

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month period ended 31 March 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 31 March 2018, 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.

Kamontip Lertwitworatep

Certified Public Accountant (Thailand) No. 4377

EY Office Limited

Bangkok: 11 May 2018

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	5,770,157	4,756,538	539,098	402,023
Short-term investments	5	3,437,692	4,517,582	150,000	250,000
Current portion of long-term fixed deposits					
with financial institution	9	496,879	465,391	-	-
Trade and other receivables	4, 6	3,767,199	3,904,178	1,513,790	1,320,170
Inventories	7	4,123,395	4,082,874	1,733,019	1,746,911
Other current assets		245,558	166,895	16,241	21,739
Total current assets		17,840,880	17,893,458	3,952,148	3,740,843
Non-current assets					
Investments in subsidiary companies	8	-	-	3,583,449	3,583,449
Other long-term investments	10	140,640	65,459	97	97
Investment property	11	72,304	72,304	72,304	72,304
Property, plant and equipment	12	6,042,746	6,065,872	2,611,000	2,632,563
Land leasehold rights	13	124,407	130,882	-	-
Intangible assets		50,153	49,942	33,338	32,220
Deferred tax assets		29,436	26,710	1,721	1,392
Other non-current assets		22,134	98,471	3,424	3,423
Total non-current assets		6,481,820	6,509,640	6,305,333	6,325,448
Total assets		24,322,700	24,403,098	10,257,481	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 31 March 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	4, 14	2,740,451	2,920,965	1,096,390	1,080,012
Short-term provisions		312,318	326,809	-	-
Income tax payable		29,058	40,486	3,775	2,103
Other current liabilities		120,802	97,658	23,276	22,002
Total current liabilities		3,202,629	3,385,918	1,123,441	1,104,117
Non-current liabilities					
Provision for long-term employee benefits		336,452	327,302	132,073	128,110
Total non-current liabilities		336,452	327,302	132,073	128,110
Total liabilities		3,539,081	3,713,220	1,255,514	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		18,057,667	17,504,229	6,373,869	6,205,966
Other components of shareholders' equity		(245,837)	213,860	-	-
Total shareholders' equity		20,783,619	20,689,878	9,001,967	8,834,064
Total liabilities and shareholders' equity		24,322,700	24,403,098	10,257,481	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 31 March 2018

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenues					
Sales		5,194,856	5,237,773	2,280,492	2,001,373
Interest income		49,888	51,052	1,165	2,113
Dividend income		908	-	-	-
Gain on exchange		188,179	190,872	-	-
Others income		89,756	46,507	10,726	6,431
Total revenues		5,523,587	5,526,204	2,292,383	2,009,917
Expenses					
Cost of sales		4,635,107	4,394,233	2,012,687	1,671,082
Selling expenses		36,341	39,334	9,117	9,182
Administrative expenses		268,306	262,444	85,080	82,476
Loss on exchange		-	-	15,781	8,705
Total expenses		4,939,754	4,696,011	2,122,665	1,771,445
Profit before finance cost and income tax expenses					
		583,833	830,193	169,718	238,472
Finance cost		(1,674)	(1,943)	(463)	(514)
Profit before income tax expenses		582,159	828,250	169,255	237,958
Income tax expenses	15	(28,721)	(10,662)	(1,352)	(4,868)
Profit for the period		553,438	817,588	167,903	233,090
Profit attributable to:					
Equity holders of the Company		553,438	817,588	167,903	233,090
Earnings per share					
16					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)					
		0.69	1.02	0.21	0.29
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 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit for the period		<u>553,438</u>	<u>817,588</u>	<u>167,903</u>	<u>233,090</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	(71,869)	69,919	-	-
Exchange differences on translation of financial statements in foreign currency - net of income tax	15	<u>(387,828)</u>	<u>(384,032)</u>	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(459,697)</u>	<u>(314,113)</u>	-	-
Other comprehensive income for the period		<u>(459,697)</u>	<u>(314,113)</u>	-	-
Total comprehensive income for the period		<u>93,741</u>	<u>503,475</u>	<u>167,903</u>	<u>233,090</u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>93,741</u>	<u>503,475</u>	<u>167,903</u>	<u>233,090</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 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	582,159	828,250	169,255	237,958
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	260,329	282,365	92,704	89,895
Amortisation expenses	3,149	2,755	1,112	821
Allowance for doubtful accounts (reversal)	(852)	8,496	-	-
Reduction of inventories to net realisable value (reversal)	4,553	20,073	(2,335)	15,713
Dividend income from other company	(908)	-	-	-
Loss (gain) on disposals/write-off of assets	(1,553)	5,372	(4,729)	211
Reversal of allowance for impairment loss on assets	(21)	-	(21)	-
Provision for long-term employee benefits	14,206	15,263	7,402	8,250
Gain on sales/redemption of short-term investments	(6,091)	(379)	-	-
Revaluation loss (gain) on investments in securities held for trading	190	(2,113)	-	-
Unrealised loss (gain) on exchange	(28,403)	(230,659)	(261)	7,048
Unrealised loss (gain) on forward contracts	9,814	(196,090)	-	-
Interest income from short-term investments	(35,685)	(39,825)	-	-
Profit from operating activities before changes in operating assets and liabilities	800,887	693,508	263,127	359,896

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 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	100,533	51,935	(196,864)	(113,552)
Inventories	(45,075)	(105,408)	16,227	(99,415)
Other current assets	(95,917)	19,006	3,824	4,626
Other non-current assets	(891)	-	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(174,456)	61,849	30,837	(8,647)
Other current liabilities	54,547	(2,821)	1,274	2,452
Cash from operating activities	639,628	718,069	118,425	145,360
Cash paid for long-term employee benefits	(5,056)	(5,009)	(3,439)	(2,070)
Cash paid for income tax	(43,372)	(29,766)	(9)	(22)
Net cash from operating activities	591,200	683,294	114,977	143,268
Cash flows from investing activities				
Decrease in fixed deposits with financial institutions	749,369	-	100,000	-
Decrease in short-term investments	63,673	104,034	-	-
Interest income from short-term investments	63,010	37,491	-	-
Proceeds from sales/redemption of short-term investments				
	160,937	157,437	-	-
Dividend income from other company	908	-	-	-
Increase in other long-term investments	(75,181)	-	-	-
Acquisitions of plant and equipment	(238,243)	(106,559)	(80,531)	(46,308)
Proceeds from disposals of equipment	4,859	-	4,859	-
Decrease (increase) in intangible assets	3,116	5,748	(2,230)	-
Decrease (increase) in other non-current assets	77,228	(4,631)	-	(2,245)
Net cash from (used in) investing activities	809,676	193,520	22,098	(48,553)

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 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	-	-	-	-
Net cash from financing activities	-	-	-	-
Increase in cash and cash equivalents	1,400,876	876,814	137,075	94,715
Translation adjustment	(387,257)	(384,095)	-	-
Net increase in cash and cash equivalents	1,013,619	492,719	137,075	94,715
Cash and cash equivalents at beginning of the period	4,756,538	6,347,595	402,023	963,994
Cash and cash equivalents at end of the period				
(Note 3)	5,770,157	6,840,314	539,098	1,058,709

Supplemental cash flow information

Non-cash related transactions from investing activities

Net increase (decrease) in accounts payable for purchases of plant and equipment	2,245	21,536	(9,281)	374
Revaluation gain (loss) on changes in fair value of available-for-sale investments	(71,869)	69,919	-	-
Translation adjustment for deferred tax assets	571	238	-	-

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 2018

(Unit: Thousand Baht)

	Consolidated financial statements							
					Other components of shareholders' equity			
					Other comprehensive income			
					Surplus (deficit)			
Issued and	Share	Retained earnings		value of	Exchange differences	Total other	Total	
paid up	premium	Appropriated -	Unappropriated	available-for-sale	on translation of	components of	shareholders'	
share capital		Statutory reserve		investments	in foreign currency	shareholders' equity	shareholders' 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	-	-	-	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	<u>804,879</u>	<u>1,723,219</u>	<u>428,284</u>	<u>16,906,123</u>	<u>174,828</u>	<u>427,605</u>	<u>602,433</u>	<u>20,464,938</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	-	-	-	553,438	-	-	-	553,438
Other comprehensive income for the period	-	-	-	-	(71,869)	(387,828)	(459,697)	(459,697)
Total comprehensive income for the period	-	-	-	553,438	(71,869)	(387,828)	(459,697)	93,741
Balance as at 31 March 2018	<u>804,879</u>	<u>1,723,219</u>	<u>443,691</u>	<u>18,057,667</u>	<u>142,700</u>	<u>(388,537)</u>	<u>(245,837)</u>	<u>20,783,619</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 three-month period ended 31 March 2018

(Unit: Thousand Baht)

	Separate financial statements				Total Shareholders' equity
	Issued and paid up share capital	Share premium	Retained earnings		
			Appropriated - Statutory reserve	Unappropriated	
Balance as at 31 December 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	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>6,052,530</u>	<u>8,680,628</u>
Balance as at 31 December 2017	804,879	1,723,219	100,000	6,205,966	8,834,064
Profit for the period	-	-	-	167,903	167,903
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	167,903	167,903
Balance as at 31 March 2018	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>6,373,869</u>	<u>9,001,967</u>

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

Hana Microelectronics Public Company Limited and its subsidiaries
Notes to interim financial statements
For the three-month period ended 31 March 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 period, 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 standard that will become effective in the future

During the period, 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. Key principles of this standard 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.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is 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 31 March 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	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Cash	1,565	1,270	337	287
Bank deposits	4,328,395	3,374,647	538,761	401,736
Fixed deposits with maturity not over 3 months	1,440,197	1,380,621	-	-
Total cash and cash equivalents	5,770,157	4,756,538	539,098	402,023

As at 31 March 2018, bank deposits in savings accounts and fixed deposits carried interests between 0.001 and 0.375 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 31 March		
	2018	2017	
Transactions with subsidiary companies (eliminated from the consolidated financial statements)			
Sales of goods	38	52	Prices agreed between the parties due to the uniqueness of products sold to each customer
Purchase of materials	43	35	Cost plus mark up
Service fee expenses	2	2	Rates stipulated in the agreement

(Unaudited but reviewed)

As at 31 March 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
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
Trade and other receivables (Note 6)				
Trade receivables - related parties				
Subsidiary companies	-	-	43,403	7,658
Total trade receivables - related parties	-	-	43,403	7,658
Other receivables - related parties				
Related company (by way of common directors)	153	76	-	-
Total other receivables - related parties	153	76	-	-
Total trade and other receivables	153	76	43,403	7,658
Trade and other payables (Note 14)				
Trade payables - related parties				
Subsidiary companies	-	-	207,001	241,780
Total trade payables - related parties	-	-	207,001	241,780
Total trade and other payables	-	-	207,001	241,780

Directors' and management's benefits

During the three-month periods ended 31 March 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 31 March			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Short-term employee benefits	23.1	22.6	3.4	3.4
Post-employment benefits	0.3	0.4	0.2	0.3
Total	23.4	23.0	3.6	3.7

(Unaudited but reviewed)

5. Short-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 March 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	156,159	169,482	163,405	177,102
Unsecured subordinated notes	22,656	22,908	24,162	24,230
Total	178,815	192,390	187,567	201,332
Add: Gain on changes in fair value of investments	13,575		13,765	
Investments in securities held for trading	192,390		201,332	
Available-for-sale securities (Note 5.2)				
Overseas marketable corporate bonds	1,160,545	1,279,406	1,263,322	1,423,490
Local quoted bonds	31,235	31,954	32,683	34,270
Overseas quoted bonds	672,720	695,840	783,357	836,171
Total	1,864,500	2,007,200	2,079,362	2,293,931
Add: Revaluation surplus on changes in fair value of investments	142,700		214,569	
Investments in available-for-sale securities	2,007,200		2,293,931	
Fixed deposit with financial institutions				
Fixed deposits within 1 year	1,238,102	1,238,102	2,022,319	2,022,319
Fixed deposits with financial institutions	1,238,102	1,238,102	2,022,319	2,022,319
Total short-term investments	3,437,692	3,437,692	4,517,582	4,517,582

(Unit: Thousand Baht)

	Separate financial statements			
	31 March 2018		31 December 2017	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Fixed deposits with financial institution				
Fixed deposits within 1 year	150,000	150,000	250,000	250,000
Fixed deposits with financial institution	150,000	150,000	250,000	250,000
Total short-term investments	150,000	150,000	250,000	250,000

As at 31 March 2018, fixed deposits with financial institutions carried interest between 1.048 and 1.200 percent per annum (31 December 2017: 0.150 and 1.820 percent per annum).

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 2018, the subsidiary had assessed the fair value of the bond investment trust, the interest bearing unsecured subordinated notes and the mutual fund 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 0.43 million or equivalent to approximately Baht 13.57 million (31 December 2017: surplus on the fair value of USD 0.42 million or equivalent to approximately Baht 13.76 million). The loss on change in the fair value of approximately Baht 0.19 million (2017: gain of approximately Baht 2.11 million) was recognised in the income statements.

5.2 Available-for-sale securities

In addition, this subsidiary has invested in corporate bonds listed on the overseas stock exchanges and local and overseas quoted bonds through three overseas banks. These investments are classified as available-for-sale investments. During the three-month period ended 31 March 2018, the subsidiary additionally invested in the overseas quoted bonds, and disposed and redeemed some of the listed corporate bonds and some of the overseas quoted bonds, resulting in a gain of USD 0.20 million or equivalent to approximately Baht 6.09 million (2017: gain of USD 0.01 million or equivalent to approximately Baht 0.38 million).

As at 31 March 2018, the subsidiary had assessed the fair value of the bonds by referring to the values quoted by the above three banks which are comparable to quoted prices, the result of which was a revaluation surplus on the fair value of USD 4.57 million or equivalent to approximately Baht 142.70 million (31 December 2017: surplus on the fair value of USD 6.57 million or equivalent to approximately Baht 214.57 million). The loss on change in the fair value of approximately Baht 71.87 million (2017: gain of approximately Baht 69.92 million) was recognised as other comprehensive income in the statements of comprehensive income.

(Unaudited but reviewed)

6. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Age of receivable				
Trade receivables - subsidiary companies				
Not yet due	-	-	4,468	265
Past due				
Up to 3 months	-	-	34,012	628
3 - 6 months	-	-	531	138
6 - 12 months	-	-	64	1,304
Over 12 months	-	-	4,328	5,323
Total trade receivables - subsidiary companies (Note 4)	-	-	43,403	7,658
Trade receivables - unrelated parties				
Not yet due	3,092,274	3,065,095	1,199,696	1,010,684
Past due				
Up to 3 months	509,086	647,929	253,559	290,552
3 - 6 months	17,499	14,756	2,768	2,728
6 - 12 months	1,855	681	557	94
Over 12 months	4,612	9,130	94	99
Total trade receivables - unrelated parties	3,625,326	3,737,591	1,456,674	1,304,157
Less: Allowance for doubtful accounts	(10,307)	(11,159)	-	-
Total trade receivables - unrelated parties - net	3,615,019	3,726,432	1,456,674	1,304,157
Total trade receivables - net	3,615,019	3,726,432	1,500,077	1,311,815
Input tax receivables	46,320	55,970	2,359	2,947
Other receivables - related parties (Note 4)	153	76	-	-
Other receivables - unrelated parties	105,707	121,700	11,354	5,408
Total other receivables	152,180	177,746	13,713	8,355
Trade and other receivables - net	3,767,199	3,904,178	1,513,790	1,320,170

(Unaudited but reviewed)

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

Movements in the inventory provision to reduce inventories to net realisable value during the three-month period ended 31 March 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	22,406	10,037
Reversal of reduction of inventory value during the period	(16,391)	(12,372)
Translation adjustment	(1,462)	-
Balance as at 31 March 2018	149,108	69,744

8. Investments in subsidiary companies

Company's name	(Unit: Thousand Baht)					
	Paid up capital		Shareholding percentage		Cost	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
			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

In July 2017, Hana Microelectronics Enterprise Company Limited, an overseas subsidiary company, has invested in 200,000 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.

Subsequently in February 2018, the overseas subsidiary company has additionally invested in 1,902,157 shares of Power Master Semiconductor Company Limited, amounting to USD 0.90 million or equivalent to Baht 28.32 million, representing 100% of the issued and paid-up capital of that company.

9. Long-term fixed deposits with financial institution

As at 31 March 2018 and 31 December 2017, the long-term fixed deposits with financial institution of an overseas subsidiary, which are portion due within one year, are as follows:

Consolidated financial statements						
Period			Balance as at			
			31 March 2018		31 December 2017	
Interest rate	Effective date	Maturity date	China Yuan	Equivalent to Baht	China Yuan	Equivalent to Baht
(Percent per annum)			(Million Yuan)	(Million Baht)	(Million Yuan)	(Million Baht)
4.55	5 March 2015	5 March 2018	-	-	50.7	254.2
3.75	20 April 2015	19 April 2018	10.1	50.4	10.1	50.8
2.10	10 April 2017	10 April 2018	32.0	159.2	32.0	160.4
2.90	13 March 2018	13 March 2019	17.3	86.2	-	-
1.95	13 March 2018	13 March 2019	40.4	201.1	-	-
Total			99.8	496.9	92.8	465.4

10. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Cost/Amortised cost		Cost/Amortised cost	
	31 March 2018	31 December 2017	31 March 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	62,464	65,362	-	-
	62,464	65,362	-	-
Other investments				
Preferred shares issued by an overseas company	78,079	-	-	-
Overseas equity securities	9,370	9,804	-	-
Less: Allowance for impairment loss	(9,370)	(9,804)	-	-
	78,079	-	-	-
Total other long-term investments - net	140,640	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 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 based on market price as at 31 March 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 three-month period ended 31 March 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	266,394	71,250
Disposals/write-off during the period - net book value at disposal/write-off date	(3,306)	(130)
Depreciation for the period	(260,329)	(92,704)
Reversal allowance for impairment during the period	21	21
Translation adjustment	(25,906)	-
Net book value as at 31 March 2018	<u>6,042,746</u>	<u>2,611,000</u>

13. Land leasehold rights

Movements in land leasehold rights account during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 31 December 2017	130,882
Amortisation for the period	(674)
Translation adjustment	(5,801)
Net book value As at 31 March 2018	<u>124,407</u>

(Unaudited but reviewed)

14. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
Trade payables - related parties (Note 4)	-	-	207,001	241,780
Trade payables - unrelated parties	2,051,584	2,242,642	752,882	733,413
Advance received from customers	151,721	175,969	19,733	16,956
Other payables for purchase of machinery	147,722	145,477	50,289	59,571
Accrued expenses	389,424	356,877	66,485	28,292
Total trade and other payables	<u>2,740,451</u>	<u>2,920,965</u>	<u>1,096,390</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 periods ended 31 March 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax charge	32,018	14,387	1,682	3,958
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(3,297)</u>	<u>(3,725)</u>	<u>(330)</u>	<u>910</u>
Income tax expense reported in the income statement	<u>28,721</u>	<u>10,662</u>	<u>1,352</u>	<u>4,868</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	<u>571</u>	<u>238</u>	<u>-</u>	<u>-</u>

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 segments.

The following table presents revenue and profit information regarding the Company's and its subsidiaries' operating segments for the three-month periods ended 31 March 2018 and 2017.

	Printed Circuit Board Assembly (PCBA)		Integrated Circuit (IC)		Others		Total reportable segments		Eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from external customers	3,061	2,850	1,905	2,031	229	357	5,195	5,238	-	-	5,195	5,238
Intersegment revenues	806	912	193	215	293	292	1,292	1,419	(1,292)	(1,419)	-	-
Total revenues	<u>3,867</u>	<u>3,762</u>	<u>2,098</u>	<u>2,246</u>	<u>522</u>	<u>649</u>	<u>6,487</u>	<u>6,657</u>	<u>(1,292)</u>	<u>(1,419)</u>	<u>5,195</u>	<u>5,238</u>
Segment profit	342	421	134	297	84	125	560	843	-	1	560	844
Interest income											50	51
Dividend income											1	-
Gain on exchange											188	191
Other income											90	46
Selling expenses											(37)	(39)
Administrative expenses											(268)	(262)
Finance cost											(2)	(2)
Income tax expenses											(29)	(11)
Profit for the period											<u>553</u>	<u>818</u>

18. Commitments and contingent liabilities

18.1 Capital commitments

As at 31 March 2018, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery totaling USD 11.9 million and CNY 1.4 million or equivalent to Baht 382 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 2.9 million or equivalent to Baht 92 million (31 December 2017: USD 2.8 million or equivalent to Baht 91 million).

18.2 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 and factory and related services. The terms of the agreements are generally between 1 and 3 years.

Future minimum lease payments required under these operating lease contracts and related services were as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Payable:				
In up to 1 year	36.4	45.3	21.5	27.2
In over 1 year and up to 3 years	14.4	17.8	3.0	3.6

18.3 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.

18.4 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.

18.5 Guarantees

As at 31 March 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.

19. 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 exchange contracts will mature within one year.

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

Foreign currency	Financial assets as at		Financial liabilities as at		Average exchange rate	
	31 March	31 December	31 March	31 December	as at	
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per foreign currency unit)	
South Korean Won	1,814	43	-	-	0.0294	0.0306
China Yuan	307	319	111	101	4.9783	5.0145
US Dollar	236	229	52	51	31.2318	32.6809
Japan Yen	51	143	13	121	0.2939	0.2898
Indian Rupee	40	40	-	-	0.4804	0.5104
Hong Kong Dollar	5	12	-	1	3.9791	4.1803
Singapore Dollar	2	2	-	1	23.8223	24.4503
Brazilian Real	2	2	-	-	9.0500	9.7400
Euro	1	4	-	-	38.4394	39.0273
Macau Pataca	1	1	-	-	3.7978	3.9891

(Unaudited but reviewed)

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

As at 31 March 2018		
Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
140	17 April 2018 - 27 August 2018	31.050 - 33.275

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

20. Fair value of financial instruments

As of 31 March 2018, 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	169,482	-	169,482
Unsecured debt instruments	22,908	-	22,908
Available-for-sale investments			
Marketable corporate bonds	1,279,406	-	1,279,406
Quoted bonds	727,794	-	727,794
Derivatives			
Foreign currency forward contracts - gain	-	131,175	131,175

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.

21. Event after the reporting period

On 30 April 2018, the Annual General Meeting of the Company's shareholders No. 25/2018 acknowledged the interim dividend payment on 3 November 2017 at Baht 1 per share and passed a resolution approving payment of final dividend for 2017 to the Company's shareholders at Baht 1 per share, making a total dividend for 2017 of approximately Baht 1,610 million. The final dividend of Baht 805 million will be paid to the shareholders on 11 May 2018 and will be recorded in the second quarter of 2018.

22. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 May 2018.