



HALCYON TECHNOLOGY
PUBLIC CO., LTD.

**ANNUAL
REPORT 2015**

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General Information

Halcyon Technology Public Co., Ltd. and subsidiaries engage in the business of manufacturing and distribution of customized cutting tools including polycrystalline diamond (PCD), natural diamond, polycrystalline carbon boron (PCBN) and special carbide cutting tools for productions of high-precision parts to serve the manufacturers of electronic parts, automotive parts, aerospace parts, and other mechanical related industries domestically and overseas. The Company also manufactures and distributes tool holders and other high-precision metal fabricated products to serve customer's needs. The Company has two manufacturing plants in Thailand and the Philippines; and subsidiary distribution offices in six countries across the ASEAN region in Thailand, Philippines, Singapore, Malaysia, Vietnam, and Indonesia. General information for the Company and its subsidiaries are as follows:

Company Details

Company Name	HALCYON TECHNOLOGY PUBLIC COMPANY LIMITED
Registration No.	0107551000096
Type of Business	Manufacturing, customized production and distribution of polycrystalline diamond (PCD), natural diamond, polycrystalline carbon boron (PCBN) and special carbide cutting tools for high-precision parts to serve the manufacturers of electronic parts, automotive parts, and other mechanical related industries domestically and overseas.
Company Address	41 Moo14 Bangchan Industrial Estate Soi 6, Serithai Road, Minburi, Bangkok 10510
Telephone	02-906-3242-50
Fax	02-906-3251
Website	www.halcyon.co.th
Registered Share Capital	THB 300,000,000 (Paid-up THB 260,804,340 divided into 260,804,340 common shares at par value of THB 1 per share)
Registrar	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building, 62 Rachadapisek Road, Klongtoey, Bangkok 10110 Telephone: 02-359-1201 Fax: 02-359-1271
Auditor	Mrs. Chintana Techamontrikul, CPA Registration no. 5131 C&A Accounting Firm Co., Ltd. 53 Narathiwasrachanakarin, Chongnonsi, Yannawa, Bangkok 10120 Telephone: 02-678-0750-4 Fax: 02-678-0661

Details of Subsidiaries

Company Name	HALCYON METAL COMPANY LIMITED
Type of Business	Manufacturing, customized production and distribution of metal fabricated products including Cutting Tool Holders, Jigs & Fixtures, and other High Precision Parts
Company Address	41 Moo 14 Bangchan Industrial Estate Soi 6, Serithai Road, Minburi, Bangkok 10510
Telephone	02-906-3242-50
Fax	02-906-3251
Registered Share Capital	THB 50,000,000 (Paid-up THB 50,000,000 divided into 50,000,000 common shares at par value of THB 1 per share)

Company Name	FDM TECHNOLOGY COMPANY LIMITED
Type of Business	Marketing and distribution of standard carbide, ceramic, PCD and PCBN cutting tools in Thailand
Company Address	888/3 Srinakarintara Rd. Suan Luang, Suan Luang, Bangkok 10250
Telephone	02-347-6255
Fax	02-347-6256
Registered Share Capital	THB 10,000,000 (Paid-up THB 10,000,000 divided into 1,000,000 common shares at par value of THB 10 per share)

Company Name	HALCYON TECHNOLOGY (PHILIPPINES) INC.
Type of Business	Manufacturing and distribution of cutting tools made of PCD, CBN, Carbide, and Natural diamond, and Jigs & Fixtures and metal fabrication parts to customers only in the Philippines.
Company Address	Orient Goldcrest Building 6, Unit 1, Lot 3281-J, Phase 6, Laguna Technopark, Biñan, Laguna, Philippines
Telephone	+63 49 5022295
Fax	+63 49 5022296
Registered Share Capital	PHP 145,000,000 (Paid-up PHP 58,000,000 divided into 58,000 common shares at par value of PHP 1,000 per share)

Company Name	ATEK PRECISION TOOLS INC.
Type of Business	Marketing and distribution of standard carbide cutting tools in the Philippines
Company Address	CJRS Parkview Bldg., Level 2 Rodeo Drive Laguna Bel-Air 2, Santa Rosa, Laguna, Philippines
Telephone	+63 49 5440520
Fax	+63 49 5440520
Registered Share Capital	PHP 10,000,000 (Paid-up PHPo 10,000,000 divided into 10,000 common shares at par value of PHP 1,000 per share)

Company Name	HALCYON TECHNOLOGY SINGAPORE PTE. LTD.
Type of Business	Marketing and distribution of special PCD and carbide cutting tools, and standard carbide, ceramic, PCD & PCBN cutting tools in Singapore
Company Address	114 Lavender Street, #05-84, CT Hub 2, Singapore 338729
Telephone	+65 6841 3900
Fax	+65 6841 3906
Registered Share Capital	SGD 825,000 (Paid-up SGD 825,000 divided into 825,000 common shares at par value of SGD 1 per share)

Company Name	HALCYON TECHNOLOGY (M) SDN. BHD.
Type of Business	Marketing and distribution of special PCD and carbide cutting tools, and standard carbide, ceramic, PCD and PCBN cutting tools in Malaysia
Company Address	Block A-6-11, Ativo Plaza, No. 1, Jalan PJU 9/1, Damansara Avenue, Bandar Sri Damansara, PJU 9, Kuala Lumpur, Malaysia
Telephone	+60 3 6263 0313
Fax	+60 3 6263 4550
Registered Share Capital	MYR 5,000,000 (Paid-up MYR 2,021,250 divided into 2,021,250 common shares at par value of MYR 1 per share)

Company Name	HALCYON TECHNOLOGY VIETNAM CO., LTD.
Type of Business	Marketing and distribution of special PCD and carbide cutting tools, and standard carbide, ceramic, PCD and PCBN cutting tools in Vietnam.
Company Address	Floor 6, Smart Building, 793/49/1 Tran Xuan Soan Street, Tan Hung Ward, District 7, Ho Chi Minh City, Vietnam
Telephone	+84 8 3771 6497
Fax	+84 8 3771 6497
Registered Share Capital	VND 2,000,000,000 (Paid-up VND 2,000,000,000 divided into 2,000,000,000 common shares at par value of VND 1 per share)

Company Name	PT HTECH TOOLS INDONESIA
Type of Business	Marketing and distribution of special PCD and carbide cutting tools, and standard carbide, ceramic, PCD and PCBN cutting tools in Indonesia
Company Address	Jl.Gn. Panderman Ruko Easton, Block E No. 5, Lippo Cikarang-Bekasi, Indonesia 17550
Telephone	+62 212 909 3141-2
Fax	+62 212 909 3143
Registered Share Capital	USD 300,000

Business Objectives and Strategies

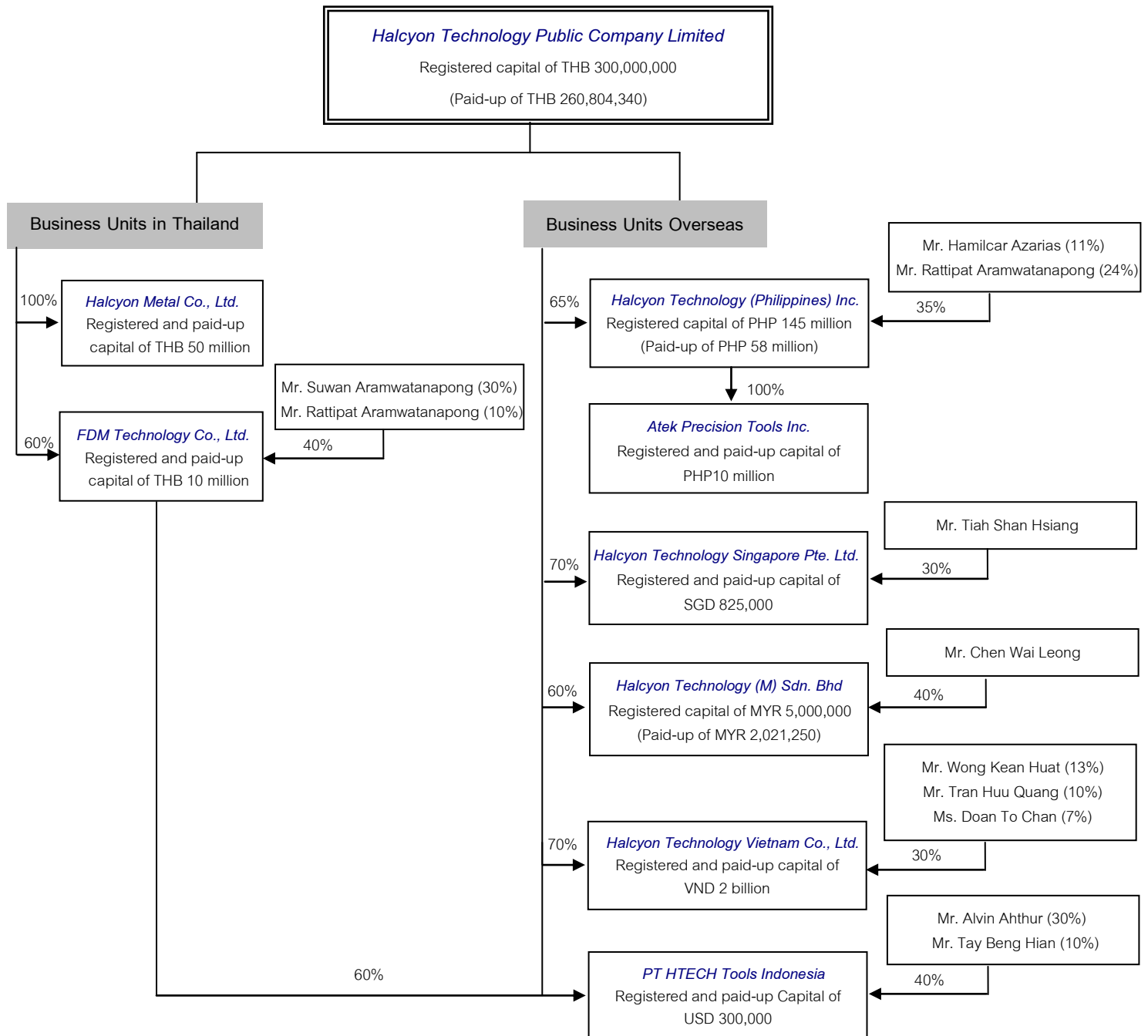
The Company aims to be the leader in the manufacturing of cutting tools in Thailand and ASEAN region, focusing on customized PCD, CBN and carbide cutting tools, and high-precision parts. The Company's strategy in business operations aims to provide a one-stop service for customers initiating from tool design, efficient quality control for high precision, working closely with customers to quickly troubleshoot problems in applications, as well as improving production process and reducing the customer's production costs.

The Company's business objectives are as following:

- Continuously developing new ranges of products in order to serve the variety of industries which need the application of cutting tools in general with emphasis on part's precision and quality
- Increasing the income of the Company very year by expanding customer base both domestically and overseas for the core business of the Company, as well as seeking new business opportunities to help sustain the income in the future
- Expanding the market share of customized PCD, CBN and carbide cutting tools for the manufacturers of electronic components, automotive parts, aerospace, medical equipment, machineries and other related businesses
- Reducing cost of production in order to increase competitive advantage by converting its production process from manual system to semi-automatic to automatic system, respectively.
- Continue to improve its human resources by providing trainings to the Company's staff and developing new generations with knowledge and ability to keep up with the change of production technology.

Shareholding Structure

After the Company's initial public offerings and started trading in the MAI stock exchange in 2009, the Company continuously expand its business both domestically and overseas. Currently, the Company has 2 subsidiaries in Thailand and 6 subsidiaries overseas in the Philippines, Singapore, Malaysia, Vietnam, and Indonesia. The Company and its subsidiaries segment its business operations by the type of business according to the products manufactured and/or traded, and by geography. Since the Company has customer base in various countries, the Company sets up subsidiaries as authorized distributors of its products to effectively serve the customers' needs. The Company and its subsidiaries shareholding structures are as shown in the diagram below.



Financial Highlights

Description (Unit: THB Thousand)	Consolidated Financial Statements		
	2015	2014	2013
Total Assets	1,023,299	966,224	913,192
Total Liabilities	259,036	258,458	257,569
Equity attributable to parent company	676,351	632,959	589,638
Revenues from Sales and Services	717,909	695,974	566,585
Total Revenues	724,334	701,001	575,682
Gross Profit	249,307	241,604	195,186
Earnings before Interest and tax	98,307	96,669	77,088
Interest and tax	81,258	81,443	64,267
Net Profit for the year	63,216	67,787	49,878

Financial Ratios

Description	Consolidated Financial Statements		
	2015	2014	2013
Gross Profit Margin	34.73%	34.71%	34.45%
Comprehensive Income Margin	11.22%	11.62%	11.16%
Net Profit to parent company	8.73%	9.67%	8.66%
Return on Equity	9.66%	11.09%	8.75%
Return on Total Assets	35.93%	35.70%	29.71%
Current Ratio	2.12	1.87	1.74
Debt to Equity Ratio	0.38	0.41	0.44

Share Value

Description	Consolidated Financial Statements		
	2015	2014	2013
Paid-up Share Capital (Shares)	260,804,340	260,804,340	260,804,340
Earnings Per Share (Baht)	0.2424	0.2599	0.1912
Book Value Per Share (Baht)	2.47	2.35	2.20
Dividend Per share (Baht)*	0.10	0.11	0.08
Dividend Payout Ratio	41.26%	42.32%	41.83%

* Dividends for the performance of year 2013 were paid on 9/9/13 and 7/5/14 / Dividends for the year 2014 were paid on 9/9/14 and 8/5/14 / Dividends for the performance of year 2015 was paid on 9/9/15 and the Board of Directors' Meeting No. 1/2016 has approved for additional 0.055 baht per share to be paid on 10/5/16

Nature of Business Operations

Halcyon Technology Public Company Limited (“HTECH”) is the headquarter for the group companies. It has a manufacturing plant in Bangchan Industrial Estate and a sales office branch in Rayong to serve customers in the area. The Company is engaged in manufacturing, customized production and distribution of polycrystalline diamond (PCD), Monocrystalline Diamond (Monodite), natural diamond, Carbide, and Polycrystalline Cubic Boron Nitride (PCBN) cutting tools for high-precision parts. These diamond, CBN, carbide tools offer different cutting quality/properties, and are suitable for cutting different type of materials used in production. However, the Company focuses mainly on PCD tools due to its superior characteristics compared to other carbide tools, and supports customers in the electronic parts, automotive, aerospace, and other machinery industries.

Halcyon Metal Co., Ltd. (“HM”) is a subsidiary wholly owned by HTECH, with a manufacturing plant at the same place as the Company. It engages in manufacturing, customized production and distribution of Cutting Tools Holders, Jigs & Fixtures, and other high-precision metal fabricated parts according to requirements from customer for the use in their production processes in various industries such as hard-disk drive parts, automotive parts and other mechanical related industries

In 2010, the Company invested to set up a new manufacturing company in the Philippines, namely *Halcyon Technology (Philippines) Inc.* (“HP”), to engage in manufacturing and distribution of cutting tools made of PCD, CBN, Carbide, and natural diamond, as well as Jigs & Fixtures and other metal fabricated products. The products are similar to those of the Company’s and HM’s in order to distribute to customers in the Philippines. Target customers include those in the hard disk drive, automotive, or other industries. The Company provides technical support and research & development by sending personnel with expertise in production to train HP’s staff in the Philippines.

In 2012, purchased shares in *FDM Technology Co., Ltd.* (“FDM”), which is a distributor of customized PCD cutting tools and standard carbide, ceramic, PCD, PCBN cutting tools, mainly under the Kyocera brand. FDM also sells cutting tools from other brands to fully support its customer’s requirements. Target customers are mainly local motorcycle parts and automotive parts manufactures, and also those in other industries such as HDD or other electronic parts industries.

Moreover, the Company set up joint-ventures in various countries in the ASEAN region to expand its customer base and distribution channel of its products to new customers. Currently, the Company has 5 subsidiaries including ATEK Precision Tools Inc. (“ATEK”), Halcyon Technology Singapore Pte. Ltd. (“HS”), Halcyon Technology (M) Sdn. Bhd. (“HY”), Halcyon Technology Vietnam Co., Ltd. (“HV”), and PT HTECH Indonesia (“HI”) located in the Philippines, Singapore, Malaysia, Vietnam, and Indonesia respectively. These subsidiaries are distributor for customized PCD, PCBN, and carbide cutting tools purchased from the Company or HP, as well as standard carbide, ceramic, PCD and PCBN cutting tools under other brand names in order to fully support the customers.

Revenue Structure

Revenue Structure	Company	2013		2014		2015	
		Million	%	Million	%	Million	%
<u>Companies in Thailand</u>							
Revenue from Manufacturing and Distribution:							
1. Cutting Tools							
1.1 PCD	HTECH	153.10	26.59	191.55	27.33	193.19	26.67
1.2 PCBN	HTECH	26.15	4.41	28.72	4.10	27.62	3.81
1.3 Carbide	HTECH	7.70	1.34	12.10	1.73	8.75	1.21
1.4 Mono Diamond	HTECH	2.38	0.41	3.68	0.52	1.72	0.24
2. Metal Fabricated Products							
2.1 Cutting Tool Holders	HM	14.02	0.24	0.96	0.14	0.26	0.04
2.2 Jigs & Fixtures	HM	7.21	1.25	7.60	1.08	11.61	1.60
2.3 Other Metal Fabrications	HM	35.05	6.09	34.96	4.99	38.43	5.31
3. Other Sales	HTECH / HM	7.52	1.31	10.11	1.44	9.13	1.26
Revenue from Trading	FDM	131.18	22.79	107.49	15.33	109.06	15.06
Total		371.70	64.57	397.16	56.66	399.76	55.19
<u>Companies Overseas</u>							
Revenue from Manufacturing and Distribution::							
1. Cutting Tools							
1.1 PCD	HP	80.50	13.98	73.72	10.52	69.17	9.55
1.2 Carbide	HP	9.19	1.60	12.43	1.77	13.20	1.82
2. Metal Fabricated Products	HP	5.05	0.88	7.89	1.13	8.20	1.13
Revenue from Trading	ATEK, HS, HY, HV, HI ¹	100.15	17.40	204.76	29.21	227.58	31.42
Total		194.89	33.85	298.81	42.63	277.89	38.36
Total Revenue from Sales		566.59	98.42	695.97	99.28	717.91	99.11
Other Revenue ²		9.10	1.58	5.03	0.72	6.43	0.89
Total Revenue		575.68	100.00	701.00	100.00	724.33	100.00

Notes: ¹ HS began consolidation on Q2/2013; HY began consolidation in Q3/2013; HV and HI began consolidation in Q1/2015

² Other revenues consist of proceeds from disposal equipment, gain from exchange rate, interest income, revenue from sales of scrap, etc.

Products and Services

The Company divides its products and services into 4 main businesses including (1) Manufacturing of Customized Cutting Tools, (2) Manufacturing of Metal Fabrications, (3) Trading for Cutting Tools, and (4) Authorized Distributor for Automated Industrial Vending Machine (AutoCrib). The details for each business are as follows:

1. Manufacturing of Customized Cutting Tool Products

The Company and HP are engaged in the manufacturing, customized production and distribution of customized cutting tools products that can be designed according to the specifications of the workpiece, ideal for high-precision parts with tolerance control. The product line can be categorized into 4 groups according to the material used on the cutting edge: Polycrystalline Diamond or PCD, Monocrystalline Diamond or Monocrystal, Polycrystalline Carbon Boron Nitride or CBN, and carbide.

1.1 Polycrystalline Diamond (PCD) Cutting Tools – PCD possesses the properties of high hardness and high abrasive resistance, resulting in longer tool life for PCD cutting tools compared to those of carbide. PCD Cutting Tools are used for controlled quality, size, and tolerance specified by the customers. They also produce high quality surface finish, while creating less pressure on the cutting edge. PCD Cutting Tools are most suitable for non-ferrous materials such as aluminum, brass, and copper; abrasive materials such as graphite; and other materials such as carbon-fiber-reinforced polymers (CFRP), plastics, woods, etc. Products in this line include PCD Inserts, PCD Boring Tools, PCD Endmill, PCD Drill, PCD Reamer, PCD Brazed Tools, and PCD Hollow Tools. In 2012, the Company introduced PCD Chipbreaker, which is a modified form of regular PCD cutting tools, where it reduces the problem of long, curling chips resulting in longer continuous run and better surface finishes due to less scratch from the chips. It also allows for higher RPM feed rate as well. In 2014-5, the Company developed PCD Monoblock to combine multiple processes into one tool, resulting in higher precision, and help customer save time and production costs.



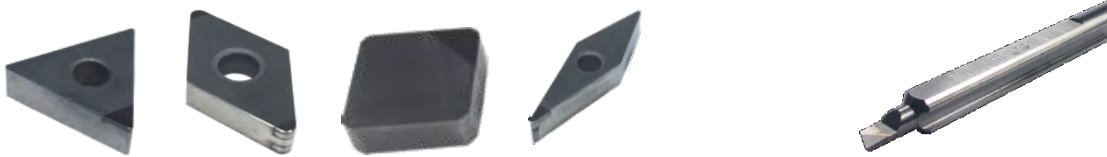
1.2 Monocrystalline Diamond (Monocrystal) Cutting Tools – product line with increased production in 2013 to serve the more variety of needs from the customers. Monocrystal is a type of synthetic diamond with the most strength and has the closest properties to those of a natural diamond. Monocrystal cutting tools are suitable for workpiece that need super-finishing or mirror-finish. Products in this line include Mono Inserts, Mono Boring Bar, and Mono Endmills, used for cutting of non-ferrous or other materials such as aluminum, brass, copper, glass, etc. They are used in the production of camera lens, watch components, jewelry, as well as medical equipments and others.



Monocrystal Inserts

Monocrystal Boring Bars

1.3 Polycrystalline Carbon Boron Nitride (CBN) Cutting Tools – CBN has high resistance to heat and abrasion, suitable for iron, cast iron, and other high-hardness materials (above 50 HRC). Core products in this line include CBN Inserts and CBN Boring Tools



CBN Inserts

CBN Boring Bar

1.4 Special Carbide Cutting Tools – custom-designed according to the customer's workpiece, different from other standard carbide cutting tools in the market due to its shape, size and tolerance which can be controlled according to the customer's application. Products in this line include Carbide Insert, Carbide Boring Tool, Carbide Drill, Carbide Endmill, Carbide Reamer, and Carbide Hollow Tools.



Customized Carbide Cutting Tools

2. Manufacturing of Metal Fabrications

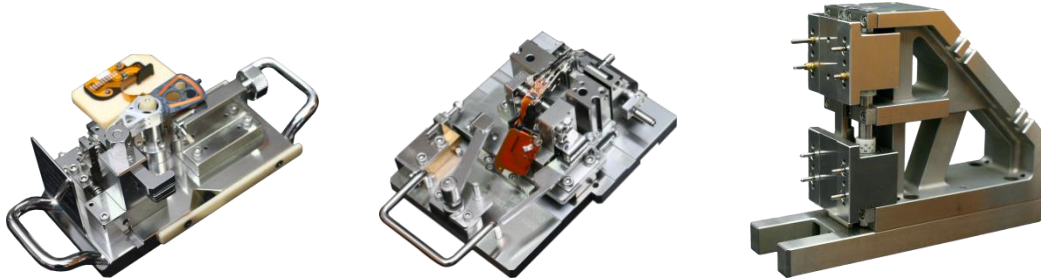
The Company's subsidiary, HM, is engaged in the manufacturing, customized productions, and distribution of various metal fabrications to support the needs of the customers. Metal Fabrication products can be categorized into 3 lines as follows:

2.1 Cutting Tool Holders are used to hold various types of cutting tools in place in order to facilitate working process. These holders include holders for inserts, as well as boring bar, made of carbide or steel of special grade. They can be used generally in various industries; and can be used with HTECH's products including PCD Inserts, CBN Inserts, and Monocrystal Inserts, etc. The cutting tools holders are custom-designed by our own experienced Engineering team to suit each customer's production requirements most effectively.



Customized Cutting Tool Holders

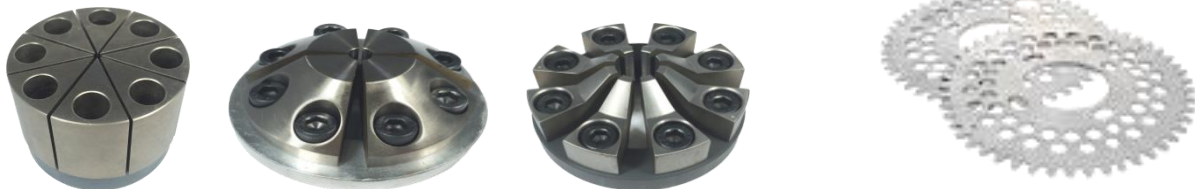
2.2 Jigs & Fixtures firmly hold components into right position to facilitate production process to be more precise and more efficient. Jigs & Fixtures are used in the manufacturing of components such as computer parts, automotive parts and other machinery parts. A well-designed jig and fixture can reduce production time and help ensure standardization of the products of each production batch as well as reducing production waste. HM specializes in designing, manufacturing and assembling jigs and fixtures according to the any customer's requirements.



Jigs & Fixtures

2.3 High-Precision Metal-Fabricated Products: Other than mentioned above, HM also designs and manufactures other metal-fabricated products that require high tolerance control and high precision including toolings, machine spare parts, etc. And the company also designs and manufactures other components for supporting manufacturing production such as toggle, diaphragm chuck, gear carrier, indicator stand, etc. With over 20 years of experience, HM is trusted by customers to produce both custom pieces as well as mass production pieces.

HM also products tools for customers in the aerospace industry and medical equipments as it is certified under ISO 13485 standards for quality management of medical devices. Moreover, HM works together with Sirindhorn National Medical Rehabilitation Centre (SNMRC) and National Science and Technology Development Agency (NSTDA) to design and produce prosthetic knee, which is currently in the testing process before it can be produced and sold commercially.



Diaphragm Chuck

Gear Carrier



High Precision Parts

Surgical Knife

Prosthetic Knee

3. Trading for Cutting Tools

The Company's subsidiaries both locally and overseas distribute customized PCD, PCBN and carbide cutting tools (details as mentioned in Product and Services No. 1) manufactured by the Company or HP; as well as standard carbide, ceramic, PCD and PCBN cutting tools under various brands such as Kyocera, Widia, and Vargus. These subsidiaries are authorized distributors in many different countries including the Philippines, Singapore, Malaysia, Vietnam and Indonesia to expand its customer base and provide comprehensive products to satisfy the customer's needs.



Samples of Standard Carbide Cutting Tools

4. Authorized Distributor of Automated Industrial Vending Machine from AutoCrib

Apart from the 3 businesses mentioned above, in 2014, the Company has introduced the use of automated industrial vending machine imported from the creator in the USA, under the brand "AutoCrib." The main objective is to help control the Company's inventory, especially consignment items sent to keep stock in the customer's warehouse for ease of use. Such customers will issue a purchase order to the Company once the item has been taken out for use. The AutoCrib machine will be able to help reduce cost and space for inventory, and lessen the time and process in issuing items for use. At the same time, the Company can monitor usage of each item via online data synchronization. This allows for more precise production planning, and delivery to the customers before items run out of stock.

The Company also uses the same system with suppliers selling raw materials to the Company by renting the space in the machine, so they can place the raw material at the Company; and the Company will issue purchase order to the supplier once it has been used. This reduces raw material delivery lead time, which sometimes takes weeks because it is out of stock. The suppliers can therefore plan ahead and manage delivery of raw materials to the Company accordingly.



Samples of AutoCrib Products

Marketing and Competitive Condition

Target Customers

The Company emphasizes on target customers who are manufacturers of metal components. Main industry for the target customers include electronics components manufacturers, focusing mainly on manufacturers hard disk drive (HDD) components, and manufacturers of automotive and motorcycle parts. Other customers include manufacturers of aerospace parts, camera/watch/jewelry, mould and die, or other machinery parts, as well as oil & gas.

The Company's customers in the HDD sector are brand owners as well as 1st tier and 2nd tier suppliers. The Company's cutting tools can be used for manufacturing of various metal HDD components such as the base plate, or spindle components like shaft of hub. These components require high precision and quality because HDD has moving parts when they are in use to read and write data quickly and efficiently.

In the recent years, the Company focuses on expanding customer base into automotive parts industry to diversify its customer market. This is achieved through marketing to new customer by the Company as well as through its subsidiaries. Target customers in this sector includes manufacturers of alloy wheels, engine block, cylinder head, gear system, brake system, steering linkage, turbo, and other engine parts, who are the 1st tier and 2nd tier suppliers in automotive industry. However, the automotive industry is competitive in price and service, so the Company emphasizes on designing cutting tools that help lower the production cost for customers, and produce tools with higher quality than the market in order to gain new customer as well as retaining existing customers.

The Company also sees opportunities in the aerospace industry, as the Company's products can be used in the manufacturing of various aerospace parts such as the fuselage made of CFRP (Carbon-Fiber Reinforced Polymer), or other aluminum parts including the engine housing, or other components on the wheel, seat, cart, etc. Product samples have been sent to 2nd tier and 3rd tier suppliers in the aerospace industry for testing.

Marketing Strategy

The Company's marketing strategy focuses on providing a fully-integrated service for the customers in order to maintain good relationships with existing customer base as well as expanding to capture new customers. The Company provides service both before and after sales, from designing the cutting tools suitable for the customer's applications by experienced engineer team; our marketing team coordinate with the customers for technical support in the production process to help reduce cycle time and cost of the production for the customers. Also, the Company follows up and help troubleshoots problems arise in the production process to help improving its products continuously. The Company provide regrinding, relapping, and retipping for cutting tools with wear and tear from the production process to help customers reduce their production cost.

On the other hand, the Company also emphasize on maintaining the standards of quality. Our manufacturing companies are certified with ISO 9001, while HM is also certified with ISO 13485 for medical devices. The Company's quality assurance process is precise from the process of selecting and inspecting the raw materials, in-process inspections, until outgoing inspection before sending out to customers. In some occasions, the Company performs a test cut to ensure that the product is of quality and size specified by customer. This helps reduce problem in the production process.

Distribution Channels

The Company has sales and marketing team to contact and provide services to local customers who are mostly manufacturers. The team work closely with the customers, help give advice, and help troubleshoot the problem in the production process. For domestic sales, most of the sales is directly to the customers who are manufacturers, and a small portion is sold through distributors who have experience in specific market, or specific customers to help expand customer base and distribution channels.

For sales overseas, the Company relies mainly on subsidiary distributing offices since target customers have production bases located all over the region. By selling through distributor with strong marketing penetration capability in each country, the Company is able to reach new customer base and provide better service for customer. All distributors are trained by the Company about the products' applications and characteristics as well as common application problems, so they can quickly identify and help customers solve the problems. Another advantage for selling through distributors overseas is that the Company does not have to bear all the cost of inventory, since each distributor will keep their own stock for their customers; this can ensure quick delivery to customers also.

Proportion of Sales Overseas in 2015*

Sales by Country	THB Million	Proportion (%)	
		To Overseas Sales	To Total Sales
Sales to Subsidiaries			
- Philippines	3.42	5.20	1.14
- Singapore	23.85	36.28	7.93
- Malaysia	8.09	12.31	2.69
- Vietnam	2.36	3.59	0.78
- Indonesia	8.89	13.53	2.96
Sales to other customers Overseas	19.12	29.09	6.36
Total Overseas	65.74	100.00	21.85
Total Sales	300.88	-	100.00

*Sales from Halcyon Technology Public Co., Ltd. only

Industrial Outlook and Competitive Environment

(1) The Hard-Disk Drive (HDD) Industry

The Hard-Disk Drive (HDD) industry is highly competitive in price and technology. Manufacturers have to adapt by effectively manage their production costs to stay competitive. Many HDD manufacturers relocate their production bases to the countries which offer relatively low costs, especially to those in Asia. Thailand has policies to support foreign direct investment, whereby the industry of HDD production is ranked in top priority under which certain privileges are provided by the Board of Investment (BOI) such as tax exemption for the imported machines and corporate income exemptions, etc.

The HDD industry in the country for the year 2015 showed an 18% decline in production compared to previous year according to the Office of Industrial Economics¹, which was a continuous decline since Quarter 1/2015 due to less demand for personal computers. However, there are higher demands in large data center and external HDD, resulting in less quantity in

¹ The Office of Industrial Economics, "Reports of Industrial Economics Conditions in 2015 and Trends for 2016." December 2015

productions, and the demand for HDD declined in a slower rate. Local production figures in Thailand correspond to global HDD demand in the past year. Western Digital and Seagate, two of the main HDD manufacturers, estimated the total available market for HDD at 468.9 million units, compared to 564.1 million units², or decreasing 17%.

The decline in HDD production in the past year results in a decline in the Company's sales to HDD customers, due to less demand for cutting tools. However, regarding competition, the Company is the market leader in PCD cutting tools for HDD manufacturers in Thailand, because there are very small number of local producers due to productions complexity and specific know-how. Other market share is mostly importers of cutting tools for other countries. Therefore, the Company has advantages in cost and delivery lead time. The Company is also has better relationship with customers from other services such as custom designing to customer's requirements, or troubleshooting during applications.

(2) The Automotive Parts Industry

Thai automotive parts industry posts a bright potential in the ASEAN region due to its strong production base and geographical advantage as the ASEAN hub with good infrastructure to attract the world's automotive manufacturers to set up production plants in the country. Thus, its supporting industries such as the parts manufacturing also moves along such growth path.

In 2015, the volume of automobile production in Thailand is 1.91 million units, compared to 1.88 million units of last year, decreasing 23.49%⁴. The volume of automobiles sold was 0.88 million units, compared to 1.33 million units of last year³, or increasing 1.76%. The sales of automobile is 0.80 million units, compared to 0.88 million units in the previous year⁴, or decreasing 9.32%. The production volume increased slightly, while the local sales have been declining since early 2015 due to sluggish economy in the country. However, the sales of automobiles started to improve in the months of November and December due to restructuring of the automobile taxation as approved by the Cabinet in 2012, which will be effective starting 1 January 2016. This will result in an increase in excise tax for many types of vehicles. Moreover, the motorcycle industry shows a decline in production and local sales as well. In 2015, the volume of production is 1.81 million units, compared to 1.84 million units in the previous year, or decreasing 1.92%; local sales is 1.64 million units, compared to 1.70 million units in the previous year, or decreasing 3.67%⁵.

In 2015, the volume for automobile exports is 1.20 million units, compared to 1.13 million units in previous year or increasing 6.81%, and the total value of exports for automobiles and parts is THB 841,430.11 million, compared to 783,525.01 million in the previous year or increasing 7.39%⁶. The total value of exports for motorcycles and parts is THB 51,193.37 million, compared to THB 51,662.45 million in the previous year⁷ or decreasing 0.91%.

For the trend in 2016, the automotive and motorcycle industries are expected to be more competitive in the region level. However, the production in Thailand should be able to grow slightly, due to the government's policies to stimulate the economy. However, the Company still has small market share in the automotive industry since most of the makers are

² AnandTech. "Market Views: Hard Drive Shipments Drop by Nearly 17% in 2015". (<http://www.anandtech.com/show/10098/market-views-2015-hard-drive-shipments>) 2 March 2016

³ The Federations of Thai Industries. "Statistics for Production of Automobiles as of December 2015" 2 February 2016

⁴ The Federations of Thai Industries. "Statistics for Sales of Automobiles as of December 2015" 10 February 2016

⁵ The Federations of Thai Industries. "Statistics for Sales and Exports of Motorcycles as of December 2015" 10 February 2016

⁶ The Federations of Thai Industries. "Statistics for Exports of Automobile and Parts as of December 2015" 2 February 2016

⁷ The Federations of Thai Industries. "Statistics for Sales and Exports of Motorcycles as of December 2015" 10 February 2016

importing standard tools from other countries. The Company, then, focuses on penetrating this sector through its subsidiary, FDM, whose main product is standard carbide cutting tools, widely used in the industry. FDM is another channel that the Company's products (customized PCD, PCBN, Monocrystal, and carbide cutting tools) can be introduced to the customers in this sector, because it can help manufacturers reduce production cost or their cycle time.

Production and Sourcing of Materials

Production

The Company has a manufacturing plant in Bangchan Industrial Estate, Bangkok, Thailand, where cutting tools products from the Company, and metal fabricated products from HM are being manufactured. HP, the subsidiary in the Philippines, has another manufacturing factory located in Laguna Technopark, Binan, Philippines, where cutting tools products are being manufactured. HP factory can also produce metal fabricated products if required by customers. Both manufacturing plants produced goods by customer's orders, and may partially produce additional quantity to save production time and cost if there is an order in the future. The production capacity of each company is as follow:

HTECH		(Unit: pcs.)		
1. Polycrystalline Diamond (PCD) Tools	2013	2014	2015	
Machine Capacity*	471,600	513,960	521,840	
Production Output	113,610	133,292	114,118	
Output Rate (%)	24.09%	25.93%	21.88%	
2. Polycrystalline Carbon Nitride (CBN) Tools	2013	2014	2015	
Machine Capacity*	120,480	132,480	123,840	
Production Output	13,518	18,788	15,588	
Output Rate (%)	11.22%	14.18%	12.59%	
3. Carbide Tools	2013	2014	2015	
Machine Capacity*	93,600	102,000	116,400	
Production Output	50,221	57,420	60,546	
Output Rate (%)	53.65%	56.29%	52.02%	
4. Monocrystalline Diamond (Monocrystal)	2013	2014	2015	
Machine Capacity*	21,600	19,500	28,800	
Production Output	423	773	706	
Output Rate (%)	1.96%	3.96%	2.45%	

HM		(Unit: pcs.)		
1. Cutting Tool Holders	2013	2014	2015	
Machine Capacity*	1,600	1,100	800	
Production Output	778	657	106	
Output Rate (%)	48.63%	59.73%	13.25%	
2. Jig & Fixtures	2013	2014	2015	
Machine Capacity*	5,700	4,800	4,500	
Production Output	3,981	3,831	3,373	
Output Rate (%)	69.84%	79.81%	74.96%	
3. Other Metal Fabrications	2013	2014	2015	
Machine Capacity*	1,230,000	667,000	585,000	
Production Output	741,596	435,221	365,633	
Output Rate (%)	60.29%	65.25%	62.50%	

HP		(Unit: pcs.)	
1. Polycrystalline Diamond (PCD) Tools	2013	2014	2015
Machine Capacity*	50,000	65,000	65,000
Production Output	45,064	44,480	18,110
Output Rate (%)	90.13%	68.43%	27.86%
2. Carbide Tools	2013	2014	2015
Machine Capacity*	20,000	40,000	40,000
Production Output	18,026	19,932	17,258
Output Rate (%)	90.13%	49.83%	43.15%
3 Other Metal Fabrications	2013	2014	2015
Machine Capacity*	5,000	5,000	5,000
Production Output	4,506	2,278	3,792
Output Rate (%)	90.13%	45.56%	75.84%

* Due to different size and design of different type of products in each category, the machine capacity and production output may vary greatly even though the machine is working full-time

In 2015, the Company installed 15 new machines with approximate value of 78 million baht to expand its production capacity and improve the production of existing products. These new machines include carbide grinding machine, PCD/CBN grinding machine, PCD cut machine, PCD chipbreaker machine, etc. HM installed one new milling machine to increase capacity; approximate value of 3 million baht.

Normal working hours for the Company and HM in 2015 was 6 days per week, 2 shifts (8 hours) per day plus 2 OT (3 hours); averaging 572 working hours per month. Normal working hours for HP in 2015 was 6 days per week, 2 shifts (7 hours) per day plus 2 OT (3.5 hours); averaging 546 working hours per month.

Sourcing of Raw Materials for Production

The Company sources out raw materials from both domestic suppliers and import from overseas, so the Company needs to set production plan to be able to determine the procurement schedule of raw materials and consumable goods to be available and ready for the production for at least one month in advance, depending on the demand and customer's order at certain time. Also, in 2014, the Company started a consignment stock with one of its main suppliers, by allowing the supplier to place his stock of raw material at the Company to reduce the lead time in purchasing the raw materials and reduce the risk of delivery delay, which would affect the production and delivery to customers.

The purchasing policy of the Company is not to depend on a single supplier, rather sourcing from quotations of at least two suppliers for bargaining purposes. Raw material sourcing does not depend only on the pricing; the Company also considers other factors all together such as quality, service, delivery, as well as payment term to ensure the standard of products and cost saving. An appropriate production plan is determined to allocate raw materials, labor and machine for the production of products according to the batch size and time requirement on an efficient basis. The Company's raw materials and products are classified as follows:

- **Raw Materials for Customized Cutting Tools**

Raw materials for the production of special cutting tools consist of carbide, blank insert, and materials used for cutting edge: PCD, Monocrystal, or CBN. In 2015, raw materials were purchased from the following sources:

- HTECH purchased raw materials from local supplier and imported in the approximate proportion of 69% and 31% respectively. Imported raw materials are from Singapore, Korea, China, Germany, etc.
- HP purchased raw materials from local suppliers and overseas in the proportion of 54% and 46% respectively. Such imported raw materials are mainly from Thailand, Singapore, and Korea.

- **Raw Materials for Metal Fabricated Products**

Raw materials for productions of tooling and other metal fabricated include steel, carbide, aluminum, stainless steel, plastic, etc. of which most are sourced locally.

Sourcing of Products for Sale

The Company has 6 subsidiaries in Thailand and overseas in the Philippines, Singapore, Malaysia, Vietnam and Indonesia. These subsidiaries are distributor for the Company's customized cutting tools and standard cutting tools of other brands to fulfill customer's needs. Each subsidiary will buy customized PCD/CBN/Carbide cutting tools directly from HTECH or HP, while keeping stock for their own customers in order to ensure timely delivery. Standard cutting tools will be supplied by other brand owners in the same way. These brands include Kyocera, Widia, Vargus, etc.

Privileges from the Board of Investment (BOI)

The Company's business activity is granted the BOI privileges under Type 4.2 concerning the manufacturer of machinery and equipment under the benefits stated in the Investment Promotion Act for the period of 8 years. The date of BOI approval is July 8, 2008 and the date at which the Company commenced the use of the BOI benefits is August 5, 2008.

In addition, the Company's subsidiary (HM) business activity is granted the BOI privileges under Type 4.2 concerning the manufacturer of machinery, equipment, and parts; and Type 4.3 concerning the manufacturer of metal and metal fabrication under the benefits stated in the Investment Promotion Act for the period of 8 years. The date of BOI approval is March 21, 2011 and the date at which the company commenced the use of the BOI benefits is April 22, 2011.

Halcyon Technology (Philippines) Inc., the Company's subsidiary, is granted the tax exemption for imports and exports from the Philippine Economic Zone Authority (PEZA). The period HP is granted such benefits is during 2 September 2010 to 30 April 2015, and was extended until 30 April 2017. HP is also granted an exemption for VAT by purchasing from local suppliers, which extension can be applied for when it is due.

Risk Factors

(1) Risk Associated with the Dependence on Hard-Disk Drive Industry

In the past, the Company manufactures and distributes its products to customers mainly in the HDD industry due to continuous growth from ever changing technology. However, the competitive nature of technology results in an alternative data storage system, or the “flash memory” which is faster and more durable than HDD. Flash memory became the main competitor for HDD industry but it still cannot totally replace HDD due to much higher cost per storage unit, and less capacity compared to HDD.

Even though the Company still have high volume of orders from customer base in the HDD industry, from brand owners and component suppliers, the Company plans to reduce the risk of relying too much on HDD industry by expanding the customer base to increase the services to other industries such as automotive parts, aerospace parts, mechanical related industry, medical parts and other metal fabrication manufacturing by developing new types of PCD and special carbide cutting tools (see details in the Products and Services section), through the utilization of new machines. The Company also invested in subsidiaries in foreign countries such as Singapore, Malaysia, and Vietnam to expand distribution channels for its products and expand new customer base with high potential of growth. In 2015, the percentage of sales from customers in the manufacturing of HDD was 52%, decreasing from 56% and 66% in 2014 and 2013 respectively.

(2) Risk Associated with Small Customer Base

As the products of the Company are custom made to order, its customer base is limited, and the Company's revenue is concentrated on a few major customers. This may be a risk if such customers changed their purchasing policies or moved their production base, which will affect the Company's revenue adversely. However, the Company has a policy to reduce such risk by making effort to increase the customer base, especially those in the non-HDD segments such as the automotive parts or aerospace parts industries by utilizing its research and development capability and launching new products, as well as expanding customer base overseas to increase its revenue in another way. In 2015, the Company's revenue from the top five customers (not including the Company's subsidiaries) is approximately 51% of the total sales, where sales to subsidiaries accounted for another 21% and 28% for other customers.

(3) Risk Associated with the Sourcing of Raw Materials

Due to limited numbers of suppliers for Polycrystalline Diamond (PCD), which is one of the main materials used in the production of the Company's cutting tools, there may be a risk on reliance on major supplier if such supplier cannot deliver on time, or the quality does not meet the requirement, or there is a change in policies. However, the Company has policies to reduce such risk by sourcing PCD from 4 suppliers, two of whom are main suppliers. Incoming materials are also being regularly inspected for quality. And delivery problems are eliminated by the use of consignment stock system, where the supplier keeps stock at the Company and orders will be issued once the items have been taken.

For other main raw materials such as carbide and steel, as well as other consumable goods, the Company will source from more than one supplier by considering not only price, but quality, lead time, and credit term. The Company also seeks out options for new suppliers. Furthermore, the main raw materials for the Company are not considered as commodity products, so there is little risk in the fluctuation of price.

(4) Risk Associated with the Fluctuation of Foreign Exchange Rates

The Company shares the risk associated with the fluctuation of foreign exchange rates from both imports and exports in foreign currencies. In 2015, the value of sale transactions in foreign currencies was THB 67.66 million, or approximately 22% of total sales, most of which were in USD. The value of purchasing goods in foreign currencies were THB 39.13 million, and purchasing machineries were THB 83.13 million, total of 61% of all purchase. Foreign currency purchases were mainly in USD, EUR, and GBP. The Company does not usually engage in a foreign currency forward contract, so the Company may have a risk from the fluctuation of foreign exchange rates. However, since the Company has both imports and exports in foreign currencies, such risk is partially offset through Natural Hedge. Overall, the foreign exchange rates do not have a significant effect in the Company's performance. In 2015, the Company has a gain from exchange rate in the amount of THB 4.05 million 1.23% of the total revenue.

On the other hand, the foreign exchange rates effect the conversion of overseas subsidiaries' financial statements in the consolidated financial statements. In 2015, the Company has a currency translation difference of THB 3.44 million baht, which resulted mainly from the fluctuation of MYR and ICR currencies in the recent years.

(5) Risk Associated with the Dependence on Personnel

The businesses of the Company and its subsidiaries require knowledge, skill and experience of the personnel in order to design and produce products with high standard and precision to serve various requirements of the customers from various industries. Therefore, the Company relies on key personnel in designing and in the production line, which utilizes high and complicated technology, as well as in the marketing area to market and distribute products locally and overseas. If the Company were to lose such personnel, there may be an effect on the Company's future revenue, if the Company cannot find a suitable replacement in time. One of the Company's policies is to develop its staff through training and learning the transfer of production technology from machine suppliers. In addition, the Company has arranged for job rotation to allow the staff to work with various types of machines to be able to work in substitution to reduce the risk of relying on a single person. The Company also supports the qualified staff to become the management and shareholders to create the ownership participation and increase the morale to keep their loyalty in the Company.

Share and Shareholders

As of December 31, 2015, the Company has the registered capital of THB 300,000,000 and paid-up capital of THB 260,804,340, divided into 260,804,340 shares with par value at THB 1 per share. The Company is listed in the Market for Alternative Investment (mai).

Top 10 Major Shareholders

Shareholders' Name	As of 17 March 2015	
	Shares	%
1. Rimchala Family	58,509,700	22.43%
Mr. Pete Rimchala	25,000,000	9.59%
Ms. Petra Rimchala	11,785,300	4.52%
Mr. Chris Rimchala	11,148,800	4.27%
Ms. Joyce Rimchala	10,575,600	4.05%
2. Mr.Viboon Rujireksathorn	16,300,000	6.25%
3. Mr.Rattipat Aramwatanapong	14,900,000	5.71%
4. Mr.Chua Cheng Khuan	12,000,000	4.60%
5. Mr.Anan Raweesangsoon	9,700,000	3.72%
6. Mr. Prasit Rakthaisantawee	8,333,000	3.20%
7. Thai NVDR Co., Ltd.	7,333,400	2.81%
8. Mr.Norawee Changlum	5,666,700	2.17%
9. Mr. Weerachai Dechamornthan	5,080,500	1.95%
10. Mrs.Ampai Harnkraiwilai	4,800,000	1.84%
11. Other Shareholders	118,181,040	45.31%
Total	260,804,340	100.00%

Dividend Policy

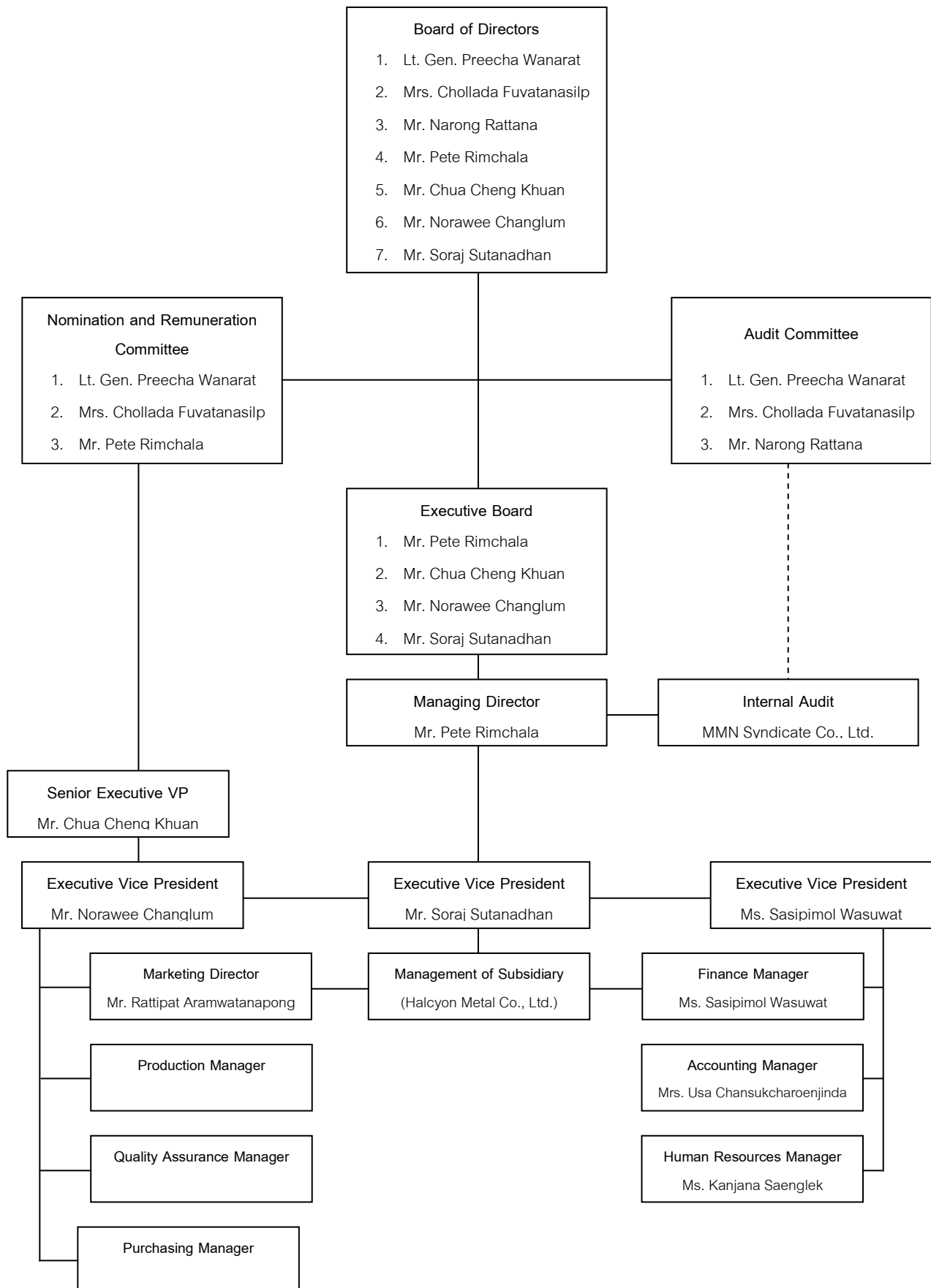
The Company has a policy to pay dividends to shareholders at least twice a year at the rate of not less than 40% of net profit after deduction of corporate income tax and reserves according to the law. The Company's subsidiary has a policy to pay out dividends to shareholders at the rate of 40% of net profit after deduction of corporate income tax and reserves according to the law. However, the Company and its subsidiaries may pay out dividend at the rate lower than mentioned above if it is necessary for the Company to use such net profit for expansion of business.

Year	2015	2014	2013
Net profit attributable for the owner of the Company (THB)	49,877,593	67,786,681	63,216,096
Dividend Payout*	20,863,539	28,688,473	26,080,434
Dividend per Share	0.08	0.11	0.10
Dividend per Net Profit (%)	41.83%	42.32%	41.26%

* Dividends for the performance of year 2013 were paid on 9/9/13 and 7/5/14; Dividends for the performance of year 2014 were paid on 9/9/14 and 8/5/14; Interim dividend for the year 2015 was paid on 9/9/15 and the Board of Directors' Meeting No. 1/2016 has approved for additional 0.055 baht per share to be paid on 10/5/16.

Management Structure

Organization Chart of Halcyon Technology Public Company Limited



Board of Directors, Committees, and Management

The Company consists of 4 committees, which are Board of Directors, Audit Committee, Executive Committee, and Nomination and Remuneration Committee as follows:

(1) Board of Directors

The Company's Board of Directors consists of 7 directors as follows:

- | | |
|------------------------------|--|
| 1. Lt. Gen. Preecha Wanarat | Chairman of the Board / Independent Director |
| 2. Mrs. Chollda Fuvatanasilp | Director / Independent Director |
| 3. Mr. Narong Rattana | Director / Independent Director |
| 4. Mr. Pete Rimchala | Director |
| 5. Mr. Chua Cheng Khuan | Director |
| 6. Mr. Norawee Changlum | Director |
| 7. Mr. Soraj Sotanadhan | Director |

Scope of Duties and Responsibilities of the Board of Directors

The Board of Directors has authority and duties and responsibilities in management of the Company according to the laws, purposes, and articles of the Company. In summary, essential authorities and responsibilities are as follows:

1. To hold the annual shareholders meeting within 4 months from the end of accounting period of the Company.
2. To hold the Board of Directors' meeting at least once every three months.
3. To prepare balance sheet and income statements of the Company at the end of accounting period of the Company for which the auditor audited and present to shareholders assembly to consider and approve.
4. The Board may delegate its power to one or more directors or any other person to act on behalf of the Board under the Board's control; or delegates its power to such person for other things that the Board regards as appropriate and within a certain period. The Board may revoke or alter or change the delegate when it sees proper.

In addition, the Board may delegate its power to the Executive Board to have power to conduct any thing which has details according to the scope of power and duties of the Executive Board. Nevertheless, such delegation must not have a feature that allow the Executive Board to consider or approve anything that the Executive Board or other persons may have conflict, interest, or any conflict of interest with the Company or its subsidiary, except for approvals of normal trade practice in accordance with policies and rules that the Board of Directors or Shareholders has considered and approved as prescribed by laws.

5. To set up targets, directions, policies, plans, and budgets of the Company, oversee management of the Executive Board to conform with the assigned policy except for these following matters, which the Board must obtain an approval from the shareholders meeting in advance, i.e. a matter that an approval from the shareholders meeting is required by laws such as increasing or decreasing of capital, debenture issuing, whole or partial selling or transfer of the business of the Company to other persons, acquiring or receiving of other company's business, revision of Memorandum or Articles of Association, etc.

In addition, The Board of Directors has duty to oversee the Company to conform with laws regarding securities

and securities exchange, regulations of the stock exchange such as related transactions, acquisition or disposal of assets according to the rules of the Stock Exchange of Thailand, or laws relating to the Company's business.

6. To consider management structure, appoint the Executive Board, Managing Director, or other committees as appropriate.
7. To continuously follow up the operation to be in accordance with plans and budgets.
8. the Board neither operates any business that has similar nature and competes with the Company's business, nor be a partner in any ordinary partnership, a general partner in any limited liability partnership, a director of a private company, nor other companies that involved in the business of similar nature and compete with business of the Company, whether for themselves or for other persons, except the shareholders' meetings has been informed of that fact prior to the appointment.
9. The director has to inform the Company immediately when he or she has an interest, whether direct or indirect, in a contract that the Company has concluded, or has more or less shares or other forms of securities of the Company or associated company.

(2) Audit Committee

The Company's Audit Committee consists of 3 persons as follows:

- | | |
|-------------------------------|--|
| 1. Lt. Gen. Preecha Wanarat | Chairman of the Board / Independent Director |
| 2. Mrs. Chollada Fuvatanasilp | Director / Independent Director |
| 3. Mr. Narong Rattana | Director / Independent Director |

Mrs. Chollada Fuvatanasilp has knowledge and adequate experiences to verify the credibility of financial statements.

Mr. Norawee Changlum acts as the Audit Committee's Secretary.

Scope of Duties and Responsibilities of the Audit Committee

1. To verify that the Company has an accurate and adequate disclosure on financial statements by coordinating with the external auditor and the management responsible for the disclosure of quarterly and yearly financial statements. The Audit Committee may propose to the auditor to review or audit any transaction deemed necessary or importance during financial statement auditing.
2. To verify that the Company has proper and effective internal control and internal audit system.
3. To verify that the Company conforms with laws regarding securities and stock exchange, regulations of the stock exchange, or laws regarding businesses of the Company.
4. To consider, select, propose an appointment, and propose remuneration to auditors of the Company to be approved by the shareholders' meeting.
5. To disclose the Company's information when there is a related transaction or transaction that may have conflict of interest correctly and completely, including approval of such transaction in order to propose to the Board of Directors and/or the shareholders' meeting.
6. To review the financial management and risk management policies assigned by the Board of Director with consent from the Audit Committee.

7. To prepare corporate governance report of the Audit Committee for disclosure in the annual report of the Company which such report must be signed by the Audit Committee Chairman.
8. To conduct any other works as assigned by the Board of Directors with consent from the Audit Committee.

(3) Executive Board

The Executive Board consists of 4 persons as following:

- | | |
|-------------------------|---------------------------------|
| 1. Mr. Pete Rimchala | Chairman of the Executive Board |
| 2. Mr. Chua Cheng Khuan | Executive Director |
| 3. Mr. Norawee Changlum | Executive Director |
| 4. Mr. Soraj Sutanadhan | Executive Director |

Scope of Duties and Responsibilities of the Executive Board

The Executive Board have the authority, duties and responsibilities in the normal operation and administration of the Company, establishing policies, business plan, budget, administrative structure and any the Company's administrative authority and direction in operating business of the Company in line with the prevailing economic situations for proposing to the Board of Directors' meeting for consideration and approval and/or ratification as well as verifying and monitoring the operation of the Company according to the specified policies. The key authority, duties and responsibilities can be summarized as following:

1. Operating and administering the Company according to the objectives, regulations, policies, rules, limitations, directions and resolutions of the Board of Directors and/or resolutions of the shareholders' meetings according to the rules and regulations of the Executive Board's meeting.
2. Considering the establishment of the policy, direction and strategy of operating the business of the Company, financial budgeting plan, human resource management, investment, expansion of the business, public relations according to the scope that the Board of Directors' pre-approved, and monitoring the process of the operation of the appointed working group.
3. Considering the allocation of annual budget as proposed by the management before proposing the Board of Directors to consider and approve, including considering and approving the change and addition of the annual budget when there is no Board of Directors' meeting to propose to the next Board of Directors' meeting.
4. Approving the expenditure on the purchasing of raw materials, according to the Company's normal operation, of no more than Baht 30 million (Baht Thirty Million) per transaction.
5. Approving the expenditure on the purchasing of the equipment or fixed assets, according to the Company's normal operation, of no more than Baht 50 million (Baht Fifty Million) per transaction.
6. Approving of selling, according to the Company's normal operation, such as selling of goods, made to order contracts, etc, of no more than Baht 50 million (Baht Fifty Million) per transaction.
7. Approving the opening and closing of any bank or financial institution accounts, including the terms and conditions on the withdrawal or any juristic acts related to such accounts.

8. Approving the lending, procuring credit line, issuing of debentures, overdraft contracts or any loans from bank or financial institution or general persons according to normal business conditions, of no more than Baht 60 million (Baht Sixty Million) per transaction, including approving of bank guarantee for beneficial of the Company's business of no more than Baht 50 million (Baht Fifty Million) per transaction.
9. Approving of the pledging and mortgage of the Company's assets to warrantee the Company's debts, whether existing debts or debts to be incurred in the future, of no more than Baht 60 million (Baht Sixty Million) per transaction.
10. Approving of the significant expenditure, this is already set in the annual budget assigned or approved in principle by the Board of Directors.
11. Acting as the advisory body on policies concerning finance, marketing, personnel management and other operations.
12. Specifying the organization structure, administrative authority of the organization as well as appointing, hiring, removing, determining the wages, payment, bonus of the executives and layoff.
13. Authorizing mandate of one or more directors or any person to perform any act under the supervision of the Executive Board or to authorize such person to perform acts as deemed appropriate by the Executive Board within a certain period. The Executive Board may repeal, withdraw, change or amend the authorized person or the authority as it deems appropriate. However, such authorization shall not be given to persons who may have conflicts of interest.
14. Performing any act authorized by the Board of Directors from time to time.

The Executive Board shall not approve any conflicting transaction or any transaction the Executive Board has interests in or any other benefits which is contrary to the interests of the Company and its subsidiary, except such transactions that the Company's Board of Directors or shareholders' meeting has considered and pre-approved and in accordance with the law. The Board of Directors authorizes to repeal, withdraw, change or amend the Executive Board's authorization.

Scope of Duties and Responsibilities of the Managing Director

1. Managing and supervising daily operations and/or administration of the Company.
2. Managing and operating in accordance with the policy, plan and budget approved by the Board of Directors and/or Executive Board of the Company.
3. Acting as the authorized person of the Company in operating the Company's business in compliance with the objectives, regulations, policies, rules, limitations, directions and resolutions of the shareholders' meetings and/or resolutions of the Board of Directors' meetings and/or the Executive Board.
4. Being authorized to sub-authorize and/or mandate other person to perform certain acts. The aforesaid sub-authorization or mandatory shall be under the scope of the authorization as specified herein and/or in accordance with the regulation, limitation or order which the Board of Directors and/or the Company has specified, whereas the sub-authorization shall not be given to persons who may have conflicts of interest.

5. Monitoring and evaluating the operation of the Company at all time in order to minimize the risk arising from internal or external factors.
6. Considering the entry into agreements regarding Company's business and any agreement which is in the interest of the Company including specifying the procedures and process of such agreement for proposing to the Executive Board and/or the Board of Directors.
7. Approving of the expenditure on normal business operation such as purchasing of raw materials, equipment or fix assets, excluding machines, of no more than Baht 5 million (Baht Five Million) per transaction.
8. Approving of the purchasing of operating machines of no more than Baht 20 million (Baht Twenty Million) per transaction.
9. Approving of selling, according to the Company's normal operation, such as selling of goods, made to order contracts, etc, of no more than Baht 15 million (Baht Fifteen Million) per transaction.
10. Considering the allocation on pension, bonus or any remuneration as approved by the Board of Directors to the employees or workers of the Company or any person performed any act for the Company.
11. Considering the employment and appointment as well as removal, relocation between the field/department/division or layoff, determining wage rate, remuneration, bonus including welfare regarding all employee of the Company except those employees at the management level.
12. Specifying the orders, regulations, notifications, memorandum in order to operate the business according to the policy and in the interests of the Company and to maintain the internal discipline of the organization.
13. Performing other functions authorized by the Board of Directors from time to time.

The Managing Director shall not approve any conflicting transaction or any transaction the Managing Director has interests in or any other benefits which is contrary to the interests of the Company and its subsidiary, except such transactions that the Company's Board of Directors or shareholders' meeting has considered and pre-approved and in accordance with the law. The Board of Directors authorizes to repeal, withdraw, change or amend the Managing Director's authorization.

(4) Nomination and Remuneration Committee

The Nomination and Remuneration Committee consist of 3 persons as follows:

- | | |
|-------------------------------|---|
| 1. Lt. Gen. Preecha Wanarat | Chairman of the Nomination and Remuneration Committee |
| 2. Mrs. Chollada Fuvatanaslip | Nomination and Remuneration Committee |
| 3. Mr. Pete Rimchala | Nomination and Remuneration Committee |

Scope of Duties and Responsibilities of the Nomination and Remuneration Committee

1. To express opinion to the Board of Directors with respect to the rate of remuneration of Chairman of the Board of Directors, Directors, Chairman of the Audit Committee, Audit Committee and any Sub-Committee (if any) (Such matter shall be proposed to the Shareholders' meeting for consideration and approval afterward).
2. To nominate and propose the name list of person, who has the suitable qualifications to be a director at the first time and to monitor the performance and suitability of the director who will be retired by rotation and re-elected,

to the Board of Directors for consideration and approval and propose to the Shareholders' meeting for appointment to be the director.

3. To consider and give an opinion to the Board of Directors and to follow up the operation regarding vision and strategy of human resource including management development plan.
4. To assess the Company's overall performance in order to determine the bonus and salary increase by using a suitable industrial standard for consideration.
5. To propose the salary structure and other benefits.

Meeting Statistics for the Board of Directors and Committees

In 2015, the Company's Board of Directors and committees have meeting attendance as follows:

Name	Meeting statistic (number of meeting / number of time that join the meeting)			
	The Board of Directors' Meetings	Audit Committee Meetings	Nomination and Remuneration Committee Meeting	Shareholders' Meetings
1. Lt. Gen. Preecha	4/4	4/4	1/1	1/1
2. Mrs. Chollada	4/4	4/4	1/1	1/1
3. Mr. Narong Rattana	4/4	4/4	-	1/1
4. Mr. Pete Rimchala	4/4	-	1/1	1/1
5. Mr. Chua Cheng	3/4	-	-	1/1
6. Mr. Norawee	4/4	-	-	1/1
7. Mr. Soraj Sutanadhan	4/4	-	-	1/1

Authorized Signatory Directors

Directors who have the authority to sign on behalf of the Company are Mr. Pete Rimchala or Mr. Chua Cheng Khuan or Mr. Norawee Changlum, two of the three sign together with Company's stamp.

Company Secretary

The Board of Directors has appointed Mr. Norawee Changlum as the Company Secretary effective on 30 July 2010.

Management Team

The Company's management team consists of 5 persons as follows:

- | | |
|--------------------------|---------------------------------|
| 1. Mr. Pete Rimchala | Managing Director |
| 2. Mr. Chua Cheng Khuan | Senior Executive Vice President |
| 3. Mr. Norawee Changlum | Executive Vice President |
| 4. Mr. Soraj Sutanadhan | Executive Vice President |
| 5. Ms. Sasipimol Wasuwat | Executive Vice President |

Remunerations of Directors and Executives**Cash Remunerations**

(1) Total remunerations of the directors

Position	Meeting Allowance (THB per Meeting)
<i>The Board of Director's meetings</i>	
Chairman of the Board of Directors	13,750
Directors	11,000
<i>The Audit Committee's meetings</i>	
Chairman of the Audit Committee	13,750
Audit Committee	11,000
<i>The Nomination and Remuneration Committee's meetings*</i>	
Chairman of the Nomination and Remuneration Committee	11,000
Nomination and Remuneration Committee	11,000

In 2015, the Directors received remunerations as follows:

Director's Name	Remuneration (THB)				
	Meeting allowances	Meeting allowances	Meeting allowances	Meeting allowances	Total
1. LT.Gen.Preecha	55,000	55,000	11,000	140,000	261,000
2. Mrs.Chollada	44,000	44,000	11,000	105,000	204,000
3. Mr.Narong Rattana	44,000	44,000	-	105,000	193,000
4. Mr.Pete Rimchala	44,000	-	11,000	30,000	85,000
5. Mr.Chua Cheng	33,000	-	-	30,000	63,000
6. Mr.Norawee	44,000	-	-	30,000	74,000
7. Mr. Soraj Sutanadhan	44,000	-	-	30,000	74,000

(2) Remunerations for the Company's top 5 executives consist of salary and bonus in a total amount of THB 15.22 million (4 executives are paid by the Company and 1 executive is paid by the subsidiary HM)

Other Remunerations

- (1) Provident Fund: The Company established its provident funds for its management and employees since September 2008 onwards, the management and employees must contribute 2% of their basic salary and the Company will contribute at the same rate.
- (2) ESOP Warrant: At the extraordinary shareholder's meeting held on June 22, 2012, the shareholders passed the resolution to allocate the Company's stock warrants (ESOP Warrant-1) of 5,000,000 units without any consideration to the management and employees of the Company and its subsidiaries. The warrants are 3-year maturity commencing from date of issuance. The exercise price is Baht 3.32 per share under the exercise ratio of 1 warrant per 1 new share. The Company's director and management of 2 persons were allocated the stock warrant, representing 9% of total number of ESOP warrant. (In 2014-5, no employee or management exercised the right to buy ESOP shares)

Personnel

In 2015, the Company paid a total of THB 65.29 million in remunerations, including wages and salaries, over time, bonus, social securities, and provident fund, etc. And its subsidiaries paid a total of THB 65.52 in the same manner.

As of 31 December 2015	HTECH	HM	HP	Other Subsidiaries
Management (persons)	5	2	4	9
Production (persons)	153	85	46	-
Marketing (persons)	7	1	2	20
Administration (persons)	22	3	13	21
Total (persons)	187	91	65	50
Total Remuneration (THB Million)	65.29	27.32	8.99	29.21

Management Policies

Corporate Governance Policy

The Company is aware of the significance of good governance principles. Therefore, the Board of Directors has established the Code of Conduct for the Company's directors which corresponds to the Code of Best Practices for Directors of Listed Company under the guideline of Stock Exchange of Thailand. All rules and provisions are stipulated based on actual practice. Furthermore, the Company applies the Good Corporate Governance for guideline on development of the policy of right and equality of all shareholders and stakeholders, structure, duties, responsibilities and independency of the directors, information disclosure and transparency, risk control and management, and business code of conduct for the purpose of efficiency and transparency of the Company's operation and management. The Board of Directors' Meeting No. 1/2016 held on February 27, 2016 approved the code of Company's good corporate governance consisted of 5 categories as follows.

Category 1 Rights of Shareholders

The Company is aware and pays attention to rights of shareholders. It shall avoid any actions that violate those rights and shall encourage shareholders to exercise their basic rights, which are buying, selling, or transferring shares, sharing in the profit of the Company, obtaining relevant and adequate information on the Company in a timely manner and on a regular basis and participating and voting in the shareholder meetings to elect or remove members of the board, appoint the external auditor, and make decisions on any transactions that affect the Company such as dividends payment, amendments to the Company's articles or memorandum of association, capital increases or decreases, and the approval of extraordinary transactions, etc.

The Company shall perform things that encourage and facilitate the exercise of shareholders' rights as follows:

- The Company will mandate the directors to prepare notice of the shareholders' meeting in writing with sufficient information, to send to shareholders for at least 7 days before the actual meeting or for the certain period according to the rules and regulations of the Securities Exchange Commission or those of the Stock Exchange of Thailand.
- During each meeting, the Chairman will inform shareholders of the criteria and procedures governing the Company's shareholders meetings, including the voting procedure and allocate appropriate time for the meeting.
- Shareholders are able to send their questions and suggestions prior to the meeting date, and are able to comment or query during the meeting, whereas directors and managements will attend the meeting to answer.
- In case that the shareholders are not able to attend the shareholders' meeting, the Company will enable shareholders to appoint an independent director or any person as their proxy.
- The Company will record important queries and comments on the shareholders' meeting report, which is auditable by shareholders.

Category 2 Equitable Treatment of Shareholders

The Company shall treat all shareholders, including those with management positions, non-executive shareholders, foreign shareholders and minority shareholders in an equal way as follows:

- Facilitate minority shareholders to nominate, in advance of the meeting dates, a candidate for director position.
- The Board of Directors will not add any agenda items without notifying other shareholders in advance, especially if it is an issue that will require shareholders to spend a good deal of time to study relevant information before making their decisions.
- The Company established procedures concerning the protection of inside information that prohibit its employees to disclose the inside information to irrelevant persons. In case that its employees or management use or disclose the information for their or their related persons' behalf, the action will be considered misdeed and will be subject to take disciplinary action. In addition, the Company established the policy to audit its directors and managements of disclosure of inside information on their benefits of stock trading, which is disclosed in the section of Policy and Guidance Relating to Insider Information.
- In the shareholders' meeting, the directors and managements will disclose whether they and their related parties have any interest in any issue, in order for the Board of Directors to consider such issue entirely for the Company's benefits. Directors and managements who have such interests should not participate in the decision making process on such issues.

Category 3 Role of Stakeholders

The Company pays attention to rights of each stakeholder group and has established a policy for each group as follows:

- | | |
|---------------------------------|--|
| Shareholders: | The Company aims to conduct the business using its best knowledge and management skills, with honesty and fairness to majority and minority shareholders in the best interests of all shareholders and disclose the information completely and accurately. |
| Staff: | The Company will pay reasonable remunerations to all staff, provide safe working environment for life and property, seriously and continuously develop the staff's potentials, strictly comply with all laws and regulations in conjunction with the staff, avoid unfair practice which could affect staff's career, and treat all staff with respect to honor their humanity. |
| Customers: | The Company aims to produce goods and provide services in good quality and standard with reasonable price, always and strictly maintain customer's confidence and search for more opportunity to continuously increase customer's benefits and strictly follows the terms and conditions that the Company provides to the customers. |
| Suppliers and Creditors: | The Company will not conduct its business with suppliers and creditors in bad faith. The Company will strictly perform all agreements between the Company and creditors whether the repayment, reimbursement, care of warrantee assets and any other agreements given to the creditors for mutual benefit. |

Trade Competitors:	The Company will follow the best practices of competition, avoid using dishonest and improper methods for acquisition of the competitor's secret and avoid making baseless claims to destroy the competitor's reputation.
Public:	The Company will do nothing which will have adverse affect on the public, natural resources and the environment. The Company will seek an opportunity to support social creative activity, simultaneously and seriously educate staff on social responsibility including strictly follow and monitor staff practice as required by laws or regulations issued by the relevant authority.

Category 4 Disclosure and Transparency

The Company intends to disclose information accurately, transparently, timely and in compliance with the standards and criteria set by the Stock Exchange of Thailand to ensure that each person receives information equally. The aforementioned includes financial and general information and other information which affect the share price and the decision making process of the investors and stakeholders. The Company posts the information on the Stock Exchange of Thailand's website and www.halcyon.co.th.

The Board of Directors is aware of the responsibility to have accurate, actual, complete and reasonable financial statements. The consolidated financial statements of the Company were made in compliance with the generally accepted accounting principles. The appropriate accounting policies have been consistently adopted. The accountancy information recording is complete in order to maintain the integrity and aware of weaknesses so that the Company can consistently prevent corruption or material crisis conducts including adequate disclosure of important information in the notes to the financial statements. Moreover, the Board of Directors has appointed Audit Committee to examine financial reports, related transactions and internal control system and the result of Audit Committee audits must be reported to each Board of Directors' meeting. The reports of the Board of Director, the Audit Committee and the Company's external auditor are disclosed in the Company's Annual Report. Currently, the Company does not intend to establish the investment relation department, but assigns Mr. Pete Rimchala, the Managing Director, to coordinate with shareholders, analyst and others.

Category 5 Responsibilities of the Board

(1) Structure of the Board of Directors

The Company's Board of Directors comprises of ones who have knowledge, ability and experiences in business operations beneficial to the Company. The Board of Directors, appointed by the shareholders' meeting, consists of 7 directors which include 3 independent directors; of which 1 of them was appointed as the Chairman of the Board of Directors and the Chairman of the Audit Committee whereas the other 2 were appointed as the Audit Committee. One of the Audit Committee has accounting background and is able to verify the credibility of the financial statements. In addition, one-third of the Board of Directors, or at least 3 directors, will be independent directors, who act as representatives of the minority shareholders in examining and balancing the Company's operation for correct and fair operation and for the best interest of shareholders.

The Chairman of the Board of Directors will not be the same person as the Chairman of the Executive Board and the Managing Director in order to create a balanced and reviewed management. In addition, the Company has clearly established the scope of authorities, duties and responsibilities of the directors, Executive Board and the Managing Director, so that the Executive Board and the managing director will not have unlimited authorities regarding management and credit line approval.

(2) Subcommittees

The subcommittees appointed by the Board of Directors to assist in monitoring the business of the Company are:

- *The Executive Board*, consisting of 4 persons, which facilitates the Company's operation and authorizes according to the scope of duties given by the Board of Directors.
- *The Audit Committee*, consisting of at least 3 persons, who examine and monitor the business of the Company authorizes according to the scope of duties given by the Board of Directors. All Audit Committee Member have qualifications as stated by the law of securities and securities exchange or the regulations, notifications or rules of the Securities and Exchange Commission or Stock Exchange of Thailand.
- *The Nomination and Remuneration Committee*, consisting of 3 persons, which help the Company to nominate and consider remuneration and to comply with the good corporate governance according to the scope of duties given by the Board of Directors.

However, in the future, the Company may establish subcommittees to assist the Board of Directors on the assigned business of the Company.

(3) Scope of Duties and Responsibilities of the Directors

The Board of Directors is responsible for establishing policies, visions, strategies, missions, business plans and the Company's budget including monitoring the management for effective and successful performance of the policies provided under the law, objectives, Articles of Association and resolutions of the shareholders' meeting. The Board of Directors has established:

Corporate Governance Policy

The Board of Directors has established, in written, the policy of corporate governance and reviewed the policy and its implementation at least annually

Code of Conduct

The Company has established the Code of Conduct as a guideline to the Board of Directors, Audit Committee and every staff, which mainly compresses the principles of non-disclosure of the Company's secret, honesty and compliance with the laws, respect for the right of each other and protection of the Company's internal resources and the environment. Focusing on the Code of Conduct will encourage all levels to work with honesty and support efficient internal control which will create confidence in the capital market and among the investors.

Conflicts of Interest Policy

The Company has established the policy of conflicts of interest based on the principles that all staff must work in the best interest of the Company. All acts and decisions must be made without influences of personal interest, in the interest of family, kins or other person with whom the employees have personal relationship. This policy includes 2 matters as follows:

- **Related Transactions:** The Company carefully considers the appropriateness of every related transaction prior to enter into such transaction, including pricing and establishing of the conditions on the related transactions on an arm's length basis. The Audit Committee will consider the necessity and reasonability of every transaction. In case the transactions are related transactions as stipulated in "Notification of Securities and Exchange

Commission of Thailand on Information Disclosure and Operation of the Listed Company in the Related Transaction B.E. 2546", the Company will comply with the rules, conditions, and procedures of the Notification including disclosure of such transactions in the annual report and annual information disclosure form (Form 56-1) for transparency of the related transactions and avoidance of the conflict of interest and other circumstances under which a conflict of interest may develop.

- Other circumstances which may give rise to conflict of interest, which are:
 1. General Investment. The Company does not allow the Company's staffs who are involved in or receive any benefits from the Company's competitors, to participate in any decisions making for any matters in conjunction with the relationship between the Company and such competitor. Unless the approval of the Company's Board of Directors or shareholders has been obtained under the requirements of Stock Exchange of Thailand.
 2. Gift. Every staff of all levels should not accept any gift, journey ticket, sport ticket, offer of vacation, accommodations or any offer of personal benefits, etc. if such acceptance entails obligations to the Company or loss to the Company's benefits.
 3. Academic work, public service work, lecturer or taking any position. Every staff of all levels may request for the approval of the director of their work line in order to engage in any academic work, public service work, and lecturer or taking any position, e.g. Company's director and consultant, which will create more visions and experience, provided that such staff must not involve the Company or his position in the Company without approval.

Internal Control

The Company has set up an internal control system in order to operate the Company's business effectively and increase the credibility of its financial statements. The Company has not had the internal audit department; therefore, the Company hired MMN Syndicate Office Co., Ltd. operated by Mr. Marnit Aongphisud, Certified Public Accountant, who is competent in accounting and internal control, as a consultant of the Company to improve the internal control system and eliminate risks and unusual transactions. The Company annually reviews its internal control system and assesses risk management. Upon the expiration of the hiring contract, the Company plans to continue the contract and at the same time training its staffs for the job.

In addition, the Company has appointed Mr. Norawee Changlum as the Audit Committee's secretary, coordinating with MMN Syndicate Office Co., Ltd. and proposing the result of internal audit to the Audit Committee at least once every 3 months.

(4) Meeting of the Board of Directors

The Board of Directors will arrange a meeting at least once every 3 months and may have special additional meetings, if necessary. The written notice of the meeting will be sent to directors for its consideration in advance at least 7 days before the meeting date except in case of an emergency or preserve the right or benefit of the Company. The directors can request any related disclosure from the Company's secretary.

The Chairman of the Board of Directors and Managing Director will set the board meeting agenda together and each director is free to propose issues for a meeting agenda. The executive managements may attend some agendas during the meeting to provide information in details.

(5) Remunerations

The Company has established a policy to set remunerations of the directors and Audit Committee as an incentive to keep quality directors who meet the Company's standard. The remuneration shall be at the same rate as paid by a similar industry and which is based on the result of operation of the Company. The remuneration has to be proposed for approval in the shareholders' meeting.

Remuneration of the Managing Director and top executives should be in accordance with the scope of authorities and the policy of the board. For the best interest of the company, executives' salaries, bonuses, and other long-term compensation will correspond to the Company's performance and that of each executive.

(6) Director and Management Training

The Board of Director will encourage and facilitate training for all internal parties related to corporate governance such as directors, Audit Committee, managements, etc. Training will enable them to continuously improve their performances. It can be either internal or external training.

The Company's secretary will provide each new director with all documents and information useful to perform their duties, including introduction of the nature of the business and the operations.

Recruitment and Appointment of Directors and Senior Management Levels

Independent Committee

The Company must have independent directors at least one-third of total number of Board of Directors but not less than 3 persons.

Qualifications of the Independent Committee

1. Holds no more than 1% of the total voting shares of the Company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflicts of interest, including shares held by any related person.
2. Not be and have not been a director participating in management role, employee, staff, advisor who receives regular salary, or controlling person of the Company, its parent company, its subsidiaries, its associated companies, same-level subsidiaries or a juristic person who may have conflicts of interest, unless the foregoing status has ended for more than 2 years.
3. Not being a person related by blood or legal registration, such as father, mother, spouse, sibling, and child, including spouse of the children, management, major shareholders, controlling persons, or persons to be nominated as management or controlling person of the Company or its subsidiaries.
4. Not having a business relationship with the Company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflicts of interest, in the manner that may interfere with his/her independent judgment, or not being a major shareholder, non-independent director or management

of any person having business relationship with the Company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflicts of interest.

5. Not being an auditor of the Company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflicts of interest, in the manner that may interfere with his/her independent judgment, or not being a major shareholder, non-independent director or management of any person having business relationship with the Company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflicts of interest.
6. Not being an professional advisor including legal or financial advisor who receives an annual service fee of exceeding Baht 2 million from the Company, its parent company, its subsidiaries, its associated companies or a juristic person who may have conflicts of interest, or not being a major shareholder, non-independent director, management or partner of the professional advisor.
7. Not being appointed to represent the Company's Director, its major shareholders or shareholders who are related to the Company's major shareholders.
8. Not having any characteristics by which him/her independent opinion may be affected.
9. Not being a director assigned by the Company's Board of Directors to take part in the business decisions of the Company, its parent company, its subsidiaries, its associated companies, same-level subsidiaries or a juristic person who may have conflicts of interest, and not being a director of the Company, its parent company, its subsidiaries, its associated companies, same-level subsidiaries.
10. Having duties according to the Stock Exchange of Thailand's regulations regarding the qualifications and scope of work of the Audit Committee.

In the case that the independent director being appointed as the independent director of the parent company, its subsidiaries, its associated companies, same-level subsidiaries, the Company has to disclose such information, including the remuneration received by the independent director in the Filing, Form 56-1 and Form 56-2.

Member of Audit Committee

The Company must have at least 3 audit committees.

Qualifications of Audit Committee

1. Appointed by the Board of Directors or the shareholders
2. Audit Committee must be independent and
 - Do not participate in decision making on the Company's operations or its subsidiaries
 - Is not a director of the Company or its subsidiaries
3. Has at least one audit committee whom has sufficient knowledge and experience to ensure the reliability of financial statements.
4. Has served in the same manner as set forth in the Stock Exchange of Thailand on the features and scope of operations of the Audit Committee.

Nomination and Remuneration Committee

Nomination and Remuneration Committee, consist of 2 independent committees out of 3 committees, The committees have responsibility to recruit directors based on qualification, competency, experience, and the ability to attend the Board of Directors' meetings consistently. The directors shall be appointed by a majority vote of the shareholders' meeting in accordance with the following conditions and procedures:

1. Each shareholder shall be entitled to the number of votes equivalent to the number of share held by him. One share shall have one vote.
2. Each Shareholder may exercise all the votes to elect one or several persons, as the shareholders' meeting may deem fit, as directors, but may not allot his votes to any person at any number.
3. The directors shall be appointed in accordance with the majority vote. In the event of equal votes among the persons elected in order of respective high numbers of votes, the Chairman of that meeting shall have a casting vote.

Senior Management Level

In recruiting senior management level, the Executive Committee recruits senior management based on qualification, competency, and experiences related to the Company's business, ability to complete the giving tasks. Senior management will be presented to Nomination and Remuneration Committee and board of committee to approve.

Corporate Governance of Subsidiaries

Corporate governance of subsidiaries and/or affiliates, the managements has been selecting qualified representative who have appropriated experiences and skills to be a representative of the Company manager and make a policy to control the subsidiaries and/ or joint venture.

For efficiency and transparency of the subsidiaries and/or affiliates governance, from 2014 onward, the Company has set rules to nominate and vote for a qualified director for subsidiaries which also need to be approved by Board of Directors. The representative director at the subsidiaries and/or affiliates must operates in the best interest of subsidiaries and/or affiliates by controlling the operation of the subsidiaries and/or affiliates according to strategies and business plan which were approved by the Company's Board of Directors including operation under good governances. In addition, the representative shall receive an approval from the Company before voting for any issue which is significant as is required the board approval at the Company level. Nominating board the representative is based on proportions of the Company's shareholding.

In case of subsidiaries, the Company set rules for nominated representative to monitor subsidiaries to implement policy regarding related transaction, gain or dispose of assets, any other significant related transaction and disclose the above transaction in the same rule conditions as those of the Company including the need to ensure the storage and accounting of the subsidiary which can be reviews and consolidate financial statements within deadlines.

Policy and Guidance Relating to Insider Information

The Company has a policy and ways to examine directors and executives concerning use of insider information not yet disclosed to the public for personal gains as follows:

1. The Company will educate directors and executives on the duty to report their shareholdings, shareholdings of their spouses and minor children to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand according to Section 59 and penalties in Section 275 of the Securities and Exchange Act, B.E. 2535.
2. The Company requires that the executives have to report any change in their shareholdings to the Office of the Securities and Exchange Commission according to Section 59 of the Securities and Exchange Act, B.E. 2535 in order that the Company can monitor stock trading of each executive.
3. The Company will send circular notices to executives to advise them of the important information that could affect stock prices in order to restrain trading their shares for the 1-month period before financial statements or such information are disclosed to the public and not to disclose such important information to other people. In case the non-disclosed information was used in a way that the Company or shareholders will suffer lost or damaged and the person responsible is executive-level person, the Board of Directors will consider the punishment and if the misconduct was carried out by lower-level managers, the managing director will be responsible for meting out the punishment.

Corporate Social Responsibilities (CSR)

Policy Overview

Corporate Social Responsibilities refer to business operation with care to stakeholders, economy, society and environment with integrity, ethics and morals; as well as the corporate governance carrying out in various activities with honesty, transparency and fairness. The Company and its subsidiaries conduct business in a responsible manner to the society, environment, and stakeholders according to the guiding principle of social responsibility of 8 clauses of the Stock Exchange of Thailand. The Board of Directors' Meeting No. 1/2014 on February 20, 2014 had set policy and procedure for the Company and its subsidiaries to adopt as part of managing business processes (CSR-in-Process) as follows:

(1) Operate with Fairness

Businesses with fairness give confidence to stakeholders. The Company and its subsidiaries are committed to conduct its business with ethics to the competitors to achieve fair competition. The guidelines are as following:

1. Practice under the rules of fair competition and avoid accomplice with competitor to take out other business
2. Do not seek information that is confidential to competitors by means of dishonest or inappropriate such as the payment of remuneration to the employees of its competitors.
3. Never try to damage the reputation of competitors by a malicious accusation without basis in fact.
4. Do not support any action in the manner of intellectual property infringement, uses products and services with a valid license.

(2) Anti-Corruption

Company's policy is to conduct business with transparency, adhering to the righteousness, unsupporting the job completion by method of fraud. The Board's policy is to comply anti-corruption with the law. The guidelines comply with clause 10.5.

(3) Respect for Human Rights

Respect for human rights refer to treating stakeholders, community and peers with respect to human values and does not violate the basic human rights. The Company and its subsidiaries are committed to respect and do not violate human rights. The guidelines are as follows:

1. Supports and respects the protection of human rights by frequent monitoring to ensure that the business is not involved with human rights abuses such as forced labor support or use of child labor, etc.
2. Promote human rights compliance within the Company and encourage employees to comply with human rights standards.

(4) Treat Labor with Fairness

Company's policy is to treat all employees equally and fairly; take care of safety and hygiene in the workplace; and to promote learning experience and development organizations to leverage the work of the professional staff, development work and create innovation in organizations. The guidelines are as following:

1. Provide fair conditions of employment and ensure employees receive proper compensation.
2. Arrange for appropriate welfare to employees such as providing annual vacation leave, reasonable overtime, medical treatment as necessary and appropriate etc.
3. Promotion, reward and punishment to employees are in good faith and neutrally which based on the capability and suitability of the staff.
4. Providing care to employees in the work environment with safety to healthcare and their properties
5. Develop staff to increase their skills and potential by offer opportunity for employees to learn thoroughly and regularly.
6. Strictly cope with legal and regulations related to employee
7. Avoid any action of unfairness which may affect the stability of the employee and treat employees with courtesy.

(5) Responsibility for Consumer

The Company is committed to delivering quality and standard products and services while the offering price is reasonable, confidentiality of its customers seriously and consistently, constantly pursuit of opportunities to add value to its customers and cope with the conditions made by the customers strictly. The guidelines are as following:

1. Delivering quality products that meet the needs of customers under the fair condition.
2. Constantly developing products and services which add value to the business and to add value to its customers.
3. Provide accurate information about products and services to customers with enough information to make decisions.
4. Maintain client confidentiality, and do not apply to own advantage or related wrongful.

(6) Responsibility for Environment

The Company recognizes the importance of environmental preservation not to cause pollution problems including global warming which affects the quality of human life and the ecosystem. The Company has a policy of not taking any action to result in damage to natural resources and the environment. The guidelines are as following:

1. Use resources more efficiently by means of energy saving and recycling resources
2. Develop products and services that do not affect the environment and is safe to use.
3. Use technology and production process with standards by taking into account of the reduction of pollutants and waste treatment before being released to the environment.
4. Support activities that will contribute to social and environmental regularly.

(7) Community and Society Development

The Company has a policy to promote the use of business processes to benefit the quality of life, create a stronger economy, community and society. The guidelines are as following:

1. Supporting employment in the community.
2. Seeking opportunities to support social and community activities.
3. Building awareness about social and environmental responsibility among employees at all levels.
4. Strictly controlling practices to comply with laws and regulations issued by regulatory agencies

(8) Dissemination of Innovation for Responsibility of Social, Environmental and Stakeholders

The Company recognizes that all stakeholders have an important role in determining the direction of the business. It is important to take care of and take into account all stakeholders, both internally and externally. The Company has a policy to encourage the participation of stakeholders (Co-Creation) in developing innovations that create a balance between value and benefits to the community, society and the environment, coupled with the growth of sustainable businesses. The guidelines are as following:

1. Analyzing operating processes in details, which may lead opportunities to discover business innovation
2. Creating opportunities to invent new products with stakeholders, to grow with stakeholder while creating sustainable profit.
3. Collaborating with government agencies in the development of products to help the disadvantaged in society

To have everyone notice the corporate social responsibility policy in the organization, the Company will publish such policies over the communication channels, such as email newsletters, annual report disclosures (56-1) and annual reports (56-2). The policy will be reviewed on a yearly basis.

Implementation and Report Preparation

Social responsibility policies and guidelines above are parts of the Company's business which the Company and its subsidiaries have been followed along. The Company has operations in accordance with policies and guidelines from source of supply (high raw materials quality at reasonable prices), to achieve fairly competitive and avoid accomplice with competitor to take out other business. The Company has no intention of purchasing raw material from any suppliers in particular. The purchasing orders of raw material are made from several suppliers so that the Company can compare prices and increased bargaining power.

For the production process, the Company checks and ensures quality control from the beginning of the production process until the last step before delivering to customers, including providing advice in bringing its products to the customer's production processes to reduce cycle time in manufacturing as well as marketing to follow up after sales to listen to the feedback from customers and improve, develop new products to meet the needs of the customers even more.

The business of the Company and its subsidiaries rely on knowledge, skill, and experience employees. The Company management realized the importance of human resources and promoting new personnel with the knowledge and capability to keep pace with changes in technology by arrange a training seminar for employees which give an opportunity for employees to learn new technology from direct oversea manufacturer.

Business Operation that Impacts the Social Responsibility

-none-

Corporate Social Responsibilities After Process

The Company has a policy to support the society and the environment activities when there is a reasonable opportunity.

Prevention in Involvement with Corruptions

“Corruption” means use of power or use of property that is in an inappropriate way, such as the benefit for own self, families, friends, acquaintances or any other advantage possible which caused damage to the interests of others. Corruption can occur in several ways, such as bribery by providing either money or goods, money laundering, embezzlement, concealment of facts and obstruction of justice etc.

The Company and its subsidiaries have been aware of the importance of anti-corruption. In the past, the Company establishes guidelines for the proper conduct of the Board of Directors, management and employees in business ethics and corporate governance. The Company has to take into account the damage caused by corruption. The Board of Directors' Meeting No. 1/2014 on February 20, 2014 has implemented anti-corruption by preventing directors, executive officers and employees of the Company and its subsidiaries to act related to all forms of corruption to directly or indirectly gain benefits for themselves, their family, friends and acquaintances whether they are as a recipient or provider, either in monetary or non-monetary form to the state agency or private agency that conducts businesses with the Company or its subsidiary. The Company and its subsidiaries conduct business by the following guidelines:

1. Create a corporate culture of integrity and fairness.
2. Do not receive or provide bribery from/to stakeholders in their own responsibility either directly or indirectly in order to obtain benefits in any way.
3. Procurement / commissioning must be taken through the steps by regulations of the Company with transparency.
4. Avoid conflicts of interest which could lead to corruption, such as holding shares in the competitors company, avoiding the use of inside information for own advantage to buy or sell shares of the Company, or giving inside information to others.
5. Responsible for the preparation of financial reports with accurate and complete in accordance with generally accepted accounting standards.
6. Providing a strong effective internal control system and evaluate internal controls each year, the Company has hired an outside company (Outsource) to serve as an internal auditor to evaluate the risks and unusual transactions which will present to the Audit Committee at least every 3 months.
7. If witness any action related to the corruption associated with the Company either directly or indirectly, the person should inform the committee immediately. The Company will maintain the confidentiality of the reporter.

To have everyone notice the anti-corruption policy in the organization, The Company will publish such policies over the communication channels such as email newsletters, annual report disclosures (56-1) and annual reports (56-2). The policy will be reviewed on a yearly basis.

Internal Control and Risk Management

Adequacy of Internal Control System Assessment by Board of Directors

At the meeting of Board of Directors No. 1/2016 dated February 27, 2016 with participation of Audit Committee. The Board of Directors had assessed internal control system by inquiring information from management on the adequacy of internal control system of the Company in 5 areas consisting of organization and environment, risk management, management control, information system and data communications, and monitoring system. After the assessment, the Board of Directors believed that the Company has the adequate internal control system for transactions with major shareholders, directors, executives or related persons and the Company had sufficient internal control in all 5 areas which are appropriate and sufficient to protect its assets from misuse or unauthorized use by the management. Also, the Company has an independent internal control system, which can be tracked and assessed including the storage system of important documents for examination as in appropriate by directors, auditors and person in authority.

Auditor Observations on the Company's Systems of Internal Control

From review of the Company's internal control system for the year 2015, the auditor reported to Audit Committee's Meeting No.1/2016 dated February 27, 2016 that there was no significant issue of internal control system so that there was no report of auditor observations on the Company's systems of internal control in 2015.

Observation of Internal Auditor on the Internal Control Systems

At the meeting of Committee No. 1/2015 dated February 28, 2015 the Company hired MMN Syndicate Co., Ltd. to audit internal control in 2015. MMN Syndicate Co., Ltd. assigned Mr. Marnit Aongphisud to audit internal control of the Company

The Audit Committee has considered qualification of the MMN Syndicate Co., Ltd. and Mr. Marnit Aongphisud, believe that they are qualify for the giving tasks. Mr. Marnit Aongphisud is a certify auditor who has knowledge and experience in accounting system and internal control as well, to be the consultant of the Company's internal control system including with assesses risks and directly report about the irregular transactions to Audit Committee. The Company's internal control department has responsibilities for cooperating and being the Audit Committee's secretary including with learning with the expert in order to apply in the future. The internal auditor assesses risks, makes annual internal audit program, audits, follows up with the system improvement and directly report to the Audit Committee at least every quarter. The main objective is to evaluate the effectiveness and adequacy of the internal control system, compliance with policies and regulations Including the suitability and reliability of financial reporting of the Company. In the past, auditors have audited the operations of the Company. The management realized that important of system and adjusted as auditor recommended. The appointment, transfer and dismissal of internal auditor must be approved by the Audit Committee.

Related Transactions

The Related Transaction in 2015

Detail as describe in the Notes to Financial Statements No. 7 Related Party Transactions. Related parties comprise enterprises and individuals that control, or are controlled, by the Company, whether directly or indirectly, or which under common control with the Company. They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

Measures or Procedures for Related Transaction Approval

The entry of any related transaction with the person who may have a conflict of interest must be submitted to the Audit Committee to consider and approve in the best interest of the Company and to protect investors and persons related to the Company. Such related transactions shall be in accordance with the rules regarding securities and the stock exchange and regulations, notifications, orders or rules of the Stock Exchange of Thailand. A person who may have any conflict of interest in the related transactions shall not be allowed to participate in an approval of such transactions.

For the regular traded transactions such as purchases or sales of products from a related company, the Company has the policy to comply such transactions with the normal trade practice with appropriate prices and conditions. However, the price shall not be higher than the price that the Company can purchase from other distributors. Such transactions will be examined by the Audit Committee every quarter and the **reasonable of the transactions will be considered through market price, condition, and the necessity of the effect on Company businesses such as delivery period or qualification of product.** This is for the best interest of the Company.

Trend of Related Transactions in the Future

Related transactions that may occur in the future will have similar conditions with the normal trade practice with reference to appropriate prices and market conditions. However, the Company and/or the Company group shall invite the Audit Committee and/or independent directors to comment on the price including the necessity and appropriateness of such transaction. If there is any transaction related to any person who might has a conflict of interest with the Company in the future, the Company shall perform in accordance with regulations, notifications, and/or rules of the Office of the Securities and Exchange Commission and/or the Stock Exchange of Thailand. The Company may invite an independent specialist or an auditor of the Company to make a comment on such transaction to supplement the Board of Directors or shareholders determination, depending on the circumstance. At all events, the Company group will disclose related transactions in the supplementary notes to the financial statement which is audited by the auditor of the Company.



Financial Information

Balance Sheet

Unit: THB

Balance Sheet	Consolidated Financial Statements					
	As of 31/12/2013		As of 31/12/2014		As of 31/12/2015	
	Amount	%	Amount	%	Amount	%
Assets						
Current Assets						
Cash and cash equivalents	100,025,426	10.95	88,432,979	9.15	130,647,249	12.77
Trade account receivable - net	169,708,289	18.58	188,966,637	19.56	187,583,639	18.33
Inventory	143,891,439	15.76	149,668,118	15.49	158,135,340	15.45
Total current assets	413,625,154	45.29	427,067,734	44.20	476,366,228	46.55
Non-Current Assets						
Restricted deposits at financial institutions	-	-	1,859,400	0.24	2,489,600	0.19
Other long-term investments	-	-	-	-	1,244,150	0.12
Property, plant and equipment	416,002,401	45.55	457,734,181	47.37	482,945,258	47.19
Intangible assets – net	74,329,056	8.14	66,274,276	6.86	58,997,701	5.77
Other non-current assets	9,236,312	1.01	13,288,672	1.38	1,277,067	0.12
Total non-current assets	499,567,769	54.71	539,156,529	55.80	546,932,776	53.45
Total Assets	913,192,923	100.00	966,224,263	100.00	1,023,299,004	100.00
Liabilities						
Current Liabilities						
Overdrafts and short-term loans from financial institution	99,763,260	10.92	106,607,215	11.03	79,533,463	7.77
Payable and Advances	77,650,092	8.50	74,867,353	7.75	64,791,588	6.33
Current portion of long-term loan from related parties	7,951,598	0.87	12,722,262	1.32	13,176,069	1.29
Payable from fixed asset acquisition	14,226,990	1.56	16,810,673	1.74	29,377,554	2.87
Current portion of liabilities under financial lease agreements	1,082,012	0.12	966,539	0.10	1,489,795	0.15
Current portion of long-term loan from financial institution	29,473,272	3.23	11,907,570	1.23	31,574,822	3.09
Other current liabilities						
Accrued corporate income tax	3,175,359	0.35	3,637,377	0.38	3,483,290	0.34
Dividend payable	3,011,600	0.33	-	-	-	-
Others	1,624,999	0.18	1,148,252	0.12	1,506,596	0.15
Total current liabilities	237,959,182	26.06	228,667,241	23.67	224,933,177	21.98
Non-Current Liabilities						
Liabilities under financial lease agreements - net	1,827,299	0.20	2,104,447	0.22	3,067,374	0.30
Deferred tax	4,515,506	0.49	4,181,735	0.43	4,202,038	0.41
Retirement benefit obligations	9,523,154	1.04	14,321,941	1.48	14,282,104	1.40
Long-term loan from financial institution	3,744,000	0.41	9,182,978	0.95	12,550,976	1.23
Total Non-Current Liabilities	19,609,959	2.15	29,791,101	3.08	34,102,492	3.33
Total	257,569,141	28.21	258,458,342	26.75	259,035,669	25.31
Shareholders' Equity						
Authorized share capital	300,000,000	32.85	300,000,000	31.05	300,000,000	29.32
Issued and paid up share capital	260,804,340	28.56	260,804,340	26.99	260,804,340	25.49
Premium on share capital	94,627,588	10.36	94,627,588	9.79	94,627,588	9.25
Remaining unvested stock warrant under ESOP	30,216	0.00	30,216	0.00	-	-
Retained Earning:						
Appropriated for legal reserve	20,862,606	2.28	23,262,606	2.41	25,562,606	2.50
Unappropriated	214,347,846	23.47	256,185,487	26.51	290,604,844	28.40
Adjustment from the combination of entity under common controls	(1,034,595)	(0.11)	(1,951,641)	(0.20)	4,751,839	0.46
Total equity attributable to parent company	589,638,001	64.57	632,958,596	65.51	676,351,217	66.10
Non-controlling interests	65,985,781	7.23	74,807,325	7.74	87,912,118	8.59
Total Shareholders' Equity	655,623,782	71.79	707,765,921	73.25	764,263,335	74.69
Total Liabilities and Shareholders' Equity	913,192,923	100.00	966,224,263	100.00	1,023,299,004	100.00



Statement of Income

Unit: THB

Statement of Income	Consolidated Financial Statement					
	2013		2014		2015	
	Amount	%	Amount	%	Amount	%
Revenues						
Revenue from sales and services	566,585,259	98.42	695,973,620	99.28	717,909,272	99.11
Other income	9,097,090	1.58	5,027,452	0.72	6,425,024	0.89
Total Revenues	575,682,349	100.00	701,001,072	100.00	724,334,296	100.00
Expenses						
Cost of sales and services	371,399,386	64.51	454,369,896	64.82	468,601,914	64.69
Selling and administrative expenses	127,194,579	22.09	149,961,827	21.39	157,425,416	21.73
Total Expenses	498,593,965	86.61	604,331,723	86.21	626,027,330	86.43
Profit before interest and tax	77,088,384	13.39	96,669,349	13.79	98,306,966	13.57
Interest expenses	(6,921,117)	(1.20)	(8,137,023)	(1.16)	(8,396,725)	(1.16)
Income tax	(5,900,148)	(1.02)	(7,089,023)	(1.01)	(8,651,871)	(1.19)
Net Profit	64,267,119	11.16	81,443,303	11.62	81,258,370	11.22

Net profit (loss) attributable to:

Owner of the Company	49,877,593	8.66	67,786,681	9.67	63,216,096	8.73
Non-controlling interests	14,389,526	2.50	13,656,622	1.95	18,042,274	2.49
Net profit	64,267,119	11.16	81,443,303	11.62	81,258,370	11.22

Basic Earning per share

Net profit attributable to owner of the Company	0.1912	0.2599	0.2424
Weighted average number of share	258,684,000	260,804,340	260,804,340

Statement of Comprehensive Income

Unit: THB

Statement of Comprehensive Income	Consolidated Financial Statement					
	2013		2014		2015	
	Amount	%	Amount	%	Amount	%
Net Profit for the year	64,267,119	11.16	81,443,303	11.62	81,258,370	11.22%
Remeasurements of post-employment benefit obligations	-	-	(1,381,479)	(0.20)	2,191,695	0.30%
Foreign currency transaction difference for foreign operations	(1,857,934)	(0.32)	(917,046)	(0.13)	6,703,480	0.93%
Total comprehensive income for the year	62,409,185	10.84	79,144,778	11.29	90,153,545	12.45%

Net profit (loss) attributable to:

Owner of the Company	48,019,659	8.34	65,488,156	9.34%	73,297,838	10.12%
Non-controlling interests	4,389,526	2.50	13,656,622	1.95%	16,855,707	2.33%
Total comprehensive income for the year	62,409,185	10.84	79,144,778	11.29%	90,153,545	12.45%



Statements of Cash Flow

Unit: THB

Statements of Cash Flow	Consolidated Financial Statement		
	2013	2014	2015
Cash Flows from Operating Activities			
Net Profit before income tax	70,167,267	88,532,326	89,910,241
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:			
Unrealized (gain) loss on foreign exchange rate	(139,605)	(703,275)	(368,030)
Depreciation & Amortization	63,331,920	74,500,183	87,717,869
Deferred Intangible asset written off	6,785,503	1,704,126	-
Doubtful accounts (reversal)	1,506,095	(218,008)	1,080,529
(Gain) loss on disposal of equipment	(1,060,197)	(2,765,570)	1,728,779
Loss from Exchange of Fixed Assets	-	806,230	-
Loss (Gain) from Reducing Inventory Value	(2,206,408)	6,610,667	(3,156,506)
Loss (Gain) distributed to the owners from disposal of investments in subsidiary	(1,857,934)	(917,046)	5,516,913
Foreign currency transaction difference	919,836	3,417,308	3,686,558
Retirement benefit obligations	475,371	-	-
Reversal of capital reserve for unvested stock warrant under ESOP	-	-	(30,216)
Finance cost	6,921,117	8,149,798	8,048,687
Profit from operating activities before change in operational assets and liabilities	144,842,965	179,116,739	194,134,824
Decrease (Increase) in operational assets:			
Trade and other receivables	(49,892,261)	(18,454,523)	2,899,383
Inventories	(11,317,775)	(12,387,346)	(5,310,716)
Other non-current assets	(6,906,112)	(4,052,361)	12,011,605
Decrease (Increase) in operational liabilities:			
Trade and other payables	21,098,601	5,151,996	(27,188,031)
Other current liabilities	(105,322)	(4,022,012)	367,721
Net cash provided by operating activities	97,720,096	145,352,493	176,914,786
Cash paid for employee benefits	-	-	(1,534,700)
Cash paid for finance cost	(6,921,117)	(8,138,143)	(7,938,035)
Cash paid for corporate income tax	(8,178,998)	(6,984,532)	(11,001,533)
Net cash flows from (used in) operating activities	82,619,981	130,229,818	156,440,518
Cash flows from investing activities			
Cash paid for fixed assets acquisition	(31,259,468)	(117,309,757)	(78,731,459)
Cash paid for intangible assets acquisition	(9,322,000)	-	-
Proceeds from disposal of fixed assets	1,178,710	17,938,352	2,892,637
Cash paid for acquisition of subsidiary	(39,279,000)	-	-
Change in equity – non-controlling interest	-	(76,582)	-
Purchase of long-term investment	-	-	(1,244,150)
Increase in restricted deposits at financial institutions	-	-	(609,200)
Net Cash Used in Investing Activities	(78,681,758)	(99,447,987)	(77,692,172)
Cash Flow from Financing Activities			
Increase (Decrease) in bank overdrafts and short-term loans from financial institution	36,595,165	6,843,953	(27,073,752)
Proceeds from share capital issued under ESOP	924,024	-	-
Cash paid for liabilities under financial lease contracts	-	(8,325,564)	(831,836)
Short-term loans from related parties	7,951,598	-	453,807
Proceeds from long-term loans	12,200,000	19,223,486	49,110,165
Repayment of long-term loans	(16,116,562)	(31,350,210)	(26,074,915)
Dividend paid	(23,256,531)	(22,167,561)	(28,688,434)
Proceed from non-controlling interests in share capital of subsidiaries	17,344,497	-	4,805,348
Dividend paid by subsidiaries to non-controlling interests	(9,128,973)	(4,758,496)	(8,556,262)
Proceeds from issue of share capital	13,469,102	-	-
Net Cash Provided by (Used in) financial activities	39,982,320	(40,534,392)	(36,855,879)
Effect from foreign exchange in cash and cash equivalents	-	19,514	321,803
Net Increase (Decrease) in Cash and Cash Equivalents	43,920,543	(9,733,047)	42,214,270
Cash and Cash Equivalents, Beginning of the year	56,104,883	98,166,026	88,432,979
Cash and Cash Equivalents, End of the year	98,166,026	88,432,979	130,647,249

Financial Ratios

Financial Ratios		Consolidated Financial Statements		
		2013	2014	2015
Liquidity Ratios				
Current Ratio	(Times)	1.74	1.87	2.12
Quick Ratio	(Times)	1.13	1.21	1.41
Operating Cash Flow to Current Liabilities Ratios	(Times)	0.42	0.56	0.69
Accounts Receivable Turnover	(Times)	3.91	3.88	3.81
Average Collection Period	(Days)	93	94	96
Inventory Turnover	(Times)	2.79	3.10	3.04
Average Day's Sales in Inventory	(Days)	131	118	120
Accounts Payable Turnover	(Times)	5.54	5.96	6.71
Average Payment Period	(Days)	66	61	54
Cash Cycle	(Days)	158	151	162
Profitability Ratios				
Gross Profit Margin	(%)	34.45%	34.71%	34.73%
Operation Profit Margin	(%)	13.39%	13.79%	13.57%
Operating Cash Flow to Operating Profit Ratio	(%)	107.18%	134.72%	159.13%
Net Profit Margin	(%)	11.16%	11.62%	11.22%
Comprehensive Income Margin	(%)	8.66%	9.67%	8.73%
Return on Equity	(%)	8.75%	11.09%	9.66%
Efficiency Ratios				
Return on Total Assets	(%)	5.84%	7.21%	6.35%
Return on Fixed Assets	(%)	29.71%	35.70%	35.93%
Total Asset Turnover	(Times)	0.67	0.75	0.73
Financial Policy Ratios				
Debt to Equity Ratio	(Times)	0.44	0.41	0.38
Interest Coverage Ratio	(Times)	14.12	17.86	22.09
Fixed Charged Coverage Ratio (cash basis)	(Times)	0.64	0.71	0.91
Dividend Payout Ratio	(%)	41.83%	42.32%	41.26%
Earning Per Share	(Baht)	0.1912	0.2599	0.2424

Management Discussion and Analysis: MD&A

Analysis of Financial Status for the Year of 2015

Assets

Total assets at the end of the year 2015 were THB 1,023.30 million, consisting of current assets of THB 476.37 million and non-current assets of THB 546.93 million, representing 46.55% and 53.45% of total assets, respectively. The key assets are as follows:

(1) Cash and equivalents at the end of 2015 were THB 130.65 million, increasing from THB 88.43 million at the end of 2014, or increasing THB 42.21 million or 47.74% from previous year. This derived from cash flows from operating activities of THB 156.44 million, increasing THB 26.21 million from previous year due to increased revenue coming from two new subsidiaries in Vietnam and Indonesia. Cash flows used in investing activities were THB 77.69 million, decreasing THB 21.76 million from previous year due to less investments on new machineries, which were purchased towards the end of the year and payments are not due yet. Cash flows from financing activities were THB 36.86 million, decreasing THB 3.68 million from previous year. The Company had paid back its short-term loans, while utilizing more long-term loans from financial institutions by using new machines as collaterals to increase its working capital.

(2) Trade account receivables at the end of 2015 were THB 187.58 million, decreasing slightly from THB 188.97 million baht at the end of 2014. The average collection period is 96 days, which is slightly longer than the previous year, while the Company's credit terms customers are approximately 60 – 90 days. This is because the Company had more sales to its subsidiaries, and such subsidiaries still has low liquidity, so there are some delays in payments. However, this does not increase the Company's risk from bad debts. For other unrelated debtors, the Company has policies to evaluate trade credit in order to lower the risk of bad debts as well.

(3) Inventory at the end of 2015 was THB 158.14 million, increasing from THB 149.67 million of previous year, due to the stock of finished goods and partially finished goods to support the product distribution of subsidiaries in overseas and locally. The inventories consist of raw materials, work in process, and finished goods. The Company sets an allowance for obsolete inventory at 100% for products aging more than 2 years; HP sets an allowance for obsolete inventory at 100% for products aging more than 1 year and 50% for inventory aging 6-12 months. However, most of the obsolete items are mostly partially finished goods prepared as spare items in addition to customer's orders. These items are cutting tools that can be modified to be sold again. For other trading subsidiaries, allowance for obsolete inventory is set at 100% for 2 years, and 50% for 1-2 years.

(4) Property, plant and equipment (net) at the end of 2015 were THB 482.95 million, increasing from THB 457.73 million at the end of 2014. This is mainly due to the Company purchasing new machines to improve production capacity including carbide grinding machine, PCD/CBN grinding machine, PCD cut machine, PCD Chipbreaker machine. In addition, the Company had purchased automated vending machines from AutoCrib for use in the Company, and at customer's site for storing and monitoring consignment stocks.

(5) Intangible assets, which are market share and relationship with customers from the investments in FDM, HS and HY; at the end of 2015 were THB 59.00 million, decreasing from THB 66.27 million at the end of 2014, due to amortization during the year. As a result, the investments allows for the group to expand its customer base both locally and into markets in

Singapore and Malaysia. The Company can also sell certain products at a higher price because the Company can sell directly to the customers without going through a distributor. Moreover, the Company has acquired experienced personnel with knowledge and experience in the respective markets to oversee management.

(6) Other non-current assets at the end of 2015 were THB 1.23 million, decreasing from THB 13.29 million in the previous year due to advance payments made for investing in Vietnam and Indonesia. When the two companies are consolidated as subsidiaries, such payments were reclassified into equities.

Liabilities

Most liabilities are in the form of current liabilities. At the end of 2015, the Company had current liabilities of THB 224.93 million, decreasing from THB 228.67 million at the end of 2014. However, the Company had non-current liabilities of THB 259.04 million, increasing slightly from THB 258.46 million in the previous year. This is because, in 2015, the Company utilized less overdrafts and short-term loans from financial institution in total of THB 27.07 million, while long-term loans and long-term payables increasing THB 3.37 million and THB 19.67 million, respectively. Payable from fixed asset acquisitions increase THB 12.57 million from purchase of new machines that are not due yet.

Shareholders' Equities

At the end of 2015, the Company's shareholders' equities attributable to owners of the Company were THB 676.35 million, increasing from THB 632.96 million at the end of 2014, mainly due to the net profit of the Company of THB 63.22 million. However, in 2015, the non-controlling interest was THB 87.91 million or 11.50 of total equity, compared to THB 74.81 million or 10.57% of total equity. The portion of non-controlling interests increased slightly due to the holding of subsidiary in Vietnam of 70% and subsidiary in Indonesia of 36%

Liquidity

Cash flows from operating activities in 2015 was THB 156.44 million, mainly due to the increase of net profit; cash flows used investing activities in 2015 was THB 77.69 million, mainly from purchase of new machine; and cash flows used in financing activities in 2015 was THB 36.86 million from loans and dividend paid. As of year ended 2015, the Company and subsidiaries had cash and equivalents of THB 130.65 million, compared to THB 88.43 million at year ended 2014 with operating cash flow to current liabilities ratio increasing from 0.56 to 0.69 , and overall current ratio increasing from 1.87 to 2.12.

Average collection period for the group in 2015 was 96 days, similar to 94 days in the previous year, but the average payment period was 54 days compared to 61 days of the previous year, resulting in the cash cycle of 151 days, compared to 162 days in the previous year.

Return on Equity

Return on equity for the year 2015 was 9.66% compared to 11.09% in the previous year. Dividend payout ratio was 41.26% of net profit, compared to 42.32% in the previous year, which were THB 0.10 per share in 2015 and THB 0.11 per share in 2014. Earnings per share were THB 0.2424, compared to THB 0.2599 in the previous year. Overall, return on equity for the year was slightly less than the previous year, even though net profit for the group increased from the consolidation of new subsidiaries in Vietnam and Indonesia because the net profit of the parent Company had decreased due to the decline in the main customer sectors: HDD, automotive, and oil & gas, which caused the performance of the Company and some subsidiaries to drop, resulting in no growth in the net profit attributable to the owner of the Company for the year.

The Significant Financial Changes after December 31, 2015

The Company will identify the rightful shareholders who may receive dividend on April 28, 2016 (Record Date) and will close share registration book on April 29, 2016 to determine the rightful shareholders to receive dividend THB 0.055 per share on May 10, 2016 as total amount of THB 14.34 million. The dividend payment will affect the retained earnings, shareholders' equity, and book value of the Company on December 31 2015.

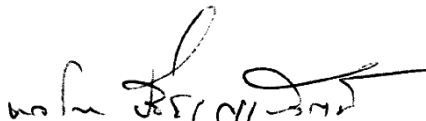
Report from the Board of Directors for the Responsibilities on the Financial Statements

Dear Shareholders,

The Board of Directors is responsible for the financial statements of Halcyon Technology (Public) Company Limited and consolidated financial statements of the Company and its subsidiaries as well as the information shown in the annual report. The financial statements have been prepared in accordance with the generally accepted accounting principles in Thailand using the appropriate accounting policies on the consistent basis. Crucial information was sufficiently disclosed in Notes to Financial Statements for the advantages of the shareholders and general investors.

The Board of Directors has appointed the Audit Committee to oversee the accounting policies and the accuracy of financial reports, including the review of the internal control system. The opinion of the Audit Committee is presented in the Audit Committee's Report, included in this annual report. Moreover, the Company's external auditor also gives opinion towards financial statements of the Company and subsidiary presented in Report of Certified Public Accountant which is also included in this annual report.

The Board of Directors has the opinion that the Company's overall internal control system is adequacy and be assured that the financial reports of the Company for the year ended December 31, 2015 are accurate and fairly stated, as well as in the compliance with the relevant laws and regulations.



(Lieutenant General Preecha Wanarat)

Chairman



(Mr. Pete Rimchala)

Managing Director

Audit Committee's Report

The Company's Audit Committee consists of the 3 independent directors in accordance with the qualification and rules stipulated by The Stock Exchange of Thailand are as following:

- | | |
|---------------------------------------|---------------------------------|
| 1. Lieutenant General Preecha Wanarat | Chairman of the Audit Committee |
| 2. Mr. Narong Rattana | Audit Committee |
| 3. Mrs. Chollada Fuvatanasilp | Audit Committee |

Mrs. Chollada Fuvatanasilp, member of the Committee who possesses knowledge and experience in the accounting field. All of the Audit Committee members do not have any vested interest in the Company. Neither are they shareholders, management, staffs, and employees of the Company.

The Audit Committee has performed its duties within scope of work authorized by the Company's Board of Directors. Its primary responsibilities have been to conduct a review in order that the Company has a financial report that is correct and transparent, to review that the Company has good corporate governance in line with the corporate governance principles. In this regard, the Audit Committee conducted 4 meetings in 2015, the content of which can be summarized as follow:

1. **The Accuracy of Financial Statement:** The Audit Committee reviewed and provided independent opinions in respect of the quarterly and yearly financial statements prior to submission to the Company's Board of Directors for approval. A meeting with the Company's authorized financial auditor was set in order to propose clarification, observations, and recommendation. The Audit Committee had an opinion that the Company's financial statements are accurate, complete and reliable.
2. **The Adequacy of Internal Control System:** The Audit Committee evaluated the adequacy of the Company's internal control system including the review of the internal audit report and had an opinion that the Company's internal control system is adequate and appropriate.
3. **Corporate Governance:** The Audit Committee had an opinion that the Company complies with the principles of good corporate governance adequately and appropriately. The Audit Committee intends to perform its duty under the good corporate governance conducts and be responsible to monitor that the Company's operations and activities follow the policy of the Board of Directors on the efficient transparent and legitimate manner, and to protect the interest of all shareholders with good care and fair treatment.
4. **Transaction that may have Potential Conflict of Interest:** The Audit Committee considered the related transactions or transaction which may have potential conflict of interest every quarter and had opinion that the related transactions for the year of 2014 were in the ordinary business condition, reasonable and most beneficial to the Company.
5. **The Appropriateness of Auditor:** The Audit Committee made the selection of auditor by considering the independence and appropriateness of auditor and their remuneration. A resolution was made and proposed to the Company's Board of Directors for approval and to be certified by the annual general meeting of shareholders.



(Lieutenant General Preecha Wanarat)
Chairman of the Audit Committee

Attachment 1

***Information of the Company's
Directors and Executives***

Information of the Company's Directors and Executives

(1) Lt. Preecha Wanarat

Position held	Chairman of the Board / Chairman of Audit Committee / Chairman of Nomination and Remuneration Committee / Independent Director		
Education Background	<ul style="list-style-type: none"> - Master of Arts (Military Science), Royal Thai Army Command and General Staff College - Bachelor of Science, Chulachomklao Royal Military Academy 		
Certificate Programs	Director Accreditation Program (DAP) from Thai IOD		
Work experience (within the last 5 years)	2012 – 2014	Independent Director / Audit Committee	IRPC Public Co., Ltd.
	2008 – Present	Chairman of Board of Directors/ Chairman of Audit Committee / Independent Director	Halcyon Technology Public Co., Ltd.
	2006 – Present	President	Aiyapura Resort & Spa World Residence Natural Beach Resort Co., Ltd.

(2) Mrs. Chollada Fuvatanasilp

Position held	Director / Audit Committee / Nomination and Remuneration Committee / Independent Director		
Education Background	<ul style="list-style-type: none"> - Master Degree of Political Science (MPA) , National Institute of Development Administration (NIDA) - LL.B , SukhothaiThammatirat University - Bachelor Degree of Law (Accounting) (BBA), Ramkhamhaeng University 		
Certificate Programs	Director Certification Program (DCP) from Thai IOD		
Work experience (within the last 5 years)	2010 – Present	Director	Federation of Accounting Professions
	2010 – Present	Tax Committee	Board of Trade of Thailand
	2008 – Present	Director / Audit Committee / Independent Director	Halcyon Technology Public Co., Ltd.
	2007 – Present	VP. – Tax Department	PTT Public Co., Ltd.

(3) Mr. Narong Rattana

Position held	Director / Audit Committee / Independent Director		
Education Background	<ul style="list-style-type: none"> - The Master's Degree of Engineering, Urban Transportation Planning, Villanova University, USA - The Bachelor's Degree of Engineering, Chulalongkorn University 		
Certificate Programs	Director Accreditation Program (DAP) from Thai IOD		
Work experience (within the last 5 years)	2009 – Present	Independent Director	Thai Nondesctructive Testing Public Co., Ltd.
	2008 – Present	Director / Audit Committee / Independent Director	Halcyon Technology Public Co., Ltd.
	2008 – Present	Advisor, Senior Executive Program	Office of the Civil Service Commission (OCSC)
	2004 – Present	Director	High Quality Semens Co., Ltd.
	2004 – Present	Director	Thai – German Institute
	2004 – Present	Consultant	Mittraphap Product Public Co., Ltd.

(4) Mr. Pete Rimchala

Position held	Director / Nomination and Remuneration Committee / Managing Director		
Education Background	<ul style="list-style-type: none"> - Faculty of Technical Education and Science in Mechanical Engineering, King Mongkut's Institute of Technology North Bangkok 		
Certificate Programs	<ul style="list-style-type: none"> - Director Accreditation Program (DAP) from Thai IOD - Financial Management for Executives from Chulalongkorn University 		
Work experience (within the last 5 years)	2014 - Present	Director	PT HTECH Indonesia
	2014 – Present	Director	Halcyon Technology Vietnam Co., Ltd.
	2013 – Present	Director	Halcyon Technology Singapore Pte. Ltd.
	2012 – Present	Director	FDM Technology Co., Ltd.
	2011 – Present	Nomination and Remuneration Committee	Halcyon Technology Public Co., Ltd.
	2011 – Present	Director	Atek Precision Tools Inc.
	2010 – Present	Director	Halcyon Technology (Philippines) Inc.
	2010 – 2012	Director	Haltek Co., Ltd.
	2002 – Present	Managing Director	Halcyon Technology Public Co., Ltd.
	1993 - Present	Managing Director	Halcyon Metal Co., Ltd.

(5) Mr. Chua Cheng Khuan

Position held	Director / Senior Executive Vice President		
Education Background	Precision Machining, Singapore Technical Institute		
Certificate Programs	- Director Accreditation Program (DAP) from Thai IOD		
Work experience (within the last 5 years)	2014 – Present	Director	PT HTECH Indonesia
	2013 - Present	Director	Halcyon Technology (M) Sdn. Bhd.
	2013 - Present	Director	Halcyon Technology Singapore Pte. Ltd.
	2012 - Present	Director	FDM Technology Co., Ltd.
	2011 - Present	Director	Atek Precision Tools Inc.
	2010 - Present	Director	Halcyon Technology (Philippines) Inc.
	2010 – 2012	Director	Haltek Co., Ltd.
	2008 – Present	Senior Executive Vice President	Halcyon Technology Public Co., Ltd.

(6) Mr. Norawee Changlum

Position held	Director / Executive Vice President		
Education Background	- Master of Business Management, Bangkok University - Bachelor of Art (Communication Design Arts), Bangkok University		
Certificate Programs	- Director Accreditation Program (DAP) from Thai IOD - Financial Management for Executives from Chulalongkorn University - Certificate Program for Thai Company Secretary		
Work experience (within the last 5 years)	2012 – Present	Director	FDM Technology Co., Ltd.
	2010 – Present	Director	Halcyon Metal Co., Ltd.
	2010 – Present	Director and Company Secretary	Halcyon Technology Public Co., Ltd.

(7) Mr. Soraj Sutanadhan

Position held	Director		
Education Background	- Master of Information Systems, New Jersey Institute of Technology - Faculty of Engineering, Chulalongkorn University		
Certificate Programs	- Director Accreditation Program (DAP) from Thai IOD - Financial Management for Executives from Chulalongkorn University		
Work experience (within the last 5 years)	2014 – Present	Director	Atek Precision Tools Inc.
	2014 – Present	Director	Halcyon Technology (Philippines) Inc.
	2013 – Present	Director	Halcyon Technology Public Co., Ltd.
	2010 – Present	Director	Halcyon Metal Co., Ltd.

(8) Ms. Sasipimol Wasuwat

Position held	Executive Vice President / Finance Manager		
Education	- Bachelor of Business Management (Accounting), Rajamangala Institute of Technology		
Background	Phra Nakhon		
Work experience (within the last 5 years)	2011 – Present	Executive Vice President	Halcyon Technology Public Co., Ltd.
	2010 – 2011	Finance Manager	Halcyon Technology Public Co., Ltd.
	2008 – 2011	Accounting Manager	Halcyon Technology Public Co., Ltd.
	2008 - Present	Finance & Accounting Manager	Halcyon Metal Co., Ltd.

Attachment 2

List of Directors of Subsidiaries

List of Directors of Subsidiaries

Halcyon Metal Co., Ltd.

Halcyon Metal Co., Ltd. has 3 directors as follows:

- | | |
|-------------------------|-------------------------------------|
| 1. Mr. Pete Rimchala | Director / Managing Director |
| 2. Mr. Soraj Sutanadhan | Director / Executive Vice President |
| 3. Mr. Norawee Changlum | Director |

FDM Technology Co., Ltd.

FDM Technology Co., Ltd. has 5 directors as follows:

- | | |
|--------------------------------|------------------------------|
| 1. Mr. Suwan Aramwatanapong | Director / Managing Director |
| 2. Mr. Rattipat Aramwatanapong | Director |
| 3. Mr. Pete Rimchala | Director |
| 4. Mr. Chua Cheng Khuan | Director |
| 5. Mr. Norawee Changlum | Director |

Halcyon Technology (Philippines) Inc.

Halcyon Technology (Philippines) Inc. has 5 directors as follows:

- | | |
|--------------------------------|------------------------------|
| 1. Mr. Pete Rimchala | Chairman of the Board |
| 2. Mr. Hamilcar Azarias | Director / Managing Director |
| 3. Mr. Chua Cheng Khuan | Director |
| 4. Mr. Rattipat Aramwatanapong | Director |
| 5. Mr. Soraj Sutanadhan | Director |

ATEK Precision Tools Inc.

ATEK Precision Tools Inc. has 4 directors as follows:

- | | |
|-------------------------|------------------------------|
| 1. Mr. Pete Rimchala | Chairman of the Board |
| 2. Mr. Hamilcar Azarias | Director / Managing Director |
| 3. Mr. Chua Cheng Khuan | Director |
| 4. Mr. Soraj Sutanadhan | Director |

Halcyon Technology Singapore Pte. Ltd.

Halcyon Technology Singapore Pte. Ltd. has 3 directors as follows:

- | | |
|-------------------------|------------------------------|
| 1. Mr. Tian Shan Hsiang | Director / Managing Director |
| 2. Mr. Pete Rimchala | Director |
| 3. Mr. Chua Cheng Khuan | Director |

Halcyon Technology (M) Sdn. Bhd.

Halcyon Technology (M) Sdn. Bhd. has 3 directors as follows:

- | | |
|--------------------------------|------------------------------|
| 1. Mr. Chen Wai Leong | Director / Managing Director |
| 2. Mr. Chua Cheng Khuan | Director |
| 3. Mr. Rattipat Aramwatanapong | Director |

Halcyon Technology Vietnam Co., Ltd.

Halcyon Technology Vietnam Co., Ltd. has 3 directors as follows:

- | | |
|--------------------------------|------------------------------|
| 1. Mr. Wong Kean Huat | Director / Managing Director |
| 2. Mr. Pete Rimchala | Director |
| 3. Mr. Rattipat Aramwatanapong | Director |

PT HTECH Indonesia

PT HTECH Indonesia has 5 directors as follows:

- | | |
|--------------------------------|------------------------------|
| 1. Mr. Alvin Ahthur | Director / Managing Director |
| 2. Mr. Tay Beng Hian | Director |
| 3. Mr. Pete Rimchala | Director |
| 4. Mr. Chua Cheng Khuan | Director |
| 5. Mr. Rattipat Aramwatanapong | Director |

Attachment 3

Financial Statements

Information Regarding the Financial Statements

The Financial Statements as of 31 December 2015 was reviewed by Mrs. Chintana Techamontrikul, CPA License No. 5131 from C&A Audit Office Co., Ltd., who was agreed that the financial statements of the Company shows the balance sheet and statement of income correctly according to general accounting practices. The auditor's remunerations for the year 2015 are as follows:

Auditor's Remunerations	Amount (baht)
Audit fee for the Company	1,000,000
Audit fees for subsidiaries in Thailand	
- Halcyon Metal Co., Ltd.	600,000
- FDM Technology Co., Ltd.	370,000
Fees for BOI Statement Review	
- Halcyon Technology Public Co., Ltd.	40,000
- Halcyon Metal Co., Ltd.	40,000
Transportation Fees	
- Halcyon Technology Public Co., Ltd.	84,000
- Halcyon Metal Co., Ltd.	39,200
- FDM Technology Co., Ltd	16,500

Auditor's Report

To shareholders of Halcyon Technology Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Halcyon Technology Public Company Limited and its subsidiaries and of Halcyon Technology Public Company Limited, which comprise the consolidated and separate statements of financial position as at December 31, 2015, and the related consolidated and separate statements of comprehensive income, changes in shareholder' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of Halcyon Technology Public Company Limited and its subsidiaries and of Halcyon Technology Public Company Limited as at December 31, 2015, and consolidated and separate results of operations and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

C&A Audit Office Co., Ltd.

(Mrs. Chintana Techamontrikul)

Certified public accountant (Thailand) no. 5131

Bangkok : February 27, 2016

Halcyon Technology Public Company Limited and Its Subsidiaries

Statement of Financial Position

As at December 31, 2015

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Assets					
Current assets					
Cash and cash equivalents	10	130,647,249	88,432,979	22,235,549	16,335,140
Trade and other receivables	11				
Related parties	7	-	198,466	27,813,640	31,967,149
Unrelated parties		187,583,639	188,768,171	59,117,899	67,727,976
Short-term loans to related parties	7	-	-	28,180,140	25,689,820
Inventories-net	12	158,135,340	149,668,118	71,281,595	81,194,890
Total current assets		476,366,228	427,067,734	208,628,823	222,914,975
Non-current assets					
Restricted deposits at financial institutions	13	2,468,600	1,859,400	220,000	220,000
Investments in subsidiaries-net	14	-	-	155,771,008	153,487,160
Other long-term investments	15	1,244,150	-	-	-
Property, plant and equipment-net	16	482,945,258	457,734,181	326,340,086	294,412,739
Intangible assets-net	17	58,997,701	66,274,276	17,251,491	19,892,764
Other non-current assets		1,277,067	13,288,672	614,796	3,524,644
Total non-current assets		546,932,776	539,156,529	500,197,381	471,537,307
Total assets		1,023,299,004	966,224,263	708,826,204	694,452,282

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

Halcyon Technology Public Company Limited and Its Subsidiaries

Statement of Financial Position

As at December 31, 2015

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	18	79,533,463	106,607,215	50,000,000	68,740,019
Trade and other payables					
Related parties	7	4,096,435	11,228,271	9,384,256	9,211,590
Unrelated parties		60,695,153	63,639,082	21,695,204	31,311,637
Short-term loans from related parties	7	13,176,069	12,722,262	-	-
Payable from fixed asset acquisition		29,377,554	16,810,673	25,105,044	16,810,673
Current portion of long-term liabilities	19	31,574,822	11,907,570	23,322,000	8,642,000
Current portion of liabilities under financial					
lease agreement-net	20	1,489,795	966,539	80,719	107,625
Income tax payable		3,483,290	3,637,377	-	353,046
Other current liabilities		1,506,596	1,148,252	409,081	405,923
Total current liabilities		224,933,177	228,667,241	129,996,304	135,582,513
Non-current liabilities					
Long-term loans-net	19	12,550,976	9,182,978	6,120,000	2,802,000
Deferred tax liabilities	21	4,202,038	4,181,735	-	-
Employee benefit obligations	22	14,282,104	14,321,941	7,245,543	8,103,426
Liabilities under financial lease contracts-net	20	3,067,374	2,104,447	-	80,719
Total non-current liabilities		34,102,492	29,791,101	13,365,543	10,986,145
Total liabilities		259,035,669	258,458,342	143,361,847	146,568,658

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

Halcyon Technology Public Company Limited and Its Subsidiaries

Statement of Financial Position

As at December 31, 2015

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Shareholders' equity					
Share capital					
Registered					
300,000,000 ordinary shares of Baht 1 each		300,000,000	300,000,000	300,000,000	300,000,000
Issued and paid up share capital					
260,804,340 ordinary shares of Baht 1 each		260,804,340	260,804,340	260,804,340	260,804,340
Premium on share capital					
Premium on ordinary shares		94,627,588	94,627,588	94,627,588	94,627,588
Capital reserve for unvested stock					
warrant under ESOP	23	-	30,216	-	30,216
Retained earnings					
Appropriated					
Legal reserve		25,562,606	23,262,606	25,562,606	23,262,606
Unappropriated	24	290,604,844	256,185,487	184,469,823	169,158,874
Other components of shareholders' equity		4,751,839	(1,951,641)	-	-
Total shareholders' equity attributable					
to the parent company		676,351,217	632,958,596	565,464,357	547,883,624
Non-controlling interests		87,912,118	74,807,325	-	-
Total shareholders' equity		764,263,335	707,765,921	565,464,357	547,883,624
Total liabilities and shareholders' equity		1,023,299,004	966,224,263	708,826,204	694,452,282

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

Halcyon Technology Public Company Limited and Its Subsidiaries

Statements of Comprehensive Income

For the year ended December 31, 2015

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Revenues					
Sales and service income		717,909,272	695,973,620	300,881,633	303,412,401
Dividend income from subsidiaries		-	-	18,370,355	10,408,309
Other income		6,425,024	5,027,452	9,514,742	3,691,963
Total revenues		724,334,296	701,001,072	328,766,730	317,512,673
Expenses					
Cost of sales and services		468,601,914	454,369,896	216,574,127	206,279,075
Selling expenses		42,477,212	38,254,131	20,194,582	21,380,035
Administrative expenses		114,948,204	111,707,696	41,874,616	38,478,010
Finance cost		8,396,725	8,137,023	5,070,057	4,276,438
Total expenses		634,424,055	612,468,746	283,713,382	270,413,558
Earnings before income tax expense		89,910,241	88,532,326	45,053,348	47,099,115
Income tax expenses	25	8,651,871	7,089,023	521,589	793,160
Earnings for the year		81,258,370	81,443,303	44,531,759	46,305,955
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment					
benefit obligations	22	2,191,695	(1,381,479)	1,767,624	(1,180,535)
Items that will be reclassified subsequently to profit or loss					
Currency translation difference		6,703,480	(917,046)	-	-
Other comprehensive expense for the year		8,895,175	(2,298,525)	1,767,624	(1,180,535)
Total comprehensive income for the year		90,153,545	79,144,778	46,299,383	45,125,420

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

Halcyon Technology Public Company Limited and Its Subsidiaries

Statements of Comprehensive Income

For the year ended December 31, 2015

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Profit attributable to :					
Owners of the parent		63,216,096	67,786,681	44,531,759	46,305,955
Non-controlling interests		18,042,274	13,656,622	-	-
		81,258,370	81,443,303	44,531,759	46,305,955
Total comprehensive income attributable to :					
Owners of the parent		73,297,838	65,488,156	46,299,383	45,125,420
Non-controlling interests		16,855,707	13,656,622	-	-
		90,153,545	79,144,778	46,299,383	45,125,420
Earnings per share (Unit : Baht)					
Attributable to owners of the parent	27	0.2424	0.2599	0.1707	0.1776

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

Halcyon Technology Public Company Limited and Its Subsidiaries

Statements of Change in Shareholders' Equity

For the year ended December 31, 2015

(Unit : Baht)

Consolidated financial statements												
Equity attributable to the parent company												
	Note					Other components of equity			Total equity attributable to the parent company	Non- controlling interests	Total shareholders' equity	
		Issued and fully paid- up share capital	Premium on share capital	Capital reserve for unvested stock warrant under ESOP	Retained earnings		Adjustment from the combination of entity under common controls	Currency translation differences				Total other component of equity
					Appropriated for legal reserve	Unappropriated						
Balance as at December 31, 2014		260,804,340	94,627,588	30,216	23,262,606	256,185,487	1,308,714	(3,260,355)	(1,951,641)	632,958,596	74,807,325	707,765,921
Investment in subsidiaries - non-controlling interests		-	-	-	-	-	-	-	-	-	4,805,348	4,805,348
Dividend paid from subsidiaries - non-controlling interests		-	-	-	-	-	-	-	-	-	(8,556,262)	(8,556,262)
Remeasurements of post-employment benefit obligations	22	-	-	-	-	2,191,695	-	-	-	2,191,695	-	2,191,695
Reversal of Capital reserve for unvested stock warrant under ESOP	23	-	-	(30,216)	-	-	-	-	-	(30,216)	-	(30,216)
Legal reserve	24	-	-	-	2,300,000	(2,300,000)	-	-	-	-	-	-
Dividend paid	24	-	-	-	-	(28,688,434)	-	-	-	(28,688,434)	-	(28,688,434)
Comprehensive income for the year		-	-	-	-	63,216,096	-	6,703,480	6,703,480	69,919,576	16,855,707	86,775,283
Balance as at December 31, 2015		260,804,340	94,627,588	-	25,562,606	290,604,844	1,308,714	3,443,125	4,751,839	676,351,217	87,912,118	764,263,335
Balance as at December 31, 2013		260,804,340	94,627,588	30,216	20,862,606	214,347,846	1,308,714	(2,343,309)	(1,034,595)	589,638,001	65,985,781	655,623,782
Increase in share capital during the year		-	-	-	-	-	-	-	-	-	(76,582)	(76,582)
Dividend paid from subsidiaries - non-controlling interests		-	-	-	-	-	-	-	-	-	(4,758,496)	(4,758,496)
Remeasurements of post-employment benefit obligations	22	-	-	-	-	(1,381,479)	-	-	-	(1,381,479)	-	(1,381,479)
Legal reserve	24	-	-	-	2,400,000	(2,400,000)	-	-	-	-	-	-
Dividend paid	24	-	-	-	-	(22,167,561)	-	-	-	(22,167,561)	-	(22,167,561)
Comprehensive income for the year		-	-	-	-	67,786,681	-	(917,046)	(917,046)	66,869,635	13,656,622	80,526,257
Balance as at December 31, 2014		260,804,340	94,627,588	30,216	23,262,606	256,185,487	1,308,714	(3,260,355)	(1,951,641)	632,958,596	74,807,325	707,765,921

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

Halcyon Technology Public Company Limited and Its Subsidiaries

Statements of Change in Shareholders' Equity

For the year ended December 31, 2015

(Unit : Baht)

Separate financial statements

	Note	Issued and fully paid-up share	Premium on share capital	Capital reserve for unvested stock warrant	Retained earnings		Total
					Appropriated for legal reserve	Unappropriated	
Balance as at December 31, 2014		260,804,340	94,627,588	30,216	23,262,606	169,158,874	547,883,624
Remeasurements of post-employment benefit obligations	22	-	-	-	-	1,767,624	1,767,624
Reversal of Capital reserve for unvested stock warrant under ESOP	23	-	-	(30,216)	-	-	(30,216)
Legal reserve	24	-	-	-	2,300,000	(2,300,000)	-
Dividend paid	24	-	-	-	-	(28,688,434)	(28,688,434)
Comprehensive income for the year		-	-	-	-	44,531,759	44,531,759
Balance as at December 31, 2015		260,804,340	94,627,588	-	25,562,606	184,469,823	565,464,357
Balance as at December 31, 2013		260,804,340	94,627,588	30,216	20,862,606	148,601,015	524,925,765
Remeasurements of post-employment benefit obligations	22	-	-	-	-	(1,180,535)	(1,180,535)
Legal reserve	24	-	-	-	2,400,000	(2,400,000)	-
Dividend paid	24	-	-	-	-	(22,167,561)	(22,167,561)
Comprehensive income for the year		-	-	-	-	46,305,955	46,305,955
Balance as at December 31, 2014		260,804,340	94,627,588	30,216	23,262,606	169,158,874	547,883,624

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

Halcyon Technology Public Company Limited and Its Subsidiaries

Statements of cash flows

For the year ended December 31, 2015

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from operating activities				
Net earnings before income tax expense	89,910,241	88,532,326	45,053,348	47,099,115
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :				
Depreciation and amortization	87,717,869	74,500,183	57,931,520	48,910,947
Expense write-off	-	1,704,126	-	315,485
Allowance for doubtful accounts (reversal of)	1,080,529	(218,008)	49,687	(112,706)
(Reversal of) loss from allowance for decrease in value of inventories	(3,156,506)	6,610,667	(1,267,613)	1,219,558
Currency translation differences	5,516,913	(917,046)	-	-
Losses (gains) on sales of fixed asset	1,728,779	(2,765,570)	1,831,800	(1,470,015)
Loss on exchange of fixed asset	-	806,230	-	806,230
Dividend income from subsidiaries	-	-	(18,370,355)	(10,408,309)
Gains on exchange rate	(368,030)	(703,275)	(1,213,645)	(640,948)
Employee benefit obligations	3,686,558	3,417,308	1,091,741	1,248,294
Reversal of capital reserve for unvested stock warrant under ESOP	(30,216)	-	(30,216)	-
Finance cost	8,048,687	8,149,798	4,769,367	4,276,438
Earnings from operating activities before changes in operating assets and liabilities	194,134,824	179,116,739	89,845,634	91,244,089
Operating assets (increase) decrease				
Trade and other receivables - Related parties	198,466	3,347,873	4,153,509	(5,967,850)
Trade and other receivables - Unrelated parties	2,700,917	(21,802,396)	7,287,163	(21,212,696)
Inventories	(5,310,716)	(12,387,346)	11,180,908	(4,957,606)
Other non-current assets	12,011,605	(4,052,361)	626,000	1,000,606
Operating liabilities increase (decrease)				
Trade and other payables - Related parties	(7,131,836)	(8,391,333)	172,667	3,983,001
Trade and other payables - Unrelated parties	(20,056,195)	13,543,329	(26,694,898)	5,128,741
Other current liabilities	367,721	(4,022,012)	3,156	(213,237)

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

Halcyon Technology Public Company Limited and Its Subsidiaries

Statements of cash flows

For the year ended December 31, 2015

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from operating activities (continue)				
Cash received (paid) from operations	176,914,786	145,352,493	86,574,139	69,005,048
Cash paid for employee benefits	(1,534,700)	-	(182,000)	-
Cash paid for finance cost	(7,938,035)	(8,138,143)	(4,815,411)	(4,248,928)
Cash paid for corporate income tax	(11,001,533)	(6,984,532)	(874,635)	(746,016)
Net cash flows from (used in) operating activities	156,440,518	130,229,818	80,702,093	64,010,104
Cash flows from investing activities				
Short-term loans to related parties	-	-	-	(5,871,007)
Change in share capital - non controlling interests	-	(76,582)	-	-
Cash paid for fixed assets acquisition	(78,731,459)	(117,309,757)	(66,733,958)	(87,100,400)
Proceeds from sales of fixed assets	2,892,637	17,938,352	2,789,609	15,837,643
Purchase of long-term investment	(1,244,150)	-	-	-
Cash received from dividend income from subsidiaries	-	-	18,370,355	10,408,309
Increase in restricted deposits at financial institutions	(609,200)	-	-	-
Net cash flows from (used in) investing activities	(77,692,172)	(99,447,987)	(45,573,994)	(66,725,455)
Cash flows from financing activities				
(Decrease) increase in bank overdrafts and				
short-term loans from financial institutions	(27,073,752)	6,843,953	(18,740,019)	9,740,019
Short-term loans from related parties	453,807	-	-	-
Cash paid for liabilities under financial lease contracts	(831,836)	(8,325,564)	(119,040)	(524,292)
Proceeds from long-term loans	49,110,165	19,223,486	39,360,000	7,700,000
Repayment of long-term loans	(26,074,915)	(31,350,210)	(21,362,000)	(6,342,000)
Proceeds from non-controlling interests in share	4,805,348	-	-	-
capital of subsidiaries				
Dividend paid by subsidiaries to non-controlling interests	(8,556,262)	(4,758,496)	-	-
Dividend paid	(28,688,434)	(22,167,561)	(28,688,434)	(22,167,561)
Net cash flows from (used in) financing activities	(36,855,879)	(40,534,392)	(29,549,493)	(11,593,834)
Effect from foreign exchange in cash and cash equivalents	321,803	19,514	321,803	19,514
Net increase (decrease) in cash and cash equivalents	42,214,270	(9,733,047)	5,900,409	(14,289,671)
Cash and cash equivalents at beginning of year	88,432,979	98,166,026	16,335,140	30,624,811
Cash and cash equivalents at end of year	130,647,249	88,432,979	22,235,549	16,335,140

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

Halcyon Technology Public Company Limited and Its Subsidiaries

Notes to the Consolidated and Separate Financial Statements

For the year ended December 31, 2015

1. General information

Halcyon Technology Public Company Limited has its registered office located at 41 Moo 14 Bangchan Industrial Estate, Soi 6, Serithai Rd., Minburi, Bangkok. The principal business operation of the Company is to produce and sell of cutting tools, jig & fixtures and custom metallic devices. The Company was listed on the Stock Exchange of Thailand on March 27, 2009 and the Company's stock were trade on the MAI (Market for Alternative Investment).

"The Company" represents "Halcyon Technology Public Company Limited," while "The Group" represents "Halcyon Technology Public Company Limited and its subsidiaries."

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Thai Financial Reporting Standards (TFRS) under the Accounting Act B.E. 2543 being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention except some transactions are valued at fair price as disclosed in the accounting policies below.

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are issued in Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 Presentation currency

The financial statements are prepared and presented in Thai Baht.

2.3 Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the effect on the amount recognised in the financial statements is included in the following notes :

2.3.1 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

2.3.2 Allowance for doubtful accounts

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

2.3 Use of estimates and judgements (continue)

2.3.3 Allowance for obsolete, slow-moving and defective inventories

The company maintains an allowance for obsolete, slow-moving and defective inventories to reflect impairment of inventories.

The allowance is based on consideration of inventory turnover and deterioration of each category.

2.3.4 Impairment of assets

The Company treats assets as impaired when the management judges that there has been a significant decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” requires.

2.3.5 Building improvement and equipments/Depreciation

In determining depreciation of building improvement and equipments, the management is required to make estimates of the useful lives and residual values of the company’s building improvement and equipments and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, building improvement and equipments 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 judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

2.3.6 Deferred tax assets

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

2.3.7 Retirement employee benefits

The Company has commitments on retirement benefits to employees under the Thai Labour Law. The amount of provision presented in the statement of financial position represents the present value of employee benefit obligations which is determined on an actuarial basis using various assumptions. The assumptions used in determining the net period cost for employee benefits includes the discount rate, the rate of salary inflation and employee turnover and others. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis the company determines those assumptions i.e. the appropriate discount rate, which should represent the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the company considers the current yields on long-term government bonds.

2.4 Basis of consolidation

2.4.1 The accompanying consolidated financial statements include the financial statements of "The Company" represents "Halcyon Technology Public Company Limited" and "Subsidiaries" represents its subsidiaries. The details of subsidiaries are as follows :

Name of subsidiaries	Country of	Nature of business	The date of	Percentage of shareholding	
	incorporation		commencing control	2015	2014
<u>Direct shareholding</u>					
1. Halcyon Metal Co., Ltd.	Thailand	Production of metallic device	Before the year 2006	100	100
2. Halcyon Technology (Philippines) Inc.	Philippines	Production of cutting tools to supply for Phillippines markets	The third quarter of 2010	65	65
3. FDM Technology Co., Ltd.	Thailand	Retail sale of cutting tools	The third quarter of 2012	60	60
4. Halcyon Technology (Singapore) Pte. Ltd.	Singapore	Retail sale of cutting tool in Singapore markets	The second quarter of 2013	70	70
5. Halcyon Technology (M) Sdn. Bhd.	Malaysia	Retail sale of cutting tool in Malaysia markets	The third quarter of 2013	60	60
6. Halcyon Technology (Vietnam) Co.,Ltd.	Vietnam	Retail sale of cutting tools in Vietnam markets	The first quarter of 2015	70	-
<u>Indirect shareholding through Halcyon Technology (Philippines) Inc.</u>					
7. Atek Precision Tools Inc.	Philippines	Production of cutting tools to supply for Philippines markets	The second quarter of 2011	65	65
<u>Indirect shareholding through FDM Technology Co., Ltd.</u>					
8. PT. HTECH Tools Indonesia	Indonesia	Retail sale of cutting tools in Indonesia markets	The first quarter of 2015	36	-

Direct shareholding

During the first quarter of 2015, the Company has invested in 70% of share capital of Halcyon Technology (Vietnam) Co.,Ltd., which had authorised capital of VND 2,000 Million. As a result, it becomes a subsidiary of the Company.

Indirect shareholding

During the first quarter of 2015, FDM Technology Co., Ltd., the subsidiary held 60% by the company, has invested in 60% of share capital of PT. HTECH Tools Indonesia, which had authorised capital of IDR 3,497,400,000. As a result, PT. HTECH Tools Indonesia becomes a subsidiary of the Company.

2.4.2 Significant accounting policies about Basis of consolidation (Notes to the financial statements no.4.21.)

3. New financial reporting standards

3.1 Accounting standards that became effective in the current accounting year

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

(1) TAS 19 (revised 2014) Employee Benefits

TAS 19 (revised 2014) require entities to recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This standard has no impact to the financial statements as the Group already recognise actuarial gains and losses immediately in other comprehensive income.

(2) TFRS 10 Consolidated Financial Statements

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

This standard has no impact to the Group.

(3) TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

This standard has no impact to the Group.

(4) TFRS 12 Disclosure of Interests in Other Entities

TFRS 12 require entities to disclose information that helps readers of financial statements to evaluate the nature of risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

This standard has no impact to the Group.

3. New financial reporting standards (continue)

3.1 Accounting standards that became effective in the current accounting year (continue)

(5) TFRS 13 Fair Value Measurement

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs.

This standard has no impact to the Group.

3.2 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions issued the Notification regarding Thai Financial Reporting Standard (TFRSs), which will be effective for the accounting period beginning on or after January 1, 2016 onwards, as follows:

		Effective date
<u>Accounting Standards (TAS)</u>		
TAS 1 (revised 2015)	Presentation of Financial Statements	January 1, 2016
TAS 2 (revised 2015)	Inventories	January 1, 2016
TAS 7 (revised 2015)	Statement of Cash Flows	January 1, 2016
TAS 8 (revised 2015)	Accounting Policies, Change in Accounting Estimate And Error	January 1, 2016
TAS 10 (revised 2015)	Events After the Reporting Period	January 1, 2016
TAS 11 (revised 2015)	Construction Contracts	January 1, 2016
TAS 12 (revised 2015)	Income Taxes	January 1, 2016
TAS 16 (revised 2015)	Property, Plant and Equipment	January 1, 2016
TAS 17 (revised 2015)	Leases	January 1, 2016
TAS 18 (revised 2015)	Revenue	January 1, 2016
TAS 19 (revised 2015)	Employee Benefits	January 1, 2016
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2016
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates	January 1, 2016
TAS 23 (revised 2015)	Borrowing Costs	January 1, 2016
TAS 24 (revised 2015)	Related Party Disclosures	January 1, 2016
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans	January 1, 2016
TAS 27 (revised 2015)	Separate Financial Statements	January 1, 2016
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures	January 1, 2016
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies	January 1, 2016
TAS 33 (revised 2015)	Earnings Per Share	January 1, 2016
TAS 34 (revised 2015)	Interim Financial Reporting	January 1, 2016
TAS 36 (revised 2015)	Impairment of Assets	January 1, 2016
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2016
TAS 38 (revised 2015)	Intangible Assets	January 1, 2016
TAS 40 (revised 2015)	Investment Property	January 1, 2016
TAS 41	Agriculture	January 1, 2016

3.2 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective (continue)

		Effective date
<u>Financial Reporting Standards (TFRS)</u>		
TFRS 2 (revised 2015)	Share-based Payment	January 1, 2016
TFRS 3 (revised 2015)	Business Combinations	January 1, 2016
TFRS 4 (revised 2015)	Insurance Contracts	January 1, 2016
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2016
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Assets	January 1, 2016
TFRS 8 (revised 2015)	Operating Segments	January 1, 2016
TFRS 10 (revised 2015)	Consolidated financial statements	January 1, 2016
TFRS 11 (revised 2015)	Joint Arrangements	January 1, 2016
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities	January 1, 2016
TFRS 13 (revised 2015)	Fair value measurement	January 1, 2016
<u>Accounting Standard Interpretation (TSIC)</u>		
TSIC 10 (revised 2015)	Government Assistance-No Specific Relation to Operating Activities	January 1, 2016
TSIC 15 (revised 2015)	Operating Leases-Incentives	January 1, 2016
TSIC 25 (revised 2015)	Income Taxes-Changes in the Tax Status of an Enterprise or its Shareholders	January 1, 2016
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease	January 1, 2016
TSIC 29 (revised 2015)	Disclosure-Service Concession Arrangements	January 1, 2016
TSIC 31 (revised 2015)	Revenue-Barter Transactions Involving Advertising Services	January 1, 2016
TSIC 32 (revised 2015)	Intangible Assets-Web Site Costs	January 1, 2016
<u>Financial Reporting Standard Interpretations (TFRIC)</u>		
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	January 1, 2016
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease	January 1, 2016
TFRIC 5 (revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2016
TFRIC 7 (revised 2015)	Applying the Restatement Approach under TAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economies	January 1, 2016
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment	January 1, 2016
TFRIC 12 (revised 2015)	Service Concession Arrangements	January 1, 2016
TFRIC 13 (revised 2015)	Customer Loyalty Programmes	January 1, 2016
TFRIC 14 (revised 2015)	TAS 19 (revised 2015) Employee Benefits-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2016
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate	January 1, 2016
TFRIC 17 (revised 2015)	Distributions of Non-cash Assets to Owners	January 1, 2016
TFRIC 18 (revised 2015)	Transfers of Assets from Customers	January 1, 2016
TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2016
TFRIC 21	Levies	January 1, 2016

The management has assessed and considered that the above revised standards will not have a material impact on the Group.

4. Significant accounting policies

4.1 Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost. Cash and cash equivalents comprise cash on hand, deposits held at call at banks and other short-term highly liquid investments with maturities of three months or less from the date of acquisition and are not used as collateral.

4.2 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within administrative expenses.

4.3 Inventories

Finished goods, work in process and raw materials are valued at the lower of cost and net realizable value. Inventories are calculated by First-in-First-out (FIFO) method.

The cost of purchase comprises both the purchase price and direct cost which related to that purchase, such as transportation charge less all attributable discounts and allowances or rebates (if any).

The cost of finished goods and work in progress comprise of direct materials, direct labour, other direct costs and overhead costs which allocated on the basis of normal operation activities.

Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

4.4 Investments

Investments in subsidiaries undertaking are accounted for in the separate financial statements by using the cost method of accounting less an allowance for impairment in value. Under the cost method, income from investments in subsidiaries will be recorded when dividends are declared.

Subsidiaries are all entities over which the company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. When assessing whether the company controls another entity, the company considers the existence and effect of voting rights that are currently exercisable or convertible, including potential voting right which held by other entities. The company consolidated financial statement of subsidiaries from the date on which control is transferred to the company and are no longer consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investment for securities are recognized as asset with the cost of investment at the date on which the company has the right on investment. The cost of investment are company with the purchase price and all direct paid expenses which the company get those investment.

A test for impairment in carried out when there is a indicating factor that an investment might be impaired. If the carring value of the investment is higher than its recoverable amount, impairment loss is charged to the statements of comprehensive income.

4.4 Investments (continue)

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statements of comprehensive income. When disposing of part of the company of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weight average carrying amount of the total holding of the investment.

The weight average method is used for computation of the cost of investment.

4.5 Property, plant and equipment / depreciation

Property, plant 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 the straight-line basis over the following estimated useful lives :

Buildings and construction	20 years
Building improvement	4 - 20 years
Machinery and equipment	3 - 10 years
Motor vehicles	4 - 5 years
Furniture, fixtures and office equipment	2- 10 years
Utility system	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in profit or loss.

Repairs and maintenance are charged to statements of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of existing asset will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

The interest costs of borrowings to finance the construction of asset, are capitalized as part of the asset, during the period of time requirement so that the asset is properly prepared for use.

4.6 Intangible assets

Market shares and customer relationship

Market shares and customer relationship acquired in business acquisition were stated at fair value at the acquisition date. The fair value was estimated by applying the income approach based on an assumed discount rate equal to the acquiree's weighted average cost of capital of 34% and assumed future revenues growth ranged from 0% to 30% comparing to base year previous to acquisition.

Market shares and customer relationship acquired for business acquisition were amortized under the straight-line basis over the estimated useful lives of each individual segments as follow :

- Market share and customer relationship of PCD cutting tool segment in Thailand	10 years
- Market share and customer relationship of Carbide cutting tool segment in Thailand	15 years
- Market share and customer relationship of Cutting tool segment in Singapore	10 years
- Market share and customer relationship of Cutting tool segment in Malaysia	10 years

4.7 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.8 Leases – where a Group company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

4.9 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

4.9 Current and deferred income taxes (continue)

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.10 Employee benefits

The Group has employment benefits consisting of both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age of employee, years of service and compensation. The related accounting policies for employee benefits can be summarized as follows;

Defined Contribution Plan - Provident Fund

The Group operates a provident fund that is a defined contribution plan. The assets are held in a separate fund which is managed by an external fund manager. The provident fund is funded by payments from employees and by the Group. Contributions to the provident fund are charged to the profit or loss in the year to which they relate.

Post-employment benefits (defined contribution plans)

The Group provides for post employment benefits, payable to employees under the Labor Law. The present value of employee benefit liabilities recognised in the financial position is estimated on an actuarial basis using Projected Unit Credit Method. The calculation was made by utilizing various assumptions about future events. The Group is responsible for the selection of appropriate assumptions. The assumptions used in determining the net period cost for employee benefits include the discount rate, the rate of salary increment, and employee turnover. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis, the Group determines the appropriate discount rate, which represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Group considers the market yield at the financial position date based on Thai government bonds with currency and term similar to the estimated term of benefit obligation.

4.10 Employee benefits (continue)

Defined Benefit Plan - Employee Stock-Ownership Program (ESOP)

On 25 July 2012, the Company allocate the Company's stock warrants of 5,000,000 units without any consideration to the management and employees of the Company and its subsidiaries according to the Employee Stock-Ownership Program. The fair value of the warrants at the grant date was Baht 1.708 per unit. The fair value is calculated using Binomial Option Pricing Model. The financial input data comprises the underlying stock price at the grant date (25 July 2012) of Baht 4.08 per share, the warrant strike price of Baht 3.32 per share, the expected volatility which was calculated from the historical data of underlying share over the period of 1 year prior to the grant date of 43.77%, the warrant exercise period of 3 years and the risk-free interest rate of 3.78% per annum.

The fair value of warrant granted under Employee Stock-Ownership Program was recognized as expense in the statement of income over the life of the program of 3 years. The recognition of expense is taking into account the possibility that the warrants will be exercised by participants.

4.11 Provision

Provision are recognized when the Group has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimation of the amount can be made. Where the company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

4.12 Share Capital

Ordinary shares is classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.13 Legal reserve

Parent company

Section 116 of the Public Companies Act B.E. 2535 requires that the Company shall allocate not less than 5 percent of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

Subsidiary company in Thailand

The subsidiary companies shall allocate not less 5 percent of its annual net profit each time a dividend is declared, to a reserve account ("legal reserve") until the reserve reaches 10 percent of authorized share capital. The legal reserve is not available for dividend distribution.

4.14 Revenue and expenses recognition

Revenue from sales of goods and services net of rebates, discount and output tax (if any).

Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Revenue from services are recognized when the service is rendered.

Revenue from interest are recognized by timing which concern the effective interest rate and other income are recognized by accrual basis of accounting.

Cost of sales and expenses are recognized by accrual basis of accounting.

4.15 Management benefit expenses

Management benefit expenses represents the benefits paid to the company's management such as salaries and related benefit including the benefit paid by other means. The company's management is the persons who are defined under the Securities and Exchange Act.

4.16 Basic earnings per share

Basic earnings per share is determined by dividing the net earnings for the period by the weighted average number of issued and paid-up of common stock during the period.

4.17 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

4.18 Financial instrument

Financial assets carried on the balance sheet include cash and deposits at financial institution, trade accounts receivable, prepaid expense. Financial liabilities carried on the statement of financial position include short-term loans from financial institutions, trade account payable and long-term loans. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

4.19 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and company financial statements are presented in Thai Baht, which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

Group Companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each [statement of comprehensive income or income statement] are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

4.20 Segment reporting

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.

4.21 Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest (NCI) at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

5. Reclassification

The statement of financial position as at December 31, 2014 have been reclassified to conform to the current year's classification but with no effect to previously reported profit or shareholders' equity. The reclassifications are as follows:

(Unit : Baht)

	2014					
	Consolidated financial statements			Separate financial statements		
	Before		After	Before		After
	Reclassification	Reclassification	Reclassification	Reclassification	Reclassification	Reclassification
Current assets						
Cash and cash equivalents	90,292,379	(2,468,600)	87,823,779	16,555,140	(220,000)	16,335,140
Non-current assets						
Restricted deposits at financial institutions	-	2,468,600	2,468,600	-	220,000	220,000

6. Provident fund

The Group and employees have jointly established a provident fund in accordance with the provident fund Act B.E. 2530.

The Company, its subsidiaries and employees contribute to the fund monthly at the rate of 2 percent of basic salary for employees

The fund, which is managed by Finansa Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During 2015, the Group contributed Baht 488,276 and the Company contributed Baht 343,758 to the fund. (2014: Baht 429,511 and Baht 255,776.)

7. Related party transactions

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

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

The relationship between the Company and the related companies are as follows :

	Relationship	
	2015	2014
Subsidiaries		
Halcyon Metal Co., Ltd.	100% shareholdings	100% shareholdings
FDM Technology Co., Ltd.	60% shareholdings and directorship	60% shareholdings and directorship
Halcyon Technology (Philippines) Inc.	65% shareholdings and directorship	65% shareholdings and directorship
Atek Precision Tools Inc.	65% indirect shareholdings and directorship	65% indirect shareholdings and directorship
Halcyon Technology (Singapore) Pte. Ltd.	70% shareholding and directorship	70% shareholding and directorship
Halcyon Technology (M) Sdn. Bhd.	60% shareholding and directorship	60% shareholding and directorship
Halcyon Technology (Vietnam) Co., Ltd.	70% shareholding and directorship	-

7. Related party transactions (continue)

	Relationship	
	2015	2014
<u>Related Parties</u>		
Atek Precision Tools Pte. Ltd.	Relate to Halcyon Technology (Singapore) Pte. Ltd.	Relate to Halcyon Technology (Singapore) Pte. Ltd.
PT. HTECH Tools Indonesia	Relate to FDM Technology Co., Ltd.	-

The pricing policies among the Group and related companies are as follows;

- The goods and services sold among the Group and related companies were carried out on commercial terms and conditions.
- The goods and services purchased among the Group and related companies were carried out on commercial terms and conditions.
- The sell of property, plant and equipment among the Group and related companies were quoted at the price which approximate to the market value of assets at the transaction date.
- The Company has short-term loans to subsidiary to be used as working capital. The loans are subjected to interest based on contract price and will be repaid on demand.
- The Group has short-term loan from related person to be used as working capital. The loans has no collateral and will be repaid on demand. There is no interest charged for such loans.
- The Company charges management fee from the subsidiaries at the rate according to the agreements.
- There is no premium charged for guarantee.

During the year, the Group had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon between the company and those companies. The summary of those transactions are as follows :

(Unit : Baht)

Consolidated financial statements		Separate financial statements	
For the year ended December 31,			
2015	2014	2015	2014

Transactions with subsidiaries

(Eliminated from the consolidated financial statements)

Sales of products

Subsidiaries

Halcyon Metal Company Limited	-	-	3,453,131	1,123,661
FDM Technology Company Limited	-	-	11,348,075	9,918,390
Halcyon Technology (Philippines) Inc.	-	-	3,763,138	9,361,113
Halcyon Technology (Singapore) Pte. Ltd.	-	-	24,103,297	27,135,139
Halcyon Technology (M) Sdn. Bhd.	-	-	8,093,582	10,580,596
Halcyon Technology (Vietnam) Co., Ltd.	-	-	2,307,243	-

Related Parties

PT. HTECH Tools Indonesia	-	-	8,894,066	-
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7. Related party transactions (continue)

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2015	2014	2015	2014
<u>Other income and interest received</u>				
Subsidiaries				
Halcyon Metal Company Limited	-	-	1,688,069	-
FDM Technology Company Limited	-	-	214,560	287,088
Halcyon Technology (Philippines) Inc.	-	-	1,935,600	2,419,500
Halcyon Technology (Singapore) Pte. Ltd.	-	-	120,942	12,900
Halcyon Technology (Vietnam) Co., Ltd.	-	-	716,772	-
<u>Dividend income from subsidiaries</u>				
Subsidiaries				
Halcyon Metal Company Limited	-	-	3,710,000	2,000,000
FDM Technology Company Limited	-	-	4,902,000	3,480,000
Halcyon Technology (Philippines) Inc.	-	-	6,028,199	2,969,909
Halcyon Technology (Singapore) Pte. Ltd.	-	-	3,496,287	1,958,400
Halcyon Technology (M) Sdn. Bhd.	-	-	233,868	-
<u>Purchase of goods and services</u>				
Subsidiaries				
Halcyon Metal Company Limited	-	-	24,124,112	23,618,759
FDM Technology Company Limited	-	-	2,321,429	1,812,861
Halcyon Technology (Singapore) Pte. Ltd.	-	-	790,053	722,681
<u>Rental and other expenses</u>				
Subsidiaries				
Halcyon Metal Company Limited	-	-	14,254,629	14,512,451
<u>Finance cost</u>				
Subsidiaries				
Halcyon Metal Company Limited	-	-	13,808	-

7. Related party transactions (continue)

The balances of the accounts as at December 31 between the company and those related companies are as follows :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2015	2014	2015	2014
<u>Trade and other receivables</u>				
Subsidiaries				
Halcyon Metal Company Limited	-	-	746,867	358,643
Halcyon Technology (Philippines) Inc.	-	-	1,268,217	11,972,281
Halcyon Technology (Singapore) Pte. Ltd.	-	-	10,554,633	12,758,156
Halcyon Technology (M) Sdn. Bhd.	-	-	4,352,355	4,023,296
Halcyon Technology (Vietnam) Co., Ltd.	-	-	3,012,252	-
FDM Technology Company Limited	-	-	3,494,267	2,854,773
Related Parties				
PT. HTECH Tools Indonesia	-	-	4,385,049	-
Atek Precision Tools Pte. Ltd.	-	198,466	-	-
Total	-	198,466	27,813,640	31,967,149
<u>Short-term loan to related parties</u>				
Subsidiaries				
Halcyon Technology (Singapore) Pte. Ltd.	-	-	21,410,095	20,117,020
Halcyon Technology (M) Sdn. Bhd.	-	-	4,973,880	5,572,800
Halcyon Technology (Vietnam) Co., Ltd.	-	-	1,796,165	-
Total	-	-	28,180,140	25,689,820
<u>Trade and other payables</u>				
Subsidiaries				
Halcyon Metal Company Limited	-	-	8,634,675	8,503,460
FDM Technology Company Limited	-	-	621,171	659,146
Halcyon Technology (Singapore) Pte. Ltd.	-	-	128,410	48,984
Related Parties				
Atek Precision Tools Pte. Ltd.	4,096,435	11,228,271	-	-
Total	4,096,435	11,228,271	9,384,256	9,211,590
<u>Short-term loans from related parties</u>				
Shareholders of subsidiaries	13,176,069	12,722,262	-	-

7. Related party transactions (continue)

During 2015, movements of loans to related parties are as follows :

				(Unit : Baht)
	Balance as at	During the year		Balance as at
	December 31, 2014	Increase	Decrease	December 31, 2015
<u>Short-term loans to related parties</u>				
Subsidiaries				
Halcyon Technology (Singapore) Pte. Ltd.	20,117,020	1,293,075	-	21,410,095
Halcyon Technology (M) Sdn. Bhd.	5,572,800	-	(598,920)	4,973,880
Halcyon Technology (Vietnam) Co., Ltd.	-	1,796,165	-	1,796,165
Total	25,689,820	3,089,240	(598,920)	28,180,140

During 2015, movements of loans from related parties are as follows :

				(Unit : Baht)
	Balance as at	During the year		Balance as at
	December 31, 2014	Increase	Decrease	December 31, 2015
<u>Short-term loans from related parties</u>				
Shareholders of subsidiaries	12,722,262	453,807	-	13,176,069

				(Unit : Baht)	
		Consolidated financial statements		Separate financial statements	
		For the year ended December 31,			
		2015	2014	2015	2014
<u>Management remunerations</u>					
Short-term benefits		29,998,724	24,080,125	10,448,780	10,550,623
Post-employment benefits		172,943	335,408	170,305	259,388
Total		30,171,667	24,415,533	10,619,085	10,810,011

8. Additional information of expenses by nature

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2015	2014	2015	2014
Changes in finished goods and work in progress	(7,295,078)	(13,854,791)	8,959,985	(4,560,423)
(Reversal of) loss from allowance for decrease in value of inventories	(3,156,506)	6,610,667	(1,267,613)	1,219,558
Purchase of finished goods	176,774,483	166,701,660	10,861,102	12,531,299
Raw materials and consumable used	121,285,325	112,267,994	85,219,530	91,776,248
Outsourcing production cost	17,018,044	11,813,499	9,898,092	9,639,243
Depreciation and amortization	87,717,869	74,500,183	57,931,520	48,910,947
Staff costs	121,132,744	122,219,017	55,383,874	55,203,182
Management remuneration	30,171,667	24,415,533	10,619,085	10,810,011
Others	82,378,782	99,657,961	41,037,750	40,607,055
Total	626,027,330	604,331,723	278,643,325	266,137,120

9. Supplement information on the statement of cash flow

Parent company

The Company has the following significant non-cash transaction :

- As at December 31, 2015 and 2014, purchase of fixed asset with credit line of Baht 25.11 Million and Baht 6.65 Million, respectively.

Subsidiaries

The Company has the following significant non-cash transaction :

- As at December 31, 2015 and 2014, purchase of fixed asset with credit line of Baht 6.44 Million and Baht 1.90 Million, respectively.

10. Cash and cash equivalent

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2015	2014	2015	2014
Cash	937,705	649,157	50,000	50,000
Cash at bank	129,709,544	87,783,822	22,185,549	16,285,140
Total	130,647,249	88,432,979	22,235,549	16,335,140

Cash at banks-saving has interest at the floating rate according to bank notification.

11. Trade and other receivables

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2015	2014	2015	2014
<u>Related parties</u>				
Trade receivables	-	198,466	27,140,003	31,470,349
Other receivables	-	-	673,637	496,800
Total	-	198,466	27,813,640	31,967,149
<u>Unrelated parties</u>				
Trade receivables	179,668,901	171,764,135	58,826,558	56,075,730
Accrued income	207	365,335	207	365,335
Posted date cheques	156,648	584,516	156,648	579,940
Total	179,825,756	172,713,986	58,983,413	57,021,005
Less: Allowance for doubtful accounts	(3,630,258)	(2,549,729)	(1,500,203)	(1,450,516)
Net	176,195,498	170,164,257	57,483,210	55,570,489
Other receivables	11,388,141	18,603,914	1,634,689	12,157,487
Total	187,583,639	188,768,171	59,117,899	67,727,976
Total trade and other receivables	187,583,639	188,966,637	86,931,539	99,695,125

Outstanding trade and other receivables can be aged as follows :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2015	2014	2015	2014
<u>Related parties</u>				
Not yet due	-	198,466	17,256,995	15,974,110
Over due				
Less than 3 months	-	-	8,706,286	7,168,350
3 - 6 months	-	-	815,998	-
6 - 12 months	-	-	360,724	8,327,889
Total	-	198,466	27,140,003	31,470,349

11. Trade and other receivables (continue)

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2015	2014	2015	2014
Unrelated parties				
Not yet due	126,651,519	111,434,731	39,026,856	37,909,989
Over due				
Less than 3 months	46,974,389	56,199,152	18,621,094	16,967,658
3 - 6 months	1,532,693	2,949,716	15,622	635,788
6 - 12 months	1,646,148	378,597	-	114,109
Over 12 months	3,021,007	1,751,790	1,319,841	1,393,461
Total	179,825,756	172,713,986	58,983,413	57,021,005
<u>Less</u> : Allowance for doubtful accounts	(3,630,258)	(2,549,729)	(1,500,203)	(1,450,516)
Net	176,195,498	170,164,257	57,483,210	55,570,489

12. Inventories-net

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2015	2014	2015	2014
Finished goods	115,601,291	103,496,899	40,370,835	44,963,453
Work-in-process	16,622,545	21,431,859	10,746,983	15,114,350
Raw materials and factory supplies	37,556,307	39,019,083	28,305,900	30,005,237
Goods in transit	33,354	554,940	33,354	554,940
Total	169,813,497	164,502,781	79,457,072	90,637,980
Less : Allowance for diminution in value of inventories	(11,678,157)	(14,834,663)	(8,175,477)	(9,443,090)
Inventories-net	158,135,340	149,668,118	71,281,595	81,194,890

13. Restricted deposits at financial institutions

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2015	2014	2015	2014
Bank - saving accounts	2,468,600	1,859,400	220,000	220,000
Total	2,468,600	1,859,400	220,000	220,000

As at December 31, 2015 and 2014, the Company pledged the deposit the deposit with bank for bank guarantee issued by commercial bank as stated in note to the financial statements no.29.1.

14. Investments in subsidiaries-net

Company's name	Separate financial statements					
	Paid-up capital (Thousand)		Shareholding (%)		Cost (Baht)	
	As at December 31,		As at December 31,		As at December 31,	
	2015	2014	2015	2014	2015	2014
Halcyon Metal Co., Ltd.	Baht 50,000	Baht 50,000	100	100	50,000,000	50,000,000
FDM Technology Co., Ltd.	Baht 10,000	Baht 10,000	60	60	50,754,800	50,754,800
Halcyon Technology (Philippines) Inc.	PHP58,000	PHP58,000	65	65	26,260,000	26,260,000
Halcyon Technology (Singapore) Pte Ltd.	SGD825	SGD825	70	70	14,278,350	14,278,350
Halycon Technology (M) Sdn. Bhd.	MYR2,021	MYR2,021	60	60	12,194,010	12,194,010
Halcyon Technology (Vietnam) Co., Ltd.	VND2,000,000	-	70	-	2,283,848	-
Total					155,771,008	153,487,160

During the first quarter of 2015, the Company has invested in 70% of share capital of Halcyon Technology (Vietnam) Co., Ltd., which had authorised capital of VND 2,000 Million. As a result, it becomes a subsidiary of the Company.

14. Investments in subsidiaries-net (continue)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised statement of financial position as at December 31, 2015

(Unit : Baht)

	FDM	Halcyon		Halcyon	Halcyon	Halcyon		
	Technology Co.,	Technology	Atek Precision	Technology	Technology (M)	Technology	PT. HTECH	
	Ltd.	(Philippines) Inc.	Tools Inc.	(Singapore) Pte. Ltd.	Sdn. Bhd.	(Vietnam) Co.,Ltd.	Tools Indonesia	Total
Current assets	72,362,967	65,531,304	21,472,632	89,030,675	45,146,425	2,830,152	22,522,408	318,896,563
Current liabilities	(13,235,860)	(51,818,122)	(10,044,791)	(55,762,597)	(38,363,057)	(5,135,070)	(10,093,897)	(184,453,394)
Total current net assets	59,127,107	13,713,182	11,427,841	33,268,078	6,783,368	(2,304,918)	12,428,511	134,443,169
Non-current assets	8,564,885	85,843,153	168,598	18,635,016	10,750,929	243,449	2,159,580	126,365,610
Non-current liabilities	(986,240)	(9,829,536)	(290,501)	(2,163,912)	(669,489)	-	-	(13,939,678)
Total non-current net assets	7,578,645	76,013,617	(121,903)	16,471,104	10,081,440	243,449	2,159,580	112,425,932
Net assets	66,705,752	89,726,799	11,305,938	49,739,182	16,864,808	(2,061,469)	14,588,091	246,869,101
Carrying amount of non-controlling interest	26,682,301	31,404,380	3,957,078	14,921,755	6,745,923	(618,441)	9,336,378	92,429,374
Intra-group eliminations	-	-	(2,437,931)	-	-	-	(2,079,325)	(4,517,256)
Carrying amount of non-controlling interest-net	26,682,301	31,404,380	1,519,147	14,921,755	6,745,923	(618,441)	7,257,053	87,912,118

14. Investments in subsidiaries-net (continue)

Summarised statement of financial position as at December 31, 2014

(Unit : Baht)

	Halcyon					
	FDM	Halcyon		Technology	Halcyon	
	Technology Co.,	Technology	Atek Precision	(Singapore) Pte.	Technology (M)	
	Ltd.	(Philippines) Inc.	Tools Inc.	Ltd.	Sdn. Bhd.	Total
Current assets	66,563,125	54,963,831	21,287,328	85,862,440	37,186,751	265,863,475
Current liabilities	(10,110,282)	(65,157,950)	(10,748,116)	(62,167,665)	(34,627,644)	(182,811,657)
Total current net assets	56,452,843	(10,194,119)	10,539,212	23,694,775	2,559,107	83,051,818
Non-current assets	10,302,005	95,676,328	20,073	15,169,395	15,914,298	137,082,099
Non-current liabilities	(1,284,597)	(8,046,114)	-	-	(739,131)	(10,069,842)
Total non-current net assets	9,017,408	87,630,214	20,073	15,169,395	15,175,167	127,012,257
Net assets	65,470,251	77,436,095	10,559,285	38,864,170	17,734,274	210,064,075
Carrying amount of non-controlling interest	26,272,237	27,737,708	3,695,750	11,413,067	8,126,494	77,245,256
Intra-group eliminations	-	-	(2,437,931)	-	-	(2,437,931)
Carrying amount of non-controlling interest-net	26,272,237	27,737,708	1,257,819	11,413,067	8,126,494	74,807,325

14. Investments in subsidiaries-net (continue)

Summarised statement of comprehensive income for the year ended December 31, 2015

(Unit : Baht)

	FDM	Halcyon		Halcyon		Halcyon		
	Technology Co.,	Technology	Atek Precision	Technology	Halcyon	Technology	PT. HTECH	
	Ltd.	(Philippines) Inc.	Tools Inc.	(Singapore) Pte.	Technology (M)	(Vietnam)	Tools Indonesia	Total
	Ltd.	(Philippines) Inc.	Tools Inc.	Ltd.	Sdn. Bhd.	Co.,Ltd.	Tools Indonesia	Total
Revenues	112,267,913	92,381,410	21,540,940	136,391,076	77,346,783	6,078,514	40,263,380	486,270,016
Earnings before income tax expense	11,913,323	16,755,300	2,201,906	12,918,066	2,852,632	(1,677,704)	5,423,123	50,386,646
Income tax expenses	(2,507,822)	-	(1,244,092)	(1,191,957)	(963,095)	-	(1,426,714)	(7,333,680)
Post-tax profit from continuing operations	9,405,501	16,755,300	957,814	11,726,109	1,889,537	(1,677,704)	3,996,409	43,052,966
Other comprehensive income (expense)	-	2,755,306	-	4,911,634	(4,929,551)	(3,383,765)	1,927,828	1,281,452
Total comprehensive income	9,405,501	19,510,606	957,814	16,637,743	(3,040,014)	(5,061,469)	5,924,237	44,334,418
Total comprehensive income allocated to non-controlling interests	3,678,063	6,789,896	335,235	4,995,448	(1,216,006)	(1,518,441)	3,791,512	16,855,707
Dividends paid to non-controlling interests	3,268,000	3,197,148	-	1,486,754	164,565	-	439,795	8,556,262

14. Investments in subsidiaries-net (continue)

Summarised statement of comprehensive income for the year ended December 31, 2014

(Unit : Baht)

	Halcyon					
	FDM	Halcyon		Technology	Halcyon	
	Technology Co.,	Technology	Atek Precision	(Singapore) Pte.	Technology (M)	
	Ltd.	(Philippines) Inc.	Tools Inc.	Ltd.	Sdn. Bhd.	Total
Revenues	109,973,575	96,331,343	24,606,160	154,739,135	79,109,145	464,759,358
Earnings before income tax expense	12,573,774	13,710,640	1,415,587	15,643,883	2,010,983	45,354,867
Income tax expenses	(2,599,006)	-	(1,039,157)	(1,229,136)	(981,442)	(5,848,741)
Post-tax profit from continuing operations	9,974,768	13,710,640	376,430	14,414,747	1,029,541	39,506,126
Other comprehensive income (expense)	-	-	-	-	-	-
Total comprehensive income	9,974,768	13,710,640	376,430	14,414,747	1,029,541	39,506,126
Total comprehensive income allocated to non-controlling interests	3,989,907	4,798,724	131,751	4,324,424	411,816	13,656,622
Dividends paid to non-controlling interests	2,320,000	1,609,636	-	828,860	-	4,758,496

14. Investments in subsidiaries-net (continue)

Summarised statement of cash flows for the year ended December 31, 2015

(Unit : Baht)

	FDM	Halcyon		Halcyon		Halcyon		
	Technology Co.,	Technology	Atek Precision	Technology	Halcyon	Technology	PT. HTECH	
	Ltd.	(Philippines) Inc.	Tools Inc.	(Singapore) Pte.	Technology (M)	(Vietnam)	Tools Indonesia	Total
	Ltd.	(Philippines) Inc.	Tools Inc.	Ltd.	Sdn. Bhd.	Co.,Ltd.	Tools Indonesia	Total
Net cash flows from (used in)								
operating activities	10,345,272	24,532,783	458,987	9,016,281	4,921,505	(1,592,847)	1,893,583	49,575,564
Net cash flows from (used in)								
investing activities	794,497	(471,872)	(157,431)	(2,159,673)	(754,662)	(19,172)	(1,409,139)	(4,177,452)
Net cash flows from (used in)								
financing activities	(8,937,100)	(10,344,430)	(712,128)	(5,172,488)	(499,054)	480,000	(1,446,607)	(26,631,807)
Net increase (decrease) in								
cash and cash equivalents	2,202,669	13,716,481	(410,572)	1,684,120	3,667,789	(1,132,019)	(962,163)	18,766,305
Cash and cash equivalents								
at beginning of year	33,948,717	7,873,428	2,497,025	16,308,172	2,073,577	1,865,953	7,659,668	72,226,540
Cash and cash equivalents								
at end of year	36,151,386	21,589,909	2,086,453	17,992,292	5,741,366	733,934	6,697,505	90,992,845

14. Investments in subsidiaries-net (continue)

Summarised statement of cash flows for the year ended December 31, 2014

(Unit : Baht)

	Halcyon					
	FDM	Halcyon		Technology	Halcyon	
	Technology Co.,	Technology	Atek Precision	(Singapore) Pte.	Technology (M)	
	Ltd.	(Philippines) Inc.	Tools Inc.	Ltd.	Sdn. Bhd.	Total
Net cash flows from (used in) operating activities	12,366,587	45,837,541	2,125,638	(2,533,378)	(5,177,846)	52,618,542
Net cash flows from (used in) investing activities	(3,481,125)	(33,267,184)	(18,722)	(995,409)	2,728,545	(35,033,895)
Net cash flows from (used in) financing activities	(6,755,298)	(17,130,059)	(316,579)	13,611,635	(157,710)	(10,748,011)
Net increase (decrease) in cash and cash equivalents	2,130,164	(4,559,702)	1,790,337	10,082,848	(2,607,011)	6,836,636
Cash and cash equivalents at beginning of year	31,818,552	12,107,980	603,569	4,813,244	4,930,275	54,273,620
Cash and cash equivalents at end of year	33,948,716	7,548,278	2,393,906	14,896,092	2,323,264	61,110,256

15. Other long-term investments

On 2 July 2015, subsidiary had invested in long-term bond, due date 15 May 2036, with interest rate 8.25 % per year.

16. Property, plant and equipment-net

(Unit : Baht)

Consolidated financial statements

	Land	Building and construction	Building improvement	Machineries and equipment	Motor vehicle	Office fixture and equipment	Utility system	Construction in progress	Total
Cost									
December 31, 2014	25,920,000	65,818,045	12,800,478	697,859,565	20,780,091	24,986,884	3,713,046	17,199,865	869,077,974
Exchange differences	-	-	175,677	5,159,805	(27,422)	92,475	-	-	5,400,535
Subsidiary as at acquisition date	-	-	40,553	-	1,436,843	339,810	-	-	1,817,206
Addition	-	125,050	776,500	75,890,346	2,164,774	2,927,226	682,570	21,073,591	103,640,057
Disposal	-	-	-	(12,799,235)	(72,272)	(2,116,095)	-	-	(14,987,602)
Transfer in (out)	-	-	-	16,603,296	-	-	-	(16,603,296)	-
December 31, 2015	25,920,000	65,943,095	13,793,208	782,713,777	24,282,014	26,230,300	4,395,616	21,670,160	964,948,170
Accumulative Depreciation									
December 31, 2014	-	38,636,807	6,464,110	333,223,267	13,257,234	19,189,152	573,223	-	411,343,793
Exchange differences	-	-	60,631	1,655,365	18,213	135,248	-	-	1,869,457
Subsidiary as at acquisition date	-	-	23,656	-	407,097	153,259	-	-	584,012
Depreciation for the year	-	3,289,643	692,461	67,572,816	2,939,573	2,792,914	1,284,430	-	78,571,837
Disposal	-	-	-	(8,180,975)	(72,272)	(2,112,940)	-	-	(10,366,187)
December 31, 2015	-	41,926,450	7,240,858	394,270,473	16,549,845	20,157,633	1,857,653	-	482,002,912
Net Book Value									
December 31, 2015	25,920,000	24,016,645	6,552,350	388,443,304	7,732,169	6,072,667	2,537,963	21,670,160	482,945,258
December 31, 2014	25,920,000	27,181,238	6,336,368	364,636,298	7,522,857	5,797,732	3,139,823	17,199,865	457,734,181

Depreciation included in the consolidated statement of comprehensive income for the year ended December 31,

2015	78,571,837
2014	67,857,358

16. Property, plant and equipment-net (continue)

(Unit : Baht)

	Separate financial statements						Total
	Building improvement	Machineries and equipment	Motor vehicle	Office fixture and equipment	Utility system	Construction in progress	
Cost							
December 31, 2014	4,669,018	469,009,065	10,347,404	11,504,092	2,688,156	17,199,865	515,417,600
Addition	776,500	69,894,076	-	1,462,265	682,570	19,023,591	91,839,002
Disposal	-	(11,561,912)	-	(23,646)	-	-	(11,585,558)
Transfer in (out)	-	16,603,296	-	-	-	(16,603,296)	-
December 31, 2015	5,445,518	543,944,525	10,347,404	12,942,711	3,370,726	19,620,160	595,671,044
Accumulative Depreciation							
December 31, 2014	1,026,832	203,154,966	7,854,808	8,491,000	477,255	-	221,004,861
Depreciation for the year	251,900	51,553,989	1,070,077	1,368,688	1,045,593	-	55,290,247
Disposal	-	(6,943,653)	-	(20,497)	-	-	(6,964,150)
December 31, 2015	1,278,732	247,765,302	8,924,885	9,839,191	1,522,848	-	269,330,958
Net Book Value							
December 31, 2015	4,166,786	296,179,223	1,422,519	3,103,520	1,847,878	19,620,160	326,340,086
December 31, 2014	3,642,186	265,854,099	2,492,596	3,013,092	2,210,901	17,199,865	294,412,739

Depreciation included in the separate statement of comprehensive income for the year ended December 31,

2015	55,290,247
2014	46,269,674

16. Property, plant and equipment-net (continue)

The Group's property, plant and equipment amounting to Baht 64.34 Million are pledged as collateral for credit facilities of short-term and long-term loans from financial institution (Notes to the financial statements no.18 and 19.)

As at December 31, 2015 and 2014, the Group had the gross carryamount of the fully depreciated of fixed assets, that are still in use in the amount of Baht 104.60 Million and Baht 97.41 Million, respectively and carried net book value of Baht 1,006 and Baht 913, respectively.

As at December 31, 2015 and 2014, the Company had the gross carryamount of the fully depreciated of fixed assets, that are still in use in the amount of Baht 45.36 Million and Baht 41.17 Million, respectively and carried net book value of Baht 541 and Baht 468, respectively.

As of December 31, 2015, Property, plant and equipment include motor vehicles under financial lease agreements amounting of Baht 4.33 Million, MYR 0.06 Million, IDR 301.29 Million and USD 0.06 Million for the consolidated and seperated financial statements, respectively. (2014: Baht 4.33 Million MYR 0.09 Million and Baht 0.54 Million for the consolidated and seperated financial statements, respectively.)

17. Intangible assets - net

(Unit : Baht)

	Consolidated financial statements				
	Market share and customer relationship				Total
	Carbide	Cutting tool	Cutting tool		
	PCD cutting	cutting tool	segment in	segment in	
	tool segment	segment	Singapore	Malaysia	
Net book value					
As at December 31, 2014	19,892,764	20,908,674	14,124,760	11,348,078	66,274,276
Exchange differences	-	-	1,338,962	(1,219,600)	119,362
Amortization	(2,641,273)	(1,668,853)	(1,819,751)	(1,266,060)	(7,395,937)
Net book value					
As at December 31, 2015	17,251,491	19,239,821	13,643,971	8,862,418	58,997,701

(Unit : Baht)

	Separate financial statements	
	Market share and customer	
	relationship in PCD cutting	
	tool segment	
Net book value as at December 31, 2014	19,892,764	
Amortization	(2,641,273)	
Net book value as at December 31, 2015	17,251,491	

18. Bank overdraft and short-term loans from financial institutions

(Unit : Baht)

	Interest rate	Consolidated financial statements		Separate financial statements	
		As at December 31,		As at December 31,	
		2015	2014	2015	2014
Promissory notes	MLR-1.5 %	79,533,463	96,867,196	50,000,000	59,000,000
Trust receipts	MLR-1.5 %	-	9,740,019	-	9,740,019
Total		79,533,463	106,607,215	50,000,000	68,740,019

As at December 31, 2015, the Group has short-term trade credit facilities from financial institutions according to the loan agreements in both Thai Baht and foreign currencies comprising Baht 126.58 Million, USD 1.65 Million and PHP 12 Million in the consolidated financial statements and Baht 84.72 Million and USD 1.50 Million in the separate financial statements. The trade financing facilities include bank overdrafts, promissory notes, letters of credit, trust receipts and banks' letters of guarantee. The overdraft facilities charged interest at the rate of MOR per annum. The other facilities charged interest at the rates of MLR-1.5% per annum.

Such short-term trade credit facilities are secured by pledging land and buildings of its subsidiary and machineries of the Company as collaterals (Note to the financial statements no.16.)

19. Long-term loans-net

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2015	2014	2015	2014
Loans from financial institutions	44,125,798	21,090,548	29,442,000	11,444,000
Less : Current portion of long-term loans	(31,574,822)	(11,907,570)	(23,322,000)	(8,642,000)
Long-term loans-net	12,550,976	9,182,978	6,120,000	2,802,000

During 2015, movements of loans from financial institutions are as follows :

(Unit : Baht)

	Consolidated financial statements	Separate financial statements
Balance as at December 31, 2014	21,090,548	11,444,000
<u>Add</u> Received loans during the period	49,110,165	39,360,000
<u>Less</u> Repayment loans during the period	(26,074,915)	(21,362,000)
Balance as at December 31, 2015	44,125,798	29,442,000

The major loans from financial institution in the consolidated financial statements were summarized as follows :

The first agreement : The initial loan principal of Baht 8 Million. As at December 31, 2015 and 2014, the outstanding balance was Baht 1.77 Million and Baht 4.44 Million, respectively. The principal payments are made on monthly installment of Baht 222,500 each, starting on September 2013. The loan charged interests at the rate of MLR – 1.5% per annum.

The second agreement : The initial loan principal of Baht 11 Million. As at December 31, 2015 and 2014, the outstanding balance was Baht 1.03 Million and Baht 4.70 Million, respectively. The principal payments are made on monthly installment of Baht 306,000 each, starting on September 2013. The loan charged interests at the rate of MLR – 1.5% per annum.

19. Long-term loans-net (continue)

The third agreement : The initial loan principal of Baht 8 Million. As at December 31, 2015 and 2014, the outstanding balance was Baht 5.24 Million and Baht 2.30 Million, respectively. The principal payments are made on monthly installment of Baht 230,000 each, starting on January 2015. The loan charged interests at the rate of MLR – 1.5% per annum.

The fourth agreement : The initial loan principal of USD 4.8 Million. As at December 31, 2015 and 2014, the outstanding balance was USD 0.56 Million and USD 0.30 Million, respectively. (Equivalent to Baht 14.68 Million and Baht 12.84 Million, respectively). The payments of principal are made on quarterly installment of USD 55,888 each, starting on September 2015. The loan charged interests at the rate range 3.75% - 4.55% per annum.

The fifth agreement : During the year, the Company entered into a loan agreement with a commercial bank amounting to Baht 5 Million and received the loan in full amount. As at December 31, 2015, the outstanding balance was Baht 3.74 Million. The principal payments are made on monthly installment of Baht 140,000 each, starting on April 2015. The loan charged interests at the rate of MLR – 1.5% per annum.

The sixth agreement : During the year, the Company entered into a loan agreement with a commercial bank amounting to Baht 10 Million and received partial amount of Baht 6.60 Million. As at December 31, 2015, the outstanding balance was Baht 4.14 Million. The principal payments are made on monthly installment of Baht 280,000 each, starting on April 2015. The loan charged interests at the rate of MLR – 1.5% per annum.

The seventh agreement : During the year, the Company entered into a loan agreement with a commercial bank amounting to Baht 38 Million and received partial amount of Baht 22 Million. As at December 31, 2015, the outstanding balance was Baht 13.50 Million. The principal payments are made on monthly installment of Baht 1,060,000 each, starting on May 2015. The loan charged interests at the rate of MLR – 1.5% per annum.

The first, second, third, fifth, sixth and seventh loan agreements represent loan of Halcyon Technology Public Company Limited. Such loans are secured by pledging land and buildings of its subsidiary and machineries of the Company as collaterals (Note to the financial statements no.16.)

The fourth loan agreement represents loan of the subsidiary, Halcyon Technology (Philippines) Inc., which is guaranteed by the parent company (Note to the financial statements no.29.3.)

20. Liabilities under financial lease contracts-net

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2015	2014	2015	2014
Minimum amount to be under financial lease agreement	4,790,925	3,411,465	89,280	208,320
<u>Less</u> Interest payment in the future	(233,756)	(340,479)	(8,561)	(19,976)
Liabilities under financial lease contracts	4,557,169	3,070,986	80,719	188,344
<u>Less</u> Current portion of liabilities under financial lease agreement	(1,489,795)	(966,539)	(80,719)	(107,625)
Liabilities under financial lease contracts-net	3,067,374	2,104,447	-	80,719

The Group has entered into the leasing agreements with many companies with the conditions to repay by monthly basis. The total periods are 36, 48 and 84 which the amount is between Baht 9,029 to Baht 24,493 with the fixed interest rate at 2.40% to 5.85% per annum or the effective interest rate at 3.57% to 11.48% per annum. The right will be transferred after the Company has already fully paid and guaranteed by director.

21. Deferred tax liabilities

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2015	2014	2015	2014
Deferred tax liabilities	4,202,038	4,181,735	-	-
Total	4,202,038	4,181,735	-	-

Movements in total deferred tax assets and liabilities during the years ended December 31, 2015 and 2014 were as follows:

(Unit : Baht)

	Consolidated financial statements			
	Movement increase/(decrease)			As at December 31, 2015
	As at December 31, 2014	Subsidiary as at acquisition date	Other comprehensive Profit or loss income	
Deferred tax asset				
Loss carry forward	-	70,934	(70,934)	-
Total	-	70,934	(70,934)	-
Deferred tax liabilities				
Market share and customer relationship				
Carbide cutting tool segment	4,181,735	-	(333,771)	3,847,964
Depreciation	-	-	354,074	354,074
Total	4,181,735	-	20,303	4,202,038
Net	(4,181,735)	70,934	(91,237)	(4,202,038)

(Unit : Baht)

	Consolidated financial statements		
	Movement increase/(decrease)		As at December 31, 2014
	As at December 31, 2013	Other comprehensive Profit or loss income	
Deferred tax liabilities			
Market share and customer relationship			
Carbide cutting tool segment	4,515,506	(333,771)	4,181,735
Total	4,515,506	(333,771)	4,181,735

22. Employee benefit obligations

Employee benefit obligations are as follow :

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2015	2014	2015	2014
Employee benefit obligations at beginning of year	14,321,941	9,523,154	8,103,426	5,674,597
Included in profit or loss:				
Current service cost	3,338,519	2,856,919	791,051	887,706
Interest cost	348,039	560,389	300,690	360,588
Included in other comprehensive income:				
Remeasurements of post-employment benefit obligations				
Financial assumptions changes	655,739	-	309,645	-
Experience adjustments	(2,847,434)	1,381,479	(2,077,269)	1,180,535
Payments employee benefit during the year	(1,534,700)	-	(182,000)	-
Employee benefit obligations at end of year	14,282,104	14,321,941	7,245,543	8,103,426

Long-term employee benefit expenses included in the consolidated statements of comprehensive income for the year ended December 31, 2015 and 2014, amounted to Baht 3.69 Million and Baht 3.42 Million, respectively and the company statements of comprehensive income for the year ended December 31, 2015 and 2014, amounted to Baht 1.09 Million and Baht 1.25 Million, respectively.

The cumulative amount of actuarial gains and losses recognised in the other comprehensive income (net of income tax effect) for the year ended December 31, 2015, of the consolidate and separate financial statements amounted to Baht 2.19 Million and Baht 1.77 Million, respectively (2557 : Baht 1.38 Million and Baht 1.18 Million, respectively.)

The principal actuarial assumptions used were as follows :

	(Unit : percent)			
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2015	2014	2015	2014
Discount rate	2.59-3.78	4.71 - 4.92	2.71-3.78	4.75 - 4.92
Future salary increases rate	4.75-5.43	2.00- 6.89	4.75-5.43	5.68 - 6.89

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	9,922,835	10,487,664	7,045,871	7,459,565
Future salary increases rate	10,466,274	9,940,427	7,444,167	7,058,506
Turnover rate	9,916,324	10,495,992	7,037,193	7,469,234

22. Employee benefit obligations (continue)

Expected maturity analysis of undiscounted retirement benefits :

	Consolidated financial statements	Separate financial statements
Less than a year	4,610,220	2,381,137
Between 1 - 5 years	4,023,889	3,741,988
Between 5 - 10 years	4,056,029	3,603,816
Between 10 - 15 years	1,047,508	303,019

Amounts of defined benefit obligation for the current and previous four periods are as follows:

(Unit : Baht)

	Defined benefit obligation	
	Consolidated financial statements	Separate financial statements
Year 2015	14,282,104	7,245,543
Year 2014	14,321,941	8,103,426
Year 2013	9,523,154	5,674,597
Year 2012	8,603,318	4,999,602
Year 2011	7,482,598	4,233,086

23. Defined Benefit Plan - Employee Stock Ownership Program (ESOP)

At the extraordinary shareholder's meeting held on June 22, 2012, the shareholders passed the resolution to allocate the Company's stock warrants (ESOP Warrant-1) of 5,000,000 units without any consideration to the management and employees of the Company and its subsidiaries. The warrants are 3-year maturity commencing from date of issuance and can be exercised at the first official day of March and October. The exercise price is Baht 3.32 per share under the exercise ratio of 1 warrant per 1 new share. The warrants have exercise conditions as follow :

Year	Exercise conditions
1	Warrant holders are entitled to exercise no more than 40% of their allocated warrants.
2	Warrant holders are entitled to exercise no more than 70% of their allocated warrants.
3	Warrant holders are entitled to exercise no more than 100% of their allocated warrants.

The warrants were allocated to the employees on July 25, 2012 with the first exercise date on October 1, 2012.

24. Appropriation for dividends paid and legal reserve

At the Board of Directors' meeting held on August 13, 2015, the meeting passed the resolutions to approve the payment of interim dividend from the operational performance for the six-month ended June 30, 2015 to the shareholders who hold Baht 11.74 Million units of common share according to the shareholders who hold 260.80 Million units of common shares according to the share registration books as at August 31, 2015 at the rate of Baht of 0.045 per share. The dividends were paid on September 9, 2015.

At the Shareholders' meeting held on April 8, 2015, the meeting passed the resolutions to approve the payment of annual dividends of 2014 to the shareholders who hold 260.80 Million units of common shares according to the share registration books as at April 23, 2015 at the rate of Baht of 0.065 per share with total amount of Baht 16.95 Million. The dividends were paid on May 8, 2015.

24. Appropriation for dividends paid and legal reserve (continue)

At the Board of Directors' meeting held on August 13, 2014, the meeting passed the resolutions to approve the payment of interim dividend from the operational performance for the six-month ended June 30, 2014 to the shareholders who hold Baht 11.74 Million units of common share according to the shareholders who hold 260.80 Million units of common shares according to the share registration books as at August 29, 2014 at the rate of Baht of 0.045 per share. The dividends were paid on September 9, 2014.

At the Shareholders' meeting held on April 9, 2014, the meeting passed the resolutions to approve the payment of annual dividends of 2013 to the shareholders who hold 260.78 million units of common shares according to the share registration books as at April 23, 2014 at the rate of Baht of 0.04 per share with total amount of Baht 10.45 million. The dividends were paid on May 7, 2014.

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.

25. Income tax expenses

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2015	2014	2015	2014
Current income tax :				
Corporate income tax	8,743,108	7,422,794	521,589	793,160
Deferred tax :				
Relating to origination and reversal of temporary differences	(91,237)	(333,771)	-	-
Income tax expenses reported in the statements of comprehensive income	8,651,871	7,089,023	521,589	793,160

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended December 31 :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2015	2014	2015	2014
Accounting profit (loss) before tax	89,910,241	88,532,326	45,053,348	47,099,115
Applicable tax rate	17-30%	17-30%	20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rate	23,909,342	21,537,939	9,010,670	9,419,823
Effects of :				
Tax exempted revenue and Tax exempted revenue	3,453,253	3,037,745	1,893,552	1,483,996
Increased of expenses are deductible	(355,001)	(2,112,980)	(654)	(25,441)
Promotional privileges expenses	(18,355,723)	(15,373,681)	(10,381,979)	(10,085,218)
Income tax expenses reported in the statements of comprehensive income	8,651,871	7,089,023	521,589	793,160

26. Promotional privileges

Parent company

The Company was granted certain promotional privilege under the Investment Promotion Act. B.E 2520 in accordance with certificate No. 1784(2)/2551 dated on August 5, 2008 on its business segment of cutting tool. The privileges are for instance to reduce import duty rate of raw material and supplies required for production for a period of one year and exempt from corporate income tax for a period of eight years starting from the date of operation.

As promoted companies, the Company must comply with certain conditions and restrictions provided for in the promotional certificates.

Based on the Announcement of the Board of the Investment No. Por 14/2541 dated December 30, 1998, regarding revenues reporting of a promoted industry, the Company is required to report the revenues from domestic sales and export sales separately and to report separately between the promoted and non-promoted sectors.

Subsidiaries

The subsidiary company in Philippines had import and export tax privilege from Philippine Economic Zone Authority (formerly PEZA) under registration No.10-72, dated September 2, 2010. The Subsidiary company also entitle to all benefits and incentives under R.A.7916 as amended, More specifically, 4 year income tax holiday. The original entitlement period is from May 1, 2011 to April 30, 2015. Then, it was extended until April 30, 2016.

The subsidiary company in Thailand was granted certain promotional privilege under the Investment Promotion Act. B.E 2520 in accordance with certificate No. 1475(5)/2554 dated on April 25, 2011 on its business segment of Jig & Fixture and Tooling & Gauging. The privileges are for instance to reduce import duty rate of raw material and supplies required for production for a period of one year and exempt from corporate income tax for a period of eight years starting from the date of operation.

Revenues classified by promotion are as follows :

(Unit : Baht)

	Consolidated financial statements					
	Promoted sector		Non-promoted sector		Total	
	For the year ended December 31,					
	2015	2014	2015	2014	2015	2014
Revenues						
Income from domestic sales	327,022,410	329,533,289	315,874,713	332,775,997	642,897,123	662,309,286
Income from export sales	27,752,431	30,564,842	47,259,718	3,099,492	75,012,149	33,664,334
Total	354,774,841	360,098,131	363,134,431	335,875,489	717,909,272	695,973,620
Other income	4,386,426	1,410,827	2,038,598	3,616,625	6,425,024	5,027,452
Total revenue	359,161,267	361,508,958	365,173,029	339,492,114	724,334,296	701,001,072

26. Promotional privileges (continue)

(Unit : Baht)

	Separate financial statements					
	Promoted sector		Non-promoted sector		Total	
	For the year ended December 31,					
	2015	2014	2015	2014	2015	2014
Revenues						
Income from domestic sales	223,371,090	214,935,757	11,772,717	14,750,797	235,143,807	229,686,554
Income from export sales	58,447,253	65,776,738	7,290,573	7,949,109	65,737,826	73,725,847
Total	281,818,343	280,712,495	19,063,290	22,699,906	300,881,633	303,412,401
Dividend income from subsidiaries	18,370,355	10,408,309	-	-	18,370,355	10,408,309
Other income	8,582,685	2,744,646	932,057	947,317	9,514,742	3,691,963
Total revenue	308,771,383	293,865,450	19,995,347	23,647,223	328,766,730	317,512,673

27. Earnings per share

Basic earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2015	2014	2015	2014
Basic earnings per share				
Net profit attributable to equity holders of				
the parent company (Unit : Baht)	63,216,096	67,786,681	44,531,759	46,305,955
weighted average number of ordinary shares (unit : share)	260,804,340	260,804,340	260,804,340	260,804,340
Basic earnings per share (Baht per share)	0.2424	0.2599	0.1707	0.1776

28. Segment financial information

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

The Group operates in 3 operating segments as follows ;

- A) Produce and sell of specific designed PCD and Carbide cutting tools for the manufacturer of electronic components. [Halcyon Technology Public Company Limited, Halcyon Technology (Philippines) Inc, Atek Precision Tools Inc., Halcyon Technology (Singapore) Pte. Ltd., Halcyon Technology (M) Sdn. Bhd., Halcyon Technology (Vietnam) Inc and PT. HTECH Tools Indonesia]
- B) Import and sell of standard PCD and Carbide cutting tools for the manufacturer of auto parts industries. [FDM Technology Company Limited]
- C) Produce and sell of jig & fixtures and metal fabrication. [Halcyon Metal Company Limited]

Segment information by operating segments for the year ended December 31 is as follows :

(Unit : Baht)

	Consolidate financial statements							
	Specific designed cutting tools		Standard cutting tools		Metal fabrication		Total	
	For the year ended December 31,							
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue from external customers	557,412,093	544,104,041	109,056,871	107,486,126	51,440,308	44,383,453	717,909,272	695,973,620
Inter-segment revenues	14,801,206	11,042,051	3,211,042	2,487,449	39,894,152	39,467,402	57,906,400	52,996,902
Total revenue	572,213,299	555,146,092	112,267,913	109,973,575	91,334,460	83,850,855	775,815,672	748,970,522
Gross profit	194,400,701	186,992,311	29,549,763	32,142,121	25,356,894	22,469,292	249,307,358	241,603,724
Other income	(123,921,173)	(114,691,646)	(20,257,841)	(21,899,934)	(13,246,402)	(13,370,247)	(157,425,416)	(149,961,827)
Selling and administrative expenses	4,089,909	3,651,460	665,692	740,614	1,669,423	635,378	6,425,024	5,027,452
Finance cost	74,569,437	75,952,125	9,957,614	10,982,801	13,779,915	9,734,423	98,306,966	96,669,349
Earnings before income tax expense	(8,108,560)	(7,292,332)	(110,286)	(91,368)	(177,879)	(753,323)	(8,396,725)	(8,137,023)
Income tax expense	(5,347,448)	(4,042,895)	(2,174,052)	(2,265,235)	(1,130,371)	(780,893)	(8,651,871)	(7,089,023)
Earnings for the year	61,113,429	64,616,898	7,673,276	8,626,198	12,471,665	8,200,207	81,258,370	81,443,303

The Group has pricing policies as discussed in Note to the financial statements no.7.

28. Segment financial information (continue)

Segmental assets

(Unit : Baht)

	Consolidate financial statements							
	Specific designed cutting tools		Standard cutting tools		Metal fabrication		Total	
	As at December 31,							
	2015	2014	2015	2014	2015	2014	2015	2014
Property, plant and equipment-net	407,704,705	379,914,620	2,863,732	3,749,569	72,376,821	74,069,992	482,945,258	457,734,181
Other assets	404,691,507	381,079,083	90,722,228	94,806,072	44,940,011	32,604,927	540,353,746	508,490,082
Total assets	812,396,212	760,993,703	93,585,960	98,555,641	117,316,832	106,674,919	1,023,299,004	966,224,263

Information about main client

			Consolidate financial statements			
			For the year ended December 31,			
			2015		2014	
			Amount	Percentage of net	Amount	Percentage of net
		(Million Baht)	revenue (%)	(Million Baht)	revenue (%)	
2015	2014					
The Group has revenue from main client						
Total revenue from sales	1 key customer	1 key customer	168.62	23.49	157.44	22.66

29. Commitments and contingent liabilities

29.1 Bank guarantee issued by banks

As at December 31, 2015 and December 31, 2014, the Group had letters of guarantee issued by banks for the payment of electricity and utility fee amounting to Baht 4.55 Million and Baht 3.28 Million, respectively.

29.2 Letter of credit issued by banks

As at December 31, 2015 and 2014, the Group had letters of credit issued by banks for acquisition of imported machineries amounting of USD 0.07 Million, EUR 0.54 Million and USD 0.07 Million, EUR 0.18 Million, respectively.

29.3 Guarantee to subsidiary

As at December 31, 2015 and 2014, Halcyon Technology Public Company Limited provided guarantees amounting to USD 4.8 Million, against the liabilities of its subsidiary, Halcyon Technology (Philippines) Inc.

29.4 Investment commitments

29.4.1 As at December 31, 2015 and 2014, the Company had the commitment related to the payment for the unpaid share capital of investments in Halcyon Technology (Philippines) Inc. amounting to PHP 56.55 Million (Equivalent to Baht 44.26 Million and Baht 42.48 Million, respectively.)

29.4.2 As at December 31, 2015 and December 31, 2014, the Company had the commitment related to the payment for the unpaid share capital of investments in Halcyon Technology (M) Sdn. Bhd. amounting to MYR 1.79 Million (Equivalent to Baht 15.31 Million and Baht 17.09 Million, respectively.)

30. Financial Instruments

30.1 Financial risk management

The Group' financial instruments, as defined under Thai Accounting Standard no. 48 "Financial Instruments : Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts and notes receivable, short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts and notes receivable. The Group manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group do not have high concentration of credit risk since they have large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts and notes receivables as stated in the statement of financial position.

Interest rate risk

The Group exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, and long-term borrowings. However, since most of the Group' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at December 31, 2015 and 2014, classified by type of interest rates are summarized are as follows :

30.1 Financial risk management (continue)

(Unit : Baht)								
	Consolidated financial statements						Interest rate	
	Floating interest rate		Non-interest bearing		Total			
	As at December 31,		As at December 31,		As at December 31,		As at December 31,	
	2015	2014	2015	2014	2015	2014	2015	2014
							(% per annum)	(% per annum)
Financial assets								
Cash and cash equivalent	129,709,544	87,783,822	937,705	649,157	130,647,249	88,432,979	0.500-0.625	0.500-1.875
Unrelated party trade and other receivables	-	-	187,583,639	188,768,171	187,583,639	188,768,171	-	-
Total	129,709,544	87,783,822	188,521,344	189,417,328	318,230,888	277,201,150		
Financial liabilities								
Short-term loans from financial institutions	79,533,463	106,607,215	-	-	79,533,463	106,607,215	MLR - 1.5% 5.00-5.25	MLR - 1.5% 1.50-7.50
Unrelated party trade and other payable	-	-	60,695,153	63,639,082	60,695,153	63,639,082	-	-
Long-term loans	44,125,798	21,090,548	-	-	44,125,798	21,090,548	Note to the financial statements no.19	Note to the financial statements no.19
Total	123,659,261	127,697,763	60,695,153	63,639,082	184,354,414	191,336,845		

30.1 Financial risk management (continue)

Foreign currency risk

The Company has purchase and sales transactions using foreign currency. Sales and export received US dollar, Singapore dollar and Euro while the purchase and import raw materials and machinery paid by US Dollar, Singapore dollar, Yen, Euro, Pound and Swiss Franc. As a result, the Company has partial natural hedge. Moreover, subsidiary company has long-term and short-term borrowings in US dollar. However, the Group did not use other financial derivative instrument to prevent foreign currency risk.

The balances of financial assets and liabilities denominated in foreign currencies as at December 31, 2015 and 2014 are summarized below :

	Financial assets (unit : Million)		Financial liabilities (unit : Million)		Average exchange rate (Baht per 1 foreign currency unit)	
	2015	2014	2015	2014	2015	2014
US Dollar	0.83	1.16	0.16	0.62	36.0886	32.9630
Singapore Dollar	0.81	0.02	0.16	0.04	25.5195	24.8959
Japanese Yen	-	-	0.17	0.17	0.29960	0.27384
Swiss Franc	-	-	-	0.02	36.3704	33.3016
Euro	-	-	0.56	0.20	39.4388	40.0530
Pound Sterling	0.01	-	-	0.02	53.5035	51.1497

30.2 Fair values of financial instruments

Since the majority of the Group' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

31. Approval of financial statements

These financial statements have been approved by the company's director on February 27, 2016.