

Hana Microelectronics Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month and six-month periods ended
30 June 2020

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Hana Microelectronics Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Hana Microelectronics Public Company Limited and its subsidiaries as at 30 June 2020, the related consolidated statements of income and comprehensive income for the three-month and six-month periods then ended, the related statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Hana Microelectronics Public Company Limited for the same periods (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Emphasis of Matters

I draw attention to Note 1.2 to the interim consolidated financial statements regarding the Covid-19 pandemic which is continuing to evolve in various regions around the world, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation affects the Group's business activities in terms of decrease in customer orders and limited production of overseas subsidiaries. This may significantly impact the Group's financial position, financial performance and cash flows at present, and is possible to do so in the future. However, the impact cannot be reasonably estimated at this stage. The Group's management has continuously monitored the ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

Moreover, I draw attention to Note 1.5 to the interim consolidated financial statements. Due to the impact of the COVID-19 outbreak, in preparing the interim financial information for the three-month and six-month periods ended 30 June 2020, the Group has adopted the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic issued by the Federation of Accounting Professions.

My conclusion is not modified in respect of the above matters.

Kamontip Lertwitworatep

Certified Public Accountant (Thailand) No. 4377

EY Office Limited

Bangkok: 11 August 2020

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	4,742,155	5,434,979	713,305	577,211
Short-term investments	2	-	3,132,586	-	-
Trade and other receivables	4, 6	3,051,070	3,340,723	1,175,036	1,508,441
Inventories	7	5,226,857	4,518,387	2,800,371	2,332,079
Current portion of long-term fixed deposits					
with financial institution	2, 9	-	450,180	-	-
Other current financial assets	5	4,298,900	-	-	-
Other current assets	2	63,091	137,874	44,684	58,723
Total current assets		17,382,073	17,014,729	4,733,396	4,476,454
Non-current assets					
Other non-current financial assets	10	139,104	-	97	-
Investments in subsidiary companies	8	-	-	3,583,449	3,583,449
Other long-term investments	2	-	135,790	-	97
Investment property	11	72,304	72,304	72,304	72,304
Property, plant and equipment	2, 12	6,873,598	6,901,862	2,547,728	2,727,807
Land leasehold rights	2	-	115,504	-	-
Intangible assets		279,680	160,934	62,289	30,155
Deferred tax assets		-	1,174	1,582	2,276
Other non-current assets		21,104	23,885	10	10
Total non-current assets		7,385,790	7,411,453	6,267,459	6,416,098
Total assets		24,767,863	24,426,182	11,000,855	10,892,552

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	13	-	500,000	-	500,000
Short-term loan from related party	4	-	-	-	210,000
Trade and other payables	4, 14	2,454,551	2,252,054	1,502,748	1,381,317
Short-term provisions		308,905	301,540	-	-
Income tax payable		26,468	22,447	6,170	6,595
Other current liabilities		110,845	105,661	22,568	21,728
Total current liabilities		2,900,769	3,181,702	1,531,486	2,119,640
Non-current liabilities					
Deferred tax liabilities		5,912	-	-	-
Provision for long-term employee benefits		731,366	698,864	340,434	327,677
Total non-current liabilities		737,278	698,864	340,434	327,677
Total liabilities		3,638,047	3,880,566	1,871,920	2,447,317
Shareholders' equity					
Share capital					
Registered					
974,403,900 ordinary shares of Baht 1 each		974,404	974,404	974,404	974,404
Issued and fully paid-up					
804,878,860 ordinary shares of Baht 1 each		804,879	804,879	804,879	804,879
Share premium		1,723,219	1,723,219	1,723,219	1,723,219
Retained earnings					
Appropriated - statutory reserve		456,463	456,463	100,000	100,000
Unappropriated		18,804,650	18,441,803	6,500,837	5,817,137
Other components of shareholders' equity		(659,395)	(880,748)	-	-
Total shareholders' equity		21,129,816	20,545,616	9,128,935	8,445,235
Total liabilities and shareholders' equity		24,767,863	24,426,182	11,000,855	10,892,552

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

Directors

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Income statement

For the three-month period ended 30 June 2020

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

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues					
Sales		4,592,370	5,159,520	1,915,331	2,307,583
Interest income		36,471	45,992	556	362
Dividend income	8	430	764	536,046	64,041
Gain on exchange		206,851	103,120	10,981	-
Other income		98,751	77,726	12,104	8,869
Total revenues		4,934,873	5,387,122	2,475,018	2,380,855
Expenses					
Cost of sales		3,888,950	4,519,839	1,596,142	2,054,470
Selling and distribution expenses		27,720	35,948	16,949	10,914
Administrative expenses		298,333	273,831	68,782	69,472
Loss on exchange		-	-	-	6,768
Total expenses		4,215,003	4,829,618	1,681,873	2,141,624
Profit from operating activities		719,870	557,504	793,145	239,231
Finance cost		(2,481)	(3,657)	(932)	(2,253)
Impairment loss on financial assets		(2,105)	-	-	-
Profit before income tax expenses		715,284	553,847	792,213	236,978
Income tax expenses	15	(32,982)	(18,197)	(1,598)	(1,496)
Profit for the period		682,302	535,650	790,615	235,482
Profit attributable to:					
Equity holders of the Company		682,302	535,650	790,615	235,482
Earnings per share					
16					
Basic earnings per share					
Profit attributable to equity holders of					
the Company (Baht)					
		0.85	0.67	0.98	0.29
Number of weighted average ordinary shares					
(Thousand shares)					
		804,879	804,879	804,879	804,879

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 June 2020

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit for the period	<u>682,302</u>	<u>535,650</u>	<u>790,615</u>	<u>235,482</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Gain on changes in fair value of available-for-sale investments/financial assets at fair value through other comprehensive income	157,659	35,004	-	-
Exchange differences on translation of financial statements in foreign currency - net of income tax	15 (644,642)	(441,627)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	(486,983)	(406,623)	-	-
Other comprehensive income for the period	<u>(486,983)</u>	<u>(406,623)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>195,319</u>	<u>129,027</u>	<u>790,615</u>	<u>235,482</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>195,319</u>	<u>129,027</u>	<u>790,615</u>	<u>235,482</u>

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Income statement

For the six-month period ended 30 June 2020

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

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues					
Sales		9,202,030	10,292,272	4,157,335	4,589,959
Interest income		80,009	89,433	696	362
Dividend income	8	830	764	536,046	64,041
Gain on exchange		-	215,243	34,122	1,589
Other income		172,278	158,894	25,294	16,905
Total revenues		9,455,147	10,756,606	4,753,493	4,672,856
Expenses					
Cost of sales		7,790,362	9,281,225	3,365,259	4,179,650
Selling and distribution expenses		73,788	74,409	35,107	21,980
Administrative expenses		550,513	521,842	137,252	133,220
Loss on exchange		74,690	-	-	-
Total expenses		8,489,353	9,877,476	3,537,618	4,334,850
Profit from operating activities		965,794	879,130	1,215,875	338,006
Finance cost		(8,062)	(5,286)	(3,364)	(2,726)
Impairment loss on financial assets		(25,227)	-	-	-
Profit before income tax expenses		932,505	873,844	1,212,511	335,280
Income tax expenses	15	(46,487)	(34,940)	(5,640)	(3,313)
Profit for the period		886,018	838,904	1,206,871	331,967
Profit attributable to:					
Equity holders of the Company		886,018	838,904	1,206,871	331,967
Earnings per share					
16					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)					
		1.10	1.04	1.50	0.41
Number of weighted average ordinary shares (Thousand shares)					
		804,879	804,879	804,879	804,879

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of comprehensive income

For the six-month period ended 30 June 2020

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit for the period	886,018	838,904	1,206,871	331,967
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Gain on changes in fair value of available-for-sale investments/financial assets at fair value through other comprehensive income	5.2	3,752	102,393	-
Exchange differences on translation of financial statements in foreign currency - net of income tax	15	217,601	(615,610)	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		221,353	(513,217)	-
Other comprehensive income for the period		221,353	(513,217)	-
Total comprehensive income for the period		1,107,371	325,687	1,206,871
Total comprehensive income attributable to:				
Equity holders of the Company		1,107,371	325,687	1,206,871

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows

For the six-month period ended 30 June 2020

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities				
Profit before tax	932,505	873,844	1,212,511	335,280
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	564,166	569,117	206,421	193,838
Amortisation expenses	5,939	6,701	3,561	2,423
Allowance for expected credit losses (reversal)	4,526	(17,492)	2,492	-
Reduction of inventories to net realisable value (reversal)	(3,354)	23,645	(15,207)	(221)
Write-off of obsolete and damaged inventories (reversal)	-	(9,312)	-	(8,081)
Dividend income from subsidiary companies	-	-	(536,000)	(64,000)
Dividend income from other company	(830)	(764)	(46)	(41)
Loss (gain) on disposals/write-off of equipment	419	20,630	(1,649)	1,050
Allowance for impairment loss on assets (reversal)	4,192	(999)	4,192	(999)
Provision for long-term employee benefits	38,984	61,153	13,118	25,245
Gain on sales/redemption of short-term investments	-	(5,151)	-	-
Revaluation gain on investments in securities held for trading	-	(19,514)	-	-
Revaluation gain on financial assets at fair value through profit or loss	(18,591)	-	-	-
Allowance for impairment loss on other current financial assets	25,227	-	-	-
Unrealised loss (gain) on exchange	36,464	(11,689)	20,359	95
Unrealised gain on forward contracts	(9,772)	(39,023)	-	-
Interest income from short-term investments	-	(54,582)	-	-
Interest income from other current financial assets	(51,694)	-	-	-
Interest expenses	4,044	1,653	2,207	1,653
Profit from operating activities before changes in operating assets and liabilities	1,532,225	1,398,217	911,959	486,242

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the six-month period ended 30 June 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Trade and other receivables	246,210	187,310	307,816	3,375
Inventories	(705,116)	310,512	(453,085)	(51,420)
Other current assets	37,862	39,737	24,884	9,363
Operating liabilities increase (decrease)				
Trade and other payables	214,003	(416,392)	118,260	138,286
Other current liabilities	5,528	(13,815)	840	(2,597)
Cash from operating activities	1,330,712	1,505,569	910,674	583,249
Cash paid for long-term employee benefits	(6,482)	(19,678)	(361)	(13,255)
Cash paid for income tax	(35,687)	(56,485)	(5,370)	(1,980)
Net cash from operating activities	1,288,543	1,429,406	904,943	568,014
Cash flows from investing activities				
Decrease in fixed deposits with financial institutions	-	480,072	-	-
Increase in short-term investments	-	(1,300,624)	-	-
Increase in other current financial assets	(663,280)	-	-	-
Interest income from short-term investments	-	61,185	-	-
Interest income from other current financial assets	54,101	-	-	-
Proceeds from sales/redemption of short-term investments	-	68,924	-	-
Proceeds from sales/redemption of other current financial assets	2,413	-	-	-
Dividend income from subsidiary companies	-	-	536,000	64,000
Dividend income from other company	830	764	46	41
Decrease in other long-term investments	-	7,675	-	-
Acquisitions of property, plant and equipment	(482,302)	(591,271)	(69,280)	(268,094)
Proceeds from disposals of equipment	4,608	1,612	1,734	472
Increase in intangible assets	(89,559)	(76,227)	(569)	(318)
Decrease (increase) in other non-current assets	2,781	11,269	-	(1,607)
Net cash from (used in) investing activities	(1,170,408)	(1,336,621)	467,931	(205,506)

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the six-month period ended 30 June 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(500,000)	570,000	(500,000)	570,000
Decrease in short-term loans from related parties	-	-	(210,000)	-
Interest expenses	(2,038)	(961)	(3,609)	(961)
Dividend paid	(523,171)	(804,879)	(523,171)	(804,879)
Net cash used in financing activities	(1,025,209)	(235,840)	(1,236,780)	(235,840)
Increase (decrease) in cash and cash equivalents	(907,074)	(143,055)	136,094	126,668
Translation adjustment	214,250	(614,837)	-	-
Net increase (decrease) in cash and cash equivalents	(692,824)	(757,892)	136,094	126,668
Cash and cash equivalents at beginning of the period	5,434,979	4,081,336	577,211	237,904
Cash and cash equivalents at end of the period				
(Note 3)	4,742,155	3,323,444	713,305	364,572

Supplemental cash flow information

Non-cash related transactions from investing activities

Net increase (decrease) in accounts payable for

purchases of plant and equipment (17,559) (274,170) (3,535) 22,655

Revaluation gain on changes in fair value of

available-for-sale investments - 102,393 - -

Revaluation gain on changes in fair value of financial assets

at fair value through other comprehensive income 3,753 - - -

Transfer equipment to intangible assets

35,126 - 35,126 -

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the six-month period ended 30 June 2020

(Unit: Thousand Baht)

		Consolidated financial statements							
		Other components of shareholders' equity							
		Other comprehensive income							
		Surplus (deficit)							
		on changes in							
		value of							
		available-for-sale							
		investments/							
		financial assets							
		Exchange differences							
		on translation of							
		financial statements							
		Total other							
		components of							
		shareholders'							
		equity							
		Total							
		shareholders'							
		equity							
Note	Issued and paid up share capital	Share premium	Retained earnings		at fair value through other comprehensive income	in foreign currency	equity	equity	
			Appropriated - Statutory reserve	Unappropriated					
	Balance as at 31 December 2018	804,879	1,723,219	456,463	18,237,930	68,641	(208,002)	(139,361)	21,083,130
	Profit for the period	-	-	-	838,904	-	-	-	838,904
	Other comprehensive income for the period	-	-	-	-	102,393	(615,610)	(513,217)	(513,217)
	Total comprehensive income for the period	-	-	-	838,904	102,393	(615,610)	(513,217)	325,687
	Dividend paid	-	-	-	(804,879)	-	-	-	(804,879)
	Balance as at 30 June 2019	804,879	1,723,219	456,463	18,271,955	171,034	(823,612)	(652,578)	20,603,938
	Balance as at 31 December 2019	804,879	1,723,219	456,463	18,441,803	208,868	(1,089,616)	(880,748)	20,545,616
	Profit for the period	-	-	-	886,018	-	-	-	886,018
	Other comprehensive income for the period	-	-	-	-	3,752	217,601	221,353	221,353
	Total comprehensive income for the period	-	-	-	886,018	3,752	217,601	221,353	1,107,371
	Dividend paid	-	-	-	(523,171)	-	-	-	(523,171)
	Balance as at 30 June 2020	804,879	1,723,219	456,463	18,804,650	212,620	(872,015)	(659,395)	21,129,816

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2020

(Unit: Thousand Baht)

Separate financial statements					
	Issued and paid up share capital	Share premium	<u>Retained earnings</u>		Total Shareholders' equity
<u>Note</u>			Appropriated - Statutory reserve	Unappropriated	
Balance as at 31 December 2018	804,879	1,723,219	100,000	6,470,616	9,098,714
Profit for the period	-	-	-	331,967	331,967
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	331,967	331,967
Dividend paid	-	-	-	(804,879)	(804,879)
Balance as at 30 June 2019	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>5,997,704</u>	<u>8,625,802</u>
Balance as at 31 December 2019	804,879	1,723,219	100,000	5,817,137	8,445,235
Profit for the period	-	-	-	1,206,871	1,206,871
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,206,871	1,206,871
Dividend paid	-	-	-	(523,171)	(523,171)
Balance as at 30 June 2020	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>6,500,837</u>	<u>9,128,935</u>

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

Hana Microelectronics Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and six-month periods ended 30 June 2020

1. General information

1.1 Corporate information

Hana Microelectronics Public Company Limited (“the Company”) was incorporated as a limited company under Thai law and transformed to be a public limited company under the Public Limited Companies Act on 27 January 1993. The Company operates its business in Thailand and is principally engaged in the manufacture and trading of electronic components. The registered office of the Company is at 65/98, Soi Vibhavadi-Rangsit 64, Junction 2, Kwang Talad Bangkhen, Khet Laksi, Bangkok.

1.2 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve in various regions around the world, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more.

This situation affects the Group’s business activities in terms of decrease in customer orders and limited production of overseas subsidiaries. This may significantly impact the Group’s financial position, financial performance, and cash flows at present, and is possible to do so in the future. However, the impact cannot be reasonably estimated at this stage. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

1.3 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.4 Basis of consolidation

These consolidated interim financial statements include the financial statements of Hana Microelectronics Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2019. There are no changes in the group structure during the current period.

1.5 New financial reporting standards that became effective in the current period

During the period, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. 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 adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A 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.

The impact of the adoption of these standards on the Group's financial statements is as follows.

- Classification and measurement of investments in equity instruments of non-listed companies - The Group measures investments in equity instruments of non-listed companies at fair value and classifies the investments as financial assets at fair value, through other comprehensive income.
- Recognition of credit losses - The Group recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

The Group adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

This standard does not have any significant impact on the Group's financial statements.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic

The Federation of Accounting Professions announced Accounting Treatment Guidance on Temporary Relief Measures on Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Group has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.
- To measure the fair value of investments in unquoted equity instruments using the fair value as at 1 January 2020.
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.

1.6 Significant accounting policies

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019 except the changes in accounting policies related to financial instruments and leases.

1.6.1 Financial instruments

Classification and measurement

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets that are equity instruments are measured at fair value through profit or loss. In certain cases, the Group makes an election to measure them at fair value through other comprehensive income, with no subsequent recycling to profit or loss.

Financial liabilities are classified and measured at amortised cost.

Impairment of financial assets

The Group recognises an allowance for expected credit losses on its financial assets measured at amortised cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Group accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables that do not contain a significant financing component, the Group applies a simplified approach to determine the lifetime expected credit losses.

1.6.2 Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Short-term leases and Leases of low-value assets

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 1.5 to the financial statements, during the current period, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

(Unaudited but reviewed)

The impacts on the beginning balance of retained earnings of 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	The impacts of			1 January 2020
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	
Statement of financial position				
Assets				
Current assets				
Short-term investments	3,132,586	(3,132,586)	-	-
Current portion of long-term fixed deposits with financial institution	450,180	(450,180)	-	-
Other current financial assets	-	3,628,605	-	3,628,605
Other current assets	137,874	(45,839)	-	92,035
Non-current assets				
Other non-current financial assets	-	135,790	-	135,790
Other long-term investments	135,790	(135,790)	-	-
Property, plant and equipment	6,901,862	-	115,504	7,017,366
Land leasehold rights	115,504	-	(115,504)	-

(Unit: Thousand Baht)

	Separate financial statements		
	The impacts of		1 January 2020
	31 December 2019	financial reporting standards related to financial instruments	
Statement of financial position			
Assets			
Non-current assets			
Other non-current financial assets	-	97	97
Other long-term investments	97	(97)	-

(Unaudited but reviewed)

2.1 Financial instruments

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
Financial assets as at 1 January 2020					
Cash and cash equivalents	5,434,979	-	-	5,434,979	5,434,979
Other current financial assets	3,628,605	1,216,608	1,760,565	651,432	3,628,605
Trade and other receivables	3,340,723	-	-	3,340,723	3,340,723
Other non-current financial assets	135,790	-	75,482	60,308	135,790
Total financial assets	12,540,097	1,216,608	1,836,047	9,487,442	12,540,097

(Unaudited but reviewed)

(Unit: Thousand Baht)

Separate financial statements

Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
Financial assets as at 1 January 2020				
Cash and cash equivalents	577,211	-	577,211	577,211
Trade and other receivables	1,508,441	-	1,508,441	1,508,441
Other non-current financial assets	97	97	-	97
Total financial assets	2,085,749	97	2,085,652	2,085,749

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

2.2 Leases

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Land	115,504
Buildings	45,578
Total right-of-use assets	161,082

3. Cash and cash equivalents

Cash and cash equivalents as at 30 June 2020 and 31 December 2019, as reflected in the statements of financial position, consisted of the followings:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Cash	1,302	1,260	136	258
Bank deposits	3,807,960	4,111,374	713,169	576,953
Fixed deposits with maturity not over 3 months	932,893	1,322,345	-	-
Total cash and cash equivalents	4,742,155	5,434,979	713,305	577,211

As at 30 June 2020, bank deposits in savings accounts and fixed deposits carried interests between 0.001 and 2.100 percent per annum (31 December 2019: 0.001 and 2.250 percent per annum).

4. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with the related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Separate financial statements				Pricing policies
	For the three-month periods ended		For the six-month periods ended		
	30 June		30 June		
	2020	2019	2020	2019	
Transactions with subsidiary companies					
(eliminated from the consolidated financial statements)					
Sales of goods	63	42	84	73	Prices agreed between the parties due to the uniqueness of products sold to each customer
Dividend income	536	64	536	64	Declared rate
Purchase of materials	109	97	192	198	Cost plus mark up
Service fee expenses	2	2	5	5	Rates stipulated in the agreement

As at 30 June 2020 and 31 December 2019, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
Trade receivables (Note 6)				
<u>Trade receivables - related parties</u>				
Subsidiary companies	-	-	39,430	21,259
Total trade receivables - related parties	-	-	39,430	21,259
Trade and other payables (Note 14)				
<u>Trade payables - related parties</u>				
Subsidiary companies	-	-	815,702	709,103
Total trade payables - related parties	-	-	815,702	709,103
<u>Other payables - related parties</u>				
Subsidiary companies	-	-	-	483
Total other payables - related parties	-	-	-	483
Total trade and other payables	-	-	815,702	709,586

(Unaudited but reviewed)

Short-term loans from related parties

As at 31 December 2019, the Company had short-term loans in form of unsecured promissory notes of Baht 210 million, carrying interest at 1.50 percent per annum. Movements in short-term loans from related parties during the six-month period ended 30 June 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2019	-	210,000
Less: Repayment during the period	-	(210,000)
Balance as at 30 June 2020	-	-

Directors' and management's benefits

During the three-month and six-month periods ended 30 June 2020 and 2019, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	25.4	27.6	4.3	4.8
Post-employment benefits	0.4	0.5	0.2	0.2
Total	25.8	28.1	4.5	5.0

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	50.9	55.3	8.6	9.6
Post-employment benefits	0.8	1.0	0.4	0.4
Total	51.7	56.3	9.0	10.0

(Unaudited but reviewed)

5. Other current financial assets

	(Unit: Thousand Baht)
	Consolidated
	<u>financial statements</u>
	<u>30 June 2020</u>
	<u>Fair value</u>
Financial assets at fair value through profit or loss	
Overseas marketable equity securities (Note 5.1)	1,216,611
Financial derivative assets	58,151
Financial assets at fair value through profit or loss	<u>1,274,762</u>
Financial assets at fair value through other comprehensive income (Note 5.2)	
Overseas marketable corporate bonds	1,022,867
Overseas quoted bonds	756,130
Financial assets at fair value through other comprehensive income	<u>1,778,997</u>
Financial assets at amortised cost	
Fixed deposits within 1 year	1,245,141
Financial assets at amortised cost	<u>1,245,141</u>
Total other current financial assets	<u><u>4,298,900</u></u>

As at 30 June 2020, fixed deposits with financial institutions carried interests between 1.65 and 2.33 percent per annum (31 December 2019: between 1.65 and 2.10 percent per annum).

5.1 Overseas marketable equity securities

Movements of overseas marketable equity securities for the six-month period ended 30 June 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements				
	Cost		Cost	Revaluation	Fair value
	as at	Translation			
	31 December	Translation	30 June 2020	gain	30 June 2020
2019	adjustment				
Overseas marketable equity securities					
Investment trusts	60,308	1,473	61,781	59,311	121,092
Supply chain finance funds	1,055,390	25,777	1,081,167	14,352	1,095,519
Total financial assets at fair value through profit or loss	1,115,698	27,250	1,142,948	73,663	1,216,611

As at 30 June 2020, the subsidiary assessed the fair value of the above financial assets 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 2.38 million or equivalent to approximately Baht 73.66 million (31 December 2019: surplus of USD 1.83 million or equivalent to approximately Baht 55.07 million). The gain on change in the fair value of approximately Baht 18.59 million (2019: Baht 19.51 million) was recognised in the income statements.

5.2 Financial assets at fair value through other comprehensive income

Movements of financial assets at fair value through other comprehensive income for the six-month periods ended 30 June 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements							Fair value as at 30 June 2020
	Cost as at 31 December 2019	Purchase	Proceeds from sales/ redemption	Translation adjustment	Cost as at 30 June 2020	Revaluation gain	Allowance for impairment loss	
Overseas marketable corporate bonds	861,671	-	(1,061)	19,010	879,620	143,247	-	1,022,867
Overseas quoted bonds	690,026	6,316	(1,352)	15,733	710,723	70,634	(25,227)	756,130
Total financial assets at fair value through other comprehensive income	<u>1,551,697</u>	<u>6,316</u>	<u>(2,413)</u>	<u>34,743</u>	<u>1,590,343</u>	<u>213,881</u>	<u>(25,227)</u>	<u>1,778,997</u>

As at 30 June 2020, the subsidiary assessed the fair value of the above financial assets by referring to the values quoted by the two overseas banks which are comparable to quoted prices, the result of which was a revaluation surplus on the fair value of USD 6.88 million or equivalent to approximately Baht 213.88 million (31 December 2019: surplus of USD 6.93 million or equivalent to approximately Baht 208.87 million). The gain on change in the fair value of approximately Baht 3.75 million (2019: Baht 102.39 million) was recognised as other comprehensive income in the statements of comprehensive income.

During the period, the subsidiary assessed the expected credit losses for significant increase in credit risk of overseas quote bonds since initial recognition. The impairment loss of USD 0.78 million or equivalent to approximately Baht 25.23 million was recognised in the income statement.

(Unaudited but reviewed)

6. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Age of receivables				
Trade receivables - subsidiary companies				
Not yet due	-	-	28,535	535
Past due				
Up to 3 months	-	-	1,388	14,301
3 - 6 months	-	-	2,222	885
6 - 12 months	-	-	2,268	3,412
Over 12 months	-	-	5,017	2,126
Total trade receivables - subsidiary companies (Note 4)	-	-	39,430	21,259
Trade receivables - unrelated parties				
Not yet due	2,406,136	2,560,541	852,688	1,132,621
Past due				
Up to 3 months	494,319	651,968	264,113	337,359
3 - 6 months	15,978	9,054	6,913	4,685
6 - 12 months	1,265	3,579	163	2,195
Over 12 months	3,305	3,626	1,737	1,490
Total trade receivables - unrelated parties	2,921,003	3,228,768	1,125,614	1,478,350
Less: Allowance for expected credit losses	(9,011)	(4,485)	(2,492)	-
Total trade receivables - unrelated parties - net	2,911,992	3,224,283	1,123,122	1,478,350
Total trade receivables - net	2,911,992	3,224,283	1,162,552	1,499,609
Input tax receivables	51,498	43,740	2,371	3,826
Other receivables - unrelated parties	87,580	72,700	10,113	5,006
Total other receivables	139,078	116,440	12,484	8,832
Trade and other receivables - net	3,051,070	3,340,723	1,175,036	1,508,441

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

Movements in the inventory provision to reduce inventories to net realisable value during the six-month period ended 30 June 2020 are summarised below.

Inventory provision	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2019	154,966	66,524
Reduction of inventory value during the period	51,237	14,214
Reversal of reduction of inventory value during the period	(54,916)	(29,421)
Translation adjustment	325	-
Balance as at 30 June 2020	151,612	51,317

8. Investments in subsidiary companies

Company's name	Paid up capital		Shareholding percentage		Cost		Dividend received for the six-month periods ended	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June	
			Percent	Percent			2020	2019
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910	266,000	-
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100	270,000	64,000
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	-	-	-	-
Hana Microelectronics Investment Company Limited	-	-	-	100	-	-	-	-
Total investments in subsidiary companies					<u>3,583,449</u>	<u>3,583,449</u>	<u>536,000</u>	<u>64,000</u>

In June 2019, Hana Microelectronics Enterprise Company Limited, an overseas subsidiary company, additionally invested in 5,910,000 ordinary shares of Power Master Semiconductor Company Limited, amounting to USD 2.5 million or equivalent to Baht 76.86 million. In September 2019, it additionally invested in 5,922,600 ordinary shares, amounting to USD 2.5 million or equivalent to Baht 76.48 million. In December 2019, It additionally invested in 5,781,500 ordinary shares, amounting to USD 2.5 million or equivalent to Baht 75.39 million.

(Unaudited but reviewed)

In June 2020, such overseas subsidiary company additionally invested in 14,526,840 ordinary shares of Power Master Semiconductor Company Limited, amounting to USD 6 million or equivalent to Baht 191.07 million.

As at 30 June 2020, the overseas subsidiary company has invested in 38,685,097 ordinary shares of Power Master Semiconductor Company Limited, amounting to USD 16.49 million or equivalent to Baht 517.37 million, representing 100% of the issued and paid-up share capital of that company.

9. Long-term fixed deposits with financial institution

As at 31 December 2019, an overseas subsidiary had long-term fixed deposits with financial institution of China Yuan 104.3 million or equivalent to Baht 450.2 million, which are portion due within one year between January to April 2020, carrying interest between 2.25 and 2.33 percent per annum.

10. Other non-current financial assets

	(Unit: Thousand Baht)	
	30 June 2020	
	Consolidated financial statements	Separate financial statements
Financial assets at fair value through other comprehensive income		
Local marketable equity securities	97	97
Preferred shares issued by an overseas company	78,080	-
Total	78,177	97
Translation adjustment	(854)	-
Total	77,323	97
Financial assets at amortised cost		
Overseas debt securities	61,781	-
Total	61,781	-
Total other non-current financial assets	139,104	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, with maturity date on 14 July 2020. The parties mutually agreed that the subsidiary will receive the principal amount of USD 2 million at the maturity date and gain from rising of fund price, between the reference price at initial valuation date and the final closing index of the fund upon maturity date at the agreed rate in a case that the closing index of the fund upon maturity date is higher than the initial reference price. This investment is classified as investment in held-to-maturity debt securities.

11. Investment property

The fair value of the investment property based on market price as at 30 June 2020 amounted to approximately Baht 96 million (31 December 2019: Baht 96 million).

12. Property, plant and equipment

Movements in the property, plant and equipment account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2019	6,901,862	2,727,807
Effect from TFRS 16 adoption	115,504	-
Acquisitions during the period - at cost	446,371	65,745
Disposals/write-off during the period - net book value at disposal/write-off date	(5,027)	(85)
Transfer out	(35,126)	(35,126)
Depreciation for the period	(564,166)	(206,421)
Allowance for impairment during the period	(4,192)	(4,192)
Translation adjustment	18,372	-
Net book value as at 30 June 2020	<u>6,873,598</u>	<u>2,547,728</u>

As at 30 June 2020, the Group had right-of-use assets with net book value of Baht 161 million included as part of property, plant and equipment.

13. Short-term loans from financial institutions

As at 31 December 2019, the Company had short-term loans in form of unsecured promissory notes of Baht 500 million, carrying interests between 1.90 and 2.00 percent per annum.

Movements in short-term loans from financial institutions during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2019	500,000	500,000
Less: Repayment during the period	(500,000)	(500,000)
Balance as at 30 June 2020	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

14. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Trade payables - subsidiary companies (Note 4)	-	-	815,702	709,103
Trade payables - unrelated parties	1,771,462	1,703,256	547,350	597,884
Other payables - subsidiary companies (Note 4)	-	-	-	483
Advance received from customers	257,148	177,899	45,530	17,236
Other payables for purchase of machinery	58,406	75,965	25,384	28,919
Accrued expenses	367,535	294,934	68,782	27,692
Total trade and other payables	<u>2,454,551</u>	<u>2,252,054</u>	<u>1,502,748</u>	<u>1,381,317</u>

15. Income tax

Interim corporate income tax is calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and six-month periods ended 30 June 2020 and 2019 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax:				
Interim corporate income tax charge	28,102	19,038	1,121	1,305
Deferred tax:				
Relating to origination and reversal of temporary differences	4,880	(841)	477	191
Income tax expenses reported in the income statement	<u>32,982</u>	<u>18,197</u>	<u>1,598</u>	<u>1,496</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax:				
Interim corporate income tax charge	39,364	39,298	4,945	3,117
Deferred tax:				
Relating to origination and reversal of temporary differences	7,123	(4,358)	695	196
Income tax expenses reported in the income statement	<u>46,487</u>	<u>34,940</u>	<u>5,640</u>	<u>3,313</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	(184)	765	-	-

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	(36)	773	-	-

16. Earnings per share

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

17. Segment information

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

The following table presents revenue and profit information regarding the Company's and its subsidiaries' operating segments for the three-month and six-month periods ended 30 June 2020 and 2019.

(Unit: Million Baht)

Consolidated financial statements for the three-month periods ended 30 June												
	Printed Circuit Board Assembly (PCBA)		Integrated Circuit (IC)		Others		Total reportable segments		Eliminations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues from external customers	2,618	3,026	1,790	1,893	184	241	4,592	5,160	-	-	4,592	5,160
Intersegment revenues	818	808	159	195	211	234	1,188	1,237	(1,188)	(1,237)	-	-
Total revenues	<u>3,436</u>	<u>3,834</u>	<u>1,949</u>	<u>2,088</u>	<u>395</u>	<u>475</u>	<u>5,780</u>	<u>6,397</u>	<u>(1,188)</u>	<u>(1,237)</u>	<u>4,592</u>	<u>5,160</u>
Segment profit	505	387	143	175	52	72	700	634	3	5	703	639
Interest income											36	46
Dividend income											1	1
Gain on exchange											207	103
Other income											98	78
Selling and distribution expenses											(28)	(36)
Administrative expenses											(298)	(274)
Finance cost											(2)	(3)
Impairment loss on financial assets											(2)	-
Income tax expenses											(33)	(18)
Profit for the period											<u>682</u>	<u>536</u>

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements for the six-month periods ended 30 June

	Printed Circuit Board Assembly (PCBA)		Integrated Circuit (IC)		Others		Total reportable segments		Eliminations		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues from external customers	5,335	6,031	3,541	3,811	326	450	9,202	10,292	-	-	9,202	10,292
Intersegment revenues	1,286	1,569	272	369	337	564	1,895	2,502	(1,895)	(2,502)	-	-
Total revenues	<u>6,621</u>	<u>7,600</u>	<u>3,813</u>	<u>4,180</u>	<u>663</u>	<u>1,014</u>	<u>11,097</u>	<u>12,794</u>	<u>(1,895)</u>	<u>(2,502)</u>	<u>9,202</u>	<u>10,292</u>
Segment profit	1,034	630	275	236	97	135	1,406	1,001	6	10	1,412	1,011
Interest income											80	89
Dividend income											1	1
Gain (loss) on exchange											(75)	215
Other income											172	159
Selling and distribution expenses											(74)	(74)
Administrative expenses											(550)	(522)
Finance cost											(8)	(5)
Impairment loss on financial assets											(25)	-
Income tax expenses											(47)	(35)
Profit for the period											<u>886</u>	<u>839</u>

18. Dividend paid

During the six-month period ended 30 June 2020 and 2019, the Company and its subsidiary companies had dividend payments as follows:

		Approved by	Total dividends	Dividend per share
			Thousand Baht	Baht
<u>The Company</u>				
<u>For the year 2020</u>				
Dividends on 2019 income and unappropriated retained earnings	Annual General Meeting of the shareholders on 30 April 2020		523,171	0.65
<u>For the year 2019</u>				
Dividends on 2018 income and unappropriated retained earnings	Annual General Meeting of the shareholders on 30 April 2019		804,879	1.00
<u>Subsidiary companies</u>				
Hana Semiconductor (BKK) Company Limited				
<u>For the year 2020</u>				
Interim dividends in respect of the income for the period from 1 January 2020 to 30 April 2020	Board of Directors' Meeting on 29 April 2020		270,000	2.70
<u>For the year 2019</u>				
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 29 April 2019		64,000	0.64
Hana Semiconductor (Ayutthaya) Company Limited				
<u>For the year 2020</u>				
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 7 April 2020		456,000	3.80

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

As at 30 June 2020, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery totaling USD 1.7 million and CNY 4.5 million or equivalent to totaling Baht 74.1 million (31 December 2019: USD 4.3 million or equivalent to Baht 138 million) and the Company only of approximately Baht 17.1 million (31 December 2019: Baht 48 million).

19.2 Commitments under lease and service agreements

The Company and its subsidiaries have entered into the lease agreements in respect of the lease of equipment, lease of land and lease of building and factory and related services. The terms of the agreements are generally between 1 and 5 years.

Future minimum payments required under these short-term lease and lease of low-value assets contracts and related services were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
Payable:				
In up to 1 year	102.1	97.7	20.4	29.6
In over 1 year and up to 5 years	68.3	74.4	0.1	0.3

19.3 Marketing supportive service agreements

Since the year 2001, the Company and three subsidiary companies entered into marketing supportive service agreement with an overseas subsidiary company. Under that agreement, the Company and the three subsidiary companies have to pay service fees to that subsidiary company at the rates stipulated in the agreement.

19.4 Sale representative agreements

Since the year 2015, an overseas subsidiary entered into sale representative agreement with an unrelated company with the annual service fees of approximately USD 0.6 million.

19.5 Guarantees

As at 30 June 2020, there were outstanding bank guarantees of approximately Baht 28 million (31 December 2019: Baht 28 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company to guarantee electricity uses, among others.

20. Foreign currency risk

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

(Unaudited but reviewed)

The significant balances of financial assets and liabilities denominated in foreign currencies as at 30 June 2020 and 31 December 2019 are summarised below.

Foreign currency	Financial assets as at		Financial liabilities as at		Average exchange rate	
	30 June	31 December	30 June	31 December	30 June	31 December
	2020	2019	2020	2019	2020	2019
	(Million)	(Million)	(Million)	(Million)	(Baht per foreign currency unit)	
Cambodia Rial	2,646	3,170	-	-	0.0075	0.0074
South Korean Won	1,369	6,859	430	167	0.0258	0.0260
US Dollar	258	272	65	47	30.8905	30.1540
China Yuan	184	226	77	92	4.3677	4.3147

As at 30 June 2020 and 31 December 2019, the two overseas subsidiary companies had outstanding forward exchange contracts, of which details are presented below.

As at 30 June 2020

Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
120	22 July 2020 - 30 September 2020	30.853 - 32.570

As at 31 December 2019

Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
120	21 January 2020 - 31 March 2020	30.120 - 30.560

21. Fair value of financial instruments

As of 30 June 2020, the Company and its subsidiaries had the following financial assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Level 1	Level 2	Total
Financial assets measured at fair value			
Financial assets at fair value through profit or loss			
Overseas marketable equity securities	1,216,611	-	1,216,611
Financial assets at fair value through other comprehensive income			
Marketable corporate bonds	1,022,867	-	1,022,867
Quoted bonds	756,130	-	756,130
Local marketable equity securities	97	-	97
Preferred share issued by an overseas company	-	77,226	77,226
Derivatives			
Foreign currency forward contracts - gain	-	58,151	58,151

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

22. Reclassification

The Company has reclassified the following items in the Income statements for the three-month and six-month periods ended 30 June 2019 to conform to the current period's classification.

(Unit: Thousand Baht)

	For the three-month period ended 30 June 2019			
	Consolidated financial statements		Separate financial statements	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
Cost of sales	4,519,839	4,486,429	2,054,470	2,021,060
Administrative expenses	273,831	307,241	69,472	102,882

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the six-month period ended 30 June 2019

	Consolidated financial statements		Separate financial statements	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
Cost of sales	9,281,225	9,220,048	4,179,650	4,118,473
Administrative expenses	521,842	583,019	133,220	194,397

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

23. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 August 2020.