

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2015

Independent Auditor's Report

To the Shareholders of Hana Microelectronics Public Company Limited

I have audited the accompanying consolidated financial statements of Hana Microelectronics Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Hana Microelectronics Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

EY Office Limited

Bangkok: 24 February 2016

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Assets					
Current assets					
Cash and cash equivalents	6	6,104,135,405	5,467,222,517	956,167,450	743,165,162
Short-term investments	8, 12	3,016,908,149	2,863,279,506	-	-
Trade and other receivables	7, 9	3,317,966,105	3,354,080,283	1,409,354,219	1,441,054,210
Inventories	10	3,366,602,299	3,328,913,995	1,212,158,700	1,286,124,916
Other current assets		202,023,086	118,864,366	30,789,637	36,556,420
Total current assets		16,007,635,044	15,132,360,667	3,608,470,006	3,506,900,708
Non-current assets					
Investments in subsidiary companies	11	-	-	3,583,449,338	3,583,449,338
Investment in fixed deposit with financial institution	12	-	330,689,904	-	-
Property, plant and equipment	13	6,901,339,310	6,405,503,644	2,623,253,348	2,645,684,457
Deposit for land purchase		22,500,000	-	22,500,000	-
Land leasehold rights	14	150,830,535	140,641,024	-	-
Other intangible assets	15	22,354,325	19,685,072	12,016,840	12,661,895
Deferred tax assets	21	12,462,619	16,145,022	3,650,753	8,147,483
Other non-current assets		5,718,152	6,306,674	1,425,750	1,425,750
Total non-current assets		7,115,204,941	6,918,971,340	6,246,296,029	6,251,368,923
Total assets		23,122,839,985	22,051,332,007	9,854,766,035	9,758,269,631

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 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	7, 16	2,412,957,948	2,477,893,174	1,280,207,010	1,541,969,284
Short-term provisions	17	347,248,129	360,133,931	-	64,109,834
Income tax payable		19,269,407	171,711,756	7,283,584	9,947,271
Other current liabilities		385,349,718	162,119,741	57,312,271	58,288,766
Total current liabilities		3,164,825,202	3,171,858,602	1,344,802,865	1,674,315,155
Non-current liabilities					
Provision for long-term employee benefits	18	534,439,917	515,861,826	279,200,130	259,352,014
Total non-current liabilities		534,439,917	515,861,826	279,200,130	259,352,014
Total liabilities		3,699,265,119	3,687,720,428	1,624,002,995	1,933,667,169
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	19	416,331,205	386,272,214	100,000,000	100,000,000
Unappropriated		15,491,801,719	15,028,832,891	5,602,665,198	5,196,504,620
Other components of shareholders' equity		987,344,100	420,408,632	-	-
Total shareholders' equity		19,423,574,866	18,363,611,579	8,230,763,040	7,824,602,462
Total liabilities and shareholders' equity		23,122,839,985	22,051,332,007	9,854,766,035	9,758,269,631

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

.....
Directors
.....

Hana Microelectronics Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Revenues					
Sales		20,521,353,064	21,227,208,701	8,723,468,636	9,974,637,705
Interest income		222,430,622	214,997,969	12,488,826	12,569,353
Dividend income	11, 27	48,375	42,750	840,048,375	1,030,042,750
Gain on exchange		-	107,382,085	77,589,381	70,054,060
Insurance compensation income	22	-	1,350,000,000	-	-
Other income	28.5	245,073,020	271,599,341	52,181,105	60,647,177
Total revenues		20,988,905,081	23,171,230,846	9,705,776,323	11,147,951,045
Expenses					
Cost of sales	20	17,490,907,752	18,381,223,068	7,335,802,337	8,551,073,920
Selling expenses		165,316,790	124,381,914	32,708,366	26,607,159
Administrative expenses		949,295,134	885,092,385	311,033,874	248,339,825
Loss on exchange		261,770,188	-	-	-
Total expenses		18,867,289,864	19,390,697,367	7,679,544,577	8,826,020,904
Profit before finance cost and income tax expenses					
Finance cost		(7,997,309)	(8,269,759)	(2,007,108)	(2,186,821)
Profit before income tax expenses		2,113,617,908	3,772,263,720	2,024,224,638	2,319,743,320
Income tax expenses	21	(47,247,788)	(366,768,034)	(16,666,508)	(25,080,817)
Profit for the year		2,066,370,120	3,405,495,686	2,007,558,130	2,294,662,503
Profit attributable to:					
Equity holders of the Company		<u>2,066,370,120</u>	<u>3,405,495,686</u>	<u>2,007,558,130</u>	<u>2,294,662,503</u>
Earnings per share					
Basic earnings per share	23				
Profit attributable to equity holders of the Company		<u>2.57</u>	<u>4.23</u>	<u>2.49</u>	<u>2.85</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 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Profit for the year		<u>2,066,370,120</u>	<u>3,405,495,686</u>	<u>2,007,558,130</u>	<u>2,294,662,503</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	(229,241,716)	40,652,171	-	-
Exchange differences on translation of financial statements in foreign currency, net of income tax	21	<u>796,177,184</u>	<u>(9,202,284)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of income tax		<u>566,935,468</u>	<u>31,449,887</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial (gain) loss, net of income tax	18, 21	<u>36,415,419</u>	<u>(57,653,830)</u>	<u>8,360,168</u>	<u>(30,559,546)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of income tax		<u>36,415,419</u>	<u>(57,653,830)</u>	<u>8,360,168</u>	<u>(30,559,546)</u>
Other comprehensive income for the year		<u>603,350,887</u>	<u>(26,203,943)</u>	<u>8,360,168</u>	<u>(30,559,546)</u>
Total comprehensive income for the year		<u><u>2,669,721,007</u></u>	<u><u>3,379,291,743</u></u>	<u><u>2,015,918,298</u></u>	<u><u>2,264,102,957</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u><u>2,669,721,007</u></u>	<u><u>3,379,291,743</u></u>	<u><u>2,015,918,298</u></u>	<u><u>2,264,102,957</u></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 2015

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities				
Profit before tax	2,113,617,908	3,772,263,720	2,024,224,638	2,319,743,320
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,160,789,356	1,121,656,471	331,423,944	271,568,394
Amortisation expenses	7,364,596	3,424,386	1,815,914	1,429,632
Allowance for doubtful accounts (reversal)	(164,902)	20,140,943	-	-
Reduction of inventories to net realisable value (reversal)	11,661,450	(45,651,599)	6,085,286	(39,787,938)
Dividend income from subsidiary companies	-	-	(840,000,000)	(1,030,000,000)
Dividend income from other company	(48,375)	(42,750)	(48,375)	(42,750)
Loss (gain) on disposals/write-off equipment and intangible assets	6,262,935	31,023,613	(2,617,821)	(162,600)
Allowance for impairment loss on assets (reversal)	(1,665,273)	(23,581,138)	319,835	(2,890,238)
Provision for product warranty	24,093,026	22,762,027	-	-
Provision for vacation	1,050,266	764,316	756,715	48,002
Provision for long-term employee benefits	62,504,744	72,464,227	32,880,963	38,022,721
Reversal of provision for loss on tax assessments	(10,991,552)	(16,407,143)	(10,991,552)	(16,407,143)
Gain on sales/redemption of short-term investments	(8,411,369)	(11,599,669)	-	-
Revaluation loss (gain) on investments in securities held for trading	(569,333)	352,936	-	-
Unrealised loss on exchange	6,957,766	17,691,342	29,265,333	15,172,704
Unrealised loss on forward contracts	205,690,958	57,902,147	-	-
Interest income from short-term investments	(145,160,108)	(140,285,647)	-	-
Interest expenses	-	408,114	-	-
Profit from operating activities before changes in operating assets and liabilities	3,432,982,093	4,883,286,296	1,573,114,880	1,556,694,104

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 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Operating assets (increase) decrease				
Trade and other receivables	81,795,788	(174,094,127)	34,929,261	(26,957,105)
Insurance claim receivable	-	11,963,350	-	-
Inventories	(49,349,754)	(111,281,050)	67,880,930	22,523,554
Other current assets	(80,337,251)	24,242,965	6,801,336	16,853,782
Other non-current assets	(1,672,510)	(3,674)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(188,025,812)	(36,591,582)	(269,781,812)	83,648,887
Other current liabilities	17,002,115	(111,098,388)	(1,733,212)	(34,051,019)
Cash from operating activities	3,212,394,669	4,486,423,790	1,411,211,383	1,618,712,203
Cash paid for long-term employee benefits	(7,467,721)	(521,227)	(4,629,165)	-
Cash paid for tax assessments	(53,118,282)	(67,004,750)	(53,118,282)	(67,004,750)
Cash paid for corporate income tax	(196,205,539)	(234,738,869)	(14,876,978)	(26,232,669)
Net cash from operating activities	2,955,603,127	4,184,158,944	1,338,586,958	1,525,474,784
Cash flows from investing activities				
Increase in fixed deposit with financial institution	-	-330,689,904	-	-
Increase in short-term investments	(306,379,766)	(664,046,354)	-	-
Interest income from short-term investments	144,950,214	141,071,227	-	-
Proceeds from sales/redemption of short-term investments	278,408,470	376,976,197	-	-
Dividend income from subsidiary companies	-	-	840,000,000	1,030,000,000
Dividend income from other company	48,375	42,750	48,375	42,750
Acquisitions of property, plant and equipment and other intangible assets	(1,629,427,638)	(813,343,347)	(343,377,887)	(531,163,964)
Proceeds from disposals of equipment	27,981,717	25,281,119	10,002,562	7,506,829
Decrease (increase) in other non-current assets	(20,238,968)	(2,876,670)	(22,500,000)	1,030,928
Net cash from (used in) investing activities	(1,504,657,596)	(1,267,584,982)	484,173,050	507,416,543

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 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from financing activities				
Decrease in short-term loans from				
financial institution	-	(15,946,294)	-	-
Cash paid for interest expenses	-	(408,114)	-	-
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)	(1,626,112,128)	(1,609,757,720)	(1,609,757,720)
Increase (decrease) in cash and cash equivalents	(158,812,189)	1,290,461,834	213,002,288	423,133,607
Translation adjustment	795,725,077	(8,938,557)	-	-
Net increase in cash and cash equivalents	636,912,888	1,281,523,277	213,002,288	423,133,607
Cash and cash equivalents at beginning of year	5,467,222,517	4,185,699,240	743,165,162	320,031,555
Cash and cash equivalents at end of year (Note 6)	6,104,135,405	5,467,222,517	956,167,450	743,165,162

Supplemental cash flow information

Non-cash related transactions from investing activities

Net increase (decrease) in accounts payable				
for purchase of plant and equipment	80,000,123	53,250,390	(25,509,617)	36,755,805
Revaluation gain (loss) from changes in fair value of				
investments in available-for-sale securities	(229,241,716)	40,652,171	-	-
Translation adjustment for deferred tax assets	(452,107)	263,727	-	-

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 2015

(Unit: Baht)

Consolidated financial statements

	Note	Other components of shareholders' equity							Total shareholders' equity
		Issued and paid up share capital	Share premium	Retained earnings		Other comprehensive income			
				Appropriated -		Surplus (deficit) on changes in value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currency	Total other components of shareholders' equity	
				Statutory reserve	Unappropriated				
Balance as at 31 December 2013		804,878,860	1,723,218,982	375,919,402	13,301,101,567	118,217,425	270,741,320	388,958,745	16,594,077,556
Profit for the year		-	-	-	3,405,495,686	-	-	-	3,405,495,686
Other comprehensive income for the year		-	-	-	(57,653,830)	40,652,171	(9,202,284)	31,449,887	(26,203,943)
Total comprehensive income for the year		-	-	-	3,347,841,856	40,652,171	(9,202,284)	31,449,887	3,379,291,743
Dividend paid	27	-	-	-	(1,609,757,720)	-	-	-	(1,609,757,720)
Unappropriated retained earnings transferred to statutory reserve		-	-	10,352,812	(10,352,812)	-	-	-	-
Balance as at 31 December 2014		804,878,860	1,723,218,982	386,272,214	15,028,832,891	158,869,596	261,539,036	420,408,632	18,363,611,579
Balance as at 31 December 2014		804,878,860	1,723,218,982	386,272,214	15,028,832,891	158,869,596	261,539,036	420,408,632	18,363,611,579
Profit for the year		-	-	-	2,066,370,120	-	-	-	2,066,370,120
Other comprehensive income for the year		-	-	-	36,415,419	(229,241,716)	796,177,184	566,935,468	603,350,887
Total comprehensive income for the year		-	-	-	2,102,785,539	(229,241,716)	796,177,184	566,935,468	2,669,721,007
Dividend paid	27	-	-	-	(1,609,757,720)	-	-	-	(1,609,757,720)
Unappropriated retained earnings transferred to statutory reserve		-	-	30,058,991	(30,058,991)	-	-	-	-
Balance as at 31 December 2015		804,878,860	1,723,218,982	416,331,205	15,491,801,719	(70,372,120)	1,057,716,220	987,344,100	19,423,574,866

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 2015

(Unit: Baht)

Separate financial statements					
	Issued and paid up share capital	Share premium	Retained earnings		Total shareholders' equity
Note			Appropriated Statutory reserve	Unappropriated	
Balance as at 31 December 2013	804,878,860	1,723,218,982	100,000,000	4,542,159,383	7,170,257,225
Profit for the year	-	-	-	2,294,662,503	2,294,662,503
Other comprehensive income for the year	-	-	-	(30,559,546)	(30,559,546)
Total comprehensive income for the year	-	-	-	2,264,102,957	2,264,102,957
Dividend paid	-	-	-	(1,609,757,720)	(1,609,757,720)
Balance as at 31 December 2014	<u>804,878,860</u>	<u>1,723,218,982</u>	<u>100,000,000</u>	<u>5,196,504,620</u>	<u>7,824,602,462</u>
Balance as at 31 December 2014	804,878,860	1,723,218,982	100,000,000	5,196,504,620	7,824,602,462
Profit for the year	-	-	-	2,007,558,130	2,007,558,130
Other comprehensive income for the year	-	-	-	8,360,168	8,360,168
Total comprehensive income for the year	-	-	-	2,015,918,298	2,015,918,298
Dividend paid	-	-	-	(1,609,757,720)	(1,609,757,720)
Balance as at 31 December 2015	<u>804,878,860</u>	<u>1,723,218,982</u>	<u>100,000,000</u>	<u>5,602,665,198</u>	<u>8,230,763,040</u>

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 2015

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 28 September 2011, 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	
			<u>2015</u> Percent	<u>2014</u> 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 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

- 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

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of *TAS 27 Consolidated and Separate Financial Statements* dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee 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, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

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 profit or loss.
- b) Investments in available-for-sale securities of a subsidiary are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when securities are sold.
- c) 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 yield rate quoted by the overseas banks.

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 differences 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 profit or loss.

4.6 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 years
Installation	-	10 years
Other assets	-	3 - 15 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 profit or loss when the asset is derecognised.

4.7 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 profit or loss.

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

4.8 Related party transactions

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

They also include associated companies and individuals 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.

4.9 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.

4.10 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 profit or loss.

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 profit or loss.

4.11 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 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 post-employment benefits 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.

4.12 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.

4.13 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.

4.14 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. The subsidiaries have entered 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 profit or loss.

4.15 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 technique 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 categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable 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 doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

5.2 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.

5.3 Impairment of equity investments

The Company and its subsidiaries treat available-for-sale equity investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

5.4 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.

5.5 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

5.6 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.

5.7 Litigation

The Company had contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and recorded such contingent liabilities as at the end of reporting period.

5.8 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 exercise 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 2015 and 2014 as reflected in the statements of financial position and cash flows consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash	1,270	1,006	318	163
Bank deposits	2,533,890	2,279,399	205,849	243,002
Fixed deposits with maturity not over 3 months	3,074,563	3,186,818	750,000	500,000
Bills of exchange	494,412	-	-	-
Cash and cash equivalents	<u>6,104,135</u>	<u>5,467,223</u>	<u>956,167</u>	<u>743,165</u>

As at 31 December 2015, bank deposits in savings accounts, fixed deposits and bills of exchange carried interests between 0.001 and 4.550 percent per annum (2014: 0.001 and 2.860 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
	2015	2014	
<u>Transactions with subsidiary companies</u>			
(eliminated from the consolidated financial statements)			
Sales of goods	33	22	Prices agreed between the parties due to the uniqueness of products sold to each customer
Dividend income	840	1,030	Declared rate
Purchase of materials	130	205	Cost plus mark up
Purchase of fixed assets	3	14	Cost plus mark up
Service fee expenses	6	2	Rates stipulated in the agreement

As at 31 December 2015 and 2014, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade and other receivables (Note 9)				
Trade receivables - related parties				
Subsidiary companies	-	-	41,106	23,006
Total trade receivables - related parties	-	-	41,106	23,006
Other receivables - related parties				
Subsidiary companies	-	-	-	26
Related company (by way of common directors)	32	32	-	-
Total other receivables - related parties	32	32	-	26
Total trade and other receivables	<u>32</u>	<u>32</u>	<u>41,106</u>	<u>23,032</u>
Trade and other payables (Note 16)				
Trade payables - related parties				
Subsidiary companies	-	-	528,583	528,174
Total trade payables - related parties	-	-	528,583	528,174
Total trade and other payables	<u>-</u>	<u>-</u>	<u>528,583</u>	<u>528,174</u>

Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	82	77	15	13
Post-employment benefits	1	1	1	1
Total	83	78	16	14

8. Short-term Investments

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	31 December 2015		31 December 2014	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Securities held for trading (Note 8.1)				
Overseas marketable equity securities	108,266	121,427	98,889	111,298
Unsecured subordinated notes	24,882	26,002	25,543	26,846
Total	133,148	147,429	124,432	138,144
Add: Gain on changes in fair value of investments	14,281	-	13,712	-
Investments in securities held for trading	147,429	147,429	138,144	138,144
Available-for-sale securities (Note 8.2)				
Overseas marketable corporate bonds	1,543,479	1,544,111	1,536,812	1,651,313
Local quoted bonds	36,092	37,081	32,966	33,749
Overseas quoted bonds	1,007,144	935,151	989,860	1,033,445
Total	2,586,715	2,516,343	2,559,638	2,718,507
Add: Revaluation surplus (deficit) on changes in fair value of investments	(70,372)	-	158,869	-
Investments in available-for-sale securities	2,516,343	2,516,343	2,718,507	2,718,507
Fixed deposit with financial institutions				
Investment in fixed deposit with financial institution (Note 12)	345,918	345,918	-	-
Fixed deposit within 1 year	7,218	7,218	6,629	6,629
Fixed deposit with financial institution	353,136	353,136	6,629	6,629
Total short-term investments	3,016,908	3,016,908	2,863,280	2,863,280

8.1 Securities held for trading

Since the third quarter of 2008, Hana Microelectronics International Company Limited, an overseas subsidiary company, has invested in mutual fund of a company listed on the Stock Exchange of Cayman Island, bond investment trust of an overseas bank, and during 2012 additionally invested in interest bearing unsecured subordinated notes of a company listed on the Stock Exchange of Australia. The subsidiary classified these investments as held for trading purpose.

As at 31 December 2015, the subsidiary had assessed the fair value of the equity securities for mutual fund, the bond investment trust from an overseas bank and the interest bearing unsecured subordinated notes by referring to the latest bid price as quoted on the Stock Exchanges, in which the fair value had increased equivalent to approximately Baht 0.57 million (2014: decreased by approximately Baht 0.35 million). The changes in the fair value of these investments were recognised in the income statement.

8.2 Available-for-sale securities

In addition, this subsidiary has invested in private corporate bonds issued by various companies listed on the overseas Stock Exchanges and local and overseas quoted bonds through the three overseas banks. These investments are classified as available-for-sale investments. During the current year, the subsidiary additionally invested in the overseas listed corporate bonds and the overseas quoted bonds, disposed and redeemed some of the corporate bonds and overseas quoted bonds, resulting in net gain of USD 0.23 million or equivalent to approximately Baht 8.41 million (2014: net gain of USD 0.36 million or equivalent to approximately Baht 11.60 million).

As at 31 December 2015, the subsidiary had assessed the fair value of the bonds by referring to the value quoted by the banks in which there was a revaluation deficit on the fair value of USD 1.95 million or equivalent to approximately Baht 70.37 million (2014: surplus on the fair value of USD 4.82 million or equivalent to approximately Baht 158.87 million). The subsidiary recognised loss on change in fair value of such bonds approximately Baht 229.24 million as shown as a separate item in the statement of comprehensive income (2014: recognised gain on change in fair value of such bonds Baht 40.65 million).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Age of receivable	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Trade receivables - subsidiary companies				
Not yet due	-	-	2,164	1,139
Past due				
Up to 3 months	-	-	9,116	5,876
3 - 6 months	-	-	6,310	10,940
6 - 12 months	-	-	4,147	1,983
Over 12 months	-	-	19,369	3,068
Total trade receivables - subsidiary companies (Note 7)	-	-	41,106	23,006
Trade receivables - unrelated parties				
Not yet due	2,173,560	2,472,117	1,075,491	1,121,790
Past due				
Up to 3 months	936,489	724,722	281,100	288,383
3 - 6 months	61,075	24,772	6,426	5,513
6 - 12 months	2,511	7,732	291	420
Over 12 months	1,306	2,024	4	4
Total trade receivables - unrelated parties	3,174,941	3,231,367	1,363,312	1,416,110
Less: Allowance for doubtful accounts	(24,245)	(24,410)	-	-
Total trade receivables - unrelated parties - net	3,150,696	3,206,957	1,363,312	1,416,110
Total trade receivables - net	3,150,696	3,206,957	1,404,418	1,439,116
Other receivables - related parties (Note 7)	32	32	-	26
Other receivables - unrelated parties	167,238	147,091	4,936	1,912
Total other receivables	167,270	147,123	4,936	1,938
Trade and other receivables - net	3,317,966	3,354,080	1,409,354	1,441,054

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2015	2014	2015	2014	2015	2014
Finished goods	908,218	956,384	(140,618)	(147,767)	767,600	808,617
Work in process	469,089	386,520	-	-	469,089	386,520
Raw materials	2,226,484	2,089,791	(127,266)	(108,454)	2,099,218	1,981,337
Goods in transit	30,695	152,440	-	-	30,695	152,440
Total	3,634,486	3,585,135	(267,884)	(256,221)	3,366,602	3,328,914

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2015	2014	2015	2014	2015	2014
Finished goods	382,235	342,158	(140,604)	(147,755)	241,631	194,403
Work in process	174,835	233,655	-	-	174,835	233,655
Raw materials	884,896	893,794	(92,753)	(79,517)	792,143	814,277
Goods in transit	3,550	43,790	-	-	3,550	43,790
Total	1,445,516	1,513,397	(233,357)	(227,272)	1,212,159	1,286,125

Reduce cost to net realisable value

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Balance at the beginning of the year	(256,221)	(301,873)	(227,272)	(267,060)
Add: Reduce cost during the year	(249,988)	(199,084)	(194,942)	(153,473)
Less: Reverse during the year	238,325	244,736	188,857	193,261
Balance at the ending of the year	(267,884)	(256,221)	(233,357)	(227,272)

11. Investments in subsidiary companies

(Unit: Thousand Baht)

Company's name	Separate financial statements						Dividend received for the years ended	
	Paid up capital		Shareholding percentage		Cost		31 December	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
			Percent	Percent				
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910	840,000	630,000
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100	-	400,000
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>840,000</u>	<u>1,030,000</u>

12. Investment in fixed deposit with financial institution

During the second quarter of 2014, an overseas subsidiary has invested in a structured deposit with financial institution amounting to CNY 62.4 million for a period of 2 years, with the maturity date on 28 April 2016. The parties mutually agreed that the subsidiary will receive interest income approximately CNY 6.6 million at the maturity date under the condition that CNYmat (the mid spot exchange rate for USDCNH) is less than or equal to CNY 6.0528 per USD on any agreed determination date otherwise, zero. As at 31 December 2015, the investment in fixed deposit was approximately Baht 345.9 million (2014: Baht 330.7 million), which was presented as short-term investments.

13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Land	Buildings	Leasehold improvement	Installation	Machinery and equipment	Office furniture and equipment	Vehicles	Construction in progress and machinery under installation	Total
Cost									
As at 1 January 2014	354,234	2,285,999	176,965	770,905	11,578,836	575,844	52,858	891,350	16,686,991
Additions	-	1,699	2,053	22,343	138,138	20,500	39	724,554	909,326
Disposals	-	-	(90,470)	(51,195)	(366,412)	(88,321)	(9,614)	-	(606,012)
Transfer in (out)	2,014	229,158	2,396	3,846	297,999	21,156	2,080	(558,649)	-
Translation adjustment	-	(12,874)	(980)	-	(49,927)	(1,038)	(434)	257	(64,996)
As at 31 December 2014	356,248	2,503,982	89,964	745,899	11,598,634	528,141	44,929	1,057,512	16,925,309
Additions	-	2,201	7,795	12,043	558,699	34,322	8,089	959,796	1,582,945
Disposals	-	-	-	(1,374)	(433,442)	(8,637)	(8,704)	-	(452,157)
Transfer in (out)	-	1,082,970	515	67,742	424,260	7,305	3,165	(1,585,957)	-
Translation adjustment	-	51,096	5,911	-	152,558	3,977	683	6,608	220,833
As at 31 December 2015	356,248	3,640,249	104,185	824,310	12,300,709	565,108	48,162	437,959	18,276,930
Accumulated depreciation									
As at 1 January 2014	-	958,617	138,746	541,008	7,759,777	464,774	33,830	-	9,896,752
Depreciation for the year	-	116,358	13,112	47,872	892,036	46,733	5,545	-	1,121,656
Accumulated depreciation for disposed assets	-	-	(90,344)	(42,971)	(326,744)	(82,680)	(8,142)	-	(550,881)
Translation adjustment	-	(4,617)	(220)	-	(21,331)	(714)	(317)	-	(27,199)
As at 31 December 2014	-	1,070,358	61,294	545,909	8,303,738	428,113	30,916	-	10,440,328
Depreciation for the year	-	165,521	9,197	41,765	891,617	46,644	6,045	-	1,160,789
Accumulated depreciation for disposed assets	-	-	-	(1,139)	(402,008)	(8,276)	(6,490)	-	(417,913)
Translation adjustment	-	13,570	4,398	-	88,483	3,309	379	-	110,139
As at 31 December 2015	-	1,249,449	74,889	586,535	8,881,830	469,790	30,850	-	11,293,343
Allowance for impairment loss									
As at 1 January 2014	-	-	125	8,987	86,323	3,345	-	-	98,780
Reversal allowance for impairment during the year	-	-	(125)	(8,224)	(7,838)	(3,328)	-	-	(19,515)
Translation adjustment	-	-	-	-	212	-	-	-	212
As at 31 December 2014	-	-	-	763	78,697	17	-	-	79,477
Increase during the year	-	-	-	-	319	-	-	-	319
Reversal allowance for impairment during the year	-	-	-	-	(1,984)	-	-	-	(1,984)
Translation adjustment	-	-	-	-	4,436	-	-	-	4,436
As at 31 December 2015	-	-	-	763	81,468	17	-	-	82,248
Net book value									
As at 31 December 2014	356,248	1,433,624	28,670	199,227	3,216,199	100,011	14,013	1,057,512	6,405,504
As at 31 December 2015	356,248	2,390,800	29,296	237,012	3,337,411	95,301	17,312	437,959	6,901,339
Depreciation for the year									
2014 (Baht 980 million included in manufacturing cost, and the balance in administrative expenses)									1,121,656
2015 (Baht 970 million included in manufacturing cost, and the balance in administrative expenses)									1,160,789

(Unit: Thousand Baht)

Separate financial statements

	Land	Buildings	Leasehold improvement	Installation	Machinery and equipment	Office furniture and equipment	Vehicles	Construction in progress and machinery under installation	Total
Cost									
As at 1 January 2014	247,851	909,746	85,641	237,170	2,467,248	141,267	16,282	822,679	4,927,884
Additions	-	1,698	-	18,921	44,823	11,191	-	484,669	561,302
Disposals	-	-	(85,641)	(176)	(84,073)	(530)	-	-	(170,420)
Transfer in (out)	2,014	164,263	-	1,522	181,388	16,371	-	(365,558)	-
As at 31 December 2014	249,865	1,075,707	-	257,437	2,609,386	168,299	16,282	941,790	5,318,766
Additions	-	95	-	20,159	41,923	13,593	2,838	238,088	316,696
Disposals	-	-	-	(1,215)	(110,506)	(2,345)	(710)	-	(114,776)
Transfer in (out)	-	739,628	-	67,742	276,340	3,320	-	(1,087,030)	-
As at 31 December 2015	249,865	1,815,430	-	344,123	2,817,143	182,867	18,410	92,848	5,520,686
Accumulated depreciation									
As at 1 January 2014	-	404,715	85,641	124,957	1,813,994	115,479	11,955	-	2,556,741
Depreciation for the year	-	48,204	-	19,857	188,981	13,206	1,321	-	271,569
Accumulated depreciation for disposed assets	-	-	(85,641)	(176)	(73,847)	(522)	-	-	(160,186)
As at 31 December 2014	-	452,919	-	144,638	1,929,128	128,163	13,276	-	2,668,124
Depreciation for the year	-	85,934	-	26,959	201,681	15,286	1,564	-	331,424
Accumulated depreciation for disposed assets	-	-	-	(1,031)	(103,376)	(2,275)	(710)	-	(107,392)
As at 31 December 2015	-	538,853	-	170,566	2,027,433	141,174	14,130	-	2,892,156
Allowance for impairment loss									
As at 1 January 2014	-	-	-	613	7,235	-	-	-	7,848
Reversal allowance for impairment during the year	-	-	-	-	(2,890)	-	-	-	(2,890)
As at 31 December 2014	-	-	-	613	4,345	-	-	-	4,958
Increase during the year	-	-	-	-	319	-	-	-	319
As at 31 December 2015	-	-	-	613	4,664	-	-	-	5,277
Net book value									
As at 31 December 2014	249,865	622,788	-	112,186	675,913	40,136	3,006	941,790	2,645,684
As at 31 December 2015	249,865	1,276,577	-	172,944	785,046	41,693	4,280	92,848	2,623,253
Depreciation for the year									
2014 (Baht 189 million included in manufacturing cost, and the balance in administrative expenses)									271,569
2015 (Baht 199 million included in manufacturing cost, and the balance in administrative expenses)									331,424

As at 31 December 2015, certain property 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 6,660 million (2014: Baht 6,113 million) and for the Company amounted to approximately Baht 1,674 million (2014: Baht 1,594 million).

14. 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)	
	<u>Consolidated financial statements</u>	
	<u>2015</u>	<u>2014</u>
Cost	153,418	153,418
Less: Accumulated amortisation	(3,126)	-
Translation adjustment	539	(12,777)
Net book value	<u>150,831</u>	<u>140,641</u>

15. 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 2014	53,623	8,620
Additions	11,000	9,508
Disposals	(10,866)	-
Translation adjustment	(298)	-
As at 31 December 2014	53,459	18,128
Additions	6,773	1,171
Disposals	-	-
Translation adjustment	733	-
As at 31 December 2015	60,965	19,299
Accumulated amortisation		
As at 1 January 2014	37,394	4,036
Amortisation for the year	3,424	1,430
Accumulated amortisation for disposed assets	(6,800)	-
Translation adjustment	(244)	-
As at 31 December 2014	33,774	5,466
Amortisation for the year	4,238	1,816
Accumulated amortisation for disposed assets	-	-
Translation adjustment	599	-
As at 31 December 2015	38,611	7,282
Allowance for impairment		
As at 1 January 2014	4,066	-
Increase during the year	(4,066)	-
As at 31 December 2014	-	-
As at 31 December 2015	-	-
Net book value		
As at 31 December 2014	19,685	12,662
As at 31 December 2015	22,354	12,017
Amortisation for the year		
2014	3,424	1,430
2015	4,238	1,816

16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Trade payables - subsidiary companies (Note 7)	-	-	528,583	528,174
Trade payables - unrelated parties	1,739,328	1,934,247	647,053	890,011
Advance received from customers	205,941	188,085	34,053	26,593
Other payables for purchase of machinery	215,563	135,562	43,540	69,050
Accrued expenses	252,126	219,999	26,978	28,141
Total trade and other payables	<u>2,412,958</u>	<u>2,477,893</u>	<u>1,280,207</u>	<u>1,541,969</u>

17. Short-term provisions

(Unit: Thousand Baht)

	Consolidated financial statements		
	Loss on tax assessments	Product warranty	Total
As at 1 January 2014	147,522	271,813	419,335
Increase during the year	-	24,211	24,211
Decrease from actual paid	(67,005)	-	(67,005)
Reversal of provision	(16,407)	-	(16,407)
As at 31 December 2014	64,110	296,024	360,134
Increase during the year	-	51,224	51,224
Decrease from actual paid	(53,118)	-	(53,118)
Reversal of provision	(10,992)	-	(10,992)
As at 31 December 2015	<u>-</u>	<u>347,248</u>	<u>347,248</u>

(Unit: Thousand Baht)

	Separate financial statements	
	Loss on tax assessments	Total
As at 1 January 2014	147,522	147,522
Decrease from actual paid	(67,005)	(67,005)
Reversal of provision	(16,407)	(16,407)
As at 31 December 2014	64,110	64,110
Decrease from actual paid	(53,118)	(53,118)
Reversal of provision	(10,992)	(10,992)
As at 31 December 2015	-	-

Provision for loss on tax assessments

The Company had recorded provision for loss on tax assessment, as described in Note 28.5.

Provision for product warranty

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

18. Provision for long-term employee benefits

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate financial statements	
	2015	2014	2015	2014
Provision for long-term employee benefits at beginning of year	515,862	385,799	259,352	190,303
Included in profit or loss:				
Current service cost	47,677	57,902	25,435	30,839
Interest cost	14,828	14,562	7,446	7,184
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(43,826)	-	(19,634)	-
Financial assumptions changes	23,203	90,044	15,137	45,476
Experience adjustments	(15,836)	(32,124)	(3,907)	(14,450)
Benefits paid during the year	(7,468)	(321)	(4,629)	-
Provision for long-term employee benefits at end of year	534,440	515,862	279,200	259,352

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2015	2014	2015	2014
Cost of sales	13,701	28,443	8,400	15,815
Selling and administrative expenses	48,804	44,021	24,481	22,208
Total expenses recognised in profit or loss	62,505	72,464	32,881	38,023

As at 31 December 2015, cumulative actuarial losses, which were recognised in other comprehensive income of the Company and its subsidiaries, amounted to Baht 71 million (2014: losses of Baht 37 million) (The Company only: losses of Baht 35 million and 2014: losses of Baht 43 million).

The Company and its subsidiaries expect to pay Baht 11.0 million of long-term employee benefits during the next year (Separate financial statements: Baht 9.4 million) (2014: Baht 6.8 million, separate financial statements: Baht 5.2 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 19 years (Separate financial statements: 20 years) (2014: 21 years, separate financial statements: 22 years).

Significant actuarial assumptions are summarised below:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.8%	3.2%	2.8%	3.2%
Future salary increase rate (depending on age)	5.0%	5.0% - 5.1%	5.0%	5.0% - 5.1%
Staff turnover rate	8.5% - 39.9%	7.0% - 25.1%	8.5% - 26.8%	7.0% - 25.1%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

(Unit: million Baht)

	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(78)	102	(41)	58
Salary increase rate	100	(78)	57	(42)
	Increase*	Decrease*	Increase*	Decrease*
	2.1% and 12.5%	2.1% and 12.5%	2.1% and 12.5%	2.1% and 12.5%
Turnover rate	(24)	32	(12)	21

*(2.1% for monthly and 12.5% for daily staff)

19. 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.

20. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Raw materials and consumables used	12,257,549	13,414,992	5,553,521	6,778,974
Changes in inventories of finished goods and work in process	(41,552)	(63,784)	11,592	61,396
Salaries and wages and other employee benefits	3,241,550	3,120,448	1,234,227	1,229,335
Management benefit expenses	83,050	78,380	15,654	13,802
Depreciation and amortisation expenses	1,168,153	1,125,080	333,240	272,999
Loss on exchange	261,770	-	-	-

21. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current income tax:				
Current income tax charge	44,168	363,652	13,224	24,557
Adjustment in respect of income tax of previous year	(1,011)	135	(1,011)	135
Deferred tax:				
Relating to origination and reversal of temporary differences	4,091	2,981	4,453	389
Income tax expense reported in the statement of income	<u>47,248</u>	<u>366,768</u>	<u>16,666</u>	<u>25,081</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Deferred tax relating to (gain) loss on actuarial gains and losses	44	(466)	44	(466)
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	(452)	264	-	-
	<u>(408)</u>	<u>(202)</u>	<u>44</u>	<u>(466)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Accounting profit before tax	2,113,618	3,772,264	2,024,225	2,319,743
Applicable tax rate	0 - 34%	0 - 34%	20%	20%
Accounting profit before tax multiplied by income tax rate	436,323	684,428	404,845	463,949
Adjustment in respect of income tax of previous year	(1,011)	135	(1,011)	135
Effects of:				
Promotional privileges (Note 24)	(379,815)	(326,768)	(217,680)	(236,130)
Dividend income not subject to tax	(9)	(9)	(168,010)	(206,009)
Income not subject to tax	(2,237)	(3,282)	(2,198)	(3,281)
Unused temporary differences and tax losses	5,998	6,329	-	-
Utilised tax losses carry forward	(8,222)	(1,688)	-	-
Non-deductible expenses	3,056	7,636	130	233
Additional expense deductions allowed	(8,329)	(7,634)	(555)	(416)
Others	1,494	7,621	1,145	6,600
Total	(388,064)	(317,795)	(387,168)	(439,003)
Income tax expenses reported in the statement of income	47,248	366,768	16,666	25,081

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
31 December	31 December	31 December	31 December	
	2015	2014	2015	2014
Deferred tax assets				
Allowance for diminution in value of inventories	1,208	3,416	1,208	3,416
Allowance for asset impairment	27	74	27	74
Provision for long-term employee benefits	1,446	3,898	1,446	3,898
Provision for vacation	64	173	64	173
Accrued expenses	10,472	7,998	-	-
Consignment inventory	906	586	906	586
Total	14,123	16,145	3,651	8,147
Deferred tax liabilities				
Accumulated depreciation - plant and equipment	(1,660)	-	-	-
Total	(1,660)	-	-	-
Deferred tax assets - net	12,463	16,145	3,651	8,147

22. Insurance claim from flood event

The plant of Hana Semiconductor (Ayutthaya) Co., Ltd., a subsidiary of the Company, which is located in Hi-tech Industrial Estate in Ayutthaya province, was inundated in early October 2011 as a result of the extensive flooding in Thailand during the fourth quarter of 2011. The subsidiary suffered major damages to its property and business interruption losses. The subsidiary investigated the damages and recorded losses from flood event of Baht 399 million in profit or loss for the year 2011 which consisted of the damages to fixed assets of Baht 191 million, damages to inventories of Baht 153 million and other damages of Baht 55 million, including full provision for net book value of the damaged property which was to be replaced.

The subsidiary claimed insurance compensation for its property damages losses and its business interruption losses resulting from the flood. The subsidiary received an initial compensation payment on its property damages of Baht 300 million in February 2012, and as at 31 December 2011, it had therefore recognised this insurance claim receivable as current asset in the statement of financial position, and net such amount against loss from flood event in profit or loss in the income statement. The recognised compensation did not exceed the above loss from the damages to fixed assets and inventories.

During the year 2012, 2013 and 2014, the subsidiary received the compensation payments on its business interruption losses and its remaining property damage totaling Baht 400 million, Baht 942 million, and Baht 1,350 million respectively, and recognised these compensations as other income in the income statements for the respective periods.

23. 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.

24. 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 privileges are as follows:

Particulars	The Company											
	1842/2539	1341/Or/2544	1455 (1)/2544	1597(1)/2544	1642(2)/2546	1977(2)/2547	1328(2)/2548	2138(2)/2550	1887(1)/2552	1234(1)/2555	2620(1)/2555	2199(2)/2557
1. Certificate No.												
2. Promotional privileges for	Production of PCBA	Production of Fiber Optic Device, Air Pressure and Temperature Control and Wireless Radio Frequency	Production of Wireless Sensor	Production of smart card and module for smart card	Production of Wireless Sensor	Production of Flexible Circuit Board Assembly and electronic components for Interface Device	Production of PCBA, RFID, TAG reader	Production of PCBA	Production of Semi-conductor i.e. Wireless Sensor	Production of Integrated circuit (IC)	Production of Electronic control unit	Production of PCBA
3. The significant privilege 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)	8 years (expired)	8 years (expired)	8 years (expired)	8 years (expired)	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	8 years (tax exempted according with investment)
3.2 5% allowance of the increment in export income over the preceding years.	10 years (expired)	10 years (expired)	-	-	-	-	-	-	-	-	-	-
3.3 50 % reduction of the normal corporate income tax rate for net income derived after the expiry date in 3.1	5 years (expired)	5 years (expired)	5 years (expired)	5 years (expired)	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years

Particulars	The Company												
	Certificate No.	1842/2539	1341/Or/2544	1455 (1)/2544	1597(1)/2544	1642(2)/2546	1977(2)/2547	1328(2)/2548	2138(2)/2550	1887(1)/2552	1234(1)/2555	2620(1)/2555	2199(2)/2557
3.4 Exemption from import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted
3.5 2 times deduction of transportation,, electricity and water expenses from the first earning operating income	10 years (expired)	10 years (expired)	10 years (expired)	10 years (expired)	10 years (expired)	10 years (expired)	10 years (expired)	10 years	10 years	10 years	10 years	10 years	10 years
4. Date of first earning operating income	10 January 1997	17 January 2002 (Transferred from Hana Microelectronic s (NRIE) Co., Ltd. in 2002)	27 March 2002	17 November 2001	30 June 2004	2 December 2004	24 March 2006	3 December 2007	2 December 2009	Has not yet started utilising the privileges	3 January 2014	3 April 2015	

Particulars	Subsidiary							
	Hana Semiconductor (Ayutthaya) Company Limited							
1. Certificate No.	1133(4)/2548	2176(4)/2548	1458(1)/2553	1817(2)/2550	1034(2)/2552	2371(1)/2553	5003(4)/2556	2687(1)/2556
2. Promotional privileges for	Production of Integrated Circuit (IC) and Integrated Circuit Tested (IC Tested)	Production of Integrated Circuit (IC) and Integrated Circuit Tested (IC Tested)	Production of Integrated Circuit (IC)	Production of Integrated Circuit (IC)	Production of Integrated Circuit (IC) and Integrated Circuit Tested (IC Tested)	Production of Integrated Circuit (IC)	Production of Integrated Circuit (IC) and Integrated Module	Production of Semi-conductor
3. The significant privilege 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)	8 years (expired)	8 years	7 years	8 years	8 years	4 years	8 years
3.2 Exemption from import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted
4. Date of first earning operating income	3 January 2005	10 January 2006	10 May 2010	1 September 2010	2 January 2013	28 November 2014	3 January 2013	Had not yet started utilising the privileges.

The Company has operating revenues for the years ended 31 December 2015 and 2014, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Sales						
Domestic sales	10,310	72	12,957	17,706	23,267	17,778
Export sales	8,699,965	9,938,191	236	18,669	8,700,201	9,956,860
Total sales	<u>8,710,275</u>	<u>9,938,263</u>	<u>13,193</u>	<u>36,375</u>	<u>8,723,468</u>	<u>9,974,638</u>

25. Segment information

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 from 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 and its subsidiaries' operating segments for the year ended 31 December 2015 and 2014, respectively.

(Unit: Million Baht)

Year ended 31 December 2015	Printed Circuit Board Assembly (PCBA)	Integrated Circuit (IC)	Other	Total reportable segments	Eliminations	Total
Revenue from external customers	12,636	7,556	329	20,521	-	20,521
Inter-segment revenue	3,728	1,087	1,372	6,187	(6,187)	-
Total revenue	16,364	8,643	1,701	26,708	(6,187)	20,521
Segment profit	1,887	1,108	35	3,030	-	3,030
Interest revenue						222
Other income						245
Selling expenses						(165)
Administrative expenses						(949)
Loss on exchange						(262)
Finance cost						(8)
Income tax expenses						(47)
Profit for the year						2,066
Segment total assets						
Additions to property, plant and equipment	1,058	496	29	1,583	-	1,583

(Unit: Million Baht)

Year ended 31 December 2014	Printed Circuit Board Assembly (PCBA)	Integrated Circuit (IC)	Other	Total reportable segments	Eliminations	Total
Revenue from external customers	14,092	6,942	193	21,227	-	21,227
Inter-segment revenue	4,137	1,106	1,554	6,797	(6,797)	-
Total revenue	<u>18,229</u>	<u>8,048</u>	<u>1,747</u>	<u>28,024</u>	<u>(6,797)</u>	<u>21,227</u>
Segment profit	2,119	717	10	2,846	-	2,846
Interest revenue						215
Insurance compensation income						1,350
Gain on exchange						107
Other income						271
Selling expenses						(124)
Administrative expenses						(885)
Finance cost						(8)
Income tax expenses						(367)
Profit for the year						<u>3,405</u>
Segment total assets						
Additions to property, plant and equipment, and land leasehold rights	802	244	4	1,050	-	1,050

Geographic information

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

	(Unit: Thousand Baht)	
	<u>2015</u>	<u>2014</u>
Revenue from external customers		
Malaysia	6,384,487	6,115,127
China	3,663,682	3,518,188
Singapore	2,114,433	1,699,677
United States of America	1,692,236	2,250,363
Hong Kong	1,288,185	1,775,908
Others	5,378,330	5,867,946
Total	<u>20,521,353</u>	<u>21,227,209</u>
Non-current assets (other than deferred tax assets)		
Thailand	4,551,695	4,594,999
China	1,980,156	1,746,399
Cambodia	507,554	194,674
United States of America	52,764	25,462
Others	10,573	341,292
Total	<u>7,102,742</u>	<u>6,902,826</u>

Major customers

For the year 2015, the Company and its subsidiaries have revenue from 5 major customers in amount of Baht 9,147 million, arising from sales by the Printed Circuit Board Assembly (PCBA) segment and the Integrated Circuit (IC) segment, (2014: Baht 9,741 million derived from 5 major customers, arising from sales by the Printed Circuit Board Assembly (PCBA) segment and the Integrated Circuit (IC) segment).

26. 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 2015 amounting to approximately 66 million (Separate financial statements: Baht 35 million) (2014: Baht 63 million, Separate financial statements: Baht 34 million) were recognised as expenses.

27. Dividend paid

During the years 2015 and 2014, the Company and its subsidiaries had dividend payments as follows:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>The Company</u>			
Dividends on the 2013 unappropriated retained earnings	Annual General Meeting of the shareholders on 30 April 2014	805	1.00
Interim dividends in respect of the income for the period from 1 January 2014 to 30 September 2014	Board of Directors' Meeting on 12 November 2014	805	1.00
Total for the year 2014		1,610	2.00
Dividends on the 2014 unappropriated retained earnings	Annual General Meeting of the shareholders on 30 April 2015	805	1.00
Interim dividends in respect of the income for the period from 1 January 2015 to 30 September 2015	Board of Directors' Meeting on 13 November 2015	805	1.00
Total for the year 2015		1,610	2.00

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>Subsidiary companies</u>			
Hana Semiconductor (Ayutthaya) Company Limited			
Dividends on the 2013 unappropriated retained earnings	Annual General Meeting of the shareholders on 17 April 2014	1,080	9.00
Total for the year 2014		<u>1,080</u>	<u>9.00</u>
Dividends on the 2014 unappropriated retained earnings	Annual General Meeting of the shareholders on 9 April 2015	960	8.00
Interim dividends in respect of the income for the period from 1 January 2015 to 30 September 2015	Board of Directors' Meeting on 11 November 2015	480	4.00
Total for the year 2015		<u>1,440</u>	<u>12.00</u>
Hana Semiconductor (BKK) Company Limited			
Interim dividend in respect of the income for the period from 1 January 2014 to 30 April 2014	Board of Directors' meeting on 6 May 2014	400	4.00
Total for the year 2014		<u>400</u>	<u>4.00</u>

28. Commitments and contingent liabilities

28.1 Capital commitments

As at 31 December 2015, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery totaling USD 3.6 million or equivalent to Baht 130 million (2014: USD 2.8 million or equivalent to a total of Baht 92 million) and the Company only of approximately Baht 104 million (2014: Baht 70.4 million).

In addition, the Company had capital commitments relating to the purchase and sale agreement of land of approximately Baht 52.5 million.

28.2 Operating lease commitments

An overseas subsidiary entered into the factory lease agreement with an unrelated company. The lease is for a period from the year 2012 up to the year 2015 with the annual lease payment of approximately RMB 0.8 million. In January 2016, the subsidiary extended the lease agreement to January 2017 with the annual lease payment of approximately RMB 1.0 million.

28.3 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.

28.4 Guarantees

As at 31 December 2015, there were outstanding bank guarantees of approximately Baht 54 million (2014: Baht 118 million) and the Company only: Baht 24 million (2014: Baht 88 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. These included letters of guarantee as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
Type of guarantee				
- Security for the tax assessments of the Company made by the Revenue Department (Note 28.5)	-	64	-	64
- Guarantee electricity uses, among others	54	54	24	24
Total	54	118	24	88

28.5 Tax assessments

During the second quarter and the third quarter of 2012, the Company received the notifications of corporate income tax assessments for the years 2001 and 2002 from the Revenue Department for over allocation of administrative expenses, interest expenses and loss on exchange rate to the promoted operations, and over utilisation of losses carried forward, causing the under recording of corporate income tax for the years 2001 and 2002, which together with related penalty and surcharge amounted to approximately Baht 20 million and Baht 44 million, respectively. The Company recorded the loss on tax assessments totaling Baht 64 million in the income statement for the year ended 31 December 2012. The Company did not agree with the assessments and appealed to the Board of Appeals. Subsequently, in August 2015, the Board of Appeals ordered to reduce 50 percent of the penalty of the corporate income tax for the years 2001 and 2002 and some of surcharge to be approximately Baht 17 million and Baht 36 million, respectively. In August 2015, the Company paid the assessed tax, penalty and related surcharge totaling Baht 53 million and recognised reversal of loss on tax assessments of approximately Baht 11 million as other income in the income statements for the year ended 31 December 2015.

In addition, during the third quarter of 2013, the Company received a notification of corporate income tax assessment for the year 2003 from the Revenue Department for over allocation of administrative expenses, interest expenses and loss on exchange rate to the promoted operations, and over utilisation of losses carried forward, causing the under recording of corporate income tax for the year 2003, which together with related penalty and surcharge amounted to approximately Baht 40 million. The Company recorded such loss on tax assessment as other expenses in the income statement for the year ended 31 December 2013. The Company paid the assessed tax and related surcharge totaling Baht 27 million in September 2013, and appealed the remaining penalty of Baht 13 million to the Board of Appeals, in order to reduce the penalty. Subsequently, during the fourth quarter of 2014, the Board of Appeals ordered to reduce the penalty of the corporate income tax for the year 2003 to be Baht 6.5 million. In November 2014, the Company paid the penalty of Baht 6.5 million, and recognised reversal of loss on tax assessment of Baht 6.5 million as other income in the income statement for the year ended 31 December 2014.

As a result of the Supreme Court's decision regarding the tax assessment for the year 1997, for prudent reason the Company assessed its tax liabilities as a result of over utilisation of losses carried forward in its tax computation for the year 2004, and recorded provisions for tax assessment for the year 2004 amounting to Baht 70 million included in other expenses in the income statement for the year ended 31 December 2013. Subsequently, during the third quarter of 2014, the Company received the notifications of corporate income tax assessment for the year 2004 from the Revenue Department for over allocation of selling and administrative expenses to the promoted operations, and over utilisation of losses carried forward, causing the under recording of corporate income tax for the year 2004, which together with related penalty and surcharge amounted to approximately Baht 60 million. The Company paid the assessed tax, penalty and related surcharge totaling approximately Baht 60 million in September 2014, and recognised reversal of loss on tax assessment of approximately Baht 10 million as other income in the income statements for the year ended 31 December 2014.

As at 31 December 2014, the Company has recorded provision for loss on tax assessments totaling approximately Baht 64 million, included in short-term provisions, and placed bank guarantees as security against the assessments (31 December 2015: Nil).

29. Fair value hierarchy

As at 31 December 2015, the subsidiaries had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated Financial Statements		
	Level 1	Level 2	Total
Financial assets measured at fair value			
Held for trade investments			
Equity instruments	121,427	-	121,427
Unsecured debt instruments	26,002	-	26,002
Available-for-sale investments			
Marketable corporate bonds	1,544,111	-	1,544,111
Quoted bonds	972,232	-	972,232
Financial liabilities measured at fair value			
Derivatives			
Foreign currency forward contracts	-	263,165	263,165

30. Financial instruments

30.1 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 since they have a large customer base. 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.

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 2015						
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years				
(Million Baht)						
Financial assets						
Cash and cash equivalents	3,569	-	2,257	278	6,104	0.001 - 4.550
Short-term investments	2,870	-	26	121	3,017	0.15 - 9.75
Trade and other receivables	-	-	-	3,318	3,318	-
	<u>6,439</u>	<u>-</u>	<u>2,283</u>	<u>3,717</u>	<u>12,439</u>	
Financial liabilities						
Trade and other payables	-	-	-	2,413	2,413	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,413</u>	<u>2,413</u>	
Consolidated financial statements as at 31 December 2014						
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years				
(Million Baht)						
Financial assets						
Cash and cash equivalents	3,187	-	1,971	309	5,467	0.001 - 2.860
Short-term investments	2,725	-	27	111	2,863	0.15 - 9.75
Trade and other receivables	-	-	-	3,354	3,354	-
Investment in fixed deposit with financial institution	-	331	-	-	331	Note 12
	<u>5,912</u>	<u>331</u>	<u>1,998</u>	<u>3,774</u>	<u>12,015</u>	
Financial liabilities						
Trade and other payables	-	-	-	2,478	2,478	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,478</u>	<u>2,478</u>	

Separate financial statements as at 31 December 2015

	Fixed			Total	Effective interest rate (% p.a.)
	interest rate within 1 year	Floating interest rate	Non-interest bearing		
	(Million Baht)				
Financial assets					
Cash and cash equivalents	750	204	2	956	0.05 - 1.55
Trade and other receivables	-	-	1,409	1,409	-
	<u>750</u>	<u>204</u>	<u>1,411</u>	<u>2,365</u>	
Financial liabilities					
Trade and other payables	-	-	1,280	1,280	-
	<u>-</u>	<u>-</u>	<u>1,280</u>	<u>1,280</u>	

Separate financial statements as at 31 December 2014

	Fixed			Total	Effective interest rate (% p.a.)
	interest rate within 1 year	Floating interest rate	Non-interest bearing		
	(Million Baht)				
Financial assets					
Cash and cash equivalents	500	240	3	743	0.25 - 2.00
Trade and other receivables	-	-	1,441	1,441	-
	<u>500</u>	<u>240</u>	<u>1,444</u>	<u>2,184</u>	
Financial liabilities					
Trade and other payables	-	-	1,542	1,542	-
	<u>-</u>	<u>-</u>	<u>1,542</u>	<u>1,542</u>	

Foreign currency risk

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

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2015 and 2014 are summarised below.

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2015</u> (Million)	<u>2014</u> (Million)	<u>2015</u> (Million)	<u>2014</u> (Million)	<u>2015</u> (Baht per foreign currency unit)	<u>2014</u>
China Yuan	240	262	69	76	5.5458	5.2998
US Dollar	208	205	32	37	36.0886	32.9630
Japan Yen	188	150	53	73	0.2996	0.2738
Indian Rupee	1	43	-	-	0.5429	0.5159
Euro	5	4	4	-	39.4388	40.0530
Hong Kong dollar	9	8	1	1	4.6579	4.2516
Pound Sterling	5	3	-	-	53.5035	51.1497
Australia dollar	1	1	-	-	26.2836	26.8068
Singapore Dollar	2	2	-	-	25.5195	24.8959
Brazilian real	1	2	-	-	9.1900	12.1000

As at 31 December 2015 and 2014, the two overseas subsidiary companies had outstanding forward exchange contracts, of which details are presented below.

As at 31 December 2015		
Sold amount (Million USD)	Contractual maturity date	Contractual exchange rate for amount sold (Baht per USD)
10	11 March 2016	33.60
10	11 March 2016	33.60
10	11 March 2016	33.84
10	16 March 2016	33.80
10	18 March 2016	33.92
10	21 March 2016	36.41
10	27 April 2016	33.38
10	13 May 2016	34.17
10	13 May 2016	34.17
10	31 May 2016	34.30
10	31 May 2016	34.51
20	20 June 2016	34.36
10	24 August 2016	37.02
(Million USD)		(CNY per USD)
10	13 June 2016	6.215

As at 31 December 2015		
Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million CNY)		(CNY per USD)
62.40	25 April 2016	6.477

As at 31 December 2014		
Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
10	7 January 2015	32.60
10	7 January 2015	32.60
10	20 January 2015	33.12
10	27 February 2015	33.01
10	27 February 2015	32.17
20	16 March 2015	32.43
20	17 March 2015	32.56
20	27 August 2015	32.38

(Million USD)		(CNY per USD)
10	10 September 2015	6.15

(Million Euro)		(USD per Euro)
3	26 May 2015	1.25

30.2 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:

	(Unit: Million Baht)			
	Consolidated financial statements			
	As at 31 December 2015		As at 31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	6,104	6,104	5,467	5,467
Short-term investments	3,073	3,012	2,691	2,863
Trade and other receivables	3,318	3,318	3,354	3,354
Investments in fixed deposit with financial institutions	-	-	331	319
Financial liabilities				
Trade and other payables	2,413	2,413	2,478	2,478

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2015		As at 31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	956	956	743	743
Trade and other receivables	1,409	1,409	1,441	1,441
Financial liabilities				
Trade and other payables	1,280	1,280	1,542	1,542

The estimated fair value of the derivatives is as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	
	As at 31 December 2015	As at 31 December 2014
	Fair value	Fair value
	loss	loss
Derivatives		
Forward exchange contracts	(263.2)	(57.9)

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

- 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.
- 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.
- For fixed deposit with financial institution carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.
- 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 period, there were no transfers within the fair value hierarchy.

31. 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. As at 31 December 2014, the Group's debt-to-equity ratio was 0.19:1 (2014: 0.20:1) and the Company's was 0.20:1 (2014: 0.25:1).

32. Event after the reporting period

On 24 February 2016, the meeting of the Board of Directors of the Company No. 1/2016 passed the resolution approving the final dividend payment for the year 2015 to the Company's shareholders at Baht 1 per share. The dividend will be paid to the shareholders on 13 May 2016.

The dividend payment will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

33. Reclassification

The Company reclassified the following amounts in the consolidated financial statements for the year ended 31 December 2014 to conform with current year's classification as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	As at 31 December 2014	
	As reclassified	As previously reported
Cost of sales	18,381,223,068	18,358,461,041
Administrative expenses	885,092,385	868,791,714
Other expenses	-	39,062,698

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

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2016.