

(“TRANSLATION”)

TG 195/2560

November 8, 2017

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

Takuni Group Public Company Limited (The Company) and its subsidiaries (The Group) has sales and service income for 9 months ended 30 September 2017 amounting of 1,254.29 Million Baht, and net profit of the parent company amounting of 8.68 Million Baht. We would like to clarify the change in operating result for the 3 months ended 30 September 2017 more than 20% from the last year as follows:

Statement of Comprehensive Income

Unit: Million Baht

	30 September 2017	30 September 2016	Increased (Decreased)	Percentage	Remark
Sales and Services Income	485.78	436.95	48.83	11.18%	
- LPG Trading	178.97	199.10	(20.13)	(10.11%)	1
- Transportation	3.29	3.15	0.14	4.44%	
- Conversion Kit Installation	1.74	1.85	(0.11)	(5.95%)	
- Construction	287.89	219.73	68.16	31.02%	2
- Testing and Inspection	13.89	13.12	0.77	5.87%	3
Cost of sales and services	(442.04)	(406.41)	35.63	8.77%	
Gross Profit	43.74	30.54	13.20	43.22%	
Other income	3.89	3.28	0.61	18.60%	4
Profit before expenses	47.63	33.82	13.81	40.83%	
Selling expenses	(5.18)	(4.81)	0.37	7.69%	
Administrative expenses	(32.96)	(27.30)	5.66	20.73%	5
Finance costs	(3.84)	(2.64)	1.20	45.45%	6
Profit before income tax	5.64	(0.93)	6.57	706.45%	
Income tax	(1.08)	(0.27)	1.29	477.78%	
Profit for the period	4.56	(1.20)	5.28	440.00%	
Profit attributable to:					
Owners of the parent	5.05	(0.40)	4.98	1245.00%	
Non-controlling interests	(0.49)	(0.80)	0.31	38.75%	

1. LPG sales income decreased because of the decreased in LPG usage in transportation sector, result in volume sold decreased 11.34% from same period of previous year.
2. Construction service income for the period sharply increased due to the increased in revenue from construction service in oil and gas sector 95.75% compared to previous year. However, during 2017, the Group has completed property construction service, the property construction service income of Q3 2017 compare to the same period of 2016 was decreased.

As at 30 September 2017, the Group has backlog for construction service in oil and gas sector totaling of 1,157.39 Million Baht.

3. Testing and Inspection service increased from the same period of previous year of 0.77 Million Baht, accounting for 5.78% as the project of CNG lorry truck inspection and increased number of inspection service in eastern region as the service expansion since the last quarter of 2016. However, gross profit margin for Q3 2017 was slightly decreased from the same period of 2016, because service cost for engineer and depreciation has been increased.
4. Other income slightly increased because of the gain on short term investment, training service and LPG legal reserve service.
5. 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. The staff cost has been increased 92.75% compared to the same period of prior year. Moreover, bank fee for letter of guarantee for oil and gas construction was increased, which in line with project value.
6. The Group has received long term loan form the financial institution since September 2017, therefore financial cost for the 3 months of 2017 was more than previous year.

Statement of Financial Position

Unit: Million Baht

	30 September 2017	31 December 2016	Increased (Decreased)	Percentage
Assets				
Current assets				
Cash and cash equivalents	228.83	286.51	(57.68)	(20.13%)
Temporary investments	60.33	69.97	(9.64)	(13.78%)
Trade and other receivables	436.53	319.33	117.20	36.70%
Inventories	36.04	31.62	4.42	13.98%
Other current assets	3.88	3.29	0.59	17.93%
Total current assets	765.61	710.72	54.89	7.72%
	30 September 2017	31 December 2016	Increased (Decreased)	Percentage

Non-current assets				
Pledged and restricted bank deposits	58.10	67.36	(9.26)	(13.75%)
Investment properties	99.26	4.52	94.74	2096.02%
Property, plant and equipment	520.8	519.55	1.25	0.24%
Goodwill	19.38	19.38	0	0.00%
Intangible assets	7.14	7.16	(0.02)	(0.28%)
Deferred income tax assets	3.99	4.14	(0.15)	(3.62%)
Other non-current assets	23.2	26.12	(2.92)	(11.18%)
Total non-current assets	731.87	648.24	83.63	12.90%
Total assets	1,497.48	1,358.96	138.52	10.19%
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables	344.68	162.74	181.94	111.80%
Current portion of long-term bank borrowings	41.52	45.02	(3.50)	(7.77%)
Current portion of finance lease liabilities	2.17	1.83	0.34	18.58%
Current income tax payable	0.60	-	0.60	100.00%
Other current liabilities	30.47	16.76	13.71	81.80%
Total current liabilities	419.44	226.36	193.08	85.30%
Non-current liabilities				
Long-term bank borrowings	213.60	245.46	(31.86)	(12.98%)
Finance lease liabilities	3.32	3.79	(0.47)	(12.40%)
Employee benefit obligations	3.36	2.72	0.64	23.53%
Deferred income tax liabilities	0.67	-	0.67	100.00%
Other non-current liabilities	13.43	23.00	(9.57)	(41.61%)
Total non-current liabilities	234.38	274.97	(40.59)	(14.76%)
Total liabilities	653.82	501.33	152.49	30.42%
	30 September 2017	31 December 2016	Increased (Decreased)	Percentage

<i>Shareholders' equity</i>				
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	61.23	78.02	(16.79)	(21.52%)
Total parent's equity	787.40	804.19	(16.79)	(2.09%)
Non-controlling interests	56.26	53.44	2.82	5.28%
Total shareholders' equity	843.66	857.63	(13.97)	(1.63%)
Total liabilities and shareholders' equity	1,497.48	1,358.96	138.52	10.19%

The Group's total asset as at 30 September 2017 was 1,497.48 Million Baht, increased from 31 December 2016 which was 1,358.96 Million Baht or 10.19% because of the increased in Account Receivable from oil and gas construction service 97.06 Million Baht as increased in the project backlog. Moreover, during 2017, the Group has purchased land to support the business expansion on property development business (record as investment property). The Group took ownership of 12 condominiums valued at 18.67 Million Baht from a developer (on 10 October 2017). The Group negotiated with the contractor to waive the penalty for the delay in construction. The Group was required to purchase the 12 condominiums as compensation for the damages caused by the project delay. The payment was made on 28 September 2017.

The Group's total liabilities as at 30 September 2017 was 653.82 Million Baht slightly increased from 31 December 2016 which was 501.33 Million Baht because of unearned income of Cold Water Generation Plant project in oil and gas construction service

The Group's total shareholders' equity as at 30 September 2017 was 843.66 Million Baht decreased from 31 December 2016 which was 857.63 Million Baht because dividend payment on 25 May 2017 amounting of 25.00 Million Baht.

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)
Vice President