

15 August 2017

Subject: Management Discussion and Analysis for the 6-Month Period Ended June 30, 2017

To: Directors and Managers  
The Stock Exchange of Thailand

Halcyon Technology Public Company Limited and its subsidiaries had the operation results for the six-month period ended June, 2017 with the following details:

unit: THB million	2017	2016	Change (THB million)	Change (%)
Revenue from Sales and Service	494.92	368.98	125.93	34.13%
Total Revenue	497.71	371.79	125.91	33.87%
Net Profit for the Period	98.53	54.37	44.16	81.23%
Net Profit for Shareholders of the Company	80.46	46.88	33.58	71.62%

For the separate financial statements, the Company shows operation results for the six-month period ended June, 2017 with the following details:

unit: THB million	2017	2016	Change (THB million)	Change (%)
Revenue from Sales and Service	229.21	160.70	68.51	42.63%
Total Revenue	246.90	172.53	74.37	43.11%
Net Profit for the Period	63.92	39.13	24.79	63.34%

In Q2/2017, the Company and its subsidiaries had a total revenue of THB 497.71 million, increasing THB 125.91 million, or 33.87%, from the same six-month period in 2016. The increase in revenue is mainly due to the recovery in the Hard Disk Drive industry, which supported the revenue of the Company and subsidiary in the Philippines to grow substantially as a result of increasing demands from customers since the end of 2016. Also, in Q4/2016, the Company set up another subsidiary namely Halcyon Tools and Engineering Co., Ltd. as a distributor in the Eastern region. The new subsidiary has part of its customers transferred from existing Company's customer base as well as new customers, which resulted in additional revenue for the group.

For the Company, the installation of new machines throughout the year 2016 increased production capacity for existing products as well as new high-end products, which the Company started to produce commercially towards the end of 2016. The increased capacity enabled the Company to increasingly fulfill customers' orders, resulting in the revenue from sales and service for the Company of THB 229.21 million, increasing THB 68.51 million, or 42.63%, from the same six-month period in 2016. Total revenue for the separate financial statements in Q2/2017 was THB 246.90 million, increasing THB 74.37 million from the same six-month period of the previous year due to increase in dividend received from subsidiaries from THB 8.02 million in the previous year to THB 14.75 million this year, or increasing THB 6.73 million.

The consolidated financial statements show a net profit for the six-month period in Q2/2017 of THB 98.53 million; while the net profit attributable to the shareholders of the Company in Q2/2017 is THB 80.46 million. The net profit margin is 19.80% and 16.17% of the total revenue, respectively (compared to 14.62% and 12.61% from the same period of previous year). The separate financial statements show a net profit for the six-month period in Q2/2017 of THB 63.92 million, or 25.89% of the total revenue (compared to 22.68% of the same period of previous year).

The profit margin increased from the same period of previous year mainly because the significant growth in revenue. Due to large portion of fixed costs, the Company's cost of goods sold also increased in a lesser proportion. Towards the end of the year 2016, the Company also started producing and selling more high-end products, which have higher profit margin than existing

products; and became more experienced with the production of high-end products, resulting in higher gross margin for Company. And the Company also better managed production costs from new machines, as well as the decrease in production cost while there is no significant increase in other expenses. Overall, it resulted in the improvement of net profit margin for the group as mentioned.

Please be informed accordingly.

Sincerely Yours,

A handwritten signature in black ink, appearing to read 'Pete Rimchala', with a stylized flourish at the end.

(Mr. Pete Rimchala)  
Managing Director