

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2018

Independent Auditor's Report

To the Shareholders of Hana Microelectronics Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Hana Microelectronics Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Hana Microelectronics Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hana Microelectronics Public Company Limited and its subsidiaries and of Hana Microelectronics Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

The key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Revenue from sales are the accounting transactions that have significant volume of transactions and amounts, and directly affect profit or loss of the Group. The majority of the Group's sales transactions are conducted with a number of major overseas customers under a variety of arrangements and conditions which may impact the recognition of revenue of the Group causing risks with respect to the amount and timing of such revenue recognition.

I examined the revenue recognition of the Group by

- Assessing and testing the Group's information technology general controls and internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales to assess whether revenue recognition was consistent with the conditions or arrangement made with the customers, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Requesting for confirmations of consignment inventory balances located at customers' hubs at the end of the accounting period, observing the physical count of inventories at significant locations and on a sampling basis, examining supporting documents whether the consignment inventories were correctly excluded from sales for the year.
- Reviewing of credit notes that the Group issued after the period-end.
- Performing analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Inventories

Estimating the net realisable value of inventory, as disclosed in the related accounting policies in the Note 4.4 and Note 5.1 to the financial statements, is one of an area of significant management judgement, particularly with regard to the estimation of allowance for diminution in the value of slow-moving and obsolete inventory. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the high-technology industry. There is a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed and tested the internal controls of the Group relevant to the determination of provision for diminution in the value of inventory by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operations of the designed controls. In addition, I also assessed the method and the assumptions applied by management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventory and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing details of sales transactions occurring after the date of the financial statements with the cost of inventory for each product line.
- Comparing historical data of actual losses on sales and write-offs of inventory during each of the previous years with the provision for diminution in value of inventory recorded at the preceding year-end.

Provision for long-term employee benefits

The valuation of long-term employee benefit obligations is one of a significant accounting estimate to the financial statements because the Group has a large number of employees and has defined benefit plans as discussed in the related accounting policies in the Note 4.12 and Note 5.3 to the financial statements. In addition, the calculation of long-term employee benefit obligations requires the management to select the calculation method and exercise a high degree of judgement in determining appropriate assumptions such as discount rates, future salary increases, mortality rates and staff turnover rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. There is therefore a risk with respect to the amounts of the provision for long-term employee benefits.

I assessed and tested the Group's internal control with respect to the assessment of provision for long-term employee benefits by making enquiry of responsible executives, gaining an understanding of internal controls and testing the method and significant assumptions both demographic and financial aspects used by the management to calculate the long-term employee benefit obligations and considering the impact of changes in key assumptions on the valuation of long-term employee benefit obligations. In addition, I reviewed the disclosure in the notes to the financial statements with respect to the provision for long-term employee benefits.

Other Information

Management is responsible for the other information. The other information comprises the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

EY Office Limited
Bangkok: 28 February 2019

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	<u>Note</u>	Consolidated financial statements		Separate financial statements		
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Assets						
Current assets						
Cash and cash equivalents	6	4,081,336,162	4,756,538,170	237,904,042	402,022,774	
Short-term investments	8	3,985,333,619	4,517,582,271	-	250,000,000	
Current portion of long-term fixed deposits with financial institution	12	480,072,336	465,390,797	-	-	
Trade and other receivables	7, 9	3,831,672,196	3,904,177,600	1,523,937,147	1,320,169,690	
Inventories	10	5,222,839,582	4,082,873,656	2,459,278,112	1,746,911,653	
Other current assets		155,141,408	166,895,567	50,433,780	21,738,900	
Total current assets		17,756,395,303	17,893,458,061	4,271,553,081	3,740,843,017	
Non-current assets						
Investments in subsidiary companies	11	-	-	3,583,449,338	3,583,449,338	
Other long-term investments	13	146,121,100	65,458,800	97,000	97,000	
Investment property	14	72,303,750	72,303,750	72,303,750	72,303,750	
Property, plant and equipment	15	7,179,238,446	6,065,872,244	2,637,492,387	2,632,563,156	
Land leasehold rights	16	127,127,511	130,882,070	-	-	
Intangible assets	17	51,507,746	49,942,131	34,666,062	32,219,654	
Deferred tax assets	23	13,071,409	26,709,952	2,065,930	1,391,494	
Other non-current assets		22,547,441	98,471,005	10,000	3,423,113	
Total non-current assets		7,611,917,403	6,509,639,952	6,330,084,467	6,325,447,505	
Total assets		25,368,312,706	24,403,098,013	10,601,637,548	10,066,290,522	

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 December 2018

(Unit: Baht)

	<u>Note</u>	Consolidated financial statements		Separate financial statements		
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Liabilities and shareholders' equity						
Current liabilities						
Trade and other payables	7, 18	3,421,408,524	2,920,964,877	1,332,899,464	1,080,012,337	
Short-term provisions	19	324,498,000	326,809,000	-	-	
Income tax payable		37,278,272	40,486,036	2,400,609	2,103,049	
Other current liabilities		130,407,869	97,658,235	24,918,884	22,001,075	
Total current liabilities		3,913,592,665	3,385,918,148	1,360,218,957	1,104,116,461	
Non-current liabilities						
Provision for long-term employee benefits	20	371,589,984	327,301,816	142,704,747	128,110,137	
Total non-current liabilities		371,589,984	327,301,816	142,704,747	128,110,137	
Total liabilities		4,285,182,649	3,713,219,964	1,502,923,704	1,232,226,598	
Shareholders' equity						
Share capital						
Registered						
974,403,900 ordinary shares of Baht 1 each		974,403,900	974,403,900	974,403,900	974,403,900	
Issued and fully paid-up						
804,878,860 ordinary shares of Baht 1 each		804,878,860	804,878,860	804,878,860	804,878,860	
Share premium		1,723,218,982	1,723,218,982	1,723,218,982	1,723,218,982	
Retained earnings						
Appropriated - statutory reserve	21	456,462,666	443,691,136	100,000,000	100,000,000	
Unappropriated		18,237,930,334	17,504,229,412	6,470,616,002	6,205,966,082	
Other components of shareholders' equity		(139,360,785)	213,859,659	-	-	
Total shareholders' equity		21,083,130,057	20,689,878,049	9,098,713,844	8,834,063,924	
Total liabilities and shareholders' equity		25,368,312,706	24,403,098,013	10,601,637,548	10,066,290,522	

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

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Directors

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Hana Microelectronics Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2018

(Unit: Baht)

	<u>Note</u>	Consolidated financial statements		Separate financial statements	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues					
Sales	25, 26	22,264,260,113	21,550,861,024	8,970,635,269	8,199,161,086
Interest income		196,114,572	206,196,691	4,983,551	7,543,227
Dividend income	11	2,014,305	57,375	892,563,000	930,057,375
Gain on exchange		15,125,213	530,633,995	76,455,347	-
Other income		375,334,838	295,472,840	43,435,115	39,437,151
Total revenues		<u>22,852,849,041</u>	<u>22,583,221,925</u>	<u>9,988,072,282</u>	<u>9,176,198,839</u>
Expenses					
Cost of sales		19,060,852,408	18,336,460,489	7,720,777,397	6,922,889,564
Selling and distribution expenses		157,596,459	156,102,532	38,217,959	38,014,922
Administrative expenses		1,111,889,106	1,063,670,366	339,020,090	321,149,197
Loss on exchange		-	-	-	8,939,365
Total expenses		<u>20,330,337,973</u>	<u>19,556,233,387</u>	<u>8,098,015,446</u>	<u>7,290,993,048</u>
Profit before finance cost and income tax expenses					
Finance cost		(6,751,744)	(7,283,859)	(2,193,730)	(2,087,076)
Profit before income tax expenses		<u>2,515,759,324</u>	<u>3,019,704,679</u>	<u>1,887,863,106</u>	<u>1,883,118,715</u>
Income tax expenses	23	(140,536,726)	(131,974,049)	(6,035,764)	(9,382,552)
Profit for the year		<u>2,375,222,598</u>	<u>2,887,730,630</u>	<u>1,881,827,342</u>	<u>1,873,736,163</u>
Profit attributable to:					
Equity holders of the Company		<u>2,375,222,598</u>	<u>2,887,730,630</u>	<u>1,881,827,342</u>	<u>1,873,736,163</u>
Earnings per share					
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>2.95</u>	<u>3.59</u>	<u>2.34</u>	<u>2.33</u>
Number of weighted average ordinary shares (shares)		<u>804,878,860</u>	<u>804,878,860</u>	<u>804,878,860</u>	<u>804,878,860</u>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

	<u>Note</u>	Consolidated financial statements		Separate financial statements	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the year		<u>2,375,222,598</u>	<u>2,887,730,630</u>	<u>1,881,827,342</u>	<u>1,873,736,163</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	8.2	(145,926,981)	109,659,766	-	-
Exchange differences on translation of financial statements in foreign currency - net of income tax	23	<u>(207,293,463)</u>	<u>(812,648,097)</u>	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(353,220,444)</u>	<u>(702,988,331)</u>	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss) - net of income tax	20, 23	<u>(18,992,426)</u>	<u>153,128,500</u>	<u>(7,419,702)</u>	<u>122,547,214</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(18,992,426)</u>	<u>153,128,500</u>	<u>(7,419,702)</u>	<u>122,547,214</u>
Other comprehensive income for the year		<u>(372,212,870)</u>	<u>(549,859,831)</u>	<u>(7,419,702)</u>	<u>122,547,214</u>
Total comprehensive income for the year		<u>2,003,009,728</u>	<u>2,337,870,799</u>	<u>1,874,407,640</u>	<u>1,996,283,377</u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>2,003,009,728</u>	<u>2,337,870,799</u>	<u>1,874,407,640</u>	<u>1,996,283,377</u>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit before tax	2,515,759,324	3,019,704,679	1,887,863,106	1,883,118,715
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,097,447,509	1,072,032,273	380,613,735	357,656,106
Amortisation expenses	13,181,599	11,442,158	4,679,701	3,687,921
Allowance for doubtful accounts (reversal)	10,396,743	(8,696,268)	-	-
Reduction of inventories to net realisable value	42,690,044	45,284,685	32,781,543	37,996,307
Write-off obsolete and damaged inventories	(15,828,268)	(114,277,206)	(15,828,268)	(108,015,728)
Dividend income from subsidiary companies	-	-	(892,500,000)	(930,000,000)
Dividend income from other company	(2,014,305)	(57,375)	(63,000)	(57,375)
Loss (gain) on disposals/write-off equipment and intangible assets	25,536,081	11,948,498	(6,937,355)	(2,417,331)
Reduction of allowance for impairment loss on assets	(20,875)	(410,593)	(20,875)	(210,789)
Provision for vacation	4,019,058	1,801,716	2,112,040	886,198
Provision for long-term employee benefits	33,089,806	36,056,371	12,316,616	15,852,354
Gain on sales/redemption of short-term investments	(7,304,835)	(17,318,264)	-	-
Revaluation gain on investments in securities held for trading	(12,493,870)	(3,064,128)	-	-
Unrealised loss (gain) on exchange	18,515,850	8,963,507	18,961,559	(12,587,586)
Unrealised gain on forward contracts	(50,138,831)	(151,262,346)	-	-
Interest income from short-term investments	(134,156,492)	(177,177,255)	-	-
Profit from operating activities before changes in operating assets and liabilities	3,538,678,538	3,734,970,452	1,423,978,802	1,245,908,792

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Operating assets (increase) decrease				
Trade and other receivables	2,933,095	(317,305,371)	(216,935,389)	(18,209,604)
Inventories	(1,166,827,701)	(362,755,614)	(729,319,734)	(391,547,887)
Other current assets	62,434,855	(2,537,879)	(28,572,931)	11,464,796
Operating liabilities increase (decrease)				
Trade and other payables	152,498,034	99,205,173	278,711,922	(29,996,203)
Other current liabilities	28,716,953	2,630,019	805,770	(23,587)
Cash from operating activities	2,618,433,774	3,154,206,780	728,668,440	817,596,307
Cash paid for long-term employee benefits	(7,855,331)	(9,720,611)	(5,202,967)	(4,324,547)
Cash paid for income tax	(130,616,291)	(130,490,629)	(6,351,382)	(12,720,220)
Net cash from operating activities	2,479,962,152	3,013,995,540	717,114,091	800,551,540
Cash flows from investing activities				
Increase in fixed deposits with financial institutions	(14,681,539)	(173,940,176)	-	-
Decrease (increase) in short-term investments	2,122,148	(1,451,532,088)	250,000,000	(250,000,000)
Interest income from short-term investments	169,107,185	176,676,517	-	-
Proceeds from sales/redemption of				
short-term investments	403,998,228	356,926,391	-	-
Dividend income from subsidiary companies	-	-	892,500,000	930,000,000
Dividend income from other company	2,014,305	57,375	63,000	57,375
Acquisitions of property, plant and equipment				
and intangible assets	(1,908,216,736)	(942,916,441)	(426,827,030)	(436,813,504)
Proceeds from disposals of equipment	11,696,932	16,476,958	9,375,814	7,404,390
Increase in other long-term investments	(80,662,300)	(65,361,800)	-	-
Decrease (increase) in other non-current assets	75,923,564	(86,697,099)	3,413,113	(3,413,113)
Cash paid for withholding tax	-	(12,550,322)	-	-
Net cash from (used in) investing activities	(1,338,698,213)	(2,182,860,685)	728,524,897	247,235,148

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from financing activities				
Dividend paid	(1,609,757,720)	(1,609,757,720)	(1,609,757,720)	(1,609,757,720)
Net cash used in financing activities	(1,609,757,720)	(1,609,757,720)	(1,609,757,720)	(1,609,757,720)
Decrease in cash and cash equivalents	(468,493,781)	(778,622,865)	(164,118,732)	(561,971,032)
Translation adjustment	(206,708,227)	(812,433,707)	-	-
Net decrease in cash and cash equivalents	(675,202,008)	(1,591,056,572)	(164,118,732)	(561,971,032)
Cash and cash equivalents at beginning of year	4,756,538,170	6,347,594,742	402,022,774	963,993,806
Cash and cash equivalents at end of year (Note 6)	4,081,336,162	4,756,538,170	237,904,042	402,022,774

Supplemental cash flow information

Non-cash related transactions from investing activities

Net increase (decrease) in accounts payable				
for purchase of plant and equipment	350,801,768	83,045,401	(31,740,371)	30,984,769
Accrued interest receivable	(34,950,693)	(9,361,497)	-	-
Revaluation gain (loss) from changes in fair value of investments	(145,926,981)	109,659,766	-	-

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements									
	Note					Other components of shareholders' equity			
		Issued and		Retained earnings		Other comprehensive income			
		paid up	Share	Appropriated -		Surplus (deficit)		Total other	
		share capital	premium	Statutory reserve	Unappropriated	on changes in value of available-for-sale	Exchange differences on translation of financial statements	components of shareholders' equity	Total shareholders' equity
Balance as at 31 December 2016		804,878,860	1,723,218,982	428,283,816	16,088,535,322	104,908,742	811,939,248	916,847,990	19,961,764,970
Profit for the year		-	-	-	2,887,730,630	-	-	-	2,887,730,630
Other comprehensive income for the year		-	-	-	153,128,500	109,659,766	(812,648,097)	(702,988,331)	(549,859,831)
Total comprehensive income for the year		-	-	-	3,040,859,130	109,659,766	(812,648,097)	(702,988,331)	2,337,870,799
Dividend paid	28	-	-	-	(1,609,757,720)	-	-	-	(1,609,757,720)
Unappropriated retained earnings transferred to statutory reserve		-	-	15,407,320	(15,407,320)	-	-	-	-
Balance as at 31 December 2017		804,878,860	1,723,218,982	443,691,136	17,504,229,412	214,568,508	(708,849)	213,859,659	20,689,878,049
Balance as at 31 December 2017		804,878,860	1,723,218,982	443,691,136	17,504,229,412	214,568,508	(708,849)	213,859,659	20,689,878,049
Profit for the year		-	-	-	2,375,222,598	-	-	-	2,375,222,598
Other comprehensive income for the year		-	-	-	(18,992,426)	(145,926,981)	(207,293,463)	(353,220,444)	(372,212,870)
Total comprehensive income for the year		-	-	-	2,356,230,172	(145,926,981)	(207,293,463)	(353,220,444)	2,003,009,728
Dividend paid	28	-	-	-	(1,609,757,720)	-	-	-	(1,609,757,720)
Unappropriated retained earnings transferred to statutory reserve		-	-	12,771,530	(12,771,530)	-	-	-	-
Balance as at 31 December 2018		804,878,860	1,723,218,982	456,462,666	18,237,930,334	68,641,527	(208,002,312)	(139,360,785)	21,083,130,057

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

		Separate financial statements				
	Note	Issued and paid up share capital	Share premium	Retained earnings		Total shareholders' equity
				Appropriated Statutory reserve	Unappropriated	
Balance as at 31 December 2016		804,878,860	1,723,218,982	100,000,000	5,819,440,425	8,447,538,267
Profit for the year		-	-	-	1,873,736,163	1,873,736,163
Other comprehensive income for the year		-	-	-	122,547,214	122,547,214
Total comprehensive income for the year		-	-	-	1,996,283,377	1,996,283,377
Dividend paid	28	-	-	-	(1,609,757,720)	(1,609,757,720)
Balance as at 31 December 2017		804,878,860	1,723,218,982	100,000,000	6,205,966,082	8,834,063,924
Balance as at 31 December 2017		804,878,860	1,723,218,982	100,000,000	6,205,966,082	8,834,063,924
Profit for the year		-	-	-	1,881,827,342	1,881,827,342
Other comprehensive income for the year		-	-	-	(7,419,702)	(7,419,702)
Total comprehensive income for the year		-	-	-	1,874,407,640	1,874,407,640
Dividend paid	28	-	-	-	(1,609,757,720)	(1,609,757,720)
Balance as at 31 December 2018		804,878,860	1,723,218,982	100,000,000	6,470,616,002	9,098,713,844

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

Hana Microelectronics Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2018

1. General 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.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Hana Microelectronics Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 Percent	2017 Percent
<u>Held by the Company</u>				
Hana Semiconductor (BKK) Company Limited	Holding company	Thailand	100	100
Omac Sales Limited	Purchasing of electronic components and equipment	Hong Kong	100	100
Hana Microelectronics International Company Limited	Holding company	British Virgin Islands	100	100
Hana Microelectronics Investments Company Limited	Holding company	British Virgin Islands	100	100
Hana Technologies Group Limited	Holding company	Cayman Islands	100	100
Hana Microelectronics (Cambodia) Company Limited	Manufacture and trading of electronic components	Cambodia	100	100
Hana Semiconductor (Ayutthaya) Company Limited	Manufacture and trading of electronic components	Thailand	58	58
<u>Held through the subsidiary companies</u>				
Hana Semiconductor International Limited	Trading of electronic components	British Virgin Islands	100	100
Hana Semiconductor Holdings Limited	Holding company	British Virgin Islands	100	100
Hana Technologies Investments Limited	Holding company	Cayman Islands	100	100
Hana Technologies, Inc. (formerly known as "Hana Microdisplay Technologies, Inc.")	Manufacture and trading of electronic components	USA	100	100
Hana Microelectronics, Inc.	Agent and customer services	USA	100	100
Hana Microelectronics Enterprises Company Limited	Holding company	British Virgin Islands	100	100
Hana Macao Commercial Offshore Limited	Customer services	Macao	100	100
Hana Microelectronics (Jiaxing) Company Limited	Manufacture and trading of electronic components	China	100	100
Hana Semiconductor (Ayutthaya) Company Limited	Manufacture and trading of electronic components	Thailand	42	42
Power Master Semiconductor Company Limited	Manufacture and trading of electronic components	South Korea	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
 - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated into Thai Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
 - f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

During the year, 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 for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018), which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply TFRS 15 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 expects that the adoption of this accounting standard to result in the adjustment of sales transactions with freight/insurance. The Company and its subsidiaries consider freight/insurance to be distinct service which shall be accounted for separately from the sales of goods as the control of goods is transferred to the customer before the freight/insurance service is performed. The Company and its subsidiaries will recognise the corresponding revenue when the freight/insurance service has been performed. Previously, revenue from sales of goods and freight/insurance service was recognised in full upon the risk and rewards of ownership of the goods have passed to customer.

(c) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

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.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Inventories

Raw materials, work in process, and finished goods are valued at the lower of cost (under weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost. Cost of finished goods and work in process include direct materials, direct labour, and factory overheads.

Allowance for diminution in inventory value is set up for obsolete, slow-moving or deteriorated inventories.

4.5 Investments

- a) Investments in securities held for trading of a subsidiary are stated at fair value. Changes in fair value of these securities are recorded in the income statement.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in the income statement when securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the subsidiary classifies as other investments, are stated at cost net of allowance for impairment loss.
- e) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchanges in which the securities are issued. The fair value of debt instruments is determined based on quoted market price in the debt instruments markets.

The weighted average method is used for computation of the cost of investments.

In the event the Company and its subsidiaries reclassify investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment which is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as income or expenses in the income statement.

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

No depreciation is provided on investment property in land.

4.7 Property, plant and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Leasehold improvements	- period of lease
Buildings	- 20 - 50 years
Fixtures	- 3 - 10 years
Other assets	- 3 - 20 years

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and machinery under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the income statement when the asset is derecognised.

4.8 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

The useful lives of the intangible assets are 5 - 10 years.

4.9 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in the income statement.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

4.12 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company, the subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed to by the employees, the Company and the subsidiaries. The fund's assets are held in a separate trust fund and the Company's and the subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefits plans are recognised immediately in other comprehensive income.

Provision for vacation

The Company and its subsidiaries have set up provision for vacation which is calculated in accordance with the Company's policy and formula, taking into consideration the employee's salary, the number of service years and the unused vacation days.

4.13 Provisions

Provisions are recognised when the Company and the subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provision for product warranty

The subsidiaries record provision for product warranty, which is estimated by reference to obligation for product warranty under manufacturing contract.

4.14 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.15 Derivatives

The Company and its subsidiaries have no policy to speculate in or engage in the trading of any financial derivative instruments, other than for managing the foreign currency risk by entering into forward exchange contracts to mitigate such exposure.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value, which is determined by reliable financial institutions. Gains on losses arising from changes in the fair value of the contracts are recognised in the income statement.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

5.1 Allowance for diminution in inventory value

In determining an allowance for diminution in inventory value, the management needs to make judgement in estimating loss from obsolescence and slow moving, and the reduction of net realisable value of inventories.

5.2 Property plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.3 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5.4 Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

6. Cash and cash equivalents

Cash and cash equivalents as at 31 December 2018 and 2017 as reflected in the statements of financial position and cash flows consist of the following:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	2,306	1,270	246	287
Bank deposits	2,114,985	3,374,647	237,658	401,736
Fixed deposits with maturity				
not over 3 months	1,964,045	1,380,621	-	-
Total cash and cash equivalents	<u>4,081,336</u>	<u>4,756,538</u>	<u>237,904</u>	<u>402,023</u>

As at 31 December 2018, bank deposits in savings accounts and fixed deposits carried interests between 0.001 and 0.700 percent per annum (2017: 0.001 and 2.000 percent per annum).

7. Related party transactions

During the years, the Company had significant business transactions with 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		Transfer pricing policy	
	<u>2018</u>	<u>2017</u>		
<u>Transactions with subsidiary companies</u>				
(eliminated from the consolidated financial statements)				
Sales of goods	146	184	Prices agreed between the parties due to the uniqueness of products sold to each customer	
Dividend income	892	930	Declared rate	
Purchase of materials	259	151	Cost plus mark up	
Service fee expenses	9	9	Rates stipulated in the agreement	

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade and other receivables (Note 9)				
Trade receivables - related parties				
Subsidiary companies	-	-	23,706	7,658
Total trade receivables - related parties	<u>-</u>	<u>-</u>	<u>23,706</u>	<u>7,658</u>
Other receivables - related parties				
Related company (by way of common directors)	-	76	-	-
Total other receivables - related parties	<u>-</u>	<u>76</u>	<u>-</u>	<u>-</u>
Total trade and other receivables	<u>-</u>	<u>76</u>	<u>23,706</u>	<u>7,658</u>
 Trade and other payables (Note 18)				
Trade payables - related parties				
Subsidiary companies	-	-	329,110	241,780
Total trade payables - related parties	<u>-</u>	<u>-</u>	<u>329,110</u>	<u>241,780</u>
Total trade and other payables	<u>-</u>	<u>-</u>	<u>329,110</u>	<u>241,780</u>

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	98.3	88.4	14.8	13.6
Post-employment benefits	1.6	1.4	0.7	0.7
Total	<u>99.9</u>	<u>89.8</u>	<u>15.5</u>	<u>14.3</u>

8. Short-term Investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2018		2017	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Securities held for trading (Note 8.1)				
Overseas marketable equity securities	973,495	999,753	163,405	177,102
Unsecured subordinated notes	-	-	24,162	24,230
Total	973,495	999,753	187,567	201,332
Add: Gain on changes in fair value of investments	26,258		13,765	
Investments in securities held for trading	999,753		201,332	
Available-for-sale securities (Note 8.2)				
Overseas marketable corporate bonds	1,123,441	1,198,459	1,263,322	1,423,490
Local quoted bonds	-	-	32,683	34,270
Overseas quoted bonds	678,792	672,416	783,357	836,171
Total	1,802,233	1,870,875	2,079,362	2,293,931
Add: Gain on changes in fair value of investments	68,642		214,569	
Investments in available-for-sale securities	1,870,875		2,293,931	
Fixed deposits with financial institutions				
Fixed deposits within 1 year	1,114,706	1,114,706	2,022,319	2,022,319
Fixed deposits with financial institutions	1,114,706	1,114,706	2,022,319	2,022,319
Total short-term investments	3,985,334	3,985,334	4,517,582	4,517,582

(Unit: Thousand Baht)

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

As at 31 December 2018, fixed deposits with financial institutions carried interest between 1.82 and 3.05 percent per annum (2017: 0.15 and 1.82 percent per annum).

8.1 Securities held for trading

Movements of investments in securities held for trading for the year ended 31 December 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	As at 31 December 2018							
	Consolidated financial statements							
	Cost as at 31 December 2017		Proceeds from sales of investments			Cost as at 31 December 2018		
	Purchase		of investments	Loss on sales of investments	Translation adjustment	2018	Revaluation gain	2018
Overseas marketable equity securities								
Mutual funds	98,043	-	-	-	(693)	97,350	6,987	104,337
Investment trusts	65,362	-	-	-	(462)	64,900	8,810	73,710
Supply chain finance funds	-	820,563	-	-	(9,318)	811,245	10,461	821,706
Total	163,405	820,563	-	-	(10,473)	973,495	26,258	999,753
Unsecured subordinated notes	24,162	-	(23,380)	(260)	(522)	-	-	-
Total investments in securities held for trading	187,567	820,563	(23,380)	(260)	(10,995)	973,495	26,258	999,753

	As at 31 December 2017							
	Consolidated financial statements							
					Fair value			
	Cost as at		Proceeds from				Cost as at	
	31 December		sales of		31 December		as at	
	2016	Purchase	investments	Loss on sales of investments	Translation adjustment	2017	Revaluation gain	31 December 2017
Overseas marketable equity securities								
Mutual funds	107,492	-	-	-	(9,449)	98,043	4,853	102,896
Investment trusts	71,661	-	-	-	(6,299)	65,362	8,844	74,206
Total	179,153	-	-	-	(15,748)	163,405	13,697	177,102
Unsecured subordinated notes	24,474	-	-	-	(312)	24,162	68	24,230
Total investments in securities held for trading	203,627	-	-	-	(16,060)	187,567	13,765	201,332

As at 31 December 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 0.8 million or equivalent to approximately Baht 26.26 million (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 12.49 million (2017: Baht 3.06 million) was recognised in the income statements.

8.2 Available-for-sale securities

Movements of investments in available-for-sale securities for the year ended 31 December 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	As at 31 December 2018							
	Consolidated financial statements							
	Cost as at 31 December 2017		Proceeds from sales/ redemption of investments	Gain (loss) on sales/ redemption of investments			Fair value as at 31 December 2018	
	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 31 December 2018	Revaluation	Fair value as at 31 December 2018
Overseas marketable corporate bonds	1,263,322	94,040	(215,053)	(325)	(18,543)	1,123,441	75,018	1,198,459
Local quoted bonds	32,683	-	(32,891)	66	142	-	-	-
Overseas quoted bonds	783,357	30,264	(132,674)	7,268	(9,423)	678,792	(6,376)	672,416
Total investments in available-for-sale securities	2,079,362	124,304	(380,618)	7,009	(27,824)	1,802,233	68,642	1,870,875

(Unit: Thousand Baht)

	As at 31 December 2017							
	Consolidated financial statements							
	Proceeds from						Fair value	
	Cost as at 31 December 2016	Purchase	sales/ redemption of investments	Gain on sales/ redemption of investments	Translation adjustment	Cost as at 31 December 2017	Revaluation gain (loss)	Fair value as at 31 December 2017
Overseas marketable corporate bonds	1,349,300	132,398	(86,786)	11,716	(143,306)	1,263,322	160,168	1,423,490
Local quoted bonds	35,834	-	-	-	(3,151)	32,683	1,587	34,270
Overseas quoted bonds	1,064,461	-	(265,257)	5,572	(21,419)	783,357	52,814	836,171
Total investments in available-for-sale securities	2,449,595	132,398	(352,043)	17,288	(167,876)	2,079,362	214,569	2,293,931

As at 31 December 2018, the subsidiary had assessed the fair value of the bonds by referring to the values quoted by the five overseas banks which are comparable to quoted prices, the result of which was a revaluation surplus on the fair value of USD 2.12 million or equivalent to approximately Baht 68.64 million (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 145.93 million (2017: gain of approximately Baht 109.66 million) was recognised in other comprehensive income in the statements of comprehensive income.

9. Trade and other receivables

Age of receivable	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade receivables - subsidiary companies				
Not yet due	-	-	6,681	265
Past due				
Up to 3 months	-	-	14,911	628
3 - 6 months	-	-	2,075	138
6 - 12 months	-	-	-	1,304
Over 12 months	-	-	39	5,323
Total trade receivables - subsidiary companies (Note 7)	-	-	23,706	7,658
Trade receivables - unrelated parties				
Not yet due	2,869,463	3,065,095	979,957	1,010,684
Past due				
Up to 3 months	799,019	647,929	477,417	290,552
3 - 6 months	34,940	14,756	22,995	2,728
6 - 12 months	7,737	681	3,103	94
Over 12 months	1,480	9,130	94	99
Total trade receivables - unrelated parties	3,712,639	3,737,591	1,483,566	1,304,157
Less: Allowance for doubtful accounts	(21,556)	(11,159)	-	-
Total trade receivables - unrelated parties - net	3,691,083	3,726,432	1,483,566	1,304,157
Total trade receivables - net	3,691,083	3,726,432	1,507,272	1,311,815
Input tax receivables	52,878	55,970	6,344	2,947
Other receivables - related parties (Note 7)	-	76	-	-
Other receivables - unrelated parties	87,711	121,700	10,321	5,408
Total other receivables	140,589	177,746	16,665	8,355
Trade and other receivables - net	3,831,672	3,904,178	1,523,937	1,320,170

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Reduce cost to					
	Cost		net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	693,925	746,088	(40,930)	(15,467)	652,995	730,621
Work in process	747,397	450,073	(14,576)	(3,366)	732,821	446,707
Raw materials	3,882,045	2,991,451	(115,911)	(125,722)	3,766,134	2,865,729
Goods in transit	70,890	39,817	-	-	70,890	39,817
Total	<u>5,394,257</u>	<u>4,227,429</u>	<u>(171,417)</u>	<u>(144,555)</u>	<u>5,222,840</u>	<u>4,082,874</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Reduce cost to					
	Cost		net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	443,181	448,286	(26,549)	(14,013)	416,632	434,273
Work in process	321,337	160,111	-	-	321,337	160,111
Raw materials	1,737,657	1,207,900	(62,484)	(58,066)	1,675,173	1,149,834
Goods in transit	46,136	2,694	-	-	46,136	2,694
Total	<u>2,548,311</u>	<u>1,818,991</u>	<u>(89,033)</u>	<u>(72,079)</u>	<u>2,459,278</u>	<u>1,746,912</u>

Detailed movements of the reduction of cost to net realisable value are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Balance at the beginning of the year	(144,555)	(213,547)	(72,079)	(142,099)
Add: Increase during the year	(59,884)	(116,783)	(46,769)	(87,254)
Less: Write off obsolete and damaged				
inventories during the year	15,828	114,277	15,828	108,016
Less: Reversal during the year	16,592	69,228	13,987	49,258
Add: Translation adjustment	602	2,270	-	-
Balance at the ending of the year	<u>(171,417)</u>	<u>(144,555)</u>	<u>(89,033)</u>	<u>(72,079)</u>

11. Investments in subsidiary companies

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

Company's name	Paid up capital		Shareholding percentage		Cost		Dividend during the year	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
			Percent	Percent				
Hana Semiconductor (Ayutthaya)								
Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910	630,000	630,000
Hana Semiconductor (BKK)								
Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100	262,500	300,000
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								
					<u>3,583,449</u>	<u>3,583,449</u>	<u>892,500</u>	<u>930,000</u>

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. The investment of USD 0.09 million or equivalent to Baht 2.91 million, represents 20% of the investee's registered capital and 100% of the issued and paid-up capital.

12. Long-term fixed deposits with financial institution

As at 31 December 2018, an overseas subsidiary had long-term fixed deposits with financial institution of China Yuan 101.6 million or equivalent to Baht 480.1 million, which are portion due within one year by March and April 2019, carrying interest between 2.10 and 2.24 percent per annum (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).

13. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements		
	Cost/Amortised cost	Cost/Amortised cost		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Other long-term investments</u>				
Available-for-sale securities				
Local marketable equity securities	97	97	97	97
	<u>97</u>	<u>97</u>	<u>97</u>	<u>97</u>
Held-to-maturity debt securities				
Overseas debt securities	64,900	65,362	-	-
	<u>64,900</u>	<u>65,362</u>	<u>-</u>	<u>-</u>
Other investments				
Preferred shares issued by an overseas company	78,080	-	-	-
Overseas equity securities	9,735	9,804	-	-
Total	87,815	9,804	-	-
Less: Allowance for impairment loss	(9,735)	(9,804)	-	-
Translation adjustment	3,044	-	-	-
	<u>81,124</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other long-term investments - net	146,121	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 64.90 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 rise 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.

14. Investment property

The net book value of investment property, representing land, as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost	72,304	72,304	72,304	72,304
Net book value	72,304	72,304	72,304	72,304

As at 31 December 2018, the fair value of the investment property based on market price amounted to approximately Baht 96 million (2017: Baht 96 million).

15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements								
	Land	Buildings	Leasehold improvement	Fixtures	Machinery and equipment	Office furniture and equipment	Vehicles	Construction in progress and machinery under installation	Total
Cost									
As at 1 January 2017	356,248	3,620,987	106,938	858,878	12,508,779	589,634	54,869	160,090	18,256,423
Additions	-	4,990	14,998	19,967	485,370	32,201	6,760	547,149	1,111,435
Disposals	-	(17)	-	-	(278,786)	(10,412)	(7,272)	-	(296,487)
Transfer in (out)	-	2,832	-	39,075	367,889	6,729	-	(416,525)	-
Translation adjustment	-	(54,455)	(5,073)	-	(102,394)	(3,252)	(446)	(16,498)	(182,118)
As at 31 December 2017	356,248	3,574,337	116,863	917,920	12,980,858	614,900	53,911	274,216	18,889,253
Additions	-	65,839	14,262	16,865	1,515,514	30,963	8,223	680,967	2,332,633
Disposals	-	(7,975)	(1,451)	(3,742)	(341,049)	(10,244)	(1,450)	-	(365,911)
Transfer in (out)	-	50,927	-	61,638	435,874	32,789	-	(581,228)	-
Translation adjustment	-	(41,592)	(5,369)	-	(150,928)	(3,337)	(719)	(2,803)	(204,748)
As at 31 December 2018	356,248	3,641,536	124,305	992,681	14,440,269	665,071	59,965	371,152	20,651,227
Accumulated depreciation									
As at 1 January 2017	-	1,402,186	78,240	635,364	9,376,994	506,910	31,791	-	12,031,485
Depreciation for the year	-	175,565	8,473	49,468	791,277	40,012	7,237	-	1,072,032
Accumulated depreciation for disposed assets	-	(17)	-	-	(252,099)	(9,264)	(6,680)	-	(268,060)
Translation adjustment	-	(12,127)	(4,177)	-	(67,424)	(2,706)	(210)	-	(86,644)
As at 31 December 2017	-	1,565,607	82,536	684,832	9,848,748	534,952	32,138	-	12,748,813
Depreciation for the year	-	161,303	14,553	49,793	822,366	42,198	7,235	-	1,097,448
Accumulated depreciation for disposed assets	-	(4,386)	(1,451)	(2,868)	(302,524)	(9,553)	(1,450)	-	(322,232)
Translation adjustment	-	(21,029)	(3,563)	-	(98,538)	(2,634)	(495)	-	(126,259)
As at 31 December 2018	-	1,701,495	92,075	731,757	10,270,052	564,963	37,428	-	13,397,770
Allowance for impairment loss									
As at 1 January 2017	-	-	-	763	78,669	17	-	-	79,449
Decrease during the year	-	-	-	-	(411)	-	-	-	(411)
Translation adjustment	-	-	-	-	(4,470)	-	-	-	(4,470)
As at 31 December 2017	-	-	-	763	73,788	17	-	-	74,568
Decrease during the year	-	-	-	-	(21)	-	-	-	(21)
Translation adjustment	-	-	-	-	(328)	-	-	-	(328)
As at 31 December 2018	-	-	-	763	73,439	17	-	-	74,219
Net book value									
As at 31 December 2017	356,248	2,008,730	34,327	232,325	3,058,322	79,931	21,773	274,216	6,065,872
As at 31 December 2018	356,248	1,940,041	32,230	260,161	4,096,778	100,091	22,537	371,152	7,179,238
Depreciation for the year									
2017 (Baht 877 million included in manufacturing cost, and the balance in administrative expenses)									1,072,032
2018 (Baht 898 million included in manufacturing cost, and the balance in administrative expenses)									1,097,448

(Unit: Thousand Baht)

	Separate financial statements							
	Land	Buildings	Fixtures	Machinery and equipment	Office furniture and equipment	Vehicles	Construction in progress and machinery under installation	Total
Cost								
As at 1 January 2017	249,865	1,815,390	369,616	3,008,303	191,027	21,670	40,692	5,696,563
Additions	-	3,540	19,967	23,074	10,350	-	399,937	456,868
Disposals	-	(16)	-	(55,573)	(265)	(3,600)	-	(59,454)
Transfer in (out)	-	-	20,965	273,125	10	-	(294,100)	-
As at 31 December 2017	249,865	1,818,914	410,548	3,248,929	201,122	18,070	146,529	6,093,977
Additions	-	53	15,726	28,748	10,151	-	333,303	387,981
Disposals	-	-	-	(95,741)	(1,827)	-	-	(97,568)
Transfer in (out)	-	-	3,211	266,196	10,315	-	(279,722)	-
As at 31 December 2018	249,865	1,818,967	429,485	3,448,132	219,761	18,070	200,110	6,384,390
Accumulated depreciation								
As at 1 January 2017	-	624,671	200,834	2,158,867	155,574	13,322	-	3,153,268
Depreciation for the year	-	85,814	31,307	223,740	14,655	2,140	-	357,656
Accumulated depreciation for disposed assets	-	(16)	-	(51,188)	(256)	(3,008)	-	(54,468)
As at 31 December 2017	-	710,469	232,141	2,331,419	169,973	12,454	-	3,456,456
Depreciation for the year	-	85,833	30,130	246,764	16,067	1,820	-	380,614
Accumulated depreciation for disposed assets	-	-	-	(93,334)	(1,775)	-	-	(95,109)
As at 31 December 2018	-	796,302	262,271	2,484,849	184,265	14,274	-	3,741,961
Allowance for impairment loss								
As at 1 January 2017	-	-	613	4,555	-	-	-	5,168
Decrease during the year	-	-	-	(210)	-	-	-	(210)
As at 31 December 2017	-	-	613	4,345	-	-	-	4,958
Decrease during the year	-	-	-	(21)	-	-	-	(21)
As at 31 December 2018	-	-	613	4,324	-	-	-	4,937
Net book value								
As at 31 December 2017	249,865	1,108,445	177,794	913,165	31,149	5,616	146,529	2,632,563
As at 31 December 2018	249,865	1,022,665	166,601	958,959	35,496	3,796	200,110	2,637,492
Depreciation for the year								
2017 (Baht 223 million included in manufacturing cost, and the balance in administrative expenses)								357,656
2018 (Baht 246 million included in manufacturing cost, and the balance in administrative expenses)								380,614

As at 31 December 2018, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation and allowance for impairment loss, of those assets amounted to approximately Baht 10,064 million (2017: Baht 8,990 million) and for the Company amounted to approximately Baht 2,080 million (2017: Baht 1,977 million).

16. Land leasehold rights

During the year 2013, an overseas subsidiary entered into land leasehold agreements for building of factory and dormitory for its employees for the period of 50 years.

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2018</u>	<u>2017</u>
Cost	153,418	153,418
Less: Accumulated amortisation	(14,809)	(11,991)
Translation adjustment	(11,481)	(10,545)
Net book value	<u>127,128</u>	<u>130,882</u>
Amortisation for the year	<u>2,818</u>	<u>2,946</u>

17. Intangible assets

Details of intangible assets which are computer software are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
As at 1 January 2017	84,611	34,345
Additions	18,475	10,930
Translation adjustment	(533)	-
As at 31 December 2017	<u>102,553</u>	<u>45,275</u>
Additions	12,575	7,126
Translation adjustment	(1,647)	-
As at 31 December 2018	<u>113,481</u>	<u>52,401</u>
Accumulated amortisation		
As at 1 January 2017	44,496	9,367
Amortisation for the year	8,495	3,688
Translation adjustment	(380)	-
As at 31 December 2017	<u>52,611</u>	<u>13,055</u>
Amortisation for the year	10,364	4,680
Translation adjustment	(1,002)	-
As at 31 December 2018	<u>61,973</u>	<u>17,735</u>
Net book value		
As at 31 December 2017	<u>49,942</u>	<u>32,220</u>
As at 31 December 2018	<u>51,508</u>	<u>34,666</u>
Amortisation for the year		
2017	<u>8,495</u>	<u>3,688</u>
2018	<u>10,364</u>	<u>4,680</u>

18. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables - subsidiary companies (Note 7)	-	-	329,110	241,780
Trade payables - unrelated parties	2,466,170	2,242,642	928,615	733,413
Advance received from customers	159,149	175,969	16,165	16,956
Other payables for purchase of machinery	496,279	145,477	27,831	59,571
Accrued expenses	299,811	356,877	31,178	28,292
Total trade and other payables	<u>3,421,409</u>	<u>2,920,965</u>	<u>1,332,899</u>	<u>1,080,012</u>

19. Short-term provisions

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	Provision for	
	product warranty	Total
As at 1 January 2017	358,307	358,307
Translation adjustment	<u>(31,498)</u>	<u>(31,498)</u>
As at 31 December 2017	326,809	326,809
Translation adjustment	<u>(2,311)</u>	<u>(2,311)</u>
As at 31 December 2018	<u>324,498</u>	<u>324,498</u>

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Provision for long-term employee benefits				
at beginning of year	327,302	454,880	128,110	239,914
Included in profit or loss:				
Current service cost	24,203	21,759	8,991	8,478
Interest cost	8,887	14,297	3,326	7,375
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(260,319)	(204,340)	(266,632)	(162,696)
Financial assumptions changes	(40,143)	34,815	(42,578)	21,098
Experience adjustments	319,515	15,612	316,691	18,266
Benefits paid during the year	<u>(7,855)</u>	<u>(9,721)</u>	<u>(5,203)</u>	<u>(4,325)</u>
Provision for long-term employee benefits				
at end of year	<u>371,590</u>	<u>327,302</u>	<u>142,705</u>	<u>128,110</u>

Line items in the income statements under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of sales				
	5,430	6,176	2,765	3,127
Selling and administrative expenses	<u>27,660</u>	<u>29,880</u>	<u>9,552</u>	<u>12,726</u>
Total expenses recognised in the income statements	<u>33,090</u>	<u>36,056</u>	<u>12,317</u>	<u>15,853</u>

The Company and its subsidiary expect to pay Baht 27.1 million of long-term employee benefits during the next year (the Company only: Baht 19.8 million) (2017: Baht 11.9 million, the Company only: Baht 9.1 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 13 years (the Company only: 14 years) (2017: 14 years, the Company only: 14 years).

Significant actuarial assumptions are summarised below:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	(% per annum)		(% per annum)	
Discount rate	2.8	2.9	2.8	2.9
Future salary increase rate (depending on age)	5.0	5.0	5.0	5.0
Staff turnover rate	8.3 - 40.1	9.3 - 38.8	8.3 - 28.6	9.3 - 30.4

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 December 2018 and 2017 are summarised below.

	(Unit: Million Baht)			
	31 December 2018			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%		Decrease 1%	
Discount rate	(43)	52	(17)	21
Salary increase rate	51	(43)	20	(17)
	Increase 5%		Decrease 5%	
Turnover rate	(99)	157	(61)	110

	(Unit: Million Baht)			
	31 December 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%		Decrease 1%	
Discount rate	(40)	48	(16)	19
Salary increase rate	47	(40)	19	(16)
	Increase 5%		Decrease 5%	
Turnover rate	(79)	116	(48)	78

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 66.4 million (the Company only: Baht 25.8 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

At present, the statutory reserve has fully been set aside.

22. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Raw materials and consumables used	13,927,293	13,237,786	6,035,149	5,297,761
Changes in inventories of finished goods and work in process	(208,488)	244,822	(143,585)	(115,951)
Salaries and wages and other employee benefits	3,837,845	3,618,816	1,247,458	1,367,781
Management benefit expenses	99,866	89,773	15,501	14,272
Depreciation and amortisation expenses	1,110,630	1,083,473	385,294	361,344
Loss on exchange	-	-	-	8,939

23. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	129,547	146,423	6,776	7,592
Adjustment in respect of income tax of previous year	(2,125)	(283)	(127)	(986)
Deferred tax:				
Relating to origination and reversal of temporary differences	13,115	(14,166)	(613)	2,777
Income tax expense reported in the income statements	140,537	131,974	6,036	9,383

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial gain (loss)	(61)	785	(61)	785
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	585	214	-	-
	524	999	(61)	785

The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	2,515,759	3,019,705	1,887,863	1,883,119
Applicable tax rate	0 - 30%	0 - 36%	20%	20%
Accounting profit before tax multiplied by				
income tax rate	463,495	508,123	377,573	376,624
Adjustment in respect of income tax				
of previous year	(2,125)	(283)	(127)	(986)
Effects of:				
Promotional privileges (Note 25)	(339,289)	(318,413)	(195,147)	(176,237)
Dividend income not subject to tax	(13)	(11)	(178,513)	(186,011)
Income not subject to tax	(2,730)	(1)	-	-
Unused temporary differences and tax losses	25,915	1,652	-	-
Utilised tax losses carry forward	-	(52,304)	-	-
Non-deductible expenses	979	762	529	-
Additional expense deductions allowed	(1,796)	(8,620)	(869)	-
Others	(3,899)	1,069	2,590	(4,007)
Total	<u>(320,833)</u>	<u>(375,866)</u>	<u>(371,410)</u>	<u>(366,255)</u>
Income tax expenses reported in the income statements	<u>140,537</u>	<u>131,974</u>	<u>6,036</u>	<u>9,383</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

	Statements of financial position as at 31 December			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets				
Allowance for doubtful debt	2,116	-	-	-
Allowance for diminution in value of inventories	4,983	7,322	729	458
Allowance for assets impairment	2,509	32	40	32
Provision for long-term employee benefits	1,169	815	1,169	815
Provision for vacation	368	249	128	86
Accrued expenses	17,615	24,182	-	-
Total	28,760	32,600	2,066	1,391
Deferred tax liabilities				
Accumulated depreciation - plant and equipment	(15,689)	(5,890)	-	-
Total	(15,689)	(5,890)	-	-
Deferred tax assets - net	13,071	26,710	2,066	1,391

As at 31 December 2018, the subsidiaries had deductible temporary differences and unused tax losses totaling Baht 87 million (2017: Baht 180 million), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses. The unused tax losses will expire by the year 2023.

24. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

25. Promotional privileges

The Company and its subsidiaries have received promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment. Subject to certain imposed conditions, significant promotional privileges received with respect to tax are as follows:

Particulars	The Company								
	1328(2)/2548	2138(2)/2550	1887(1)/2552	1234(1)/2555	2620(1)/2555	2199(2)/2557	59-0178-0-00-1-0	60-1432-1-00-1-0	
1. Certificate No.	1328(2)/2548	2138(2)/2550	1887(1)/2552	1234(1)/2555	2620(1)/2555	2199(2)/2557	59-0178-0-00-1-0	60-1432-1-00-1-0	
2. Promotional privileges for	Production of PCBA, RFID, TAG reader	Production of PCBA	Production of Semiconductor i.e. Wireless Sensor	Production of Integrated Circuit (IC) and Die Testing	Production of Electronic Control Unit	Production of PCBA	Production of PCBA	Production of Telecommunication and Wafer Die Test	
3. The significant privileges are									
3.1 Exemption from corporate income tax on net income derived from the promoted operation and exemption from income tax on dividends paid from the promoted operations which are tax exempted throughout the period in which the corporate income tax is exempted.	8 years (expired) (tax exempted according with investment)	8 years (expired) (tax exempted according with investment)	8 years (expired) (tax exempted according with investment)	8 years	8 years	8 years (tax exempted according with investment)	8 years (tax exempted according with investment)	6 years (tax exempted according with investment)	
3.2 50 % reduction of the normal corporate income tax rate for net income derived after the expiry date in 3.1	5 years	5 years	5 years	5 years	5 years	5 years	5 years	-	
3.3 Exemption from import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	
3.4 2 times deduction of transportation, electricity and water expenses from the first earning operating income	10 years	10 years	10 years	10 years	10 years	10 years	10 years	-	
4. Date of first earning operating income	24 March 2006	3 December 2007	2 December 2009	26 February 2016	3 January 2014	3 April 2015	Had not yet started utilising the privileges	1 January 2018	

Particulars	Subsidiary						
	Hana Semiconductor (Ayutthaya) Company Limited						
1. Certificate No.	1034(2)/2552	1458(1)/2553	2371(1)/2553	2687(1)/2556	59-1374-1-00-1-0	60-0686-1-00-1-0	61-1275-1-00-1-0
2. Promotional privileges for	Production of Wafer Saw, Integrated Circuit (IC) and Integrated Circuit Tested (IC Tested)	Production of Integrated Circuit (IC)	Production of Integrated Circuit (IC)	Production of Semiconductor	Production of Integrated Circuit (IC)	Production of Integrated Circuit (IC)	Production of Integrated Circuit (IC)
3. The significant tax privileges are							
3.1 Exemption from corporate income tax on net profit from promoted operations and exemption from income tax on dividends paid from the promoted operations which are tax exempted throughout the period in which the corporate income tax is exempted	8 years (Until 1 January 2021)	8 years (Until 9 May 2018)	8 years (Until 27 November 2022)	8 years (Until 2 January 2026)	6 years	6 years	6 years
3.2 50 % reduction of the normal corporate income tax rate for net income derived after the expiry date in 3.1	5 years	5 years	5 years	5 years	-	-	-
3.3 Exemption from import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted	Granted	Granted	Granted
3.4 2 times deduction of transportation, electricity and water expenses from the first earning operating income	10 years	10 years	10 years	10 years	-	-	-
4. Date of first earning operating income	2 January 2013	10 May 2010	28 November 2014	3 January 2018	Has not yet started utilising the privileges	Has not yet started utilising the privileges	Has not yet started utilising the privileges

The Company's and its subsidiaries' operating revenues for the years ended 31 December 2018 and 2017, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	2018	2017	2018	2017	2018	2017
Sales						
Domestic sales	224,913	193,000	1,280	847	226,193	193,847
Export sales	16,187,853	15,354,818	5,850,214	6,002,196	22,038,067	21,357,014
Total sales	16,412,766	15,547,818	5,851,494	6,003,043	22,264,260	21,550,861

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	2018	2017	2018	2017	2018	2017
Sales						
Domestic sales	54,143	31,835	1,694	847	55,837	32,682
Export sales	8,913,525	8,165,694	1,273	785	8,914,798	8,166,479
Total sales	8,967,668	8,197,529	2,967	1,632	8,970,635	8,199,161

26. Operating segments

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on their products and have two reportable segments as follows:

1. The Printed Circuit Board Assembly (PCBA) Segment, which produces and sells Printed Circuit Board Assembly (PCBA).
2. The Integrated Circuit (IC) Segment, which produces and sells Integrated Circuit (IC).

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2018 and 2017.

(Unit: Million Baht)

	Printed Circuit			Total		
	Board			reportable		
	Assembly (PCBA)	Integrated Circuit (IC)	Other	segments	Eliminations	Total
Year ended 31 December 2018						
Revenue from external customers	12,575	8,649	1,040	22,264	-	22,264
Inter-segment revenue	3,630	784	1,449	5,863	(5,863)	-
Total revenue	16,205	9,433	2,489	28,127	(5,863)	22,264
Segment profit	1,794	994	412	3,200	5	3,205
Interest income						196
Other income						375
Dividend income						2
Gain on exchange						15
Selling and distribution expenses						(158)
Administrative expenses						(1,112)
Finance cost						(7)
Income tax expenses						(141)
Profit for the year						2,375
Segment total assets						
Additions to property, plant and equipment	572	1,474	287	2,333	-	2,333

(Unit: Million Baht)

	Printed Circuit					
	Board		Total			
	Assembly	Integrated		reportable		
	(PCBA)	Circuit (IC)	Other	segments	Eliminations	Total
Year ended 31 December 2017						
Revenue from external customers	11,741	8,653	1,157	21,551	-	21,551
Inter-segment revenue	3,694	917	1,379	5,990	(5,990)	-
Total revenue	15,435	9,570	2,536	27,541	(5,990)	21,551
Segment profit	1,737	1,058	415	3,210	4	3,214
Interest income						206
Other income						296
Gain on exchange						531
Selling and distribution expenses						(156)
Administrative expenses						(1,064)
Finance cost						(7)
Income tax expenses						(132)
Profit for the year						2,888

Segment total assets

Additions to property, plant and equipment	577	556	6	1,139	-	1,139
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Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Revenue from external customers		
Malaysia	5,398,804	7,043,089
China	2,774,380	3,266,205
United States of America	2,611,376	2,907,632
Taiwan	2,310,186	888,483
Hong Kong	2,092,175	1,751,694
Others	7,077,339	5,693,758
Total	22,264,260	21,550,861

(Unit: Thousand Baht)

	<u>2018</u>	<u>2017</u>
Non-current assets (other than deferred tax assets)		
Thailand	5,497,580	4,519,223
China	1,200,081	1,324,995
Cambodia	446,146	459,413
Hong Kong	131,220	135,595
Korea	177,585	1,573
Others	146,234	42,131
Total	7,598,846	6,482,930

Major customers

For the year 2018, the Company and its subsidiaries have revenue from 5 major customers in amount of Baht 10,279 million, arising from sales by the Printed Circuit Board Assembly (PCBA) segment and the Integrated Circuit (IC) segment, (2017: Baht 10,625 million derived from 5 major customers, arising from sales by the Printed Circuit Board Assembly (PCBA) segment and the Integrated Circuit (IC) segment).

27. Provident fund

The Company, the subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company or the subsidiaries contribute to the fund monthly at the rates of 3.0 - 7.5 percent of basic salary. The fund, which is managed by SCB Asset Management Company Limited, will be paid to employees upon terminating in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 79 million (2017: Baht 73 million) and for the Company amounting to approximately Baht 41 million (2017: Baht 39 million) were recognised as expenses.

28. Dividend paid

During the years 2018 and 2017, the Company and its subsidiaries had dividend payments as follows:

	Approved by	Total dividends (Million Baht)	Dividend per 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	805	1.00
Interim dividends in respect of the income for the period from 1 January 2018 to 30 June 2018	Board of Directors' Meeting on 10 October 2018	805	1.00
Total for the year 2018		<u>1,610</u>	<u>2.00</u>
<u>For the year 2017</u>			
Dividends on 2016 income and unappropriated retained earnings	Annual General Meeting of the shareholders on 28 April 2017	805	1.00
Interim dividends in respect of the income for the period from 1 January 2017 to 30 June 2017	Board of Directors' Meeting on 5 October 2017	805	1.00
Total for the year 2017		<u>1,610</u>	<u>2.00</u>
<u>Subsidiary companies</u>			
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	2.50
Interim dividends in respect of the income for the period from 1 January 2018 to 31 August 2018 and unappropriated retained earnings	Board of Directors' Meeting on 8 October 2018	150	1.25
Total for the year 2018		<u>450</u>	<u>3.75</u>

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>Subsidiary companies</u>			
Hana Semiconductor (Ayutthaya) Company Limited			
<u>For the year 2017</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 17 April 2017	720	6.00
Interim dividends in respect of the income for the period from 1 January 2017 to 31 August 2017 and unappropriated retained earnings	Board of Directors' Meeting on 4 October 2017	360	3.00
Total for the year 2017		<u>1,080</u>	<u>9.00</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	4.50
Interim dividends in respect of the income for the period from 1 January 2018 to 31 October 2018 and unappropriated retained earnings	Board of Directors' Meeting on 24 October 2018	180	1.80
Total for the year 2018		<u>630</u>	<u>6.30</u>
<u>For the year 2017</u>			
Interim dividends in respect of the income for the period from 1 January 2017 to 31 August 2017 and unappropriated retained earnings	Board of Directors' Meeting on 4 October 2017	300	3.00
Total for the year 2017		<u>300</u>	<u>3.00</u>

29. Commitments and contingent liabilities

29.1 Capital commitments

As at 31 December 2018, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery totaling USD 6.8 million or equivalent to Baht 230 million (2017: USD 4.8 million or equivalent to Baht 174 million) and the Company only of approximately Baht 97 million (2017: Baht 91 million).

29.2 Operating lease commitments

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

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

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Payable:				
In up to 1 year	44.4	45.3	27.3	27.2
In over 1 year and up to 5 years	23.8	17.8	0.7	3.6

29.3 Marketing supportive service agreement

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.

29.4 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.

29.5 Guarantees

As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 27 million (2017: Baht 56 million) and the Company only of approximately Baht 27 million (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.

30. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets that were measured at fair value or for which fair value was disclosed using different levels of inputs as follows:

	(Unit: Thousand Baht)		
	31 December 2018		
	Consolidated Financial Statements		
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	999,753	-	999,753
Available-for-sale investments			
Marketable corporate bonds	1,198,459	-	1,198,459
Quoted bonds	672,416	-	672,416
Derivatives			
Foreign currency forward contracts	-	50,139	50,139
Assets for which fair value was disclosed			
Investment property	-	96,405	96,405
(Unit: Thousand Baht)			
	31 December 2017		
	Consolidated Financial Statements		
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	177,102	-	177,102
Unsecured debt instruments	24,230	-	24,230
Available-for-sale investments			
Marketable corporate bonds	1,423,490	-	1,423,490
Quoted bonds	870,441	-	870,441
Derivatives			
Foreign currency forward contracts	-	89,424	89,424
Assets for which fair value was disclosed			
Investment property	-	96,405	96,405

31. Financial instruments

31.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, investments and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at financial institutions and short-term investments. Most of their financial assets and liabilities bear floating interest rates, or fixed interest rates which are close to the market rate.

As at 31 December 2018 and 2017, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity dates, or the re-pricing date if this occurs before the maturity date.

Consolidated financial statements as at 31 December 2018

	Fixed interest rate		Floating	Non-interest	Total	Effective
	Within 1 year	1 - 5 years	interest rate	bearing		interest rate
			(Million Baht)			(% p.a.)
Financial assets						
Cash and cash equivalents	1,964	-	2,044	73	4,081	0.001 - 3.50
Short-term investments	3,985	-	-	-	3,985	1.82 - 9.75
Trade and other receivables	-	-	-	3,832	3,832	-
Long-term fixed deposits						
with financial institution	-	480	-	-	480	2.10 - 2.24
Other long-term investments	-	-	-	146	146	-
	<u>5,949</u>	<u>480</u>	<u>2,044</u>	<u>4,051</u>	<u>12,524</u>	
Financial liabilities						
Trade and other payables	-	-	-	3,421	3,421	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,421</u>	<u>3,421</u>	

Consolidated financial statements as at 31 December 2017

	Fixed interest rate		Floating	Non-interest	Total	Effective
	Within 1 year	1 - 5 years	interest rate	bearing		interest rate
			(Million Baht)			(% p.a.)
Financial assets						
Cash and cash equivalents	1,381	-	2,938	438	4,757	0.001 - 2.000
Short-term investments	4,317	-	24	177	4,518	0.15 - 9.75
Trade and other receivables	-	-	-	3,904	3,904	-
Long-term fixed deposits						
with financial institution	-	465	-	-	465	2.10 - 4.55
Other long-term investments	-	-	-	65	65	-
	<u>5,698</u>	<u>465</u>	<u>2,962</u>	<u>4,584</u>	<u>13,709</u>	
Financial liabilities						
Trade and other payables	-	-	-	2,921	2,921	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,921</u>	<u>2,921</u>	

Separate financial statements as at 31 December 2018

	Fixed					Effective (% p.a.)
	interest rate within 1 year	Floating interest rate	Non-interest bearing	Total		
	(Million Baht)					
Financial assets						
Cash and cash equivalents	-	237	1	238	0.05 - 0.375	
Trade and other receivables	-	-	1,524	1,524	-	
	-	237	1,525	1,762		
	<u>-</u>	<u>237</u>	<u>1,525</u>	<u>1,762</u>		
Financial liabilities						
Trade and other payables	-	-	1,333	1,333	-	
	-	-	1,333	1,333		
	<u>-</u>	<u>-</u>	<u>1,333</u>	<u>1,333</u>		

Separate financial statements as at 31 December 2017

	Fixed					Effective (% p.a.)
	interest rate within 1 year	Floating interest rate	Non-interest bearing	Total		
	(Million Baht)					
Financial assets						
Cash and cash equivalents	-	400	2	402	0.05 - 0.375	
Short-term investments	250	-	-	250	1.20	
Trade and other receivables	-	-	1,320	1,320	-	
	250	400	1,322	1,972		
	<u>-</u>	<u>250</u>	<u>400</u>	<u>1,322</u>	<u>1,972</u>	
Financial liabilities						
Trade and other payables	-	-	1,080	1,080	-	
	-	-	1,080	1,080		
	<u>-</u>	<u>-</u>	<u>1,080</u>	<u>1,080</u>		

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 contracts will mature within one year.

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

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2018</u> (Million)	<u>2017</u> (Million)	<u>2018</u> (Million)	<u>2017</u> (Million)	<u>2018</u> (Baht per foreign currency unit)	<u>2017</u>
US Dollar	240	229	69	51	32.4498	32.6809
China Yuan	232	319	110	101	4.7237	5.0145
South Korean Won	196	43	9	-	0.0290	0.0306
Japan Yen	54	143	16	121	0.2931	0.2898
Indian Rupee	40	40	-	-	0.4647	0.5104
Hong Kong Dollar	10	12	-	1	4.1416	4.1803
Singapore Dollar	2	2	-	1	23.6943	24.4503
Brazilian Real	2	2	-	-	8.5200	9.7400
Macau Pataca	1	1	-	-	4.0164	3.9891
Euro	-	4	-	-	37.1252	39.0273

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

As at 31 December 2018		
Sold amount (Million USD)	Contractual maturity date	Contractual exchange rate for amount sold (Baht per USD)
120	15 January 2019 - 25 February 2019	32.700 - 33.210
As at 31 December 2017		
Sold amount (Million USD)	Contractual maturity date	Contractual exchange rate for amount sold (Baht per USD)
140	17 January 2018 - 23 August 2018	32.370 - 33.930

31.2 Fair value of financial instruments

The estimated fair value of financial instruments, in comparison with the related amount carried in the statement of financial position, is as follows:

	Consolidated financial statements			
	As at 31 December 2018		As at 31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	4,081	4,081	4,757	4,757
Short-term investments	3,890	3,985	4,289	4,518
Current portion of long-term fixed deposits with financial institution	480	480	465	465
Trade and other receivables	3,832	3,832	3,904	3,904
Other long-term investments	146	140	65	62
Financial liabilities				
Trade and other payables	3,421	3,421	2,921	2,921

	Separate financial statements			
	As at 31 December 2018		As at 31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	238	238	402	402
Short-term investments	-	-	250	250
Trade and other receivables	1,524	1,524	1,320	1,320
Financial liabilities				
Trade and other payables	1,333	1,333	1,080	1,080

The estimated fair value of the derivatives is as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	As at	As at		
	31 December	31 December		
	2018	2017		
	Fair value	Fair value		
	gain	gain		

Derivatives				
Forward exchange contracts		50.1		89.4

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and accounts payable, their carrying amounts in the statement of financial position approximate their fair value.
- b) For debts and equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- c) For fixed deposits with financial institution carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.
- d) For derivatives, their fair value 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. The subsidiaries had considered to counterparty credit risk when determining the fair value of derivatives

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

32. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

The Company manages its capital position by reference to its debt-to-equity ratio. As at 31 December 2018, the Group's debt-to-equity ratio was 0.20:1 (2017: 0.18:1) and the Company's was 0.17:1 (2017: 0.14:1).

33. Event after the reporting period

On 28 February 2019, the meeting of the Board of Directors of the Company No. 1/2019 passed the resolution approving the final dividend payment for the year 2018 to the Company's shareholders at Baht 1 per share.

On 9 November 2018, the Company paid the interim dividend from the net 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 following the resolution of the Board of Directors' Meeting of the Company No. 5/2018 on 10 October 2018.

Therefore, the total dividend payment for the year ended 31 December 2018 will be Baht 2 per share. The Company will propose to the Annual General Meeting of Shareholders for acknowledgement of interim dividend payment and approval of the final dividend payment.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2019.