

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month period ended
31 March 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 31 March 2016, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Hana Microelectronics Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

EY Office Limited

Bangkok: 16 May 2016

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	<u>Note</u>	31 March 2016	31 December 2015	31 March 2016	31 December 2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	6,694,231	6,104,135	1,088,522	956,167
Short-term investments	5	2,992,254	3,016,908	-	-
Trade and other receivables	4, 6	3,087,014	3,317,966	1,337,173	1,409,354
Inventories	7	3,358,684	3,366,602	1,260,368	1,212,159
Other current assets		161,713	202,024	44,486	30,790
Total current assets		16,293,896	16,007,635	3,730,549	3,608,470
Non-current assets					
Investments in subsidiary companies	8	-	-	3,583,449	3,583,449
Property, plant and equipment	9	6,745,838	6,901,339	2,633,613	2,623,253
Deposit for land purchase		22,500	22,500	22,500	22,500
Land leasehold rights	10	146,515	150,831	-	-
Other intangible assets		27,727	22,354	11,569	12,017
Deferred tax assets		17,884	12,463	6,919	3,651
Other non-current assets		3,487	5,718	1,426	1,426
Total non-current assets		6,963,951	7,115,205	6,259,476	6,246,296
Total assets		23,257,847	23,122,840	9,990,025	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 31 March 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	31 March 2016	31 December 2015	31 March 2016	31 December 2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	4, 11	2,441,006	2,412,958	1,252,745	1,280,207
Short-term provision - product warranty		345,765	347,248	-	-
Income tax payable		20,327	19,269	14,028	7,284
Other current liabilities		123,066	385,350	20,408	57,312
Total current liabilities		2,930,164	3,164,825	1,287,181	1,344,803
Non-current liabilities					
Provision for long-term employee benefits		545,037	534,440	281,650	279,200
Total non-current liabilities		545,037	534,440	281,650	279,200
Total liabilities		3,475,201	3,699,265	1,568,831	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		416,981	416,331	100,000	100,000
Unappropriated		15,975,014	15,491,802	5,793,096	5,602,665
Other components of shareholders' equity		862,553	987,344	-	-
Total shareholders' equity		19,782,646	19,423,575	8,421,194	8,230,763
Total liabilities and shareholders' equity		23,257,847	23,122,840	9,990,025	9,854,766

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

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Directors
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(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Income statement

For the three-month period ended 31 March 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		4,742,396	4,993,566	1,921,387	2,300,965
Interest income		51,135	54,196	3,057	2,521
Gain on exchange		128,194	88,005	10,253	15,402
Others income		53,229	49,170	7,716	9,089
Total revenues		<u>4,974,954</u>	<u>5,184,937</u>	<u>1,942,413</u>	<u>2,327,977</u>
Expenses					
Cost of sales		4,160,334	4,395,790	1,658,535	2,016,000
Selling expenses		40,114	30,335	9,571	7,663
Administrative expenses		284,509	225,665	79,866	74,595
Total expenses		<u>4,484,957</u>	<u>4,651,790</u>	<u>1,747,972</u>	<u>2,098,258</u>
Profit before finance cost and income tax expenses					
Finance cost		(1,740)	(1,918)	(514)	(496)
Profit before income tax expenses		<u>488,257</u>	<u>531,229</u>	<u>193,927</u>	<u>229,223</u>
Income tax expenses	12	(4,395)	(14,539)	(3,496)	(9,406)
Profit for the period		<u>483,862</u>	<u>516,690</u>	<u>190,431</u>	<u>219,817</u>
Profit attributable to:					
Equity holders of the Company		<u>483,862</u>	<u>516,690</u>	<u>190,431</u>	<u>219,817</u>
Earnings per share					
13					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)					
		<u>0.60</u>	<u>0.64</u>	<u>0.24</u>	<u>0.27</u>
Number of weighted average ordinary shares (Thousand shares)					
		<u>804,879</u>	<u>804,879</u>	<u>804,879</u>	<u>804,879</u>

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 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>483,862</u>	<u>516,690</u>	<u>190,431</u>	<u>219,817</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	109,589	(2,926)	-	-
Exchange differences on translation of financial statements in foreign currency, net of income tax	12	<u>(234,380)</u>	<u>(110,560)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of income tax		<u>(124,791)</u>	<u>(113,486)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period		<u>(124,791)</u>	<u>(113,486)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>359,071</u>	<u>403,204</u>	<u>190,431</u>	<u>219,817</u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>359,071</u>	<u>403,204</u>	<u>190,431</u>	<u>219,817</u>

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows

For the three-month period ended 31 March 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	488,257	531,229	193,927	229,223
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	293,894	283,404	84,967	77,970
Amortisation expenses	2,634	1,685	448	451
Allowance for doubtful accounts (reversal)	8,520	(5,984)	-	-
Reduction of inventories to net realisable value	27,198	39,600	24,524	36,315
Write-off obsolete and damaged inventories	(69,625)	(26,179)	(69,625)	(26,179)
Loss (gain) on disposals/write-off assets	1,822	300	87	(590)
Provision for product warranty	6,227	5,696	-	-
Provision for long-term employee benefits	19,025	25,852	9,744	9,826
Loss (gain) on sales/redemption of short-term investments	18,493	(317)	-	-
Revaluation loss (gain) on investments in securities held for trading	837	(1,920)	-	-
Unrealised gain on exchange	(5,147)	(1,171)	(12,257)	(6,166)
Unrealised gain on forward contracts	(191,295)	(51,232)	-	-
Interest income from short-term investments	(35,200)	(35,120)	-	-
Interest expenses	-	127	-	-
Profit from operating activities before changes in operating assets and liabilities	565,640	765,970	231,815	320,850

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the three-month period ended 31 March 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	188,912	184,105	54,480	59,830
Inventories	50,345	(23,583)	(3,108)	(111,465)
Other current assets	38,840	9,741	(14,168)	12,530
Other non-current assets	2,483	10	-	-
Operating liabilities increase (decrease)				
Trade and other payables	113,819	92,638	31,990	(43,969)
Other current liabilities	<u>(71,166)</u>	<u>(111,494)</u>	<u>(36,903)</u>	<u>(38,157)</u>
Cash from operating activities	888,873	917,387	264,106	199,619
Cash paid for long-term employee benefits	(8,428)	(1,093)	(7,294)	(320)
Cash paid for income tax	(8,766)	(3,075)	(20)	(18)
Cash paid for interest expenses	<u>-</u>	<u>(127)</u>	<u>-</u>	<u>-</u>
Net cash from operating activities	<u>871,679</u>	<u>913,092</u>	<u>256,792</u>	<u>199,281</u>
Cash flows from investing activities				
Decrease in short-term investments	3,754	63,571	-	-
Interest income from short-term investments	33,206	33,598	-	-
Proceeds from sales/redemption of short-term investments	105,106	98,102	-	-
Acquisition of plant and equipment	(186,947)	(434,291)	(124,437)	(111,618)
Proceeds from disposals of equipment	1,460	3,260	-	1,620
Decrease (increase) in intangible assets	(3,691)	924	-	(660)
Increase in other non-current assets	<u>(252)</u>	<u>(26,426)</u>	<u>-</u>	<u>(22,500)</u>
Net cash used in investing activities	<u>(47,364)</u>	<u>(261,262)</u>	<u>(124,437)</u>	<u>(133,158)</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 (continued)

For the three-month period ended 31 March 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	-	-	-	-
Net cash from financing activities	-	-	-	-
Increase in cash and cash equivalents	824,315	651,830	132,355	66,123
Translation adjustment	(234,219)	(110,486)	-	-
Net increase in cash and cash equivalents	590,096	541,344	132,355	66,123
Cash and cash equivalents at beginning of the period	6,104,135	5,467,223	956,167	743,165
Cash and cash equivalents at end of the period				
(Note 3)	<u>6,694,231</u>	<u>6,008,567</u>	<u>1,088,522</u>	<u>809,288</u>

Supplemental cash flow information

Non-cash related transactions from investing activities

Net decrease in accounts payable				
of plant and equipment	(45,272)	(19,979)	(29,023)	(26,395)
Revaluation gain (loss) on changes in fair value of				
investments in available-for-sale	109,589	(2,926)	-	-
Translation adjustment for deferred tax assets	161	74	-	-

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

(Unaudited and reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

Consolidated financial statements								
					Other components of shareholders' equity			
					Other comprehensive income			
					Surplus (deficit)			
					on changes in	Exchange differences	Total other	Total
Issued and		Retained earnings			value of	on translation of	components of	Total
paid up	Share	Appropriated -		Unappropriated	available-for-sale	financial statements	shareholders'	shareholders'
share capital	premium	Statutory reserve	-	-	investments	in foreign currency	equity	equity
Balance as at 31 December 2014	804,879	1,723,219	386,272	15,028,833	158,870	261,539	420,409	18,363,612
Profit for the period	-	-	-	516,690	-	-	-	516,690
Other comprehensive income for the period	-	-	-	-	(2,926)	(110,560)	(113,486)	(113,486)
Total comprehensive income for the period	-	-	-	516,690	(2,926)	(110,560)	(113,486)	403,204
Balance as at 31 March 2015	<u>804,879</u>	<u>1,723,219</u>	<u>386,272</u>	<u>15,545,523</u>	<u>155,944</u>	<u>150,979</u>	<u>306,923</u>	<u>18,766,816</u>
Balance as at 31 December 2015	804,879	1,723,219	416,331	15,491,802	(70,372)	1,057,716	987,344	19,423,575
Profit for the period	-	-	-	483,862	-	-	-	483,862
Other comprehensive income for the period	-	-	-	-	109,589	(234,380)	(124,791)	(124,791)
Total comprehensive income for the period	-	-	-	483,862	109,589	(234,380)	(124,791)	359,071
Unappropriated retained earnings transferred to statutory reserve	-	-	650	(650)	-	-	-	-
Balance as at 31 March 2016	<u>804,879</u>	<u>1,723,219</u>	<u>416,981</u>	<u>15,975,014</u>	<u>39,217</u>	<u>823,336</u>	<u>862,553</u>	<u>19,782,646</u>

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

(Unaudited and reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	Separate financial statements				Total Shareholders' equity
	Issued and paid up share capital	Share premium	Retained earnings		
			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	-	-	-	219,817	219,817
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	219,817	219,817
Balance as at 31 March 2015	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>5,416,322</u>	<u>8,044,420</u>
Balance as at 31 December 2015	804,879	1,723,219	100,000	5,602,665	8,230,763
Profit for the period	-	-	-	190,431	190,431
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	190,431	190,431
Balance as at 31 March 2016	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>5,793,096</u>	<u>8,421,194</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 period ended 31 March 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 31 March 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	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Cash	1,174	1,270	187	318
Bank deposits	2,662,124	2,533,890	138,335	205,849
Fixed deposits with maturity not over 3 months	3,529,056	3,074,563	950,000	750,000
Bills of exchange	501,877	494,412	-	-
Total cash and cash equivalents	<u>6,694,231</u>	<u>6,104,135</u>	<u>1,088,522</u>	<u>956,167</u>

As at 31 March 2016, bank deposits in savings accounts, fixed deposits and bills of exchange 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		
	ended 31 March		
	2016	2015	
Transactions with subsidiary companies			
(eliminated from the consolidated financial statements)			
Sales of goods	22	5	Prices agreed between the parties due to the uniqueness of products sold to each customer
Purchase of materials	31	34	Cost plus mark up
Purchase of fixed assets	-	1	Cost plus mark up
Service fee expenses	2	-	Rates stipulated in the agreement

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Trade and other receivables (Note 6)				
Trade receivables - related parties				
Subsidiary companies	-	-	38,434	41,106
Total trade receivables - related parties	-	-	38,434	41,106
Other receivable - related party				
Related company (by way of common directors)	32	32	-	-
Total other receivable - related party	32	32	-	-
Total trade and other receivables - related parties	32	32	38,434	41,106

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Trade and other payables (Note 11)				
Trade payables - related parties				
Subsidiary companies	-	-	461,810	528,583
Total trade payables - related parties	-	-	461,810	528,583
Total trade and other payables - related parties	-	-	461,810	528,583

Directors' and management's benefits

During the three-month periods ended 31 March 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term employee benefits	19.9	17.8	3.0	2.8
Post-employment benefits	0.4	0.2	0.2	0.2
Total	20.3	18.0	3.2	3.0

5. Short-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 March 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	105,718	118,647	108,266	121,427
Unsecured subordinated notes	25,580	26,095	24,882	26,002
Total	131,298	144,742	133,148	147,429
Add: Gain on changes in fair value of investments	13,444		14,281	
Investments in securities held for trading	144,742		147,429	
Available-for-sale securities (Note 5.2)				
Overseas marketable corporate bonds	1,440,703	1,511,921	1,543,479	1,544,111
Local quoted bonds	35,242	37,285	36,092	37,081
Overseas quoted bonds	985,377	951,333	1,007,144	935,151
Total	2,461,322	2,500,539	2,586,715	2,516,343
Add: Revaluation surplus/(deficit) on changes in fair value of investments	39,217		(70,372)	
Investments in available-for-sale securities	2,500,539		2,516,343	
Fixed deposits with financial institutions				
Investment in fixed deposit with financial institution (Note 5.3)	339,865	339,865	345,918	345,918
Fixed deposit within 1 year	7,108	7,108	7,218	7,218
Investment in fixed deposits with financial institution	346,973	346,973	353,136	353,136
Total short-term investments	2,992,254	2,992,254	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. The subsidiary classified these investments as held for trading purpose.

As at 31 March 2016, the subsidiary had assessed the fair value of the equity securities for mutual fund, the bond investment trust from an overseas bank and the interest bearing unsecured subordinated notes by referring to the latest bid price as quoted on the Stock Exchanges, in which the fair value had decreased equivalent to approximately Baht 0.84 million (2015: increased by approximately Baht 1.92 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 three-month period ended 31 March 2016, the subsidiary additionally invested in the overseas quoted bonds, disposed and redeemed some of the listed corporate bonds and overseas quoted bonds, resulting in loss of USD 0.52 million or equivalent to approximately Baht 18.49 million (2015: gain of USD 0.01 million or equivalent to approximately Baht 0.32 million).

As at 31 March 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 1.11 million or equivalent to approximately Baht 39.22 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 109.59 million as shown as other comprehensive income in the statements of comprehensive income (2015: loss of approximately Baht 2.93 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 28 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 March 2016, the investment in fixed deposit was approximately Baht 339.9 million (31 December 2015: Baht 345.9 million). Subsequently, on 28 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	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
<u>Age of receivable</u>				
Trade receivables - related parties				
Not yet due	-	-	382	2,164
Past due				
Up to 3 months	-	-	14,429	9,116
3 - 6 months	-	-	874	6,310
6 - 12 months	-	-	8,197	4,147
Over 12 months	-	-	14,552	19,369
Total trade receivables - related parties (Note 4)	-	-	38,434	41,106
Trade receivables - unrelated parties				
Not yet due	2,230,465	2,173,560	1,069,116	1,075,491
Past due				
Up to 3 months	663,716	936,489	216,933	281,100
3 - 6 months	59,057	61,075	2,443	6,426
6 - 12 months	8,385	2,511	1,605	291
Over 12 months	742	1,306	4	4
Trade receivables - unrelated parties	2,962,365	3,174,941	1,290,101	1,363,312
Less: Allowance for doubtful accounts	(32,765)	(24,245)	-	-
Total trade receivables - unrelated parties - net	2,929,600	3,150,696	1,290,101	1,363,312
Total trade receivables - net	2,929,600	3,150,696	1,328,535	1,404,418
Other receivable - related party (Note 4)	32	32	-	-
Other receivables - unrelated parties	157,382	167,238	8,638	4,936
Total other receivables	157,414	167,270	8,638	4,936
Total trade and other receivables - net	3,087,014	3,317,966	1,337,173	1,409,354

(Unaudited but reviewed)

7. Reduction of inventories to net realisable value

Movements in the adjustment to reduce inventories to net realisable value during the three-month period ended 31 March 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2015	267,884	233,357
Reduction of inventory value during the period	88,892	69,535
Reversal of reduction of inventory value during the period	(61,694)	(45,011)
Write-off obsolete and damaged inventories during the period	(69,625)	(69,625)
Balance as at 31 March 2016	225,457	188,256

8. Investments in subsidiary companies

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Paid up capital		Shareholding percentage		Cost	
	31 March	31 December	31 March	31 December	31 March	31 December
	2016	2015	2016	2015	2016	2015
		Percent	Percent			
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100
Omac Sales Limited	325	325	100	100	273,492	273,492
Hana Microelectronics (Cambodia) Company Limited	155,947	155,947	100	100	155,947	155,947
Hana Microelectronics International Company Limited	-	-	100	100	-	-
Hana Microelectronics Investment Company Limited	-	-	100	100	-	-
Hana Technologies Group Limited	-	-	100	100	-	-
Total investments in subsidiary companies					3,583,449	3,583,449

(Unaudited but reviewed)

9. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 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	187,505	95,414
Disposals/write-off during the period - net book value at disposal/write-off date	(3,282)	(87)
Depreciation for the period	(293,894)	(84,967)
Translation adjustment	(45,830)	-
Net book value as at 31 March 2016	<u>6,745,838</u>	<u>2,633,613</u>

10. Land leasehold rights

Movements in land leasehold rights account during the three-month period ended 31 March 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements
Net book value as at 31 December 2015	150,831
Amortisation for the period	(773)
Translation adjustment	(3,543)
Net book value as at 31 March 2016	<u>146,515</u>

11. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Trade payables - related parties (Note 4)	-	-	461,810	528,583
Trade payables - unrelated parties	1,742,352	1,739,328	668,137	647,053
Advance received from customers	246,582	205,941	44,805	34,053
Other payables for purchase of machinery	170,291	215,563	14,517	43,540
Accrued expenses	281,781	252,126	63,476	26,978
Total trade and other payables	<u>2,441,006</u>	<u>2,412,958</u>	<u>1,252,745</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 periods ended 31 March 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	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	9,977	9,066	6,764	3,161
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(5,582)</u>	<u>5,473</u>	<u>(3,268)</u>	<u>6,245</u>
Income tax expense reported in the income statement	<u><u>4,395</u></u>	<u><u>14,539</u></u>	<u><u>3,496</u></u>	<u><u>9,406</u></u>

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	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	<u>161</u>	<u>74</u>	<u>-</u>	<u>-</u>

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.

(Unaudited but reviewed)

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 periods ended 31 March 2016 and 2015, respectively.

(Unit: Million Baht)

Consolidated financial statements for the three-month periods ended 31 March												
	Printed Circuit Board Assembly (PCBA)		Integrated Circuit (IC)		Others		Total reportable segments		Eliminations		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	2,735	3,247	1,878	1,695	129	52	4,742	4,994	-	-	4,742	4,994
Intersegment revenues	852	880	225	260	274	277	1,351	1,417	(1,351)	(1,417)	-	-
Total revenues	<u>3,587</u>	<u>4,127</u>	<u>2,103</u>	<u>1,955</u>	<u>403</u>	<u>329</u>	<u>6,093</u>	<u>6,411</u>	<u>(1,351)</u>	<u>(1,417)</u>	<u>4,742</u>	<u>4,994</u>
Segment profit	263	390	294	206	25	2	582	603	-	-	582	598
Interest income											51	54
Gain on exchange											128	88
Other income											53	49
Selling expenses											(40)	(30)
Administrative expenses											(284)	(226)
Finance cost											(2)	(2)
Income tax expenses											(4)	(14)
Profit for the period											<u>484</u>	<u>517</u>

15. Commitments and contingent liabilities

15.1 Capital commitments

As at 31 March 2016, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery totaling USD 2.0 million or equivalent to Baht 70.8 million (31 December 2015: USD 3.6 million or equivalent to Baht 130 million) and the Company only of approximately USD 1.8 million or equivalent to Baht 65.2 million (31 December 2015: USD 2.9 million or equivalent to Baht 103.7 million).

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

15.2 Operating lease commitments

An overseas subsidiary entered into the factory lease agreement with an unrelated company. The lease is for a period from the year 2012 up to the year 2015 with the annual lease payment of approximately RMB 0.8 million. In January 2016, the subsidiary extended the lease agreement to January 2017 with the annual lease payment of approximately RMB 1.0 million.

15.3 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.

15.4 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.

15.5 Guarantees

As at 31 March 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.

16. Foreign currency risk

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

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

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at		as at		as at	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	(Million)	(Million)	(Million)	(Million)	(Baht per foreign currency unit)	
Japanese Yen	251	188	24	53	0.3136	0.2996
China Yuan	230	240	55	69	5.4444	5.5458
US Dollar	192	208	49	32	35.2392	36.0886
Indian Rupee	43	1	-	-	0.5305	0.5429
Hong Kong dollar	10	9	1	1	4.5441	4.6579
Euro	4	5	-	4	39.8996	39.4388
Pound Sterling	3	5	-	-	50.5790	53.5035
Singapore Dollar	2	2	-	-	26.0867	25.5195
Brazilian real	2	1	-	-	9.8100	9.1900
Macanese pataca	1	1	-	-	4.5251	4.6110
Australia dollar	-	1	-	-	26.9781	26.2836

As at 31 March 2016, the two overseas subsidiary companies had outstanding forward exchange contracts, of which details are presented below.

As at 31 March 2016		
Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
10	27 April 2016	33.38
10	13 May 2016	34.17
10	13 May 2016	34.17
10	31 May 2016	34.30
10	31 May 2016	34.51
10	13 June 2016	35.34
10	13 June 2016	35.34
10	13 June 2016	35.34
10	16 June 2016	35.05
10	20 June 2016	35.01
20	20 June 2016	34.36
10	21 June 2016	34.84
10	24 August 2016	37.02

(Unaudited but reviewed)

As at 31 March 2016

Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million CNY)		(CNY per USD)
62.40	25 April 2016	6.477

17. Fair value of financial instruments

As of 31 March 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	118,647	-	118,647
Unsecured debt instruments	26,095	-	26,095
Available-for-sale investments			
Marketable corporate bonds	1,511,921	-	1,511,921
Quoted bonds	988,618	-	988,618
Financial liabilities measured at fair value			
Derivatives			
Foreign currency forward contracts	-	69,621	69,621

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 overseas 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.

18. Reclassification

The Company reclassified the following amounts in the consolidated financial statements for the three-month period ended 31 March 2015 to conform with current period's classification as follows:

	(Unit: Thousand Baht)	
	<u>Consolidated financial statements</u>	
	For the three-month period ended	
	<u>31 March 2015</u>	
	As reclassified	As previously reported
Cost of sales	4,395,790	4,390,094
Other expenses	-	5,696

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

19. Event after the reporting period

On 29 April 2016, the Annual General Meeting of the Company's shareholders No. 1/2016 passed a resolution approving payments of dividend for 2015 to the Company's shareholders at Baht 2 per share or a total dividend of approximately Baht 1,610 million. The Company paid an interim dividend from the income for the first nine-month period of 2015 at Baht 1 per share and the final dividend payment for 2015 remained at Baht 1 per share or a total of approximately Baht 805 million. The final dividend was paid to the shareholders on 13 May 2016 and will be recorded in the second quarter of 2016.

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 16 May 2016.