

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2013

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 2013, 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 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 *Income Taxes*. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes. My opinion is not qualified in respect of this matter.

Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

Ernst & Young Office Limited

Bangkok: 20 February 2014

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
		31 December	31 December	1 January	31 December	31 December	1 January
		2013	2012	2012	2013	2012	2012
			(Restated)			(Restated)	
Assets							
Current assets							
Cash and cash equivalents	7	4,185,699,240	3,111,180,904	3,824,147,266	320,031,555	94,145,566	520,425,225
Short-term investments	9	2,524,310,445	2,370,090,185	2,014,320,054	-	-	-
Trade and other receivables	8, 10	3,241,169,331	2,764,216,396	2,568,516,148	1,447,222,745	1,261,696,621	1,275,014,508
Insurance claim receivable	24	11,963,350	-	300,000,000	-	-	-
Inventories	11	3,171,981,346	2,847,768,315	2,646,579,217	1,268,860,532	915,061,716	993,410,322
Other current assets		142,622,842	162,930,372	154,070,581	53,082,799	49,327,491	58,845,676
Total current assets		13,277,746,554	11,256,186,172	11,507,633,266	3,089,197,631	2,320,231,394	2,847,695,731
Non-current assets							
Investments in subsidiary companies	12	-	-	-	3,583,449,338	3,427,501,838	3,427,501,838
Property, plant and equipment	13	6,691,459,482	6,621,700,623	6,372,590,324	2,363,294,921	1,701,265,171	1,630,983,810
Land leasehold rights	14	153,418,018	-	-	-	-	-
Other intangible assets	15	12,162,954	15,957,384	14,541,422	4,583,679	4,088,220	4,756,328
Deferred tax assets	4	18,923,900	14,966,683	15,800,957	8,070,241	4,681,697	3,762,494
Other non-current assets		3,426,330	20,820,857	16,947,458	2,456,678	1,425,750	1,425,750
Total non-current assets		6,879,390,684	6,673,445,547	6,419,880,161	5,961,854,857	5,138,962,676	5,068,430,220
Total assets		20,157,137,238	17,929,631,719	17,927,513,427	9,051,052,488	7,459,194,070	7,916,125,951

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	31 December	31 December	1 January	31 December	31 December	1 January
Note	2013	2012	2012	2013	2012	2012
		(Restated)			(Restated)	
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institution	16	15,946,294	24,435,471	38,820,547	-	-
Trade and other payables	8, 17	2,484,859,386	2,087,839,938	2,506,443,445	1,439,190,834	775,389,590
Short-term provisions	18	419,335,350	448,350,166	368,474,353	147,521,727	214,575,498
Income tax payable	23	17,606,250	60,052,122	15,154,576	11,488,200	7,870,413
Other current liabilities		239,513,726	38,071,477	65,340,606	92,291,075	23,147,956
Total current liabilities		3,177,261,006	2,658,749,174	2,994,233,527	1,690,491,836	1,020,983,457
Non-current liabilities						
Provision for long-term employee benefits	19	385,798,676	376,360,511	352,899,533	190,303,427	167,074,141
Total non-current liabilities		385,798,676	376,360,511	352,899,533	190,303,427	167,074,141
Total liabilities		3,563,059,682	3,035,109,685	3,347,133,060	1,880,795,263	1,188,057,598
Shareholders' equity						
Share capital						
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)						
	21	974,403,900	974,403,900	1,000,000,000	974,403,900	974,403,900
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)						
	21	804,878,860	804,878,860	830,474,960	804,878,860	804,878,860
Share premium		1,723,218,982	1,723,218,982	1,723,218,982	1,723,218,982	1,723,218,982
Retained earnings						
Appropriated - statutory reserve	20	375,919,402	352,497,188	320,218,399	100,000,000	100,000,000
Appropriated - reserve for treasury shares	21	-	-	262,987,260	-	-
Unappropriated		13,301,101,567	12,194,643,511	11,798,451,824	4,542,159,383	3,643,038,630
Other components of shareholders' equity		388,958,745	(180,716,507)	(91,983,798)	-	-
Equity attributable to owner of the Company		16,594,077,556	14,894,522,034	14,843,367,627	7,170,257,225	6,271,136,472
Treasury shares	21	-	-	(262,987,260)	-	-
Total shareholders' equity		16,594,077,556	14,894,522,034	14,580,380,367	7,170,257,225	6,271,136,472
Total liabilities and shareholders' equity		20,157,137,238	17,929,631,719	17,927,513,427	9,051,052,488	7,459,194,070
		-	-	-	-	-

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

Directors

Hana Microelectronics Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (Restated)	2013	2012 (Restated)
Revenues					
Sales		17,667,000,224	17,232,768,681	7,820,471,366	7,192,856,771
Interest income		165,169,401	170,695,739	4,985,319	7,595,981
Dividend income	12, 29	42,750	28,125	1,190,042,750	126,028,125
Gain on exchange		-	168,399,691	70,263,313	24,892,845
Insurance compensation income	24	941,604,182	400,000,000	-	-
Other income	30.5	377,836,118	415,999,559	87,440,852	78,276,093
Total revenues		19,151,652,675	18,387,891,795	9,173,203,600	7,429,649,815
Expenses					
Cost of sales	22	15,665,334,545	15,550,124,185	6,695,423,229	6,236,613,230
Selling expenses		126,550,120	133,162,104	27,794,315	26,207,931
Administrative expenses		759,596,443	879,433,405	205,066,350	180,790,462
Loss on exchange		60,328,888	-	-	-
Other expenses	30.5	132,002,485	88,285,560	110,401,571	65,595,050
Total expenses		16,743,812,481	16,651,005,254	7,038,685,465	6,509,206,673
Profit before finance cost and income tax expenses					
Finance cost		(8,642,769)	(7,478,309)	(3,251,308)	(2,408,463)
Profit before income tax expenses		2,399,197,425	1,729,408,232	2,131,266,827	918,034,679
Income tax expenses	23	(61,998,865)	(119,215,566)	(24,827,784)	(16,910,851)
Profit for the year		2,337,198,560	1,610,192,666	2,106,439,043	901,123,828
Profit attributable to:					
Equity holders of the Company		2,337,198,560	1,610,192,666	2,106,439,043	901,123,828
Earnings per share					
Basic earnings per share					
Profit attributable to equity holders of the Company	25	2.90	2.00	2.62	1.12
Number of weighted average ordinary shares (shares)		804,878,860	804,878,860	804,878,860	804,878,860

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (Restated)	2013	2012 (Restated)
Profit for the year		<u>2,337,198,560</u>	<u>1,610,192,666</u>	<u>2,106,439,043</u>	<u>901,123,828</u>
Other comprehensive income:					
Gain (loss) on change in value of available-for-sale investments	9.2	(91,864,993)	142,342,193	-	-
Exchange differences on translation of financial statements in foreign currency, net of income tax	23	<u>661,540,245</u>	<u>(231,074,902)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year		<u>569,675,252</u>	<u>(88,732,709)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>2,906,873,812</u></u>	<u><u>1,521,459,957</u></u>	<u><u>2,106,439,043</u></u>	<u><u>901,123,828</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u><u>2,906,873,812</u></u>	<u><u>1,521,459,957</u></u>	<u><u>2,106,439,043</u></u>	<u><u>901,123,828</u></u>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2013

(Unit: 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	2,399,197,425	1,729,408,232	2,131,266,827	918,034,679
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,184,471,801	1,225,593,097	280,818,892	291,415,476
Amortisation expenses	3,918,024	3,392,862	706,542	668,107
Reversal of allowance for doubtful accounts	(2,634,228)	(4,285,162)	-	-
Reduction of inventories to net realisable value (reversal)	(97,411,894)	49,888,174	(17,089,759)	108,128,525
Dividend income from subsidiary companies	-	-	(1,190,000,000)	(126,000,000)
Dividend income from other company	(42,750)	(28,125)	(42,750)	(28,125)
Loss (gain) on disposals/write-off equipment	(3,487,767)	97,343,834	1,175,963	(1,434,312)
Allowance for impairment loss on assets (reversal)	6,919,622	(182,627,681)	-	-
Provision for product warranty	17,926,398	22,690,510	-	-
Provision for vacation	571,140	4,351,813	465,083	1,999,076
Provision for long-term employee benefits	17,275,016	32,092,630	25,101,694	14,645,446
Provision for loss on tax assessments	85,323,961	64,109,834	85,323,961	64,109,834
Wrote-off withholding tax deducted at source	-	1,485,216	-	1,485,216
Gain on sales/redemption of short-term investments	(33,802,404)	(9,455,551)	-	-
Revaluation gain on investments in securities held for trading	(4,557,544)	(9,506,897)	-	-
Unrealised loss (gain) on exchange	(3,030,141)	1,509,829	(4,252,457)	12,038,531
Unrealised loss (gain) on forward contracts	117,452,036	(30,874,662)	-	-
Unrealised loss (gain) on swap contract	-	752,397	-	-
Interest income from short-term investments	(111,925,264)	(114,664,461)	-	-
Interest expenses	1,420,630	87,293	755,890	-
Profit from operating activities before changes in operating assets and liabilities	3,577,584,061	2,881,263,182	1,314,229,886	1,285,062,453

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2013

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Operating assets (increase) decrease				
Trade and other receivables	(369,691,411)	(205,039,266)	(115,539,100)	(14,822,098)
Insurance claim receivable	(11,963,350)	300,000,000	-	-
Inventories	(226,801,137)	(251,077,272)	(336,709,057)	(29,779,919)
Other current assets	20,898,043	20,188,068	(3,716,563)	7,792,478
Other non-current assets	(53,679)	26,067	-	-
Operating liabilities increase (decrease)				
Trade and other payables	431,383,386	(429,800,169)	588,557,085	(197,448,253)
Other current liabilities	<u>83,614,150</u>	<u>(31,620,942)</u>	<u>68,678,035</u>	<u>(2,128,727)</u>
Cash from operating activities	3,504,970,063	2,283,939,668	1,515,500,286	1,048,675,934
Cash paid for long-term employee benefits	(7,836,852)	(8,631,652)	(1,872,408)	(2,421,959)
Cash paid for redemption of swap contract	(195,077)	-	-	-
Cash paid for tax assessments	(152,377,732)	-	(152,377,732)	-
Cash paid for corporate income tax	(107,566,688)	(74,304,605)	(24,598,541)	(15,409,317)
Interest paid	<u>(756,266)</u>	<u>-</u>	<u>(755,890)</u>	<u>-</u>
Net cash from operating activities	<u>3,236,237,448</u>	<u>2,201,003,411</u>	<u>1,335,895,715</u>	<u>1,030,844,658</u>
Cash flows from investing activities				
Increase in short-term investments	(607,875,913)	(531,399,770)	-	-
Interest income from short-term investments	104,919,131	113,532,434	-	-
Proceeds from sales/redemption of short-term investments	400,150,608	336,934,280	-	-
Increase in investment in subsidiary company	-	-	(155,947,500)	-
Dividend income from subsidiary companies	-	-	1,190,000,000	126,000,000
Dividend income from other company	42,750	28,125	42,750	28,125
Acquisitions of property, plant and equipment	(1,427,139,019)	(1,480,504,872)	(934,852,164)	(378,629,104)
Proceeds from disposals of equipment	60,086,649	108,315,299	298,407	2,794,952
Cash paid for land leasehold rights	(153,418,018)	-	-	-
Increase in intangible assets	(123,594)	(4,808,824)	(1,202,001)	-
Decrease (increase) in other non-current assets	<u>17,448,206</u>	<u>(3,899,466)</u>	<u>(1,030,928)</u>	<u>-</u>
Net cash from (used in) investing activities	<u>(1,605,909,200)</u>	<u>(1,461,802,794)</u>	<u>97,308,564</u>	<u>(249,806,027)</u>
Cash flows from financing activities				
Decrease in short-term loans from				
financial institution	(8,489,177)	(14,385,076)	-	-
Cash paid for interest expenses	(664,364)	(87,293)	-	-
Dividend paid	<u>(1,207,318,290)</u>	<u>(1,207,318,290)</u>	<u>(1,207,318,290)</u>	<u>(1,207,318,290)</u>
Net cash used in financing activities	<u>(1,216,471,831)</u>	<u>(1,221,790,659)</u>	<u>(1,207,318,290)</u>	<u>(1,207,318,290)</u>
Increase (decrease) in cash and cash equivalents	413,856,417	(482,590,042)	225,885,989	(426,279,659)
Translation adjustment	<u>660,661,919</u>	<u>(230,376,320)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>1,074,518,336</u>	<u>(712,966,362)</u>	<u>225,885,989</u>	<u>(426,279,659)</u>
Cash and cash equivalents at beginning of year	<u>3,111,180,904</u>	<u>3,824,147,266</u>	<u>94,145,566</u>	<u>520,425,225</u>
Cash and cash equivalents at end of year (Note 7)	<u>4,185,699,240</u>	<u>3,111,180,904</u>	<u>320,031,555</u>	<u>94,145,566</u>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2013

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Supplemental cash flow information				
Non-cash related transactions from investing activities				
Net increase (decrease) in accounts payable				
for purchase of plant and equipment	(109,389,855)	17,229,977	9,470,848	(15,571,628)
Revaluation gain from changes in fair value of				
investments in available-for-sale securities	(91,864,993)	(142,342,193)	-	-
Translation adjustment for deferred tax assets	(878,326)	698,582	-	-

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 2013

1. General information

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

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2013</u> Percent	<u>2012</u> Percent
<u>Held by the Company</u>				
Hana Semiconductor (BKK) Company Limited	Holding company	Thailand	100	100
Omac Sales Limited	Purchasing of electronic components and equipment	Hong Kong	100	100
Hana Microelectronics International Company Limited	Holding company	British Virgin Islands	100	100
Hana Microelectronics Investments Company Limited	Holding company	British Virgin Islands	100	100
Hana Technologies Group Limited	Holding company	Cayman Islands	100	100
Hana Microelectronics (Cambodia) Company Limited	Manufacture and trading of electronic components	Cambodia	100	-
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

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

(a) Accounting standards that became effective in the current accounting year

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:

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

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

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 4 to the financial statements.

(b) Accounting standards that will become effective in the future

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014

	<u>Effective date</u>
Financial Reporting Standards:	
TFRS 2 (revised 2012) Share-based Payment	1 January 2014
TFRS 3 (revised 2012) Business Combinations	1 January 2014
TFRS 4 Insurance Contracts	1 January 2016
TFRS 5 (revised 2012) Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012) Operating Segments	1 January 2014
Accounting Standard Interpretations:	
TSIC 15 Operating Leases - Incentives	1 January 2014
TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29 Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32 Intangible Assets – Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7 Applying the Restatement Approach under <i>TAS 29 Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10 Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014
TFRIC 17 Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18 Transfers of Assets from Customers	1 January 2014

The Company and its subsidiaries' management believes that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

4. Cumulative effect of changes in accounting policies due to the adoption of new accounting standard

During the current year, the Company and its subsidiaries made the changes described in Note 3 to the financial statements to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

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

	(Unit: Thousand Baht)					
	As at 31 December 2013		As at 31 December 2012		As at 1 January 2012	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Statements of financial position						
Increase in deferred tax assets	18,924	8,070	14,967	4,682	15,801	3,762
Increase in unappropriated retained earnings	18,321	8,070	15,242	4,682	15,378	3,762
Increase (decrease) in other components of shareholders' equity	603	-	(275)	-	423	-

	(Unit: Thousand Baht)			
	For the year ended 31 December 2013		For the year ended 31 December 2012	
	Consolidate d financial statements	Separate financial statements	Consolidate d financial statements	Separate financial statements
Income statements				
Increase (decrease) in income tax expenses	(3,079)	(3,389)	136	(919)
Increase (decrease) in profit attributable to equity holders of the Company	3,079	3,389	(136)	919
Increase (decrease) in basic earnings per share (Baht)	0.0038	0.0042	(0.0002)	0.0011
Other comprehensive income:				
Increase (decrease) in exchange differences on translation of financial statements in foreign currency	878	-	(698)	-

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

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

Interest income

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

Dividends

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

Rental income

Rental income is recognised on an accrual basis.

5.2 Cash and cash equivalents

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

5.3 Trade accounts receivable

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

5.4 Inventories

Raw materials, work in process and finished goods are valued at the lower of 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.

5.5 Investments

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

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

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

In the event the Company and its 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.

5.6 Property, plant and equipment and depreciation

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

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

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

Depreciation is included in determining income.

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

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

5.7 Intangible assets

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

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

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

5.8 Related party transactions

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

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

5.9 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

5.10 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

5.11 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

5.12 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.

5.13 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.

5.14 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

5.15 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.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times 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:

6.1 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.

6.2 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.

6.3 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises 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.

6.4 Impairment of equity investments

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

6.5 Property plant and equipment and depreciation

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

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

6.6 Deferred tax assets

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

6.7 Post-employment benefits under defined benefit plans

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

6.8 Litigation

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

7. Cash and cash equivalents

Cash and cash equivalents as at 31 December 2013 and 2012 as reflected in the statements of financial position and cash flows consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash	697	926	160	141
Bank deposits	2,820,647	1,841,953	319,872	94,005
Bills of exchange	-	180,000	-	-
Fixed deposits with maturity not over 3 months	1,364,355	1,088,302	-	-
Cash and cash equivalents	<u>4,185,699</u>	<u>3,111,181</u>	<u>320,032</u>	<u>94,146</u>

As at 31 December 2013, bank deposits in savings accounts and fixed deposits carried interests between 0.001 and 2.860 percent per annum (2012: 0.001 and 2.850 percent per annum).

8. Related party transactions

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

(Unit: Million Baht)

	Separate		Transfer pricing policy
	financial statements		
	2013	2012	
<u>Transactions with subsidiary companies</u>			
(eliminated from the consolidated financial statements)			
Sales of goods	7	12	Prices agreed between the parties due to the uniqueness of products sold to each customer
Dividend income	1,190	126	Declared rate
Rental income	3	10	Contract price
Purchase of materials	209	259	Cost plus mark up
Purchase of fixed assets	24	66	Cost plus mark up
Service fee expenses	3	2	Rates stipulated in the agreement

As at 31 December 2013 and 2012, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Trade and other receivables (Note 10)				
Trade receivables - related parties				
Subsidiary companies	-	-	5,695	26,824
Total trade receivables - related parties	-	-	5,695	26,824
Other receivables - related parties				
Subsidiary companies	-	-	91	3,780
Related company (by way of common directors)	32	32	-	-
Total other receivables - related parties	32	32	91	3,780
Total trade and other receivables	32	32	5,786	30,604
Trade and other payables (Note 17)				
Trade payables - related parties				
Subsidiary companies	-	-	387,092	224,226
Total trade payables - related parties	-	-	387,092	224,226
Other payables - related party				
Subsidiary company	-	-	601	-
Total other payables - related party	-	-	601	-
Total trade and other payables	-	-	387,693	224,226

Directors and management's benefits

During the years ended 31 December 2013 and 2012, 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Short-term employee benefits	75	69	14	11
Post-employment benefits	2	10	1	10
Total	<u>77</u>	<u>79</u>	<u>15</u>	<u>21</u>

9. Short-term Investments

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	31 December 2013		31 December 2012	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Securities held for trading				
Overseas marketable equity securities	98,441	110,899	91,896	100,091
Unsecured subordinated notes	27,710	29,317	30,154	31,465
Total	126,151	140,216	122,050	131,556
Add: Gain on changes in fair value of investments	14,065	-	9,506	-
Investments in securities held for trading	<u>140,216</u>	<u>140,216</u>	<u>131,556</u>	<u>131,556</u>
Available-for-sale securities				
Overseas marketable corporate bonds	1,452,805	1,527,480	1,080,730	1,213,375
Local quoted bonds	32,817	30,833	30,634	31,661
Overseas quoted bonds	780,256	825,782	910,962	987,372
Total	2,265,878	2,384,095	2,022,326	2,232,408
Add: Revaluation surplus on changes in fair value of investments	118,217	-	210,082	-
Investments in available-for-sale securities	<u>2,384,095</u>	<u>2,384,095</u>	<u>2,232,408</u>	<u>2,232,408</u>
Fixed deposit with financial institution				
Fixed deposit within 1 year	-	-	6,126	6,126
Investment in fixed deposit with financial institution	-	-	6,126	6,126
Total short-term investments	<u><u>2,524,311</u></u>	<u><u>2,524,311</u></u>	<u><u>2,370,090</u></u>	<u><u>2,370,090</u></u>

9.1 Securities held for trading

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

As at 31 December 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 0.1 million or equivalent to approximately Baht 5 million (2012: increased by USD 0.3 million or equivalent to approximately Baht 9 million). The changes in the fair value of these investments were recognised in the income statement.

9.2 Available-for-sale securities

In addition, this subsidiary has invested in private corporate bonds issued by various companies listed on the overseas Stock Exchanges and 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 1.1 million or equivalent to approximately Baht 33.8 million (2012: net gain of USD 0.3 million or equivalent to approximately Baht 9.4 million).

As at 31 December 2013, the subsidiary had assessed the fair value of the bonds by referring to the value quoted by the banks in which there was a revaluation surplus on the fair value of USD 3.6 million or equivalent to approximately Baht 118.2 million (2012: USD 5.9 million or equivalent to approximately Baht 210.1 million). The subsidiary recognised loss on change in fair value of such bonds approximately Baht 91.9 million as shown as a separate item in the statement of comprehensive income (2012: recognised gain on change in fair value of such bonds Baht 142.3 million).

As at 31 December 2013, part of short-term investments were used as security for short-term loans from financial institution as discussed in Note 16.

10. Trade and other receivables

<u>Age of receivable</u>	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Trade receivables - subsidiary companies				
Not yet due	-	-	-	997
Past due				
Up to 3 months	-	-	1,029	3,114
3 - 6 months	-	-	1,934	12,916
6 - 12 months	-	-	29	8,175
Over 12 months	-	-	2,703	1,622
Total trade receivables - subsidiary companies (Note 8)	-	-	5,695	26,824
Trade receivables - unrelated parties				
Not yet due	2,410,361	2,057,526	1,140,571	1,003,769
Past due				
Up to 3 months	722,243	596,354	296,123	217,752
3 - 6 months	13,813	23,758	247	3,418
6 - 12 months	1,222	16,349	-	286
Over 12 months	3,150	3,173	4	3
Total trade receivables - unrelated parties	3,150,789	2,697,160	1,436,945	1,225,228
Less: Allowance for doubtful accounts	(4,269)	(6,904)	-	-
Total trade receivables - unrelated parties - net	3,146,520	2,690,256	1,436,945	1,225,228
Total trade receivables - net	3,146,520	2,690,256	1,442,640	1,252,052
Other receivables - related parties (Note 8)	32	32	91	3,780
Other receivables - unrelated parties	94,617	73,928	4,492	5,865
Total other receivables	94,649	73,960	4,583	9,645
Trade and other receivables - net	3,241,169	2,764,216	1,447,223	1,261,697

11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Finished goods	1,068,092	939,399	(185,006)	(186,597)	883,086	752,802
Work in process	248,267	221,428	-	-	248,267	221,428
Raw materials	2,115,495	2,024,119	(116,867)	(212,688)	1,998,628	1,811,431
Goods in transit	42,000	62,107	-	-	42,000	62,107
Total	3,473,854	3,247,053	(301,873)	(399,285)	3,171,981	2,847,768

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Finished goods	551,050	368,658	(184,995)	(186,585)	366,055	182,073
Work in process	123,399	107,070	-	-	123,399	107,070
Raw materials	847,654	697,982	(82,065)	(97,564)	765,589	600,418
Goods in transit	13,817	25,501	-	-	13,817	25,501
Total	1,535,920	1,199,211	(267,060)	(284,149)	1,268,860	915,062

12. Investments in subsidiary companies

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Paid up capital		Shareholding percentage		Cost		Dividend received for the years ended 31 December	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
			Percent	Percent				
Hana Semiconductor (Ayuthaya) 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	155,947	-	100	-	155,947	-	-	-
Hana Microelectronics International Company Limited	-	-	100	100	-	-	-	-
Hana Microelectronics Investment Company Limited	-	-	100	100	-	-	-	-
Hana Technologies Group Limited	-	-	100	100	-	-	-	-
Total investments in subsidiary companies					<u>3,583,449</u>	<u>3,427,502</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 year, the Company paid in 100 percent of Hana Microelectronics (Cambodia) Company Limited's registered share capital, amounting to USD 5 million or equivalent to approximately Baht 156 million.

13. 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 2012	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
Additions	-	132	-	13,066	177,675	12,236	6,233	923,803	1,133,145
Disposals	-	(22)	-	(1,519)	(296,646)	(19,553)	(2,519)	-	(320,259)
Transfer in (out)	-	100	-	12,194	226,892	6,321	3,600	(249,107)	-
Translation adjustment	-	61,108	7,179	-	253,334	5,965	1,830	2,690	332,106
As at 31 December 2013	354,234	2,285,999	176,965	770,905	11,578,836	575,844	52,858	891,350	16,686,991
Accumulated depreciation									
As at 1 January 2012	-	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
Depreciation for the year	-	112,249	11,973	51,221	954,729	48,631	5,669	-	1,184,472
Accumulated depreciation for disposed assets	-	-	-	(1,519)	(242,384)	(18,074)	(1,664)	-	(263,641)
Translation adjustment	-	21,359	3,463	-	116,974	4,418	1,270	-	147,484
As at 31 December 2013	-	958,617	138,746	541,008	7,759,777	464,774	33,830	-	9,896,752
Allowance for impairment loss									
As at 1 January 2012	-	-	-	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
Increase during the year	-	-	125	4,977	-	582	-	-	5,684
Decrease during the year	-	-	-	-	(1,862)	-	-	-	(1,862)
Translation adjustment	-	-	-	-	3,097	-	-	-	3,097
As at 31 December 2013	-	-	125	8,987	86,323	3,345	-	-	98,780
Net book value									
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
As at 31 December 2013	354,234	1,327,382	38,094	220,910	3,732,736	107,725	19,028	891,350	6,691,459
Depreciation for the year									
									1,225,593

2012 (Baht 984 million included in manufacturing cost, and the balance in administrative expenses)

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

1,184,472

(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 2012	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
Additions	-	132	-	8,484	30,791	7,149	-	897,610	944,166
Disposals	-	-	-	-	(14,335)	(1,013)	(1,093)	-	(16,441)
Transfer in (out)	-	100	-	8,873	138,931	953	3,600	(152,457)	-
As at 31 December 2013	247,851	909,746	85,641	237,170	2,467,248	141,267	16,282	822,679	4,927,884
Accumulated depreciation									
As at 1 January 2012	-	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
Depreciation for the year	-	45,486	-	18,789	204,985	10,164	1,395	-	280,819
Accumulated depreciation for disposed assets	-	-	-	-	(13,548)	(483)	(1,093)	-	(15,124)
As at 31 December 2013	-	404,715	85,641	124,957	1,813,994	115,479	11,955	-	2,556,741
Allowance for impairment loss									
As at 1 January 2012	-	-	-	613	7,235	-	-	-	7,848
As at 31 December 2012	-	-	-	613	7,235	-	-	-	7,848
As at 31 December 2013	-	-	-	613	7,235	-	-	-	7,848
Net book value									
As at 31 December 2012	247,851	550,285	-	113,032	682,069	28,380	2,122	77,526	1,701,265
As at 31 December 2013	247,851	505,031	-	111,600	646,019	25,788	4,327	822,679	2,363,295
Depreciation for the year									
2012 (Baht 217 million included in manufacturing cost, and the balance in administrative expenses)									291,415
2013 (Baht 205 million included in manufacturing cost, and the balance in administrative expenses)									280,819

As at 31 December 2013, certain property and equipment items have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation and allowance for impairment loss, of those assets amounted to approximately Baht 5,625 million (2012: Baht 4,619 million) and for the Company amounted to approximately Baht 1,391 million (2012: Baht 1,052 million).

14. Land leasehold rights

During the year 2013, an overseas subsidiary entered into land leasehold agreements for building of factory and dormitory for its employees for the period of 50 years. As at 31 December 2013, the land leasehold rights are amounted to USD 4.7 million or equivalent approximately to Baht 153.4 million.

15. 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 2012	43,762	7,418
Additions	2,592	-
Translation adjustment	1,970	-
As at 31 December 2012	48,324	7,418
Additions	3,948	1,202
Translation adjustment	1,351	-
As at 31 December 2013	53,623	8,620
Accumulated amortisation		
As at 1 January 2012	29,221	2,662
Amortisation for the year	3,393	668
Translation adjustment	(247)	-
As at 31 December 2012	32,367	3,330
Amortisation for the year	3,918	706
Translation adjustment	1,109	-
As at 31 December 2013	37,394	4,036
Allowance for impairment		
As at 1 January 2012	-	-
As at 31 December 2012	-	-
Increase during the year	4,066	-
As at 31 December 2013	4,066	-
Net book value		
As at 31 December 2012	15,957	4,088
As at 31 December 2013	12,163	4,584
Amortisation for the year		
2012	3,393	668
2013	3,918	706

16. Short-term loans from financial institution

The balances of short-term loans from financial institution of an overseas subsidiary as at 31 December 2013 and 2012 are summarised below.

	2013	2012
	Million AUD	Million USD
Principal loan balance	0.55	0.80
Interest rate (percent per annum)	3.03 - 3.64	1.00 - 1.35

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

17. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Trade payables - subsidiary companies (Note 8)	-	-	387,092	224,226
Trade payables - unrelated parties	2,015,112	1,552,396	958,523	475,785
Advance received from customers	154,542	120,315	24,654	26,524
Other payables for purchase of machineries	82,312	191,702	32,294	22,823
Other payable - related party (Note 8)	-	-	601	-
Accrued expenses	232,893	223,427	36,027	26,032
Total trade and other payables	<u>2,484,859</u>	<u>2,087,840</u>	<u>1,439,191</u>	<u>775,390</u>

18. Short-term provisions

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Loss on tax		
	assessments	Product warranty	Total
As at 1 January 2012	150,466	218,008	368,474
Increase during the year	64,110	15,766	79,876
As at 31 December 2012	214,576	233,774	448,350
Increase during the year	83,412	38,039	121,451
Decrease from actual paid	(125,388)	-	(125,388)
Reversal of provision	(25,078)	-	(25,078)
As at 31 December 2013	<u>147,522</u>	<u>271,813</u>	<u>419,335</u>

(Unit: Thousand Baht)

	Separate financial statements	
	Loss on tax assessments	Total
As at 1 January 2012	150,466	150,466
Increase during the year	64,110	64,110
As at 31 December 2012	214,576	214,576
Increase during the year	83,412	83,412
Decrease from actual paid	(125,388)	(125,388)
Reversal of provision	(25,078)	(25,078)
As at 31 December 2013	147,522	147,522

Provision for loss on tax assessment

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

Provision for product warranty

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

19. 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
	2013	2012	2013	2012
Defined benefit obligation at beginning of year	376,361	352,900	167,074	154,851
Current service cost	40,049	41,162	21,215	19,911
Interest cost	13,549	10,960	6,489	5,168
Benefits paid during the year	(7,837)	(8,632)	(1,872)	(2,422)
Actuarial gain	(36,323)	(20,029)	(2,603)	(10,434)
Defined benefit obligation at end of year	385,799	376,361	190,303	167,074

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Current service cost	40,049	41,162	21,215	19,911
Interest cost	13,549	10,960	6,489	5,168
Actuarial gain recognised during the year	(36,323)	(20,029)	(2,603)	(10,434)
Total expense recognised in profit or loss	17,275	32,093	25,101	14,645
Line items under which such expenses are included in profit or loss				
Cost of sales	(309)	24,575	3,314	8,690
Selling and administrative expenses	17,584	7,518	21,787	5,955

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.3%	4.2%	4.3%	4.2%
Future salary increase rate (depending on age)	4.0% - 5.3%	4.0% - 5.3%	4.0% - 5.3%	4.0% - 5.3%
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 three periods are as follows:

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

20. 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.

21. 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. 1/2555 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.

22. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Raw materials and consumables used	11,077,074	10,926,437	5,274,999	4,764,964
Changes in inventories of finished goods and work in process	(157,123)	(249,396)	(200,311)	(91,119)
Salary and wages and other employee benefits	2,998,548	2,756,767	1,172,970	992,252
Management benefit expenses	76,834	79,594	14,544	20,814
Depreciation and amortisation expenses	1,188,390	1,228,986	281,526	292,083
Loss from tax assessments	110,402	64,110	110,402	64,110
Loss on exchange	60,329	-	-	-
Product warranty expenses	21,601	22,691	-	-

23. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Current income tax:				
Current income tax charge	64,728	117,430	27,867	16,418
Adjustment in respect of current income tax of previous year	350	1,650	350	1,412
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,079)	136	(3,389)	(919)
Income tax expense reported in the statement of income	<u>61,999</u>	<u>119,216</u>	<u>24,828</u>	<u>16,911</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial 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	878	(698)	-	-
	<u>878</u>	<u>(698)</u>	<u>-</u>	<u>-</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012 are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
				(Restated)
				(Restated)
Accounting profit before tax	2,399,197	1,729,408	2,131,267	918,035
Applicable tax rate	0 - 25%	0 - 23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	785,109	294,522	426,253	211,148
Adjustment in respect of current income tax of previous year	350	2,081	350	1,412
Effects of:				
Promotional privileges (Note 26)	(218,360)	(191,353)	(187,170)	(187,263)
Dividend income not subject to tax	(333,009)	(49,686)	(238,008)	(28,986)
Income not subject to tax	(190,114)	(11,366)	-	-
Non-deductible expenses	19,869	78,231	17,083	15,237
Additional expense deductions allowed	(7,708)	(6,433)	-	-
Others	5,862	3,220	6,320	5,363

Total	(723,460)	(177,387)	(401,775)	(195,649)
Income tax expenses reported in the statement of income	<u>61,999</u>	<u>119,216</u>	<u>24,828</u>	<u>16,911</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position					
	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	31 December	31 December	1 January	31 December	31 December	1 January
	2013	2012	2012	2013	2012	2012
		(Restated)			(Restated)	
Deferred tax assets						
Allowance for diminution in value of inventories	4,359	2,830	2,022	4,359	2,830	2,022
Allowance for asset impairment	128	78	90	128	78	90
Provision for long-term employee benefits	3,292	1,774	1,650	3,292	1,774	1,650
Accrued expenses	10,854	10,285	12,039	-	-	-
Consignment inventory	291	-	-	291	-	-
Total	18,924	14,967	15,801	8,070	4,682	3,762

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

24. Insurance claim from flood event

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

The subsidiary claimed insurance compensation for its property damages losses and its business interruption losses resulting from the flood. The subsidiary received an initial compensation payment on its property damages of Baht 300 million in February 2012, and as at 31 December 2011, it had therefore recognised this insurance claim receivable as current asset in the statement of financial position, and net such amount against loss from flood event in profit or loss in the income statement. The recognised compensation did not exceed the above loss from the damages to fixed assets and inventories.

During the second quarter and third quarter of 2012, the subsidiary received the compensation payments on its business interruption losses of Baht 204 million and Baht 196 million, respectively, and recognised these compensations as other income in the income statements for the year ended 31 December 2012.

Subsequently, during the first quarter, second quarter and fourth quarter of 2013, the subsidiary received the remaining compensation payments on its property damages amounting to Baht 30 million, Baht 712 million and Baht 188 million, respectively, and recorded a reimbursement from insurance claim receivable of Baht 12 million as a current asset in the statement of financial position as at 31 December 2013. The subsidiary recognised the insurance compensation income totaling Baht 942 million in the income statement for the year ended 31 December 2013.

The subsidiary is in the process of claiming insurance compensation for its business interruption losses resulting from the flood.

25. Earnings per share

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

26. Promotional privileges

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

Particulars	The Company								
	1842/2539	1341/Or/2544	1455 (1)/2544	1597(1)/2544	1642(2)/2546	1977(2)/2547	1328(2)/2548	2138(2)/2550	1887(1)/2552
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								
	3.4 Exemption from import duty on machinery as approved by the Board.	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

	Subsidiary				
Particulars	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 certificates no.112/2541, 1594(2)/2545, and 2093(6)/2548.

The Company's operating revenues for the years 2013 and 2012 could be divided according to promoted and non-promoted operations as follows:

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Sales						
Domestic sales	-	2,307	11,771	9,461	11,771	11,768
Export sales	7,807,506	7,172,670	1,194	8,419	7,808,700	7,181,089
Total sales	<u>7,807,506</u>	<u>7,174,977</u>	<u>12,965</u>	<u>17,880</u>	<u>7,820,471</u>	<u>7,192,857</u>

27. Segment information

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

For management purposes, the Company and its subsidiaries are organised into business units based on their products and 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).

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

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

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

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2013 and 2012, respectively.

(Unit: Million Baht)

Year ended 31 December 2013	Printed Circuit Board Assembly (PCBA)	Integrated Circuit (IC)	Other	Total reportable segments	Eliminations	Total
Revenue from external customers	11,604	5,922	141	17,667	-	17,667
Inter-segment revenue	3,701	1,056	1,268	6,025	(6,025)	-
Total revenue	<u>15,305</u>	<u>6,978</u>	<u>1,409</u>	<u>23,692</u>	<u>(6,025)</u>	<u>17,667</u>
Segment profit	1,587	382	33	2,002	-	2,002
Interest revenue						165
Insurance compensation income						942
Other income						378
Selling expenses						(126)
Administrative expenses						(760)
Loss on exchange						(60)
Loss on tax assessments						(110)
Other expenses						(31)
Interest expenses						(1)
Income tax expenses						<u>(62)</u>
Profit for the year						<u><u>2,337</u></u>
Segment total assets						
Additions to property, plant and equipment, and land leasehold rights	1,148	135	4	1,287	-	1,287

(Unit: Million Baht)

Year ended 31 December 2012	Printed Circuit Board Assembly (PCBA)	Integrated Circuit (IC)	Other	Total reportable segments	Eliminations	Total
Revenue from external customers	11,456	5,543	234	17,233	-	17,233
Inter-segment revenue	4,150	1,071	1,858	7,079	(7,079)	-
Total revenue	<u>15,606</u>	<u>6,614</u>	<u>2,092</u>	<u>24,312</u>	<u>(7,079)</u>	<u>17,233</u>
Segment profit	800	846	37	1,683	-	1,683
Interest revenue						171
Insurance compensation income						400
Gain on exchange						168
Other income						416
Selling expenses						(133)
Administrative expenses						(880)
Loss on tax assessments						(64)
Other expenses						(32)
Income tax expenses						(119)
Profit for the year						<u>1,610</u>
Segment total assets						
Additions to property, plant and equipment	534	1,008	1	1,543	-	1,543

Geographic information

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

	(Unit: Thousand Baht)	
	<u>2013</u>	<u>2012</u>
Revenue from external customers		
Malaysia	5,336,104	5,300,848
Hong Kong	2,732,427	3,615,907
United States of America	2,180,201	3,065,203
China	1,704,177	1,301,534
Singapore	1,705,270	931,186
Others	4,008,821	3,018,091
Total	<u>17,667,000</u>	<u>17,232,769</u>
Non-current assets (other than deferred tax assets)		
Thailand	4,761,491	4,638,306
China	1,901,950	1,972,769
Cambodia	153,418	-
United States of America	32,336	36,152
Others	11,272	11,252
Total	<u>6,860,467</u>	<u>6,658,479</u>

Major customers

For the year 2013, the Company and its subsidiaries have revenue from 5 major customers in amount of Baht 8,800 million, arising from sales by the Printed Circuit Board Assembly (PCBA) segment and the Integrated Circuit (IC) segment, (2012: Baht 9,762 million derived from 5 major customers, arising from sales by the Printed Circuit Board Assembly (PCBA) segment and the Integrated Circuit (IC) segment).

28. Provident fund

The Company, the subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company or the subsidiaries contribute to the fund monthly at the rates of 3.0 - 7.5 percent of basic salary. The fund, which is managed by SCB Asset Management Company Limited, will be paid to employees upon terminating in accordance with the fund rules. During the year 2013, total amount of approximately of Baht 61 million (2012: Baht 53 million) had been contributed to the fund by the Company and its subsidiaries, and Baht 31 million had been contributed by the Company (2012: Baht 24 million).

29. Dividend paid

During the years 2013 and 2012, 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 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		1,207	1.50
Final dividends for 2012	Annual General Meeting of the shareholders on 30 April 2013	805	1.00
Interim dividends for 2013	Board of Directors' Meeting on 13 November 2013	402	0.50
Total for the year 2013		1,207	1.50
<u>Subsidiary companies</u>			
Hana Semiconductor (Ayutthaya) Company Limited			
Final dividends for 2011	Annual General Meeting of the shareholders on 17 April 2012	216	1.80
Total for the year 2012		216	1.80
Final dividends for 2012	Annual General Meeting of the shareholders on 29 April 2013	720	6.00
Interim dividend in respect of the income for the period from 1 January 2013 to 30 June 2013	Board of Directors' meeting on 16 August 2013	420	3.50
Total for the year 2013		1,140	9.50

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Hana Semiconductor (BKK) Company Limited			
Final dividends for 2012	Annual General Meeting of the shareholders on 30 April 2013	50	0.5
Interim dividend in respect of the income for the period from 1 January 2013 to 30 April 2013	Board of Directors' meeting on 3 May 2013	300	3.00
Interim dividend in respect of the income for the period from 1 January 2013 to 31 August 2013	Board of Directors' meeting on 26 August 2013	175	1.75
Total for the year 2013		525	5.25

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2013, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery of approximately USD 2.0 million or equivalent to a total of Baht 66.2 million. (2012: USD 3.1 million or equivalent to Baht 96.4 million) and the Company only of approximately Baht 62.6 million (2012: Baht 19.8 million). In addition, the Company had capital commitments relating to building of office building of approximately Baht 5 million.

In addition, the Company entered into a construction agreement with an unrelated company to build a new manufacturing plant located in Saha Pathana Industrial Estate in Lumphun Province during the period. The agreement 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. As at 31 December 2013, the Company had commitments of Baht 170 million.

30.2 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 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 2013 up to the year 2015 with the annual lease payment of approximately RMB 0.8 million.

30.3 Marketing supportive service agreement

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

30.4 Guarantees

As at 31 December 2013, there were outstanding bank guarantees of approximately Baht 132 million (2012: Baht 256 million) and the Company only: Baht 92 million (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 77 million (2012: Baht 208 million) to be security for the tax assessments of the Company made by the Revenue Department (as discussed in Note 29.5) and Baht 55 million to guarantee electricity uses, among others (2012: Baht 48 million).

30.5 Tax assessments

During the year 2003, the Company received a notification of a corporate income tax assessment for the year 1997 from the Revenue Department for not allocating interest expenses and loss on exchange rate of loans to the promoted operations, causing the under recording of corporate income tax for the year 1997, which together with related penalty and surcharge amounted to Baht 150 million. The Company did not agree with the assessment and appealed it to the Tax Tribunal. In November 2007, the Tax Tribunal rejected the appeal. The Company did not agree with the Tax Tribunal and therefore appealed to the Supreme Court. In September 2013, the Supreme Court ordered the Company to pay the tax assessment for the year 1997 in accordance with the ruling of the Central Tax Court, except to deduct 50 percent of the penalty. Thus, the tax liabilities together with related penalty and surcharge 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 as other income in the income statement for the year ended 31 December 2013. The Company paid the tax assessment to the Revenue Department in October 2013.

During the second quarter and the third quarter of 2012, the Company received notifications of corporate income tax assessments for the years 2001 and 2002 from the Revenue Department for over allocation of administrative expenses, interest expenses and loss on exchange rate to the promoted operations, and over utilisation of losses carried forward, causing the under recording of corporate income tax for the years 2001 and 2002, which together with related penalty and surcharge amounted to approximately Baht 20 million and Baht 44 million, respectively. The Company recorded the loss on tax assessments totaling Baht 64 million in the income statement for the year ended 31 December 2012. The Company did not agree with the assessments and appealed them to the Board of Appeals on 28 June 2012 and 28 September 2012. Currently, the Company is in the process of appealing to the Board of Appeals. The Company expects the Board of Appeals to reverse the assessments made by the Revenue Department, with the result that the Company will not need to make any tax payment.

In addition, during the third quarter of 2013, the Company received a notification of corporate income tax assessment for the year 2003 from the Revenue Department for over allocation of administrative expenses, interest expenses and loss on exchange rate to the promoted operations, and over utilisation of losses carried forward, causing the under recording of corporate income tax for the year 2003, which together with related penalty and surcharge amounted to approximately Baht 40 million. The Company recorded such loss on tax assessment in the income statement for the year ended 31 December 2013. The Company paid the assessed tax and related surcharge totaling Baht 27 million on 24 September 2013, and appealed the remaining penalty of Baht 13 million to the Board of Appeals, in order to reduce the penalty.

As a result of the Supreme Court's decision regarding the above tax assessment for the year 1997, for prudent reason the Company assessed its tax liabilities as a result of over utilisation of losses carried forward in its tax computation for the year 2004, and recorded provisions for tax assessment for the year 2004 amounting to Baht 70 million included in other expenses in the income statement for the year ended 31 December 2013.

As at 31 December 2013, the Company has recorded provision for loss on tax assessments totaling approximately Baht 148 million (31 December 2012: Baht 215 million) and has place bank guarantees as security against the assessments.

31. Financial instruments

31.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, investments, trade and other payables and short-term 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. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

Interest rate risk

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

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

Consolidated financial statements as at 31 December 2013

	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	1,371	2,464	351	4,186	0.001 - 2.86
Short-term investments	2,366	47	111	2,524	2.95 - 9.75
Trade and other receivables	-	-	3,241	3,241	-
Insurance claim receivable	-	-	12	12	-
	<u>3,737</u>	<u>2,511</u>	<u>3,715</u>	<u>9,963</u>	
Financial liabilities					
Short-term loans from financial institution	-	16	-	16	3.03 - 3.64
Trade and other payables	-	-	2,485	2,485	-
	<u>-</u>	<u>16</u>	<u>2,485</u>	<u>2,501</u>	

Consolidated 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	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>	

Separate financial statements as at 31 December 2013

	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	-	316	4	320	0.1 - 0.875
Trade and other receivables	-	-	1,447	1,447	-
	<u>-</u>	<u>316</u>	<u>1,451</u>	<u>1,767</u>	
Financial liabilities					
Trade and other payables	-	-	1,439	1,439	-
	<u>-</u>	<u>-</u>	<u>1,439</u>	<u>1,439</u>	

Separate financial statements as at 31 December 2012

	Fixed interest rate			Total	Effective interest rate
	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	-
	-	92	1,264	1,356	
Financial liabilities					
Trade and other payables	-	-	775	775	-
	-	-	775	775	

Foreign currency risk

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

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

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per foreign currency unit)	
China Yuan	288	318	85	102	5.4087	4.9164
US Dollar	201	165	12	59	32.8136	30.6316
Japan Yen	90	64	5	5	0.3130	0.3545
Indian Rupee	43	45	-	-	0.5289	0.5597
Euro	7	9	-	-	45.0217	40.5563
Hong Kong dollar	4	3	-	1	4.2316	3.9510
Pound Sterling	3	3	-	-	53.9162	49.3458
Australia dollar	2	2	1	1	29.1776	31.7757
Singapore Dollar	2	2	-	-	25.8826	25.0340
Brazilian real	2	2	-	-	13.7700	15.1800

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

As at 31 December 2013		
Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
10	27 January 2014	32.85
10	4 February 2014	31.22
10	28 February 2014	31.85
10	28 February 2014	32.05
10	3 March 2014	32.49
20	15 January 2014	31.45
20	15 January 2014	31.44
20	31 January 2014	32.23
(Million Euro)		(USD per Euro)
3	12 May 2014	1.35
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 a linked asset swap agreement with an overseas bank. The details of the swap agreement outstanding as at 31 December 2012 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)

31.2 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.

32. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2013, the Group's debt-to-equity ratio was 0.21:1 (2012: 0.20:1) and the Company's was 0.26:1 (2012: 0.19:1).

33. 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, a Baht 50.2 million decrease in unappropriated retained earnings and a Baht 50.2 million increase in income tax expenses. 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.

34. Event after the reporting period

On 20 February 2014, the meeting of the Board of Directors of the Company No. 1/2014 passed the resolution approving the final dividend payment for the year 2013 to the Company's shareholders at Baht 1 per share. The dividend will be paid to the shareholders on 16 May 2014.

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

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2014.

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2013

(Unit: Baht)

Consolidated financial statements											
						Other components of shareholders' equity					
						Other comprehensive income					
						Surplus (deficit)					
						on changes in	Exchange differences	Total other		Total equity	
						value of	on translation of	components of		attributable to	
						available-for-sale	financial statements	shareholders'		owners of	
						investments	in foreign currency	equity		the Company	
						Retained earnings					
						Appropriated					
						Statutory reserve	Reserve for				
						treasury shares	Unappropriated				
Note	Issued and paid up share capital	Share premium	Statutory reserve	Reserve for treasury shares	Unappropriated	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
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
	Cumulative effect of change in accounting policy										
	for deferred tax										
4	-	-	-	-	15,377,504	-	423,453	423,453	15,800,957	-	15,800,957
	830,474,960	1,723,218,982	320,218,399	262,987,260	11,798,451,824	67,740,225	(159,724,023)	(91,983,798)	14,843,367,627	(262,987,260)	14,580,380,367
	Total comprehensive income for the year (restated)										
	-	-	-	-	1,610,192,666	142,342,193	(231,074,902)	(88,732,709)	1,521,459,957	-	1,521,459,957
29	-	-	-	-	(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)	-	-	-	-	-	-
21	(25,596,100)	-	-	(262,987,260)	25,596,100	-	-	-	(262,987,260)	262,987,260	-
	804,878,860	1,723,218,982	352,497,188	-	12,194,643,511	210,082,418	(390,798,925)	(180,716,507)	14,894,522,034	-	14,894,522,034
Balance as at 31 December 2012 - as restated											
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
	Cumulative effect of change in accounting policy										
	for deferred tax										
4	-	-	-	-	15,241,812	-	(275,129)	(275,129)	14,966,683	-	14,966,683
	Cumulative effect from prior year's adjustment										
33	-	-	-	-	(50,197,287)	-	-	-	(50,197,287)	-	(50,197,287)
	804,878,860	1,723,218,982	352,497,188	-	12,194,643,511	210,082,418	(390,798,925)	(180,716,507)	14,894,522,034	-	14,894,522,034
	Total comprehensive income for the year										
	-	-	-	-	2,337,198,560	(91,864,993)	661,540,245	569,675,252	2,906,873,812	-	2,906,873,812
29	-	-	-	-	(1,207,318,290)	-	-	-	(1,207,318,290)	-	(1,207,318,290)
	Unappropriated retained earnings transferred to										
	statutory reserve										
	-	-	23,422,214	-	(23,422,214)	-	-	-	-	-	-
	804,878,860	1,723,218,982	375,919,402	-	13,301,101,567	118,217,425	270,741,320	388,958,745	16,594,077,556	-	16,594,077,556
Balance as at 31 December 2013											

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2013

(Unit: Baht)

Separate financial statements									
Note	Issued and paid up share capital	Share premium	Retained earnings			Total equity attributable to owners of the Company		Treasury shares	Total
			Statutory reserve	Appropriated		Unappropriated			
				Reserve for treasury shares					
Balance as at 1 January 2012									
- as previously reported	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	
Cumulative effect of change in accounting policy for deferred tax	4	-	-	-	3,762,494	3,762,494	-	3,762,494	
Balance as at 1 January 2012 - as restated	830,474,960	1,723,218,982	100,000,000	262,987,260	3,923,636,992	6,840,318,194	(262,987,260)	6,577,330,934	
Total comprehensive income for the year (restated)	-	-	-	-	901,123,828	901,123,828	-	901,123,828	
Dividend paid	29	-	-	-	(1,207,318,290)	(1,207,318,290)	-	(1,207,318,290)	
Write-off treasury shares	21	(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>3,643,038,630</u>	<u>6,271,136,472</u>	<u>-</u>	<u>6,271,136,472</u>	
Balance as at 31 December 2012									
- as previously reported	804,878,860	1,723,218,982	100,000,000	-	3,638,356,933	6,266,454,775	-	6,266,454,775	
Cumulative effect of change in accounting policy for deferred tax	4	-	-	-	4,681,697	4,681,697	-	4,681,697	
Balance as at 31 December 2012 - as restated	804,878,860	1,723,218,982	100,000,000	-	3,643,038,630	6,271,136,472	-	6,271,136,472	
Total comprehensive income for the year	-	-	-	-	2,106,439,043	2,106,439,043	-	2,106,439,043	
Dividend paid	29	-	-	-	(1,207,318,290)	(1,207,318,290)	-	(1,207,318,290)	
Balance as at 31 December 2013	<u>804,878,860</u>	<u>1,723,218,982</u>	<u>100,000,000</u>	<u>-</u>	<u>4,542,159,383</u>	<u>7,170,257,225</u>	<u>-</u>	<u>7,170,257,225</u>	

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