

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2014

Independent Auditor's Report

To the Shareholders of Hana Microelectronics Public Company Limited

I have audited the accompanying consolidated financial statements of Hana Microelectronics Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Hana Microelectronics Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hana Microelectronics Public Company Limited and its subsidiaries and of Hana Microelectronics Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Saifon Inkaew
Certified Public Accountant (Thailand) No. 4434

EY Office Limited
Bangkok: 24 February 2015

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Assets					
Current assets					
Cash and cash equivalents	7	5,467,222,517	4,185,699,240	743,165,162	320,031,555
Short-term investments	9	2,863,279,506	2,524,310,445	-	-
Trade and other receivables	8, 10	3,354,080,283	3,241,169,331	1,441,054,210	1,447,222,745
Insurance claim receivable	24	-	11,963,350	-	-
Inventories	11	3,328,913,995	3,171,981,346	1,286,124,916	1,268,860,532
Other current assets		118,864,366	142,622,842	36,556,420	53,082,799
Total current assets		15,132,360,667	13,277,746,554	3,506,900,708	3,089,197,631
Non-current assets					
Investments in subsidiary companies	12	-	-	3,583,449,338	3,583,449,338
Investments in fixed deposit with financial institution	13	330,689,904	-	-	-
Property, plant and equipment	14	6,405,503,644	6,691,459,482	2,645,684,457	2,363,294,921
Land leasehold rights	15	140,641,024	153,418,018	-	-
Other intangible assets	16	19,685,072	12,162,954	12,661,895	4,583,679
Deferred tax assets	23	16,145,022	18,923,900	8,147,483	8,070,241
Other non-current assets		6,306,674	3,426,330	1,425,750	2,456,678
Total non-current assets		6,918,971,340	6,879,390,684	6,251,368,923	5,961,854,857
Total assets		22,051,332,007	20,157,137,238	9,758,269,631	9,051,052,488

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 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Liabilities and shareholders' equity					
Current liabilities					
Short-term loan from financial institution	17	-	15,946,294	-	-
Trade and other payables	8, 18	2,477,893,174	2,484,859,386	1,541,969,284	1,439,190,834
Short-term provisions	19	360,133,931	419,335,350	64,109,834	147,521,727
Income tax payable		171,711,756	17,606,250	9,947,271	11,488,200
Other current liabilities		162,119,741	239,513,726	58,288,766	92,291,075
Total current liabilities		3,171,858,602	3,177,261,006	1,674,315,155	1,690,491,836
Non-current liabilities					
Provision for long-term employee benefits	20	515,861,826	385,798,676	259,352,014	190,303,427
Total non-current liabilities		515,861,826	385,798,676	259,352,014	190,303,427
Total liabilities		3,687,720,428	3,563,059,682	1,933,667,169	1,880,795,263
Shareholders' equity					
Share capital					
Registered					
974,403,900 ordinary shares of Baht 1 each		974,403,900	974,403,900	974,403,900	974,403,900
Issued and fully paid-up					
804,878,860 ordinary shares of Baht 1 each		804,878,860	804,878,860	804,878,860	804,878,860
Share premium		1,723,218,982	1,723,218,982	1,723,218,982	1,723,218,982
Retained earnings					
Appropriated - statutory reserve	21	386,272,214	375,919,402	100,000,000	100,000,000
Unappropriated		15,028,832,891	13,301,101,567	5,196,504,620	4,542,159,383
Other components of shareholders' equity		420,408,632	388,958,745	-	-
Total shareholders' equity		18,363,611,579	16,594,077,556	7,824,602,462	7,170,257,225
Total liabilities and shareholders' equity		22,051,332,007	20,157,137,238	9,758,269,631	9,051,052,488

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

Directors

Hana Microelectronics Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013 (Restated)	2014	2013 (Restated)
Revenues					
Sales		21,227,208,701	17,667,000,224	9,974,637,705	7,820,471,366
Interest income		214,997,969	165,169,401	12,569,353	4,985,319
Dividend income	12, 29	42,750	42,750	1,030,042,750	1,190,042,750
Gain on exchange		107,382,085	-	70,054,060	70,263,313
Insurance compensation income	24	1,350,000,000	941,604,182	-	-
Other income	30.5	271,599,341	377,836,118	60,647,177	87,440,852
Total revenues		23,171,230,846	19,151,652,675	11,147,951,045	9,173,203,600
Expenses					
Cost of sales	22	18,358,461,041	15,682,895,650	8,551,073,920	6,701,734,797
Selling expenses		124,381,914	126,550,120	26,607,159	27,794,315
Administrative expenses		868,791,714	778,358,672	248,339,825	201,357,381
Loss on exchange		-	60,328,888	-	-
Other expenses	30.5	39,062,698	132,002,485	-	110,401,571
Total expenses		19,390,697,367	16,780,135,815	8,826,020,904	7,041,288,064
Profit before finance cost and income tax expenses					
Finance cost		(8,269,759)	(8,642,769)	(2,186,821)	(3,251,308)
Profit before income tax expenses		3,772,263,720	2,362,874,091	2,319,743,320	2,128,664,228
Income tax expenses	23	(366,768,034)	(61,956,391)	(25,080,817)	(24,785,310)
Profit for the year		3,405,495,686	2,300,917,700	2,294,662,503	2,103,878,918
Profit attributable to:					
Equity holders of the Company		<u>3,405,495,686</u>	<u>2,300,917,700</u>	<u>2,294,662,503</u>	<u>2,103,878,918</u>
Earnings per share					
Basic earnings per share	25				
Profit attributable to equity holders of the Company		<u>4.23</u>	<u>2.86</u>	<u>2.85</u>	<u>2.61</u>
Number of weighted average ordinary shares (shares)		<u>804,878,860</u>	<u>804,878,860</u>	<u>804,878,860</u>	<u>804,878,860</u>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013 (Restated)	2014	2013 (Restated)
Profit for the year		<u>3,405,495,686</u>	<u>2,300,917,700</u>	<u>2,294,662,503</u>	<u>2,103,878,918</u>
Other comprehensive income:					
Actuarial (gains) losses, net of income tax	4, 20, 23	(57,653,830)	36,280,860	(30,559,546)	2,560,125
Gain (loss) on change in value of available-for-sale investments	9.2	40,652,171	(91,864,993)	-	-
Exchange differences on translation of financial statements in foreign currency, net of income tax	23	<u>(9,202,284)</u>	<u>661,540,245</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year		<u>(26,203,943)</u>	<u>605,956,112</u>	<u>(30,559,546)</u>	<u>2,560,125</u>
Total comprehensive income for the year		<u><u>3,379,291,743</u></u>	<u><u>2,906,873,812</u></u>	<u><u>2,264,102,957</u></u>	<u><u>2,106,439,043</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u><u>3,379,291,743</u></u>	<u><u>2,906,873,812</u></u>	<u><u>2,264,102,957</u></u>	<u><u>2,106,439,043</u></u>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2014

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u> (Restated)	<u>2014</u>	<u>2013</u> (Restated)
Cash flows from operating activities				
Profit before tax	3,772,263,720	2,362,874,091	2,319,743,320	2,128,664,228
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,121,656,471	1,184,471,801	271,568,394	280,818,892
Amortisation expenses	3,424,386	3,918,024	1,429,632	706,542
Allowance for doubtful accounts (reversal)	20,140,943	(2,634,228)	-	-
Reversal of reduction of inventories to net realisable value	(45,651,599)	(97,411,894)	(39,787,938)	(17,089,759)
Dividend income from subsidiary companies	-	-	(1,030,000,000)	(1,190,000,000)
Dividend income from other company	(42,750)	(42,750)	(42,750)	(42,750)
Loss (gain) on disposals/write-off equipment and intangible assets	31,023,613	(3,487,767)	(162,600)	1,175,963
Allowance for impairment loss on assets (reversal)	(23,581,138)	6,919,622	(2,890,238)	-
Provision for product warranty	22,762,027	17,926,398	-	-
Provision for vacation	764,316	571,140	48,002	465,083
Provision for long-term employee benefits	72,464,227	53,598,350	38,022,721	27,704,293
Provision for loss on tax assessments (reversal)	(16,407,143)	85,323,961	(16,407,143)	85,323,961
Gain on sales/redemption of short-term investments	(11,599,669)	(33,802,404)	-	-
Revaluation loss (gain) on investments in securities held for trading	352,936	(4,557,544)	-	-
Unrealised loss (gain) on exchange	17,691,342	(3,030,141)	15,172,704	(4,252,457)
Unrealised loss on forward contracts	57,902,147	117,452,036	-	-
Interest income from short-term investments	(140,285,647)	(111,925,264)	-	-
Interest expenses	408,114	1,420,630	-	755,890
Profit from operating activities before changes in operating assets and liabilities	4,883,286,296	3,577,584,061	1,556,694,104	1,314,229,886

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2014

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u> (Restated)	<u>2014</u>	<u>2013</u> (Restated)
Operating assets (increase) decrease				
Trade and other receivables	(174,094,127)	(369,691,411)	(26,957,105)	(115,539,100)
Insurance claim receivable	11,963,350	(11,963,350)	-	-
Inventories	(111,281,050)	(226,801,137)	22,523,554	(336,709,057)
Other current assets	24,242,965	20,898,043	16,853,782	(3,716,563)
Other non-current assets	(3,674)	(53,679)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(36,591,582)	431,383,386	83,648,887	588,557,085
Other current liabilities	<u>(111,098,388)</u>	<u>83,614,150</u>	<u>(34,051,019)</u>	<u>68,678,035</u>
Cash from operating activities	4,486,423,790	3,504,970,063	1,618,712,203	1,515,500,286
Cash paid for long-term employee benefits	(521,227)	(7,836,852)	-	(1,872,408)
Cash paid for redemption of swap contract	-	(195,077)	-	-
Cash paid for tax assessments	(67,004,750)	(152,377,732)	(67,004,750)	(152,377,732)
Cash paid for corporate income tax	(234,738,869)	(107,566,688)	(26,232,669)	(24,598,541)
Interest paid	-	<u>(756,266)</u>	-	<u>(755,890)</u>
Net cash from operating activities	<u>4,184,158,944</u>	<u>3,236,237,448</u>	<u>1,525,474,784</u>	<u>1,335,895,715</u>
Cash flows from investing activities				
Increase in fixed deposit with financial institution	-330,689,904	-	-	-
Increase in short-term investments	(664,046,354)	(607,875,913)	-	-
Interest income from short-term investments	141,071,227	104,919,131	-	-
Proceeds from sales/redemption of short-term investments	376,976,197	400,150,608	-	-
Increase in investment in subsidiary company	-	-	-	(155,947,500)
Dividend income from subsidiary companies	-	-	1,030,000,000	1,190,000,000
Dividend income from other company	42,750	42,750	42,750	42,750
Acquisitions of property, plant and equipment and other intangible assets	(813,343,347)	(1,427,262,613)	(531,163,964)	(936,054,165)
Proceeds from disposals of equipment	25,281,119	60,086,649	7,506,829	298,407
Cash paid for land leasehold rights	-	(153,418,018)	-	-
Decrease (increase) in other non-current assets	<u>(2,876,670)</u>	<u>17,448,206</u>	<u>1,030,928</u>	<u>(1,030,928)</u>
Net cash from (used in) investing activities	<u>(1,267,584,982)</u>	<u>(1,605,909,200)</u>	<u>507,416,543</u>	<u>97,308,564</u>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2014

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u> (Restated)	<u>2014</u>	<u>2013</u> (Restated)
Cash flows from financing activities				
Decrease in short-term loans from financial institution	(15,946,294)	(8,489,177)	-	-
Cash paid for interest expenses	(408,114)	(664,364)	-	-
Dividend paid	<u>(1,609,757,720)</u>	<u>(1,207,318,290)</u>	<u>(1,609,757,720)</u>	<u>(1,207,318,290)</u>
Net cash used in financing activities	<u>(1,626,112,128)</u>	<u>(1,216,471,831)</u>	<u>(1,609,757,720)</u>	<u>(1,207,318,290)</u>
Increase in cash and cash equivalents	1,290,461,834	413,856,417	423,133,607	225,885,989
Translation adjustment	<u>(8,938,557)</u>	<u>660,661,919</u>	-	-
Net increase in cash and cash equivalents	1,281,523,277	1,074,518,336	423,133,607	225,885,989
Cash and cash equivalents at beginning of year	<u>4,185,699,240</u>	<u>3,111,180,904</u>	<u>320,031,555</u>	<u>94,145,566</u>
Cash and cash equivalents at end of year (Note 7)	<u>5,467,222,517</u>	<u>4,185,699,240</u>	<u>743,165,162</u>	<u>320,031,555</u>
	-	-	-	-
Supplemental cash flow information				
Non-cash related transactions from investing activities				
Net increase (decrease) in accounts payable for purchase of plant and equipment	53,250,390	(109,389,855)	36,755,805	9,470,848
Revaluation gain (loss) from changes in fair value of investments in available-for-sale securities	40,652,171	(91,864,993)	-	-
Translation adjustment for deferred tax assets	263,727	(878,326)	-	-

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2014

(Unit: Baht)

		Consolidated financial statements									
		Other components of shareholders' equity									
		Other comprehensive income									
		Surplus (deficit)									
		Issued and		Retained earnings		on changes in		Exchange differences		Total other	
		paid up		Appropriated -		value of		on translation of		components of	
		Share		Statutory reserve		available-for-sale		in foreign currency		shareholders'	
		premium		Unappropriated		investments		equity		Total	
Note	share capital	share premium	Statutory reserve	Unappropriated	investments	in foreign currency	equity	equity			
	Balance as at 31 December 2012	804,878,860	1,723,218,982	352,497,188	12,194,643,511	210,082,418	(390,798,925)	(180,716,507)	14,894,522,034		
	Profit for the year (restated)	-	-	-	2,300,917,700	-	-	-	2,300,917,700		
	Other comprehensive income for the year (restated)	-	-	-	36,280,860	(91,864,993)	661,540,245	569,675,252	605,956,112		
	Total comprehensive income for the year	-	-	-	2,337,198,560	(91,864,993)	661,540,245	569,675,252	2,906,873,812		
	Dividend paid	29	-	-	(1,207,318,290)	-	-	-	(1,207,318,290)		
	Unappropriated retained earnings transferred to statutory reserve	-	-	23,422,214	(23,422,214)	-	-	-	-		
	Balance as at 31 December 2013	<u>804,878,860</u>	<u>1,723,218,982</u>	<u>375,919,402</u>	<u>13,301,101,567</u>	<u>118,217,425</u>	<u>270,741,320</u>	<u>388,958,745</u>	<u>16,594,077,556</u>		
	Balance as at 31 December 2013	804,878,860	1,723,218,982	375,919,402	13,301,101,567	118,217,425	270,741,320	388,958,745	16,594,077,556		
	Profit for the year	-	-	-	3,405,495,686	-	-	-	3,405,495,686		
	Other comprehensive income for the year	-	-	-	(57,653,830)	40,652,171	(9,202,284)	31,449,887	(26,203,943)		
	Total comprehensive income for the year	-	-	-	3,347,841,856	40,652,171	(9,202,284)	31,449,887	3,379,291,743		
	Dividend paid	29	-	-	(1,609,757,720)	-	-	-	(1,609,757,720)		
	Unappropriated retained earnings transferred to statutory reserve	-	-	10,352,812	(10,352,812)	-	-	-	-		
	Balance as at 31 December 2014	<u>804,878,860</u>	<u>1,723,218,982</u>	<u>386,272,214</u>	<u>15,028,832,891</u>	<u>158,869,596</u>	<u>261,539,036</u>	<u>420,408,632</u>	<u>18,363,611,579</u>		

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2014

(Unit: Baht)

Separate financial statements					
	Issued and paid up share capital	Share premium	Retained earnings		Total shareholders' equity
<u>Note</u>			Appropriated Statutory reserve	Unappropriated	
Balance as at 31 December 2012	804,878,860	1,723,218,982	100,000,000	3,643,038,630	6,271,136,472
Profit for the year (restated)	-	-	-	2,103,878,918	2,103,878,918
Other comprehensive income for the year (restated)	-	-	-	2,560,125	2,560,125
Total comprehensive income for the year	-	-	-	2,106,439,043	2,106,439,043
Dividend paid	-	-	-	(1,207,318,290)	(1,207,318,290)
Balance as at 31 December 2013	<u>804,878,860</u>	<u>1,723,218,982</u>	<u>100,000,000</u>	<u>4,542,159,383</u>	<u>7,170,257,225</u>
Balance as at 31 December 2013	804,878,860	1,723,218,982	100,000,000	4,542,159,383	7,170,257,225
Profit for the year	-	-	-	2,294,662,503	2,294,662,503
Other comprehensive income for the year	-	-	-	(30,559,546)	(30,559,546)
Total comprehensive income for the year	-	-	-	2,264,102,957	2,264,102,957
Dividend paid	-	-	-	(1,609,757,720)	(1,609,757,720)
Balance as at 31 December 2014	<u>804,878,860</u>	<u>1,723,218,982</u>	<u>100,000,000</u>	<u>5,196,504,620</u>	<u>7,824,602,462</u>

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

Hana Microelectronics Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2014

1. General 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 10/4 Moo 3, Vibhavadi - Rangsit Road, Kwang Talad Bangkhen, Khet Laksi, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Hana Microelectronics Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2014</u> Percent	<u>2013</u> Percent
<u>Held by the Company</u>				
Hana Semiconductor (BKK) Company Limited	Holding company	Thailand	100	100
Omac Sales Limited	Purchasing of electronic components and equipment	Hong Kong	100	100
Hana Microelectronics International Company Limited	Holding company	British Virgin Islands	100	100
Hana Microelectronics Investments Company Limited	Holding company	British Virgin Islands	100	100
Hana Technologies Group Limited	Holding company	Cayman Islands	100	100
Hana Microelectronics (Cambodia) Company Limited	Manufacture and trading of electronic components	Cambodia	100	100
Hana Semiconductor (Ayuthaya) Company Limited	Manufacture and trading of electronic components	Thailand	58	58
<u>Held through the subsidiary companies</u>				
Hana Semiconductor International Limited	Trading of electronic components	British Virgin Islands	100	100
Hana Semiconductor Holdings Limited	Holding company	British Virgin Islands	100	100
Hana Technologies Investments Limited	Holding company	Cayman Islands	100	100
Hana Microdisplay Technologies, Inc.	Manufacture and trading of electronic components	USA	100	100
Hana Microelectronics, Inc.	Agent and customer services	USA	100	100
Hana Microelectronics Enterprises Company Limited	Holding company	British Virgin Islands	100	100
Hana Macao Commercial Offshore Limited	Customer services	Macao	100	100
Hana Microelectronics (Jiaxing) Company Limited	Manufacture and trading of electronic components	China	100	100
Hana Semiconductor (Ayuthaya) Company Limited	Manufacture and trading of electronic components	Thailand	42	42

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated into Thai Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

a. Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting

TAS 36 (revised 2012) Impairment of Assets

TAS 38 (revised 2012) Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012) Share-based Payment

TFRS 3 (revised 2012) Business Combinations

TFRS 5 (revised 2012) Non-current Assets Held for Sale and Discontinued
Operations

TFRS 8 (revised 2012) Operating Segments

Accounting Standard Interpretations:

TSIC 15 Operating Leases - Incentives

TSIC 27 Evaluating the Substance of Transactions Involving the
Legal Form of a Lease

TSIC 29 Service Concession Arrangements: Disclosures

TSIC 32 Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1 Changes in Existing Decommissioning, Restoration and
Similar Liabilities

TFRIC 4 Determining whether an Arrangement contains a Lease

TFRIC 5 Rights to Interests arising from Decommissioning,
Restoration and Environmental Rehabilitation Funds

TFRIC 7 Applying the Restatement Approach under TAS 29
Financial Reporting in Hyperinflationary Economies

TFRIC 10 Interim Financial Reporting and Impairment

TFRIC 12 Service Concession Arrangements

TFRIC 13 Customer Loyalty Programmes

TFRIC 17 Distributions of Non-cash Assets to Owners

TFRIC 18 Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

b. Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that 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 accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed 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 existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

The Company and its subsidiaries have changed this accounting policy in this current year and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised actuarial gains and losses in other comprehensive income. The cumulative effect of this change in the accounting policy has been presented in Note 4 to the financial statements.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in *TAS 27 Consolidated and Separate 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 the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that the standards will not have any significant impact on the Company 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 to 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 measurements. 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 effect of the change from the adoption of this standard is to be recognised prospectively.

At present, the management of the Company and its subsidiaries is evaluating the impact to the financial statements in the year when this standard is adopted.

4. Cumulative effect of changes in accounting policy due to the adoption of new financial reporting standard

During the current year, the Company and its subsidiaries made the changes described in Note 3 to the financial statements to its accounting policies, as a result of the adoption of TAS 19 (revised 2014) Employee Benefits. There is no impact to provision for long-term employee benefit liabilities and retained earnings in the financial statements.

The amounts of adjustments affecting the income statements and the statements of comprehensive income are summarised below.

	(Unit: Thousand Baht)			
	For the year ended 31 December 2014		For the year ended 31 December 2013	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Income statements				
Increase (decrease) in cost of sales	(31,010)	(16,738)	17,561	6,312
Increase (decrease) in administrative expenses	(27,110)	(14,288)	18,762	(3,709)
Increase (decrease) in income tax expenses	466	466	(42)	(42)
Increase (decrease) in profit for the year	57,654	30,560	(36,281)	(2,560)
Increase (decrease) in basic earnings per share (Baht)	0.072	0.038	(0.045)	(0.003)
Statements of comprehensive income:				
Increase (decrease) in actuarial gains and losses, net of income tax	(57,654)	(30,560)	36,281	2,560

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

Rental income

Rental income is recognised on an accrual basis.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

5.4 Inventories

Raw materials, work in process, and finished goods are valued at the lower of cost (under weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost. Cost of finished goods and work in process include direct materials, direct labour, and factory overheads.

Allowance for diminution in inventory value is set up for obsolete, slow-moving or deteriorated inventories.

5.5 Investments

- a) Investments in securities held for trading of a subsidiary are stated at fair value. Changes in fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities of a subsidiary are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when securities are sold.
- c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchanges in which the securities are issued. The fair value of debt instruments is determined based on yield rate quoted by the overseas banks.

The weighted average method is used for computation of the cost of investments.

In the event the Company and its subsidiaries reclassify investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The differences between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment which is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as income or expenses in profit or loss.

5.6 Property, plant and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Leasehold improvements	-	period of lease
Buildings	-	20 years
Installation	-	10 years
Other assets	-	3 - 15 years

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and machinery under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.7 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The useful lives of the intangible assets is 5 - 10 years.

5.8 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

5.9 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.10 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

5.11 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company, the subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed to by the employees, the Company and the subsidiaries. The fund's assets are held in a separate trust fund and the Company and the subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Provision for vacation

The Company and its subsidiaries have set up provision for vacation which is calculated in accordance with the Company's policy and formula, taking into consideration the employee's salary, the number of service years and the unused vacation days.

5.12 Provisions

Provisions are recognised when the Company and the subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

In addition, its subsidiaries also record provision for product warranty, which is estimated by reference to obligation for product warranty under manufacturing contract.

5.13 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.14 Derivatives

The Company and its subsidiaries have no policy to speculate in or engage in the trading of any financial derivative instruments, other than for managing the foreign currency risk. The subsidiaries have entered into forward exchange contracts to mitigate such exposure.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value, which is determined by reliable financial institutions. Gains on losses arising from changes in the fair value of the contracts are recognised in profit or loss.

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

6.1 Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

6.2 Allowance for diminution in inventory value

In determining an allowance for diminution in inventory value, the management needs to make judgement in estimating loss from obsolescence and slow moving, and the reduction of net realisable value of inventories.

6.3 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

6.4 Impairment of equity investments

The Company and its subsidiaries treat available-for-sale equity investments and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

6.5 Property plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

6.6 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

6.7 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6.8 Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and recorded such contingent liabilities as at the end of reporting period.

7. Cash and cash equivalents

Cash and cash equivalents as at 31 December 2014 and 2013 as reflected in the statements of financial position and cash flows consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash	1,006	697	163	160
Bank deposits	2,279,399	2,820,647	243,002	319,872
Fixed deposits with maturity not over 3 months	<u>3,186,818</u>	<u>1,364,355</u>	<u>500,000</u>	<u>-</u>
Cash and cash equivalents	<u>5,467,223</u>	<u>4,185,699</u>	<u>743,165</u>	<u>320,032</u>

As at 31 December 2014, bank deposits in savings accounts and fixed deposits carried interests between 0.001 and 2.860 percent per annum (2013: 0.001 and 2.860 percent per annum).

8. Related party transactions

During the years, the Company had significant business transactions with 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		Transfer pricing policy
	financial statements		
	<u>2014</u>	<u>2013</u>	
<u>Transactions with subsidiary companies</u>			
(eliminated from the consolidated financial statements)			
Sales of goods	22	7	Prices agreed between the parties due to the uniqueness of products sold to each customer
Dividend income	1,030	1,190	Declared rate
Rental income	-	3	Contract price
Purchase of materials	205	209	Cost plus mark up
Purchase of fixed assets	14	24	Cost plus mark up
Service fee expenses	2	3	Rates stipulated in the agreement

As at 31 December 2014 and 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	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade and other receivables (Note 10)				
Trade receivables - related parties				
Subsidiary companies	-	-	23,006	5,695
Total trade receivables - related parties	-	-	23,006	5,695
Other receivables - related parties				
Subsidiary companies	-	-	26	91
Related company (by way of common directors)	32	32	-	-
Total other receivables - related parties	32	32	26	91
Total trade and other receivables	32	32	23,032	5,786

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Trade and other payables (Note 18)				
Trade payables - related parties				
Subsidiary companies	-	-	528,174	387,092
Total trade payables - related parties	-	-	528,174	387,092
Other payables - related party				
Subsidiary company	-	-	-	601
Total other payables - related party	-	-	-	601
Total trade and other payables	-	-	528,174	387,693

Directors and management's benefits

During the years ended 31 December 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Short-term employee benefits	77	75	13	14
Post-employment benefits	1	2	1	1
Total	78	77	14	15

9. Short-term Investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2014		31 December 2013	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Securities held for trading (Note 9.1)				
Overseas marketable equity securities	98,889	111,298	98,441	110,899
Unsecured subordinated notes	25,543	26,846	27,710	29,317
Total	124,432	138,144	126,151	140,216
Add: Gain on changes in fair value of investments	13,712	-	14,065	-
Investments in securities held for trading	138,144	138,144	140,216	140,216
Available-for-sale securities (Note 9.2)				
Overseas marketable corporate bonds	1,536,812	1,651,313	1,452,805	1,527,480
Local quoted bonds	32,966	33,749	32,817	30,833
Overseas quoted bonds	989,860	1,033,445	780,256	825,782
Total	2,559,638	2,718,507	2,265,878	2,384,095
Add: Revaluation surplus on changes in fair value of investments	158,869	-	118,217	-
Investments in available-for-sale securities	2,718,507	2,718,507	2,384,095	2,384,095
Fixed deposit with financial institution				
Fixed deposit within 1 year	6,629	6,629	-	-
Investment in fixed deposit with financial institution	6,629	6,629	-	-
Total short-term investments	2,863,280	2,863,280	2,524,311	2,524,311

9.1 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 December 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 decreased by USD 0.01 million or equivalent to approximately Baht 0.35 million (2013: increased by USD 0.12 million or equivalent to approximately Baht 4.56 million). The changes in the fair value of these investments were recognised in the income statement.

9.2 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 local and overseas quoted bonds through the three overseas banks. These investments are classified as available-for-sale investments. During the current year, the subsidiary additionally invested in the overseas listed corporate bonds and the overseas quoted bonds, disposed and redeemed some of the corporate bonds and overseas quoted bonds, resulting in net gain of USD 0.36 million or equivalent to approximately Baht 11.60 million (2013: net gain of USD 1.10 million or equivalent to approximately Baht 33.80 million).

As at 31 December 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 4.82 million or equivalent to approximately Baht 158.87 million (2013: USD 3.60 million or equivalent to approximately Baht 118.22 million). The subsidiary recognised gain on change in fair value of such bonds approximately Baht 40.65 million as shown as a separate item in the statement of comprehensive income (2013: recognised loss on change in fair value of such bonds Baht 91.86 million).

10. Trade and other receivables

<u>Age of receivable</u>	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade receivables - subsidiary companies				
Not yet due	-	-	1,139	-
Past due				
Up to 3 months	-	-	5,876	1,029
3 - 6 months	-	-	10,940	1,934
6 - 12 months	-	-	1,983	29
Over 12 months	-	-	3,068	2,703
Total trade receivables - subsidiary companies (Note 8)	-	-	23,006	5,695
Trade receivables - unrelated parties				
Not yet due	2,472,117	2,410,361	1,121,790	1,140,571
Past due				
Up to 3 months	724,722	722,243	288,383	296,123
3 - 6 months	24,772	13,813	5,513	247
6 - 12 months	7,732	1,222	420	-
Over 12 months	2,024	3,150	4	4
Total trade receivables - unrelated parties	3,231,367	3,150,789	1,416,110	1,436,945
Less: Allowance for doubtful accounts	(24,410)	(4,269)	-	-
Total trade receivables - unrelated parties - net	3,206,957	3,146,520	1,416,110	1,436,945
Total trade receivables - net	3,206,957	3,146,520	1,439,116	1,442,640
Other receivables - related parties (Note 8)	32	32	26	91
Other receivables - unrelated parties	147,091	94,617	1,912	4,492
Total other receivables	147,123	94,649	1,938	4,583
Trade and other receivables - net	3,354,080	3,241,169	1,441,054	1,447,223

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Finished goods	956,384	1,068,092	(147,767)	(185,006)	808,617	883,086
Work in process	386,520	248,267	-	-	386,520	248,267
Raw materials	2,089,791	2,115,495	(108,454)	(116,867)	1,981,337	1,998,628
Goods in transit	152,440	42,000	-	-	152,440	42,000
Total	3,585,135	3,473,854	(256,221)	(301,873)	3,328,914	3,171,981

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Finished goods	342,158	551,050	(147,755)	(184,995)	194,403	366,055
Work in process	233,655	123,399	-	-	233,655	123,399
Raw materials	893,794	847,654	(79,517)	(82,065)	814,277	765,589
Goods in transit	43,790	13,817	-	-	43,790	13,817
Total	1,513,397	1,535,920	(227,272)	(267,060)	1,286,125	1,268,860

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 199 million (2013: Baht 333 million) (The Company only: Baht 153 million (2013: Baht 200 million)), to reflect the net realisable value. This was included in cost of sales. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 245 million (2013: Baht 430 million) (The Company only: Baht 193 million (2013: Baht 217 million)), and reduced the amount of inventories recognised as expenses during the year.

12. Investments in subsidiary companies

(Unit: Thousand Baht)

Company's name	Separate financial statements						Dividend received for the years ended 31 December	
	Paid up capital		Shareholding percentage		Cost		2014	2013
	2014	2013	2014 Percent	2013 Percent	2014	2013	2014	2013
Hana Semiconductor (Ayuthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910	630,000	665,000
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100	400,000	525,000
Omac Sales Limited	325	325	100	100	273,492	273,492	-	-
Hana Microelectronics (Cambodia) Company Limited	155,947	155,947	100	100	155,947	155,947	-	-
Hana Microelectronics International Company Limited	-	-	100	100	-	-	-	-
Hana Microelectronics Investment Company Limited	-	-	100	100	-	-	-	-
Hana Technologies Group Limited	-	-	100	100	-	-	-	-
Total investments in subsidiary companies					<u>3,583,449</u>	<u>3,583,449</u>	<u>1,030,000</u>	<u>1,190,000</u>

On 14 May 2013, the Board of Directors of the Company No. 2/2013 passed a resolution approving the incorporation of a subsidiary company under the laws of the Kingdom of Cambodia, Hana Microelectronics (Cambodia) Company Limited with registered capital of USD 5 million. Hana Microelectronics (Cambodia) Company Limited was registered as a company on 2 September 2013.

During the year 2013, the Company paid in 100 percent of Hana Microelectronics (Cambodia) Company Limited's registered share capital, amounting to USD 5 million or equivalent to approximately Baht 156 million.

13. 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 31 December 2014, the investment in fixed deposit was approximately Baht 330.7 million.

14. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Land	Buildings	Leasehold improvement	Installation	Machinery and equipment	Office furniture and equipment	Vehicles	Construction in progress and machinery under installation	Total
Cost									
As at 1 January 2013	354,234	2,224,681	169,786	747,164	11,217,581	570,875	43,714	213,964	15,541,999
Additions	-	132	-	13,066	177,675	12,236	6,233	923,803	1,133,145
Disposals	-	(22)	-	(1,519)	(296,646)	(19,553)	(2,519)	-	(320,259)
Transfer in (out)	-	100	-	12,194	226,892	6,321	3,600	(249,107)	-
Translation adjustment	-	61,108	7,179	-	253,334	5,965	1,830	2,690	332,106
As at 31 December 2013	354,234	2,285,999	176,965	770,905	11,578,836	575,844	52,858	891,350	16,686,991
Additions	-	1,699	2,053	22,343	138,138	20,500	39	724,554	909,326
Disposals	-	-	(90,470)	(51,195)	(366,412)	(88,321)	(9,614)	-	(606,012)
Transfer in (out)	2,014	229,158	2,396	3,846	297,999	21,156	2,080	(558,649)	-
Translation adjustment	-	(12,874)	(980)	-	(49,927)	(1,038)	(434)	257	(64,996)
As at 31 December 2014	356,248	2,503,982	89,964	745,899	11,598,634	528,141	44,929	1,057,512	16,925,309
Accumulated depreciation									
As at 1 January 2013	-	825,009	123,310	491,306	6,930,458	429,799	28,555	-	8,828,437
Depreciation for the year	-	112,249	11,973	51,221	954,729	48,631	5,669	-	1,184,472
Accumulated depreciation for disposed assets	-	-	-	(1,519)	(242,384)	(18,074)	(1,664)	-	(263,641)
Translation adjustment	-	21,359	3,463	-	116,974	4,418	1,270	-	147,484
As at 31 December 2013	-	958,617	138,746	541,008	7,759,777	464,774	33,830	-	9,896,752
Depreciation for the year	-	116,358	13,112	47,872	892,036	46,733	5,545	-	1,121,656
Accumulated depreciation for disposed assets	-	-	(90,344)	(42,971)	(326,744)	(82,680)	(8,142)	-	(550,881)
Translation adjustment	-	(4,617)	(220)	-	(21,331)	(714)	(317)	-	(27,199)
As at 31 December 2014	-	1,070,358	61,294	545,909	8,303,738	428,113	30,916	-	10,440,328
Allowance for impairment loss									
As at 1 January 2013	-	-	-	4,010	85,088	2,763	-	-	91,861
Increase during the year	-	-	125	4,977	-	582	-	-	5,684
Decrease during the year	-	-	-	-	(1,862)	-	-	-	(1,862)
Translation adjustment	-	-	-	-	3,097	-	-	-	3,097
As at 31 December 2013	-	-	125	8,987	86,323	3,345	-	-	98,780
Decrease during the year	-	-	(125)	(8,224)	(7,838)	(3,328)	-	-	(19,515)
Translation adjustment	-	-	-	-	212	-	-	-	212
As at 31 December 2014	-	-	-	763	78,697	17	-	-	79,477
Net book value									
As at 31 December 2013	354,234	1,327,382	38,094	220,910	3,732,736	107,725	19,028	891,350	6,691,459
As at 31 December 2014	356,248	1,433,624	28,670	199,227	3,216,199	100,011	14,013	1,057,512	6,405,504
Depreciation for the year									
									1,184,472
									1,121,656

2013 (Baht 1,091 million included in manufacturing cost, and the balance in administrative expenses)

2014 (Baht 980 million included in manufacturing cost, and the balance in administrative expenses)

(Unit: Thousand Baht)

Separate financial statements

	Land	Buildings	Leasehold improvement	Installation	Machinery and equipment	Office furniture and equipment	Vehicles	Construction in progress and machinery under installation	Total
Cost									
As at 1 January 2013	247,851	909,514	85,641	219,813	2,311,861	134,178	13,775	77,526	4,000,159
Additions	-	132	-	8,484	30,791	7,149	-	897,610	944,166
Disposals	-	-	-	-	(14,335)	(1,013)	(1,093)	-	(16,441)
Transfer in (out)	-	100	-	8,873	138,931	953	3,600	(152,457)	-
As at 31 December 2013	247,851	909,746	85,641	237,170	2,467,248	141,267	16,282	822,679	4,927,884
Additions	-	1,698	-	18,921	44,823	11,191	-	484,669	561,302
Disposals	-	-	(85,641)	(176)	(84,073)	(530)	-	-	(170,420)
Transfer in (out)	2,014	164,263	-	1,522	181,388	16,371	-	(365,558)	-
As at 31 December 2014	249,865	1,075,707	-	257,437	2,609,386	168,299	16,282	941,790	5,318,766
Accumulated depreciation									
As at 1 January 2013	-	359,229	85,641	106,168	1,622,557	105,798	11,653	-	2,291,046
Depreciation for the year	-	45,486	-	18,789	204,985	10,164	1,395	-	280,819
Accumulated depreciation for disposed assets	-	-	-	-	(13,548)	(483)	(1,093)	-	(15,124)
As at 31 December 2013	-	404,715	85,641	124,957	1,813,994	115,479	11,955	-	2,556,741
Depreciation for the year	-	48,204	-	19,857	188,981	13,206	1,321	-	271,569
Accumulated depreciation for disposed assets	-	-	(85,641)	(176)	(73,847)	(522)	-	-	(160,186)
As at 31 December 2014	-	452,919	-	144,638	1,929,128	128,163	13,276	-	2,668,124
Allowance for impairment loss									
As at 1 January 2013	-	-	-	613	7,235	-	-	-	7,848
As at 31 December 2013	-	-	-	613	7,235	-	-	-	7,848
Reversal allowance for impairment during period	-	-	-	-	(2,890)	-	-	-	(2,890)
As at 31 December 2014	-	-	-	613	4,345	-	-	-	4,958
Net book value									
As at 31 December 2013	247,851	505,031	-	111,600	646,019	25,788	4,327	822,679	2,363,295
As at 31 December 2014	249,865	622,788	-	112,186	675,913	40,136	3,006	941,790	2,645,684
Depreciation for the year									
201 (Baht 205 million included in manufacturing cost, and the balance in administrative expenses)									280,819
2014 (Baht 189 million included in manufacturing cost, and the balance in administrative expenses)									271,569

As at 31 December 2014, certain property and equipment items have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation and allowance for impairment loss, of those assets amounted to approximately Baht 6,113 million (2013: Baht 5,625 million) and for the Company amounted to approximately Baht 1,594 million (2013: Baht 1,391 million).

15. 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 year ended 31 December 2014 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 31 December 2013	153,418
Translation adjustment	(12,777)
Net book value as at 31 December 2014	<u>140,641</u>

16. Intangible assets

Details of intangible assets which are computer software are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
As at 1 January 2013	48,324	7,418
Additions	3,948	1,202
Translation adjustment	1,351	-
As at 31 December 2013	53,623	8,620
Additions	11,000	9,508
Disposals	(10,866)	-
Translation adjustment	(298)	-
As at 31 December 2014	53,459	18,128
Accumulated amortisation		
As at 1 January 2013	32,367	3,330
Amortisation for the year	3,918	706
Translation adjustment	1,109	-
As at 31 December 2013	37,394	4,036
Amortisation for the year	3,424	1,430
Accumulated amortisation for disposed assets	(6,800)	-
Translation adjustment	(244)	-
As at 31 December 2014	33,774	5,466
Allowance for impairment		
As at 1 January 2013	-	-
Increase during the year	4,066	-
As at 31 December 2013	4,066	-
Decrease during the year	(4,066)	-
As at 31 December 2014	-	-
Net book value		
As at 31 December 2013	12,163	4,584
As at 31 December 2014	19,685	12,662
Amortisation for the year		
2013	3,918	706
2014	3,424	1,430

17. Short-term loan from financial institution

The balances of short-term loan from financial institution of an overseas subsidiary as at 31 December 2013 is shown below.

	2013
	Million AUD
Principal loan balance	0.55
Interest rate (percent per annum)	3.03 - 3.64

18. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade payables - subsidiary companies (Note 8)	-	-	528,174	387,092
Trade payables - unrelated parties	1,934,247	2,015,112	890,011	958,523
Advance received from customers	188,085	154,542	26,593	24,654
Other payables for purchase of machinery	135,562	82,312	69,050	32,294
Other payable - related party (Note 8)	-	-	-	601
Accrued expenses	219,999	232,893	28,141	36,027
Total trade and other payables	<u>2,477,893</u>	<u>2,484,859</u>	<u>1,541,969</u>	<u>1,439,191</u>

19. Short-term provisions

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Loss on tax	Product warranty	Total
	<u>assessments</u>	<u>Product warranty</u>	<u>Total</u>
As at 1 January 2013	214,576	233,774	448,350
Increase during the year	83,412	38,039	121,451
Decrease from actual paid	(125,388)	-	(125,388)
Reversal of provision	(25,078)	-	(25,078)
As at 31 December 2013	147,522	271,813	419,335
Increase during the year	-	24,211	24,211
Decrease from actual paid	(67,005)	-	(67,005)
Reversal of provision	(16,407)	-	(16,407)
As at 31 December 2014	<u>64,110</u>	<u>296,024</u>	<u>360,134</u>

(Unit: Thousand Baht)

	Separate financial statements	
	Loss on tax assessments	Total
As at 1 January 2013	214,576	214,576
Increase during the year	83,412	83,412
Decrease from actual paid	(125,388)	(125,388)
Reversal of provision	(25,078)	(25,078)
As at 31 December 2013	147,522	147,522
Decrease from actual paid	(67,005)	(67,005)
Reversal of provision	(16,407)	(16,407)
As at 31 December 2014	64,110	64,110

Provision for loss on tax assessment

The Company has recorded provision for loss on tax assessment, as described in Note 30.5.

Provision for product warranty

The subsidiaries record provision for product warranty, which is estimated by reference to obligation for product warranty under manufacturing contract.

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensations payable to employees after they retire from the Company, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
Defined benefit obligation at beginning of year	385,799	376,361	190,303	167,074
Current service cost	57,902	40,049	30,839	21,215
Interest cost	14,562	13,549	7,184	6,489
Benefits paid during the year	(521)	(7,837)	-	(1,872)
Actuarial (gains) losses	58,120	(36,323)	31,026	(2,603)
Defined benefit obligation at end of year	515,862	385,799	259,352	190,303

Long-term employee benefit expenses included in the profit or loss consist of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current service cost	57,902	40,049	30,839	21,215
Interest cost	14,562	13,549	7,184	6,489
Total expense recognised in profit or loss	72,464	53,598	38,023	27,704
Line items in profit or loss under which such expenses are included				
Cost of sales	28,443	17,252	15,815	9,626
Selling and administrative expenses	44,021	36,346	22,208	18,078

As at 31 December 2014, cumulative actuarial losses, which were recognised in other comprehensive income of the Company and its subsidiaries, amounted to Baht 37 million (2013: gains of Baht 20 million) (The Company only: losses of Baht 43 million and 2013: losses of Baht 13 million).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.2%	4.3%	3.2%	4.3%
Future salary increase rate (depending on age)	5.0% - 5.1%	4.0% - 5.3%	5.0% - 5.1%	4.0% - 5.3%
Staff turnover rate	7.0% - 25.1%	4.9% - 26.3%	7.0% - 25.1%	4.9% - 26.3%

The amounts of defined benefit obligations and experience adjustments for the current year and the past four years are as follows:

	(Unit: Thousand Baht)			
	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2014	515,862	259,352	(40,466)	(18,682)
Year 2013	385,799	190,303	(51,992)	(11,731)
Year 2012	376,361	167,074	(32,439)	(14,656)
Year 2011	352,900	154,851	(41,632)	(8,498)
Year 2010	271,128	109,944	-	-

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

22. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Raw materials and consumables used	13,414,992	11,077,074	6,778,974	5,274,999
Changes in inventories of finished goods and work in process	(63,784)	(157,123)	61,396	(200,311)
Salaries and wages and other employee benefits	3,120,448	2,998,548	1,229,335	1,172,970
Management benefit expenses	78,380	76,834	13,802	14,544
Depreciation and amortisation expenses	1,125,080	1,188,390	272,999	281,526
Loss from tax assessments	-	110,402	-	110,402
Loss on exchange	-	60,329	-	-

23. Income tax

Income tax expenses for the years ended 31 December 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:				
Current income tax charge	363,652	64,728	24,557	27,866
Adjustment in respect of income tax of previous year	135	350	135	350
Deferred tax:				
Relating to origination and reversal of temporary differences	2,981	(3,122)	389	(3,431)
Income tax expense reported in the statement of income	<u>366,768</u>	<u>61,956</u>	<u>25,081</u>	<u>24,785</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u> (Restated)	<u>2014</u>	<u>2013</u> (Restated)
Deferred tax relating to (gain) loss on actuarial gains and losses	(466)	42	(466)	42
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	264	(878)	-	-
	<u>(202)</u>	<u>(836)</u>	<u>(466)</u>	<u>42</u>

The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Accounting profit before tax	<u>3,772,264</u>	<u>2,362,874</u>	<u>2,319,743</u>	<u>2,128,664</u>
Applicable tax rate	0 - 34%	0 - 34%	20%	20%
Accounting profit before tax multiplied by income tax rate	684,428	440,534	463,949	425,733
Adjustment in respect of income tax of previous year	135	350	135	350
Effects of:				
Promotional privileges (Note 26)	(326,768)	(202,047)	(236,130)	(177,601)
Dividend income not subject to tax	(9)	(9)	(206,009)	(238,009)
Income not subject to tax	(3,282)	(193,339)	(3,281)	(5,016)
Unused temporary differences and tax losses	6,329	5,534	-	-
Utilised tax losses carry forward	(1,688)	(1,583)	-	-
Non-deductible expenses	7,636	23,912	233	22,248
Additional expense deductions allowed	(7,634)	(8,263)	(416)	(983)
Others	7,621	(3,133)	6,600	(1,937)
Total	<u>(317,795)</u>	<u>(378,928)</u>	<u>(439,003)</u>	<u>(401,298)</u>
Income tax expenses reported in the statement of income	<u>366,768</u>	<u>61,956</u>	<u>25,081</u>	<u>24,785</u>

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
31 December	31 December	31 December	31 December	
	2014	2013	2014	2013
Deferred tax assets				
Allowance for diminution in value of inventories	3,416	4,359	3,416	4,359
Allowance for asset impairment	74	128	74	128
Provision for long-term employee benefits	3,898	3,105	3,898	3,105
Provision for vacation	173	187	173	187
Accrued expenses	7,998	10,854	-	-
Consignment inventory	586	291	586	291
Total	16,145	18,924	8,147	8,070

24. Insurance claim 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 second quarter and third quarter of 2012, the subsidiary received the compensation payments on its business interruption losses of Baht 204 million and Baht 196 million, respectively, 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 a current asset in the statement of financial position as at 31 December 2013. The subsidiary recognised the insurance compensation income totaling Baht 942 million in the income statement for the year ended 31 December 2013.

In addition, during the first quarter and second quarter of 2014, the subsidiary received the remaining compensation payments on its business interruption losses amounting to Baht 1,269 million and Baht 81 million, respectively. The subsidiary recognised the insurance compensation income on its business interruption losses totaling Baht 1,350 million in the income statement for the year ended 31 December 2014.

25. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

26. Promotional privileges

The Company and its subsidiaries have received promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment. Subject to certain imposed conditions, significant privileges are as follows:

Particulars	The Company											
	1842/2539	1341/Or/2544	1455 (1)/2544	1597(1)/2544	1642(2)/2546	1977(2)/2547	1328(2)/2548	2138(2)/2550	1887(1)/2552	1234(1)/2555	2620(1)/2555	2199(2)/2557
1. Certificate No.	1842/2539	1341/Or/2544	1455 (1)/2544	1597(1)/2544	1642(2)/2546	1977(2)/2547	1328(2)/2548	2138(2)/2550	1887(1)/2552	1234(1)/2555	2620(1)/2555	2199(2)/2557
2. Promotional privileges for	Production of PCBA	Production of Fiber Optic Device, Air Pressure and Temperature Control and Wireless Radio Frequency	Production of Wireless Sensor	Production of smart card and module for smart card	Production of Wireless Sensor	Production of Flexible Circuit Board Assembly and electronic components for Interface Device	Production of PCBA, RFID, TAG reader	Production of PCBA	Production of Semi Conductor i.e. Wireless Sensor	Production of Integrated circuit (IC)	Production of Electronic control unit	Production of PCBA
3. The significant privilege are												
3.1 Exemption from corporate income tax on net income derived from the promoted operation and exemption from income tax on dividends paid from the promoted operations which are tax exempted throughout the period in which the corporate income tax is exempted.	8 years (expired)	8 years (expired)	8 years (expired)	8 years (expired)	8 years (expired) (tax exempted according with investment)	8 years (expired) (tax exempted according with investment)	8 years (expired) (tax exempted according with investment)	8 years (tax exempted according with investment)	8 years	8 years	8 years	8 years (tax exempted according with investment)
3.2 5% allowance of the increment in export income over the preceding years.	10 years (expired)	10 years (expired)	-	-	-	-	-	-	-	-	-	-
3.3 50 % reduction of the normal corporate income tax rate for net income derived after the expiry date in 3.1	5 years (expired)	5 years	5 years	5 years (expired)	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years)

Particulars	The Company												
	Certificate No.	1842/2539	1341/Or/2544	1455 (1)/2544	1597(1)/2544	1642(2)/2546	1977(2)/2547	1328(2)/2548	2138(2)/2550	1887(1)/2552	1234(1)/2555	2620(1)/2555	2199(2)/2557
3.4 Exemption from import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted
3.5 2 times deduction of transportation,, electricity and water expenses from the first earning operating income	10 years (expired)	10 years (expired)	10 years (expired)	10 years (expired)	10 years (expired)	10 years (expired)	10 years (expired)	10 years	10 years	10 years	10 years	10 years	10 years
4. Date of first earning operating income	10 January 1997	17 January 2002 (Transferred from Hana Microelectronic s (NRIE) Co., Ltd. in 2002)	27 March 2002	17 November 2001	30 June 2004	2 December 2004	24 March 2006	3 December 2007	2 December 2009	Has not yet started utilising the privileges	3 January 2014	Has not yet started utilising the privileges	

Particulars	Subsidiary						
	Hana Semiconductor (Ayutthaya) Company Limited						
1. Certificate No.	2176(4)/2548	1458(1)/2553	1817(2)/2550	1034(2)/2552	2371(1)/2553	5003(4)/2556	2687(1)/2556
2. Promotional privileges for	Production of Integrated Circuit (IC) and Integrated Circuit Tested (IC Tested)	Production of Integrated Circuit (IC)	Production of Integrated Circuit (IC)	Production of Integrated Circuit (IC) and Integrated Circuit Tested (IC Tested)	Production of Integrated Circuit OPTO (IC OPTO)	Production of Integrated Circuit (IC) and Integrated Module	Production of Semiconductor
3. The significant privilege are							
3.1 Exemption from corporate income tax on net income derived from the promoted operation and exemption from income tax on dividends paid from the promoted operations which are tax exempted throughout the period in which the corporate income tax is exempted.	8 years	8 years	7 years	8 years	8 years	4 years	8 years
3.2 Exemption from import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted	Granted	Granted	Granted
4. Date of first earning operating income	10 January 2006	10 May 2010	1 September 2010	2 January 2013	28 November 2014	3 January 2013	Had not yet started utilising the privileges.

During the year 2013, the subsidiaries were approved by the Board of investment to terminate the promotional certificates no. 1133(4)/2548.

The Company has operating revenues for the years ended 31 December 2014 and 2013, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Sales						
Domestic sales	72	-	17,706	11,771	17,778	11,771
Export sales	9,938,191	7,807,506	18,669	1,194	9,956,860	7,808,700
Total sales	<u>9,938,263</u>	<u>7,807,506</u>	<u>36,375</u>	<u>12,965</u>	<u>9,974,638</u>	<u>7,820,471</u>

27. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on their products and have two reportable segments as follows:

1. The Printed Circuit Board Assembly (PCBA) Segment, which produces and sells Printed Circuit Board Assembly (PCBA).
2. The Integrated Circuit (IC) Segment, which produces and sells Integrated Circuit (IC).

No operating segments have been aggregated to from the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2014 and 2013, respectively.

(Unit: Million Baht)

Year ended 31 December 2014	Printed Circuit			Total reportable segments	Eliminations	Total
	Board Assembly (PCBA)	Integrated Circuit (IC)	Other			
Revenue from external customers	14,092	6,942	193	21,227	-	21,227
Inter-segment revenue	4,137	1,106	1,554	6,797	(6,797)	-
Total revenue	<u>18,229</u>	<u>8,048</u>	<u>1,747</u>	<u>28,024</u>	<u>(6,797)</u>	<u>21,227</u>
Segment profit	2,119	717	33	2,869	-	2,869
Interest revenue						215
Insurance compensation income						1,350
Gain on exchange						107
Other income						271
Selling expenses						(124)
Administrative expenses						(869)
Other expenses						(39)
Finance cost						(8)
Income tax expenses						(367)
Profit for the year						<u>3,405</u>
Segment total assets						
Additions to property, plant and equipment, and land leasehold rights	802	244	4	1,050	-	1,050

(Unit: Million Baht)

Year ended 31 December 2013	Printed Circuit Board Assembly (PCBA)	Integrated Circuit (IC)	Other	Total reportable segments	Eliminations	Total
Revenue from external customers	11,604	5,922	141	17,667	-	17,667
Inter-segment revenue	3,701	1,056	1,268	6,025	(6,025)	-
Total revenue	<u>15,305</u>	<u>6,978</u>	<u>1,409</u>	<u>23,692</u>	<u>(6,025)</u>	<u>17,667</u>
Segment profit	1,580	371	33	1,984	-	1,984
Interest revenue						165
Insurance compensation income						942
Other income						378
Selling expenses						(127)
Administrative expenses						(778)
Loss on exchange						(60)
Other expenses						(132)
Finance cost						(9)
Income tax expenses						(62)
Profit for the year						<u>2,301</u>
Segment total assets						
Additions to property, plant and equipment, and land leasehold rights	1,148	135	4	1,287	-	1,287

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	<u>2014</u>	<u>2013</u>
Revenue from external customers		
Malaysia	6,115,127	5,336,104
China	3,518,188	1,704,177
United States of America	2,250,363	2,180,201
Hong Kong	1,775,908	2,732,427
Singapore	1,699,677	1,705,270
Others	5,867,946	4,008,821
Total	<u>21,227,209</u>	<u>17,667,000</u>
Non-current assets (other than deferred tax assets)		
Thailand	4,594,999	4,761,491
China	1,746,399	1,901,950
Cambodia	194,674	153,418
United States of America	25,462	32,336
Others	341,292	11,272
Total	<u>6,902,826</u>	<u>6,860,467</u>

Major customers

For the year 2014, the Company and its subsidiaries have revenue from 5 major customers in amount of Baht 9,741 million, arising from sales by the Printed Circuit Board Assembly (PCBA) segment and the Integrated Circuit (IC) segment, (2013: Baht 8,800 million derived from 5 major customers, arising from sales by the Printed Circuit Board Assembly (PCBA) segment and the Integrated Circuit (IC) segment).

28. Provident fund

The Company, the subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company or the subsidiaries contribute to the fund monthly at the rates of 3.0 - 7.5 percent of basic salary. The fund, which is managed by SCB Asset Management Company Limited, will be paid to employees upon terminating in accordance with the fund rules. During the year 2014, total amount of approximately of Baht 63 million (2013: Baht 61 million) had been contributed to the fund by the Company and its subsidiaries, and Baht 34 million had been contributed by the Company (2013: Baht 31 million).

29. Dividend paid

During the years 2014 and 2013, the Company and its subsidiaries had dividend payments as follows:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>The Company</u>			
Final dividends for 2012	Annual General Meeting of the shareholders on 30 April 2013	805	1.00
Interim dividends for 2013	Board of Directors' Meeting on 13 November 2013	402	0.50
Total for the year 2013		<u>1,207</u>	<u>1.50</u>
Final dividends for 2013	Annual General Meeting of the shareholders on 30 April 2014	805	1.00
Interim dividends in respect of the income for the period from 1 January 2014 to 30 September 2014	Board of Directors' Meeting on 12 November 2014	805	1.00
Total for the year 2014		<u>1,610</u>	<u>2.00</u>
<u>Subsidiary companies</u>			
Hana Semiconductor (Ayutthaya) Company Limited			
Final dividends for 2012	Annual General Meeting of the shareholders on 29 April 2013	720	6.00
Interim dividend in respect of the income for the period from 1 January 2013 to 30 June 2013	Board of Directors' meeting on 16 August 2013	420	3.50
Total for the year 2013		<u>1,140</u>	<u>9.50</u>
Final dividends for 2013	Annual General Meeting of the shareholders on 17 April 2014	1,080	9.00
Total for the year 2014		<u>1,080</u>	<u>9.00</u>

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Hana Semiconductor (BKK) Company Limited			
Final dividends for 2012	Annual General Meeting of the shareholders on 30 April 2013	50	0.50
Interim dividend in respect of the income for the period from 1 January 2013 to 30 April 2013	Board of Directors' meeting on 3 May 2013	300	3.00
Interim dividend in respect of the income for the period from 1 January 2013 to 31 August 2013	Board of Directors' meeting on 26 August 2013	175	1.75
Total for the year 2013		525	5.25
Interim dividend in respect of the income for the period from 1 January 2014 to 30 April 2014	Board of Directors' meeting on 6 May 2014	400	4.00
Total for the year 2014		400	4.00

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2014, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery of approximately USD 2.8 million or equivalent to a total of Baht 92 million. (2013: USD 2 million or equivalent to Baht 66.2 million) and the Company only of approximately Baht 70.4 million (2013: Baht 62.6 million).

In addition, as at 31 December 2014 an overseas subsidiary had capital commitments relating to building of the manufacturing plants and an office building of approximately USD 7.5 million or equivalent to Baht 249 million.

During the year 2013, the Company entered into a construction agreement with an unrelated company to build a new manufacturing plant located in Saha Pathana Industrial Estate in Lumphun Province during the period. The agreement was for the period from 2 January 2013 to 31 March 2014 which the Company had to make payments of approximately Baht 47 million each month and as at 31 December 2013, the Company had commitments of Baht 170 million. In addition, the Company had capital commitments relating to an office building of approximately Baht 5 million as at 31 December 2013.

30.2 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.

The Company operates its business in Bangkok on a leased premise, the lease agreement of which is made between the landlord and a related company. The lease was for a period from the year 1986 up to the year 2014 with the annual lease payment of approximately Baht 0.2 million in the year 1992 and subject to an increase at the rate of 10% per annum. The lease payment rate had been changed to Baht 0.1 million per month since March 2011. Subsequently in 2014, the lease agreement was terminated.

30.3 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.

30.4 Guarantees

As at 31 December 2014, there were outstanding bank guarantees of approximately Baht 118 million (2013: Baht 132 million) and the Company only: Baht 88 million (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 64 million (2013: Baht 77 million) to be security for the tax assessments of the Company made by the Revenue Department (as discussed in Note 30.5) and Baht 54 million to guarantee electricity uses, among others (2013: Baht 55 million) and the Company only: Baht 24 million (2013: Baht 15 million).

30.5 Tax assessments

During the year 2003, the Company received a notification of a corporate income tax assessment for the year 1997 from the Revenue Department for not allocating interest expenses and loss on exchange rate of loans to the promoted operations, causing the under recording of corporate income tax for the year 1997, which together with related penalty and surcharge amounted to Baht 150 million. The Company did not agree with the assessment and appealed it to the Tax Tribunal. In November 2007, the Tax Tribunal rejected the appeal. The Company did not agree with the Tax Tribunal and therefore appealed to the Supreme Court. In September 2013, the Supreme Court ordered the Company to pay the tax assessment for the year 1997 in accordance with the ruling of the Central Tax Court, except to deduct 50 percent of the penalty. Thus, the tax liabilities together with related penalty and surcharge were approximately Baht 125 million. The Company had previously recorded full provision for loss on tax assessment of Baht 150 million and therefore recorded the reversal of penalty of Baht 25 million as other income in

the income statement for the year ended 31 December 2013. The Company paid the tax assessment to the Revenue Department in October 2013.

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

surcharge totaling approximately Baht 60 million on 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 31 December 2014, the Company has recorded provision for loss on tax assessments totaling approximately Baht 64 million (2013: Baht 148 million) and has placed bank guarantees as security against the assessments.

31. Financial instruments

31.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, investments, trade and other payables and short-term loan. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at financial institutions, short-term investments and short-term borrowing. Most of their financial assets and liabilities bear floating interest rates, or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity dates, or the re-pricing date if this occurs before the maturity date.

Consolidated financial statements as at 31 December 2014

	Fixed interest rate		Floating	Non-interest	Total	Effective
	Within 1 year	1 - 5 years	interest rate	bearing		interest rate
						(% p.a.)
						(Million Baht)
Financial assets						
Cash and cash equivalents	3,187	-	1,971	309	5,467	0.001 - 2.860
Short-term investments	2,725	-	27	111	2,863	0.15 - 9.75
Trade and other receivables	-	-	-	3,354	3,354	-
Investment in fixed deposit with financial institution	-	331	-	-	331	Note 13
	<u>5,912</u>	<u>331</u>	<u>1,998</u>	<u>3,774</u>	<u>12,015</u>	
Financial liabilities						
Trade and other payables	-	-	-	2,478	2,478	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,478</u>	<u>2,478</u>	

Consolidated financial statements as at 31 December 2013

	Fixed interest rate		Floating	Non-interest	Total	Effective
	Within 1 year	1 - 5 years	interest rate	bearing		interest rate
						(% p.a.)
						(Million Baht)
Financial assets						
Cash and cash equivalents	1,371	-	2,464	351	4,186	0.001 - 2.860
Short-term investments	2,366	-	47	111	2,524	2.95 - 9.75
Trade and other receivables	-	-	-	3,241	3,241	-
Insurance claim receivable	-	-	-	12	12	-
	<u>3,737</u>	<u>-</u>	<u>2,511</u>	<u>3,715</u>	<u>9,963</u>	
Financial liabilities						
Short-term loan from financial institution	-	-	16	-	16	3.03 - 3.64
Trade and other payables	-	-	-	2,485	2,485	-
	<u>-</u>	<u>-</u>	<u>16</u>	<u>2,485</u>	<u>2,501</u>	

Separate financial statements as at 31 December 2014

	Fixed				Effective interest rate (% p.a.)
	interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	
	(Million Baht)				
Financial assets					
Cash and cash equivalents	500	240	3	743	0.25 - 2.00
Trade and other receivables	-	-	1,441	1,441	-
	<u>500</u>	<u>240</u>	<u>1,444</u>	<u>2,184</u>	
Financial liabilities					
Trade and other payables	-	-	1,542	1,542	-
	<u>-</u>	<u>-</u>	<u>1,542</u>	<u>1,542</u>	

Separate financial statements as at 31 December 2013

	Fixed				Effective interest rate (% p.a.)
	interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	
	(Million Baht)				
Financial assets					
Cash and cash equivalents	-	316	4	320	0.1 - 0.875
Trade and other receivables	-	-	1,447	1,447	-
	<u>-</u>	<u>316</u>	<u>1,451</u>	<u>1,767</u>	
Financial liabilities					
Trade and other payables	-	-	1,439	1,439	-
	<u>-</u>	<u>-</u>	<u>1,439</u>	<u>1,439</u>	

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions and borrowings 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 December 2014 and 2013 are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per foreign currency unit)	
China Yuan	262	288	76	85	5.2998	5.4087
US Dollar	205	201	37	12	32.9630	32.8136
Japan Yen	150	90	73	5	0.2738	0.3130
Indian Rupee	43	43	-	-	0.5159	0.5289
Euro	4	7	-	-	40.0530	45.0217
Hong Kong dollar	8	4	1	-	4.2516	4.2316
Pound Sterling	3	3	-	-	51.1497	53.9162
Australia dollar	1	2	-	1	26.8068	29.1776
Singapore Dollar	2	2	-	-	24.8959	25.8826
Brazilian real	2	2	-	-	12.1000	13.7700

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

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

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

31.2 Fair value of financial instruments

The estimated fair value of financial instruments, in comparison with the related amount carried in the statement of financial position, is as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2014		As at 31 December 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	5,467	5,467	4,186	4,186
Short-term investments	2,691	2,863	2,392	2,524
Trade and other receivables	3,354	3,354	3,241	3,241
Investments in fixed deposit with financial institutions	331	319	-	-
Financial liabilities				
Short-term loan from financial institution	-	-	16	16
Trade and other payables	2,478	2,478	2,485	2,485

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2014		As at 31 December 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	743	743	320	320
Trade and other receivables	1,441	1,441	1,447	1,447
Financial liabilities				
Trade and other payables	1,542	1,542	1,439	1,439

The estimated fair value of the derivatives is as follows:

	(Unit: Million Baht)	
	As at 31 December 2014	As at 31 December 2013
	<u>Fair value</u>	<u>Fair value</u>
	loss	loss
Derivatives		
Forward exchange contracts	(57.9)	(117.5)

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable, accounts payable and short-term loan from financial institution, their carrying amounts in the statement of financial position approximate their fair value.
- b) For debts and equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- c) For long-term fixed deposit with financial institution carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.
- d) For derivatives, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.

32. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2014, the Group's debt-to-equity ratio was 0.20:1 (2013: 0.21:1) and the Company's was 0.25:1 (2013: 0.26:1).

33. Event after the reporting period

On 24 February 2015, the meeting of the Board of Directors of the Company No. 1/2015 passed the resolution approving the final dividend payment for the year 2014 to the Company's shareholders at Baht 1 per share. The dividend will be paid to the shareholders on 12 May 2015.

The dividend payment will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2015.