



No. DEMCO 019/2017

August 11, 2017

Subject : The company's operating result of the 2nd quaternary for the year 2017.
To : The president,
The Stock Exchange of Thailand.

Demco Public Company Limited would like to inform you herewith the company result of the 2nd quaternary for the year 2017 according to the company's financial statement ended June 30, 2017. The conclusions are as follow;

1. Revenue : The total revenue of the 2nd quaternary for the year 2017 was MTHB 947.21 representing an decrease 44.41% comparing to the total revenue of amount MTHB 1,703.95 at the same period of year 2016.

The revenue form services business was decreased MTHB 790.45 comparing to the revenue form services business of amount MTHB 1,624.21 at the same period of year 2016 and representing an decrease 48.67%. The revenue form services business of the 2nd quaternary for the year 2017 was MTHB. 833.76. This was because from reduction of the revenue construction works of renewable energy power plants projects of private sector

The revenue from sales business was increased of MTHB 37.14 comparing to the revenue form sales business of amount MTHB 63.72 at the same period of year 2016 and representing an increase 58.28%. The revenue form services business of the 2nd quaternary for the year 2017 was MTHB 100.86. The revenue was increased from trading business of telecommunication towers.

2. Gross profit : The total gross profit of the 2nd quaternary for the year 2017 was MTHB 94.02 representing a decrease of 7.93 percent from the total gross profit of the 2nd quaternary for the year 2016 amount MTHB 102.12. The gross profit rate was increased from 5.99 percent to 9.93 percent. The profit detail was as follow;

The gross profit from services business was decreased from MTHB 96.83 of the 2nd quaternary for the year 2016 to MTHB 75.99 of the 2nd quaternary for the year 2017 or 21.52 percent decreasing. Considering in the gross profit rate, it was increased from 5.96 percent to 9.11 percent. The revenue recognition from the projects of the quarter 2/2017 was from substations construction projects that caused high gross profit rate.

The gross profit from sales business was increased from MTHB 5.29 of the 2nd quaternary for the year 2016 to MTHB 18.03 of the 2nd quaternary for the year 2017 or 240.83 percent increasing. Considering in the gross profit rate, it was increased from 8.30 percent to 17.88 percent. The increased gross profit rate from trading business of telecommunication towers, which resulted in economies of scale lead to lower costs.

3. Sales and administration costs: Sales and administration costs of the 2nd quaternary for the year 2017 was MTHB 84.66 decreasing MTHB 35.68 or 29.65 percent comparing to the one of the amount MTHB 120.35 for the 2nd quaternary of the year 2016. The main cause is from the reduction of the compensation for loss of production and estimated construction cost of WTG's foundations of Huay Bong 2&3 wind farms.

Sales and administration costs (Normal entry) was MTHB 74.89 which decreasing 10.04 percent comparing to the one of for the 2nd quaternary for the year 2016 of amount MTHB 83.25.



Sales and administration costs (Special entry) was MTHB 9.77 which decreasing 73.66 percent comparing to the one of for the 2nd quaternary for the year 2016 of amount MTHB 37.09.

Details of the costs involving to the WTG foundation improvement for Huay Bong 2&3 Wind Farm at June 30, 2017 are as shown in the table.

Description	Estimated total improvement cost (until year 2016)	Estimate and cost for accounting recorded in 2017	Estimated total improvement cost (until Q2 2017)	Aggregate actual cost Ended at Jun 30, 2017	Estimated Improvement cost (For remaining works) At Jun 30, 2017
Improvement cost	608.43	-	608.43	479.47	128.96
Re-design cost, advisor cost, insurance, etc.	93.72	-	93.72	73.55	20.17
Sub-total cost	702.15	-	702.15	543.47	149.13
Compensation for Loss of production cost	696.57	39.87	736.44	736.44	-
Total cost	1,398.72	39.87	1,438.59	1,289.46	149.13
Deduct owners' compensation	-30.00	-	-30.00	-	-30.00
Net cost	1,368.72	39.87	1,408.59	1,289.46	119.13

4. Net profit: the net profit of 2nd quaternary for the year 2017 is MTHB 22.06 representing an increase of 500.77 percent from the net profit of the 2nd quaternary for the year 2016 amount MTHB 3.67 mainly due to the reduction of WTG foundations improvement cost specified as special entry. In the 2nd quaternary for the year 2017, the company recorded share profit from associate company amount MTHB 12.70. The net profit rate was increased from 0.22 percent to 2.33 percent.

Please be informed accordingly,

Yours sincerely,

.....
Paitoon Gumchai

Director and The Company's Secretary

Authorized sign on behalf of the Company