

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month and six-month periods ended
30 June 2012 and 2011

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Hana Microelectronics Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Hana Microelectronics Public Company Limited and its subsidiaries as at 30 June 2012, the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011, the related consolidated statements of changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2012 and 2011, as well as the condensed notes to the consolidated financial statements, and have also reviewed the separate financial information of Hana Microelectronics Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my reviews.

Scope of review

I conducted my reviews in accordance with 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 reviews, 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.

Statements of financial position as at 31 December 2011 for comparative purposes

I have previously audited the consolidated financial statements of Hana Microelectronics Public Company Limited and its subsidiaries, and the separate financial statements of Hana Microelectronics Public Company Limited for the year ended 31 December 2011 in accordance with Thai Standards on Auditing, and based on my audit and the report of the other auditor, expressed an unqualified opinion and drew attention to the adoption of new accounting standards on those statements under my report dated 28 February 2012. The consolidated and separate statements of financial position as at 31 December 2011, as presented herein for comparative purposes, formed an integral part of those financial statements. I have not performed any other audit procedures subsequent to the date of the above report.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited
Bangkok: 9 August 2012

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of financial position

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|-------------------------------------|------|-----------------------------------|-------------------|-------------------------------|------------------|
| | | As at | As at | As at | As at |
| | | 30 June 2012 | 31 December 2011 | 30 June 2012 | 31 December 2011 |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 3 | 3,289,525 | 3,824,147 | 187,686 | 520,425 |
| Short-term investments | 5 | 2,246,411 | 2,014,320 | - | - |
| Trade and other receivables | 4, 6 | 3,379,544 | 2,568,516 | 1,504,479 | 1,275,015 |
| Insurance claim receivable | 14 | - | 300,000 | - | - |
| Inventories | 7 | 2,966,495 | 2,646,579 | 1,012,763 | 993,410 |
| Other current assets | | 161,499 | 154,071 | 52,017 | 58,846 |
| Total current assets | | 12,043,474 | 11,507,633 | 2,756,945 | 2,847,696 |
| Non-current assets | | | | | |
| Investments in subsidiary companies | 8 | - | - | 3,427,502 | 3,427,502 |
| Other long-term investment | | 97 | 97 | 97 | 97 |
| Property, plant and equipment | 9 | 6,570,964 | 6,372,590 | 1,681,439 | 1,630,984 |
| Intangible assets | | 12,974 | 14,541 | 4,422 | 4,756 |
| Other non-current assets | | 53,883 | 16,851 | 23,829 | 1,329 |
| Total non-current assets | | 6,637,918 | 6,404,079 | 5,137,289 | 5,064,668 |
| Total assets | | 18,681,392 | 17,911,712 | 7,894,234 | 7,912,364 |

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|-------|---|-------------------------------|---|-------------------------------|
| | | As at | As at | As at | As at |
| | | 30 June 2012 (Unaudited but reviewed) | 31 December 2011 (Audited) | 30 June 2012 (Unaudited but reviewed) | 31 December 2011 (Audited) |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Short-term loans from financial institution | 10 | - | 38,821 | - | - |
| Trade and other payables | 4, 11 | 3,211,766 | 2,506,443 | 1,103,215 | 1,004,751 |
| Short-term provisions | 17.5 | 412,365 | 368,474 | 170,797 | 150,466 |
| Corporate income tax payable | | 26,465 | 15,155 | 7,461 | 5,450 |
| Other current liabilities | | 44,511 | 65,341 | 21,241 | 23,278 |
| Total current liabilities | | 3,695,107 | 2,994,234 | 1,302,714 | 1,183,945 |
| Non-current liabilities | | | | | |
| Provision for long-term employee benefits | | 377,331 | 352,899 | 166,039 | 154,851 |
| Total non-current liabilities | | 377,331 | 352,899 | 166,039 | 154,851 |
| Total liabilities | | 4,072,438 | 3,347,133 | 1,468,753 | 1,338,796 |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Registered | | | | | |
| 974,403,900 ordinary shares of Baht 1 each | | | | | |
| (31 December 2011: 1,000,000,000 ordinary shares | | | | | |
| of Baht 1 each) | | | | | |
| | 12 | 974,404 | 1,000,000 | 974,404 | 1,000,000 |
| Issued and fully paid-up | | | | | |
| 804,878,860 ordinary shares of Baht 1 each | | | | | |
| (31 December 2011: 830,474,960 ordinary shares | | | | | |
| of Baht 1 each) | | | | | |
| | 12 | 804,879 | 830,475 | 804,879 | 830,475 |
| Share premium | | 1,723,219 | 1,723,219 | 1,723,219 | 1,723,219 |
| Retained earnings | | | | | |
| Appropriated - statutory reserve | | 352,497 | 320,218 | 100,000 | 100,000 |
| Appropriated - reserve for treasury shares | 12 | - | 262,987 | - | 262,987 |
| Unappropriated | | 11,763,553 | 11,783,074 | 3,797,383 | 3,919,874 |
| Other components of shareholders' equity | | (35,194) | (92,407) | - | - |
| Equity attributable to owners of the Company | | 14,608,954 | 14,827,566 | 6,425,481 | 6,836,555 |
| Treasury shares | 12 | - | (262,987) | - | (262,987) |
| Total shareholders' equity | | 14,608,954 | 14,564,579 | 6,425,481 | 6,573,568 |
| Total liabilities and shareholders' equity | | 18,681,392 | 17,911,712 | 7,894,234 | 7,912,364 |
| | | - | - | - | - |

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

Directors

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Income statements

For the three-month periods ended 30 June 2012 and 2011

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

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|------------------|-------------------------------|------------------|
| | | 2012 | 2011 | 2012 | 2011 |
| Revenues | | | | | |
| Sales | | 4,699,914 | 4,340,261 | 1,988,560 | 1,582,132 |
| Interest income | | 44,323 | 39,029 | 3,043 | 2,233 |
| Dividend income | 8 | 15 | 1,762 | 126,015 | 310,011 |
| Gain on exchange | | - | 42,914 | 29,721 | 18,617 |
| Others income | 14 | 309,462 | 160,844 | 19,464 | 17,611 |
| Total revenues | | 5,053,714 | 4,584,810 | 2,166,803 | 1,930,604 |
| Expenses | | | | | |
| Cost of sales | | 4,098,596 | 3,754,426 | 1,658,238 | 1,378,328 |
| Selling expenses | | 35,223 | 23,160 | 6,917 | 5,533 |
| Administrative expenses | | 299,979 | 160,148 | 53,513 | 40,620 |
| Loss on exchange | | 56,061 | - | - | - |
| Other expenses | | 26,598 | 6,395 | 21,089 | - |
| Total expenses | | 4,516,457 | 3,944,129 | 1,739,757 | 1,424,481 |
| Profit before finance cost and corporate income tax | | | | | |
| Corporate income tax | | 537,257 | 640,681 | 427,046 | 506,123 |
| Finance cost | | (1,991) | (3,719) | (592) | (1,119) |
| Profit before corporate income tax | | 535,266 | 636,962 | 426,454 | 505,004 |
| Corporate income tax | | (18,306) | (19,930) | (2,076) | (6,574) |
| Profit for the period | | 516,960 | 617,032 | 424,378 | 498,430 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | 516,960 | 617,032 | 424,378 | 498,430 |
| Earnings per share | | | | | |
| Basic earnings per share | 13 | | | | |
| Profit attributable to equity holders of the Company | | | | | |
| (Baht) | | 0.64 | 0.77 | 0.53 | 0.62 |

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of comprehensive income

For the three-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--|--|-----------------------|--------------------------------------|-----------------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Profit for the period | <u>516,960</u> | <u>617,032</u> | <u>424,378</u> | <u>498,430</u> |
| Other comprehensive income: | | | | |
| Gain on change in value of available-for-sale investments | 3,151 | 24,118 | - | - |
| Exchange differences on translation of financial statements in foreign currency | <u>200,010</u> | <u>122,445</u> | <u>-</u> | <u>-</u> |
| Other comprehensive income for the period | <u>203,161</u> | <u>146,563</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the period | <u><u>720,121</u></u> | <u><u>763,595</u></u> | <u><u>424,378</u></u> | <u><u>498,430</u></u> |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | <u><u>720,121</u></u> | <u><u>763,595</u></u> | <u><u>424,378</u></u> | <u><u>498,430</u></u> |

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Income statements

For the six-month periods ended 30 June 2012 and 2011

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

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|------------------|-------------------------------|------------------|
| | | 2012 | 2011 | 2012 | 2011 |
| Revenues | | | | | |
| Sales | | 8,687,531 | 8,159,728 | 3,845,564 | 2,917,893 |
| Interest income | | 87,558 | 75,750 | 5,197 | 4,656 |
| Dividend income | 8 | 15 | 1,762 | 126,015 | 310,011 |
| Gain on exchange | | 33,559 | 93,400 | 28,229 | 33,644 |
| Others income | 14 | 424,870 | 233,232 | 37,839 | 35,355 |
| Total revenues | | <u>9,233,533</u> | <u>8,563,872</u> | <u>4,042,844</u> | <u>3,301,559</u> |
| Expenses | | | | | |
| Cost of sales | | 7,739,392 | 7,057,661 | 3,242,974 | 2,524,734 |
| Selling expenses | | 69,716 | 43,778 | 13,528 | 11,043 |
| Administrative expenses | | 559,515 | 342,984 | 98,216 | 82,288 |
| Other expenses | | 32,940 | 12,859 | 21,089 | - |
| Total expenses | | <u>8,401,563</u> | <u>7,457,282</u> | <u>3,375,807</u> | <u>2,618,065</u> |
| Profit before finance cost and corporate income tax | | | | | |
| Finance cost | | (3,780) | (5,557) | (1,159) | (1,709) |
| Profit before corporate income tax | | <u>828,190</u> | <u>1,101,033</u> | <u>665,878</u> | <u>681,785</u> |
| Corporate income tax | | (36,149) | (26,755) | (9,086) | (9,756) |
| Profit for the period | | <u>792,041</u> | <u>1,074,278</u> | <u>656,792</u> | <u>672,029</u> |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | <u>792,041</u> | <u>1,074,278</u> | <u>656,792</u> | <u>672,029</u> |
| Earnings per share | | | | | |
| Basic earnings per share | 13 | | | | |
| Profit attributable to equity holders of the Company | | | | | |
| (Baht) | | <u>0.98</u> | <u>1.33</u> | <u>0.82</u> | <u>0.83</u> |

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of comprehensive income

For the six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|-------------------------|-------------------------------|-----------------------|
| | | 2012 | 2011 | 2012 | 2011 |
| Profit for the period | | <u>792,041</u> | <u>1,074,278</u> | <u>656,792</u> | <u>672,029</u> |
| Other comprehensive income: | | | | | |
| Gain on change in value of available-for-sale investments | 5.2 | 50,470 | 37,592 | - | - |
| Exchange differences on translation of financial statements in foreign currency | | <u>6,743</u> | <u>168,617</u> | <u>-</u> | <u>-</u> |
| Other comprehensive income for the period | | <u>57,213</u> | <u>206,209</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the period | | <u><u>849,254</u></u> | <u><u>1,280,487</u></u> | <u><u>656,792</u></u> | <u><u>672,029</u></u> |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the Company | | <u><u>849,254</u></u> | <u><u>1,280,487</u></u> | <u><u>656,792</u></u> | <u><u>672,029</u></u> |

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of cash flows

For the six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------------------|-------------------------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| Cash flows from operating activities | | | | |
| Profit before tax | 828,190 | 1,101,033 | 665,878 | 681,785 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation | 587,419 | 599,903 | 143,715 | 147,281 |
| Amortisation | 1,600 | 2,852 | 334 | 308 |
| Allowance for doubtful accounts (reversal) | (5,753) | 5,926 | - | - |
| Reduction of inventories to net realisable value (reversal) | 52,515 | (8,432) | 53,252 | 4,223 |
| Dividend income from subsidiary companies | - | - | (126,000) | (310,000) |
| Dividend income from other companies | (15) | (1,762) | (15) | (11) |
| Interest income from short-term investments | (56,429) | (51,352) | - | - |
| Gain on sales of short-term investments | (9,456) | (53,087) | - | - |
| Revaluation gain on investments in securities held for trading | (3,505) | (1,346) | - | - |
| Loss (gain) on disposals of machinery and equipment | 86,360 | (1,592) | (156) | (3,811) |
| Allowance for impairment loss on assets (reversal) | (89,006) | (312) | - | 338 |
| Provision for product warranty | 22,535 | 12,860 | - | - |
| Provision for long-term employee benefits | 24,432 | 21,676 | 11,188 | 8,641 |
| Provision for loss on tax assessments | 20,331 | - | 20,331 | - |
| Unrealised loss (gain) on exchange | 4,390 | (1,253) | 5,915 | (6,072) |
| Unrealised loss (gain) on forward contracts | (18,937) | 23,763 | - | - |
| Unrealised loss (gain) on asset swap contracts | (129) | (362) | - | - |
| Interest expenses | 87 | 440 | - | 434 |
| Profit from operating activities before changes in operating assets and liabilities | 1,444,629 | 1,648,955 | 774,442 | 523,116 |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | (807,080) | (310,448) | (236,665) | (106,511) |
| Insurance claim receivable | 300,000 | - | - | - |
| Inventories | (372,431) | (110,743) | (72,605) | (88,810) |
| Other current assets | (7,607) | 49,342 | 6,783 | (17,936) |
| Other non-current assets | (11,600) | 7,541 | - | - |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | 654,765 | 135,382 | 112,737 | 127,513 |
| Other current liabilities | (1,764) | 17,314 | (2,037) | (530) |
| Cash from operating activities | 1,198,912 | 1,437,343 | 582,655 | 436,842 |
| Cash paid for corporate income tax | (24,935) | (30,472) | (7,075) | (10,055) |
| Interest paid | - | (434) | - | (434) |
| Net cash from operating activities | 1,173,977 | 1,406,437 | 575,580 | 426,353 |

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Cash flows from investing activities | | | | |
| Increase in short-term investments | (506,544) | (134,244) | - | - |
| Proceeds from sales of short-term investments | 337,884 | 278,767 | - | - |
| Interest income from short-term investments | 50,864 | 17,771 | - | - |
| Dividend income from subsidiary companies | - | - | 126,000 | 310,000 |
| Dividend income from other companies | 15 | 1,762 | 15 | 11 |
| Proceeds from disposals of equipment | 95,204 | 17,201 | 778 | 15,768 |
| Acquisitions of property, plant and equipment | (823,513) | (730,500) | (207,733) | (107,816) |
| Increase in intangible assets | (33) | (1,375) | - | - |
| Decrease (increase) in other non-current assets | (25,432) | 10,820 | (22,500) | - |
| Net cash from (used in) investing activities | (871,555) | (539,798) | (103,440) | 217,963 |
| Cash flows from financing activities | | | | |
| Decrease in short-term loans from financial institution | (38,821) | - | - | - |
| Cash paid for interest expenses | (87) | (6) | - | - |
| Dividend paid | (804,879) | (1,247,562) | (804,879) | (1,247,562) |
| Net cash used in financing activities | (843,787) | (1,247,568) | (804,879) | (1,247,562) |
| Decrease in cash and cash equivalents | (541,365) | (380,929) | (332,739) | (603,246) |
| Translation adjustment | 6,743 | 168,617 | - | - |
| Net decrease in cash and cash equivalents | (534,622) | (212,312) | (332,739) | (603,246) |
| Cash and cash equivalents at beginning of the period | 3,824,147 | 2,974,544 | 520,425 | 662,729 |
| Cash and cash equivalents at end of the period (Note 3) | 3,289,525 | 2,762,232 | 187,686 | 59,483 |
| | - | - | - | - |
| Supplemental cash flow information | | | | |
| Non-cash related transactions from investing activities | | | | |
| Net increase (decrease) in other accounts payable | | | | |
| for purchases of plant and equipment | 54,839 | (78,041) | (12,941) | 8,133 |
| Revaluation surplus on changes in fair value of | | | | |
| available-for-sale securities investments | 50,470 | 37,592 | - | - |

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--|--|--|--|--|--|----------------------|--|-------------------|--|-----------------|------------------|----------------|----------------|-------------------|----------------|------------------|------------------|-------------------|------------------|-------------------|
| | | | | | | Other components of shareholders' equity | | | | | | | | | | | | | | | | |
| | | | | | | Other comprehensive income | | | | | | | | | | | | | | | | |
| | | | | | | Surplus | | | | | | | | | | | | | | | | |
| Retained earnings | | | | | | on change in | | Exchange differences | | Total other | | Total equity | | | | | | | | | | |
| Appropriated | | | | | | fair value of | | on translation of | | components of | | attributable to | | | | | | | | | | |
| Reserve for | | | | | | available-for-sale | | financial statements | | shareholders' | | owners of | | | | | | | | | | |
| treasury shares | | | | | | investments | | in foreign currency | | equity | | the Company | | | | | | | | | | |
| Unappropriated | | | | | | Treasury | | shares | | equity | | Total | | | | | | | | | | |
| Issued | | | | | | and paid up | | Share | | Statutory reserve | | Total | | | | | | | | | | |
| and paid up | | | | | | share capital | | premium | | Treasury | | shareholders' | | | | | | | | | | |
| Note | | | | | | share capital | | premium | | Statutory reserve | | Treasury | | | | | | | | | | |
| Note | | | | | | share capital | | premium | | Statutory reserve | | Treasury | | | | | | | | | | |
| Note | | | | | | share capital | | premium | | Statutory reserve | | Treasury | | | | | | | | | | |
| Balance as at 31 December 2010 | | | | | | | | | | | | 830,475 | 1,723,219 | 320,218 | 262,987 | 11,700,365 | 103,873 | (599,614) | (495,741) | 14,341,523 | (262,987) | 14,078,536 |
| Cumulative effect of changes in accounting policy | | | | | | | | | | | | | | | | | | | | | | |
| for employee benefits | | | | | | | | | | | | - | - | - | - | (287,797) | - | - | - | (287,797) | - | (287,797) |
| Total comprehensive income for the period | | | | | | | | | | | | - | - | - | - | 1,074,278 | 37,592 | 168,617 | 206,209 | 1,280,487 | - | 1,280,487 |
| Dividend paid | | | | | | | | | | | | 16 | - | - | - | (1,247,562) | - | - | - | (1,247,562) | - | (1,247,562) |
| Balance as at 30 June 2011 | | | | | | | | | | | | <u>830,475</u> | <u>1,723,219</u> | <u>320,218</u> | <u>262,987</u> | <u>11,239,284</u> | <u>141,465</u> | <u>(430,997)</u> | <u>(289,532)</u> | <u>14,086,651</u> | <u>(262,987)</u> | <u>13,823,664</u> |
| Balance as at 31 December 2011 | | | | | | | | | | | | 830,475 | 1,723,219 | 320,218 | 262,987 | 11,783,074 | 67,740 | (160,147) | (92,407) | 14,827,566 | (262,987) | 14,564,579 |
| Total comprehensive income for the period | | | | | | | | | | | | - | - | - | - | 792,041 | 50,470 | 6,743 | 57,213 | 849,254 | - | 849,254 |
| Dividend paid | | | | | | | | | | | | 16 | - | - | - | (804,879) | - | - | - | (804,879) | - | (804,879) |
| Unappropriated retained earnings | | | | | | | | | | | | | | | | | | | | | | |
| transferred to statutory reserve | | | | | | | | | | | | - | - | 32,279 | - | (32,279) | - | - | - | - | - | - |
| Write-off treasury shares | | | | | | | | | | | | 12 | (25,596) | - | (262,987) | 25,596 | - | - | - | (262,987) | 262,987 | - |
| Balance as at 30 June 2012 | | | | | | | | | | | | <u>804,879</u> | <u>1,723,219</u> | <u>352,497</u> | <u>-</u> | <u>11,763,553</u> | <u>118,210</u> | <u>(153,404)</u> | <u>(35,194)</u> | <u>14,608,954</u> | <u>-</u> | <u>14,608,954</u> |

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

| | | Separate financial statements | | | | | | | |
|---|----------------|-------------------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|----------|
| | | Issued | | Retained earnings | | | Total equity | | |
| | | and paid up | | Appropriated | | | attributable to | | |
| | | Share | | Reserve for | | | owners of | | Treasury |
| Note | share capital | premium | Statutory reserve | treasury shares | Unappropriated | the Company | shares | Total | |
| Balance as at 31 December 2010 | 830,475 | 1,723,219 | 100,000 | 262,987 | 4,117,681 | 7,034,362 | (262,987) | 6,771,375 | |
| Cumulative effect of changes in accounting policy | | | | | | | | | |
| for employee benefits | - | - | - | - | (117,269) | (117,269) | - | (117,269) | |
| Total comprehensive income for the period | - | - | - | - | 672,029 | 672,029 | - | 672,029 | |
| Dividend paid | 16 | - | - | - | (1,247,562) | (1,247,562) | - | (1,247,562) | |
| Balance as at 30 June 2011 | <u>830,475</u> | <u>1,723,219</u> | <u>100,000</u> | <u>262,987</u> | <u>3,424,879</u> | <u>6,341,560</u> | <u>(262,987)</u> | <u>6,078,573</u> | |
| Balance as at 31 December 2011 | 830,475 | 1,723,219 | 100,000 | 262,987 | 3,919,874 | 6,836,555 | (262,987) | 6,573,568 | |
| Total comprehensive income for the period | - | - | - | - | 656,792 | 656,792 | - | 656,792 | |
| Dividend paid | 16 | - | - | - | (804,879) | (804,879) | - | (804,879) | |
| Write-off treasury shares | 12 | (25,596) | - | - | (262,987) | 25,596 | 262,987 | - | |
| Balance as at 30 June 2012 | <u>804,879</u> | <u>1,723,219</u> | <u>100,000</u> | <u>-</u> | <u>3,797,383</u> | <u>6,425,481</u> | <u>-</u> | <u>6,425,481</u> | |

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

Hana Microelectronics Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 2012 and 2011

1. General information

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

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

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

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

1.3 Basis of consolidation

These consolidated interim financial statements include the financial statements of Hana Microelectronics Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2011. There are no changes in the group structure during the current period.

1.4 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 2011.

2. New accounting standards issued during the period and not yet effective

During the current period, the Federation of Accounting Professions issued the financial reporting standard TFRS 8: Operating Segments, which is effective for fiscal years beginning on or after 1 January 2013.

The Company's management believes that this financial reporting standard will not have any significant impact on the financial statements when it is initially applied.

3. Cash and cash equivalents

Cash and cash equivalents as reflected in the cash flow statements for the six-month periods ended 30 June 2012 and 2011 consist of the following:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------------------|-------------------------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| Cash and deposits at banks | 1,763,441 | 1,318,794 | 187,686 | 59,483 |
| Bills of exchange | 200,000 | 100,000 | - | - |
| Fixed deposits with maturity not over 3 months | 1,326,084 | 1,343,438 | - | - |
| Cash and cash equivalents | <u>3,289,525</u> | <u>2,762,232</u> | <u>187,686</u> | <u>59,483</u> |

4. Related party transactions

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

(Unit: Million Baht)

| | Separate financial statements | | | | Pricing policies |
|---|---|-------------|---|-------------|---|
| | For the three-month periods ended 30 June | | For the six-month periods ended 30 June | | |
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | |
| Transactions with subsidiaries (eliminated from the consolidation) | | | | | |
| Sales | 3 | 2 | 7 | 6 | Prices agreed between the parties due to the uniqueness of products sold to each customer |
| Dividend income | 126 | 310 | 126 | 310 | Declared rate |
| Rental income | 1 | 3 | 3 | 6 | Contract price |
| Purchase of materials | 61 | 31 | 165 | 52 | Cost plus margin |
| Purchase of fixed asset | 19 | - | 65 | - | Cost plus margin/appraisal value |
| Service fee expenses (discount) | (3) | 1 | (1) | 1 | Rates stipulated in the agreement |

(Unaudited but reviewed)

The balances of the accounts as at 30 June 2012 and 31 December 2011 between the Company and those related parties are as follows:

| | (Unit: Thousand Baht) | | | |
|--|-----------------------|---------|----------------------|--------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| 30 June | 31 December | 30 June | 31 December | |
| 2012 | 2011 | 2012 | 2011 | |
| Trade and other receivables (Note 6) | | | | |
| Trade accounts receivable - subsidiary companies | | | | |
| Hana Microdisplay Technologies, Inc. | - | - | 9,936 | 11,642 |
| Hana Semiconductor (Ayutthaya) Company Limited | - | - | 2,148 | 352 |
| Omac Sales Limited | - | - | 995 | 108 |
| Hana Microelectronics Investments Company Limited | - | - | 206 | - |
| Hana Semiconductor International Limited | - | - | 78 | 78 |
| Hana Semiconductor (BKK) Company Limited | - | - | - | 107 |
| Total trade accounts receivable - subsidiary companies | - | - | 13,363 | 12,287 |
| Other receivable - related party | | | | |
| Omac Limited (by way of common director) | 64 | - | - | - |
| Total other receivable - related party | 64 | - | - | - |
| Total trade and other receivables | 64 | - | 13,363 | 12,287 |
| Trade accounts payable - subsidiary companies (Note 11) | | | | |
| Omac Sales Limited | - | - | 124,018 | 49,990 |
| Hana Semiconductor (Ayutthaya) Company Limited | - | - | 68,140 | 36,863 |
| Hana Semiconductor International Limited | - | - | 4,659 | 4,540 |
| Hana Microdisplay Technologies, Inc. | - | - | 3,287 | 1,069 |
| Hana Microelectronics, Inc. | - | - | 183 | 1,651 |
| Hana Microelectronics Investments Company Limited | - | - | - | 32 |
| Total trade accounts payable - subsidiary companies | - | - | 200,287 | 94,145 |

Directors' and management's remuneration

During the three-month and six-month periods ended 30 June 2012 and 2011, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

| | (Unit: Million Baht) | | | |
|------------------------------|--|----------------------|----------|-----|
| | For the three-month period ended 30 June | | | |
| | Consolidated | | Separate | |
| financial statements | | financial statements | | |
| 2012 | 2011 | 2012 | 2011 | |
| Short-term employee benefits | 17.0 | 18.6 | 1.9 | 1.9 |
| Post-employment benefits | 0.2 | 0.2 | 0.2 | 0.1 |
| Total | 17.2 | 18.8 | 2.1 | 2.0 |

(Unaudited but reviewed)

(Unit: Million Baht)

| | For the six-month period ended 30 June | | | |
|------------------------------|--|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Short-term employee benefits | 34.4 | 35.7 | 4.5 | 3.6 |
| Post-employment benefits | 0.3 | 0.2 | 0.3 | 0.1 |
| Total | 34.7 | 35.9 | 4.8 | 3.7 |

5. Short-term investments

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|--|-----------------------------------|------------------|-------------------------|------------------|
| | 30 June 2012 | | 31 December 2011 | |
| | Cost/ Carrying value | Fair value | Cost/ Carrying value | Fair value |
| | | | | |
| Securities held for trading | | | | |
| Overseas marketable equity securities | 95,478 | 99,865 | 95,074 | 95,956 |
| Add: Revaluation surplus on changes in value of investments | 4,387 | - | 882 | - |
| Investments in securities held for trading | 99,865 | 99,865 | 95,956 | 95,956 |
| Available-for-sale securities | | | | |
| Overseas marketable corporate bonds | 1,080,754 | 1,149,090 | 1,000,449 | 1,046,768 |
| Quoted bonds | 941,201 | 991,075 | 843,831 | 865,252 |
| Total | 2,021,955 | 2,140,165 | 1,844,280 | 1,912,020 |
| Add: Revaluation surplus on changes in value of investments | 118,210 | - | 67,740 | - |
| Investments in available-for-sale securities | 2,140,165 | 2,140,165 | 1,912,020 | 1,912,020 |
| Fixed deposit with financial institution | | | | |
| Fixed deposit within 1 year | 6,381 | 6,381 | 6,344 | 6,344 |
| Investment in fixed deposit with financial institution | 6,381 | 6,381 | 6,344 | 6,344 |
| Total short-term investments | 2,246,411 | 2,246,411 | 2,014,320 | 2,014,320 |

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 and bond investment trust of an overseas bank. These investments are held for trading purpose.

As at 30 June 2012, the subsidiary had assessed the fair value of the equity securities for mutual fund and the bond investment trust from an overseas bank 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 3.5 million (2011: increased by USD 0.04 million or equivalent to approximately Baht 1.3 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 quoted bonds through the three overseas banks. These investments are classified as available-for-sale investments. During the six-month period ended 30 June 2012, the subsidiary additionally invested in an overseas listed corporate bonds and quoted bond and redeemed some of the bonds, resulting in gain of USD 0.3 million or equivalent to approximately Baht 9.5 million.

As at 30 June 2012, the subsidiary had assessed the fair value of the bonds by referring to the value quoted by the banks in which the fair value had increased by USD 1.6 million or equivalent to approximately Baht 50.5 million (2011: increased by USD 1.2 million or equivalent to approximately Baht 37.6 million). The changes in the fair value of such bonds are shown as a separate item in the statements of comprehensive income.

(Unaudited but reviewed)

6. Trade and other receivables

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 June | 31 December | 30 June | 31 December |
| | 2012 | 2011 | 2012 | 2011 |
| Age of receivable | | | | |
| Trade receivables - subsidiary companies | | | | |
| Not yet due | - | - | 3,330 | 1,691 |
| Past due | | | | |
| Up to 3 months | - | - | 3,533 | 4,140 |
| 3 - 6 months | - | - | 4,814 | 2,387 |
| 6 - 12 months | - | - | 1,257 | 3,107 |
| Over 12 months | - | - | 429 | 962 |
| Total trade receivables - subsidiary companies | - | - | 13,363 | 12,287 |
| Age of receivable | | | | |
| Trade receivables - unrelated parties | | | | |
| Not yet due | 2,640,527 | 2,090,226 | 1,318,692 | 1,138,627 |
| Past due | | | | |
| Up to 3 months | 590,090 | 354,943 | 164,412 | 105,460 |
| 3 - 6 months | 43,338 | 20,670 | 1,976 | 929 |
| 6 - 12 months | 9,073 | 7,236 | 1,759 | 34 |
| Over 12 months | 1,924 | 5,380 | 368 | - |
| Total trade receivables - unrelated parties | 3,284,952 | 2,478,455 | 1,487,207 | 1,245,050 |
| Less: Allowance for doubtful accounts | (5,436) | (11,189) | - | - |
| Total trade receivables - unrelated parties - net | 3,279,516 | 2,467,266 | 1,487,207 | 1,245,050 |
| Total trade receivables - net | 3,279,516 | 2,467,266 | 1,500,570 | 1,257,337 |
| Other receivable - related party | 64 | - | - | - |
| Other receivables - unrelated parties | 99,964 | 101,250 | 3,909 | 17,678 |
| Total other receivables | 100,028 | 101,250 | 3,909 | 17,678 |
| Total trade and other receivables - net | 3,379,544 | 2,568,516 | 1,504,479 | 1,275,015 |

(Unaudited but reviewed)

7. Reduction of inventories to net realisable value

Movements in the adjustment to reduce inventories to net realisable value during the six-month period ended 30 June 2012 are summarised below.

| | (Unit: Thousand Baht) | |
|---|---|-------------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Balance as at 31 December 2011 | 349,397 | 176,021 |
| Reduction of inventory value during the period | 108,198 | 108,935 |
| Write-off obsolete and damaged inventories during the period | (55,683) | (55,683) |
| Balance as at 30 June 2012 | <u>401,912</u> | <u>229,273</u> |

8. Investments in subsidiary companies

| Company's name | Separate financial statements | | | | | | | |
|---|-------------------------------|------------------------|-------------------------|------------------------|--------------------|------------------------|--|----------------|
| | Paid up capital | | Shareholding percentage | | Cost | | Dividend received for the six-month period ended 30 June | |
| | 30 June 2012 | 31 December 2011 | 30 June 2012 | 31 December 2011 | 30 June 2012 | 31 December 2011 | 2012 | 2011 |
| | | | Percent | Percent | | | | |
| Hana Semiconductor (Ayutthaya) Company Limited | 1,200,000 | 1,200,000 | 58 | 58 | 2,142,910 | 2,142,910 | 126,000 | 70,000 |
| Hana Semiconductor (BKK) Company Limited | 1,000,000 | 1,000,000 | 100 | 100 | 1,011,100 | 1,011,100 | - | 240,000 |
| Omac Sales Limited | 325 | 325 | 100 | 100 | 273,492 | 273,492 | - | - |
| Hana Microelectronics International Company Limited | - | - | 100 | 100 | - | - | - | - |
| Hana Microelectronics Investment Company Limited | - | - | 100 | 100 | - | - | - | - |
| Hana Technologies Group Limited | - | - | 100 | 100 | - | - | - | - |
| Total investments in subsidiary companies | | | | | <u>3,427,502</u> | <u>3,427,502</u> | <u>126,000</u> | <u>310,000</u> |

(Unaudited but reviewed)

9. Property, plant and equipment

Movements in the property, plant and equipment account during the six-month period ended 30 June 2012 are summarised below.

| | (Unit: Thousand Baht) | |
|--|---|-------------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Net book value as at 31 December 2011 | 6,372,590 | 1,630,984 |
| Acquisitions during the period - at cost | 889,075 | 194,792 |
| Disposals/write-off during the period - net book value at disposal/write-off date | (181,564) | (622) |
| Depreciation for the period | (587,419) | (143,715) |
| Allowance for impairment reversed during the period | 89,006 | - |
| Translation adjustment | (10,724) | - |
| Net book value as at 30 June 2012 | 6,570,964 | 1,681,439 |

10. Short-term loans from financial institution

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

| | (Unit: Million) | |
|-----------------------------------|------------------|------|
| | 31 December 2011 | |
| | Pound Sterling | Euro |
| Principal loan balance | 0.74 | 0.38 |
| Interest rate per annum (percent) | 0.88 | 1.27 |

During the current period, the subsidiary had already repaid the above loans from the overseas financial institution.

(Unaudited but reviewed)

11. Trade and other payables

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|------------------|----------------------|------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| 30 June | 31 December | 30 June | 31 December | |
| 2012 | 2011 | 2012 | 2011 | |
| Trade payables - related parties | - | - | 200,287 | 94,145 |
| Trade payables - unrelated parties | 2,429,880 | 1,916,228 | 739,221 | 812,933 |
| Advance received from customers | 189,316 | 164,050 | 52,685 | 30,094 |
| Other payables for purchase of machineries | 229,311 | 174,472 | 25,453 | 38,394 |
| Accrued expenses | 363,259 | 251,693 | 85,569 | 29,185 |
| Total trade and other payables | <u>3,211,766</u> | <u>2,506,443</u> | <u>1,103,215</u> | <u>1,004,751</u> |

12. Treasury shares

As at 30 June 2012 and 31 December 2011, details of treasury shares are as follows:

| | Consolidated and separate | |
|---|---------------------------|----------|
| | financial statements | |
| | 30 | 31 |
| | June | December |
| | 2012 | 2011 |
| Cost of treasury shares (Thousand Baht) | - | 262,987 |
| Number of treasury shares (Thousand shares) | - | 25,596 |
| Average price per share (Baht) | - | 10.27 |
| Percentage of treasury shares to the Company's shares in issue | - | 3.08 |

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

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

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

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

13. 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.

| | For the three-month periods ended 30 June | | | |
|---|---|---------|----------------------------------|---------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2012 | 2011 | 2012 | 2011 |
| Profit for the period (Thousand Baht) | 516,960 | 617,032 | 424,378 | 498,430 |
| Number of weighted average ordinary shares (Thousand shares) | 804,879 | 804,879 | 804,879 | 804,879 |
| Basic earnings per share (Baht) | 0.64 | 0.77 | 0.53 | 0.62 |

(Unaudited but reviewed)

| | For the six-month periods ended 30 June | | | |
|---|---|-----------|----------------------|---------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2012 | 2011 | 2012 | 2011 |
| Profit for the period (Thousand Baht) | 792,041 | 1,074,278 | 656,792 | 672,029 |
| Number of weighted average ordinary shares (Thousand shares) | 804,879 | 804,879 | 804,879 | 804,879 |
| Basic earnings per share (Baht) | 0.98 | 1.33 | 0.82 | 0.83 |

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

The subsidiary received the initial compensation payment on its business interruption losses of Baht 204 million in June 2012, and recognised this compensation as other income in the income statement for the three-month and six-month periods ended 30 June 2012.

In July 2012, the subsidiary received the following compensation payments on its business interruption losses totaling Baht 151 million, and will recognise these compensations in the third quarter of the current year.

15. Segment information

The Company and its subsidiaries mainly involve a single industry segment in electronic components and mainly carry on their business in the geographic areas in Thailand, Hong Kong, the United States of America, and China. Geographical segment information of the Company and its subsidiaries for the three-month and six-month periods ended 30 June 2012 and 2011 are as follows:

(Unit: Million Baht)

| | Consolidated financial statements for the three-month periods ended 30 June | | | | | | | |
|----------------------------------|---|--------------|--------------|--------------|----------------|----------------|--------------|--------------|
| | Domestic | | Foreign | | Eliminated | | Total | |
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Revenue from external customers | 3,143 | 3,217 | 1,557 | 1,123 | - | - | 4,700 | 4,340 |
| Intersegment revenues | 8 | 8 | 1,951 | 1,311 | (1,959) | (1,319) | - | - |
| Total revenues | <u>3,151</u> | <u>3,225</u> | <u>3,508</u> | <u>2,434</u> | <u>(1,959)</u> | <u>(1,319)</u> | <u>4,700</u> | <u>4,340</u> |
| Segment income | 347 | 407 | 254 | 179 | | | 601 | 586 |
| Unallocated income and expenses: | | | | | | | | |
| Other income | | | | | | | 354 | 201 |
| Gain (loss) on exchange | | | | | | | (56) | 43 |
| Selling expenses | | | | | | | (35) | (23) |
| Administrative expenses | | | | | | | (300) | (160) |
| Other expenses | | | | | | | (27) | (6) |
| Finance cost | | | | | | | (2) | (4) |
| Corporate income tax | | | | | | | (18) | (20) |
| Profit for the period | | | | | | | <u>517</u> | <u>617</u> |

(Unit: Million Baht)

| | Consolidated financial statements for the six-month periods ended 30 June | | | | | | | |
|----------------------------------|---|--------------|--------------|--------------|----------------|----------------|--------------|--------------|
| | Domestic | | Foreign | | Eliminated | | Total | |
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Revenue from external customers | 5,899 | 6,021 | 2,789 | 2,139 | - | - | 8,688 | 8,160 |
| Intersegment revenues | 16 | 18 | 3,440 | 2,453 | (3,456) | (2,471) | - | - |
| Total revenues | <u>5,915</u> | <u>6,039</u> | <u>6,229</u> | <u>4,592</u> | <u>(3,456)</u> | <u>(2,471)</u> | <u>8,688</u> | <u>8,160</u> |
| Segment income | 550 | 761 | 398 | 341 | | | 948 | 1,102 |
| Unallocated income and expenses: | | | | | | | | |
| Other income | | | | | | | 512 | 311 |
| Gain on exchange | | | | | | | 34 | 93 |
| Selling expenses | | | | | | | (70) | (44) |
| Administrative expenses | | | | | | | (559) | (343) |
| Other expenses | | | | | | | (33) | (13) |
| Finance cost | | | | | | | (4) | (5) |
| Corporate income tax | | | | | | | (36) | (27) |
| Profit for the period | | | | | | | <u>792</u> | <u>1,074</u> |

16. Dividend paid

During the six-month periods ended 30 June 2012 and 2011, the Company and its subsidiary companies had dividend payments as follows:

| | Approved by | Total dividends | Dividend per share |
|---|---|--------------------|-----------------------|
| | | Thousand Baht | Baht |
| <u>The Company</u> | | | |
| <u>For the year 2012</u> | | | |
| Dividends on 2011 income | Annual General Meeting of the shareholders on 30 April 2012 | 804,879 | 1.00 |
| <u>For the year 2011</u> | | | |
| Dividends on 2010 income | Annual General Meeting of the shareholders on 29 April 2011 | 1,247,562 | 1.55 |
| <u>Subsidiary companies</u> | | | |
| <u>Hana Semiconductor (BKK) Company Limited</u> | | | |
| <u>For the year 2011</u> | | | |
| Dividends on the unappropriated retained earnings | Annual General Meeting of the shareholders on 29 April 2011 | 190,000 | 1.90 |
| Interim dividend in respect of the income for the period from 1 January 2011 to 30 April 2011 | Board of Director's Meeting on 4 May 2011 | 50,000 | 0.50 |
| Total for the year 2011 | | 240,000 | 2.40 |
| <u>Hana Semiconductor (Ayutthaya) Company Limited</u> | | | |
| <u>For the year 2012</u> | | | |
| Dividends on the unappropriated retained earnings | Annual General Meeting of the shareholders on 17 April 2012 | 216,000 | 1.80 |
| <u>For the year 2011</u> | | | |
| Dividends on the unappropriated retained earnings | Annual General Meeting of the shareholders on 20 April 2011 | 120,000 | 1.00 |

17. Commitments and contingent liabilities**17.1 Capital commitments**

As at 30 June 2012, the Company and its subsidiaries had capital commitments of approximately Baht 52.5 million and USD 3 million or equivalent to a total of Baht 147.5 million, relating to acquisitions of land and machinery (the Company only: Baht 66.5 million).

17.2 Operating lease commitments

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

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

17.3 Marketing supportive service agreement

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

17.4 Guarantees

As at 30 June 2012, there were outstanding bank guarantees of approximately Baht 208 million (the Company only: Baht 175 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 their business. These included letters of guarantee amounting to Baht 163 million to be security for the tax assessments made by the Revenue Department (as described in Note 17.5), Baht 44 million to guarantee electricity use and Baht 1 million among others.

17.5 Tax assessment and litigation

During the year 2003, the Company received a notification of a corporate income tax assessment for the year 1997 from the Revenue Department for not allocating interest expenses and loss on exchange rate of loans to the promoted operations, causing the under recording of corporate income tax for the year 1997, which together with related penalty and surcharge amounted to Baht 150 million. The Company did not agree with the assessment and appealed it to the Tax Tribunal. In November 2007, the Tax Tribunal rejected the appeal. Currently, the Company is in the process of appealing to the Supreme Court and expects that the Supreme Court will reverse the judgment of the Central Tax Court, which will not result in any tax payment to the Company.

(Unaudited but reviewed)

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

However, the Company has recorded provision for loss on tax assessment of approximately Baht 170 million (31 December 2011: Baht 150 million) and has placed the bank guarantees as securities against the assessments.

18. Foreign currency risk

The Company's and the subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The subsidiaries of the Company entered into forward exchange contracts to manage such risk. Generally, the forward contracts will mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 30 June 2012 are summarised below.

| Foreign currency | Financial assets | Financial liabilities | Average exchange rate as at 30 June 2012 |
|------------------|------------------|-----------------------|--|
| | (Million) | (Million) | (Baht per 1 foreign currency unit) |
| China Yuan | 321 | 139 | 5.0108 |
| US Dollar | 179 | 76 | 31.8261 |
| Japanese Yen | 49 | 27 | 0.4014 |
| Indian Rupee | 45 | - | 0.5594 |
| Euro | 9 | - | 39.8333 |
| Hong Kong Dollar | 6 | - | 4.1025 |
| Pound Sterling | 3 | - | 49.5614 |
| Singapore Dollar | 2 | 1 | 24.9533 |
| Australia Dollar | 2 | - | 32.1435 |
| Brazilian Real | 2 | - | 15.5200 |

(Unaudited but reviewed)

As at 30 June 2012, the overseas subsidiary companies had outstanding forward exchange contracts, of which details are presented below.

| Sold amount | Maturity date | Contractual exchange rate for amount sold |
|---------------|-------------------|--|
| (Million USD) | | (Baht per USD) |
| 10 | 4 September 2012 | 30.440 |
| 10 | 26 September 2012 | 31.935 |
| 20 | 28 September 2012 | 31.980 |
| 40 | 13 December 2012 | 31.775 |
| (Million EUR) | | (USD per EUR) |
| 5 | 19 November 2012 | 1.270 |

In addition, an overseas subsidiary company entered into a linked asset swap agreement with an overseas bank to hedge one of its bond holding. The details of the swap agreement outstanding as at 30 June 2012 are as follows:

| Swap agreement | Notional amount | 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 | 0.1 |

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 August 2012.