

**-Translation-**

No. ED-MD17-026

10<sup>th</sup> August 2017

Subject : Clarification of changes in excess of 20% in the operating results for Q2/2017

To : Director and General Manager  
The Stock Exchange of Thailand

Eureka Design Public Company Limited and its subsidiaries (“the Group”) would like to clarify the changes in excess of 20% in the Group’s operating results for the 2<sup>nd</sup> quarter ended 30<sup>th</sup> June 2017, compared to those for the same period ended 30<sup>th</sup> June 2016

The consolidated financial statements reported a net loss of Baht 23.48 million and Baht 1.42 million for the quarter ended 30<sup>th</sup> June 2017 and 2016 respectively. An increase of Baht 22.06 million in the loss is mainly due to the following

1. A reduction in the Group’s revenue 49.48% or Baht 40.71 million to Baht 41.56 million for the quarter ended 30<sup>th</sup> June 2017 compared to Baht 82.27 million for 2016. The reduction was mainly due to the restructuring of the organization as informed in the previous quarter.  
Eureka Design PLC is now operating in sales and design work for all products and its subsidiary concentrates on manufacturing and procurement. That will result the revenue of the Group to be recognized when the machine is delivered to a customer rather than the percentage of completion as it is used to be
2. The cost of sales and services to sales ratio for the Group were 86.92% in the 2<sup>nd</sup> quarter of 2017 compared to 69.33% in the same period of 2016. An increase in the cost of sales ratio is due to the high cost of Plastic Bag Blowing Machine and a modification of some on-going projects as required by customers.
3. The Group’s selling and administrative expenses for the 2<sup>nd</sup> quarter of 2017 and 2016 were Baht 28.07 million and Baht 25.72 million respectively. The net increase of Baht 2.35 million was mainly a result of the disposal of agricultural products that did not meet quality standard.

Please be informed accordingly,

Yours faithfully,

(Mr. Narakorn Ratchapolsitte)  
Chief Executive Officer/Managing Director