

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2012

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 2012, 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 judgment, 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 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited
Bangkok: 27 February 2013

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Assets					
Current assets					
Cash and cash equivalents	6	3,111,180,904	3,824,147,266	94,145,566	520,425,225
Short-term investments	8	2,370,090,185	2,014,320,054	-	-
Trade and other receivables	7, 9	2,764,216,396	2,568,516,148	1,261,696,621	1,275,014,508
Insurance claim receivable	21	-	300,000,000	-	-
Inventories	10	2,847,768,315	2,646,579,217	915,061,716	993,410,322
Other current assets		169,640,107	154,070,581	49,327,491	58,845,676
Total current assets		11,262,895,907	11,507,633,266	2,320,231,394	2,847,695,731
Non-current assets					
Investments in subsidiary companies	11	-	-	3,427,501,838	3,427,501,838
Other long-term investment		97,000	97,000	97,000	97,000
Property, plant and equipment	12	6,621,700,623	6,372,590,324	1,701,265,171	1,630,983,810
Intangible assets	13	15,957,384	14,541,422	4,088,220	4,756,328
Other non-current assets		20,723,857	16,850,458	1,328,750	1,328,750
Total non-current assets		6,658,478,864	6,404,079,204	5,134,280,979	5,064,667,726
Total assets		17,921,374,771	17,911,712,470	7,454,512,373	7,912,363,457

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institution	14	24,435,471	38,820,547	-	-
Trade and other payables	7, 15	2,087,839,938	2,506,443,445	775,389,590	1,004,751,416
Short-term provisions	16	448,350,166	368,474,353	214,575,498	150,465,664
Corporate income tax payable		16,564,570	15,154,576	7,870,413	5,449,676
Other current liabilities		38,071,477	65,340,606	23,147,956	23,277,607
Total current liabilities		2,615,261,622	2,994,233,527	1,020,983,457	1,183,944,363
Non-current liabilities					
Provision for long-term employee benefits	17	376,360,511	352,899,533	167,074,141	154,850,654
Total non-current liabilities		376,360,511	352,899,533	167,074,141	154,850,654
Total liabilities		2,991,622,133	3,347,133,060	1,188,057,598	1,338,795,017
Shareholders' equity					
Share capital					
Registered					
974,403,900 ordinary shares of Baht 1 each					
(31 December 2011: 1,000,000,000 ordinary shares of Baht 1 each)					
	19	974,403,900	1,000,000,000	974,403,900	1,000,000,000
Issued and fully paid-up					
804,878,860 ordinary shares of Baht 1 each					
(31 December 2011: 830,474,960 ordinary shares of Baht 1 each)					
	19	804,878,860	830,474,960	804,878,860	830,474,960
Share premium		1,723,218,982	1,723,218,982	1,723,218,982	1,723,218,982
Retained earnings					
Appropriated - statutory reserve	18	352,497,188	320,218,399	100,000,000	100,000,000
Appropriated - reserve for treasury shares	19	-	262,987,260	-	262,987,260
Unappropriated		12,229,598,986	11,783,074,320	3,638,356,933	3,919,874,498
Other components of shareholders' equity		(180,441,378)	(92,407,251)	-	-
Total shareholders' equity		14,929,752,638	14,827,566,670	6,266,454,775	6,836,555,700
Treasury shares	19	-	(262,987,260)	-	(262,987,260)
Total shareholders' equity		14,929,752,638	14,564,579,410	6,266,454,775	6,573,568,440
Total liabilities and shareholders' equity		17,921,374,771	17,911,712,470	7,454,512,373	7,912,363,457

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

Directors

Hana Microelectronics Public Company Limited and its subsidiaries

Income statements

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Revenues					
Sales		17,232,768,681	16,314,929,359	7,192,856,771	6,273,340,810
Interest income		170,695,739	157,109,899	7,595,981	7,163,133
Dividend income	7, 11	28,125	1,771,746	126,028,125	310,021,375
Gain on exchange		168,399,691	120,339,269	24,892,845	76,068,635
Other income	21	815,999,559	404,197,143	78,276,093	69,283,604
Total revenues		18,387,891,795	16,998,347,416	7,429,649,815	6,735,877,557
Expenses					
Cost of sales	20	15,550,124,185	14,261,378,605	6,236,613,230	5,329,354,656
Selling expenses		133,162,104	131,632,924	26,207,931	25,395,694
Administrative expenses		879,433,405	809,899,958	180,790,462	194,847,646
Loss from flood event	21	-	99,293,874	-	-
Other expenses		88,285,560	25,801,296	65,595,050	-
Total expenses		16,651,005,254	15,328,006,657	6,509,206,673	5,549,597,996
Profit before finance cost and income tax expenses					
Income tax expenses		1,736,886,541	1,670,340,759	920,443,142	1,186,279,561
Finance cost		(7,478,309)	(9,350,969)	(2,408,463)	(2,912,948)
Profit before income tax expenses		1,729,408,232	1,660,989,790	918,034,679	1,183,366,613
Income tax expenses		(68,882,587)	(42,921,044)	(17,830,054)	(16,342,098)
Profit for the year		1,660,525,645	1,618,068,746	900,204,625	1,167,024,515
Profit attributable to:					
Equity holders of the Company		1,660,525,645	1,618,068,746	900,204,625	1,167,024,515
Earnings per share					
22					
Basic earnings per share					
Profit attributable to equity holders of the Company		2.06	2.01	1.12	1.45

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Profit for the year		<u>1,660,525,645</u>	<u>1,618,068,746</u>	<u>900,204,625</u>	<u>1,167,024,515</u>
Other comprehensive income:					
Gain (loss) on change in value of available-for-sale investments	8.2	142,342,193	(36,132,311)	-	-
Exchange differences on translation of financial statements in foreign currency		(230,376,320)	439,466,334	-	-
Other comprehensive income for the year		<u>(88,034,127)</u>	<u>403,334,023</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>1,572,491,518</u></u>	<u><u>2,021,402,769</u></u>	<u><u>900,204,625</u></u>	<u><u>1,167,024,515</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u><u>1,572,491,518</u></u>	<u><u>2,021,402,769</u></u>	<u><u>900,204,625</u></u>	<u><u>1,167,024,515</u></u>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of cash flows

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit before tax	1,729,408,232	1,660,989,790	918,034,679	1,183,366,613
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,225,593,097	1,187,435,691	291,415,476	291,912,262
Amortisation expenses	3,392,862	5,395,984	668,107	633,513
Allowance for doubtful accounts (reversal)	(4,285,162)	7,948,887	-	-
Adjustment of inventories to net realisable value (reversal)	49,888,174	143,326,204	108,128,525	(793,888)
Dividend income from subsidiary companies	-	-	(126,000,000)	(310,000,000)
Dividend income from other companies	(28,125)	(1,771,746)	(28,125)	(21,375)
Interest income from short-term investments	(114,664,461)	(102,628,265)	-	-
Gain on sales of short-term investments	(9,455,551)	(54,521,769)	-	-
Revaluation loss (gain) on investments in securities held for trading	(9,506,897)	2,397,154	-	-
Loss (gain) on disposals/write-off of machinery and equipment	97,343,834	1,937,894	(1,434,312)	(536,750)
Allowance for impairment loss on assets (reversal)	(182,627,681)	190,989,510	-	337,603
Provision for product warranty	22,690,510	25,801,296	-	-
Loss on tax assessment	64,109,834	-	64,109,834	-
Wrote-off withholding tax deducted at source	1,485,216	-	1,485,216	-
Provision for vacation	4,351,813	160,618	1,999,076	1,655,041
Provision for long-term employee benefits	32,092,630	86,071,908	14,645,446	48,286,461
Unrealised loss (gain) on exchange	1,509,829	(1,820,627)	12,038,531	(7,993,195)
Unrealised loss (gain) on forward contracts	(30,874,662)	29,418,846	-	-
Unrealised loss (gain) on swap contract	752,397	(1,117,305)	-	-
Interest expenses	87,293	564,667	-	434,178
Profit from operating activities before changes in operating assets and liabilities	2,881,263,182	3,180,578,737	1,285,062,453	1,207,280,463
Operating assets (increase) decrease				
Trade and other receivables	(205,039,266)	(56,460,146)	(14,822,098)	(218,835,818)
Insurance claim receivable	300,000,000	(300,000,000)	-	-
Inventories	(251,077,272)	(234,897,426)	(29,779,919)	(376,639,213)
Other current assets	20,188,068	41,201,667	7,792,478	(29,317,727)
Other non-current assets	26,067	(7,133,699)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(429,800,169)	293,968,010	(197,448,253)	445,748,404
Other current liabilities	(31,620,942)	2,271,747	(2,128,727)	197,289
Provision for long-term employee benefits	(8,631,652)	(4,300,727)	(2,421,959)	(3,380,126)
Cash from operating activities	2,275,308,016	2,915,228,163	1,046,253,975	1,025,053,272
Cash paid for corporate income tax	(74,304,605)	(53,032,511)	(15,409,317)	(19,620,381)
Net cash from operating activities	2,201,003,411	2,862,195,652	1,030,844,658	1,005,432,891

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from investing activities				
Increase in short-term investments	(531,399,770)	(314,740,528)	-	-
Proceeds from sales of short-term investments	336,934,280	351,421,653	-	-
Interest income from short-term investments	113,532,434	70,318,611	-	-
Dividend income from subsidiary companies	-	-	126,000,000	310,000,000
Dividend income from other companies	28,125	1,771,746	28,125	21,375
Acquisitions of property, plant and equipment	(1,480,504,872)	(1,396,553,927)	(378,629,104)	(234,189,801)
Proceeds from disposals of equipment	108,315,299	36,600,516	2,794,952	25,078,526
Increase in intangible assets	(4,808,824)	(2,368,780)	-	(650,650)
Decrease (increase) in other non-current assets	(3,899,466)	10,794,745	-	-
Net cash from (used in) investing activities	(1,461,802,794)	(1,242,755,964)	(249,806,027)	100,259,450
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institution	(14,385,076)	38,820,547	-	-
Cash paid for interest expenses	(87,293)	(560,737)	-	(434,178)
Dividend paid	(1,207,318,290)	(1,247,562,233)	(1,207,318,290)	(1,247,562,233)
Net cash used in financing activities	(1,221,790,659)	(1,209,302,423)	(1,207,318,290)	(1,247,996,411)
Increase (decrease) in cash and cash equivalents	(482,590,042)	410,137,265	(426,279,659)	(142,304,070)
Translation adjustment	(230,376,320)	439,466,334	-	-
Net increase (decrease) in cash and cash equivalents	(712,966,362)	849,603,599	(426,279,659)	(142,304,070)
Cash and cash equivalents at beginning of year	3,824,147,266	2,974,543,667	520,425,225	662,729,295
Cash and cash equivalents at end of year (Note 6)	3,111,180,904	3,824,147,266	94,145,566	520,425,225
	-	-	-	-
Supplemental cash flow information				
Non-cash related transactions from investing activities				
Net increase (decrease) in accounts payable for purchase of plant and equipment	17,229,977	(133,493,019)	(15,571,628)	(8,530,794)
Revaluation gain from changes in fair value of investments in available-for-sale securities	(142,342,193)	(36,132,311)	-	-

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2012

(Unit: Baht)

Consolidated financial statements											
Other components of shareholders' equity											
Other comprehensive income											
Surplus (deficit)											
	Issued and paid up	Share premium	Retained earnings			on changes in value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currency	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Treasury shares	Total shareholders' equity
			Appropriated	Statutory reserve	Reserve for treasury shares						
Note	share capital										
	830,474,960	1,723,218,982	320,218,399	262,987,260	11,412,567,807	103,872,536	(599,613,810)	(495,741,274)	14,053,726,134	(262,987,260)	13,790,738,874
Total comprehensive income for the year	-	-	-	-	1,618,068,746	(36,132,311)	439,466,334	403,334,023	2,021,402,769	-	2,021,402,769
Dividend paid	26	-	-	-	(1,247,562,233)	-	-	-	(1,247,562,233)	-	(1,247,562,233)
Balance as at 31 December 2011	830,474,960	1,723,218,982	320,218,399	262,987,260	11,783,074,320	67,740,225	(160,147,476)	(92,407,251)	14,827,566,670	(262,987,260)	14,564,579,410
Balance as at 1 January 2012	830,474,960	1,723,218,982	320,218,399	262,987,260	11,783,074,320	67,740,225	(160,147,476)	(92,407,251)	14,827,566,670	(262,987,260)	14,564,579,410
Total comprehensive income for the year	-	-	-	-	1,660,525,645	142,342,193	(230,376,320)	(88,034,127)	1,572,491,518	-	1,572,491,518
Dividend paid	26	-	-	-	(1,207,318,290)	-	-	-	(1,207,318,290)	-	(1,207,318,290)
Unappropriated retained earnings transferred to statutory reserve	-	-	32,278,789	-	(32,278,789)	-	-	-	-	-	-
Write-off treasury shares	19	(25,596,100)	-	(262,987,260)	25,596,100	-	-	-	(262,987,260)	262,987,260	-
Balance as at 31 December 2012	804,878,860	1,723,218,982	352,497,188	-	12,229,598,986	210,082,418	(390,523,796)	(180,441,378)	14,929,752,638	-	14,929,752,638

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2012

(Unit: Baht)

		Separate financial statements							
		Issued and paid up share capital	Share premium	Retained earnings		Total equity attributable to		Total	
				Appropriated		owners of the Company	Treasury shares		
Note			Statutory reserve	Reserve for treasury shares	Unappropriated				
	Balance as at 1 January 2011	830,474,960	1,723,218,982	100,000,000	262,987,260	4,000,412,216	6,917,093,418	(262,987,260)	6,654,106,158
	Total comprehensive income for the year	-	-	-	-	1,167,024,515	1,167,024,515	-	1,167,024,515
26	Dividend paid	-	-	-	-	(1,247,562,233)	(1,247,562,233)	-	(1,247,562,233)
	Balance as at 31 December 2011	<u>830,474,960</u>	<u>1,723,218,982</u>	<u>100,000,000</u>	<u>262,987,260</u>	<u>3,919,874,498</u>	<u>6,836,555,700</u>	<u>(262,987,260)</u>	<u>6,573,568,440</u>
	Balance as at 1 January 2012	830,474,960	1,723,218,982	100,000,000	262,987,260	3,919,874,498	6,836,555,700	(262,987,260)	6,573,568,440
	Total comprehensive income for the year	-	-	-	-	900,204,625	900,204,625	-	900,204,625
26	Dividend paid	-	-	-	-	(1,207,318,290)	(1,207,318,290)	-	(1,207,318,290)
19	Write-off treasury shares	(25,596,100)	-	-	(262,987,260)	25,596,100	(262,987,260)	262,987,260	-
	Balance as at 31 December 2012	<u>804,878,860</u>	<u>1,723,218,982</u>	<u>100,000,000</u>	<u>-</u>	<u>3,638,356,933</u>	<u>6,266,454,775</u>	<u>-</u>	<u>6,266,454,775</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 2012

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 accounting 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	
			2012 Percent	2011 Percent
<u>Held by the Company</u>				
Hana Semiconductor (BKK) Company Limited	Manufacture and trading of electronic components	Thailand	100	100
Omac Sales Limited	Trading of electronic components	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 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 accounting standards not yet effective**

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

4. Significant accounting policies

4.1 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.

Rental income

Rental income is recognised on an accrual basis.

Dividends

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

4.2 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.

4.3 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.

4.4 Inventories

Raw materials, work in process and finished goods are valued at the lower of standard cost (which approximates actual cost by weighted average method) and net realisable value. Cost of work in process and finished goods includes direct materials, direct labour and factory overheads.

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

4.5 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 subsidiary 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.

4.6 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.

4.7 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.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	5 - 10 years

4.8 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.

4.9 Foreign currencies

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.

4.10 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

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.

4.11 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 profit or loss.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

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.

4.12 Treasury share

Treasury share is stated at cost and is presented as a reduction from shareholders' equity. Gains on disposal of treasury share is determined by reference to its carrying amount and are taken to premium on treasury share, losses on disposal of treasury share are determined by reference to its carrying amount and are taken to premium on treasury share and retained earnings, consecutively.

4.13 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.

4.14 Income tax

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.

4.15 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.

5. Significant accounting judgments and estimates

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

Allowance for doubtful accounts

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

Allowance for diminution in inventory value

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

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 judgment, 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.

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 judgment of the management.

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 Company’s 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 judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

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. Cash and cash equivalents

Cash and cash equivalents as at 31 December 2012 and 2011 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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash	926	876	141	113
Bank deposits	1,841,953	1,788,988	94,005	270,312
Bills of exchange	180,000	610,000	-	250,000
Fixed deposits with maturity not over 3 months	1,088,302	1,424,283	-	-
Cash and cash equivalents	<u>3,111,181</u>	<u>3,824,147</u>	<u>94,146</u>	<u>520,425</u>

As at 31 December 2012, bank deposits in savings accounts, fixed deposits and bills of exchange carried interests between 0.001 and 2.850 percent per annum (2011: 0.001 and 3.250 percent per annum).

7. Related party transactions

During the years, the Company and its subsidiaries 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 financial statements		Transfer pricing policy
	<u>2012</u>	<u>2011</u>	
<u>Transactions with subsidiary companies</u>			
(eliminated from the consolidated financial statements)			
Sales of goods	12	13	Prices agreed between the parties due to the uniqueness of products sold to each customer
Dividend income	126	310	Declared rate
Rental income	10	9	Contract price
Purchase of materials	259	162	Cost plus mark up
Purchase of fixed assets	66	4	Cost plus mark up
Service fee expenses	2	4	Rates stipulated in the agreement

As at 31 December 2012 and 2011, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Trade and other receivables (Note 9)				
Trade receivables - subsidiary companies				
Hana Microdisplay Technologies, Inc.	-	-	15,586	11,642
Omac Sales Limited	-	-	10,716	108
Hana Semiconductor (Ayutthaya) Company Limited	-	-	285	352
Hana Microelectronics Investment Company Limited	-	-	198	-
Hana Semiconductor International Limited	-	-	39	78
Hana Semiconductor (BKK) Company Limited	-	-	-	107
Total trade receivables - subsidiary companies	-	-	26,824	12,287
Other receivables - related parties				
<u>Subsidiary company</u>				
Hana Semiconductor (Ayutthaya) Company Limited	-	-	3,780	-
<u>Related company</u>				
Omac Limited (by way of common directors)	32	-	-	-
Total other receivables - related parties	32	-	3,780	-
Total trade and other receivables	32	-	30,604	12,287
Trade payables - subsidiary companies (Note 15)				
Omac Sales Limited	-	-	200,570	49,990
Hana Semiconductor (Ayutthaya) Company Limited	-	-	14,652	36,863
Hana Semiconductor International Limited	-	-	5,203	4,540
Hana Microdisplay Technologies, Inc.	-	-	3,518	1,069
Hana Microelectronics, Inc.	-	-	283	1,651
Hana Microelectronics Investments Company Limited	-	-	-	32
Total trade payables - subsidiary companies	-	-	224,226	94,145

Directors and management's benefits

During the years ended 31 December 2012 and 2011, 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	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Short-term employee benefits	69	81	11	9
Post-employment benefits	10	8	10	8
Total	79	89	21	17

8. Short-term Investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2012		31 December 2011	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Securities held for trading				
Overseas marketable equity securities	91,896	100,091	95,074	95,956
Unsecured subordinated notes	30,154	31,465	-	-
Total	122,050	131,556	95,074	95,956
Add: Revaluation surplus on changes in value of investments	9,506	-	882	-
Investments in securities held for trading	131,556	131,556	95,956	95,956
Available-for-sale securities				
Overseas marketable corporate bonds	1,080,730	1,213,375	1,000,449	1,046,768
Local quoted bonds	30,634	31,661	-	-
Overseas quoted bonds	910,962	987,372	843,831	865,252
Total	2,022,326	2,232,408	1,844,280	1,912,020
Add: Revaluation surplus on changes in value of investments	210,082	-	67,740	-
Investments in available-for-sale securities	2,232,408	2,232,408	1,912,020	1,912,020
Fixed deposit with financial institution				
Fixed deposit within 1 year	6,126	6,126	6,344	6,344
Investment in fixed deposit with financie institution	6,126	6,126	6,344	6,344
Total short-term investments	2,370,090	2,370,090	2,014,320	2,014,320

8.1 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, shares of a company listed on the Stock Exchange of Thailand (SET), including bond investment trust of an overseas bank. These investments are held for trading purpose. During the current year, the subsidiary additionally invested in unsecured subordinated notes of a company listed on the Stock Exchange of Australia. During the year 2011, the subsidiary disposed the entire amount of the remaining shares of a company listed on the Stock Exchange of Thailand, resulting in gain of USD 1.8 million or equivalent to approximately Baht 53.1 million.

As at 31 December 2012, the subsidiary had assessed the fair value of the equity securities for mutual fund, the bond investment trust from an overseas bank and the subordinated notes by referring to the latest bid price as quoted on the Stock Exchanges, in which the fair value had increased by USD 0.3 million or equivalent to approximately Baht 9 million (2011: decreased by USD 0.07 million or equivalent to approximately Baht 2 million). The changes in the fair value of these investments were recognised in profit or loss.

8.2 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 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 an overseas listed corporate bonds and both of local and overseas quoted bonds and disposed some of the corporate bonds and overseas quoted bonds, resulting in net gain of USD 0.3 million or equivalent to approximately Baht 9.4 million (2011: net gain of USD 0.05 million or equivalent to approximately Baht 1.4 million).

As at 31 December 2012, the subsidiary had assessed the fair value of the bonds by referring to the value quoted by the banks in which the fair value had increased by USD 4.7 million or equivalent to approximately Baht 142.3 million (2011: decreased by USD 1.3 million or equivalent to approximately Baht 36.1 million). The changes in the fair value of such bonds are shown as a separate item in the statement of comprehensive income.

As at 31 December 2012, part of short-term investments were used as security for short-term loans from financial institution as discussed in Note 14.

9. Trade and other receivables

Age of receivable	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Trade receivables - subsidiary companies				
Not yet due	-	-	997	1,691
Past due				
Up to 3 months	-	-	3,114	4,140
3 - 6 months	-	-	12,916	2,387
6 - 12 months	-	-	8,175	3,107
Over 12 months	-	-	1,622	962
Total trade receivables - subsidiary companies	-	-	26,824	12,287
Trade receivables - unrelated parties				
Not yet due	2,057,526	2,090,226	1,003,769	1,138,627
Past due				
Up to 3 months	596,354	354,943	217,752	105,460
3 - 6 months	23,758	20,670	3,418	929
6 - 12 months	16,349	7,236	286	34
Over 12 months	3,173	5,380	3	-
Total trade receivables - unrelated parties	2,697,160	2,478,455	1,225,228	1,245,050
Less: Allowance for doubtful accounts	(6,904)	(11,189)	-	-
Total trade receivables - unrelated parties - net	2,690,256	2,467,266	1,225,228	1,245,050
Total trade receivables - net	2,690,256	2,467,266	1,252,052	1,257,337
Other receivables - related parties	32	-	3,780	-
Other receivables - unrelated parties	73,928	101,250	5,865	17,678
Total other receivables	73,960	101,250	9,645	17,678
Trade and other receivables - net	<u>2,764,216</u>	<u>2,568,516</u>	<u>1,261,697</u>	<u>1,275,015</u>

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	2012	2011	2012	2011	2012	2011
Finished goods	939,399	553,620	(186,597)	(121,434)	752,802	432,186
Work in process	221,428	292,648	-	-	221,428	292,648
Raw materials	2,024,119	2,000,275	(212,688)	(227,963)	1,811,431	1,772,312
Goods in transit	62,107	149,433	-	-	62,107	149,433
Total	3,247,053	2,995,976	(399,285)	(349,397)	2,847,768	2,646,579

(Unit: Thousand Baht)

Separate financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	2012	2011	2012	2011	2012	2011
Finished goods	368,658	202,060	(186,585)	(121,287)	182,073	80,773
Work in process	107,070	117,251	-	-	107,070	117,251
Raw materials	697,982	808,856	(97,564)	(54,734)	600,418	754,122
Goods in transit	25,501	41,264	-	-	25,501	41,264
Total	1,199,211	1,169,431	(284,149)	(176,021)	915,062	993,410

11. Investments in subsidiary companies

(Unit: Thousand Baht)

Company's name	Separate financial statements						Dividend received for	
	Paid up capital		Shareholding percentage		Cost		the years ended	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
			Percent	Percent				
Hana Semiconductor (Ayuthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910	126,000	70,000
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100	-	240,000
Omac Sales Limited	325	325	100	100	273,492	273,492	-	-
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>3,427,502</u>	<u>3,427,502</u>	<u>126,000</u>	<u>310,000</u>

12. 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 2011	279,008	2,017,524	134,438	571,285	9,966,127	470,536	49,165	375,193	13,863,276
Additions	-	8,633	-	26,048	328,263	32,948	1,526	688,247	1,085,665
Disposals	-	-	-	(5)	(114,000)	(15,846)	(8,614)	-	(138,465)
Transfer in (out)	-	126,560	-	60,527	573,779	11,368	3,502	(775,736)	-
Translation adjustment	-	56,946	2,979	-	195,635	4,753	1,600	7,327	269,240
As at 31 December 2011	279,008	2,209,663	137,417	657,855	10,949,804	503,759	47,179	295,031	15,079,716
Additions	75,226	3,171	33,416	24,752	271,292	35,366	3,587	1,096,519	1,543,329
Disposals	-	(587)	-	(626)	(978,486)	(15,029)	(9,279)	(82)	(1,004,089)
Transfer in (out)	-	26,808	-	65,183	1,033,613	48,343	2,645	(1,176,592)	-
Translation adjustment	-	(14,374)	(1,047)	-	(58,642)	(1,564)	(418)	(912)	(76,957)
As at 31 December 2012	354,234	2,224,681	169,786	747,164	11,217,581	570,875	43,714	213,964	15,541,999
Accumulated depreciation									
As at 1 January 2011	-	598,060	114,805	397,525	5,745,357	367,938	30,281	-	7,253,966
Depreciation for the year	-	106,260	3,420	43,102	988,523	39,460	6,671	-	1,187,436
Accumulated depreciation for disposed assets	-	-	(616)	(5)	(76,964)	(15,156)	(7,186)	-	(99,927)
Translation adjustment	-	14,712	1,286	-	69,402	3,198	1,061	-	89,659
As at 31 December 2011	-	719,032	118,895	440,622	6,726,318	395,440	30,827	-	8,431,134
Depreciation for the year	-	110,569	5,362	51,101	1,005,363	48,018	5,180	-	1,225,593
Accumulated depreciation for disposed assets	-	(587)	-	(417)	(777,722)	(12,527)	(7,177)	-	(798,430)
Translation adjustment	-	(4,005)	(947)	-	(23,501)	(1,132)	(275)	-	(29,860)
As at 31 December 2012	-	825,009	123,310	491,306	6,930,458	429,799	28,555	-	8,828,437
Allowance for impairment loss									
As at 1 January 2011	-	-	-	613	82,204	-	-	-	82,817
Increase during the year	-	-	-	-	190,989	-	-	-	190,989
Translation adjustment	-	-	-	-	2,186	-	-	-	2,186
As at 31 December 2011	-	-	-	613	275,379	-	-	-	275,992
Increase during the year	-	-	-	3,397	2,187	2,763	-	-	8,347
Decrease during the year	-	-	-	-	(190,974)	-	-	-	(190,974)
Translation adjustment	-	-	-	-	(1,504)	-	-	-	(1,504)
As at 31 December 2012	-	-	-	4,010	85,088	2,763	-	-	91,861
Net book value									
As at 31 December 2011	279,008	1,490,631	18,522	216,620	3,948,107	108,319	16,352	295,031	6,372,590
As at 31 December 2012	354,234	1,399,672	46,476	251,848	4,202,035	138,313	15,159	213,964	6,621,701
Depreciation for the year									
									1,187,436

2011 (Baht 984 million included in manufacturing cost, and the balance in administrative expenses)

2012 (Baht 1,091 million included in manufacturing cost, and the balance in administrative expenses)

1,225,593

(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 2011	172,625	812,509	85,641	148,032	2,052,364	111,732	21,097	148,005	3,552,005
Additions	-	5,804	-	11,235	28,860	10,458	-	169,302	225,659
Disposals	-	-	-	-	(76,463)	(1,043)	(6,420)	-	(83,926)
Transfer in (out)	-	77,255	-	38,579	157,190	879	-	(273,903)	-
As at 31 December 2011	172,625	895,568	85,641	197,846	2,161,951	122,026	14,677	43,404	3,693,738
Additions	75,226	3,171	-	9,084	59,304	7,902	466	207,903	363,056
Disposals	-	-	-	-	(54,370)	(897)	(1,368)	-	(56,635)
Transfer in (out)	-	10,775	-	12,883	144,976	5,147	-	(173,781)	-
As at 31 December 2012	247,851	909,514	85,641	219,813	2,311,861	134,178	13,775	77,526	4,000,159
Accumulated depreciation									
As at 1 January 2011	-	271,488	83,212	74,970	1,290,148	87,734	14,827	-	1,822,379
Depreciation for the year	-	42,901	2,429	13,326	222,178	9,342	1,736	-	291,912
Accumulated depreciation for disposed assets	-	-	-	-	(53,196)	(931)	(5,258)	-	(59,385)
As at 31 December 2011	-	314,389	85,641	88,296	1,459,130	96,145	11,305	-	2,054,906
Depreciation for the year	-	44,840	-	17,872	216,858	10,331	1,514	-	291,415
Accumulated depreciation for disposed assets	-	-	-	-	(53,431)	(678)	(1,166)	-	(55,275)
As at 31 December 2012	-	359,229	85,641	106,168	1,622,557	105,798	11,653	-	2,291,046
Allowance for impairment loss									
As at 1 January 2011	-	-	-	613	6,897	-	-	-	7,510
Increase during the year	-	-	-	-	338	-	-	-	338
As at 31 December 2011	-	-	-	613	7,235	-	-	-	7,848
As at 31 December 2012	-	-	-	613	7,235	-	-	-	7,848
Net book value									
As at 31 December 2011	172,625	581,179	-	108,937	695,586	25,881	3,372	43,404	1,630,984
As at 31 December 2012	247,851	550,285	-	113,032	682,069	28,380	2,122	77,526	1,701,265
Depreciation for the year									
2011 (Baht 222 million included in manufacturing cost, and the balance in administrative expenses)									291,912
2012 (Baht 217 million included in manufacturing cost, and the balance in administrative expenses)									291,415

As at 31 December 2012, certain 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 4,619 million (2011: Baht 4,625 million) and for the Company amounted to approximately Baht 1,052 million (2011: Baht 860 million).

13. 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 2011	40,480	6,767
Additions	2,238	651
Translation adjustment	1,044	-
As at 31 December 2011	43,762	7,418
Additions	2,592	-
Translation adjustment	1,970	-
As at 31 December 2012	48,324	7,418
Accumulated amortisation		
As at 1 January 2011	22,911	2,028
Amortisation for the year	5,396	634
Translation adjustment	914	-
As at 31 December 2011	29,221	2,662
Amortisation for the year	3,393	668
Translation adjustment	(247)	-
As at 31 December 2012	32,367	3,330
Net book value		
As at 31 December 2011	14,541	4,756
As at 31 December 2012	15,957	4,088
Amortisation for the year		
2011	5,396	634
2012	3,393	668

14. Short-term loans from financial institution

The balances of short-term loans from financial institution of an overseas subsidiary as at 31 December 2012 and 2011 are summarised below.

	2012	2011	
	Million USD	Million Pound Sterling	Million Euro
Principal loan balance	0.80	0.52	0.33
Interest rate (percent per annum)	1.00 - 1.35	0.88	1.27

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

15. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Trade payables - subsidiary companies	-	-	224,226	94,145
Trade payables - unrelated parties	1,552,396	1,916,228	475,785	812,933
Advance received from customers	120,315	164,050	26,524	30,094
Other payables for purchase of machineries	191,702	174,472	22,823	38,394
Accrued expenses	<u>223,427</u>	<u>251,694</u>	<u>26,032</u>	<u>29,185</u>
Total trade and other payables	<u>2,087,840</u>	<u>2,506,444</u>	<u>775,390</u>	<u>1,004,751</u>

16. Short-term provisions

(Unit: Thousand Baht)

	Consolidated financial statements		
	Loss on tax assessment	Product warranty	Total
As at 1 January 2011	150,466	182,992	333,458
Increase during the year	-	35,016	35,016
As at 31 December 2011	150,466	218,008	368,474
Increase during the year	<u>64,110</u>	<u>15,766</u>	<u>79,876</u>
As at 31 December 2012	<u>214,576</u>	<u>233,774</u>	<u>448,350</u>

(Unit: Thousand Baht)

	Separate financial statements	
	Loss on tax assessment	Total
As at 1 January 2011	150,466	150,466
As at 31 December 2011	150,466	150,466
Increase during the year	64,110	64,110
As at 31 December 2012	214,576	214,576

Provision for loss on tax assessment

The Company has recorded provision for loss on tax assessment, as described in Note 27.5.

Provision for product warranty

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

17. Provision for long-term employee benefits

Provision for long-term employee benefits, which are compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2012	2011	2012	2011
Defined benefit obligation at beginning of year	352,900	271,128	154,851	109,944
Current service cost	41,162	40,469	19,911	18,204
Interest cost	10,960	9,471	5,168	4,173
Benefits paid during the year	(8,632)	(4,300)	(2,422)	(3,380)
Actuarial (gain) loss	(20,029)	36,132	(10,434)	25,910
Defined benefit obligation at end of year	376,361	352,900	167,074	154,851

Long-term employee benefit expenses included in the profit or loss was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Current service cost	41,162	40,469	19,911	18,204
Interest cost	10,960	9,471	5,168	4,173
Actuarial (gain) loss recognised during the year	(20,029)	36,132	(10,434)	25,910
Total expense recognised in profit or loss	32,093	86,072	14,645	48,287
Line items under which such expenses are included in profit or loss				
Cost of sales	24,575	28,822	8,690	13,949
Selling and administrative expenses	7,518	57,250	5,955	34,338

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.2%	3.7%	4.2%	3.7%
Future salary increase rate (depending on age)	4.0% - 5.3%	3.1% - 5.4%	4.0% - 5.3%	3.8% - 5.4%
Staff turnover rate	4.9% - 26.3%	4.9% - 26.3%	4.9% - 26.3%	4.9% - 26.3%

Amounts of defined benefit obligation for the current and previous two periods are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
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	-	-

18. 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.

19. Treasury shares

As at 31 December 2012 and 2011, details of treasury shares are as follows:

	Consolidated and separate financial statements	
	<u>2012</u>	<u>2011</u>
Cost of treasury shares (Thousand Baht)	-	262,987
Number of treasury shares (Thousand shares)	-	25,596
Average price per share (Baht)	-	10.27
Percentage of treasury shares to the Company's shares in issue	-	3.08

A resolution of a meeting of the Company's Board of Directors No. 4/2551 held on 7 October 2008 approved the repurchase of shares of the Company in order to manage its excess cash, increase earnings per share and to maximise shareholder benefits, with a budget of not more than Baht 1,600 million. The repurchase shall not more than 83 million shares, equivalent to 9.99% of total issued and paid-up shares of the Company. The period of repurchase of shares is from 22 October 2008 to 22 April 2009 and these shares are to be sold after 6 months from the date of completing the repurchase of shares, but not more than 3 years.

Under the Notification of the Office of the Securities and Exchange Commission No. Gor Lor Tor. Chor. Sor. (Wor) 2/2548 and the Notification of the Federation of Accounting Professions No. Sor. Sor Wor Bor Chor. 016/2548, public limited company is required to set aside retained earnings in an amount equal to the amount paid for treasury shares until either the shares are sold or paid-up capital is reduced by cancellation of any remaining unsold shares. As at 31 December 2011, the Company set aside approximately Baht 262.99 million as reserve for treasury shares.

A resolution of the meeting of the Company's Board of Directors No. 3/2554 held on 10 August 2011 approved the resale of 25,596,100 treasury shares, or equivalent to 3.08 percent of total issued and paid-up shares of the Company. The treasury shares will be sold through the Stock Exchange of Thailand. The period of the resale of these shares is from 25 August 2011 to 2 September 2011, and the resale price shall not less than 85 percent of the average closing price of the last 5 trading days. However, no treasury shares were sold until the ending resale period on 2 September 2011.

On 28 February 2012, the meeting of the Board of Directors of the Company No. 1/2012 passed resolutions approving to write off all 25,596,100 treasury shares with a par value of Baht 1 each which remain unsold, and approving to decrease the Company's registered, issued and paid-up share capital, resulting from treasury shares written off. As a result, the Company's registered share capital was reduced from Baht 1,000,000,000 (1,000,000,000 ordinary shares of Baht 1 each) to Baht 974,403,900 (974,403,900 million ordinary shares of Baht 1 each), and its issued and paid-up share capital was reduced from Baht 830,474,960 (830,474,960 ordinary shares of Baht 1 each) to Baht 804,878,860 (804,878,860 ordinary shares of Baht 1 each). The Company registered the share capital decrease with the Ministry of Commerce on 5 March 2012.

20. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Raw materials and consumables used	10,926,437	9,744,187	4,764,964	3,996,872
Changes in inventories of finished goods and work in process	(249,396)	75,011	(91,119)	(31,884)
Salary and wages and other employee benefits	2,756,767	2,687,463	992,252	889,658
Management benefit expenses	79,594	88,842	20,814	17,042
Depreciation and amortisation expenses	1,228,986	1,192,832	292,083	292,546
Loss from flood event	-	99,294	-	-
Loss from tax assessment	65,595	-	65,595	-
Product warranty expenses	22,691	25,801	-	-

21. Loss from flood event

The plant of Hana Semiconductor (Ayutthaya) Co., Ltd., a 100% owned 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 is in the process of claiming insurance compensation for its property damages and 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 the 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.

22. 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.

Diluted 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 plus the weighted average number of ordinary shares which would need to be issued to convert of all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

	For the year ended 31 December			
	Consolidated		Separate	financial
	financial statements		statements	
	2012	2011	2012	2011
Profit for the year (Thousand Baht)	1,660,526	1,618,069	900,205	1,167,025
Number of weighted average ordinary shares				
- net of treasury shares (Thousand shares)	804,879	804,879	804,879	804,879
Basic earnings per share (Baht)	2.06	2.01	1.12	1.45

23. 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
1. Certificate No.									
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
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 (tax exempted according with investment)	8 years (tax exempted according with investment)	8 years (tax exempted according with investment)	8 years
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	5 years (expired) (tax exempted according with investment)	5 years (tax exempted according with investment)	5 years (tax exempted according with investment)	5 years (tax exempted according with investment)	5 years

Particulars	The Company								
	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted
3.4 Exemption from import duty on machinery as approved by the Board.	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	10 years	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 Microelectronics (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

Particulars	Subsidiary				
	Hana Semiconductor (Ayutthaya) Company Limited				
1. Certificate No.	1133(4)/2548	2176(4)/2548	1458(1)/2553	1817(2)/2550	1034(2)/2550
2. Promotional privileges for	Production of Integrated Circuit (IC) and Integrated Module	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)
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	8 years	7 years	8 years
3.2 Exemption from import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted	Granted
4. Date of first earning operating income	3 January 2005	10 January 2006	10 May 2010	1 September 2010	Has not yet started utilising the privileges.

During the year 2012, the subsidiaries were approved by the Board of investment to terminate the promotional certificate no.112/2541, 1594(2)/2545, and 2093(6)/2548.

The Company's operating revenues for the years 2012 and 2011 could be divided according to promoted and non-promoted operations as follows:

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2012	2011	2012	2011	2012	2011
Sales						
Domestic sales	2,307	684	9,461	15	11,768	699
Export sales	7,172,670	6,258,086	8,419	14,556	7,181,089	6,272,642
Total sales	7,174,977	6,258,770	17,880	14,571	7,192,857	6,273,341

24. Segment information

The Company and its subsidiaries mainly involve a single industry segment in electronic components and mainly carry on their business in the geographic areas in Thailand, Hong Kong, the United States of America and China. Geographical segment information of the Company and its subsidiaries as at and for the years ended 31 December 2012 and 2011 are as follows:

(Unit: Million Baht)

Consolidated financial statements for the years ended 31 December

	Domestic		Foreign		Eliminated		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenues from external customers	11,618	11,559	5,615	4,756	-	-	17,233	16,315
Intersegment revenues	36	31	7,043	5,530	(7,079)	(5,561)	-	-
Total revenues	11,654	11,590	12,658	10,286	(7,079)	(5,561)	17,233	16,315
Segment profit	871	1,365	812	689			1,683	2,054
Unallocated income and expenses:								
Other income							987	563
Gain on exchange							168	120
Selling expenses							(133)	(132)
Administrative expenses							(880)	(810)
Loss from flood event							-	(99)
Other expenses							(88)	(26)
Finance cost							(7)	(9)
Corporate income tax							(69)	(43)
Profit for the year							1,661	1,618

(Unit: Million Baht)

Consolidated financial statements as at 31 December

	Domestic		Foreign		Eliminated		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Property, plant and equipment	4,605	4,413	2,017	1,960	-	-	6,622	6,373
Other assets	18,330	18,032	19,598	18,173	(26,629)	(24,666)	11,299	11,539
Total assets	<u>22,935</u>	<u>22,445</u>	<u>21,615</u>	<u>20,133</u>	<u>(26,629)</u>	<u>(24,666)</u>	<u>17,921</u>	<u>17,912</u>

Transfer prices between business segments are as set out in Note 7 to the financial statements.

25. 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 2012, total amount of approximately of Baht 53 million (2011: Baht 46 million) had been contributed to the fund by the Company and its subsidiaries, and Baht 24 million had been contributed by the Company (2011: Baht 20 million).

26. Dividend paid

During the years 2012 and 2011, 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 2010	Annual General Meeting of the shareholders on 29 April 2011	1,248	1.55
Total for the year 2011		<u>1,248</u>	<u>1.55</u>
Final dividends for 2011	Annual General Meeting of the shareholders on 30 April 2012	805	1.00
Interim dividends for 2012	Board of Directors' Meeting on 8 November 2012	402	0.50
Total for the year 2012		<u>1,207</u>	<u>1.50</u>

		Approved by	Total dividends	Dividend per share
			(Million Baht)	(Baht)
<u>Subsidiary companies</u>				
Hana Semiconductor (Ayutthaya) Company Limited				
Final dividends for 2010	Annual General Meeting of the shareholders on 20 April 2011		120	1.00
Total for the year 2011			<u>120</u>	<u>1.00</u>
Final dividends for 2011	Annual General Meeting of the shareholders on 17 April 2012		216	1.80
Total for the year 2012			<u>216</u>	<u>1.80</u>
Hana Semiconductor (BKK) Company Limited				
Final dividends for 2010	Annual General Meeting of the shareholders on 29 April 2011		190	1.90
Interim dividends for 2011	Board of Directors' meeting on 4 May 2011		50	0.50
Total for the year 2011			<u>240</u>	<u>2.40</u>

27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 December 2012, the Company and its subsidiaries had capital commitments of approximately USD 3.1 million or equivalent to Baht 96.4 million (2011: USD 2.2 million or equivalent to Baht 70.8 million), relating to the acquisitions of machinery the Company only: Baht 19.8 million (2011: Baht 28.1 million).

27.2 Operating lease commitments

The Company and a local subsidiary operate their business in Bangkok on a leased premise, the lease agreement of which is made between the landlord and a related company. The lease is 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 has been changed to Baht 0.1 million per month since March 2011.

In addition, 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.

27.3 Marketing supportive service agreement

Since the year 2001, the Company and four subsidiary companies entered into marketing supportive service agreement with an overseas subsidiary company. Under that agreement, the Company and the four subsidiary companies have to pay service fees to that subsidiary company at the rates stipulated in the agreement.

27.4 Guarantees

As at 31 December 2012, there were outstanding bank guarantees of approximately Baht 256 million (2011: Baht 188 million) and the Company only: Baht 223 million (2011: Baht 154 million) issued by 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 208 million (2011: Baht 144 million) to be security for the tax assessment of the Company made by the Revenue Department (as discussed in Note 27.5) and Baht 48 million to guarantee electricity uses, among others (2011: Baht 44 million).

27.5 Tax assessment

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. Currently, the Company is in the process of appealing to the Supreme Court and expects that the Supreme Court will reverse the judgment of the Central Tax Court, which will not result in any tax payment to the Company.

During the second quarter and the third quarter of 2012, the Company received the notifications of corporate income tax assessments for the year 2001 and 2002 from the Revenue Department for the excess of the allocated administrative expenses, interest expenses and loss on exchange rate to the promoted operations, and over utilised of loss carried forward, causing the under recording of corporate income tax for the year 2001 and 2002, which together with related penalty and surcharge amounted to approximately Baht 20 million and Baht 44 million, respectively. The Company did not agree with the assessments and appealed them to the Board of Appeals on 28 June 2012 and 28 September 2012. The Company expects that the Board of Appeals will reverse the assessment of the Revenue Department, which will not result in any tax payment to the Company.

However, as at 31 December 2012, the Company recorded provision for loss on tax assessments of approximately Baht 215 million (2011: Baht 150 million) and has placed the bank guarantees as securities against the assessments.

28. Financial instruments

28.1 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 loans. 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. 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 banks, short-term investments and short-term loans. Most of their financial assets bear floating interest rates, or fixed interest rate 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 date, or the repricing date if this occurs before the maturity date.

	Consolidated financial statements as at 31 December 2012				
	Fixed interest rate within one year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	(Million Baht)				
Financial assets					
Cash and cash equivalents	1,268	1,503	341	3,112	0.001 - 2.85
Short-term investments	2,219	19	132	2,370	0.15 - 9.38
Trade and other receivables	-	-	2,764	2,764	
	<u>3,487</u>	<u>1,522</u>	<u>3,237</u>	<u>8,246</u>	
Financial liabilities					
Short-term loans from financial institution	-	24	-	24	1 - 1.35
Trade and other payables	-	-	2,088	2,088	-
	<u>-</u>	<u>24</u>	<u>2,088</u>	<u>2,112</u>	

Consolidated financial statements as at 31 December 2011

	Fixed interest rate			Total	Effective interest rate (% p.a.)
	within one year	Floating interest rate	Non-interest bearing		
	(Million Baht)				
Financial assets					
Cash and cash equivalents	2,036	1,572	216	3,824	0.001 - 3.25
Short-term investments	1,894	24	96	2,014	0.15 - 9.75
Trade and other receivables	-	-	2,569	2,569	-
Insurance claim receivable	-	-	300	300	-
	<u>3,930</u>	<u>1,596</u>	<u>3,181</u>	<u>8,707</u>	
Financial liabilities					
Short-term loans from financial institution	-	39	-	39	1.00 - 1.35
Trade and other payables	-	-	2,506	2,506	-
	<u>-</u>	<u>39</u>	<u>2,506</u>	<u>2,545</u>	

Separate financial statements as at 31 December 2012

	Fixed interest rate			Total	Effective interest rate (% p.a.)
	within one year	Floating interest rate	Non-interest bearing		
	(Million Baht)				
Financial assets					
Cash and cash equivalents	-	92	2	94	0.1 - 0.875
Trade and other receivables	-	-	1,262	1,262	-
	<u>-</u>	<u>92</u>	<u>1,264</u>	<u>1,356</u>	
Financial liabilities					
Trade and other payables	-	-	775	775	-
	<u>-</u>	<u>-</u>	<u>775</u>	<u>775</u>	

Separate financial statements as at 31 December 2011

	Fixed interest rate			Total	Effective interest rate (% p.a.)
	within one year	Floating interest rate	Non-interest bearing		
	(Million Baht)				
Financial assets					
Cash and cash equivalents	250	263	7	520	0.1 - 3.25
Trade and other receivables	-	-	1,275	1,275	-
	<u>250</u>	<u>263</u>	<u>1,282</u>	<u>1,795</u>	
Financial liabilities					
Trade and other payables	-	-	1,005	1,005	-
	<u>-</u>	<u>-</u>	<u>1,005</u>	<u>1,005</u>	

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts will mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2012 and 2011 are summarised below.

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2012</u> (Million)	<u>2011</u> (Million)	<u>2012</u> (Million)	<u>2011</u> (Million)	<u>2012</u> (Baht per foreign currency unit)	<u>2011</u>
China Yuan	318	308	102	84	4.9164	5.0328
US Dollar	165	156	59	58	30.6316	31.6912
Japan Yen	64	24	5	32	0.3545	0.4084
Indian Rupee	45	45	-	-	0.5597	0.5891
Euro	9	9	-	-	40.5563	41.0274
Hong Kong dollar	3	3	1	2	3.9510	4.0795
Pound Sterling	3	3	-	-	49.3458	48.8578
Australia dollar	2	2	1	-	31.7757	32.1971
Singapore Dollar	2	2	-	-	25.0340	24.3854
Brazilian real	2	2	-	-	15.1800	17.9600

As at 31 December 2012 and 2011, an overseas subsidiary company had outstanding forward exchange contracts, of which details are presented below.

As at 31 December 2012		
Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
10	4 March 2013	31.57
10	26 March 2013	31.17
20	13 March 2013	30.80
20	13 March 2013	30.80
20	28 March 2013	31.22
(Million Euro)		(USD per Euro)
5	20 May 2013	1.28

As at 31 December 2011

Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
10	25 January 2012	31.07
10	2 February 2012	31.90
20	30 March 2012	31.30
40	13 June 2012	30.98
(Million Euro)		(USD per Euro)
5	16 May 2012	1.37

In addition, the subsidiary company entered into the linked asset swap agreement with an overseas bank. The details of the swap agreement outstanding as at 31 December 2012 and 2011 are as follows:

As at 31 December 2012

Swap agreement	Notional amount	Contractual maturity date	Yield to maturity	Fair value gain (loss)
	(Million USD)		(Percent)	(Million Baht)
Credit default swap - quoted bonds	2	20 June 2013	1.43	(0.75)

As at 31 December 2011

Swap agreement	Notional amount	Contractual maturity date	Yield to maturity	Fair value gain (loss)
	(Million USD)		(Percent)	(Million Baht)
Credit default swap - quoted bonds	2	20 June 2013	1.43	1.12

28.2 Fair value of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature and carry floating interest rate or the interest rate close to market rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

29. 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 2012, the Group's debt-to-equity ratio was 0.20:1 (2011: 0.23:1) and the Company's was 0.19:1 (2011: 0.20:1).

30. Event after the reporting period

On 27 February 2013, the meeting of the Board of Directors of the Company No. 1/2013 passed the resolution approving the final dividend payment for the year 2012 to the Company's shareholders at Baht 1 per share. The dividend will be paid on 15 May 2013.

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

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2013.