

Hana Microelectronics Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2017

Independent Auditor's Report

To the Shareholders of Hana Microelectronics Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Hana Microelectronics Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Hana Microelectronics Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hana Microelectronics Public Company Limited and its subsidiaries and of Hana Microelectronics Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition

The majority of the Group's sales transactions are conducted with a number of major overseas customers under a variety of arrangements and conditions which is normal for the industry and as a result may impact the recognition of revenue of the Group causing risks with respect to the amount and timing of such revenue recognition.

I have examined the revenue recognition of the Group by

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

Inventory

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

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

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

Provision for long-term employee benefits

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

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Saifon Inkaew
Certified Public Accountant (Thailand) No. 4434

EY Office Limited
Bangkok: 28 February 2018

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	6	4,756,538,170	6,347,594,742	402,022,774	963,993,806
Short-term investments	8	4,517,582,271	3,292,934,416	250,000,000	-
Current portion of long-term fixed deposits					
with financial institution	12	465,390,797	-	-	-
Trade and other receivables	7, 9	3,904,177,600	3,634,647,725	1,320,169,690	1,320,122,455
Inventories	10	4,082,873,656	3,651,125,522	1,746,911,653	1,285,344,345
Other current assets		166,895,567	86,196,148	21,738,900	35,229,470
Total current assets		17,893,458,061	17,012,498,553	3,740,843,017	3,604,690,076
Non-current assets					
Investments in subsidiary companies	11	-	-	3,583,449,338	3,583,449,338
Long-term fixed deposits with financial institution					
- net of current portion	12	-	313,262,334	-	-
Other long-term investments	13	65,458,800	97,000	97,000	97,000
Investment property	14	72,303,750	72,303,750	72,303,750	72,303,750
Property, plant and equipment	15	6,065,872,244	6,145,488,371	2,632,563,156	2,538,126,649
Land leasehold rights	16	130,882,070	146,620,335	-	-
Other intangible assets	17	49,942,131	40,115,190	32,219,654	24,978,184
Deferred tax assets	23	26,709,952	13,542,829	1,391,494	4,952,842
Other non-current assets		98,471,005	11,773,908	3,423,113	10,000
Total non-current assets		6,509,639,952	6,743,203,717	6,325,447,505	6,223,917,763
Total assets		24,403,098,013	23,755,702,270	10,066,290,522	9,828,607,839

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	7, 18	2,920,964,877	2,788,385,619	1,080,012,337	1,111,798,790
Short-term provisions	19	326,809,000	358,307,000	-	-
Income tax payable		40,486,036	42,022,677	2,103,049	8,217,199
Other current liabilities		97,658,235	150,342,580	22,001,075	21,139,173
Total current liabilities		3,385,918,148	3,339,057,876	1,104,116,461	1,141,155,162
Non-current liabilities					
Provision for long-term employee benefits	20	327,301,816	454,879,424	128,110,137	239,914,410
Total non-current liabilities		327,301,816	454,879,424	128,110,137	239,914,410
Total liabilities		3,713,219,964	3,793,937,300	1,232,226,598	1,381,069,572
Shareholders' equity					
Share capital					
Registered					
974,403,900 ordinary shares of Baht 1 each		974,403,900	974,403,900	974,403,900	974,403,900
Issued and fully paid-up					
804,878,860 ordinary shares of Baht 1 each		804,878,860	804,878,860	804,878,860	804,878,860
Share premium		1,723,218,982	1,723,218,982	1,723,218,982	1,723,218,982
Retained earnings					
Appropriated - statutory reserve	21	443,691,136	428,283,816	100,000,000	100,000,000
Unappropriated		17,504,229,412	16,088,535,322	6,205,966,082	5,819,440,425
Other components of shareholders' equity		213,859,659	916,847,990	-	-
Total shareholders' equity		20,689,878,049	19,961,764,970	8,834,063,924	8,447,538,267
Total liabilities and shareholders' equity		24,403,098,013	23,755,702,270	10,066,290,522	9,828,607,839

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenues					
Sales	25, 26	21,550,861,024	20,522,623,734	8,199,161,086	7,921,119,877
Interest income		206,196,691	202,538,917	7,543,227	13,089,793
Dividend income	11	57,375	54,000	930,057,375	880,054,000
Gain on exchange		530,633,995	78,769,983	-	71,813,524
Other income		295,472,840	260,293,553	39,437,151	34,124,409
Total revenues		22,583,221,925	21,064,280,187	9,176,198,839	8,920,201,603
Expenses					
Cost of sales	22	18,336,460,489	17,646,812,814	6,922,889,564	6,769,121,792
Selling expenses		156,102,532	160,197,788	38,014,922	38,073,230
Administrative expenses		1,063,670,366	1,007,250,913	321,149,197	313,468,054
Loss on exchange		-	-	8,939,365	-
Total expenses		19,556,233,387	18,814,261,515	7,290,993,048	7,120,663,076
Profit before finance cost and					
income tax expenses		3,026,988,538	2,250,018,672	1,885,205,791	1,799,538,527
Finance cost		(7,283,859)	(7,383,897)	(2,087,076)	(2,146,211)
Profit before income tax expenses		3,019,704,679	2,242,634,775	1,883,118,715	1,797,392,316
Income tax expenses	23	(131,974,049)	(137,215,824)	(9,382,552)	(22,853,272)
Profit for the year		2,887,730,630	2,105,418,951	1,873,736,163	1,774,539,044
Profit attributable to:					
Equity holders of the Company		2,887,730,630	2,105,418,951	1,873,736,163	1,774,539,044
Earnings per share					
Basic earnings per share	24				
Profit attributable to equity holders of the Company		3.59	2.62	2.33	2.20
Number of weighted average ordinary shares (shares)		804,878,860	804,878,860	804,878,860	804,878,860

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit for the year		<u>2,887,730,630</u>	<u>2,105,418,951</u>	<u>1,873,736,163</u>	<u>1,774,539,044</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain on change in value of available-for-sale investments	8.2	109,659,766	175,280,862	-	-
Exchange differences on translation of financial statements in foreign currency, net of income tax	23	<u>(812,648,097)</u>	<u>(245,776,972)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of income tax		<u>(702,988,331)</u>	<u>(70,496,110)</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain, net of income tax	20, 23	<u>153,128,500</u>	<u>113,024,983</u>	<u>122,547,214</u>	<u>51,993,903</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of income tax		<u>153,128,500</u>	<u>113,024,983</u>	<u>122,547,214</u>	<u>51,993,903</u>
Other comprehensive income for the year		<u>(549,859,831)</u>	<u>42,528,873</u>	<u>122,547,214</u>	<u>51,993,903</u>
Total comprehensive income for the year		<u><u>2,337,870,799</u></u>	<u><u>2,147,947,824</u></u>	<u><u>1,996,283,377</u></u>	<u><u>1,826,532,947</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u><u>2,337,870,799</u></u>	<u><u>2,147,947,824</u></u>	<u><u>1,996,283,377</u></u>	<u><u>1,826,532,947</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 2017

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities				
Profit before tax	3,019,704,679	2,242,634,775	1,883,118,715	1,797,392,316
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,072,032,273	1,169,983,889	357,656,106	353,086,596
Amortisation expenses	11,442,158	10,014,255	3,687,921	2,084,891
Reversal of allowance for doubtful accounts	(8,696,268)	(4,390,169)	-	-
Reduction of inventories to net realisable value	45,284,685	94,029,048	37,996,307	57,105,088
Write-off obsolete and damaged inventories	(114,277,206)	(148,363,618)	(108,015,728)	(148,363,618)
Dividend income from subsidiary companies	-	-	(930,000,000)	(880,000,000)
Dividend income from other company	(57,375)	(54,000)	(57,375)	(54,000)
Loss (gain) on disposals/write-off equipment and intangible assets	11,948,498	(12,587,285)	(2,417,331)	(862,100)
Allowance for impairment loss on assets (reversal)	(210,789)	(2,112,616)	(210,789)	211,484
Provision for product warranty	-	13,157,586	-	-
Provision for vacation	1,801,716	1,790,243	886,198	374,705
Provision for long-term employee benefits	36,056,371	46,722,170	15,852,354	24,722,191
Loss (gain) on sales/redemption of short-term investments	(17,318,264)	11,570,250	-	-
Revaluation loss (gain) on investments in securities held for trading	(3,064,128)	3,580,424	-	-
Unrealised loss (gain) on exchange	8,963,507	122,732	(12,587,586)	(50,635,490)
Unrealised gain on forward contracts	(151,262,346)	(197,954,159)	-	-
Interest income from short-term investments	(177,177,255)	(161,327,271)	-	-
Profit from operating activities before changes in operating assets and liabilities	3,735,170,256	3,066,816,254	1,245,908,792	1,155,062,063

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Operating assets (increase) decrease				
Trade and other receivables	(317,305,371)	(228,631,353)	(18,209,604)	92,437,306
Inventories	(362,755,614)	(230,188,653)	(391,547,887)	18,072,885
Other current assets	(2,537,879)	38,891,683	11,464,796	(7,072,363)
Other non-current assets	-	3,802,150	-	1,318,749
Operating liabilities increase (decrease)				
Trade and other payables	99,205,173	526,193,696	(29,996,203)	(103,391,860)
Other current liabilities	2,630,019	(40,109,145)	(23,587)	(36,547,808)
Cash from operating activities	3,154,406,584	3,136,774,632	817,596,307	1,119,878,972
Cash paid for long-term employee benefits	(9,720,611)	(12,644,315)	(4,324,547)	(11,400,644)
Cash paid for tax assessments	-	(50,795,815)	-	-
Cash paid for corporate income tax	(130,490,629)	(64,898,623)	(12,720,220)	(23,835,105)
Net cash from operating activities	3,014,195,344	3,008,435,879	800,551,540	1,084,643,223
Cash flows from investing activities				
Decrease (increase) in fixed deposits with financial institutions	(1,672,156,653)	144,973,165	(250,000,000)	-
Decrease (increase) in short-term investments	46,684,389	(290,041,102)	-	-
Interest income from short-term investments	176,676,517	149,793,049	-	-
Proceeds from sales/redemption of short-term investments	356,926,391	345,163,586	-	-
Dividend income from subsidiary companies	-	-	930,000,000	880,000,000
Dividend income from other company	57,375	54,000	57,375	54,000
Acquisitions of property, plant and equipment and other intangible assets	(943,116,245)	(791,918,707)	(436,813,504)	(302,416,361)
Acquisition of investment property	-	(49,803,750)	-	(49,803,750)
Proceeds from disposals of equipment	16,476,958	269,282,120	7,404,390	5,106,964
Increase in other long-term investment	(65,361,800)	-	-	-
Increase in other non-current assets	(86,697,099)	(9,954,905)	(3,413,113)	-
Cash paid for withholding tax	(12,550,322)	-	-	-
Net cash from (used in) investing activities	(2,183,060,489)	(232,452,544)	247,235,148	532,940,853

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from financing activities				
Dividend paid	(1,609,757,720)	(1,609,757,720)	(1,609,757,720)	(1,609,757,720)
Net cash used in financing activities	(1,609,757,720)	(1,609,757,720)	(1,609,757,720)	(1,609,757,720)
Increase (decrease) in cash and cash equivalents	(778,622,865)	1,166,225,615	(561,971,032)	7,826,356
Translation adjustment	(812,433,707)	(245,124,976)	-	-
Net increase (decrease) in cash and cash equivalents	(1,591,056,572)	921,100,639	(561,971,032)	7,826,356
Cash and cash equivalents at beginning of year	6,347,594,742	5,426,494,103	963,993,806	956,167,450
Cash and cash equivalents at end of year (Note 6)	4,756,538,170	6,347,594,742	402,022,774	963,993,806

Supplemental cash flow information

Non-cash related transactions from investing activities

Net increase (decrease) in accounts payable				
for purchase of plant and equipment	83,045,401	(99,638,619)	30,984,769	(14,953,881)
Accrued interest receivable short-term investments	(9,361,497)	(3,069,951)	-	-
Revaluation gain (loss) from changes in fair value of investments	109,659,766	175,280,862	-	-
Translation adjustment for deferred tax assets	999,257	1,265,361	-	-

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 2017

(Unit: Baht)

Consolidated financial statements								
					Other components of shareholders' equity			
					Other comprehensive income			
					Surplus (deficit)			
					on changes in	Exchange differences	Total other	Total
					value of	on translation of	components of	shareholders'
					available-for-sale	financial statements	shareholders'	equity
					investments	in foreign currency	equity	equity
Note	Issued and paid up share capital	Share premium	Retained earnings					
					Appropriated -			
					Statutory reserve	Unappropriated		
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
Profit for the year	-	-	-	2,105,418,951	-	-	-	2,105,418,951
Other comprehensive income for the year	-	-	-	113,024,983	175,280,862	(245,776,972)	(70,496,110)	42,528,873
Total comprehensive income for the year	-	-	-	2,218,443,934	175,280,862	(245,776,972)	(70,496,110)	2,147,947,824
Dividend paid	28	-	-	(1,609,757,720)	-	-	-	(1,609,757,720)
Unappropriated retained earnings transferred to statutory reserve	-	-	11,952,611	(11,952,611)	-	-	-	-
Balance as at 31 December 2016	804,878,860	1,723,218,982	428,283,816	16,088,535,322	104,908,742	811,939,248	916,847,990	19,961,764,970
Balance as at 31 December 2016	804,878,860	1,723,218,982	428,283,816	16,088,535,322	104,908,742	811,939,248	916,847,990	19,961,764,970
Profit for the year	-	-	-	2,887,730,630	-	-	-	2,887,730,630
Other comprehensive income for the year	-	-	-	153,128,500	109,659,766	(812,648,097)	(702,988,331)	(549,859,831)
Total comprehensive income for the year	-	-	-	3,040,859,130	109,659,766	(812,648,097)	(702,988,331)	2,337,870,799
Dividend paid	28	-	-	(1,609,757,720)	-	-	-	(1,609,757,720)
Unappropriated retained earnings transferred to statutory reserve	-	-	15,407,320	(15,407,320)	-	-	-	-
Balance as at 31 December 2017	804,878,860	1,723,218,982	443,691,136	17,504,229,412	214,568,508	(708,849)	213,859,659	20,689,878,049

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 2017

(Unit: Baht)

Separate financial statements					
	Issued and paid up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated Statutory reserve	Unappropriated	
Note					
Balance as at 31 December 2015	804,878,860	1,723,218,982	100,000,000	5,602,665,198	8,230,763,040
Profit for the year	-	-	-	1,774,539,044	1,774,539,044
Other comprehensive income for the year	-	-	-	51,993,903	51,993,903
Total comprehensive income for the year	-	-	-	1,826,532,947	1,826,532,947
Dividend paid	-	-	-	(1,609,757,720)	(1,609,757,720)
Balance as at 31 December 2016	<u>804,878,860</u>	<u>1,723,218,982</u>	<u>100,000,000</u>	<u>5,819,440,425</u>	<u>8,447,538,267</u>
Balance as at 31 December 2016	804,878,860	1,723,218,982	100,000,000	5,819,440,425	8,447,538,267
Profit for the year	-	-	-	1,873,736,163	1,873,736,163
Other comprehensive income for the year	-	-	-	122,547,214	122,547,214
Total comprehensive income for the year	-	-	-	1,996,283,377	1,996,283,377
Dividend paid	-	-	-	(1,609,757,720)	(1,609,757,720)
Balance as at 31 December 2017	<u>804,878,860</u>	<u>1,723,218,982</u>	<u>100,000,000</u>	<u>6,205,966,082</u>	<u>8,834,063,924</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 2017

1. General information

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

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2017</u> Percent	<u>2016</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
Power Master Semiconductor Company Limited	Manufacture and trading of electronic components	South Korea	100	-

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

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. 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 and its subsidiaries’ financial statements. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate 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 revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are 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 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 debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investment in non-marketable equity securities, which the subsidiary classified as other investment, is stated at cost net of allowance for impairment loss.
- e) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

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

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

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

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

4.6 Investment properties

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

No depreciation is provided on investment property in land.

4.7 Property, plant and equipment and depreciation

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

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

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

Depreciation is included in determining income.

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

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

4.8 Intangible assets

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

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

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

4.9 Related party transactions

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

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

4.10 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

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

An impairment loss is recognised in 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.

4.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

Provision for vacation

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

4.13 Provisions

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

Provision for product warranty

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

4.14 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.15 Derivatives

The Company and its subsidiaries have no policy to speculate in or engage in the trading of any financial derivative instruments, other than for managing the foreign currency risk. 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.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation 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 active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

5. Significant accounting judgements and estimates

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

5.1 Allowance for diminution in inventory value

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

5.2 Property plant and equipment and depreciation

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

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

5.3 Post-employment benefits under defined benefit plans

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

5.4 Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management 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 2017 and 2016 as reflected in the statements of financial position and cash flows consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	1,270	23,362	287	461
Bank deposits	3,374,647	2,795,837	401,736	433,533
Fixed deposits with maturity not over 3 months	1,380,621	3,528,396	-	530,000
Total cash and cash equivalents	<u>4,756,538</u>	<u>6,347,595</u>	<u>402,023</u>	<u>963,994</u>

As at 31 December 2017, bank deposits in savings accounts and fixed deposits carried interests between 0.001 and 2.000 percent per annum (2016: 0.001 and 1.550 percent per annum).

7. Related party transactions

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

(Unit: Million Baht)

	Separate financial statements		Transfer pricing policy
	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiary companies</u>			
(eliminated from the consolidated financial statements)			
Sales of goods	184	148	Prices agreed between the parties due to the uniqueness of products sold to each customer
Dividend income	930	880	Declared rate
Sales of fixed assets	-	4	Appraisal price
Purchase of materials	151	122	Cost plus mark up
Service fee expenses	9	8	Rates stipulated in the agreement

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade and other receivables (Note 9)				
Trade receivables - related parties				
Subsidiary companies	-	-	7,658	47,937
Total trade receivables - related parties	-	-	7,658	47,937
Other receivables - related parties				
Related company (by way of common directors)	76	76	-	-
Total other receivables - related parties	76	76	-	-
Total trade and other receivables	<u>76</u>	<u>76</u>	<u>7,658</u>	<u>47,937</u>
Trade and other payables (Note 18)				
Trade payables - related parties				
Subsidiary companies	-	-	241,780	232,088
Total trade payables - related parties	-	-	241,780	232,088
Total trade and other payables	<u>-</u>	<u>-</u>	<u>241,780</u>	<u>232,088</u>

Directors and management's benefits

During the years ended 31 December 2017 and 2016, 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	88.4	82.5	13.6	13.3
Post-employment benefits	1.4	1.7	0.7	1.0
Total	<u>89.8</u>	<u>84.2</u>	<u>14.3</u>	<u>14.3</u>

8. Short-term Investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2017		2016	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Securities held for trading (Note 8.1)				
Overseas marketable equity securities	163,405	177,102	179,153	188,989
Unsecured subordinated notes	24,162	24,230	24,474	25,338
Total	187,567	201,332	203,627	214,327
Add: Gain on changes in fair value of investments	13,765		10,700	
Investments in securities held for trading	201,332		214,327	
Available-for-sale securities (Note 8.2)				
Overseas marketable corporate bonds	1,263,322	1,423,490	1,349,300	1,460,778
Local quoted bonds	32,683	34,270	35,834	37,307
Overseas quoted bonds	783,357	836,171	1,064,461	1,056,419
Total	2,079,362	2,293,931	2,449,595	2,554,504
Add: Revaluation surplus on changes in fair value of investments	214,569		104,909	
Investments in available-for-sale securities	2,293,931		2,554,504	
Fixed deposit with financial institutions				
Fixed deposits within 1 year	2,022,319	2,022,319	524,103	524,103
Fixed deposits with financial institutions	2,022,319	2,022,319	524,103	524,103
Total short-term investments	4,517,582	4,517,582	3,292,934	3,292,934

(Unit: Thousand Baht)

	Separate financial statements			
	2017		2016	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Fixed deposits with financial institution				
Fixed deposits within 1 year	250,000	250,000	-	-
Fixed deposits with financial institution	250,000	250,000	-	-
Total short-term investments	250,000	250,000	-	-

As at 31 December 2017, fixed deposits with financial institutions carried interest between 0.15 and 1.82 percent per annum (2016: 0.6 to 3.25 percent per annum).

8.1 Securities held for trading

Since the second quarter of 2011, Hana Microelectronics International Company Limited, an overseas subsidiary company, has invested in bond investment trust of an overseas bank, and during 2012 additionally invested in interest bearing unsecured subordinated notes of a company listed on the Stock Exchange of Australia. During 2016, the subsidiary additionally invested in mutual fund (fixed maturity bond fund) of a company listed on the Stock Exchange of Luxembourg through an overseas bank. The subsidiary has classified these investments as held for trading purpose.

As at 31 December 2017, the subsidiary had assessed the fair value of the bond investment trust, the unsecured subordinated notes and the mutual fund by referring to the value quoted by the banks which are comparable to quoted prices, the result of which was a revaluation surplus on the fair value of USD 0.42 million or equivalent to approximately Baht 13.76 million (31 December 2016: surplus on the fair value of USD 0.30 million or equivalent to approximately Baht 10.70 million). The gain from the change in the fair value from 31 December 2016 approximately Baht 3.06 million (2016: decreased by approximately Baht 3.58 million) were recognised in the income statement.

8.2 Available-for-sale securities

In addition, this subsidiary has invested in corporate bonds listed on the overseas stock exchanges and local and overseas quoted bonds through three overseas banks. These investments are classified as available-for-sale investments. During the current year, the subsidiary additionally invested in the overseas listed corporate bonds and the overseas quoted bonds, disposed and redeemed some of the listed corporate bonds and overseas quoted bonds, resulting in net gain of USD 0.52 million or equivalent to approximately Baht 17.32 million (2016: net loss of USD 0.61 million or equivalent to approximately Baht 21.47 million).

As at 31 December 2017, the subsidiary had assessed the fair value of the bonds by referring to the values quoted by the above three banks which are comparable to quoted prices, the result of which was a revaluation surplus on the fair value of USD 6.57 million or equivalent to approximately Baht 214.57 million (31 December 2016: surplus on the fair value of USD 2.93 million or equivalent to approximately Baht 104.91 million). The gain from the change in the fair value from 31 December 2016 approximately of Baht 109.66 million (2016: gain of approximately Baht 175.28 million) were recognised as other comprehensive income in the statement of comprehensive income.

9. Trade and other receivables

Age of receivable	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade receivables - subsidiary companies				
Not yet due	-	-	265	21,027
Past due				
Up to 3 months	-	-	628	14,442
3 - 6 months	-	-	138	6,684
6 - 12 months	-	-	1,304	2,137
Over 12 months	-	-	5,323	3,647
Total trade receivables - subsidiary companies (Note 7)	-	-	7,658	47,937
Trade receivables - unrelated parties				
Not yet due	3,065,095	2,882,778	1,010,684	1,056,897
Past due				
Up to 3 months	647,929	522,025	290,552	204,519
3 - 6 months	14,756	18,549	2,728	831
6 - 12 months	681	26,032	94	406
Over 12 months	9,130	4,443	99	101
Total trade receivables - unrelated parties	3,737,591	3,453,827	1,304,157	1,262,754
Less: Allowance for doubtful accounts	(11,159)	(19,855)	-	-
Total trade receivables - unrelated parties - net	3,726,432	3,433,972	1,304,157	1,262,754
Total trade receivables - net	3,726,432	3,433,972	1,311,815	1,310,691
Input tax receivables	55,970	73,442	2,947	2,316
Other receivables - related parties (Note 7)	76	76	-	-
Other receivables - unrelated parties	121,700	127,158	5,408	7,115
Total other receivables	177,746	200,676	8,355	9,431
Trade and other receivables - net	3,904,178	3,634,648	1,320,170	1,320,122

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	746,088	1,057,607	(15,467)	(95,450)	730,621	962,157
Work in process	450,073	459,993	(3,366)	-	446,707	459,993
Raw materials	2,991,451	2,292,697	(125,722)	(118,097)	2,865,729	2,174,600
Goods in transit	39,817	54,376	-	-	39,817	54,376
Total	4,227,429	3,864,673	(144,555)	(213,547)	4,082,874	3,651,126

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	448,286	386,451	(14,013)	(81,706)	434,273	304,745
Work in process	160,111	173,688	-	-	160,111	173,688
Raw materials	1,207,900	839,136	(58,066)	(60,393)	1,149,834	778,743
Goods in transit	2,694	28,168	-	-	2,694	28,168
Total	1,818,991	1,427,443	(72,079)	(142,099)	1,746,912	1,285,344

Detail movement of reduce cost to net realisable value are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Balance at the beginning of the year	(213,547)	(267,884)	(142,099)	(233,357)
Add: Reduce cost during the year	(116,783)	(159,214)	(87,254)	(102,116)
Less: Write off obsolete and damaged inventories during the year	114,277	148,364	108,016	148,363
Less: Reverse during the year	69,228	65,187	49,258	45,011
Add: Translation adjustment	2,270	-	-	-
Balance at the ending of the year	(144,555)	(213,547)	(72,079)	(142,099)

11. Investments in subsidiary companies

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

(Unit: Thousand Baht)

Company's name	Paid up capital		Shareholding percentage		Cost		Dividend received during the year	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
			Percent	Percent				
Hana Semiconductor (Ayutthaya)								
Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910	630,000	280,000
Hana Semiconductor (BKK)								
Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100	300,000	600,000
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>930,000</u>	<u>880,000</u>

In July 2017, Hana Microelectronics Enterprise Company Limited, an overseas subsidiary company, has invested in 200,000 shares of Power Master Semiconductor Company Limited, a newly established company located in South Korea and principally engaged in semiconductor business. The investment of USD 0.09 million or equivalent to Baht 2.91 million, represents 20% of its registered capital and 100% of its issued and paid-up capital.

12. Long-term fixed deposits with financial institution

As at 31 December 2017 and 2016, the long-term fixed deposits with financial institution of an overseas subsidiary are as follows:

Consolidated financial statements						
Period			Balance as at			
			31 December 2017		31 December 2016	
Interest rate	Effective date	Maturity date	Equivalent to		Equivalent to	
			China Yuan	Baht	China Yuan	Baht
Percent			(Million Yuan)	(Million Baht)	(Million Yuan)	(Million Baht)
4.55	5 March 2015	5 March 2018	50.7	254.2	50.7	261.1
3.75	20 April 2015	20 April 2018	10.1	50.8	10.1	52.2
2.10	10 April 2017	10 April 2018	32.0	160.4	-	-
Total			92.8	465.4	60.8	313.3

(Unit: Thousand Baht)

	<u>2017</u>	<u>2016</u>
Long-term fixed deposits with financial institution	465,391	313,262
Less: Portion due within one year	<u>(465,391)</u>	<u>-</u>
Long-term fixed deposits with financial institution - net of current portion	<u>-</u>	<u>313,262</u>

13. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Cost/Amortised cost		Cost/Amortised cost	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Other long-term investments</u>				
Available-for-sale securities				
Local marketable equity securities	97	97	97	97
	97	97	97	97
Held-to-maturity debt securities				
Overseas debt securities	65,362	-	-	-
	65,362	-	-	-
Other investment				
Overseas equity securities	9,804	-	-	-
Less: Allowance for impairment loss	(9,804)	-	-	-
	-	-	-	-
Total long-term investments - net	65,459	97	97	97

During the third quarter of 2017, Hana Microelectronics International Company Limited, an overseas subsidiary company, has invested in a 3-year fund linked capital return note issued by an overseas bank amounting to USD 2 million or equivalent to Baht 65.36 million, with maturity date on 14 July 2020. The parties mutually agreed that the subsidiary will receive the principal amount of USD 2 million at the maturity date and gain from rise of fund price, between the reference price at initial valuation date and the final closing index of the fund upon maturity date at the agreed rate in a case that the closing index of the fund upon maturity date is higher than the initial reference price. This investment is classified as investment in held-to-maturity debt securities.

14. Investment property

The net book value of investment property, representing land, as at 31 December 2017 and 2016 are presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost	<u>72,304</u>	<u>72,304</u>	<u>72,304</u>	<u>72,304</u>
Net book value	<u>72,304</u>	<u>72,304</u>	<u>72,304</u>	<u>72,304</u>

A reconciliation of the net book value of investment property for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	72,304	-	72,304	-
Acquisition of land	-	72,304	-	72,304
Net book value at end of year	<u>72,304</u>	<u>72,304</u>	<u>72,304</u>	<u>72,304</u>

Fair value of the investment property based on market price as at 31 December 2017 and 2016 amounted to approximately Baht 96 million.

15. 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 2016	356,248	3,640,249	104,185	824,310	12,300,709	565,108	48,162	437,959	18,276,930
Additions	-	36,457	8,055	5,763	365,390	19,532	9,993	356,194	801,384
Disposals	-	(40)	-	(12)	(326,669)	(4,548)	(5,376)	(203,334)	(539,979)
Transfer in (out)	-	-	-	28,817	371,113	14,148	3,043	(417,121)	-
Translation adjustment	-	(55,679)	(5,302)	-	(201,764)	(4,606)	(953)	(13,608)	(281,912)
As at 31 December 2016	356,248	3,620,987	106,938	858,878	12,508,779	589,634	54,869	160,090	18,256,423
Additions	-	4,990	14,998	19,967	485,370	32,201	6,760	547,149	1,111,435
Disposals	-	(17)	-	-	(278,786)	(10,412)	(7,272)	-	(296,487)
Transfer in (out)	-	2,832	-	39,075	367,889	6,729	-	(416,525)	-
Translation adjustment	-	(54,455)	(5,073)	-	(102,394)	(3,252)	(446)	(16,498)	(182,118)
As at 31 December 2017	356,248	3,574,337	116,863	917,920	12,980,858	614,900	53,911	274,216	18,889,253
Accumulated depreciation									
As at 1 January 2016	-	1,249,449	74,889	586,535	8,881,830	469,790	30,850	-	11,293,343
Depreciation for the year	-	175,611	6,740	48,836	887,402	44,860	6,535	-	1,169,984
Accumulated depreciation for disposed assets	-	(3)	-	(7)	(273,966)	(4,171)	(5,138)	-	(283,285)
Translation adjustment	-	(22,871)	(3,389)	-	(118,272)	(3,569)	(456)	-	(148,557)
As at 31 December 2016	-	1,402,186	78,240	635,364	9,376,994	506,910	31,791	-	12,031,485
Depreciation for the year	-	175,565	8,473	49,468	791,277	40,012	7,237	-	1,072,032
Accumulated depreciation for disposed assets	-	(17)	-	-	(252,099)	(9,264)	(6,680)	-	(268,060)
Translation adjustment	-	(12,127)	(4,177)	-	(67,424)	(2,706)	(210)	-	(86,644)
As at 31 December 2017	-	1,565,607	82,536	684,832	9,848,748	534,952	32,138	-	12,748,813
Allowance for impairment loss									
As at 1 January 2016	-	-	-	763	81,468	17	-	-	82,248
Increase during the year	-	-	-	-	211	-	-	-	211
Reversal allowance for impairment during the year	-	-	-	-	(2,644)	-	-	-	(2,644)
Translation adjustment	-	-	-	-	(366)	-	-	-	(366)
As at 31 December 2016	-	-	-	763	78,669	17	-	-	79,449
Increase during the year	-	-	-	-	(211)	-	-	-	(211)
Reversal allowance for impairment during the year	-	-	-	-	(200)	-	-	-	(200)
Translation adjustment	-	-	-	-	(4,470)	-	-	-	(4,470)
As at 31 December 2017	-	-	-	763	73,788	17	-	-	74,568
Net book value									
As at 31 December 2016	356,248	2,218,801	28,698	222,751	3,053,116	82,707	23,078	160,090	6,145,489
As at 31 December 2017	356,248	2,008,730	34,327	232,325	3,058,322	79,931	21,773	274,216	6,065,872
Depreciation for the year									
2016 (Baht 951 million included in manufacturing cost, and the balance in administrative expenses)									1,169,984
2017 (Baht 877 million included in manufacturing cost, and the balance in administrative expenses)									1,072,032

(Unit: Thousand Baht)

Separate financial statements

	Land	Buildings	Installation	Machinery and equipment	Office furniture and equipment	Vehicles	Construction in progress and machinery under installation	Total
Cost								
As at 1 January 2016	249,865	1,815,430	344,123	2,817,143	182,867	18,410	92,848	5,520,686
Additions	-	-	3,223	30,187	8,684	6,249	223,753	272,096
Disposals	-	(40)	(12)	(92,640)	(538)	(2,989)	-	(96,219)
Transfer in (out)	-	-	22,282	253,613	14	-	(275,909)	-
As at 31 December 2016	249,865	1,815,390	369,616	3,008,303	191,027	21,670	40,692	5,696,563
Additions	-	3,540	19,967	23,074	10,350	-	399,937	456,868
Disposals	-	(16)	-	(55,573)	(265)	(3,600)	-	(59,454)
Transfer in (out)	-	-	20,965	273,125	10	-	(294,100)	-
As at 31 December 2017	249,865	1,818,914	410,548	3,248,929	201,122	18,070	146,529	6,093,977
Accumulated depreciation								
As at 1 January 2016	-	538,853	170,566	2,027,433	141,174	14,130	-	2,892,156
Depreciation for the year	-	85,821	30,276	219,893	14,916	2,181	-	353,087
Accumulated depreciation for disposed assets	-	(3)	(8)	(88,459)	(516)	(2,989)	-	(91,975)
As at 31 December 2016	-	624,671	200,834	2,158,867	155,574	13,322	-	3,153,268
Depreciation for the year	-	85,814	31,307	223,740	14,655	2,140	-	357,656
Accumulated depreciation for disposed assets	-	(16)	-	(51,188)	(256)	(3,008)	-	(54,468)
As at 31 December 2017	-	710,469	232,141	2,331,419	169,973	12,454	-	3,456,456
Allowance for impairment loss								
As at 1 January 2016	-	-	613	4,664	-	-	-	5,277
Increase during the year	-	-	-	210	-	-	-	210
Reversal allowance for impairment during the year	-	-	-	(319)	-	-	-	(319)
As at 31 December 2016	-	-	613	4,555	-	-	-	5,168
Increase during the year	-	-	-	(210)	-	-	-	(210)
Reversal allowance for impairment during the year	-	-	-	-	-	-	-	-
As at 31 December 2017	-	-	613	4,345	-	-	-	4,958
Net book value								
As at 31 December 2016	249,865	1,190,719	168,169	844,881	35,453	8,348	40,692	2,538,127
As at 31 December 2017	249,865	1,108,445	177,794	913,165	31,149	5,616	146,529	2,632,563
Depreciation for the year								
2016 (Baht 220 million included in manufacturing cost, and the balance in administrative expenses)								353,087
2017 (Baht 223 million included in manufacturing cost, and the balance in administrative expenses)								357,656

As at 31 December 2017, 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 8,990 million (2016: Baht 7,676 million) and for the Company amounted to approximately Baht 1,977 million (2016: Baht 1,716 million).

16. Land leasehold rights

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

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2017</u>	<u>2016</u>
Cost	153,418	153,418
Less: Accumulated amortisation	(11,991)	(9,045)
Translation adjustment	(10,545)	2,247
Net book value	<u>130,882</u>	<u>146,620</u>
Amortisation for the year	<u>2,946</u>	<u>3,084</u>

17. Other 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 2016	60,965	19,299
Additions	25,033	15,046
Translation adjustment	(1,387)	-
As at 31 December 2016	84,611	34,345
Additions	18,475	10,930
Translation adjustment	(533)	-
As at 31 December 2017	102,553	45,275
Accumulated amortisation		
As at 1 January 2016	38,611	7,282
Amortisation for the year	6,931	2,085
Translation adjustment	(1,046)	-
As at 31 December 2016	44,496	9,367
Amortisation for the year	8,495	3,688
Translation adjustment	(380)	-
As at 31 December 2017	52,611	13,055
Net book value		
As at 31 December 2016	40,115	24,978
As at 31 December 2017	49,942	32,220
Amortisation for the year		
2016	6,931	2,085
2017	8,495	3,688

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade payables - subsidiary companies (Note 7)	-	-	241,780	232,088
Trade payables - unrelated parties	2,242,642	2,150,768	733,413	805,401
Advance received from customers	175,969	203,663	16,956	17,608
Other payables for purchase of machinery	145,477	115,924	59,571	28,586
Accrued expenses	<u>356,877</u>	<u>318,031</u>	<u>28,292</u>	<u>28,116</u>
Total trade and other payables	<u>2,920,965</u>	<u>2,788,386</u>	<u>1,080,012</u>	<u>1,111,799</u>

19. Short-term provisions

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>Product warranty</u>	<u>Total</u>
As at 1 January 2016	347,248	347,248
Increase during the year	12,797	12,797
Translation adjustment	<u>(1,738)</u>	<u>(1,738)</u>
As at 31 December 2016	358,307	358,307
Translation adjustment	<u>(31,498)</u>	<u>(31,498)</u>
As at 31 December 2017	<u>326,809</u>	<u>326,809</u>

20. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Provision for long-term employee benefits at beginning of year	454,880	534,440	239,914	279,200
Included in profit or loss:				
Current service cost	21,759	33,143	8,478	17,864
Interest cost	14,297	13,578	7,375	6,858
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(204,340)	(70,777)	(162,696)	(28,424)
Financial assumptions changes	34,815	(24,417)	21,098	(27,609)
Experience adjustments	15,612	(18,444)	18,266	3,426
Benefits paid during the year	<u>(9,721)</u>	<u>(12,644)</u>	<u>(4,325)</u>	<u>(11,401)</u>
Provision for long-term employee benefits at end of year	<u>327,302</u>	<u>454,879</u>	<u>128,110</u>	<u>239,914</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of sales	6,176	10,906	3,127	6,074
Selling and administrative expenses	<u>29,880</u>	<u>35,815</u>	<u>12,726</u>	<u>18,648</u>
Total expenses recognised in profit or loss	<u>36,056</u>	<u>46,721</u>	<u>15,853</u>	<u>24,722</u>

The Company and its subsidiary expect to pay Baht 11.9 million of long-term employee benefits during the next year (Separate financial statements: Baht 9.1 million) (2016: Baht 12.7 million, separate financial statements: Baht 12.2 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 14 years (Separate financial statements: 14 years) (2016: 15 years, separate financial statements: 16 years).

Significant actuarial assumptions are summarised below:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.9%	3.4%	2.9%	3.4%
Future salary increase rate (depending on age)	5.0%	5.0%	5.0%	5.0%
Staff turnover rate	9.3% - 38.8%	10.1% - 32.7%	9.3% - 30.4%	10.1% - 28.4%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: Million Baht)

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

(Unit: Million Baht)

	31 December 2016			
	Consolidated financial		Separate financial statements	
	statements		statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(62)	85	(34)	42
Salary increase rate	74	(62)	42	(35)
	Increase 5%	Decrease 5%	Increase 5%	Decrease 5%
Turnover rate	(12)	14	(4)	4

21. Statutory reserve

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

22. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Raw materials and consumables used	13,237,786	13,069,503	5,297,761	5,143,270
Changes in inventories of finished goods and work in process	244,822	(185,461)	(115,951)	(61,967)
Salaries and wages and other employee benefits	3,618,816	3,450,794	1,367,781	1,267,104
Management benefit expenses	89,773	84,154	14,272	14,348
Depreciation and amortisation expenses	1,083,473	1,179,999	361,344	355,172
Loss on exchange	-	-	8,939	-

23. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Current income tax charge	146,423	77,201	7,592	14,441
Adjustment in respect of income tax of previous year	(283)	62,360	(986)	10,327
Deferred tax:				
Relating to origination and reversal of temporary differences	(14,166)	(2,345)	2,777	(1,915)
Effect of the change in tax rate	-	-	-	-
Income tax expense reported in the statement of income	<u>131,974</u>	<u>137,216</u>	<u>9,383</u>	<u>22,853</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to loss on actuarial gains and losses	785	613	785	613
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	214	652	-	-
	<u>999</u>	<u>1,265</u>	<u>785</u>	<u>613</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit before tax	<u>3,019,705</u>	<u>2,242,635</u>	<u>1,883,119</u>	<u>1,797,392</u>
Applicable tax rate	0 - 36%	0 - 25%	20%	20%
Accounting profit before tax multiplied by income tax rate	508,123	359,849	376,624	359,478
Adjustment in respect of income tax of previous year	(283)	62,360	(986)	10,327
Effects of:				
Promotional privileges (Note 25)	(318,413)	(284,607)	(176,237)	(162,227)
Dividend income not subject to tax	(11)	(11)	(186,011)	(176,011)
Income not subject to tax	(1)	(2)	-	-
Unused temporary differences and tax losses	1,652	10,615	-	-
Utilised tax losses carry forward	(52,304)	(1,787)	-	-
Non-deductible expenses	762	5,082	-	1,010
Additional expense deductions allowed	(8,620)	(9,345)	-	(1,177)
Others	1,069	(4,938)	(4,007)	(8,547)
Total	<u>(375,866)</u>	<u>(284,993)</u>	<u>(366,255)</u>	<u>(346,952)</u>
Income tax expenses reported in the statement of income	<u>131,974</u>	<u>137,216</u>	<u>9,383</u>	<u>22,853</u>

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Deferred tax assets				
Allowance for diminution in value of inventories	7,322	1,657	458	1,657
Allowance for assets impairment	32	60	32	60
Provision for long-term employee benefits	815	2,797	815	2,797
Provision for vacation	249	147	86	147
Accrued expenses	24,182	10,679	-	-
Consignment inventory	-	292	-	292
Total	32,600	15,632	1,391	4,953
Deferred tax liabilities				
Accumulated depreciation - plant and equipment	(5,890)	(2,089)	-	-
Total	(5,890)	(2,089)	-	-
Deferred tax assets - net	26,710	13,543	1,391	4,953

As at 31 December 2017, the subsidiaries had deductible temporary differences and unused tax losses totaling Baht 180 million (2016: Baht 294 million), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses. The unused tax losses will expire by the year 2025.

24. Earnings per share

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

25. Promotional privileges

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

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

Particulars	Subsidiary							
	Hana Semiconductor (Ayutthaya) Company Limited							
1. Certificate No.	1817(2)/2550	1034(2)/2552	1458(1)/2553	2371(1)/2553	5003(4)/2556	2687(1)/2556	59-1374-1-00-1-0	60-0686-1-00-1-0
2. Promotional privileges for	Production of Integrated Circuit (IC)	Production of Wafer Saw Integrated Circuit (IC) and Integrated Circuit Tested (IC Tested)	Production of Integrated Circuit (IC)	Production of Integrated Circuit (IC)	Production of Integrated Circuit (IC) and Integrated Module	Production of Semiconductor	Production of Integrated Circuit (IC)	Production of Integrated Circuit (IC)
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.	7 years (expired)	8 years	8 years	8 years	4 years (expired)	8 years	6 years	6 years
3.2 5% allowance of the increment in export income over the preceding years.	-	-	-	-	-	-	-	-
3.3 50% reduction of the normal corporate income tax rate for net income derived after the expiry date in 3.1	-	5 years	5 years	5 years	-	5 years	-	-
3.4 Exemption from import duty on machinery as approved by the Board.	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	10 years	10 years	-	10 years	-	-
4. Date of first earning operating income	1 September 2010	2 January 2013	10 May 2010	28 November 2014	3 January 2013	Had not yet started utilising the privileges.	Had not yet started utilising the privileges.	Had not yet started utilising the privileges.

The Company and its subsidiaries have operating revenues for the years ended 31 December 2017 and 2016, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sales						
Domestic sales	193,000	165,691	847	9,775	193,847	175,466
Export sales	<u>15,354,818</u>	<u>14,579,952</u>	<u>6,002,196</u>	<u>5,767,206</u>	<u>21,357,014</u>	<u>20,347,158</u>
Total sales	<u>15,547,818</u>	<u>14,745,643</u>	<u>6,003,043</u>	<u>5,776,981</u>	<u>21,550,861</u>	<u>20,522,624</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sales						
Domestic sales	31,835	25,253	847	9,775	32,682	35,028
Export sales	<u>8,165,694</u>	<u>7,884,467</u>	<u>785</u>	<u>1,625</u>	<u>8,166,479</u>	<u>7,886,092</u>
Total sales	<u>8,197,529</u>	<u>7,909,720</u>	<u>1,632</u>	<u>11,400</u>	<u>8,199,161</u>	<u>7,921,120</u>

26. Operating segments

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

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

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

No operating segments have been aggregated to 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 2017 and 2016, respectively.

(Unit: Million Baht)

	Printed Circuit			Total reportable segments	Eliminations	Total
	Board Assembly (PCBA)	Integrated Circuit (IC)	Other			
Year ended 31 December 2017						
Revenue from external customers	11,741	8,653	1,157	21,551	-	21,551
Inter-segment revenue	3,694	917	1,379	5,990	(5,990)	-
Total revenue	15,435	9,570	2,536	27,541	(5,990)	21,551
Segment profit	1,737	1,058	415	3,210	4	3,214
Interest revenue						206
Other income						296
Gain on exchange						531
Selling expenses						(156)
Administrative expenses						(1,064)
Finance cost						(7)
Income tax expenses						(132)
Profit for the year						2,888
Segment total assets						
Additions to property, plant and equipment	577	556	6	1,139	-	1,139

(Unit: Million Baht)

	Printed Circuit			Total reportable segments	Eliminations	Total
	Board Assembly (PCBA)	Integrated Circuit (IC)	Other			
Year ended 31 December 2016						
Revenue from external customers	11,441	8,133	949	20,523	-	20,523
Inter-segment revenue	3,955	861	1,315	6,131	(6,131)	-
Total revenue	15,396	8,994	2,264	26,654	(6,131)	20,523
Segment profit	1,738	897	219	2,854	22	2,876
Interest revenue						202
Other income						260
Gain on exchange						79
Selling expenses						(160)
Administrative expenses						(1,007)
Finance cost						(8)
Income tax expenses						(137)
Profit for the year						<u>2,105</u>
Segment total assets						
Additions to property, plant and equipment	388	391	26	805	(4)	801

Geographic information

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

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Revenue from external customers		
Malaysia	7,043,089	6,787,085
China	3,266,205	3,519,310
United States of America	2,907,632	2,167,921
Singapore	2,101,444	2,026,456
Hong Kong	1,751,694	2,503,837
Others	4,480,797	3,518,015
Total	<u>21,550,861</u>	<u>20,522,624</u>
Non-current assets (other than deferred tax assets)		
Thailand	4,519,223	4,345,888
China	1,324,995	1,786,561
Cambodia	459,413	523,370
Hong Kong	135,595	5,160
United States of America	38,601	64,324
Others	5,103	4,357
Total	<u>6,482,930</u>	<u>6,729,660</u>

Major customers

For the year 2017, the Company and its subsidiaries have revenue from 5 major customers in amount of Baht 10,625 million, arising from sales by the Printed Circuit Board Assembly (PCBA) segment and the Integrated Circuit (IC) segment, (2016: Baht 9,541 million derived from 5 major customers, arising from sales by the Printed Circuit Board Assembly (PCBA) segment and the Integrated Circuit (IC) segment).

27. Provident fund

The Company, the subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company or the subsidiaries contribute to the fund monthly at the rates of 3.0 - 7.5 percent of basic salary. The fund, which is managed by SCB Asset Management Company Limited, will be paid to employees upon terminating in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 73 million (2016: Baht 70 million) and for the Separate financial statements amounting to approximately Baht 39 million (2016: Baht 37 million) were recognised as expenses.

28. Dividend paid

During the years 2017 and 2016, the Company and its subsidiaries had dividend payments as follows:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>The Company</u>			
<u>For the year 2017</u>			
Dividends on 2016 income and unappropriated retained earnings	Annual General Meeting of the shareholders on 28 April 2017	805	1.00
Interim dividends in respect of the income for the period from 1 January 2017 to 30 June 2017	Board of Directors' Meeting on 5 October 2017	805	1.00
Total for the year 2017		<u>1,610</u>	<u>2.00</u>
<u>For the year 2016</u>			
Dividends on 2015 income and unappropriated retained earnings	Annual General Meeting of the shareholders on 29 April 2016	805	1.00
Interim dividends in respect of the income for the period from 1 January 2016 to 30 June 2016	Board of Directors' Meeting on 11 October 2016	805	1.00
Total for the year 2016		<u>1,610</u>	<u>2.00</u>

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>Subsidiary companies</u>			
Hana Semiconductor (Ayutthaya) Company Limited			
<u>For the year 2017</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 17 April 2017	720	6.00
Interim dividends in respect of the income for the period from 1 January 2017 to 31 August 2017 and unappropriated retained earnings	Board of Directors' Meeting on 4 October 2017	360	3.00
Total for the year 2017		<u>1,080</u>	<u>9.00</u>
<u>For the year 2016</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 18 April 2016	480	4.00
Total for the year 2016		<u>480</u>	<u>4.00</u>
Hana Semiconductor (BKK) Company Limited			
<u>For the year 2017</u>			
Interim dividends in respect of the income for the period from 1 January 2017 to 31 August 2017 and unappropriated retained earnings	Board of Directors' Meeting on 4 October 2017	300	3.00
Total for the year 2017		<u>300</u>	<u>3.00</u>
<u>For the year 2016</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 28 April 2016	600	6.00
Total for the year 2016		<u>600</u>	<u>6.00</u>

29. Commitments and contingent liabilities

29.1 Capital commitments

As at 31 December 2017, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery totaling USD 4.8 million or equivalent to Baht 174 million (2016: USD 2.3 million or equivalent to Baht 80 million) and the Company only of approximately Baht 91 million (2016: Baht 54 million).

29.2 Operating lease commitments

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

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Payable:				
In up to 1 year	45.3	17.1	27.2	0.6
In over 1 and up to 3 year	17.8	2.3	3.6	0.2

29.3 Marketing supportive service agreement

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

29.4 Sale representative agreements

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

29.5 Guarantees

As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 56 million (2016: Baht 54 million) and the Company only of approximately Baht 26 million (2016: Baht 24 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and the subsidiaries to guarantee electricity uses, among others.

30. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and the subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	31 December 2017		
	Consolidated Financial Statements		
	Level 1	Level 2	Total
Financial assets measured at fair value			
Held for trade investments			
Equity instruments	177,102	-	177,102
Unsecured debt instruments	24,230	-	24,230
Available-for-sale investments			
Marketable corporate bonds	1,423,490	-	1,423,490
Quoted bonds	870,441	-	870,441
Derivatives			
Foreign currency forward contracts	-	89,424	89,424
Investment property	-	96,405	96,405

(Unit: Thousand Baht)

	31 December 2016		
	Consolidated Financial Statements		
	Level 1	Level 2	Total
Financial assets measured at fair value			
Held for trade investments			
Equity instruments	188,989	-	188,989
Unsecured debt instruments	25,338	-	25,338
Available-for-sale investments			
Marketable corporate bonds	1,460,778	-	1,460,778
Quoted bonds	1,093,726	-	1,093,726
Investment property	-	96,405	96,405
Financial liabilities measured at fair value			
Derivatives			
Foreign currency forward contracts	-	62,962	62,962

31. Financial instruments

31.1 Financial risk management

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

Credit risk

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

Interest rate risk

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

As at 31 December 2017 and 2016, 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 2017

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

Consolidated financial statements as at 31 December 2016

	Fixed interest rate		Floating	Non-interest	Total	Effective
	Within 1 year	1 - 5 years	interest rate	bearing		interest rate
						(% p.a.)
						(Million Baht)
Financial assets						
Cash and cash equivalents	3,529	-	2,786	33	6,348	0.001 - 1.550
Short-term investments	3,079	-	25	189	3,293	0.15 - 9.75
Trade and other receivables	-	-	-	3,635	3,635	-
Long-term fixed deposits with financial institution	-	313	-	-	313	3.75 - 4.55
	<u>6,608</u>	<u>313</u>	<u>2,811</u>	<u>3,857</u>	<u>13,589</u>	
Financial liabilities						
Trade and other payables	-	-	-	2,788	2,788	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,788</u>	<u>2,788</u>	

Separate financial statements as at 31 December 2017

	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	-	400	2	402	0.05 - 0.375
Short-term investments	250	-	-	250	1.20
Trade and other receivables	-	-	1,320	1,320	-
	<u>250</u>	<u>400</u>	<u>1,322</u>	<u>1,972</u>	
Financial liabilities					
Trade and other payables	-	-	1,080	1,080	-
	<u>-</u>	<u>-</u>	<u>1,080</u>	<u>1,080</u>	

Separate financial statements as at 31 December 2016

	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	530	424	10	964	0.05 - 1.55
Trade and other receivables	-	-	1,320	1,320	-
	<u>530</u>	<u>424</u>	<u>1,330</u>	<u>2,284</u>	
Financial liabilities					
Trade and other payables	-	-	1,112	1,112	-
	<u>-</u>	<u>-</u>	<u>1,112</u>	<u>1,112</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 2017 and 2016 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>2017</u> (Million)	<u>2016</u> (Million)	<u>2017</u> (Million)	<u>2016</u> (Million)	<u>2017</u> (Baht per foreign currency unit)	<u>2016</u>
China Yuan	319	304	101	78	5.0145	5.1498
US Dollar	229	200	51	50	32.6809	35.8307
Japan Yen	143	143	121	11	0.2898	0.3080
South Korean Won	43	-	-	-	0.0306	0.0297
Indian Rupee	40	40	-	-	0.5104	0.5259
Hong Kong Dollar	12	7	1	-	4.1803	4.6217
Euro	4	4	-	-	39.0273	37.7577
Singapore Dollar	2	3	1	-	24.4503	24.8010
Brazilian Real	2	2	-	-	9.7400	11.0128
Pound Sterling	-	2	-	-	43.9865	44.0356
Macau Pataca	1	1	-	-	3.9891	4.5096

As at 31 December 2017 and 2016, the two overseas subsidiary companies had outstanding forward exchange contracts, of which details are presented below.

As at 31 December 2017

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

As at 31 December 2016

Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
140	13 January 2017 - 21 June 2017	34.930 - 36.080

31.2 Fair value of financial instruments

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

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2017		As at 31 December 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	4,757	4,757	6,348	6,348
Short-term investments	4,289	4,518	3,177	3,293
Current portion of long-term fixed deposits with financial institution	465	465	-	-
Trade and other receivables	3,904	3,904	3,635	3,635
Long-term fixed deposits with financial institution	-	-	313	313
Other long-term investments	65,459	62,193	-	1
Financial liabilities				
Trade and other payables	2,921	2,921	2,788	2,788

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2017		As at 31 December 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	402	402	964	964
Short-term investments	250	250	-	-
Trade and other receivables	1,320	1,320	1,320	1,320
Financial liabilities				
Trade and other payables	1,080	1,080	1,112	1,112

The estimated fair value of the derivatives is as follows:

(Unit: Million Baht)

	Consolidated financial statements	
	As at 31 December 2017	As at 31 December 2016
	Fair value gain	Fair value loss
Derivatives		
Forward exchange contracts	89.4	(63.0)

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

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and accounts payable, their carrying amounts in the statement of financial position approximate their fair value.
- b) For debts and equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- c) For fixed deposit with financial institution carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.
- d) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The subsidiaries had considered to counterparty credit risk when determining the fair value of derivatives

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

32. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.18:1 (2016: 0.19:1) and the Company's was 0.14:1 (2016: 0.16:1).

33. Event after the reporting period

On 28 February 2018, the meeting of the Board of Directors of the Company No. 1/2018 passed the resolution approving the final dividend payment for the year 2017 to the Company's shareholders at Baht 1 per share. The dividend will be paid to the shareholders on 11 May 2018.

On 3 November 2017, the Company paid the interim dividend from the net profit from the first six-month period of 2017 to the Company's shareholders at Baht 1 per share or a total of approximately Baht 805 million following the resolution of the Board of Directors Meeting of the Company No. 5/2017 on 5 October 2017.

Therefore, the total dividend payment for the year ended 31 December 2017 will be Baht 2.00 per share. The Company will propose to the Annual General Meeting of Shareholders for acknowledgement of interim dividend payment and approval of the final dividend payment.

34. Reclassification

The Company reclassified the following amounts in the consolidated financial statements for the year ended 31 December 2016 to conform with current year's classification as follows:

(Unit: Baht)

	Consolidated financial statements	
	As at 31 December 2016	
	As reclassified	As previously reported
Inventories	3,651,125,522	3,676,207,012
Trade and other payables	2,788,385,619	2,813,467,109

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

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2018.