

(“TRANSLATION”)

TG 142/2560

August 8, 2017

Subject: Clarification of the Operating Result for the significant change  
 Attention: The President  
 The Stock Exchange of Thailand

We, Takuni Group Public Company Limited (The Company) and its subsidiaries (The Group) would like to clarify the change in operating result for the 3 months ended 30 June 2017 more than 20% from the last year as follows:

**Statement of Comprehensive Income**

*Unit: Million Baht*

	30 June 2017	30 June 2016	Increased (Decreased)	Percentage	Remark
<b>Sales and Services Income</b>	<b>407.35</b>	<b>471.24</b>	<b>(63.89)</b>	<b>(13.56%)</b>	
- LPG Trading	193.80	241.16	(47.36)	(19.64%)	1
- Transportation	2.65	3.04	(0.39)	(12.83%)	2
- Conversion Kit Installation	1.59	2.17	(0.58)	(26.73%)	
- Construction	192.48	210.45	(17.97)	(8.54%)	3
- Testing and Inspection	16.83	14.42	2.41	16.71%	4
Cost of sales and services	(362.98)	(423.61)	(60.63)	(14.31%)	
<b>Gross Profit</b>	<b>44.38</b>	<b>47.63</b>	<b>(3.25)</b>	<b>(6.82%)</b>	
Other income	3.28	30.72	(27.44)	(89.32%)	5
<b>Profit before expenses</b>	<b>47.66</b>	<b>78.36</b>	<b>(30.70)</b>	<b>(39.18%)</b>	
Selling expenses	(4.60)	(5.74)	(1.14)	(19.86%)	
Administrative expenses	(31.69)	(28.09)	3.60	12.81%	6
Finance costs	(3.74)	(1.68)	2.06	122.62%	
Share of profit (loss) of associates	-	(13.88)	(13.88)	(100.00%)	7
<b>Profit before income tax</b>	<b>7.63</b>	<b>28.97</b>	<b>(21.34)</b>	<b>(73.66%)</b>	
Income tax	(2.24)	(6.45)	(4.21)	(65.27%)	
<b>Profit for the period</b>	<b>5.39</b>	<b>22.52</b>	<b>(17.13)</b>	<b>(76.06%)</b>	
<b>Profit attributable to:</b>					
Owners of the parent	<b>2.58</b>	<b>18.71</b>	<b>(16.13)</b>	<b>(86.21%)</b>	
Non-controlling interests	<b>2.81</b>	<b>3.81</b>	<b>(1.00)</b>	<b>(26.25%)</b>	

1. LPG sales income decreased by 19.64% because of the decreased in LPG usage in transportation sector together with the LPG price war, result in volume sold decreased 20.16% from same period of previous year.
2. Transportation service income decreased because there was no LPG transportation service fee to regional LPG depot from PTT Plc. since February 2017.
3. Construction service income for the period slightly decreased because the property construction service has almost completed since Q1'17. However, construction service in oil and gas sector has no significant change from the same period of prior year. Gross Margin for construction service still be the same as previous year.

As at 30 June 2017, the Group has backlog for construction service in oil and gas sector totaling of 376.53 Million Baht. *(Already signed contract totaling of 798.70 Million Baht, refer to Notification of project awarded to the SET on July 20, 2017 and August 3, 2017).*

4. Testing and Inspection service increased from the same period of previous year of 2.41 Million Baht, accounting for 16.71% as the project of interval inspection for NGV lorry truck and increased number of Radiographic Examination service. However, gross profit margin for Q2 2017 was 9.16% decreased from the same period of 2016, because service cost for engineer and depreciation has been increased.
5. Other income significantly decreased because of the disposal of investment in associate (Well Korat Energy Co., Ltd.) on 30 June 2016, which recognized gain on sales amounting to 25.42 Million Baht for Q2'16.
6. Administrative expense for the Group increased as the increased in number of staff and management to support Testing and Inspection service business, especially in eastern region, together with the increased in training and development expense. The staff cost has been increased 78.97% compared to the same period of prior year.
7. The Group has disposed investment in associate (Well Korat Energy Co., Ltd.) on 30 June 2016 and has step acquisition of investment in associate (CAZ) on 7 April 2016. Thus, there was no Share of profit (loss) of associates as the prior year.

## Statement of Financial Position

Unit: Million Baht

	30 June 2017	31 December 2016	Increased (Decreased)	Percentage
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	218.61	286.51	(67.90)	(23.70%)
Temporary investments	40.50	69.97	(29.47)	(42.12%)
Trade and other receivables	265.13	319.33	(54.20)	(16.97%)
Inventories	48.44	31.62	16.82	53.19%
Other current assets	2.45	3.29	(0.84)	(25.53%)
<b>Total current assets</b>	<b>575.13</b>	<b>710.72</b>	<b>(135.59)</b>	<b>(19.08%)</b>
<b>Non-current assets</b>				
Pledged and restricted bank deposits	88.15	67.36	20.79	30.86%
Investment properties	97.79	4.52	93.27	2063.50%
Property, plant and equipment	522.38	519.55	2.83	0.54%
Goodwill	19.38	19.38	0.00	0.00%
Intangible assets	4.44	7.16	(2.72)	(37.99%)
Deferred income tax assets	3.88	4.14	(0.26)	(6.28%)
Other non-current assets	18.61	26.12	(7.51)	(28.75%)
<b>Total non-current assets</b>	<b>754.64</b>	<b>648.24</b>	<b>106.40</b>	<b>16.41%</b>
<b>Total assets</b>	<b>1,329.76</b>	<b>1,358.96</b>	<b>(29.20)</b>	<b>(2.15%)</b>
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Trade and other payables	181.25	162.74	18.51	11.37%
Current portion of long-term bank borrowings	42.02	45.02	(3.00)	(6.66%)
Current portion of finance lease liabilities	2.01	1.83	0.18	9.84%
Current income tax payable	0.71	-	0.71	100.00%

	30 June 2017	31 December 2016	Increased (Decreased)	Percentage
Other current liabilities	10.52	16.76	(6.24)	(37.23%)
<b>Total current liabilities</b>	<b>236.52</b>	<b>226.36</b>	<b>10.16</b>	<b>4.49%</b>
<b>Non-current liabilities</b>				
Long-term bank borrowings	224.70	245.46	(20.76)	(8.46%)
Finance lease liabilities	3.24	3.79	(0.55)	(14.51%)
Employee benefit obligations	3.15	2.72	0.43	15.81%
Deferred income tax liabilities	0.67	-	0.67	100.00%
Other non-current liabilities	21.91	23.00	(1.09)	(4.74%)
<b>Total non-current liabilities</b>	<b>253.67</b>	<b>274.97</b>	<b>(21.30)</b>	<b>(7.75%)</b>
<b>Total liabilities</b>	<b>490.19</b>	<b>501.33</b>	<b>(11.14)</b>	<b>(2.22%)</b>
<b>Shareholders' equity</b>				
Issued and paid-up	400.00	400.00	-	0.00%
Premium on paid-up capital	305.53	305.53	-	0.00%
Share surplus from business combination under common control	20.64	20.64	-	0.02%
Retained earnings	56.65	78.02	(21.37)	(27.39%)
Total parent's equity	782.82	804.19	(21.37)	(2.66%)
Non-controlling interests	56.75	53.44	3.31	6.19%
<b>Total shareholders' equity</b>	<b>839.57</b>	<b>857.63</b>	<b>(18.06)</b>	<b>(2.11%)</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,329.76</b>	<b>1,358.96</b>	<b>(29.20)</b>	<b>(2.15%)</b>

The Group's total asset as at 30 June 2017 was 1,329.76 Million Baht, slightly decreased from 31 December 2016 which was 1,358.96 Million Baht or 2.15% because of 1) the repayment of long term loan from financial institutions, and 2) dividend payment on 25 May 2017 amounting to 25 Million Baht (0.03125 Baht/ share). Moreover, during the first quarter of 2017, the Group has purchased some land to support the business expansion on property development business (record as investment property).

However, the Committee on Energy Policy Administration (CEPA) floats the LPG price on 1 August 2017 in which it would affect the cost of LPG. The Group has reduced the risk by kept the minimum LPG stock and closely monitored LPG market price to soothe the cost volatility.

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)  
Vice President