

Hana Microelectronics Public Company Limited
and its subsidiaries
Review report and consolidated interim financial statements
For the three-month and nine-month periods ended
30 September 2018

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 2018, 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.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

EY Office Limited
Bangkok: 14 November 2018

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	4,006,801	4,756,538	500,799	402,023
Short-term investments	5	4,860,712	4,517,582	200,000	250,000
Current portion of long-term fixed deposits					
with financial institution	6	478,416	465,391	-	-
Trade and other receivables	4, 7	4,100,302	3,904,178	1,615,328	1,320,170
Inventories	8	4,653,648	4,082,874	2,029,593	1,746,911
Other current assets		146,040	166,895	48,994	21,739
Total current assets		18,245,919	17,893,458	4,394,714	3,740,843
Non-current assets					
Investments in subsidiary companies	9	-	-	3,583,449	3,583,449
Other long-term investments	10	145,927	65,459	97	97
Investment property	11	72,304	72,304	72,304	72,304
Property, plant and equipment	12	6,797,067	6,065,872	2,619,668	2,632,563
Land leasehold rights	13	127,670	130,882	-	-
Intangible assets		50,185	49,942	35,779	32,220
Deferred tax assets		21,894	26,710	1,797	1,392
Other non-current assets		23,663	98,471	902	3,423
Total non-current assets		7,238,710	6,509,640	6,313,996	6,325,448
Total assets		25,484,629	24,403,098	10,708,710	10,066,291

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 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	<u>Note</u> 30 September 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 September 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	4, 14	3,425,551	2,920,965	1,120,385	1,080,012
Short-term provisions		324,066	326,809	-	-
Income tax payable		10,159	40,486	1,307	2,103
Other current liabilities		114,755	97,658	22,714	22,002
Total current liabilities		3,874,531	3,385,918	1,144,406	1,104,117
Non-current liabilities					
Provision for long-term employee benefits		354,710	327,302	139,999	128,110
Total non-current liabilities		354,710	327,302	139,999	128,110
Total liabilities		4,229,241	3,713,220	1,284,405	1,232,227
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		443,691	443,691	100,000	100,000
Unappropriated		18,427,642	17,504,229	6,796,207	6,205,966
Other components of shareholders' equity		(144,043)	213,860	-	-
Total shareholders' equity		21,255,388	20,689,878	9,424,305	8,834,064
Total liabilities and shareholders' equity		25,484,629	24,403,098	10,708,710	10,066,291

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 30 September 2018**

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues					
Sales		6,018,072	5,748,914	2,347,950	2,073,602
Interest income		44,939	48,679	1,362	1,225
Dividend income		383	22	25	22
Gain on exchange		71,449	121,705	-	2,774
Other income		61,147	87,116	7,149	9,857
Total revenues		6,195,990	6,006,436	2,356,486	2,087,480
Expenses					
Cost of sales		4,932,036	4,914,400	1,932,010	1,725,911
Selling expenses		41,277	39,541	9,274	9,451
Administrative expenses		288,873	250,186	84,899	83,279
Loss on exchange		-	-	392	-
Total expenses		5,262,186	5,204,127	2,026,575	1,818,641
Profit before finance cost and income tax expenses					
		933,804	802,309	329,911	268,839
Finance cost		(1,747)	(1,942)	(495)	(572)
Profit before income tax expenses		932,057	800,367	329,416	268,267
Income tax expenses	15	(27,287)	(30,845)	(443)	(1,898)
Profit for the period		904,770	769,522	328,973	266,369
Profit attributable to:					
Equity holders of the Company		904,770	769,522	328,973	266,369
Earnings per share					
Basic earnings per share	16				
Profit attributable to equity holders of the Company (Baht)		1.12	0.96	0.41	0.33
Weighted average number of 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 2018

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the period	<u>904,770</u>	<u>769,522</u>	<u>328,973</u>	<u>266,369</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	(128)	13,156	-	-
Exchange differences on translation of financial statements in foreign currency - net of income tax	15 <u>(354,406)</u>	<u>(145,699)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	<u>(354,534)</u>	<u>(132,543)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(354,534)</u>	<u>(132,543)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>550,236</u></u>	<u><u>636,979</u></u>	<u><u>328,973</u></u>	<u><u>266,369</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u><u>550,236</u></u>	<u><u>636,979</u></u>	<u><u>328,973</u></u>	<u><u>266,369</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 2018**

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues					
Sales		16,663,169	16,218,979	6,744,162	6,137,000
Interest income		142,466	155,883	3,868	6,160
Dividend income	9	1,690	57	625,063	420,057
Gain on exchange		23,483	417,110	51,054	-
Other income		231,932	199,828	31,026	25,971
Total revenues		17,062,740	16,991,857	7,455,173	6,589,188
Expenses					
Cost of sales		14,278,002	13,775,577	5,768,782	5,172,423
Selling expenses		120,164	116,604	28,047	27,890
Administrative expenses		832,925	767,716	256,533	248,867
Loss on exchange		-	-	-	3,785
Total expenses		15,231,091	14,659,897	6,053,362	5,452,965
Profit before finance cost and					
income tax expenses		1,831,649	2,331,960	1,401,811	1,136,223
Finance cost		(5,206)	(5,564)	(1,559)	(1,584)
Profit before income tax expenses		1,826,443	2,326,396	1,400,252	1,134,639
Income tax expenses	15	(98,151)	(63,727)	(5,132)	(9,486)
Profit for the period		1,728,292	2,262,669	1,395,120	1,125,153
Profit attributable to:					
Equity holders of the Company		1,728,292	2,262,669	1,395,120	1,125,153
Earnings per share					
Basic earnings per share	16				
Profit attributable to equity holders of the Company (Baht)		2.15	2.81	1.73	1.40
Weighted average number of 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 2018

(Unit: Thousand Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the period		<u>1,728,292</u>	<u>2,262,669</u>	<u>1,395,120</u>	<u>1,125,153</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	(128,426)	105,300	-	-
Exchange differences on translation of financial statements in foreign currency - net of income tax	15	<u>(229,477)</u>	<u>(637,661)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(357,903)</u>	<u>(532,361)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period		<u>(357,903)</u>	<u>(532,361)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>1,370,389</u>	<u>1,730,308</u>	<u>1,395,120</u>	<u>1,125,153</u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>1,370,389</u>	<u>1,730,308</u>	<u>1,395,120</u>	<u>1,125,153</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 2018

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit before tax	1,826,443	2,326,396	1,400,252	1,134,639
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	801,257	808,260	283,898	266,328
Amortisation expenses	9,684	8,394	3,462	2,575
Reversal of allowance for doubtful accounts	(2,634)	(5,477)	-	-
Reduction of inventories to net realisable value (reversal)	(4,118)	26,470	(1,356)	29,127
Write-off of obsolete and damaged inventories	(8,918)	(101,662)	(8,918)	(95,400)
Dividend income from subsidiary companies	-	-	(625,000)	(420,000)
Dividend income from other companies	(1,690)	(57)	(63)	(57)
Loss (gain) on disposals/write-off of assets	1,422	5,435	(6,905)	(2,422)
Reversal of allowance for impairment loss on assets	-	(211)	-	(211)
Provision for long-term employee benefits	35,319	40,732	17,134	23,117
Gain on sales/redemption of short-term investments	(6,325)	(17,318)	-	-
Revaluation gain on investments in securities held for trading	(2,191)	(3,572)	-	-
Unrealised loss (gain) on exchange	(10,222)	(10,409)	27,028	(19,854)
Unrealised gain on forward contracts	(67,332)	(100,090)	-	-
Interest income from short-term investments	(96,839)	(108,812)	-	-
Profit from operating activities before changes in operating assets and liabilities	2,473,856	2,868,079	1,089,532	917,842

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 2018

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Trade and other receivables	(255,101)	(267,065)	(311,584)	(81,544)
Inventories	(557,738)	(84,145)	(272,408)	(343,209)
Other current assets	86,949	15,322	(29,973)	13,003
Other non-current assets	(2,560)	-	-	-
Operating liabilities increase (decrease)				
Trade and other payables	69,880	140,190	47,594	21,443
Other current liabilities	48,373	(47,421)	712	(2,518)
Cash from operating activities	1,863,659	2,624,960	523,873	525,017
Cash paid for long-term employee benefits	(7,911)	(9,971)	(5,245)	(4,575)
Cash paid for income tax	(124,113)	(69,862)	(6,333)	(7,346)
Net cash from operating activities	1,731,635	2,545,127	512,295	513,096
Cash flows from investing activities				
Increase in fixed deposits with financial institutions	(13,025)	-	-	-
Decrease (increase) in short-term investments	(833,438)	(905,356)	50,000	(250,000)
Interest income from short-term investments	133,452	110,819	-	-
Proceeds from sales/redemption of short-term investments				
	370,398	356,926	-	-
Dividend income from subsidiary companies	-	-	625,000	420,000
Dividend income from other companies	1,690	57	63	57
Increase in other long-term investments	(80,468)	(76,747)	-	-
Acquisitions of plant and equipment	(1,108,979)	(705,261)	(288,101)	(237,669)
Proceeds from disposals of equipment	12,070	11,765	8,898	6,932
Increase in intangible assets	(6,716)	(690)	(7,021)	(7,320)
Decrease (increase) in other non-current assets	77,368	(20,837)	2,521	-
Cash paid for withholding tax	-	(12,550)	-	-
Net cash from (used in) investing activities	(1,447,648)	(1,241,874)	391,360	(68,000)

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 2018

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</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	(520,892)	498,374	98,776	(359,783)
Translation adjustment	(228,845)	(637,431)	-	-
Net increase (decrease) in cash and cash equivalents	(749,737)	(139,057)	98,776	(359,783)
Cash and cash equivalents at beginning of the period	<u>4,756,538</u>	<u>6,347,595</u>	<u>402,023</u>	<u>963,994</u>
Cash and cash equivalents at end of the period				
(Note 3)	<u>4,006,801</u>	<u>6,208,538</u>	<u>500,799</u>	<u>604,211</u>

Supplemental cash flow information

Non-cash related transactions from investing activities

Net increase (decrease) in accounts payable for purchases of plant and equipment	436,965	143,900	(15,105)	90,903
Revaluation gain (loss) on changes in fair value of available-for-sale investments	(128,426)	105,300	-	-
Translation adjustment for deferred tax assets	632	230	-	-

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 nine-month period ended 30 September 2018

(Unit: Thousand Baht)

		Consolidated financial statements							
		Other components of shareholders' equity							
		Other comprehensive income							
		Surplus (deficit)							
		on changes in Exchange differences Total other							
		value of on translation of components of Total							
		available-for-sale financial statements shareholders' shareholders'							
		investments in foreign currency equity equity							
Note	Issued and	Share	Retained earnings		value of	Exchange differences	Total other	Total	
	paid up	premium	Appropriated -	Unappropriated	on changes in	on translation of	components of	shareholders'	
	share capital		statutory reserve		available-for-sale	financial statements	shareholders'	shareholders'	
					investments	in foreign currency	equity	equity	
	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	-	-	-	2,262,669	-	-	-	2,262,669
	Other comprehensive income for the period	-	-	-	-	105,300	(637,661)	(532,361)	(532,361)
	Total comprehensive income for the period	-	-	-	2,262,669	105,300	(637,661)	(532,361)	1,730,308
	Dividend paid	18	-	-	(804,879)	-	-	-	(804,879)
	Unappropriated retained earnings transferred to statutory reserve	-	-	422	(422)	-	-	-	-
	Balance as at 30 September 2017	<u>804,879</u>	<u>1,723,219</u>	<u>428,706</u>	<u>17,545,903</u>	<u>210,209</u>	<u>174,278</u>	<u>384,487</u>	<u>20,887,194</u>
	Balance as at 31 December 2017	804,879	1,723,219	443,691	17,504,229	214,569	(709)	213,860	20,689,878
	Profit for the period	-	-	-	1,728,292	-	-	-	1,728,292
	Other comprehensive income for the period	-	-	-	-	(128,426)	(229,477)	(357,903)	(357,903)
	Total comprehensive income for the period	-	-	-	1,728,292	(128,426)	(229,477)	(357,903)	1,370,389
	Dividend paid	18	-	-	(804,879)	-	-	-	(804,879)
	Balance as at 30 September 2018	<u>804,879</u>	<u>1,723,219</u>	<u>443,691</u>	<u>18,427,642</u>	<u>86,143</u>	<u>(230,186)</u>	<u>(144,043)</u>	<u>21,255,388</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 changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

Separate financial statements					
	Issued and paid up share capital	Share premium	Retained earnings		Total shareholders' equity
Note			Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2016	804,879	1,723,219	100,000	5,819,440	8,447,538
Profit for the period	-	-	-	1,125,153	1,125,153
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,125,153	1,125,153
Dividend paid	-	-	-	(804,879)	(804,879)
Balance as at 30 September 2017	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>6,139,714</u>	<u>8,767,812</u>
Balance as at 31 December 2017	804,879	1,723,219	100,000	6,205,966	8,834,064
Profit for the period	-	-	-	1,395,120	1,395,120
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,395,120	1,395,120
Dividend paid	-	-	-	(804,879)	(804,879)
Balance as at 30 September 2018	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>6,796,207</u>	<u>9,424,305</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 2018

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 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 2017. There are no changes in the group structure during the current period.

1.4 New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the periods, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective in the future

During the periods, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

Thai Financial Reporting Standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial Reporting Standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting Standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

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 2017.

3. Cash and cash equivalents

Cash and cash equivalents as at 30 September 2018 and 31 December 2017 as reflected in the statements of financial position consist of the followings:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Cash	1,312	1,270	267	287
Bank deposits	2,563,904	3,374,647	200,532	401,736
Fixed deposits with maturity not over 3 months	1,441,585	1,380,621	300,000	-
Total cash and cash equivalents	4,006,801	4,756,538	500,799	402,023

As at 30 September 2018, bank deposits in savings accounts and fixed deposits carried interests between 0.001 and 1.100 percent per annum (31 December 2017: 0.001 and 2.000 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 30 September		For the nine-month periods ended 30 September		
	2018	2017	2018	2017	
Transactions with subsidiary companies (eliminated from the consolidated financial statements)					
Sales of goods	46	45	114	145	Prices agreed between the parties due to the uniqueness of products sold to each customer
Dividend income	-	-	625	420	Declared rate
Purchase of materials	67	46	165	112	Cost plus mark up
Service fee expenses	2	2	6	7	Rates stipulated in the agreement

(Unaudited but reviewed)

As at 30 September 2018 and 31 December 2017, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Trade and other receivables (Note 7)				
Trade receivables - related parties				
Subsidiary companies	-	-	15,099	7,658
Total trade receivables - related parties	-	-	15,099	7,658
Other receivables - related parties				
Related companies (by way of common directors)	170	76	-	-
Total other receivables - related parties	170	76	-	-
Total trade and other receivables	170	76	15,099	7,658
Trade and other payables (Note 14)				
Trade payables - related parties				
Subsidiary companies	-	-	233,791	241,780
Total trade payables - related parties	-	-	233,791	241,780
Total trade and other payables	-	-	233,791	241,780

Directors' and management's benefits

During the three-month and nine-month periods ended 30 September 2018 and 2017, 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 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Short-term employee benefits	26.5	21.8	3.6	3.4
Post-employment benefits	0.4	0.4	0.2	0.3
Total	26.9	22.2	3.8	3.7

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	73.5	67.2	10.6	10.2
Post-employment benefits	1.0	1.2	0.5	0.8
Total	<u>74.5</u>	<u>68.4</u>	<u>11.1</u>	<u>11.0</u>

5. Short-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	30 September 2018		31 December 2017	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Securities held for trading (Note 5.1)				
Overseas marketable equity securities	972,198	988,154	163,405	177,102
Unsecured subordinated notes	-	-	24,162	24,230
Total	<u>972,198</u>	<u>988,154</u>	<u>187,567</u>	<u>201,332</u>
Add: Gain on changes in fair value of investments	<u>15,956</u>		<u>13,765</u>	
Investments in securities held for trading	<u>988,154</u>		<u>201,332</u>	
Available-for-sale securities (Note 5.2)				
Overseas marketable corporate bonds	1,147,336	1,229,931	1,263,322	1,423,490
Local quoted bonds	-	-	32,683	34,270
Overseas quoted bonds	<u>684,999</u>	<u>688,547</u>	<u>783,357</u>	<u>836,171</u>
Total	<u>1,832,335</u>	<u>1,918,478</u>	<u>2,079,362</u>	<u>2,293,931</u>
Add: Gain on changes in fair value of investments	<u>86,143</u>		<u>214,569</u>	
Investments in available-for-sale securities	<u>1,918,478</u>		<u>2,293,931</u>	
Fixed deposits with financial institutions				
Fixed deposits within 1 year	<u>1,954,080</u>	<u>1,954,080</u>	<u>2,022,319</u>	<u>2,022,319</u>
Fixed deposits with financial institutions	<u>1,954,080</u>	<u>1,954,080</u>	<u>2,022,319</u>	<u>2,022,319</u>
Total short-term investments	<u>4,860,712</u>	<u>4,860,712</u>	<u>4,517,582</u>	<u>4,517,582</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	30 September 2018		31 December 2017	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Fixed deposits with financial institution				
Fixed deposits within 1 year	200,000	200,000	250,000	250,000
Fixed deposits with financial institution	200,000	200,000	250,000	250,000
Total short-term investments	200,000	200,000	250,000	250,000

As at 30 September 2018, fixed deposits with financial institutions carried interest between 1.063 and 2.015 percent per annum (31 December 2017: 0.150 and 1.820 percent per annum).

(Unaudited but reviewed)

5.1 Securities held for trading

Movements of investments in securities held for trading for the nine-month period ended 30 September 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements						
	Cost as at 31 December 2017	Purchase	Proceeds from sales/ redemption of investments	Loss on sales/ redemption of investments	Translation adjustment	Cost as at 30 September 2018	Fair value as at 30 September 2018
Overseas marketable equity securities							
Mutual funds	98,043	-	-	-	(823)	97,220	102,837
Investment trusts	65,362	-	-	-	(549)	64,813	73,634
Supply chain finance funds	-	820,563	-	-	(10,398)	810,165	811,683
Total	163,405	820,563	-	-	(11,770)	972,198	988,154
Unsecured subordinated notes	24,162	-	(23,380)	(260)	(522)	-	-
Total investments in securities held for trading	187,567	820,563	(23,380)	(260)	(12,292)	972,198	988,154

As at 30 September 2018, the subsidiary had assessed the fair value of the above securities held for trading by referring to the value quoted by the banks which are comparable to quoted prices, the result of which was a revaluation surplus on the fair value of USD 0.49 million or equivalent to approximately Baht 15.96 million (31 December 2017: surplus of USD 0.42 million or equivalent to approximately Baht 13.77 million). The gain on change in the fair value of approximately Baht 2.19 million (2017: gain of approximately Baht 3.57 million) was recognised in the income statements.

(Unaudited but reviewed)

5.2 Available-for-sale securities

Movements of investments in available-for-sale securities for the nine-month period ended 30 September 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements						
	Cost as at 31 December 2017	Purchase	Proceeds from sales/ redemption of investments	Gain (loss) on sales/ redemption of investments	Translation adjustment	Cost as at 30 September 2018	Fair value as at 30 September 2018
Overseas marketable corporate bonds	1,263,322	94,040	(187,858)	(658)	(21,509)	1,147,337	1,229,931
Local quoted bonds	32,683	-	(32,891)	66	142	-	-
Overseas quoted bonds	783,357	30,264	(126,269)	7,177	(9,531)	684,998	688,547
Total investments in available-for-sale securities	2,079,362	124,304	(347,018)	6,585	(30,898)	1,832,335	1,918,478

As at 30 September 2018, the subsidiary had assessed the fair value of the bonds by referring to the values quoted by the three overseas banks which are comparable to quoted prices, the result of which was a revaluation surplus on the fair value of USD 2.7 million or equivalent to approximately Baht 86.14 million (31 December 2017: surplus of USD 6.57 million or equivalent to approximately Baht 214.57 million). The loss on change in the fair value of approximately Baht 128.43 million (2017: gain of approximately Baht 105.30 million) was recognised as other comprehensive income in the statements of comprehensive income.

6. Long-term fixed deposits with financial institution

As at 30 September 2018, an overseas subsidiary had long-term fixed deposits with financial institution of China Yuan 101.7 million or equivalent to Baht 478.4 million, which are portion due within one year by March and April 2019, carrying interest between 2.10 and 2.24 percent per annum (31 December 2017: China Yuan 92.8 million or equivalent to Baht 465.4 million, which are portion due within one year by March and April 2018, carrying interest between 2.10 and 4.55 percent per annum).

7. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
<u>Age of receivables</u>				
Trade receivables - subsidiary companies				
Not yet due	-	-	7,388	265
Past due				
Up to 3 months	-	-	7,671	628
3 - 6 months	-	-	-	138
6 - 12 months	-	-	-	1,304
Over 12 months	-	-	40	5,323
Total trade receivables - subsidiary companies (Note 4)	-	-	15,099	7,658
Trade receivables - unrelated parties				
Not yet due	3,310,586	3,065,095	1,207,861	1,010,684
Past due				
Up to 3 months	622,140	647,929	368,130	290,552
3 - 6 months	19,661	14,756	9,219	2,728
6 - 12 months	1,629	681	477	94
Over 12 months	3,354	9,130	137	99
Total trade receivables - unrelated parties	3,957,370	3,737,591	1,585,824	1,304,157
Less: Allowance for doubtful accounts	(8,525)	(11,159)	-	-
Total trade receivables - unrelated parties - net	3,948,845	3,726,432	1,585,824	1,304,157
Total trade receivables - net	3,948,845	3,726,432	1,600,923	1,311,815
Input tax receivables	74,777	55,970	5,446	2,947
Other receivables - related parties (Note 4)	170	76	-	-
Other receivables - unrelated parties	76,510	121,700	8,959	5,408
Total other receivables	151,457	177,746	14,405	8,355
Trade and other receivables - net	4,100,302	3,904,178	1,615,328	1,320,170

(Unaudited but reviewed)

8. Adjustment 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 2018 are summarised below.

Inventory provision	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2017	144,555	72,079
Reduction of inventory value during the period	43,463	21,589
Reversal of reduction of inventory value during the period	(47,513)	(22,945)
Write-off obsolete and damaged inventories during the period	(8,918)	(8,918)
Translation adjustment	(68)	-
Balance as at 30 September 2018	131,519	61,805

9. Investments in subsidiary companies

Company's name	(Unit: Thousand Baht)							
	Paid up capital		Shareholding percentage		Cost		Dividend received for the nine-month periods ended	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September	
			Percent	Percent			2018	2017
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910	175,000	420,000
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100	450,000	-
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	625,000	420,000

(Unaudited but reviewed)

In July 2017, Hana Microelectronics Enterprise Company Limited, an overseas subsidiary company, has invested in 200,000 ordinary shares of Power Master Semiconductor Company Limited, a newly established company located in South Korea and principally engaged in semiconductor business, amounting to USD 0.09 million or equivalent to Baht 2.91 million, representing 100% of the issued and paid-up capital of that company.

In February 2018, the overseas subsidiary company has additionally invested in 1,902,157 ordinary shares of Power Master Semiconductor Company Limited, amounting to USD 0.90 million or equivalent to Baht 28.32 million.

In June 2018, the overseas subsidiary company has additionally invested in 4,442,000 ordinary shares of Power Master Semiconductor Company Limited, amounting to USD 2 million or equivalent to Baht 66.33 million.

As at 30 September 2018, the overseas subsidiary company has invested in 6,544,157 ordinary shares of Power Master Semiconductor Company Limited, amounting to USD 2.99 million or equivalent to Baht 97.56 million, representing 100% of the issued and paid-up capital of that company.

10. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Cost/Amortised cost		Cost/Amortised cost	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<u>Other long-term investments</u>				
Available-for-sale securities				
Local marketable equity securities	97	97	97	97
	97	97	97	97
Held-to-maturity debt securities				
Overseas debt securities	64,813	65,362	-	-
	64,813	65,362	-	-
Other investments				
Preferred shares issued by an overseas company	78,080	-	-	-
Overseas equity securities	9,722	9,804	-	-
Total	87,802	9,804	-	-
Less: Allowance for impairment loss	(9,722)	(9,804)	-	-
Translation adjustment	2,937	-	-	-
	81,017	-	-	-
Total other long-term investments - net	145,927	65,459	97	97

During the third quarter of 2017, Hana Microelectronics International Company Limited, an overseas subsidiary company, has invested in a 3-year fund linked capital return note issued by an overseas bank amounting to USD 2 million or equivalent to Baht 62.46

(Unaudited but reviewed)

million, with maturity date on 14 July 2020. The parties mutually agreed that the subsidiary will receive the principal amount of USD 2 million at the maturity date and gain from rising of fund price, between the reference price at initial valuation date and the final closing index of the fund upon maturity date at the agreed rate in a case that the closing index of the fund upon maturity date is higher than the initial reference price. This investment is classified as investment in held-to-maturity debt securities.

During the first quarter of 2018, Hana Microelectronics Investment Company Limited, an overseas subsidiary company, has invested in 1,250,000 preferred shares of MAPS, Inc., a company incorporated in South Korea and principally engaged in semiconductor business, amounting to USD 2.5 million or equivalent to Baht 78.08 million, representing 8.7% of issued and paid-up capital of that company.

11. Investment property

The fair value of the investment property, representing land, based on market price as at 30 September 2018 amounted to approximately Baht 96 million (31 December 2017: Baht 96 million).

12. Property, plant and equipment

Movements in the property, plant and equipment account during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2017	6,065,872	2,632,563
Acquisitions during the period - at cost	1,533,955	272,996
Disposals/write-off during the period - net book value at disposal/write-off date	(13,492)	(1,993)
Depreciation for the period	(801,257)	(283,898)
Translation adjustment	11,989	-
Net book value as at 30 September 2018	<u>6,797,067</u>	<u>2,619,668</u>

13. Land leasehold rights

Movements in land leasehold rights account during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 31 December 2017	130,882
Amortisation for the period	(2,096)
Translation adjustment	(1,116)
Net book value as at 30 September 2018	<u>127,670</u>

14. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
Trade payables - related parties (Note 4)	-	-	233,791	241,780
Trade payables - unrelated parties	2,182,648	2,242,642	721,247	733,413
Advance received from customers	151,848	175,969	23,450	16,956
Other payables for purchase of machinery	582,442	145,477	44,466	59,571
Accrued expenses	508,613	356,877	97,431	28,292
Total trade and other payables	<u>3,425,551</u>	<u>2,920,965</u>	<u>1,120,385</u>	<u>1,080,012</u>

15. 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 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Interim corporate income tax charge	29,036	31,338	792	959
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,749)	(493)	(349)	939
Income tax expenses reported in the income statement	<u>27,287</u>	<u>30,845</u>	<u>443</u>	<u>1,898</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Interim corporate income tax charge	93,968	64,246	5,537	6,606
Deferred tax:				
Relating to origination and reversal of temporary differences	4,183	(519)	(405)	2,880
Income tax expenses reported in the income statement	<u>98,151</u>	<u>63,727</u>	<u>5,132</u>	<u>9,486</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 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	763	23	-	-

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	632	230	-	-

16. 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 in issue during the period.

(Unaudited but reviewed)

17. 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 operating segments.

The following table presents revenue and profit information regarding the Company's and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2018 and 2017.

(Unit: Million Baht)

Consolidated financial statements for the three-month periods ended 30 September														
	Printed Circuit		Board Assembly		Integrated Circuit		Others		Total reportable segments		Eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenues from external customers	3,279	2,974	2,465	2,530	274	245	6,018	5,749	-	-	6,018	5,749		
Intersegment revenues	944	924	213	273	371	368	1,528	1,565	(1,528)	(1,565)	-	-		
Total revenues	<u>4,223</u>	<u>3,898</u>	<u>2,678</u>	<u>2,803</u>	<u>645</u>	<u>613</u>	<u>7,546</u>	<u>7,314</u>	<u>(1,528)</u>	<u>(1,565)</u>	<u>6,018</u>	<u>5,749</u>		
Segment profit	582	460	396	293	105	82	1,083	835	3	-	1,086	835		
Interest income											45	49		
Dividend income											1	-		
Gain on exchange											71	122		
Other income											61	87		
Selling expenses											(41)	(40)		
Administrative expenses											(289)	(250)		
Finance cost											(2)	(2)		
Income tax expenses											(27)	(31)		
Profit for the period											<u>905</u>	<u>770</u>		

(Unaudited but reviewed)

(Unit: Million Baht)

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

	Printed Circuit Board Assembly (PCBA)		Integrated Circuit (IC)		Others		Total reportable segments		Eliminations		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues from external customers	9,402	8,731	6,516	6,601	745	887	16,663	16,219	-	-	16,663	16,219
Intersegment revenues	2,684	2,731	595	730	1,076	999	4,355	4,460	(4,355)	(4,460)	-	-
Total revenues	<u>12,086</u>	<u>11,462</u>	<u>7,111</u>	<u>7,331</u>	<u>1,821</u>	<u>1,886</u>	<u>21,018</u>	<u>20,679</u>	<u>(4,355)</u>	<u>(4,460)</u>	<u>16,663</u>	<u>16,219</u>
Segment profit	1,341	1,279	748	847	292	314	2,381	2,440	4	3	2,385	2,443
Interest income											142	156
Dividend income											2	-
Gain on exchange											23	417
Other income											232	200
Selling expenses											(120)	(116)
Administrative expenses											(833)	(768)
Finance cost											(5)	(5)
Income tax expenses											(98)	(64)
Profit for the period											<u>1,728</u>	<u>2,263</u>

18. Dividend paid

During the nine-month periods ended 30 September 2018 and 2017, the Company and its subsidiary companies had dividend payments as follows:

		Approved by	Total dividends	Dividend per
			Thousand Baht	share
				Baht
<u>The Company</u>				
<u>For the year 2018</u>				
Dividends on 2017 income and unappropriated retained earnings	Annual General Meeting of the shareholders on 30 April 2018		804,879	1.00
<u>For the year 2017</u>				
Dividends on 2016 income and unappropriated retained earnings	Annual General Meeting of the shareholders on 28 April 2017		804,879	1.00
<u>Subsidiary companies</u>				
Hana Semiconductor (BKK) Company Limited				
<u>For the year 2018</u>				
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 27 April 2018		450,000	4.50
Hana Semiconductor (Ayutthaya) Company Limited				
<u>For the year 2018</u>				
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 18 April 2018		300,000	2.50
<u>For the year 2017</u>				
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 17 April 2017		720,000	6.00

19. Commitments and contingent liabilities**19.1 Capital commitments**

As at 30 September 2018, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery totaling USD 20.7 million and CNY 1.6 million or equivalent to Baht 681 million (31 December 2017: USD 4.8 million and CNY 3.7 million or equivalent to Baht 174 million) and the Company only of approximately USD 4.7 million or equivalent to Baht 152 million (31 December 2017: USD 2.8 million or equivalent to Baht 91 million).

19.2 Commitments under operating lease and service agreements

The Company and its subsidiaries have entered into the lease agreements in respect of the lease of equipment and land and the service agreements in respect of building and factory. The terms of the agreements are generally between 1 and 3 years.

Future minimum payments required under these operating lease and service agreements were as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Payable:				
In up to 1 year	21.6	45.3	9.6	27.2
In over 1 year and up to 3 years	6.9	17.8	1.6	3.6

19.3 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.

19.4 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.

19.5 Guarantees

As at 30 September 2018, there were outstanding bank guarantees of approximately Baht 56 million (31 December 2017: Baht 56 million) and the Company only of approximately Baht 26 million (31 December 2017: Baht 26 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.

20. Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises 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 exchange contracts will mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 30 September 2018 and 31 December 2017 are summarised below.

Foreign currency	Financial assets as at		Financial liabilities as at		Average exchange rate as at	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	(Million)	(Million)	(Million)	(Million)	(Baht per foreign currency unit)	
South Korean Won	1,521	43	-	-	0.0291	0.0306
China Yuan	275	319	86	101	4.7074	5.0145
US Dollar	248	229	68	51	32.4066	32.6809
Japan Yen	49	143	13	121	0.2855	0.2898
Indian Rupee	40	40	-	-	0.4489	0.5104
Hong Kong Dollar	4	12	-	1	4.1459	4.1803
Singapore Dollar	2	2	-	1	23.7017	24.4503
Brazilian Real	2	2	-	-	8.0071	9.7400
Euro	2	4	-	-	37.7206	39.0273
Macau Pataca	1	1	-	-	3.9907	3.9891

As at 30 September 2018 and 31 December 2017, the two overseas subsidiary companies had outstanding forward exchange contracts, of which details are presented below.

As at 30 September 2018

Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
140	22 October 2018 - 21 February 2019	31.010 - 33.210

As at 31 December 2017

Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
140	17 January 2018 - 23 August 2018	32.370 - 33.930

21. Fair value of financial instruments

As of 30 September 2018, the Company and its subsidiaries had the following assets 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	988,154	-	988,154
Available-for-sale investments			
Marketable corporate bonds	1,229,931	-	1,229,931
Quoted bonds	688,547	-	688,547
Derivatives			
Foreign currency forward contracts - gain	-	46,755	46,755

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.

22. Event after the reporting period

On 10 October 2018, the Meeting of the Board of Directors of the Company No. 5/2018 passed a resolution approving the payment of interim dividend from the profit for the first six-month period of 2018 to the Company's shareholders at Baht 1 per share or a total of approximately Baht 805 million. The dividends were paid to the shareholders on 9 November 2018.

23. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 November 2018.