

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month period ended 31 March 2015

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Hana Microelectronics Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Hana Microelectronics Public Company Limited and its subsidiaries as at 31 March 2015, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Hana Microelectronics Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

EY Office Limited

Bangkok: 12 May 2015

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2015	31 December 2014	31 March 2015	31 December 2014
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	6,008,567	5,467,223	809,288	743,165
Short-term investments	5	2,700,918	2,863,280	-	-
Trade and other receivables	4, 6	3,159,458	3,354,080	1,371,583	1,441,054
Inventories	7	3,339,076	3,328,914	1,387,454	1,286,125
Other current assets		160,160	118,864	23,951	36,557
Total current assets		15,368,179	15,132,361	3,592,276	3,506,901
Non-current assets					
Investments in subsidiary companies	8	-	-	3,583,449	3,583,449
Investments in fixed deposit with financial institution	9	327,651	330,690	-	-
Property, plant and equipment	10	6,532,852	6,405,504	2,651,907	2,645,684
Land leasehold rights	11	138,201	140,641	-	-
Other intangible assets		19,516	19,685	12,871	12,662
Deferred tax assets		10,599	16,145	1,903	8,148
Other non-current assets		32,722	6,306	23,926	1,426
Total non-current assets		7,061,541	6,918,971	6,274,056	6,251,369
Total assets		22,429,720	22,051,332	9,866,332	9,758,270

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 March 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2015	31 December 2014	31 March 2015	31 December 2014
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	4, 12	2,531,501	2,477,893	1,455,722	1,541,969
Short-term provisions	17.5	362,443	360,134	64,110	64,110
Income tax payable		167,291	171,712	13,090	9,947
Other current liabilities		61,048	162,119	20,132	58,289
Total current liabilities		3,122,283	3,171,858	1,553,054	1,674,315
Non-current liabilities					
Provision for long-term employee benefits		540,621	515,862	268,858	259,352
Total non-current liabilities		540,621	515,862	268,858	259,352
Total liabilities		3,662,904	3,687,720	1,821,912	1,933,667
Shareholders' equity					
Share capital					
Registered					
974,403,900 ordinary shares of Baht 1 each		974,404	974,404	974,404	974,404
Issued and fully paid-up					
804,878,860 ordinary shares of Baht 1 each		804,879	804,879	804,879	804,879
Share premium		1,723,219	1,723,219	1,723,219	1,723,219
Retained earnings					
Appropriated - statutory reserve		386,272	386,272	100,000	100,000
Unappropriated		15,545,523	15,028,833	5,416,322	5,196,505
Other components of shareholders' equity		306,923	420,409	-	-
Total shareholders' equity		18,766,816	18,363,612	8,044,420	7,824,603
Total liabilities and shareholders' equity		22,429,720	22,051,332	9,866,332	9,758,270
		-	-	-	-

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

Directors

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 31 March 2015**

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

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues					
Sales		4,993,566	4,670,033	2,300,965	2,203,576
Interest income		54,196	42,469	2,521	6
Gain on exchange		88,005	73,641	15,402	15,000
Insurance compensation income	15	-	1,350,000	-	-
Others income		49,170	62,709	9,089	10,025
Total revenues		5,184,937	6,198,852	2,327,977	2,228,607
Expenses					
Cost of sales		4,390,094	4,089,004	2,016,000	1,865,804
Selling expenses		30,335	30,133	7,663	5,941
Administrative expenses		225,665	204,138	74,595	57,553
Other expenses		5,696	5,720	-	-
Total expenses		4,651,790	4,328,995	2,098,258	1,929,298
Profit before finance cost and					
income tax expenses		533,147	1,869,857	229,719	299,309
Finance cost		(1,918)	(1,909)	(496)	(531)
Profit before income tax expenses		531,229	1,867,948	229,223	298,778
Income tax expenses	13	(14,539)	(277,628)	(9,406)	(6,335)
Profit for the period		516,690	1,590,320	219,817	292,443
Profit attributable to:					
Equity holders of the Company		516,690	1,590,320	219,817	292,443
Earnings per share					
	14				
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		<u>0.64</u>	<u>1.98</u>	<u>0.27</u>	<u>0.36</u>
Number of weighted average ordinary shares					
(Thousand shares)		<u>804,879</u>	<u>804,879</u>	<u>804,879</u>	<u>804,879</u>

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 2015

(Unit: Thousand Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Profit for the period		<u>516,690</u>	<u>1,590,320</u>	<u>219,817</u>	<u>292,443</u>
Other comprehensive income:					
Gain (loss) on change in value of available-for-sale investments	5.2	(2,926)	24,112	-	-
Exchange differences on translation of financial statements in foreign currency, net of income tax	13	<u>(110,560)</u>	<u>(156,386)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period		<u>(113,486)</u>	<u>(132,274)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u><u>403,204</u></u>	<u><u>1,458,046</u></u>	<u><u>219,817</u></u>	<u><u>292,443</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u><u>403,204</u></u>	<u><u>1,458,046</u></u>	<u><u>219,817</u></u>	<u><u>292,443</u></u>

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows

For the three-month period ended 31 March 2015

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities				
Profit before tax	531,229	1,867,948	229,223	298,778
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	283,404	287,761	77,970	67,898
Amortisation expenses	1,685	827	451	285
Allowance for doubtful accounts (reversal)	(5,984)	18,074	-	-
Reduction of inventories to net realisable value	13,421	9,084	10,136	324
Loss (gain) on disposals/write-off equipment	300	11,335	(590)	93
Reversal of allowance for impairment loss on assets	-	(11,801)	-	-
Provision for product warranty	5,696	5,720	-	-
Provision for long-term employee benefits	25,852	13,400	9,826	6,927
Gain on sales/redemption of short-term investments	(317)	(8,606)	-	-
Revaluation gain on investments in securities held for trading	(1,920)	(247)	-	-
Unrealised loss (gain) on exchange	(4,210)	17,624	(6,166)	11,478
Unrealised gain on forward contracts	(51,232)	(14,942)	-	-
Interest income from short-term investments	(35,120)	(33,116)	-	-
Interest expenses	127	119	-	-
Profit from operating activities before changes in operating assets and liabilities	762,931	2,163,180	320,850	385,783

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the three-month period ended 31 March 2015

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Operating assets (increase) decrease				
Trade and other receivables	184,105	199,309	59,830	9,904
Insurance claim receivable	-	(81,000)	-	-
Inventories	(23,583)	(67,356)	(111,465)	(205,008)
Other current assets	9,741	42,530	12,530	13,774
Other non-current assets	10	10	-	-
Operating liabilities increase (decrease)				
Trade and other payables	92,638	96,742	(43,969)	175,964
Other current liabilities	(111,494)	(164,698)	(38,157)	(29,967)
Cash from operating activities	914,348	2,188,717	199,619	350,450
Cash paid for long-term employee benefits	(1,093)	-	(320)	-
Cash paid for income tax	(3,075)	(732)	(18)	(3)
Cash paid for interest expenses	(127)	-	-	-
Net cash from operating activities	910,053	2,187,985	199,281	350,447
Cash flows from investing activities				
Increase in investment in fixed deposit				
with financial institution	3,039	-	-	-
Increase (decrease) in short-term investments	63,571	(212,620)	-	-
Interest income from short-term investments	33,598	32,479	-	-
Proceeds from sales/redemption of short-term investments	98,102	94,206	-	-
Acquisitions of property, plant and equipment	(434,291)	(198,788)	(111,618)	(174,399)
Proceeds from disposals of equipment	3,260	6,352	1,620	1,110
Decrease (increase) in intangible assets	924	(2,217)	(660)	(4,032)
Increase in other non-current assets	(26,426)	(1,438)	(22,500)	-
Net cash used in investing activities	(258,223)	(282,026)	(133,158)	(177,321)

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the three-month period ended 31 March 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash flows from financing activities				
Decrease in short-term loans from financial institution	-	(2,248)	-	-
Cash paid for interest expenses	-	(119)	-	-
Net cash used in financing activities	<u>-</u>	<u>(2,367)</u>	<u>-</u>	<u>-</u>
Increase in cash and cash equivalents	651,830	1,903,592	66,123	173,126
Translation adjustment	(110,486)	(156,017)	-	-
Net increase in cash and cash equivalents	<u>541,344</u>	<u>1,747,575</u>	<u>66,123</u>	<u>173,126</u>
Cash and cash equivalents at beginning of period	<u>5,467,223</u>	<u>4,185,699</u>	<u>743,165</u>	<u>320,032</u>
Cash and cash equivalents at end of period (Note 3)	<u><u>6,008,567</u></u>	<u><u>5,933,274</u></u>	<u><u>809,288</u></u>	<u><u>493,158</u></u>

Supplemental cash flow information

Non-cash related transactions from investing activities

Net increase (decrease) in accounts payable				
for purchase of plant and equipment	(19,979)	31,064	(26,395)	31,556
Revaluation gain (loss) on changes in fair value of				
investments in available-for-sale	(2,926)	24,112	-	-
Translation adjustment for deferred tax assets	74	369	-	-

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

(Unaudited and reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2015

(Unit: Thousand Baht)

	Consolidated financial statements								
	Issued and paid up share capital	Share premium	Retained earnings		Other components of shareholders' equity			Total shareholders' equity	
			Appropriated - Statutory reserve	Unappropriated	Other comprehensive income		Total other components of shareholders' equity		
					Surplus (deficit)				Exchange differences on translation of financial statements in foreign currency
					on changes in				
value of									
Balance as at 31 December 2013	804,879	1,723,219	375,919	13,301,102	118,218	270,741	388,959	16,594,078	
Profit for the period	-	-	-	1,590,320	-	-	-	1,590,320	
Other comprehensive income for the period	-	-	-	-	24,112	(156,386)	(132,274)	(132,274)	
Total comprehensive income for the period	-	-	-	1,590,320	24,112	(156,386)	(132,274)	1,458,046	
Balance as at 31 March 2014	804,879	1,723,219	375,919	14,891,422	142,330	114,355	256,685	18,052,124	
Balance as at 31 December 2014	804,879	1,723,219	386,272	15,028,833	158,870	261,539	420,409	18,363,612	
Profit for the period	-	-	-	516,690	-	-	-	516,690	
Other comprehensive income for the period	-	-	-	-	(2,926)	(110,560)	(113,486)	(113,486)	
Total comprehensive income for the period	-	-	-	516,690	(2,926)	(110,560)	(113,486)	403,204	
Balance as at 31 March 2015	804,879	1,723,219	386,272	15,545,523	155,944	150,979	306,923	18,766,816	

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

(Unaudited and reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the three-month period ended 31 March 2015

(Unit: Thousand Baht)

Separate financial statements

	Issued and paid up share capital	Share premium	Retained earnings		Total Shareholders' equity
			Appropriated - Statutory reserve	Unappropriated	
Balance as at 31 December 2013	804,879	1,723,219	100,000	4,542,159	7,170,257
Profit for the period	-	-	-	292,443	292,443
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	292,443	292,443
Balance as at 31 March 2014	804,879	1,723,219	100,000	4,834,602	7,462,700
Balance as at 31 December 2014	804,879	1,723,219	100,000	5,196,505	7,824,603
Profit for the period	-	-	-	219,817	219,817
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	219,817	219,817
Balance as at 31 March 2015	804,879	1,723,219	100,000	5,416,322	8,044,420

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

Hana Microelectronics Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month period ended 31 March 2015

1. General information

1.1 Corporate information

Hana Microelectronics Public Company Limited (“the Company”) was incorporated as a limited company under Thai law and transformed to be a public limited company under the Public Limited Companies Act on 27 January 1993. The Company operates its business in Thailand and is principally engaged in the manufacture and trading of electronic components. The registered office of the Company is at 65/98, Soi Vibhavadi-Rangsit 64, Junction 2, Kwang Talad Bangkhen, Khet Laksi, Bangkok.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2014) “*Interim Financial Reporting*”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.3 Basis of consolidation

These consolidated interim financial statements include the financial statements of Hana Microelectronics Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2014. There are no changes in the group structure during the current period.

1.4 New financial reporting standards

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

TAS 19 (revised 2014) Employee Benefits

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

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

TFRS 10 Consolidated Financial Statements

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

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

IFRS 12 Disclosure of Interests in Other Entities

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

IFRS 13 Fair Value Measurement

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

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

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2014, except for the changes in accounting policies as a result of the adoption of new and revised standards, as discussed in note 1.4 to the financial statements.

3. Cash and cash equivalents

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Cash	1,340	1,006	150	163
Bank deposits	2,412,070	2,279,399	109,138	243,002
Fixed deposits with maturity not over 3 months	3,595,157	3,186,818	700,000	500,000
Total cash and cash equivalents	<u>6,008,567</u>	<u>5,467,223</u>	<u>809,288</u>	<u>743,165</u>

4. Related party transactions

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

(Unaudited but reviewed)

(Unit: Million Baht)

	<u>Separate financial statements</u>		<u>Pricing policies</u>
	For the three-month periods		
	ended 31 March		
	<u>2015</u>	<u>2014</u>	
Transactions with subsidiary companies			
(eliminated from the consolidated financial statements)			
Sales of goods	5	3	Prices agreed between the parties due to the uniqueness of products sold to each customer
Purchase of materials	34	64	Cost plus mark up
Purchase of fixed assets	1	12	Cost plus mark up
Service fee expenses	-	1	Rates stipulated in the agreement

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
Trade and other receivables (Note 6)				
Trade receivables - related parties				
Subsidiary companies	-	-	28,820	23,006
Total trade receivables - related parties	-	-	28,820	23,006
Other receivables - related parties				
Subsidiary companies	-	-	-	26
Related company (by way of common directors)	32	32	-	-
Total other receivables - related parties	32	32	-	26
Total trade and other receivables	32	32	28,820	23,032
Trade and other payables (Note 12)				
Trade payables - related parties				
Subsidiary companies	-	-	481,019	528,174
Total trade payables - related parties	-	-	481,019	528,174
Total trade and other payables	-	-	481,019	528,174

Directors' and management's benefits

During the three-month periods ended 31 March 2015 and 2014, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	17.8	17.8	2.8	2.7
Post-employment benefits	0.2	0.2	0.2	0.2
Total	18.0	18.0	3.0	2.9

5. Short-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 March 2015		31 December 2014	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Securities held for trading (Note 5.1)				
Overseas marketable equity securities	97,665	111,928	98,889	111,298
Unsecured subordinated notes	23,610	24,979	25,543	26,846
Total	121,275	136,907	124,432	138,144
Add: Gain on changes in fair value of investments	15,632		13,712	
Investments in securities held for trading	136,907		138,144	
Available-for-sale securities (Note 5.2)				
Overseas marketable corporate bonds	1,428,855	1,546,686	1,536,811	1,651,313
Local quoted bonds	32,558	34,038	32,966	33,749
Overseas quoted bonds	940,097	976,730	989,860	1,033,445
Total	2,401,510	2,557,454	2,559,637	2,718,507
Add: Revaluation surplus on changes in fair value of investments	155,944		158,870	
Investments in available-for-sale securities	2,557,454		2,718,507	
Fixed deposit with financial institution				
Fixed deposit within 1 year	6,557	6,557	6,629	6,629
Investment in fixed deposit with financial institution	6,557	6,557	6,629	6,629
Total short-term investments	2,700,918	2,700,918	2,863,280	2,863,280

5.1 Securities held for trading

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

As at 31 March 2015, the subsidiary had assessed the fair value of the equity securities for mutual fund, the bond investment trust from an overseas bank and the interest bearing unsecured subordinated notes by referring to the latest bid price as quoted on the Stock Exchanges, in which the fair value had increased by USD 0.06 million or equivalent to approximately Baht 1.92 million (2014: increased by USD 0.01 million or equivalent to approximately Baht 0.25 million). The changes in the fair value of these investments were recognised in the income statements.

5.2 Available-for-sale securities

In addition, this subsidiary has invested in private corporate bonds issued by various companies listed on the overseas Stock Exchanges and overseas and local quoted bonds through the three overseas banks. These investments are classified as available-for-sale investments. During the three-month period ended 31 March 2015, the subsidiary redeemed one listed corporate bond and some overseas quoted bonds, resulting in gain of USD 0.01 million or equivalent to approximately Baht 0.32 million (2014: gain of USD 0.26 million or equivalent to approximately Baht 8.61 million).

As at 31 March 2015, the subsidiary had assessed the fair value of the bonds by referring to the value quoted by the banks in which there was a revaluation surplus on the fair value of USD 4.79 million or equivalent to approximately Baht 155.94 million (31 December 2014: USD 4.82 million or equivalent to approximately Baht 158.87 million). The subsidiary recognised loss on changes in fair value of the available-for-sale securities approximately Baht 2.93 million as shown as other comprehensive income in the statements of comprehensive income.

(Unaudited but reviewed)

6. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
<u>Age of receivable</u>	2015	2014	2015	2014
Trade receivables - subsidiary companies				
Not yet due	-	-	688	1,139
Past due				
Up to 3 months	-	-	6,575	5,876
3 - 6 months	-	-	5,804	10,940
6 - 12 months	-	-	12,580	1,983
Over 12 months	-	-	3,173	3,068
Total trade receivables - subsidiary companies (Note 4)	-	-	28,820	23,006
Trade receivables - unrelated parties				
Not yet due	2,171,680	2,472,117	1,000,959	1,121,790
Past due				
Up to 3 months	816,397	724,722	331,387	288,383
3 - 6 months	17,806	24,772	26	5,513
6 - 12 months	7,025	7,732	87	420
Over 12 months	28	2,024	4	4
Trade receivables - unrelated parties	3,012,936	3,231,367	1,332,463	1,416,110
Less: Allowance for doubtful accounts	(18,426)	(24,410)	-	-
Total trade receivables - unrelated parties - net	2,994,510	3,206,957	1,332,463	1,416,110
Total trade receivables - net	2,994,510	3,206,957	1,361,283	1,439,116
Other receivables - related parties (Note 4)				
	32	32	-	26
Other receivables - unrelated parties	164,916	147,091	10,300	1,912
Total other receivables	164,948	147,123	10,300	1,938
Total trade and other receivables - net	3,159,458	3,354,080	1,371,583	1,441,054

7. Reduction of inventories to net realisable value

Movements in the adjustment to reduce inventories to net realisable value during the three-month period ended 31 March 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2014	256,221	227,272
Reduction of inventory value during the period	143,944	130,915
Reversal of reduction of inventory value during the period	(104,344)	(94,600)
Write-off obsolete and damaged inventories during the period	(26,179)	(26,179)
Balance as at 31 March 2015	269,642	237,408

8. Investments in subsidiary companies

Company's name	(Unit: Thousand Baht)					
	Separate financial statements					
	Paid up capital		Shareholding percentage		Cost	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014
		Percent	Percent			
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100
Omac Sales Limited	325	325	100	100	273,492	273,492
Hana Microelectronics (Cambodia) Company Limited	155,947	155,947	100	100	155,947	155,947
Hana Microelectronics International Company Limited	-	-	100	100	-	-
Hana Microelectronics Investment Company Limited	-	-	100	100	-	-
Hana Technologies Group Limited	-	-	100	100	-	-
Total investments in subsidiary companies					<u>3,583,449</u>	<u>3,583,449</u>

9. Investment in fixed deposit with financial institution

During the second quarter of 2014, an overseas subsidiary has invested in a structured deposit with financial institution amounting to CNY 62.4 million for a period of 2 years, with the maturity date on 28 April 2016. The parties mutually agreed that the subsidiary will receive interest income approximately CNY 6.6 million at the maturity date under the condition that CNYmat (the mid spot exchange rate for USDCNH) is less than or equal to CNY 6.0528 per USD on any agreed determination date otherwise, zero. As at 31 March 2015, the investment in fixed deposit was approximately Baht 327.7 million (31 December 2014: Baht 330.7 million).

10. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<u> </u>	<u> </u>
Net book value as at 31 December 2014	6,405,504	2,645,684
Acquisitions during the period - at cost	430,803	85,223
Disposals/write-off during the period - net book value at disposal/write-off date	(3,560)	(1,030)
Depreciation for the period	(283,404)	(77,970)
Translation adjustment	(16,491)	-
Net book value as at 31 March 2015	<u>6,532,852</u>	<u>2,651,907</u>

11. Land leasehold rights

Movements in land leasehold rights account during the three-month period ended 31 March 2015 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
	<u> </u>
Net book value as at 31 December 2014	140,641
Amortisation for the period	(700)
Translation adjustment	(1,740)
Net book value as at 31 March 2015	<u>138,201</u>

(Unaudited but reviewed)

12. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Trade payables - subsidiary companies (Note 4)	-	-	481,019	528,174
Trade payables - unrelated parties	1,952,206	1,934,247	835,511	890,011
Advance received from customers	198,590	188,085	29,835	26,593
Other payables for purchase of machinery	115,583	135,562	42,655	69,050
Accrued expenses	265,122	219,999	66,702	28,141
Total trade and other payables	<u>2,531,501</u>	<u>2,477,893</u>	<u>1,455,722</u>	<u>1,541,969</u>

13. Income tax

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

Income tax expenses for the three-month periods ended 31 March 2015 and 2014 are made up as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current income tax:				
Interim corporate income tax charge	9,066	277,839	3,161	6,929
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>5,473</u>	<u>(211)</u>	<u>6,245</u>	<u>(594)</u>
Income tax expense reported in the income statement	<u>14,539</u>	<u>277,628</u>	<u>9,406</u>	<u>6,335</u>

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2015 and 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	74	369	-	-

14. Earnings per share

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

15. Insurance claims from flood event

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

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

During the year 2012 - 2013, the subsidiary received the compensation payments on its business interruption losses and its remaining property damage totaling Baht 400 million and Baht 942 million, respectively, and recognised these compensations as other income in the income statements for the respective periods.

In addition, during the first quarter of 2014, the subsidiary received the remaining compensation payments on its business interruption losses amounting to Baht 1,269 million and recorded a reimbursement from insurance claim receivable on its business interruption losses of Baht 81 million as current asset in the statement of financial position as at 31 March 2014 in which subsequently received such compensation in the second quarter of 2014. The subsidiary recognised the insurance compensation income on its business interruption losses totaling Baht 1,350 million in the income statement for the three-month period ended 31 March 2014.

(Unaudited but reviewed)

16. Segment information

The Company and its subsidiaries are organised into business units based on their products and services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following table presents revenue and profit information regarding the Company and its subsidiaries' operating segments for the periods of three-month ended 31 March 2015 and 2014, respectively.

(Unit: Million Baht)

	Consolidated financial statements for the three-month periods ended 31 March											
	Printed Circuit		Integrated Circuit				Total reportable		Eliminations		Total	
	Board Assembly (PCBA)		(IC)		Other		segments					
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenue from external customers	3,247	3,130	1,695	1,499	52	41	4,994	4,670	-	-	4,994	4,670
Intersegment revenues	880	821	260	240	277	336	1,417	1,397	(1,417)	(1,397)	-	-
Total revenues	<u>4,127</u>	<u>3,951</u>	<u>1,955</u>	<u>1,739</u>	<u>329</u>	<u>377</u>	<u>6,411</u>	<u>6,067</u>	<u>(1,417)</u>	<u>(1,397)</u>	<u>4,994</u>	<u>4,670</u>
Segment profit	390	421	206	151	7	9	603	581	-	-	603	581
Interest income											54	42
Gain on exchange											88	74
Insurance compensation income											-	1,350
Other income											49	63
Selling expenses											(30)	(30)
Administrative expenses											(225)	(204)
Other expenses											(6)	(6)
Finance cost											(2)	(2)
Income tax expenses											(14)	(278)
Profit for the period											<u>517</u>	<u>1,590</u>

17. Commitments and contingent liabilities

17.1 Capital commitments

As at 31 March 2015, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery and building of the manufacturing plants and an office building totaling USD 9.4 million or equivalent to Baht 309.1 million (31 December 2014: USD 10.3 million or equivalent to Baht 341 million) (the Company only of approximately USD 1.7 million or equivalent to Baht 55.7 million (31 December 2014: USD 2.1 million or equivalent to Baht 70.4 million)).

In addition, the Company had capital commitments relating to the purchase and sale agreement of land of approximately Baht 52.5 million.

17.2 Operating lease commitments

An overseas subsidiary entered into the factory lease agreement with an unrelated company. The lease is for a period from the year 2012 up to the year 2015 with the annual lease payment of approximately RMB 0.8 million.

17.3 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.

17.4 Guarantees

As at 31 March 2015, there were outstanding bank guarantees of approximately Baht 118 million (31 December 2014: Baht 118 million) and the Company only of approximately Baht 88 million (31 December 2014: Baht 88 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and the subsidiaries. These included letters of guarantee as follows:-

Type of guarantee	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
- Security for the tax assessments of the Company made by the Revenue Department (Note 17.5)	64	64	64	64
- Guarantee electricity uses, among others	54	54	24	24
Total	118	118	88	88

17.5 Tax assessments

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

In addition, during the third quarter of 2013, the Company received a notification of corporate income tax assessment for the year 2003 from the Revenue Department for over allocation of administrative expenses, interest expenses and loss on exchange rate to the promoted operations, and over utilisation of losses carried forward, causing the under recording of corporate income tax for the year 2003, which together with related penalty and surcharge amounted to approximately Baht 40 million. The Company recorded such loss on tax assessment in the income statement for the year ended 31 December 2013. The Company paid the assessed tax and related surcharge totaling Baht 27 million on 24 September 2013, and appealed the remaining penalty of Baht 13 million to the Board of Appeals, in order to reduce the penalty. Subsequently, during the fourth quarter of 2014, the Board of Appeals ordered to reduce the penalty of the corporate income tax for the year 2003 to be Baht 6.5 million. On 28 November 2014, the Company paid the penalty of Baht 6.5 million, and recognised reversal of loss on tax assessment of Baht 6.5 million as other income in the income statement for the year ended 31 December 2014.

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

As at 31 March 2015, the Company has recorded provision for loss on tax assessments totaling approximately Baht 64 million (2014: Baht 64 million), included in short-term provisions, and has placed bank guarantees as security against the assessments.

18. Foreign currency risk

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

The balances of financial assets and liabilities denominated in foreign currencies as at 31 March 2015 and 31 December 2014 are summarised below.

(Unaudited but reviewed)

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at		as at		as at	
	31 March	31 December	31 March	31 December	31 March	31 December
	2015	2014	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)	(Baht per foreign currency unit)	
China Yuan	263	262	59	76	5.2508	5.2998
Japanese Yen	153	150	48	73	0.2709	0.2738
US Dollar	187	205	38	37	32.5551	32.9630
Indian Rupee	43	43	-	-	0.5205	0.5159
Hong Kong dollar	10	8	-	1	4.1991	4.2516
Euro	5	4	1	-	35.2178	40.0530
Pound Sterling	3	3	-	-	48.1627	51.1497
Singapore Dollar	2	2	-	-	23.6597	24.8959
Brazilian real	2	2	-	-	11.1900	12.1000
Australia dollar	1	1	-	-	24.8886	26.8068

As at 31 March 2015, the two overseas subsidiary companies had outstanding forward exchange contracts, of which details are presented below.

As at 31 March 2015				
Amount		Contractual maturity date	Contractual exchange rate for	
buy	sold		amount buy	amount sold
(Million USD)	(Million USD)		(Baht per USD)	(Baht per USD)
10	-	9 April 2015	32.80	-
10	-	9 April 2015	32.80	-
-	10	9 April 2015	-	32.71
-	10	9 April 2015	-	32.71
-	10	30 April 2015	-	32.64
-	10	18 May 2015	-	32.88
-	10	18 May 2015	-	32.65
-	10	28 May 2015	-	32.89
-	20	17 June 2015	-	32.95
-	20	27 August 2015	-	32.38
-	10	21 September 2015	-	33.32

(Unaudited but reviewed)

As at 31 March 2015

Amount		Contractual maturity date	Contractual exchange rate for	
buy	sold		amount buy	amount sold
(Million USD)	(Million USD)		(Baht per USD)	(Baht per USD)
-	10	11 March 2016	-	33.60
-	10	11 March 2016	-	33.60
-	10	11 March 2016	-	33.84
-	10	16 March 2016	-	33.80
-	10	18 March 2016	-	33.92
(Million USD)	(Million USD)		(CNY per USD)	(CNY per USD)
-	10	10 September 2015	-	6.15
(Million Euro)	(Million Euro)		(USD per Euro)	(USD per Euro)
-	3	26 May 2015	-	1.25

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

As at 31 December 2014

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

19. Fair value of financial instruments

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

Fair value hierarchy

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

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

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

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

As of 31 March 2015, the Company and its subsidiaries had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Held for trade investments				
Equity instruments	111,928	-	-	111,928
Debt instruments	24,979	-	-	24,979
Available-for-sale investments				
Marketable corporate bonds	1,546,686	-	-	1,546,686
Quoted bonds	1,010,768	-	-	1,010,768
Derivatives				
Foreign currency forward contracts	-	51,044	-	51,044

Valuation techniques and inputs to Level 2 and Level 3 valuations

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

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

20. Event after the reporting period

On 30 April 2015, the Annual General Meeting of the Shareholders of the Company No. 1/2015 passed a resolution approving the final dividend payment for the year 2014 to the Company's shareholders at Baht 1 per share or a total of approximately Baht 805 million. The dividend will be paid to the shareholders on 12 May 2015.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 May 2015.