

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month and nine-month periods ended
30 September 2016

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Hana Microelectronics Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Hana Microelectronics Public Company Limited and its subsidiaries as at 30 September 2016, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-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 periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

EY Office Limited

Bangkok: 10 November 2016

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at		As at		
	<u>Note</u>	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Assets					
Current assets					
Cash and cash equivalents	3	7,092,704	6,104,135	1,356,444	956,167
Short-term investments	5	2,879,861	3,016,908	-	-
Trade and other receivables	4, 6	3,617,651	3,317,966	1,272,341	1,409,354
Inventories	7	3,567,526	3,366,602	1,343,193	1,212,159
Other current assets		161,408	202,024	37,416	30,790
Total current assets		17,319,150	16,007,635	4,009,394	3,608,470
Non-current assets					
Investments in subsidiary companies	8	-	-	3,583,449	3,583,449
Property, plant and equipment	9	6,273,543	6,901,339	2,592,032	2,623,253
Deposit for land purchase		22,500	22,500	22,500	22,500
Land leasehold rights	10	142,756	150,831	-	-
Other intangible assets		26,956	22,354	10,674	12,017
Deferred tax assets		13,402	12,463	6,494	3,651
Other non-current assets		8,813	5,718	2,746	1,426
Total non-current assets		6,487,970	7,115,205	6,217,895	6,246,296
Total assets		23,807,120	23,122,840	10,227,289	9,854,766

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	30 September 2016	31 December 2015	30 September 2016	31 December 2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	4, 11	2,870,806	2,412,958	1,043,997	1,280,207
Short-term provision - product warranty		346,999	347,248	-	-
Income tax payable		86,687	19,269	3,409	7,284
Other current liabilities		54,705	385,350	21,669	57,312
Total current liabilities		3,359,197	3,164,825	1,069,075	1,344,803
Non-current liabilities					
Provision for long-term employee benefits		577,613	534,440	297,933	279,200
Total non-current liabilities		577,613	534,440	297,933	279,200
Total liabilities		3,936,810	3,699,265	1,367,008	1,624,003
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		427,551	416,331	100,000	100,000
Unappropriated		16,145,659	15,491,802	6,232,183	5,602,665
Other components of shareholders' equity		769,002	987,344	-	-
Total shareholders' equity		19,870,310	19,423,575	8,860,281	8,230,763
Total liabilities and shareholders' equity		23,807,120	23,122,840	10,227,289	9,854,766
		-	-	-	-

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

Directors

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 30 September 2016**

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

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Revenues					
Sales		5,290,396	5,284,500	1,937,393	2,170,703
Interest income		48,287	55,228	3,061	2,479
Dividend income		21	20	21	20
Gain on exchange		69,752	-	7,544	35,217
Others income		80,675	82,424	10,018	21,675
Total revenues		5,489,131	5,422,172	1,958,037	2,230,094
Expenses					
Cost of sales		4,541,741	4,396,708	1,639,399	1,754,864
Selling expenses		39,414	41,100	8,655	8,314
Administrative expenses		249,567	262,497	81,793	78,674
Loss on exchange		-	378,650	-	-
Total expenses		4,830,722	5,078,955	1,729,847	1,841,852
Profit before finance cost and					
income tax expenses		658,409	343,217	228,190	388,242
Finance cost		(1,780)	(1,998)	(536)	(419)
Profit before income tax expenses		656,629	341,219	227,654	387,823
Income tax expenses	12	(87,615)	(12,560)	(3,627)	(5,571)
Profit for the period		569,014	328,659	224,027	382,252
Profit attributable to:					
Equity holders of the Company		569,014	328,659	224,027	382,252
Earnings per share					
13					
Basic earnings per share					
Profit attributable to equity holders of					
the Company (Baht)		0.71	0.41	0.28	0.48
Number of weighted average ordinary shares					
(Thousand shares)		804,879	804,879	804,879	804,879

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 September 2016

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit for the period	<u>569,014</u>	<u>328,659</u>	<u>224,027</u>	<u>382,252</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Gain (loss) on change in value of available-for-sale investments	71,550	(186,052)	-	-
Exchange differences on translation of financial statements in foreign currency, net of income tax	12 <u>(150,987)</u>	<u>692,609</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of income tax	<u>(79,437)</u>	<u>506,557</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(79,437)</u>	<u>506,557</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>489,577</u></u>	<u><u>835,216</u></u>	<u><u>224,027</u></u>	<u><u>382,252</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u><u>489,577</u></u>	<u><u>835,216</u></u>	<u><u>224,027</u></u>	<u><u>382,252</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 statement****For the nine-month period ended 30 September 2016**

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues					
Sales		14,796,471	15,396,688	5,629,072	6,644,923
Interest income		149,581	167,121	10,443	8,179
Dividend income		53	48	880,053	560,048
Gain on exchange		207,396	-	32,376	67,426
Others income		197,537	191,867	25,313	42,968
Total revenues		15,351,038	15,755,724	6,577,257	7,323,544
Expenses					
Cost of sales		12,878,968	13,302,453	4,852,868	5,659,632
Selling expenses		121,635	104,872	28,772	23,940
Administrative expenses		758,683	722,935	242,601	232,521
Loss on exchange		-	332,679	-	-
Total expenses		13,759,286	14,462,939	5,124,241	5,916,093
Profit before finance cost and					
income tax expenses		1,591,752	1,292,785	1,453,016	1,407,451
Finance cost		(5,212)	(5,728)	(1,560)	(1,482)
Profit before income tax expenses		1,586,540	1,287,057	1,451,456	1,405,969
Income tax expenses	12	(116,584)	(42,459)	(17,059)	(16,877)
Profit for the period		1,469,956	1,244,598	1,434,397	1,389,092
Profit attributable to:					
Equity holders of the Company		1,469,956	1,244,598	1,434,397	1,389,092
Earnings per share					
13					
Basic earnings per share					
Profit attributable to equity holders of					
the Company (Baht)					
		1.83	1.55	1.78	1.73
Number of weighted average ordinary shares					
(Thousand shares)					
		804,879	804,879	804,879	804,879

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of comprehensive income

For the nine-month period ended 30 September 2016

(Unit: Thousand Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit for the period		<u>1,469,956</u>	<u>1,244,598</u>	<u>1,434,397</u>	<u>1,389,092</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on change in value of available-for-sale investments	5.2	250,100	(212,970)	-	-
Exchange differences on translation of financial statements in foreign currency, net of income tax	12	<u>(468,442)</u>	<u>942,614</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of income tax		<u>(218,342)</u>	<u>729,644</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period		<u>(218,342)</u>	<u>729,644</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u><u>1,251,614</u></u>	<u><u>1,974,242</u></u>	<u><u>1,434,397</u></u>	<u><u>1,389,092</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u><u>1,251,614</u></u>	<u><u>1,974,242</u></u>	<u><u>1,434,397</u></u>	<u><u>1,389,092</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 nine-month period ended 30 September 2016

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities				
Profit before tax	1,586,540	1,287,057	1,451,456	1,405,969
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	880,241	863,837	262,462	243,334
Amortisation expenses	7,248	3,019	1,343	1,368
Allowance for doubtful accounts (reversal)	(7,102)	3,615	-	-
Reduction (reversal) of inventories to net realisable value	69,100	96,382	63,053	92,862
Write-off obsolete and damaged inventories	(115,813)	(142,860)	(115,813)	(142,730)
Dividend income from subsidiary companies	-	-	(880,000)	(560,000)
Dividend income from other company	(53)	(48)	(53)	(48)
Loss (gain) on disposals/write-off assets	(21,236)	5,123	(2,138)	(1,634)
Allowance for impairment loss on assets	-	320	-	320
Provision for product warranty	13,158	17,817	-	-
Provision for long-term employee benefits	54,401	80,656	28,718	31,856
Reversal of provision for loss on tax assessments	-	(10,992)	-	(10,992)
Loss (gain) on sales/redemption of short-term investments	20,111	(6,943)	-	-
Revaluation gain on investments in securities held for trading	(5,363)	(969)	-	-
Unrealised loss (gain) on exchange	(46,622)	32,588	(48,700)	36,587
Unrealised loss (gain) on forward contracts	(289,910)	350,379	-	-
Interest income from short-term investments	(106,092)	(108,209)	-	-
Profit from operating activities before changes in operating assets and liabilities	2,038,608	2,470,772	760,328	1,096,892

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 nine-month period ended 30 September 2016

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Trade and other receivables	(333,035)	(207,182)	122,833	(39,977)
Inventories	(154,210)	27,930	(78,274)	146,698
Other current assets	66,559	(51,624)	(7,504)	28,117
Other non-current assets	3,802	(2,587)	1,319	-
Operating liabilities increase (decrease)				
Trade and other payables	494,044	329,069	(153,068)	(153,525)
Other current liabilities	(70,241)	(120,110)	(35,643)	(37,488)
Cash from operating activities	2,045,527	2,446,268	609,991	1,040,717
Cash paid for long-term employee benefits	(11,228)	(6,378)	(9,985)	(3,339)
Cash paid for tax assessments	-	(53,118)	-	(53,118)
Cash paid for income tax	(50,300)	(195,285)	(23,777)	(14,792)
Net cash from operating activities	1,983,999	2,191,487	576,229	969,468
Cash flows from investing activities				
Increase in fixed deposit with financial institution	-	-26,706	-	-
Decrease (increase) in short-term investments	179,081	(900,162)	-	-
Interest income from short-term investments	106,676	107,395	-	-
Proceeds from sales/redemption of short-term investments	193,318	268,554	-	-
Dividend income from subsidiary companies	-	-	880,000	560,000
Dividend income from other company	53	48	53	48
Acquisition of plant and equipment	(458,637)	(1,332,545)	(253,489)	(280,700)
Proceeds from disposals of equipment	267,494	18,649	5,002	7,306
Increase in intangible assets	(3,775)	(18,203)	-	(1,170)
Increase in other non-current assets	(6,897)	(25,673)	(2,639)	(22,500)
Net cash from (used in) investing activities	277,313	(1,908,643)	628,927	262,984

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 nine-month period ended 30 September 2016

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from financing activities				
Dividend paid	(804,879)	(804,879)	(804,879)	(804,879)
Net cash used in financing activities	<u>(804,879)</u>	<u>(804,879)</u>	<u>(804,879)</u>	<u>(804,879)</u>
Increase (decrease) in cash and cash equivalents	1,456,433	(522,035)	400,277	427,573
Translation adjustment	(467,864)	942,005	-	-
Net increase in cash and cash equivalents	988,569	419,970	400,277	427,573
Cash and cash equivalents at beginning of the period	<u>6,104,135</u>	<u>5,467,223</u>	<u>956,167</u>	<u>743,165</u>
Cash and cash equivalents at end of the period (Note 3)	<u>7,092,704</u>	<u>5,887,193</u>	<u>1,356,444</u>	<u>1,170,738</u>
	-		-	

Supplemental cash flow information

Non-cash related transactions from investing activities

Net increase (decrease) in accounts payable				
of plant and equipment	40,066	104,301	(19,384)	(41,143)
Revaluation gain (loss) on changes in fair value of				
investments in available-for-sale	250,100	(212,970)	-	-
Translation adjustment for deferred tax assets	578	(609)	-	-

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 nine-month period ended 30 September 2016

(Unit: Thousand Baht)

Consolidated financial statements									
					Other components of shareholders' equity				
					Other comprehensive income			Total	
					Surplus (deficit)		Total other		Total
					on changes in	Exchange differences	components of	shareholders'	
					value of	on translation of	shareholders' equity	shareholders' equity	
					available-for-sale	in foreign currency	equity	equity	
					investments				
Note	Issued and paid up share capital	Share premium	Retained earnings Appropriated - Statutory reserve	Unappropriated					
	804,879	1,723,219	386,272	15,028,833	158,870	261,539	420,409	18,363,612	
	-	-	-	1,244,598	-	-	-	1,244,598	
	-	-	-	-	(212,970)	942,614	729,644	729,644	
	-	-	-	1,244,598	(212,970)	942,614	729,644	1,974,242	
15	-	-	-	(804,879)	-	-	-	(804,879)	
	-	-	26,852	(26,852)	-	-	-	-	
	804,879	1,723,219	413,124	15,441,700	(54,100)	1,204,153	1,150,053	19,532,975	
	804,879	1,723,219	416,331	15,491,802	(70,372)	1,057,716	987,344	19,423,575	
	-	-	-	1,469,956	-	-	-	1,469,956	
	-	-	-	-	250,100	(468,442)	(218,342)	(218,342)	
	-	-	-	1,469,956	250,100	(468,442)	(218,342)	1,251,614	
15	-	-	-	(804,879)	-	-	-	(804,879)	
	-	-	11,220	(11,220)	-	-	-	-	
	804,879	1,723,219	427,551	16,145,659	179,728	589,274	769,002	19,870,310	

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 nine-month period ended 30 September 2016

(Unit: Thousand Baht)

Separate financial statements					
	Issued and paid up share capital	Share premium	<u>Retained earnings</u>		Total Shareholders' equity
<u>Note</u>			Appropriated - Statutory reserve	Unappropriated	
Balance as at 31 December 2014	804,879	1,723,219	100,000	5,196,505	7,824,603
Profit for the period	-	-	-	1,389,092	1,389,092
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,389,092	1,389,092
Dividend paid	-	-	-	(804,879)	(804,879)
Balance as at 30 September 2015	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>5,780,718</u>	<u>8,408,816</u>
Balance as at 31 December 2015	804,879	1,723,219	100,000	5,602,665	8,230,763
Profit for the period	-	-	-	1,434,397	1,434,397
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,434,397	1,434,397
Dividend paid	-	-	-	(804,879)	(804,879)
Balance as at 30 September 2016	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>6,232,183</u>	<u>8,860,281</u>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2016

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 2015) “*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 2015. 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 and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. 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

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 2015.

3. Cash and cash equivalents

Cash and cash equivalents as at 30 September 2016 and 31 December 2015 as reflected in the statement of financial position consist of the following:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Cash	1,610	1,270	299	318
Bank deposits	3,541,024	2,533,890	206,145	205,849
Fixed deposits with maturity				
not over 3 months	3,550,070	3,074,563	1,150,000	750,000
Bills of exchange	-	494,412	-	-
Total cash and cash equivalents	<u>7,092,704</u>	<u>6,104,135</u>	<u>1,356,444</u>	<u>956,167</u>

As at 30 September 2016, bank deposits in savings accounts and fixed deposits carried interests between 0.001 and 4.550 percent per annum (31 December 2015: 0.001 and 4.550 percent per annum).

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		For the nine-month periods		
	ended 30 September		ended 30 September		
	2016	2015	2016	2015	
Transactions with subsidiary companies (eliminated from the consolidated financial statements)					
Sales of goods	54	9	106	20	Prices agreed between the parties due to the uniqueness of products sold to each customer
Dividend income	-	-	880	560	Declared rate
Sales of fixed assets	4	-	4	-	Appraisal price
Purchase of materials	27	35	89	101	Cost plus mark up
Purchase of fixed assets	-	1	4	2	Cost plus mark up
Service fee expenses	1	2	5	4	Rates stipulated in the agreement

As at 30 September 2016 and 31 December 2015, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Trade and other receivables (Note 6)				
Trade receivables - related parties				
Subsidiary companies	-	-	39,534	41,106
Total trade receivables - related parties	-	-	39,534	41,106
Other receivable - related party				
Related company (by way of common directors)	153	32	-	-
Total other receivable - related party	153	32	-	-
Total trade and other receivables - related parties	153	32	39,534	41,106

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Trade and other payables (Note 11)				
Trade payables - related parties				
Subsidiary companies	-	-	230,841	528,583
Total trade payables - related parties	-	-	230,841	528,583
Total trade and other payables - related parties	-	-	230,841	528,583

Directors' and management's benefits

During the three-month and nine-month periods ended 30 September 2016 and 2015, the Company and its subsidiaries had employee benefit expenses to their directors and management as below.

(Unit: Million Baht)

For the three-month periods ended 30 September

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	23.1	21.5	4.5	3.8
Post-employment benefits	0.4	0.2	0.3	0.2
Total	23.5	21.7	4.8	4.0

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	62.9	57.8	10.2	9.5
Post-employment benefits	1.2	0.6	0.7	0.6
Total	64.1	58.4	10.9	10.1

5. Short-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	30 September 2016		31 December 2015	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Securities held for trading (Note 5.1)				
Overseas marketable equity securities	208,199	227,217	108,266	121,427
Unsecured subordinated notes	25,053	25,679	24,882	26,002
Total	233,252	252,896	133,148	147,429
Add: Gain on changes in fair value of investments	19,644		14,281	
Investments in securities held for trading	252,896		147,429	
Available-for-sale securities (Note 5.2)				
Overseas marketable corporate bonds	1,464,650	1,617,237	1,543,479	1,544,111
Local quoted bonds	34,703	38,064	36,092	37,081
Overseas quoted bonds	940,884	964,664	1,007,144	935,151
Total	2,440,237	2,619,965	2,586,715	2,516,343
Add: Revaluation surplus/(deficit) on changes in fair value of investments	179,728		(70,372)	
Investments in available-for-sale securities	2,619,965		2,516,343	
Fixed deposits with financial institutions				
Investment in fixed deposit with financial institution (Note 5.3)	-	-	345,918	345,918
Fixed deposit within 1 year	7,000	7,000	7,218	7,218
Investments in fixed deposits with financial institutions	7,000	7,000	353,136	353,136
Total short-term investments	2,879,861	2,879,861	3,016,908	3,016,908

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. During the nine-month period ended 30 September 2016, the subsidiary additionally invested in mutual fund issued by a company listed on the Stock Exchange of Luxembourg through an overseas bank. The subsidiary has classified these investments as held for trading purpose.

As at 30 September 2016, the subsidiary had assessed the fair value of the equity securities for the mutual funds, 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 equivalent to approximately Baht 5.36 million (2015: increased by approximately Baht 0.97 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 local and overseas quoted bonds through the three overseas banks. These investments are classified as available-for-sale investments. During the nine-month period ended 30 September 2016, the subsidiary additionally invested in the overseas listed corporate bonds and the overseas quoted bonds, disposed and redeemed some of the overseas listed corporate bonds and overseas quoted bonds, resulting in loss of USD 0.57 million or equivalent to approximately Baht 20.11 million (2015: gain of USD 0.20 million or equivalent to approximately Baht 6.94 million).

As at 30 September 2016, 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 5.18 million or equivalent to approximately Baht 179.73 million (31 December 2015: deficit on the fair value of USD 1.95 million or equivalent to approximately Baht 70.37 million). The subsidiary recognised gain on changes in fair value of the available-for-sale securities approximately Baht 250.10 million as shown as other comprehensive income in the statements of comprehensive income (2015: loss of approximately Baht 212.97 million).

5.3 Investment in fixed deposit with financial institution

During the second quarter of 2014, an overseas subsidiary had 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 25 April 2016. The parties mutually agreed that the subsidiary would receive interest income approximately CNY 6.6 million at the maturity date under the condition that CNYmat (the mid spot exchange rate for USDCNH) would be less than or equal to CNY 6.0528 per USD on any agreed determination date otherwise, zero. As at 31 December 2015, the investment in fixed deposit was approximately Baht 345.9 million. Subsequently, on 25 April 2016, the structured deposit reached its maturity date, however, the CNYmat of all agreed determination dates over CNY 6.0528 per USD. Thus, the subsidiary did not receive interest income at the maturity date.

6. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
<u>Age of receivable</u>	2016	2015	2016	2015
Trade receivables - related parties				
Not yet due	-	-	505	2,164
Past due				
Up to 3 months	-	-	25,303	9,116
3 - 6 months	-	-	10,092	6,310
6 - 12 months	-	-	131	4,147
Over 12 months	-	-	3,503	19,369
Total trade receivables - related parties (Note 4)	-	-	39,534	41,106
Trade receivables - unrelated parties				
Not yet due	2,811,948	2,173,560	1,013,761	1,075,491
Past due				
Up to 3 months	632,299	936,489	204,454	281,100
3 - 6 months	29,329	61,075	2,004	6,426
6 - 12 months	8,076	2,511	7,265	291
Over 12 months	3,880	1,306	4	4
Trade receivables - unrelated parties	3,485,532	3,174,941	1,227,488	1,363,312
Less: Allowance for doubtful accounts	(17,143)	(24,245)	-	-
Total trade receivables - unrelated parties - net	3,468,389	3,150,696	1,227,488	1,363,312
Total trade receivables - net	3,468,389	3,150,696	1,267,022	1,404,418
Other receivable - related party (Note 4)	153	32	-	-
Other receivables - unrelated parties	149,109	167,238	5,319	4,936
Total other receivables	149,262	167,270	5,319	4,936
Total trade and other receivables - net	3,617,651	3,317,966	1,272,341	1,409,354

(Unaudited but reviewed)

7. Reduction of inventories to net realisable value (Inventory provision)

Movements in the inventory provision to reduce inventories to net realisable value during the nine-month period ended 30 September 2016 are summarised below.

	(Unit: Thousand Baht)	
Inventory provision	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2015	267,884	233,357
Reduction of inventory value during the period	136,997	108,064
Reversal of reduction of inventory value during the period	(67,896)	(45,011)
Write-off obsolete and damaged inventories during the period	(115,813)	(115,813)
Translation adjustment	(1)	-
Balance as at 30 September 2016	221,171	180,597

8. Investments in subsidiary companies

Company's name	(Unit: Thousand Baht)								
	Separate financial statements							Dividend received for the nine-month periods ended	
	Paid up capital		Shareholding percentage		Cost		30 September		
	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	2016	2015	
		Percent	Percent						
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910	280,000	560,000	
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100	600,000	-	
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					3,583,449	3,583,449	880,000	560,000	

(Unaudited but reviewed)

9. Property, plant and equipment

Movements in the property, plant and equipment account during the nine-month period ended 30 September 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2015	6,901,339	2,623,253
Acquisitions during the period - at cost	633,467	234,105
Disposals/write-off during the period - net book value at disposal/write-off date	(246,258)	(2,864)
Depreciation for the period	(880,241)	(262,462)
Translation adjustment	(134,764)	-
Net book value as at 30 September 2016	<u>6,273,543</u>	<u>2,592,032</u>

10. Land leasehold rights

Movements in land leasehold rights account during the nine-month period ended 30 September 2016 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 31 December 2015	150,831
Amortisation for the period	(2,273)
Translation adjustment	(5,802)
Net book value as at 30 September 2016	<u>142,756</u>

11. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Trade payables - related parties (Note 4)	-	-	230,841	528,583
Trade payables - unrelated parties	1,958,066	1,739,328	662,839	647,053
Advance received from customers	271,233	205,941	38,385	34,053
Other payables for purchase of machinery	255,629	215,563	24,156	43,540
Accrued expenses	385,878	252,126	87,776	26,978
Total trade and other payables	<u>2,870,806</u>	<u>2,412,958</u>	<u>1,043,997</u>	<u>1,280,207</u>

12. Income tax

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

Income tax expenses for the three-month and nine-month periods ended 30 September 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Interim corporate income tax charge	24,534	10,094	3,057	5,465
Adjustment for income tax of prior periods	62,692	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	389	2,466	570	106
Income tax expense reported in the income statement	<u>87,615</u>	<u>12,560</u>	<u>3,627</u>	<u>5,571</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Interim corporate income tax charge	55,409	32,230	19,903	10,301
Adjustment for income tax of prior periods	62,692	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,517)	10,229	(2,844)	6,576
Income tax expense reported in the income statement	<u>116,584</u>	<u>42,459</u>	<u>17,059</u>	<u>16,877</u>

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	115	(358)	-	-

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	578	(609)	-	-

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 period.

14. 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 three-month and nine-month periods ended 30 September 2016 and 2015, respectively.

(Unit: Million Baht)

Consolidated financial statements for the three-month periods ended 30 September												
	Printed Circuit		Integrated Circuit		Others		Total reportable segments		Eliminations		Total	
	Board Assembly (PCBA)		(IC)									
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	2,856	3,486	2,159	1,701	275	97	5,290	5,284	-	-	5,290	5,284
Intersegment revenues	1,069	934	214	295	314	422	1,597	1,651	(1,597)	(1,651)	-	-
Total revenues	<u>3,925</u>	<u>4,420</u>	<u>2,373</u>	<u>1,996</u>	<u>589</u>	<u>519</u>	<u>6,887</u>	<u>6,935</u>	<u>(1,597)</u>	<u>(1,651)</u>	<u>5,290</u>	<u>5,284</u>
Segment profit	460	574	210	302	79	12	749	888	-	-	749	888
Interest income											48	55
Gain (loss) on exchange											70	(379)
Other income											81	82
Selling expenses											(39)	(41)
Administrative expenses											(250)	(262)
Finance cost											(2)	(2)
Income tax expenses											(88)	(12)
Profit for the period											<u>569</u>	<u>329</u>

(Unaudited but reviewed)

(Unit: Million Baht)

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

	Printed Circuit		Integrated Circuit				Total reportable		Eliminations		Total	
	Board Assembly		(IC)		Others		segments					
	(PCBA)											
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenue from external customers	8,206	10,252	5,978	4,925	612	220	14,796	15,397	-	-	14,796	15,397
Intersegment revenues	2,897	2,762	660	837	951	1,012	4,508	4,611	(4,508)	(4,611)	-	-
Total revenues	<u>11,103</u>	<u>13,014</u>	<u>6,638</u>	<u>5,762</u>	<u>1,563</u>	<u>1,232</u>	<u>19,304</u>	<u>20,008</u>	<u>(4,508)</u>	<u>(4,611)</u>	<u>14,796</u>	<u>15,397</u>
Segment profit	1,077	1,411	690	660	128	23	1,895	2,094	23	-	1,918	2,094
Interest income											150	167
Gain (loss) on exchange											207	(333)
Other income											198	192
Selling expenses											(122)	(105)
Administrative expenses											(759)	(723)
Finance cost											(5)	(6)
Income tax expenses											(117)	(42)
Profit for the period											<u>1,470</u>	<u>1,244</u>

15. Dividend paid

During the nine-month periods ended 30 September 2016 and 2015, 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 2016</u>				
Dividends on 2015 income and unappropriated retained earnings	Annual General Meeting of the shareholders on 29 April 2016		804,879	1.00
<u>For the year 2015</u>				
Dividends on 2014 income and unappropriated retained earnings	Annual General Meeting of the shareholders on 30 April 2015		804,879	1.00
<u>Subsidiary companies</u>				
Hana Semiconductor (BKK) Company Limited				
<u>For the year 2016</u>				
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 28 April 2016		600,000	6.00
Hana Semiconductor (Ayutthaya) Company Limited				
<u>For the year 2016</u>				
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 18 April 2016		480,000	4.00
<u>For the year 2015</u>				
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 9 April 2015		960,000	8.00

16. Commitments and contingent liabilities**16.1 Capital commitments**

As at 30 September 2016, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery totaling USD 3.2 million or equivalent to Baht 112 million (31 December 2015: USD 3.6 million or equivalent to Baht 130 million) and the Company only of approximately USD 1.1 million or equivalent to Baht 39.9 million (31 December 2015: USD 2.9 million or equivalent to Baht 103.7 million).

In addition, the Company had capital commitment relating to the purchase and sale agreement of land of approximately Baht 52.5 million (31 December 2015: Baht 52.5 million).

16.2 Operating lease commitments

The Company and subsidiary has entered into the lease agreements in respect of the lease of equipment, lease of land and the lease of building, factory and services. The terms of the agreements are generally between 1 and 3 years.

Future minimum lease payments required under these operating leases contracts were as follows.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Payable:				
In up to 1 year	15.6	10.2	0.8	0.2
In over 1 and up to 3 year	2.6	8.7	0.3	0.3

16.3 Marketing supportive service agreements

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.

16.4 Sale representative agreements

Since the year 2015, an overseas subsidiary entered into sale representative agreement with an unrelated company with the annual service fees of approximately USD 0.6 million.

16.5 Guarantees

As at 30 September 2016, there were outstanding bank guarantees of approximately Baht 54 million (31 December 2015: Baht 54 million) and the Company only of approximately Baht 24 million (31 December 2015: Baht 24 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 to guarantee electricity uses, among others.

17. 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.

(Unaudited but reviewed)

The balances of financial assets and liabilities denominated in foreign currencies as at 30 September 2016 and 31 December 2015 are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at		as at		as at	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	(Million)	(Million)	(Million)	(Million)	(Baht per foreign currency unit)	
China Yuan	260	240	80	69	5.2052	5.5458
US Dollar	232	208	49	32	34.6999	36.0886
Japanese Yen	152	188	26	53	0.3431	0.2996
Indian Rupee	40	1	-	-	0.5174	0.5429
Hong Kong dollar	11	9	-	1	4.4735	4.6579
Euro	4	5	-	4	38.8895	39.4388
Pound Sterling	2	5	-	-	44.9744	53.5035
Singapore Dollar	2	2	-	-	25.3914	25.5195
Brazilian real	2	1	-	-	11.0100	9.1900
Macanese pataca	1	1	-	-	4.3525	4.6110
Australia dollar	-	1	-	-	26.4387	26.2836

As at 30 September 2016, the two overseas subsidiary companies had outstanding forward exchange contracts, of which details are presented below.

As at 30 September 2016		
Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
10	17 October 2016	35.23
10	20 October 2016	35.20
10	25 October 2016	34.75
10	31 October 2016	34.56
10	14 November 2016	34.79
10	14 November 2016	34.79
10	14 November 2016	34.79
20	21 November 2016	35.21
10	21 December 2016	34.90
10	23 December 2016	34.67
10	23 December 2016	34.67
10	13 January 2017	35.11
10	13 January 2017	35.11

18. Fair value of financial instruments

As of 30 September 2016, 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	Total
Financial assets measured at fair value			
Held for trading investments			
Equity instruments	227,217	-	227,217
Unsecured debt instruments	25,679	-	25,679
Available-for-sale investments			
Marketable corporate bonds	1,617,237	-	1,617,237
Quoted bonds	1,002,728	-	1,002,728
Derivatives			
Unrealised gain on forward contracts	-	28,993	28,993

Valuation techniques and inputs to Level 2 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.

19. Reclassification

The Company reclassified the following amounts in the consolidated financial statements for the three-month and nine-month periods ended 30 September 2015 to conform with current period's classification as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month period ended		For the nine-month period ended	
	30 September 2015		30 September 2015	
	As reclassified	As previously reported	As reclassified	As previously reported
Cost of sales	4,396,708	4,390,442	13,302,453	13,284,636
Administrative expenses	262,497	262,453	722,935	722,891
Other expenses	-	6,310	-	17,861

The reclassifications had no effect to previously reported profit or shareholders' equity.

20. Event after the reporting period

On 11 October 2016, the Board of Directors Meeting of the Company No. 5/2016 passed a resolution approving the interim dividend payment from the net profit from the first six-month period of 2016 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 11 November 2016.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 November 2016.