

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month and nine-month periods ended
30 September 2013

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Hana Microelectronics Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Hana Microelectronics Public Company Limited and its subsidiaries as at 30 September 2013, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2013, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 2013, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Hana Microelectronics Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Emphasis of matter

I draw attention to Note 2 to the financial statements regarding the change in accounting policy as the result of adoption of Thai Accounting Standard 12 *Income Taxes*. My conclusion is not qualified in respect of this matter.

Other matter

The consolidated statement of financial position of Hana Microelectronics Public Company Limited and its subsidiaries, and the separate statement of financial position of Hana Microelectronics Public Company Limited as at 31 December 2012 (before restatement) were audited by another auditor of our firm who expressed an unqualified opinion on those statements, under her report dated 27 February 2013. The consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2012, and the consolidated statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 2012 of Hana Microelectronics Public Company Limited and its subsidiaries, and the separate financial statements of Hana Microelectronics Public Company Limited for the same periods (before restatement) were also reviewed by the aforementioned auditor who concluded, under her report dated 8 November 2012, that nothing had come to her attention that caused her to believe that the interim financial information was not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

Ernst & Young Office Limited

Bangkok: 13 November 2013

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2013

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements			
	As at	As at	As at	As at	As at	As at	
	30 September	31 December	1 January	30 September	31 December	1 January	
	Note	2013	2012	2012	2013	2012	2012
		(Unaudited but reviewed)	(Audited (Restated)		(Unaudited but reviewed)	(Audited (Restated)	
Assets							
Current assets							
Cash and cash equivalents	3	4,891,017	3,111,181	3,824,147	1,057,370	94,145	520,425
Short-term investments	5	2,240,344	2,370,090	2,014,320	-	-	-
Trade and other receivables	4, 6	2,926,445	2,764,216	2,568,516	1,273,589	1,261,697	1,275,015
Insurance claim receivable	15	-	-	300,000	-	-	-
Inventories	7	3,216,454	2,847,768	2,646,579	1,342,700	915,062	993,410
Other current assets		98,966	162,931	154,071	37,840	49,327	58,846
Total current assets		13,373,226	11,256,186	11,507,633	3,711,499	2,320,231	2,847,696
Non-current assets							
Investments in subsidiary companies	8	-	-	-	3,466,292	3,427,502	3,427,502
Other long-term investment		97	97	97	97	97	97
Property, plant and equipment	9	6,685,461	6,621,701	6,372,590	2,215,704	1,701,265	1,630,984
Intangible assets		13,661	15,957	14,541	4,124	4,088	4,756
Deferred tax assets	2	18,390	14,967	15,801	9,488	4,682	3,762
Other non-current assets		35,679	20,724	16,851	29,694	1,329	1,329
Total non-current assets		6,753,288	6,673,446	6,419,880	5,725,399	5,138,963	5,068,430
Total assets		20,126,514	17,929,632	17,927,513	9,436,898	7,459,194	7,916,126

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2013

(Unit: Thousand Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
		30 September	31 December	1 January	30 September	31 December	1 January
		2013	2012	2012	2013	2012	2012
		(Unaudited but reviewed)	(Audited) (Restated)		(Unaudited but reviewed)	(Audited) (Restated)	
Liabilities and shareholders' equity							
Current liabilities							
Short-term loans from financial institution	10	16,529	24,435	38,821	-	-	-
Trade and other payables	4, 11	3,078,171	2,087,840	2,506,443	1,590,854	775,390	1,004,751
Short-term provisions	18.5	528,407	448,350	368,474	272,910	214,575	150,466
Income tax payable		17,206	60,052	15,155	6,009	7,870	5,450
Other current liabilities		81,008	38,072	65,341	44,116	23,148	23,278
Total current liabilities		3,721,321	2,658,749	2,994,234	1,913,889	1,020,983	1,183,945
Non-current liabilities							
Provision for long-term employee benefits		426,348	376,361	352,899	199,994	167,074	154,851
Total non-current liabilities		426,348	376,361	352,899	199,994	167,074	154,851
Total liabilities		4,147,669	3,035,110	3,347,133	2,113,883	1,188,057	1,338,796
Shareholders' equity							
Share capital	12						
Registered							
974,403,900 ordinary shares of Baht 1 each							
(31 December 2012: 974,403,900							
ordinary shares of Baht 1 each)							
(1 January 2012: 1,000,000,000							
ordinary shares of Baht 1 each)							
		974,404	974,404	1,000,000	974,404	974,404	1,000,000
Issued and fully paid-up							
804,878,860 ordinary shares of Baht 1 each							
(31 December 2012: 804,878,860							
ordinary shares of Baht 1 each)							
(1 January 2012: 830,474,960							
ordinary shares of Baht 1 each)		804,879	804,879	830,475	804,879	804,879	830,475
Share premium		1,723,219	1,723,219	1,723,219	1,723,219	1,723,219	1,723,219
Retained earnings							
Appropriated - statutory reserve		375,919	352,497	320,218	100,000	100,000	100,000
Appropriated - reserve for treasury shares	12	-	-	262,987	-	-	262,987
Unappropriated		13,089,675	12,194,644	11,798,452	4,694,917	3,643,039	3,923,636
Other components of shareholders' equity		(14,847)	(180,717)	(91,984)	-	-	-
Equity attributable to owner of the Company		15,978,845	14,894,522	14,843,367	7,323,015	6,271,137	6,840,317
Treasury shares	12	-	-	(262,987)	-	-	(262,987)
Total shareholders' equity		15,978,845	14,894,522	14,580,380	7,323,015	6,271,137	6,577,330
Total liabilities and shareholders' equity		20,126,514	17,929,632	17,927,513	9,436,898	7,459,194	7,916,126
		-	-	-	-	-	-

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

Directors

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 30 September 2013**

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

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u> (Restated)
Revenues					
Sales		4,966,255	4,483,971	2,207,812	1,740,383
Interest income		40,869	39,309	828	11
Dividend income		16	13	420,016	13
Gain on exchange		43,162	85,757	24,676	-
Insurance compensation income	15	-	196,000	-	-
Others income	18.5	101,701	92,948	37,320	23,348
Total revenues		5,152,003	4,897,998	2,690,652	1,763,755
Expenses					
Cost of sales		4,226,601	4,085,259	1,802,215	1,578,068
Selling expenses		49,029	32,978	6,256	6,669
Administrative expenses		168,602	41,470	51,247	44,670
Loss on exchange		-	-	-	9,016
Other expenses	18.5	115,932	49,977	110,401	44,506
Total expenses		4,560,164	4,209,684	1,970,119	1,682,929
Profit before finance cost and income tax expenses					
		591,839	688,314	720,533	80,826
Finance cost		(2,310)	(2,025)	(676)	(611)
Profit before income tax expenses		589,529	686,289	719,857	80,215
Income tax expenses	13	(22,677)	(87,714)	(8,000)	(1,161)
Profit for the period		566,852	598,575	711,857	79,054
Profit attributable to:					
Equity holders of the Company		<u>566,852</u>	<u>598,575</u>	<u>711,857</u>	<u>79,054</u>
Earnings per share					
14					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)					
		<u>0.70</u>	<u>0.74</u>	<u>0.88</u>	<u>0.10</u>
Number of weighted average ordinary shares (Thousand shares)					
		<u>804,879</u>	<u>804,879</u>	<u>804,879</u>	<u>804,879</u>

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 September 2013

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u> (Restated)
Profit for the period	<u>566,852</u>	<u>598,575</u>	<u>711,857</u>	<u>79,054</u>
Other comprehensive income:				
Gain on change in value of available-for-sale investments	3,600	71,280	-	-
Exchange differences on translation of financial statements in foreign currency	<u>81,730</u>	<u>(206,784)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>85,330</u>	<u>(135,504)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>652,182</u>	<u>463,071</u>	<u>711,857</u>	<u>79,054</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>652,182</u>	<u>463,071</u>	<u>711,857</u>	<u>79,054</u>

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries**Income statement****For the nine-month period ended 30 September 2013**

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

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u> (Restated)
Revenues					
Sales		12,849,457	13,171,502	5,636,698	5,585,947
Interest income		119,714	126,867	2,503	5,208
Dividend income		43	28	1,190,043	126,028
Gain on exchange		9,233	119,316	40,113	19,213
Insurance compensation income	15	742,215	400,000	-	-
Others income	18.5	295,731	313,818	78,322	61,187
Total revenues		14,016,393	14,131,531	6,947,679	5,797,583
Expenses					
Cost of sales		11,443,229	11,824,651	4,779,594	4,821,042
Selling expenses		109,325	102,694	18,657	20,197
Administrative expenses		566,591	600,985	161,723	142,886
Other expenses	18.5	126,401	82,917	110,401	65,595
Total expenses		12,245,546	12,611,247	5,070,375	5,049,720
Profit before finance cost and income tax expenses					
Finance cost		(6,956)	(5,805)	(2,653)	(1,770)
Profit before income tax expenses		1,763,891	1,514,479	1,874,651	746,093
Income tax expenses	13	(40,559)	(118,542)	(17,894)	(10,076)
Profit for the period		1,723,332	1,395,937	1,856,757	736,017
Profit attributable to:					
Equity holders of the Company		1,723,332	1,395,937	1,856,757	736,017
Earnings per share					
Basic earnings per share	14				
Profit attributable to equity holders of the Company (Baht)		2.14	1.73	2.31	0.91
Number of weighted average ordinary shares (Thousand shares)		804,879	804,879	804,879	804,879

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of comprehensive income

For the nine-month period ended 30 September 2013

(Unit: Thousand Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u> (Restated)
Profit for the period		<u>1,723,332</u>	<u>1,395,937</u>	<u>1,856,757</u>	<u>736,017</u>
Other comprehensive income:					
Gain (loss) on change in value of available-for-sale investments	5.2	(86,586)	121,750	-	-
Exchange differences on translation of financial statements in foreign currency		<u>252,456</u>	<u>(199,961)</u>	-	-
Other comprehensive income for the period		<u>165,870</u>	<u>(78,211)</u>	-	-
Total comprehensive income for the period		<u>1,889,202</u>	<u>1,317,726</u>	<u>1,856,757</u>	<u>736,017</u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>1,889,202</u>	<u>1,317,726</u>	<u>1,856,757</u>	<u>736,017</u>

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries**Statement of cash flows****For the nine-month period ended 30 September 2013**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash flows from operating activities				
Profit before tax	1,763,891	1,514,479	1,874,651	746,093
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	903,830	917,232	213,166	216,436
Amortisation expenses	2,981	2,397	509	501
Allowance for doubtful accounts (reversal)	1,333	(4,274)	-	-
Reduction of inventories to net realisable value (reversal)	(49,150)	16,160	7,938	115,643
Dividend income from subsidiary companies	-	-	(1,190,000)	(126,000)
Dividend income from other companies	(43)	(28)	(43)	(28)
Loss (gain) on disposals/write-off equipment	(6,367)	96,366	819	(1,072)
Reversal for impairment loss on assets	(783)	(182,628)	-	-
Provision for product warranty	12,326	20,996	-	-
Provision for vacation	393	-	539	-
Provision for long-term employee benefits	57,850	44,916	34,817	19,204
Provision for loss on tax assessments	110,402	64,110	110,402	64,110
Gain on sales/redemption of short-term investments	(26,476)	(9,456)	-	-
Gain on redemption of swap contract	(104)	-	-	-
Revaluation gain on investments in securities held for trading	(2,096)	(5,946)	-	-
Unrealised loss (gain) on exchange	4,490	17,299	(10,947)	24,407
Unrealised loss (gain) on forward contracts	23,349	(54,632)	-	-
Unrealised gain on swap contracts	-	387	-	-
Interest income from short-term investments	(82,015)	(85,145)	-	-
Interest expenses	1,288	87	756	-
Profit from operating activities before changes in operating assets and liabilities	2,715,099	2,352,320	1,042,607	1,059,294
Operating assets (increase) decrease				
Trade and other receivables	(160,926)	(261,612)	14,807	52,562
Insurance claim receivable	-	300,000	-	-
Inventories	(319,536)	(395,963)	(435,576)	(39,844)
Other current assets	63,794	(59,752)	11,741	17,370
Other non-current assets	(19)	(31,274)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	1,068,873	7,096	789,650	(190,655)
Other current liabilities	19,493	(29,810)	(4,649)	(2,897)
Cash from operating activities	3,386,778	1,881,005	1,418,580	895,830
Cash paid for long-term employee benefits	(7,862)	(8,538)	(1,897)	(2,422)
Cash paid for redemption of swap contract	(195)	-	-	-
Cash paid for tax assessments	(26,990)	-	(26,990)	-
Cash paid for income tax	(86,440)	(68,664)	(24,562)	(15,310)
Interest paid	(756)	-	(756)	-
Net cash from operating activities	3,264,535	1,803,803	1,364,375	878,098

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries**Statement of cash flows (continued)****For the nine-month period ended 30 September 2013**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash flows from investing activities				
Increase in short-term investments	(181,244)	(534,845)	-	-
Interest income from short-term investments	83,852	83,515	-	-
Proceeds from sales of short-term investments	252,976	337,884	-	-
Increase in investment in subsidiary company	-	-	(38,790)	-
Dividend income from subsidiary companies	-	-	1,190,000	126,000
Dividend income from other companies	43	28	43	28
Acquisitions of property, plant and equipment	(1,095,117)	(1,127,424)	(718,912)	(251,814)
Proceeds from disposals of equipment	31,684	96,925	298	2,406
Increase in intangible assets	(685)	(538)	(545)	-
Increase in other non-current assets	(14,936)	(50,438)	(28,365)	(22,499)
Net cash from (used in) investing activities	(923,427)	(1,194,893)	403,729	(145,879)
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(7,906)	(13,211)	-	-
Cash paid for interest expenses	(532)	(87)	-	-
Dividend paid	(804,879)	(804,879)	(804,879)	(804,879)
Net cash used in financing activities	(813,317)	(818,177)	(804,879)	(804,879)
Increase (decrease) in cash and cash equivalents	1,527,791	(209,267)	963,225	(72,660)
Translation adjustment	252,045	(200,277)	-	-
Net increase (decrease) in cash and cash equivalents	1,779,836	(409,544)	963,225	(72,660)
Cash and cash equivalents at beginning of the period	3,111,181	3,824,147	94,145	520,425
Cash and cash equivalents at end of the period (Note 3)	4,891,017	3,414,603	1,057,370	447,765
	-	-	-	-
Supplemental cash flow information				
Non-cash related transactions from investing activities				
Net increase (decrease) in accounts payable for purchase				
of property and equipment	(102,993)	(30,209)	9,810	(1,941)
Revaluation surplus (deficit) from changes in				
fair value of available-for-sale investments	(86,586)	121,750	-	-
Translation adjustment for deferred tax assets	(411)	316	-	-

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the nine-month period ended 30 September 2013

(Unit: Thousand Baht)

Consolidated financial statements												
	Note	Retained earnings					Other components of shareholders' equity		Total other components of shareholders' equity	Total equity attributable to owners of the Company	Treasury shares	Total shareholders' equity
		Issued and paid up share capital	Share premium	Appropriated		Unappropriated	Surplus (deficit) on changes in value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currency				
				Statutory reserve	Reserve for treasury shares							
Balance as at 1 January 2012 - as previously reported		830,475	1,723,219	320,218	262,987	11,783,074	67,740	(160,147)	(92,407)	14,827,566	(262,987)	14,564,579
Cumulative effect of change in accounting policy for deferred tax	2	-	-	-	-	15,378	-	423	423	15,801	-	15,801
Balance as at 1 January 2012 - as restated		830,475	1,723,219	320,218	262,987	11,798,452	67,740	(159,724)	(91,984)	14,843,367	(262,987)	14,580,380
Total comprehensive income for the period (restated)		-	-	-	-	1,395,937	121,750	(199,961)	(78,211)	1,317,726	-	1,317,726
Dividend paid	17	-	-	-	-	(804,879)	-	-	-	(804,879)	-	(804,879)
Unappropriated retained earnings transferred to statutory reserve		-	-	32,279	-	(32,279)	-	-	-	-	-	-
Write-off treasury shares	12	(25,596)	-	-	(262,987)	25,596	-	-	-	(262,987)	262,987	-
Balance as at 30 September 2012		<u>804,879</u>	<u>1,723,219</u>	<u>352,497</u>	<u>-</u>	<u>12,382,827</u>	<u>189,490</u>	<u>(359,685)</u>	<u>(170,195)</u>	<u>15,093,227</u>	<u>-</u>	<u>15,093,227</u>
Balance as at 1 January 2013 - as previously reported		804,879	1,723,219	352,497	-	12,229,599	210,082	(390,524)	(180,442)	14,929,752	-	14,929,752
Cumulative effect of change in accounting policy for deferred tax	2	-	-	-	-	15,242	-	(275)	(275)	14,967	-	14,967
Cumulative effect from prior year's adjustment	20	-	-	-	-	(50,197)	-	-	-	(50,197)	-	(50,197)
Balance as at 1 January 2013 - as restated		804,879	1,723,219	352,497	-	12,194,644	210,082	(390,799)	(180,717)	14,894,522	-	14,894,522
Total comprehensive income for the period		-	-	-	-	1,723,332	(86,586)	252,456	165,870	1,889,202	-	1,889,202
Dividend paid	17	-	-	-	-	(804,879)	-	-	-	(804,879)	-	(804,879)
Unappropriated retained earnings transferred to statutory reserve		-	-	23,422	-	(23,422)	-	-	-	-	-	-
Balance as at 30 September 2013		<u>804,879</u>	<u>1,723,219</u>	<u>375,919</u>	<u>-</u>	<u>13,089,675</u>	<u>123,496</u>	<u>(138,343)</u>	<u>(14,847)</u>	<u>15,978,845</u>	<u>-</u>	<u>15,978,845</u>

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2013

(Unit: Thousand Baht)

		Separate financial statements							
		Issued and paid up share capital	Share premium	Retained earnings		Total equity attributable to owners of the Company	Treasury shares	Total	
				Appropriated					
Note				Statutory reserve	Reserve for treasury shares	Unappropriated			
	Balance as at 1 January 2012 - as previously reported	830,475	1,723,219	100,000	262,987	3,919,874	6,836,555	(262,987)	6,573,568
2	Cumulative effect of change in accounting policy for deferred tax	-	-	-	-	3,762	3,762	-	3,762
	Balance as at 1 January 2012 - as restated	830,475	1,723,219	100,000	262,987	3,923,636	6,840,317	(262,987)	6,577,330
	Total comprehensive income for the period (restated)	-	-	-	-	736,017	736,017	-	736,017
17	Dividend paid	-	-	-	-	(804,879)	(804,879)	-	(804,879)
12	Write-off treasury shares	(25,596)	-	-	(262,987)	25,596	(262,987)	262,987	-
	Balance as at 30 September 2012	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>-</u>	<u>3,880,370</u>	<u>6,508,468</u>	<u>-</u>	<u>6,508,468</u>
	Balance as at 1 January 2013 - as previously reported	804,879	1,723,219	100,000	-	3,638,357	6,266,455	-	6,266,455
2	Cumulative effect of change in accounting policy for deferred tax	-	-	-	-	4,682	4,682	-	4,682
	Balance as at 1 January 2013 - as restated	804,879	1,723,219	100,000	-	3,643,039	6,271,137	-	6,271,137
	Total comprehensive income for the period	-	-	-	-	1,856,757	1,856,757	-	1,856,757
17	Dividend paid	-	-	-	-	(804,879)	(804,879)	-	(804,879)
	Balance as at 30 September 2013	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>-</u>	<u>4,694,917</u>	<u>7,323,015</u>	<u>-</u>	<u>7,323,015</u>

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

Hana Microelectronics Public Company Limited and its subsidiaries
Notes to interim financial statements
For the three-month and nine-month periods ended 30 September 2013

1. General information

1.1 Corporate information

Hana Microelectronics Public Company Limited (“the Company”) was incorporated as a limited company under Thai law and transformed to be a public limited company under the Public Limited Companies Act on 27 January 1993. The Company operates its business in Thailand and is principally engaged in the manufacture and sales of electronic components. Its registered address is at 10/4, Moo 3, Vibhavadi-Rangsit Road, Kwang Talad Bangkhen, Khet Laksi, Bangkok.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2009) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

These consolidated interim financial statements include the financial statements of Hana Microelectronics Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2012. There are no changes in the composition of its subsidiaries during the current period, except as discussed in Note 8.

1.4 New accounting standards

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

a) Accounting standards that became effective in the current accounting period

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

Accounting Standard Interpretations:

TSIC 10 Government Assistance - No Specific Relation to Operating Activities

TSIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

TAS 20 (revised 2009), TSIC 10, TSIC 21, TSIC 25 and Accounting Treatment Guidance for Transfers of Financial Assets are not relevant to the business of the Company and TAS 21 (revised 2009) and TFRS 8 do not have any significant impact on the financial statements for the current period, except for TAS 12 as follow.

TAS 12 *Income Taxes*

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 2 to the financial statements.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2012, except for the change in the accounting policy due to the adoption of TAS 12 *Income Taxes* as follow:

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.

2. Cumulative effect of the change in accounting policy due to the adoption of new accounting standard

During the current period, the Company and its subsidiaries made the change described in Note 1.5 to the financial statements to its significant accounting policies, as a result of the adoption of TAS 12 *Income Taxes*. The cumulative effect of the change in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statement of financial position, income statement and the statement of comprehensive income are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	30 September 2013	31 December 2012	1 January 2012	30 September 2013	31 December 2012	1 January 2012
Statement of financial position						
Increase in deferred tax assets	18,390	14,967	15,801	9,488	4,682	3,762
Increase in unappropriated retained earnings	17,979	15,242	15,378	9,488	4,682	3,762
Increase (decrease) in other components of shareholders' equity	411	(275)	423	-	-	-

(Unit: Thousand Baht)

	For the three-month periods ended 30 September				
	Consolidated financial statements		Separate financial statements		
	2013	2012	2013	2012	
Income statement					
Increase (decrease) in income tax expenses		1,996	(2,530)	2,030	(1,461)
Increase (decrease) in profit attributable to equity holders of the Company		(1,996)	2,530	(2,030)	1,461
Increase (decrease) in basic earnings per share (Baht)		(0.0025)	0.0031	(0.0025)	0.0018
Statement of comprehensive income:					
Increase (decrease) in exchange differences on translation of financial statements in foreign currency		119	(236)	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Income statement				
Decrease in income tax expenses	(3,012)	(1,134)	(4,806)	(1,632)
Increase in profit attributable to equity holders of the Company	3,012	1,134	4,806	1,632
Increase in basic earnings per share (Baht)	0.0037	0.0014	0.0060	0.0020
Statement of comprehensive income:				
Increase (decrease) in exchange differences on translation of financial statements in foreign currency	411	(316)	-	-

3. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2013	2012	2013	2012
Cash	3,358,827	926	780,647	140
Bank deposits	2,817	1,841,953	2,132	94,005
Bills of exchange	-	180,000	-	-
Fixed deposits with maturity not over 3 months	1,354,782	1,088,302	100,000	-
State agency bonds	174,591	-	174,591	-
Total cash and cash equivalents	<u>4,891,017</u>	<u>3,111,181</u>	<u>1,057,370</u>	<u>94,145</u>

4. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with the related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Separate financial statements				Pricing policies
	For the three-month periods ended		For the nine-month periods ended		
	30 September		30 September		
	2013	2012	2013	2012	
Transactions with subsidiaries					
(eliminated from the consolidation)					
Sales	1	5	7	12	Prices agreed between the parties due to the uniqueness of products sold to each customer
Dividend income	420	-	1,190	126	Declared rate
Rental income	1	2	3	5	Contract price
Purchase of materials	68	51	155	216	Cost plus margin
Purchase of fixed assets	-	-	18	65	Cost plus margin/appraisal value
Service fee discount	-	-	-	(1)	Rates stipulated in the agreement

The balances of the accounts as at 30 September 2013 and 31 December 2012 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
Trade and other receivables (Note 6)				
Trade receivables - related parties				
Subsidiaries	-	-	4,826	26,824
Total trade receivables - related parties	-	-	4,826	26,824
Other receivables - related parties				
Subsidiary	-	-	393	3,780
Related company (by way of common directors)	32	32	-	-
Total other receivables - related parties	32	32	393	3,780
Total trade and other receivables	32	32	5,219	30,604

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2013	2012	2013	2012
Trade payables - related parties (Note 11)				
Subsidiaries	-	-	323,510	224,226
Total trade payables - related parties	-	-	323,510	224,226

Directors' and management's remuneration

During the three-month and nine-month periods ended 30 September 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

For the three-month periods ended 30 September

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Short-term employee benefits	16.6	18.9	2.1	2.7
Post-employment benefits	1.5	0.2	0.2	0.2
Total	18.1	19.1	2.3	2.9

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Short-term employee benefits	50.0	53.3	7.3	7.2
Post-employment benefits	4.5	0.5	0.6	0.5
Total	54.5	53.8	7.9	7.7

5. Short-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	30 September 2013		31 December 2012	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Securities held for trading				
Overseas marketable equity securities	94,172	104,335	91,896	100,091
Unsecured subordinated notes	27,643	29,082	30,154	31,465
Total	121,815	133,417	122,050	131,556
Add: Revaluation surplus on changes in value of investments	11,602	-	9,506	-
Investments in securities held for trading	133,417	133,417	131,556	131,556
Available-for-sale securities				
Domestic marketable corporate bonds	58,544	59,777	-	-
Overseas marketable corporate bonds	1,076,557	1,155,336	1,080,730	1,213,375
Local quoted bonds	31,393	29,849	30,634	31,661
Overseas quoted bonds	810,634	855,662	910,962	987,372
Total	1,977,128	2,100,624	2,022,326	2,232,408
Add: Revaluation surplus on changes in value of investments	123,496	-	210,082	-
Investments in available-for-sale securities	2,100,624	2,100,624	2,232,408	2,232,408
Fixed deposit with financial institution				
Fixed deposit within 1 year	6,303	6,303	6,126	6,126
Investment in fixed deposit with financial institution	6,303	6,303	6,126	6,126
Total short-term investments	2,240,344	2,240,344	2,370,090	2,370,090

5.1 Securities held for trading

Since the third quarter of 2008, Hana Microelectronics International Company Limited, an overseas subsidiary company, has invested in mutual fund of a company listed on the Stock Exchange of Cayman Island, bond investment trust of an overseas bank, and during 2012 additionally invested in interest bearing unsecured subordinated notes of a company listed on the Stock Exchange of Australia. The subsidiary classified these investments as held for trading purpose.

As at 30 September 2013, the subsidiary had assessed the fair value of the equity securities for mutual fund, the bond investment trust from an overseas bank and the interest bearing unsecured subordinated notes by referring to the latest bid price as quoted on the Stock Exchanges, in which the fair value had increased by USD 0.06 million or equivalent to approximately Baht 2.1 million (2012: increased by USD 0.2 million or equivalent to approximately Baht 5.9 million). The changes in the fair value of these investments were recognised in the income statement.

5.2 Available-for-sale securities

The above subsidiary has also 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 nine-month period ended 30 September 2013, the subsidiary additionally invested in the overseas quoted bonds and the domestic and overseas listed corporate bonds, and disposed or redeemed some of the overseas quoted bonds and the overseas corporate bond, resulting in gain of USD 0.9 million or equivalent to approximately Baht 26.5 million (2012: gain of USD 0.3 million or equivalent to approximately Baht 9.5 million).

As at 30 September 2013, 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 decreased by USD 2.9 million or equivalent to approximately Baht 86.6 million (2012: increased by USD 4.0 million or equivalent to approximately Baht 121.8 million). The changes in the fair value of such bonds are shown as other comprehensive income in the statement of comprehensive income.

(Unaudited but reviewed)

6. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
<u>Age of receivable</u>	2013	2012	2013	2012
Trade receivables - subsidiary companies				
Not yet due	-	-	292	997
Past due				
Up to 3 months	-	-	1,921	3,114
3 - 6 months	-	-	-	12,916
6 - 12 months	-	-	423	8,175
Over 12 months	-	-	2,190	1,622
Total trade receivables - subsidiary companies (Note 4)	-	-	4,826	26,824
Trade receivables - unrelated parties				
Not yet due	2,191,470	2,057,526	935,055	1,003,769
Past due				
Up to 3 months	642,386	596,354	327,044	217,752
3 - 6 months	2,766	23,758	164	3,418
6 - 12 months	21,654	16,349	143	286
Over 12 months	9,727	3,173	118	3
Total trade receivables - unrelated parties	2,868,003	2,697,160	1,262,524	1,225,228
Less: Allowance for doubtful accounts	(8,237)	(6,904)	-	-
Total trade receivables - unrelated parties - net	2,859,766	2,690,256	1,262,524	1,225,228
Total trade receivables - net	2,859,766	2,690,256	1,267,350	1,252,052
Other receivables - related parties (Note 4)	32	32	393	3,780
Other receivables - unrelated parties	66,647	73,928	5,846	5,865
Total other receivables	66,679	73,960	6,239	9,645
Trade and other receivables - net	2,926,445	2,764,216	1,273,589	1,261,697

(Unaudited but reviewed)

7. Reduction of inventories to net realisable value

Movements in the adjustment to reduce inventories to net realisable value during the nine-month period ended 30 September 2013 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2012	399,285	284,149
Reduction of inventory value during the period	291,234	160,704
Reversal of reduction of inventory value during the period	(187,618)	-
Write-off obsolete and damaged inventories during the period	(152,766)	(152,766)
Balance as at 30 September 2013	<u>350,135</u>	<u>292,087</u>

8. Investments in subsidiary companies

Company's name	(Unit: Thousand Baht)							
	Separate financial statements							
	Paid up capital		Shareholding percentage		Cost		Dividend received for the nine-month periods ended	
	30 September 2013	31 December 2012	30 September 2013 Percent	31 December 2012 Percent	30 September 2013	31 December 2012	30 September 2013	2012
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910	665,000	126,000
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100	525,000	-
Omac Sales Limited	325	325	100	100	273,492	273,492	-	-
Hana Microelectronics (Cambodia) Company Limited	38,790	-	100	-	38,790	-	-	-
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>3,466,292</u>	<u>3,427,502</u>	<u>1,190,000</u>	<u>126,000</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 current quarter, the Company paid in 25 percent of Hana Microelectronics (Cambodia) Company Limited's registered share capital, amounting to USD 1.25 million or equivalent to Baht 38.8 million.

9. Property, plant and equipment

Movements in the property, plant and equipment account during the nine-month period ended 30 September 2013 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2012	6,621,701	1,701,265
Acquisitions during the period - at cost	900,903	728,722
Disposals/write-off during the period - net book value at disposal/write-off date	(25,317)	(1,117)
Depreciation for the period	(903,830)	(213,166)
Reversal of allowance for impairment during the period	783	-
Translation adjustment	91,221	-
Net book value as at 30 September 2013	<u>6,685,461</u>	<u>2,215,704</u>

10. Short-term loans from financial institution

	(Unit: Million)	
	30 September 2013	31 December 2012
	AUD	USD
Principal loan balance	0.57	0.80
Interest rate per annum (percent)	3.57	1.00 - 1.35

11. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
Trade payables - related parties (Note 4)	-	-	323,510	224,226
Trade payables - unrelated parties	2,509,618	1,552,396	1,150,646	475,785
Advance received from customers	135,238	120,315	18,365	26,524
Other payables for purchase of machineries	88,709	191,702	32,633	22,823
Accrued expenses	344,606	223,427	65,700	26,032
Total trade and other payables	<u>3,078,171</u>	<u>2,087,840</u>	<u>1,590,854</u>	<u>775,390</u>

12. Treasury shares

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.

13. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and nine-month periods ended 30 September 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u> (Restated)
Current income tax:				
Interim corporate income tax charge	20,681	90,244	5,970	2,622
Deferred tax:				
Relating to origination and reversal of temporary differences	1,996	(2,530)	2,030	(1,461)
Income tax expense reported in the income statement	<u>22,677</u>	<u>87,714</u>	<u>8,000</u>	<u>1,161</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u> (Restated)	<u>2013</u>	<u>2012</u> (Restated)
Current income tax:				
Interim corporate income tax charge	43,571	119,676	22,700	11,708
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,012)	(1,134)	(4,806)	(1,632)
Income tax expense reported in the income statement	<u>40,559</u>	<u>118,542</u>	<u>17,894</u>	<u>10,076</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2013 and 2012 are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated	financial	Separate	
	statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	119	(236)	-	-

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated	financial	Separate	
	statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	411	(316)	-	-

14. Earnings per share

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

15. Insurance claims from flood event

The plant of Hana Semiconductor (Ayutthaya) Co., Ltd., a subsidiary of the Company, which is located in Hi-tech Industrial Estate in Ayutthaya province, was inundated in early October 2011 as a result of the extensive flooding in Thailand during the fourth quarter of 2011. The subsidiary suffered major damages to its property and business interruption losses. The subsidiary investigated the damages and recorded losses from flood event of Baht 399 million in profit or loss for the year 2011 which consisted of the damages to fixed assets of Baht 191 million, damages to inventories of Baht 153 million and other damages of Baht 55 million, including full provision for net book value of the damaged property which is to be replaced.

(Unaudited but reviewed)

The subsidiary claimed 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.

Subsequently, during the second quarter and the third quarter of 2012, the subsidiary received the other compensation payments on its business interruption losses of Baht 204 million and Baht 196 million, respectively, and recognised these insurance compensation income in the income statement for the three-month and nine-month periods ended 30 September 2012.

In addition, during the first quarter and second quarter of 2013, the subsidiary received the other compensation payments on its property damages of Baht 30 million and Baht 712 million, respectively. The subsidiary recognised these insurance compensation income in the income statement for the nine-month period ended 30 September 2013.

16. 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 services 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).

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 on a basis consistent with that used to measure operating profit or loss in the financial statements.

Inter-segment revenues are eliminated on consolidation.

(Unaudited but reviewed)

The following table presents revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2013 and 2012:

(Unit: Million Baht)

	Consolidated financial statements for the three-month periods ended 30 September									
	Printed Circuit		Integrated Circuit		Other		Eliminations		Total	
	Board Assembly (PCBA)									
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenue from external customers	3,229	2,873	1,704	1,577	33	34	-	-	4,966	4,484
Intersegment revenues	993	1,104	300	332	359	595	(1,652)	(2,031)	-	-
Total revenues	<u>4,222</u>	<u>3,977</u>	<u>2,004</u>	<u>1,909</u>	<u>392</u>	<u>629</u>	<u>(1,652)</u>	<u>(2,031)</u>	<u>4,966</u>	<u>4,484</u>
Segment profit									740	399
Insurance compensation income									-	196
Other income									143	132
Gain on exchange									43	86
Selling expenses									(49)	(33)
Administrative expenses									(169)	(42)
Other expenses									(116)	(50)
Finance cost									(2)	(2)
Profit before income tax expenses									590	686
Income tax expenses									(23)	(88)
Profit for the period									<u>567</u>	<u>598</u>

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements for the nine-month periods ended 30 September

	Printed Circuit		Integrated Circuit		Other		Eliminations		Total	
	Board Assembly (PCBA)		(IC)							
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenue from external customers	8,598	9,086	4,142	3,896	109	190	-	-	12,849	13,172
Intersegment revenues	2,635	3,205	791	805	899	1,477	(4,325)	(5,487)	-	-
Total revenues	<u>11,233</u>	<u>12,291</u>	<u>4,933</u>	<u>4,701</u>	<u>1,008</u>	<u>1,667</u>	<u>(4,325)</u>	<u>(5,487)</u>	<u>12,849</u>	<u>13,172</u>
Segment profit									1,406	1,347
Insurance compensation income									742	400
Other income									416	440
Gain on exchange									9	120
Selling expenses									(109)	(102)
Administrative expenses									(567)	(601)
Other expenses									(126)	(83)
Finance cost									(7)	(6)
Profit before income tax expenses									1,764	1,515
Income tax expenses									(41)	(119)
Profit for the period									<u>1,723</u>	<u>1,396</u>

17. Dividend paid

During the nine-month periods ended 30 September 2013 and 2012, the Company and its subsidiary companies had dividend payments as follows:

	Approved by	Total dividends	Dividend per share
		Thousand Baht	Baht
<u>The Company</u>			
<u>For the year 2013</u>			
Dividends on 2012 income	Annual General Meeting of the shareholders on 30 April 2013	804,879	1.00
<u>For the year 2012</u>			
Dividends on 2011 income	Annual General Meeting of the shareholders on 30 April 2012	804,879	1.00
<u>Subsidiary companies</u>			
<u>Hana Semiconductor (BKK) Company Limited</u>			
<u>For the year 2013</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 30 April 2013	50,000	0.50
Interim dividend in respect of the income for the period from 1 January 2013 to 30 April 2013	Board of Director's Meeting on 3 May 2013	300,000	3.00
Interim dividend in respect of the income for the period from 1 January 2013 to 31 August 2013	Board of Director's Meeting on 26 August 2013	175,000	1.75
Total for the year 2013		525,000	5.25
<u>Hana Semiconductor (Ayutthaya) Company Limited</u>			
<u>For the year 2013</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 29 April 2013	720,000	6.00
Interim dividend in respect of the income for the period from 1 January 2013 to 30 June 2013	Board of Director's Meeting on 16 August 2013	420,000	3.50
Total for the year 2013		1,140,000	9.50
<u>For the year 2012</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 17 April 2012	216,000	1.80

18. Commitments and contingent liabilities

18.1 Capital commitments

As at 30 September 2013, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery of approximately USD 2 million or equivalent to a total of Baht 67 million. (31 December 2012: USD 3 million or equivalent to Baht 96 million) and the Company only of approximately Baht 45 million (31 December 2012: Baht 20 million). In addition, the Company had capital commitments relating to building of office building of approximately Baht 42 million.

During the period, 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. The agreement is for the period from 2 January 2013 to 31 March 2014 which the Company is to make payments of approximately Baht 47 million each month.

18.2 Operating lease commitments

The Company operates its business in Bangkok on a leased premise, the lease agreement of which is made between the landlord and the 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.

18.3 Marketing supportive service agreement

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

18.4 Guarantees

As at 30 September 2013, there were outstanding bank guarantees of approximately Baht 276 million (31 December 2012: Baht 256 million) and the Company only: Baht 236 million (31 December 2012: Baht 223 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 221 million (31 December 2012: Baht 208 million) to be security for the tax assessments of the Company made by the Revenue Department (as discussed in Note 18.5) and Baht 55 million to guarantee electricity uses, among others (31 December 2012: Baht 48 million).

18.5 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 are approximately Baht 125 million. The Company has previously recorded full provision for loss on tax assessment of Baht 150 million and therefore recorded the reversal of penalty of Baht 25 million included in other income in the income statement for the three-month and nine-month periods ended 30 September 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 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 paid the assessed tax and related surcharge totaling Baht 27 million on 24 September 2013, and will appeal the remaining penalty of Baht 13 million to the Board of Appeals, in order to reduce the penalty.

As a result of the Supreme Court's decision regarding the above tax assessment for the year 1997, for prudent reason the Company assessed its tax liabilities as a result of over utilisation of losses carried forward in its tax computation for the year 2004, and recorded provisions for tax assessment for the year 2004 amounting to Baht 70 million included in other expenses in the income statements for the three-month and nine-month periods ended 30 September 2013.

As at 30 September 2013, the Company has recorded provision for loss on tax assessments totaling approximately Baht 273 million (31 December 2012: Baht 215 million) and has placed bank guarantees as security against the assessments.

19. Foreign currency risk

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

The balances of financial assets and liabilities denominated in foreign currencies as at 30 September 2013 and 31 December 2012 are summarised below.

Foreign currency	Financial assets as at		Financial liabilities as at		Average exchange rate as at	
	30 September	31 December	30 September	31 December	30 September	31 December
	2013	2012	2013	2012	2013	2012
	(Million)	(Million)	(Million)	(Million)	(Baht per foreign currency unit)	
China Yuan	299	318	89	102	5.1387	4.9164
US Dollar	206	165	46	59	31.3907	30.6316
Japan Yen	88	64	7	5	0.3211	0.3545
Indian Rupee	45	45	-	-	0.5022	0.5597
Euro	7	9	-	-	42.3605	40.5563
Pound Sterling	3	3	-	-	50.7234	49.3458
Hong Kong dollar	5	3	3	1	4.0487	3.9510
Australia dollar	2	2	1	1	29.2042	31.7757
Singapore Dollar	2	2	-	-	24.9743	25.0340
Brazilian real	2	2	-	-	13.7600	15.1800

As at 30 September 2013 and 31 December 2012, two overseas subsidiary companies had outstanding forward exchange contracts, of which details are presented below.

As at 30 September 2013		
Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
10	4 November 2013	32.360
10	29 November 2013	30.190
10	29 November 2013	30.310
10	26 December 2013	31.330
10	5 March 2014	32.490
20	29 November 2013	31.360
20	15 October 2013	31.215
20	15 October 2013	31.210
(Million USD)		(Euro per USD)
2	21 November 2013	0.75
(Million Euro)		(USD per Euro)
5	21 November 2013	1.29

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

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 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)

During the first quarter of the current year, the subsidiary redeemed the linked asset swap agreement and recognised gain from the redemption in the income statement for the nine-month period ended 30 September 2013.

20. Prior year's adjustment

In April 2013, the subsidiary received information for the claims on its property damage from the insurance company, causing it to reconsider and recompute the corporate income tax for the year 2012. In this regard, the subsidiary recorded additional income tax expenses of Baht 50.2 million. The Company therefore restated the consolidated financial statements as at 31 December 2012 to reflect the adjustment of income tax of the subsidiary. The adjustment resulted in a Baht 6.7 million decrease in other current assets, a Baht 43.5 million increase in corporate income tax payable and a Baht 50.2 million decrease in unappropriated retained earnings. The cumulative effect of the prior year's adjustment has been presented under the heading of "Cumulative effect of the prior year's adjustment" in the statement of changes in shareholders' equity.

The subsidiary restated the consolidated financial statements as at 30 September 2012 to reflect the adjustment of income tax of the subsidiary. The adjustment resulted in a Baht 44.6 million and Baht 37.9 million increase in income tax expenses in the income statement for the three-month and nine-month periods ended 30 September 2012, respectively.

21. Event after the reporting period

On 13 November 2013, the Board of Directors Meeting of the Company No. 5/2013 passed a resolution approving the interim dividend payment from the net profit from the first nine-month period of 2013 to the Company's shareholders at Baht 0.5 per share or a total of approximately Baht 402.5 million. The dividend will be paid to the shareholders on 11 December 2013.

22. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 November 2013.