14,762,513	209,666	117,034	326,700	18,003,583
		804,879	1,723,219	386,272	15,028,833	158,870	261,539	420,409	18,363,612
		-	-	-	915,939	-	-	-	915,939
		-	-	-	-	(26,918)	250,005	223,087	223,087
		-	-	-	915,939	(26,918)	250,005	223,087	1,139,026
	17	-	-	-	(804,879)	-	-	-	(804,879)
		-	-	26,536	(26,536)	-	-	-	-
		804,879	1,723,219	412,808	15,113,357	131,952	511,544	643,496	18,697,759

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 2015

(Unit: Thousand Baht)

<b>Separate financial statements</b>					
	Issued and paid up share capital	Share premium	<u>Retained earnings</u>		Total Shareholders' equity
<u>Note</u>			Appropriated - Statutory reserve	Unappropriated	
<b>Balance as at 31 December 2013</b>	804,879	1,723,219	100,000	4,542,159	7,170,257
Profit for the period	-	-	-	1,637,991	1,637,991
Other comprehensive income for the period	-	-	-	-	-
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>
<b>Balance as at 31 December 2014</b>	804,879	1,723,219	100,000	5,196,505	7,824,603
Profit for the period	-	-	-	1,006,840	1,006,840
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,006,840	1,006,840
Dividend paid	-	-	-	(804,879)	(804,879)
<b>Balance as at 30 June 2015</b>	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>5,398,466</u>	<u>8,026,564</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 2015**

**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 trading 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 2014) “*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 2014. There are no changes in the group structure during the current period.

#### **1.4 New financial reporting standards**

During the period, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

##### **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

##### **TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 *Consolidated and Separate Financial Statements* dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements

**TFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

**TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

**2. 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 2014, except for the changes in accounting policies as a result of the adoption of new and revised standards, as discussed in note 1.4 to the financial statements.

**3. Cash and cash equivalents**

Cash and cash equivalents as at 30 June 2015 and 31 December 2014 as reflected in the statement of financial position consist of the following:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Cash	1,027	1,006	189	163
Bank deposits	2,738,885	2,279,399	184,463	243,002
Fixed deposits with maturity not over 3 months	2,270,803	3,186,818	600,000	500,000
Total cash and cash equivalents	<u>5,010,715</u>	<u>5,467,223</u>	<u>784,652</u>	<u>743,165</u>



#### 4. 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 30 June		For the six-month periods ended 30 June		
	2015	2014	2015	2014	
<b>Transactions with subsidiary companies</b> (eliminated from the consolidated financial statements)					
Sales of goods	6	6	11	9	Prices agreed between the parties due to the uniqueness of products sold to each customer
Dividend income	560	1,030	560	1,030	Declared rate
Purchase of materials	32	56	66	120	Cost plus mark up
Purchase of fixed assets	-	2	1	14	Cost plus mark up/appraisal value
Service fee expenses	2	-	2	1	Rates stipulated in the agreement

As at 30 June 2015 and 31 December 2014, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
<b>Trade and other receivables (Note 6)</b>				
<b>Trade receivables - related parties</b>				
Subsidiary companies	-	-	36,451	23,006
<b>Total trade receivables - related parties</b>	-	-	36,451	23,006
<b>Other receivables - related parties</b>				
Subsidiary companies	-	-	-	26
Related company (by way of common directors)	32	32	-	-
<b>Total other receivables - related parties</b>	32	32	-	26
<b>Total trade and other receivables</b>	32	32	36,451	23,032

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
<b>Trade and other payables (Note 12)</b>				
<b>Trade payables - related parties</b>				
Subsidiary companies	-	-	518,462	528,174
<b>Total trade payables - related parties</b>	-	-	518,462	528,174
<b>Total trade and other payables</b>	-	-	518,462	528,174

### **Directors' and management's benefits**

During the three-month and six-month periods ended 30 June 2015 and 2014, 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	18.5	19.3	2.9	2.7
Post-employment benefits	0.2	0.2	0.2	0.2
Total	18.7	19.5	3.1	2.9

(Unit: Million Baht)

For the six-month periods ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	36.3	37.1	5.7	5.4
Post-employment benefits	0.4	0.4	0.4	0.4
Total	36.7	37.5	6.1	5.8

**5. Short-term investments**

(Unit: Thousand Baht)

	Consolidated financial statements			
	30 June 2015		31 December 2014	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
<b>Securities held for trading (Note 5.1)</b>				
Overseas marketable equity securities	101,330	116,990	98,889	111,298
Unsecured subordinated notes	24,534	25,478	25,543	26,846
Total	125,864	142,468	124,432	138,144
Add: Gain on changes in fair value of investments	16,604		13,712	
Investments in securities held for trading	142,468		138,144	
<b>Available-for-sale securities (Note 5.2)</b>				
Overseas marketable corporate bonds	1,459,445	1,567,181	1,536,811	1,651,313
Local quoted bonds	33,780	34,564	32,966	33,749
Overseas quoted bonds	979,326	1,002,758	989,860	1,033,445
Total	2,472,551	2,604,503	2,559,637	2,718,507
Add: Revaluation surplus on changes in fair value of investments	131,952		158,870	
Investments in available-for-sale securities	2,604,503		2,718,507	
<b>Fixed deposit with financial institution</b>				
Fixed deposit within 1 year	614,890	614,890	6,629	6,629
Investment in fixed deposit with financial institution	614,890	614,890	6,629	6,629
<b>Total short-term investments</b>	<b>3,361,861</b>	<b>3,361,861</b>	<b>2,863,280</b>	<b>2,863,280</b>

## **5.1 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 2015, 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 0.08 million or equivalent to approximately Baht 2.89 million (2014: increased by USD 0.06 million or equivalent to approximately Baht 1.74 million). The changes in the fair value of these investments were recognised in the income statements.

## **5.2 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 2015, the subsidiary additionally invested in an overseas listed corporate bond, and disposed/redeemed some of listed corporate bonds and some of overseas quoted bonds, resulting in gain of USD 0.11 million or equivalent to approximately Baht 3.81 million (2014: gain of USD 0.35 million or equivalent to approximately Baht 11.53 million).

As at 30 June 2015, 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 3.91 million or equivalent to approximately Baht 131.95 million (31 December 2014: USD 4.82 million or equivalent to approximately Baht 158.87 million). The subsidiary recognised loss on changes in fair value of the available-for-sale securities approximately Baht 26.92 million as shown as other comprehensive income in the statements of comprehensive income (2014: gain of approximately Baht 91.45 million).

(Unaudited but reviewed)

**6. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
<b><u>Age of receivable</u></b>				
Trade receivables - subsidiary companies				
Not yet due	-	-	1,572	1,139
Past due				
Up to 3 months	-	-	5,681	5,876
3 - 6 months	-	-	6,830	10,940
6 - 12 months	-	-	17,959	1,983
Over 12 months	-	-	4,409	3,068
Total trade receivables - subsidiary companies (Note 4)	-	-	36,451	23,006
Trade receivables - unrelated parties				
Not yet due	2,467,924	2,472,117	1,021,886	1,121,790
Past due				
Up to 3 months	641,355	724,722	231,249	288,383
3 - 6 months	7,792	24,772	3,821	5,513
6 - 12 months	7,499	7,732	8	420
Over 12 months	2,046	2,024	4	4
Trade receivables - unrelated parties	3,126,616	3,231,367	1,256,968	1,416,110
Less: Allowance for doubtful accounts	(12,142)	(24,410)	-	-
Total trade receivables - unrelated parties - net	3,114,474	3,206,957	1,256,968	1,416,110
Total trade receivables - net	3,114,474	3,206,957	1,293,419	1,439,116
Other receivables - related parties (Note 4)	32	32	-	26
Other receivables - unrelated parties	174,649	147,091	6,914	1,912
Total other receivables	174,681	147,123	6,914	1,938
Total trade and other receivables - net	3,289,155	3,354,080	1,300,333	1,441,054

## 7. 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 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Balance as at 31 December 2014</b>	256,221	227,272
Reduction of inventory value during the period	375,559	350,789
Reversal of reduction of inventory value during the period	(225,568)	(203,539)
Write-off obsolete and damaged inventories during the period	(167,568)	(167,439)
<b>Balance as at 30 June 2015</b>	<u>238,644</u>	<u>207,083</u>

## 8. 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 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June			
		Percent				2015	2014			
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910	560,000	630,000		
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100	-	400,000		
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	-	-	-	-		
<b>Total investments in subsidiary companies</b>					<u>3,583,449</u>	<u>3,583,449</u>	<u>560,000</u>	<u>1,030,000</u>		

**9. Investment in fixed deposit with financial institution**

During the second quarter of 2014, an overseas subsidiary has invested in a structured deposit with financial institution amounting to CNY 62.4 million 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. As at 30 June 2015, the investment in fixed deposit was approximately Baht 339.9 million (31 December 2014: Baht 330.7 million).

**10. Property, plant and equipment**

Movements in the property, plant and equipment account during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 31 December 2014</b>	6,405,504	2,645,684
Acquisitions during the period - at cost	744,207	166,397
Disposals/write-off during the period - net book value at disposal/write-off date	(7,496)	(732)
Depreciation for the period	(576,485)	(160,106)
Allowance for impairment during the period	(320)	(320)
Translation adjustment	53,000	-
<b>Net book value as at 30 June 2015</b>	<u>6,618,410</u>	<u>2,650,923</u>

**11. Land leasehold rights**

Movements in land leasehold rights account during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
<b>Net book value as at 31 December 2014</b>	140,641
Amortisation for the period	(1,446)
Translation adjustment	3,458
<b>Net book value as at 30 June 2015</b>	<u>142,653</u>

**12. Trade and other payables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December		31 December	
	30 June 2015	2014	30 June 2015	2014
Trade payables - subsidiary companies (Note 4)	-	-	518,462	528,174
Trade payables - unrelated parties	1,743,160	1,934,247	563,424	890,011
Advance received from customers	221,636	188,085	33,614	26,593
Other payables for purchase of machinery	116,122	135,562	27,929	69,050
Accrued expenses	346,478	219,999	88,500	28,141
<b>Total trade and other payables</b>	<b>2,427,396</b>	<b>2,477,893</b>	<b>1,231,929</b>	<b>1,541,969</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 2015 and 2014 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<b>Current income tax:</b>				
Interim corporate income tax charge	13,070	49,005	1,675	8,074
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	2,290	2,401	225	(110)
<b>Income tax expense reported in the income statement</b>	<b>15,360</b>	<b>51,456</b>	<b>1,900</b>	<b>7,964</b>



(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	22,136	326,894	4,836	15,003
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	<u>7,763</u>	<u>2,190</u>	<u>6,470</u>	<u>(704)</u>
<b>Income tax expense reported in the income statement</b>	<u>29,899</u>	<u>329,084</u>	<u>11,306</u>	<u>14,299</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2015 and 2014 are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	<u>(325)</u>	<u>(5)</u>	<u>-</u>	<u>-</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	<u>(251)</u>	<u>364</u>	<u>-</u>	<u>-</u>

#### **14. Earnings per share**

Basic earnings per share is calculated by dividing profit for the periods 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 - 2013, the subsidiary received the compensation payments on its business interruption losses and its remaining property damage totaling Baht 400 million and Baht 942 million, respectively, and recognised these compensations as other income in the income statements for the respective periods.

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 in which subsequently received such compensation in the second quarter of 2014. 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 2015 and 2014, respectively.

(Unit: Million Baht)

Consolidated financial statements for the three-month periods ended 30 June												
	Printed Circuit		Integrated Circuit		Other		Total reportable segments		Eliminations		Total	
	Board Assembly (PCBA)		(IC)									
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue from external customers	3,519	3,933	1,529	1,541	71	49	5,119	5,523	-	-	5,119	5,523
Intersegment revenues	948	1,122	282	258	313	354	1,543	1,734	(1,543)	(1,734)	-	-
Total revenues	<u>4,467</u>	<u>5,055</u>	<u>1,811</u>	<u>1,799</u>	<u>384</u>	<u>403</u>	<u>6,662</u>	<u>7,257</u>	<u>(1,543)</u>	<u>(1,734)</u>	<u>5,119</u>	<u>5,523</u>
Segment profit	447	558	152	227	16	14	615	799	-	-	615	799
Interest income											58	57
Other income											60	67
Gain (loss) on exchange											(42)	57
Selling expenses											(34)	(33)
Administrative expenses											(235)	(201)
Other expenses											(6)	(6)
Finance cost											(2)	(2)
Income tax expenses											(15)	(52)
Profit for the period											<u>399</u>	<u>686</u>

(Unaudited but reviewed)

(Unit: Million Baht)

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

	Printed Circuit		Integrated Circuit		Other		Total reportable segments		Eliminations		Total	
	Board Assembly	(PCBA)	(IC)									
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenue from external customers	6,766	7,063	3,224	3,040	123	90	10,113	10,193	-	-	10,113	10,193
Intersegment revenues	1,828	1,943	542	498	590	690	2,960	3,131	(2,960)	(3,131)	-	-
Total revenues	<u>8,594</u>	<u>9,006</u>	<u>3,766</u>	<u>3,538</u>	<u>713</u>	<u>780</u>	<u>13,073</u>	<u>13,324</u>	<u>(2,960)</u>	<u>(3,131)</u>	<u>10,113</u>	<u>10,193</u>
Segment profit	837	979	358	378	23	23	1,218	1,380	-	-	1,218	1,380
Interest income											112	100
Insurance compensation income											-	1,350
Gain on exchange											46	131
Other income											110	129
Selling expenses											(64)	(63)
Administrative expenses											(460)	(405)
Other expenses											(12)	(12)
Finance cost											(4)	(4)
Income tax expenses											(30)	(330)
Profit for the period											<u>916</u>	<u>2,276</u>

**17. Dividend paid**

During the six-month periods ended 30 June 2015 and 2014, the Company and its subsidiary companies had dividend payments as follows:

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		Thousand Baht	Baht
<b><u>The Company</u></b>			
<b><u>For the year 2015</u></b>			
Dividends on 2014 income	Annual General Meeting of the shareholders on 30 April 2015	804,879	1.00
<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>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>Hana Semiconductor (Ayutthaya) Company Limited</b>			
<b><u>For the year 2015</u></b>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 9 April 2015	960,000	8.00
<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

## 18. Commitments and contingent liabilities

### 18.1 Capital commitments

As at 30 June 2015, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery and building of the manufacturing plants and an office building totaling USD 9.4 million or equivalent to Baht 317.2 million (31 December 2014: USD 10.3 million or equivalent to Baht 341 million) (the Company only of approximately USD 1.6 million or equivalent to Baht 52.6 million (31 December 2014: USD 2.1 million or equivalent to Baht 70.4 million)).

In addition, the Company had capital commitments relating to the purchase and sale agreement of land of approximately Baht 52.5 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 2015, there were outstanding bank guarantees of approximately Baht 118 million (31 December 2014: Baht 118 million) and the Company only of approximately Baht 88 million (31 December 2014: Baht 88 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 as follows:-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
Type of guarantee				
- Security for the tax assessments of the Company made by the Revenue Department (Note 18.5)	64	64	64	64
- Guarantee electricity uses, among others	54	54	24	24
Total	118	118	88	88

## 18.5 Tax assessments

During the second quarter and the third quarter of 2012, the Company received the 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 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. Currently, 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 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. Subsequently, during the fourth quarter of 2014, the Board of Appeals ordered to reduce the penalty of the corporate income tax for the year 2003 to be Baht 6.5 million. On 28 November 2014, the Company paid the penalty of Baht 6.5 million, and recognised reversal of loss on tax assessment of Baht 6.5 million as other income in the income statement for the year ended 31 December 2014.

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

As at 30 June 2015, the Company has recorded provision for loss on tax assessments totaling approximately Baht 64 million (2014: Baht 64 million), included in short-term provisions, and has placed 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 2015 and 31 December 2014 are summarised below.



(Unaudited but reviewed)

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at		as at		as at	
	30 June	31 December	30 June	31 December	30 June	31 December
	2015	2014	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)	(Baht per foreign currency unit)	
China Yuan	271	262	70	76	5.4470	5.2998
US Dollar	193	205	37	37	33.7768	32.9630
Japanese Yen	174	150	73	73	0.2758	0.2738
Indian Rupee	43	43	-	-	0.5284	0.5159
Hong Kong dollar	10	8	1	1	4.3567	4.2516
Euro	4	4	-	-	37.7905	40.0530
Pound Sterling	3	3	-	-	53.1059	51.1497
Singapore Dollar	2	2	-	-	25.0706	24.8959
Brazilian real	2	2	-	-	10.3200	12.1000
Australia dollar	1	1	-	-	25.9072	26.8068

As at 30 June 2015 and 31 December 2014, the two overseas subsidiary companies had outstanding forward exchange contracts, of which details are presented below.

As at 30 June 2015

Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
10	21 September 2015	33.32
10	11 March 2016	33.60
10	11 March 2016	33.60
10	11 March 2016	33.84
10	16 March 2016	33.80
10	18 March 2016	33.92
10	27 April 2016	33.38
10	13 May 2016	34.17
10	13 May 2016	34.17
10	31 May 2016	34.30
10	31 May 2016	34.51
20	27 August 2015	32.38
20	20 June 2016	34.36
(Million USD)		(CNY per USD)
10	13 June 2016	6.22
(Million Euro)		(USD per Euro)
3	3 November 2015	1.09

As at 31 December 2014

Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
10	7 January 2015	32.60
10	7 January 2015	32.60
10	20 January 2015	33.12
10	27 February 2015	33.01
10	27 February 2015	32.17
20	16 March 2015	32.43
20	17 March 2015	32.56
20	27 August 2015	32.38
(Million USD)		(CNY per USD)
10	10 September 2015	6.15
(Million Euro)		(USD per Euro)
3	26 May 2015	1.25

## 20. Fair value of financial instruments

The Company and its subsidiaries use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

### Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

(Unaudited but reviewed)

As of 30 June 2015, the Company and its subsidiaries had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated Financial Statements		
	Level 1	Level 2	Total
<b>Financial assets measured at fair value</b>			
Held for trade investments			
Equity instruments	116,990	-	116,990
Unsecured debt instruments	25,478	-	25,478
Available-for-sale investments			
Marketable corporate bonds	1,567,181	-	1,567,181
Quoted bonds	1,037,322	-	1,037,322
<b>Financial liabilities measured at fair value</b>			
Derivatives			
Foreign currency forward contracts	-	44,652	44,652

Valuation techniques and inputs to Level 2 valuations

- A) The fair value of investments in quoted bonds has been determined by using the yield rate quoted by the overseas banks.
- B) The fair value of derivatives has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves.

During the current period, there were no transfers within the fair value hierarchy.

**21. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 August 2015.