

Hana Microelectronics Public Company Limited
and its subsidiaries
Review report and consolidated interim financial statements
For the three-month period ended 31 March 2019

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Hana Microelectronics Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Hana Microelectronics Public Company Limited and its subsidiaries as at 31 March 2019, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Hana Microelectronics Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

EY Office Limited
Bangkok: 14 May 2019

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	3,490,293	4,081,336	231,732	237,904
Short-term investments	5	4,268,143	3,985,334	-	-
Current portion of long-term fixed deposits					
with financial institution	9	542,702	480,072	-	-
Trade and other receivables	4, 6	3,785,795	3,831,672	1,639,274	1,523,937
Inventories	7	5,025,906	5,222,840	2,465,757	2,459,278
Other current assets		114,369	155,141	46,877	50,434
Total current assets		17,227,208	17,756,395	4,383,640	4,271,553
Non-current assets					
Investments in subsidiary companies	8	-	-	3,583,449	3,583,449
Long-term fixed deposits with financial institution - net of current portion	9	236,100	-	-	-
Other long-term investments	10	143,250	146,121	97	97
Investment property	11	72,304	72,304	72,304	72,304
Property, plant and equipment	12	7,060,127	7,179,238	2,685,521	2,637,492
Land leasehold rights	13	123,944	127,128	-	-
Intangible assets		122,314	51,508	33,773	34,666
Deferred tax assets		16,580	13,071	2,061	2,066
Other non-current assets		11,023	22,548	955	11
Total non-current assets		7,785,642	7,611,918	6,378,160	6,330,085
Total assets		25,012,850	25,368,313	10,761,800	10,601,638

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

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	<u>Note</u>	<u>31 March 2019</u>	<u>31 December 2018</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	4, 14	2,844,342	3,421,409	1,398,855	1,332,899
Short-term provisions		318,117	324,498	-	-
Income tax payable		29,592	37,278	4,211	2,401
Other current liabilities		166,060	130,408	23,045	24,919
Total current liabilities		3,358,111	3,913,593	1,426,111	1,360,219
Non-current liabilities					
Provision for long-term employee benefits		374,949	371,590	140,490	142,705
Total non-current liabilities		374,949	371,590	140,490	142,705
Total liabilities		3,733,060	4,285,183	1,566,601	1,502,924
Shareholders' equity					
Share capital					
Registered					
974,403,900 ordinary shares of Baht 1 each		974,404	974,404	974,404	974,404
Issued and fully paid-up					
804,878,860 ordinary shares of Baht 1 each		804,879	804,879	804,879	804,879
Share premium		1,723,219	1,723,219	1,723,219	1,723,219
Retained earnings					
Appropriated - statutory reserve		456,463	456,463	100,000	100,000
Unappropriated		18,541,184	18,237,930	6,567,101	6,470,616
Other components of shareholders' equity		(245,955)	(139,361)	-	-
Total shareholders' equity		21,279,790	21,083,130	9,195,199	9,098,714
Total liabilities and shareholders' equity		25,012,850	25,368,313	10,761,800	10,601,638

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

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Directors
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(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 31 March 2019**

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues					
Sales		5,132,752	5,194,856	2,282,376	2,280,492
Interest income		43,441	49,888	-	1,165
Dividend income		-	908	-	-
Gain on exchange		112,123	188,179	8,357	-
Other income		81,168	89,756	8,036	10,726
Total revenues		5,369,484	5,523,587	2,298,769	2,292,383
Expenses					
Cost of sales		4,733,619	4,635,107	2,097,413	2,012,687
Selling and distribution expenses		38,461	36,341	11,066	9,117
Administrative expenses		275,778	268,306	91,515	85,080
Loss on exchange		-	-	-	15,781
Total expenses		5,047,858	4,939,754	2,199,994	2,122,665
Profit before finance cost and income tax expenses					
Finance cost		(1,629)	(1,674)	(473)	(463)
Profit before income tax expenses		319,997	582,159	98,302	169,255
Income tax expenses	15	(16,743)	(28,721)	(1,817)	(1,352)
Profit for the period		303,254	553,438	96,485	167,903
Profit attributable to:					
Equity holders of the Company		303,254	553,438	96,485	167,903
Earnings per share					
16					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		0.38	0.69	0.12	0.21
Number of weighted average ordinary shares					
(Thousand shares)		804,879	804,879	804,879	804,879

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the period	<u>303,254</u>	<u>553,438</u>	<u>96,485</u>	<u>167,903</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Gain (loss) on change in value of available-for-sale investments	5.2	67,389	(71,869)	-
Exchange differences on translation of financial statements in foreign currency - net of income tax	15	<u>(173,983)</u>	<u>(387,828)</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(106,594)</u>	<u>(459,697)</u>	<u>-</u>
Other comprehensive income for the period		<u>(106,594)</u>	<u>(459,697)</u>	<u>-</u>
Total comprehensive income for the period		<u>196,660</u>	<u>93,741</u>	<u>167,903</u>
Total comprehensive income attributable to:				
Equity holders of the Company		<u>196,660</u>	<u>93,741</u>	<u>167,903</u>

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Profit before tax	319,997	582,159	98,302	169,255
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	285,497	260,329	96,159	92,704
Amortisation expenses	3,354	3,149	1,211	1,112
Reversal of allowance for doubtful accounts	(6,672)	(852)	-	-
Reduction of inventories to net realisable value (reversal)	21,996	4,553	9,475	(2,335)
Dividend income from other company	-	(908)	-	-
Loss (gain) on disposals/write-off of equipment	21,241	(1,553)	156	(4,729)
Reversal of allowance for impairment loss on assets	(999)	(21)	(999)	(21)
Provision for long-term employee benefits	16,998	14,206	5,769	7,402
Gain on sales/redemption of short-term investments	(5,151)	(6,091)	-	-
Revaluation loss (gain) on investments in securities held for trading	(9,511)	190	-	-
Unrealised gain on exchange	(37,680)	(28,403)	(23,835)	(261)
Unrealised loss on forward contracts	35,010	9,814	-	-
Interest income from short-term investments	(25,361)	(35,685)	-	-
Profit from operating activities before changes in operating assets and liabilities	618,719	800,887	186,238	263,127

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Trade and other receivables	95,078	100,533	(83,786)	(196,864)
Inventories	174,938	(45,075)	(15,954)	16,227
Other current assets	40,202	(95,917)	3,290	3,824
Other non-current assets	-	(891)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(419,868)	(174,456)	28,872	30,837
Other current liabilities	663	54,547	(1,874)	1,274
Cash from operating activities	509,732	639,628	116,786	118,425
Cash paid for long-term employee benefits	(13,673)	(5,056)	(7,984)	(3,439)
Cash paid for income tax	(27,933)	(43,372)	(2)	(9)
Net cash from operating activities	468,126	591,200	108,800	114,977
Cash flows from investing activities				
Decrease (increase) in fixed deposits with financial institutions	(298,730)	749,369	-	100,000
Decrease (increase) in short-term investments	(267,678)	63,673	-	-
Interest income from short-term investments	28,599	63,010	-	-
Proceeds from sales/redemption of short-term investments	66,918	160,937	-	-
Dividend income from other company	-	908	-	-
Decrease (increase) in other long-term investments	2,871	(75,181)	-	-
Acquisitions of property, plant and equipment	(357,724)	(238,243)	(113,710)	(80,531)
Proceeds from disposals of equipment	-	4,859	-	4,859
Decrease (increase) in intangible assets	(70,976)	3,116	(318)	(2,230)
Decrease (increase) in other non-current assets	11,525	77,228	(944)	-
Net cash from (used in) investing activities	(885,195)	809,676	(114,972)	22,098

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from financing activities	-	-	-	-
Net cash from financing activities	-	-	-	-
Increase (decrease) in cash and cash equivalents	(417,069)	1,400,876	(6,172)	137,075
Translation adjustment	(173,974)	(387,257)	-	-
Net increase (decrease) in cash and cash equivalents	(591,043)	1,013,619	(6,172)	137,075
Cash and cash equivalents at beginning of the period	4,081,336	4,756,538	237,904	402,023
Cash and cash equivalents at end of the period				
(Note 3)	<u>3,490,293</u>	<u>5,770,157</u>	<u>231,732</u>	<u>539,098</u>

Supplemental cash flow information

Non-cash related transactions from investing activities

Net increase (decrease) in accounts payable for

purchases of plant and equipment

(171,096)

2,245

29,635

(9,281)

Revaluation gain (loss) on changes in fair value of

investments

67,388

(71,869)

-

-

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

Consolidated financial statements								
					Other components of shareholders' equity			
					Other comprehensive income			
					Surplus (deficit)			
					on changes in			
					Exchange differences			
					Total other			
					components of			
					Total			
					shareholders'			
					shareholders'			
					equity			
					equity			
Issued and	Share	Retained earnings		value of	Exchange differences	Total other	Total	
paid up	premium	Appropriated -	Unappropriated	available-for-sale	on translation of	components of	shareholders'	
share capital		Statutory reserve		investments	in foreign currency	equity	equity	
Balance as at 31 December 2017	804,879	1,723,219	443,691	17,504,229	214,569	(709)	213,860	20,689,878
Profit for the period	-	-	-	553,438	-	-	-	553,438
Other comprehensive income for the period	-	-	-	(71,869)	(387,828)	(459,697)	(459,697)	(459,697)
Total comprehensive income for the period	-	-	-	553,438	(71,869)	(387,828)	(459,697)	93,741
Balance as at 31 March 2018	<u>804,879</u>	<u>1,723,219</u>	<u>443,691</u>	<u>18,057,667</u>	<u>142,700</u>	<u>(388,537)</u>	<u>(245,837)</u>	<u>20,783,619</u>
Balance as at 31 December 2018	804,879	1,723,219	456,463	18,237,930	68,641	(208,002)	(139,361)	21,083,130
Profit for the period	-	-	-	303,254	-	-	-	303,254
Other comprehensive income for the period	-	-	-	67,389	(173,983)	(106,594)	(106,594)	(106,594)
Total comprehensive income for the period	-	-	-	303,254	67,389	(173,983)	(106,594)	196,660
Balance as at 31 March 2019	<u>804,879</u>	<u>1,723,219</u>	<u>456,463</u>	<u>18,541,184</u>	<u>136,030</u>	<u>(381,985)</u>	<u>(245,955)</u>	<u>21,279,790</u>

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

(Unaudited but reviewed)

Hana Microelectronics Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Separate financial statements				Total Shareholders' equity
	Issued and paid up share capital	Share premium	Retained earnings		
			Appropriated - Statutory reserve	Unappropriated	
Balance as at 31 December 2017	804,879	1,723,219	100,000	6,205,966	8,834,064
Profit for the period	-	-	-	167,903	167,903
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	167,903	167,903
Balance as at 31 March 2018	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>6,373,869</u>	<u>9,001,967</u>
Balance as at 31 December 2018	804,879	1,723,219	100,000	6,470,616	9,098,714
Profit for the period	-	-	-	96,485	96,485
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	96,485	96,485
Balance as at 31 March 2019	<u>804,879</u>	<u>1,723,219</u>	<u>100,000</u>	<u>6,567,101</u>	<u>9,195,199</u>

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

Hana Microelectronics Public Company Limited and its subsidiaries
Notes to interim financial statements
For the three-month period ended 31 March 2019

1. General information

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

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

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

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

1.3 Basis of consolidation

These consolidated interim financial statements include the financial statements of Hana Microelectronics Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2018. There are no changes in the group structure during the current period.

1.4 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below.

TFRS 15 Revenue from Contracts with Customers

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

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

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

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

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting Standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

TFRS 16 Leases

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

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

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018, except for the change in the accounting policies regarding revenue recognition due to the adoption of TFRS 15, Revenue from Contracts with Customers, as follow:

Revenue recognition

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting discounts and allowances.

3. Cash and cash equivalents

Cash and cash equivalents as at 31 March 2019 and 31 December 2018, as reflected in the statements of financial position, consisted of the followings:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Cash	1,307	2,306	220	246
Bank deposits	2,672,895	2,114,985	231,512	237,658
Fixed deposits with maturity				
not over 3 months	816,091	1,964,045	-	-
Total cash and cash equivalents	<u>3,490,293</u>	<u>4,081,336</u>	<u>231,732</u>	<u>237,904</u>

As at 31 March 2019, bank deposits in savings accounts and fixed deposits carried interests between 0.001 and 0.800 percent per annum (31 December 2018: 0.001 and 0.700 percent per annum).

4. Related party transactions

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

(Unit: Million Baht)

	Separate financial statements		Pricing policies
	For the three-month periods		
	ended 31 March		
	<u>2019</u>	<u>2018</u>	
Transactions with subsidiary companies			
(eliminated from the consolidated financial statements)			
Sales of goods	31	38	Prices agreed between the parties due to the uniqueness of products sold to each customer
Purchase of materials	101	43	Cost plus mark up
Service fee expenses	3	2	Rates stipulated in the agreement

(Unaudited but reviewed)

As at 31 March 2019 and 31 December 2018, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Trade and other receivables (Note 6)				
Trade receivables - related parties				
Subsidiary companies	-	-	19,789	23,706
Total trade receivables - related parties	-	-	19,789	23,706
Other receivables - related parties				
Related company (by way of common directors)	153	-	-	-
Total other receivables - related parties	153	-	-	-
Total trade and other receivables	153	-	19,789	23,706
Trade and other payables (Note 14)				
Trade payables - related parties				
Subsidiary companies	-	-	423,102	329,110
Total trade payables - related parties	-	-	423,102	329,110
Total trade and other payables	-	-	423,102	329,110

Directors' and management's benefits

During the three-month periods ended 31 March 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	27.7	23.1	4.8	3.4
Post-employment benefits	0.5	0.3	0.2	0.2
Total	28.2	23.4	5.0	3.6

5. Short-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 March 2019		31 December 2018	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Securities held for trading (Note 5.1)				
Overseas marketable equity securities	954,351	990,120	973,495	999,753
Add: Gain on changes in fair value of investments	35,769		26,258	
Investments in securities held for trading	990,120		999,753	
Available-for-sale securities (Note 5.2)				
Overseas marketable corporate bonds	1,039,834	1,150,625	1,123,441	1,198,459
Overseas quoted bonds	665,171	690,411	678,792	672,416
Total	1,705,005	1,841,036	1,802,233	1,870,875
Add: Gain on changes in fair value of investments	136,031		68,642	
Investments in available-for-sale securities	1,841,036		1,870,875	
Fixed deposits with financial institutions				
Fixed deposits within 1 year	1,436,987	1,436,987	1,114,706	1,114,706
Fixed deposits with financial institutions	1,436,987	1,436,987	1,114,706	1,114,706
Total short-term investments	4,268,143	4,268,143	3,985,334	3,985,334

As at 31 March 2019, fixed deposits with financial institutions carried interest between 1.20 and 2.45 percent per annum (31 December 2018: 1.82 and 3.05 percent per annum).

(Unaudited but reviewed)

5.1 Securities held for trading

Movements of investments in securities held for trading for the three-month period ended 31 March 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements							
	Cost as at		Proceeds from			Cost as at		Fair value
	31 December	Purchase	sales of	Loss on sales	Translation	31 March	Revaluation	as at
	2018		investments	of investments	adjustment	2019	gain	31 March
Overseas marketable equity securities								2019
Mutual funds	97,350	-	-	-	(1,915)	95,435	8,064	103,499
Investment trusts	64,900	-	-	-	(1,277)	63,623	10,344	73,967
Supply chain finance funds	811,245	-	-	-	(15,952)	795,293	17,361	812,654
Total investments in securities held for trading	<u>973,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,144)</u>	<u>954,351</u>	<u>35,769</u>	<u>990,120</u>

As at 31 March 2019, the subsidiary assessed the fair value of the above securities held for trading by referring to the value quoted by the banks which are comparable to quoted prices, the result of which was a revaluation surplus on the fair value of USD 1.12 million or equivalent to approximately Baht 35.77 million (31 December 2018: surplus of USD 0.8 million or equivalent to approximately Baht 26.26 million). The gain on change in the fair value of approximately Baht 9.51 million (2018: loss of approximately Baht 0.19 million) was recognised in the income statements.

(Unaudited but reviewed)

5.2 Available-for-sale securities

Movements of investments in available-for-sale securities for the three-month period ended 31 March 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements						
	Cost as at 31 December 2018	Purchase	Proceeds from sales/ redemption of investments	Gain on sales/ redemption of investments	Translation adjustment	Cost as at 31 March 2019	Fair value as at 31 March 2019
Overseas marketable corporate bonds	1,123,441	-	(66,255)	5,151	(22,503)	1,039,834	1,150,625
Overseas quoted bonds	678,792	-	(663)	-	(12,958)	665,171	690,411
Total investments in available-for-sale securities	1,802,233	-	(66,918)	5,151	(35,461)	1,705,005	1,841,036

As at 31 March 2019, the subsidiary assessed the fair value of the bonds by referring to the values quoted by the three overseas banks which are comparable to quoted prices, the result of which was a revaluation surplus on the fair value of USD 4.3 million or equivalent to approximately Baht 136.03 million (31 December 2018: surplus of USD 2.12 million or equivalent to approximately Baht 68.64 million). The gain on change in the fair value of approximately Baht 67.39 million (2018: loss of approximately Baht 71.87 million) was recognised as other comprehensive income in the statements of comprehensive income.

(Unaudited but reviewed)

6. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
Age of receivable	2019	2018	2019	2018
Trade receivables - subsidiary companies				
Not yet due	-	-	13,174	6,681
Past due				
Up to 3 months	-	-	4,371	14,911
3 - 6 months	-	-	172	2,075
6 - 12 months	-	-	2,033	-
Over 12 months	-	-	39	39
Total trade receivables - subsidiary companies (Note 4)	-	-	19,789	23,706
Trade receivables - unrelated parties				
Not yet due	2,907,217	2,869,463	1,193,059	979,957
Past due				
Up to 3 months	731,475	799,019	394,168	477,417
3 - 6 months	19,982	34,940	17,209	22,995
6 - 12 months	3,101	7,737	482	3,103
Over 12 months	1,903	1,480	178	94
Total trade receivables - unrelated parties	3,663,678	3,712,639	1,605,096	1,483,566
Less: Allowance for doubtful accounts	(14,884)	(21,556)	-	-
Total trade receivables - unrelated parties - net	3,648,794	3,691,083	1,605,096	1,483,566
Total trade receivables - net	3,648,794	3,691,083	1,624,885	1,507,272
Other receivables - related parties (Note 4)	153	-	-	-
Other receivables - unrelated parties	94,753	87,711	8,420	10,321
Input tax receivables	42,095	52,878	5,969	6,344
Total other receivables	137,001	140,589	14,389	16,665
Trade and other receivables - net	3,785,795	3,831,672	1,639,274	1,523,937

(Unaudited but reviewed)

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

Movements in the inventory provision to reduce inventories to net realisable value during the three-month period ended 31 March 2019 are summarised below.

(Unit: Thousand Baht)

Inventory provision	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2018	171,417	89,033
Reduction of inventory value during the period	35,482	15,605
Reversal of reduction of inventory value during the period	(13,140)	(6,130)
Translation adjustment	(346)	-
Balance as at 31 March 2019	193,413	98,508

8. Investments in subsidiary companies

(Unit: Thousand Baht)

Company's name	Paid up capital		Shareholding percentage		Cost	
	31 March	31 December	31 March	31 December	31 March	31 December
	2019	2018	2019	2018	2019	2018
			Percent	Percent		
Hana Semiconductor (Ayutthaya) Company Limited	1,200,000	1,200,000	58	58	2,142,910	2,142,910
Hana Semiconductor (BKK) Company Limited	1,000,000	1,000,000	100	100	1,011,100	1,011,100
Omac Sales Limited	325	325	100	100	273,492	273,492
Hana Microelectronics (Cambodia) Company Limited	155,947	155,947	100	100	155,947	155,947
Hana Microelectronics International Company Limited	-	-	100	100	-	-
Hana Microelectronics Investment Company Limited	-	-	100	100	-	-
Hana Technologies Group Limited	-	-	100	100	-	-
Total investments in subsidiary companies					3,583,449	3,583,449

9. Long-term fixed deposits with financial institution

As at 31 March 2019 and 31 December 2018, the long-term fixed deposits with financial institution of an overseas subsidiary are as follows:

Consolidated financial statements						
Period			Balance as at			
			31 March 2019		31 December 2018	
Interest rate (Percent per annum)	Effective date	Maturity date	Equivalent to		Equivalent to	
			China Yuan (Million Yuan)	Baht (Million Baht)	China Yuan (Million Yuan)	Baht (Million Baht)
2.235	13 March 2018	13 March 2019	-	-	17.3	81.8
2.235	13 March 2018	13 March 2019	-	-	40.4	190.8
2.100	10 April 2018	10 April 2019	32.6	154.2	32.6	154.2
2.235	20 April 2018	20 April 2019	11.3	53.3	11.3	53.3
2.325	25 January 2019	25 January 2020	51.0	240.8	-	-
2.250	15 March 2019	15 March 2020	20.0	94.4	-	-
3.300	21 March 2019	21 March 2022	50.0	236.1	-	-
Total			164.9	778.8	101.6	480.1

(Unit: Thousand Baht)

	31 March 2019	31 December 2018
Long-term fixed deposits with financial institution	778,802	480,072
Less: Portion due within one year	(542,702)	(480,072)
Long-term fixed deposits with financial institution - net of current portion	236,100	-

10. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Cost/Amortised cost		Cost/Amortised cost	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Available-for-sale securities				
Local marketable equity securities	97	97	97	97
	97	97	97	97
Held-to-maturity debt securities				
Overseas debt securities	63,624	64,900	-	-
	63,624	64,900	-	-
Other investments				
Preferred shares issued by an overseas company	78,080	78,080	-	-
Overseas equity securities	9,544	9,735	-	-
Total	87,624	87,815	-	-
Less: Allowance for impairment loss	(9,544)	(9,735)	-	-
Translation adjustment	1,449	3,044	-	-
	79,529	81,124	-	-
Total other long-term investments - net	143,250	146,121	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, with maturity date on 14 July 2020. The parties mutually agreed that the subsidiary will receive the principal amount of USD 2 million at the maturity date and gain from rising of fund price, between the reference price at initial valuation date and the final closing index of the fund upon maturity date at the agreed rate in a case that the closing index of the fund upon maturity date is higher than the initial reference price. This investment is classified as investment in held-to-maturity debt securities.

11. Investment property

The fair value of the investment property based on market price as at 31 March 2019 amounted to approximately Baht 96 million (31 December 2018: Baht 96 million).

12. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<u> </u>	<u> </u>
Net book value as at 31 December 2018	7,179,238	2,637,492
Acquisitions during the period - at cost	201,610	143,345
Write-off during the period - net book value at write-off date	(21,241)	(156)
Depreciation for the period	(285,497)	(96,159)
Reversal of allowance for impairment during the period	999	999
Translation adjustment	<u>(14,982)</u>	<u>-</u>
Net book value as at 31 March 2019	<u><u>7,060,127</u></u>	<u><u>2,685,521</u></u>

13. Land leasehold rights

Movements in land leasehold rights account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
	<u> </u>
Net book value as at 31 December 2018	127,128
Amortisation for the period	(677)
Translation adjustment	<u>(2,507)</u>
Net book value As at 31 March 2019	<u><u>123,944</u></u>

14. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Trade payables - subsidiary companies (Note 4)	-	-	423,102	329,110
Trade payables - unrelated parties	2,003,380	2,466,170	827,298	928,615
Advance received from customers	163,084	159,149	20,570	16,165
Other payables for purchase of machinery	325,183	496,279	57,465	27,831
Accrued expenses	352,695	299,811	70,420	31,178
Total trade and other payables	2,844,342	3,421,409	1,398,855	1,332,899

15. Income tax

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

Income tax expenses for the three-month periods ended 31 March 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	20,260	32,018	1,812	1,682
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,517)	(3,297)	5	(330)
Income tax expense reported in the income statement	16,743	28,721	1,817	1,352

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax relating to exchange differences on translation of financial statements in foreign currency	8	571	-	-

16. Earnings per share

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

(Unaudited but reviewed)

17. Segment information

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

The following table presents revenue and profit information regarding the Company's and its subsidiaries' operating segments for the three-month periods ended 31 March 2019 and 2018.

(Unit: Million Baht)

	Consolidated financial statements for the three-month periods ended 31 March											
	Printed Circuit Board Assembly (PCBA)		Integrated Circuit (IC)		Others		Total reportable segments		Eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from external customers	3,005	3,061	1,918	1,905	210	229	5,133	5,195	-	-	5,133	5,195
Intersegment revenues	761	806	174	193	331	293	1,266	1,292	(1,266)	(1,292)	-	-
Total revenues	<u>3,766</u>	<u>3,867</u>	<u>2,092</u>	<u>2,098</u>	<u>541</u>	<u>522</u>	<u>6,399</u>	<u>6,487</u>	<u>(1,266)</u>	<u>(1,292)</u>	<u>5,133</u>	<u>5,195</u>
Segment profit	271	342	61	134	63	84	395	560	5	-	400	560
Interest income											43	50
Dividend income											-	1
Gain on exchange											112	188
Other income											81	90
Selling and distribution expenses											(38)	(37)
Administrative expenses											(276)	(268)
Finance cost											(2)	(2)
Income tax expenses											(17)	(29)
Profit for the period											<u>303</u>	<u>553</u>

18. Commitments and contingent liabilities**18.1 Capital commitments**

As at 31 March 2019, the Company and its subsidiaries had capital commitments relating to acquisitions of machinery totaling USD 6.9 million and CNY 1.4 million or equivalent to Baht 229 million (31 December 2018: USD 6.8 million or equivalent to Baht 230 million) and the Company only of approximately Baht 103 million (31 December 2018: Baht 97 million).

18.2 Commitments under operating lease and service agreements

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

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

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Payable:				
In up to 1 year	39.8	44.4	22.9	27.3
In over 1 year and up to 5 years	18.6	23.8	0.2	0.7

18.3 Marketing supportive service agreements

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

18.4 Sale representative agreements

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

18.5 Guarantees

As at 31 March 2019, there were outstanding bank guarantees of approximately Baht 27 million (31 December 2018: Baht 27 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company to guarantee electricity uses, among others.

19. Foreign currency risk

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

The balances of financial assets and liabilities denominated in foreign currencies as at 31 March 2019 and 31 December 2018 are summarised below.

Foreign currency	Financial assets as at		Financial liabilities as at		Average exchange rate	
	31 March	31 December	31 March	31 December	as at	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per foreign currency unit)	
South Korean Won	677	196	-	9	0.0281	0.0290
China Yuan	263	232	83	110	4.7220	4.7237
US Dollar	231	240	57	69	31.8117	32.4498
Japan Yen	51	54	26	16	0.2872	0.2931
Indian Rupee	40	40	-	-	0.4602	0.4647
Hong Kong Dollar	6	10	-	-	4.0527	4.1416
Singapore Dollar	2	2	-	-	23.4711	23.6943
Brazilian Real	2	2	-	-	8.0875	8.5200
Macau Pataca	1	1	-	-	3.9426	4.0164

(Unaudited but reviewed)

As at 31 March 2019 and 31 December 2018, the two overseas subsidiary companies had outstanding forward exchange contracts, of which details are presented below.

As at 31 March 2019		
Sold amount	Contractual maturity date	Contractual exchange rate for amount sold
(Million USD)		(Baht per USD)
120	17 April 2019 - 26 August 2019	31.030 - 31.800

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

20. Fair value of financial instruments

As of 31 March 2019, the Company and its subsidiaries had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Level 1	Level 2	Total
Financial assets measured at fair value			
Held for trading investments			
Equity instruments	990,120	-	990,120
Available-for-sale investments			
Marketable corporate bonds	1,150,625	-	1,150,625
Quoted bonds	690,411	-	690,411
Financial liabilities measured at fair value			
Derivatives			
Foreign currency forward contracts - loss	-	35,010	35,010

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

21. Events after the reporting period

21.1 Amendments to the law relating to the legal severance pay rates

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 66.4 million (The Company only: Baht 25.8 million) as a result. The Company and its subsidiaries will reflect the effect of the change by recognising past service costs as expenses in the income statement of the period in which the law is effective, which is the second quarter of 2019.

21.2 Dividend payment

On 30 April 2019, the Annual General Meeting of the Company's shareholders No. 26/2019 acknowledged the interim dividend payment on 9 November 2018 at Baht 1 per share and passed a resolution approving payment of final dividend for 2018 to the Company's shareholders at Baht 1 per share, making a total dividend for 2018 of approximately Baht 1,610 million. The final dividend of Baht 805 million will be paid to the shareholders on 15 May 2019 and will be recorded in the second quarter of 2019.

22. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 May 2019.