

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month period ended
31 March 2017

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 2017, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Hana Microelectronics Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

EY Office Limited

Bangkok: 12 May 2017

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2017	31 December 2016	31 March 2017	31 December 2016
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	6,840,314	6,347,595	1,058,709	963,994
Short-term investments	5	3,351,778	3,292,934	-	-
Current portion of long-term fixed deposits					
with financial institution		253,850	-	-	-
Trade and other receivables	4, 6	3,433,936	3,561,206	1,394,243	1,317,806
Inventories	7	3,761,542	3,676,207	1,369,046	1,285,344
Other current assets		271,169	159,638	32,624	37,546
Total current assets		17,912,589	17,037,580	3,854,622	3,604,690
Non-current assets					
Investments in subsidiary companies	8	-	-	3,583,449	3,583,449
Long-term fixed deposits with financial institution -					
net of current portion	9	50,720	313,262	-	-
Investment property	10	72,304	72,304	72,304	72,304
Property, plant and equipment	11	5,985,845	6,145,488	2,494,703	2,538,127
Land leasehold rights	12	140,230	146,620	-	-
Other intangible assets		38,003	40,115	24,157	24,978
Deferred tax assets		17,030	13,543	4,043	4,953
Other non-current assets		16,502	11,872	2,353	107
Total non-current assets		6,320,634	6,743,204	6,181,009	6,223,918
Total assets		24,233,223	23,780,784	10,035,631	9,828,608

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 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2017	31 December 2016	31 March 2017	31 December 2016
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	4, 13	2,846,312	2,813,467	1,073,164	1,111,799
Short-term provisions		344,501	358,307	-	-
Income tax payable		26,034	42,023	12,153	8,217
Other current liabilities		86,305	150,343	23,591	21,139
Total current liabilities		3,303,152	3,364,140	1,108,908	1,141,155
Non-current liabilities					
Provision for long-term employee benefits		465,133	454,879	246,095	239,915
Total non-current liabilities		465,133	454,879	246,095	239,915
Total liabilities		3,768,285	3,819,019	1,355,003	1,381,070
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		428,284	428,284	100,000	100,000
Unappropriated		16,906,123	16,088,535	6,052,530	5,819,440
Other components of shareholders' equity		602,433	916,848	-	-
Total shareholders' equity		20,464,938	19,961,765	8,680,628	8,447,538
Total liabilities and shareholders' equity		24,233,223	23,780,784	10,035,631	9,828,608
		-	-	-	-

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

Directors

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Income statement

For the three-month period ended 31 March 2017

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
Note	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues				
Sales	5,237,773	4,742,396	2,001,373	1,921,387
Interest income	51,052	51,135	2,113	3,057
Gain on exchange	190,872	128,194	-	10,253
Others income	46,507	53,229	6,431	7,716
Total revenues	5,526,204	4,974,954	2,009,917	1,942,413
Expenses				
Cost of sales	4,394,233	4,160,334	1,671,082	1,658,535
Selling expenses	39,334	40,114	9,182	9,571
Administrative expenses	262,444	284,509	82,476	79,866
Loss on exchange	-	-	8,705	-
Total expenses	4,696,011	4,484,957	1,771,445	1,747,972
Profit before finance cost and				
income tax expenses	830,193	489,997	238,472	194,441
Finance cost	(1,943)	(1,740)	(514)	(514)
Profit before income tax expenses	828,250	488,257	237,958	193,927
Income tax expenses	14 (10,662)	(4,395)	(4,868)	(3,496)
Profit for the period	817,588	483,862	233,090	190,431
Profit attributable to:				
Equity holders of the Company	817,588	483,862	233,090	190,431
Earnings per share 15				
Basic earnings per share				
Profit attributable to equity holders of the Company (Baht)	1.02	0.60	0.29	0.24
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 31 March 2017

(Unit: Thousand Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the period		<u>817,588</u>	<u>483,862</u>	<u>233,090</u>	<u>190,431</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain on change in value of available-for-sale investments	5.2	69,919	109,589	-	-
Exchange differences on translation of financial statements in foreign currency, net of income tax	14	<u>(384,032)</u>	<u>(234,380)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of income tax		<u>(314,113)</u>	<u>(124,791)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period		<u>(314,113)</u>	<u>(124,791)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u><u>503,475</u></u>	<u><u>359,071</u></u>	<u><u>233,090</u></u>	<u><u>190,431</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u><u>503,475</u></u>	<u><u>359,071</u></u>	<u><u>233,090</u></u>	<u><u>190,431</u></u>

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows

For the three-month period ended 31 March 2017

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities				
Profit before tax	828,250	488,257	237,958	193,927
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	282,365	293,894	89,895	84,967
Amortisation expenses	2,755	2,634	821	448
Allowance for doubtful accounts	8,496	8,520	-	-
Reduction of inventories to net realisable value	20,073	27,198	15,713	24,524
Write-off obsolete and damaged inventories	-	(69,625)	-	(69,625)
Loss on disposals/write-off assets	5,372	1,822	211	87
Provision for product warranty	-	6,227	-	-
Provision for long-term employee benefits	15,263	19,025	8,250	9,744
Loss (gain) on sales/redemption of short-term investments	(379)	18,493	-	-
Revaluation loss (gain) on investments in securities held for trading	(2,113)	837	-	-
Unrealised loss (gain) on exchange	(230,659)	(5,147)	7,048	(12,257)
Unrealised gain on forward contracts	(196,090)	(191,295)	-	-
Interest income from short-term investments	<u>(39,825)</u>	<u>(35,200)</u>	<u>-</u>	<u>-</u>
Profit from operating activities before changes in operating assets and liabilities	693,508	565,640	359,896	231,815

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 2017

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Trade and other receivables	51,935	188,912	(113,552)	54,480
Inventories	(105,408)	50,345	(99,415)	(3,108)
Other current assets	19,006	38,840	4,626	(14,168)
Other non-current assets	-	2,483	-	-
Operating liabilities increase (decrease)				
Trade and other payables	61,849	113,819	(8,647)	31,990
Other current liabilities	(2,821)	(71,166)	2,452	(36,903)
Cash from operating activities	718,069	888,873	145,360	264,106
Cash paid for long-term employee benefits	(5,009)	(8,428)	(2,070)	(7,294)
Cash paid for income tax	(29,766)	(8,766)	(22)	(20)
Net cash from operating activities	683,294	871,679	143,268	256,792
Cash flows from investing activities				
Decrease in short-term investments	104,034	3,754	-	-
Interest income from short-term investments	37,491	33,206	-	-
Proceeds from sales/redemption of short-term investments				
investments	157,437	105,106	-	-
Acquisition of plant and equipment	(106,559)	(186,947)	(46,308)	(124,437)
Proceeds from disposals of equipment	-	1,460	-	-
Decrease (increase) in intangible assets	5,748	(3,691)	-	-
Increase in other non-current assets	(4,631)	(252)	(2,245)	-
Net cash from (used in) investing activities	193,520	(47,364)	(48,553)	(124,437)

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 2017

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from financing activities	-	-	-	-
Net cash from financing activities	-	-	-	-
Increase in cash and cash equivalents	876,814	824,315	94,715	132,355
Translation adjustment	(384,095)	(234,219)	-	-
Net increase in cash and cash equivalents	492,719	590,096	94,715	132,355
Cash and cash equivalents at beginning of the period	6,347,595	6,104,135	963,994	956,167
Cash and cash equivalents at end of the period				
(Note 3)	<u>6,840,314</u>	<u>6,694,231</u>	<u>1,058,709</u>	<u>1,088,522</u>
	-	-	-	-

Supplemental cash flow information

Non-cash related transactions from investing activities

Net increase (decrease) in accounts payable				
of plant and equipment	21,536	(45,272)	374	(29,023)
Revaluation gain on changes in fair value of				
investments in available-for-sale	69,919	109,589	-	-
Translation adjustment for deferred tax assets	238	161	-	-

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2017

(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 -		available-for-sale	financial statements	shareholders'	shareholders'		
share capital	premium	Statutory reserve	Unappropriated	investments	in foreign currency	equity	equity		
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	804,879	1,723,219	416,981	15,975,014	39,217	823,336	862,553	19,782,646	
Balance as at 31 December 2016	804,879	1,723,219	428,284	16,088,535	104,909	811,939	916,848	19,961,765	
Profit for the period	-	-	-	817,588	-	-	-	817,588	
Other comprehensive income for the period	-	-	-	-	69,919	(384,334)	(314,415)	(314,415)	
Total comprehensive income for the period	-	-	-	817,588	69,919	(384,334)	(314,415)	503,173	
Balance as at 31 March 2017	804,879	1,723,219	428,284	16,906,123	174,828	427,605	602,433	20,464,938	

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2017

(Unit: Thousand Baht)

Separate financial statements

	Issued and paid up share capital	Share premium	Retained earnings		Total Shareholders' equity
			Appropriated - Statutory reserve	Unappropriated	
Balance as at 31 December 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	804,879	1,723,219	100,000	5,793,096	8,421,194
Balance as at 31 December 2016	804,879	1,723,219	100,000	5,819,440	8,447,538
Profit for the period	-	-	-	233,090	233,090
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	233,090	233,090
Balance as at 31 March 2017	804,879	1,723,219	100,000	6,052,530	8,680,628

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 2017

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 2016) “*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 2016. There are no changes in the group structure during the current period.

1.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. 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 and its subsidiaries' financial statements. One standard which involves changes to key principles, is summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. The entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard does not have any significant impact on the Company's financial statements because the management has decided to continue accounting for such investments under the cost method in the separate 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 2016.

3. Cash and cash equivalents

Cash and cash equivalents as at 31 March 2017 and 31 December 2016 as reflected in the statement of financial position consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
Cash	1,028	23,362	293	461
Bank deposits	2,837,701	2,795,837	168,416	433,533
Fixed deposits with maturity not over 3 months	4,001,585	3,528,396	890,000	530,000
Total cash and cash equivalents	6,840,314	6,347,595	1,058,709	963,994

As at 31 March 2017, bank deposits in savings accounts and fixed deposits carried interests between 0.001 and 1.430 percent per annum (31 December 2016: 0.001 and 1.550 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		
	2017	2016	
Transactions with subsidiary companies (eliminated from the consolidated financial statements)			
Sales of goods	52	22	Prices agreed between the parties due to the uniqueness of products sold to each customer
Purchase of materials	35	31	Cost plus mark up
Service fee expenses	2	2	Rates stipulated in the agreement

(Unaudited but reviewed)

As at 31 March 2017 and 31 December 2016, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Trade and other receivables (Note 6)				
Trade receivables - related parties				
Subsidiary companies	-	-	97,881	47,937
Total trade receivables - related parties	-	-	97,881	47,937
Other receivables - related parties				
Related company (by way of common directors)	76	76	-	-
Total other receivables - related parties	76	76	-	-
Total trade and other receivables	<u>76</u>	<u>76</u>	<u>97,881</u>	<u>47,937</u>
Trade and other payables (Note 13)				
Trade payables - related parties				
Subsidiary companies	-	-	221,546	232,088
Total trade payables - related parties	-	-	221,546	232,088
Total trade and other payables	<u>-</u>	<u>-</u>	<u>221,546</u>	<u>232,088</u>

Directors' and management's benefits

During the three-month periods ended 31 March 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	22.6	19.9	3.4	3.0
Post-employment benefits	0.4	0.4	0.3	0.2
Total	<u>23.0</u>	<u>20.3</u>	<u>3.7</u>	<u>3.2</u>

5. Short-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 March 2017		31 December 2016	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Securities held for trading (Note 5.1)				
Overseas marketable equity securities	172,250	184,491	179,153	188,989
Unsecured subordinated notes	24,955	25,527	24,474	25,338
Total	197,205	210,018	203,627	214,327
Add: Gain on changes in fair value of investments	12,813		10,700	
Investments in securities held for trading	210,018		214,327	
Available-for-sale securities (Note 5.2)				
Overseas marketable corporate bonds	1,301,936	1,445,285	1,349,300	1,460,778
Local quoted bonds	34,453	36,139	35,834	37,307
Overseas quoted bonds	865,702	895,495	1,064,461	1,056,419
Total	2,202,091	2,376,919	2,449,595	2,554,504
Add: Revaluation surplus on changes in fair value of investments	174,828		104,909	
Investments in available-for-sale securities	2,376,919		2,554,504	
Fixed deposits with financial institutions				
Fixed deposits within 1 year	764,841	764,841	524,103	524,103
Fixed deposits with financial institutions	764,841	764,841	524,103	524,103
Total short-term investments	3,351,778	3,351,778	3,292,934	3,292,934

5.1 Securities held for trading

Since the second quarter of 2011, Hana Microelectronics International Company Limited, an overseas subsidiary company, has invested in 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 2016, the subsidiary additionally invested in mutual fund (fixed maturity bond fund) of 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 31 March 2017, the subsidiary had assessed the fair value of the interest bearing unsecured subordinated notes and the mutual fund by referring to the latest bid prices as quoted on the stock Exchanges and the fair value of the bond investment trust by referring to the value quoted by the bank, in which the fair value had increased equivalent to approximately Baht 2.11 million (2016: decreased by approximately Baht 0.84 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 2017, the subsidiary redeemed some of the overseas quoted bonds, resulting in gain of USD 0.01 million or equivalent to approximately Baht 0.38 million (2016: loss of USD 0.52 million or equivalent to approximately Baht 18.49 million).

As at 31 March 2017, 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 5.07 million or equivalent to approximately Baht 174.83 million (31 December 2016: surplus on the fair value of USD 2.93 million or equivalent to approximately Baht 104.91 million). The subsidiary recognised gain on changes in fair value of the available-for-sale securities approximately Baht 69.92 million as shown as other comprehensive income in the statements of comprehensive income (2016: gain of approximately Baht 109.59 million).

(Unaudited but reviewed)

6. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
Age of receivable				
Trade receivables - subsidiary companies				
Not yet due	-	-	6,999	21,027
Past due				
Up to 3 months	-	-	47,339	14,442
3 - 6 months	-	-	29,614	6,684
6 - 12 months	-	-	10,321	2,137
Over 12 months	-	-	3,608	3,647
Total trade receivables - subsidiary companies (Note 4)	-	-	97,881	47,937
Trade receivables - unrelated parties				
Not yet due	2,610,394	2,882,778	830,313	1,056,897
Past due				
Up to 3 months	668,090	522,025	455,102	204,519
3 - 6 months	11,154	18,549	1,632	831
6 - 12 months	8,602	26,032	226	406
Over 12 months	8,262	4,443	318	101
Total trade receivables - unrelated parties	3,306,502	3,453,827	1,287,591	1,262,754
Less: Allowance for doubtful accounts	(28,351)	(19,855)	-	-
Total trade receivables - unrelated parties - net	3,278,151	3,433,972	1,287,591	1,262,754
Total trade receivables - net	3,278,151	3,433,972	1,385,472	1,310,691
Other receivables - related party (Note 4)	76	76	-	-
Other receivables - unrelated parties	155,709	127,158	8,771	7,115
Total other receivables	155,785	127,234	8,771	7,115
Trade and other receivables - net	3,433,936	3,561,206	1,394,243	1,317,806

(Unaudited but reviewed)

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

Movements in the adjustment to reduce inventories to net realisable value during the three-month period ended 31 March 2017 are summarised below.

(Unit: Thousand Baht)

Inventory provision	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2016	188,466	142,099
Reduction of inventory value during the period	37,087	18,539
Reversal of reduction of inventory value during the period	(17,007)	(2,826)
Translation adjustment	(7)	-
Balance as at 31 March 2017	208,539	157,812

8. Investments in subsidiary companies

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Paid up capital		Shareholding percentage		Cost	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
			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

9. Long-term fixed deposits with financial institution

As at 31 March 2017 and 31 December 2016, the long-term fixed deposits with financial institution of an overseas subsidiary are as follows:

Consolidated financial statements						
			Balance as at			
			31 March 2017		31 December 2016	
Interest rate	Period	Maturity date	Equivalent to		Equivalent to	
			China Yuan	Baht	China Yuan	Baht
Percent			(Million Yuan)	(Million Baht)	(Million Yuan)	(Million Baht)
4.55	3 years	5 March 2018	50.7	253.9	50.7	261.1
3.75	3 years	20 April 2018	10.1	50.7	10.1	52.2
Total			60.8	304.6	60.8	313.3

(Unit: Thousand Baht)

	31 March 2017	31 December 2016
Long-term fixed deposits with financial institution	304,570	313,262
Less: Portion due within one year	(253,850)	-
Long-term fixed deposits with financial institution - net of current portion	50,720	313,262

10. Investment property

The net book value of investment property, representing land, as at 31 March 2017 and 31 December 2016 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Cost	72,304	72,304	72,304	72,304
Net book value	72,304	72,304	72,304	72,304

(Unaudited but reviewed)

A reconciliation of the net book value of investment property during the three-month periods ended 31 March 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net book value at beginning of period	72,304	-	72,304	-
Net book value at end of period	<u>72,304</u>	<u>-</u>	<u>72,304</u>	<u>-</u>

Fair value of the investment property in respect of land as at 31 March 2017 and 31 December 2016 amounted to approximately Baht 96 million is based on market price.

11. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial	financial
	statements	statements
Net book value as at 31 December 2016	6,145,488	2,538,127
Acquisitions during the period - at cost	188,288	46,682
Disposals/write-off during the period - net book value at disposal/write-off date	(7,708)	(211)
Depreciation for the period	(282,365)	(89,895)
Translation adjustment	(57,858)	-
Net book value as at 31 March 2017	<u>5,985,845</u>	<u>2,494,703</u>

12. Land leasehold rights

Movements in land leasehold rights account during the three-month period ended 31 March 2017 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 31 December 2016	146,620
Amortisation for the period	(749)
Translation adjustment	(5,641)
Net book value as at 31 March 2017	<u>140,230</u>

13. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Trade payables - related parties (Note 4)	-	-	221,546	232,088
Trade payables - unrelated parties	2,106,303	2,150,768	731,270	805,401
Advance received from customers	319,677	287,558	24,196	17,608
Other payables for purchase of machinery	137,460	115,924	28,960	28,586
Accrued expenses	282,872	259,217	67,192	28,116
Total trade and other payables	<u>2,846,312</u>	<u>2,813,467</u>	<u>1,073,164</u>	<u>1,111,799</u>

14. 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 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Interim corporate income tax charge	14,387	9,977	3,958	6,764
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,725)	(5,582)	910	(3,268)
Income tax expense reported in the income statement	<u>10,662</u>	<u>4,395</u>	<u>4,868</u>	<u>3,496</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	<u>238</u>	<u>161</u>	<u>-</u>	<u>-</u>

15. 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.

16. Segment information

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

The following table presents revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month periods ended 31 March 2017 and 2016, 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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue from external customers	2,850	2,735	2,031	1,878	357	129	5,238	4,742	-	-	5,238	4,742
Intersegment revenues	912	852	215	225	292	274	1,419	1,351	(1,419)	(1,351)	-	-
Total revenues	<u>3,762</u>	<u>3,587</u>	<u>2,246</u>	<u>2,103</u>	<u>649</u>	<u>403</u>	<u>6,657</u>	<u>6,093</u>	<u>(1,419)</u>	<u>(1,351)</u>	<u>5,238</u>	<u>4,742</u>
Segment profit	421	370	297	187	125	25	843	582	1	-	844	582
Interest income											51	51
Gain on exchange											191	128
Other income											46	53
Selling expenses											(39)	(40)
Administrative expenses											(262)	(284)
Finance cost											(2)	(2)
Income tax expenses											(11)	(4)
Profit for the period											<u>818</u>	<u>484</u>

17. Commitments and contingent liabilities

17.1 Capital commitments

As at 31 March 2017, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery totaling USD 23.3 million and CNY 0.4 million or equivalent to Baht 808 million (31 December 2016: USD 2.3 million or equivalent to Baht 80 million) and the Company only of approximately USD 2.7 million or equivalent to Baht 94 million (31 December 2016: USD 1.6 million or equivalent to Baht 54 million).

17.2 Operating lease commitments

The Company and its subsidiaries have 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	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
Payable:				
In up to 1 year	33.8	17.1	10.4	0.6
In over 1 and up to 3 year	12.6	2.3	1.2	0.2

17.3 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.

17.4 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.

17.5 Guarantees

As at 31 March 2017, there were outstanding bank guarantees of approximately Baht 54 million (31 December 2016: Baht 54 million) and the Company only of approximately Baht 24 million (31 December 2016: 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.

18. Foreign currency risk

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

The balances of financial assets and liabilities denominated in foreign currencies as at 31 March 2017 and 31 December 2016 are summarised below.

Foreign currency	Financial assets as at		Financial liabilities as at		Average exchange rate as at	
	31 March	31 December	31 March	31 December	31 March	31 December
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per foreign currency unit)	
China Yuan	314	304	88	78	5.0069	5.1498
US Dollar	202	200	50	50	34.4501	35.8307
Japan Yen	132	143	13	11	0.3077	0.3080
Indian Rupee	40	40	-	-	0.5294	0.5259
Hong Kong dollar	7	7	-	-	4.4337	4.6217
Euro	4	4	1	-	36.7904	37.7577
Singapore Dollar	2	3	-	-	24.6540	24.8010
Pound Sterling	2	2	-	-	43.0155	44.0356
Brazilian real	2	2	-	-	10.9770	11.0128
Macau Pataca	1	1	-	-	4.1937	4.5096

(Unaudited but reviewed)

As at 31 March 2017, the two overseas subsidiary companies had outstanding forward exchange contracts, of which details are presented below.

Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
140	28 April 2017 - 15 August 2017	34.79 - 36.08

19. Fair value of financial instruments

As of 31 March 2017, 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	184,491	-	184,491
Unsecured debt instruments	25,527	-	25,527
Available-for-sale investments			
Marketable corporate bonds	1,445,285	-	1,445,285
Quoted bonds	931,634	-	931,634
Derivatives			
Unrealised gain on forward contracts	-	134,252	134,252

Valuation techniques and inputs to Level 2 valuations

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

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

20. Event after the reporting period

On 28 April 2017, the Annual General Meeting of the Company's shareholders No. 24/2017 acknowledge the interim dividend payment on 11 November 2016 at Baht 1 per share and passed a resolution approving payment of final dividend for 2016 to the Company's shareholders at Baht 1 per share or a total dividend of approximately Baht 1,610 million. The final dividend of Baht 805 million will be paid to the shareholders on 12 May 2017 and will be recorded in the second quarter of 2017.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 May 2017.