

(“TRANSLATION”)

TG 111/2561

May 14, 2018

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”) would like to clarify the change in operating result for the period ended 31 March 2018, which net profit has changed more than 20% from the last year as follows:

**Statement of Comprehensive Income**

*Unit: Million Baht*

	31 March 2018	31 March 2017	Increased (Decreased)	Percentage	Remark
<b>Sales and Services Income</b>	<b>582.93</b>	<b>361.15</b>	<b>221.78</b>	<b>61.41%</b>	
- LPG Trading	186.44	190.36	(3.92)	(2.06%)	1
- Transportation	4.00	2.44	1.56	63.93%	2
- Conversion Kit Installation	0.68	1.56	(0.88)	(56.41%)	3
- Construction	377.21	156.37	220.84	141.23%	4
- Testing and Inspection	14.60	10.42	4.18	40.12%	5
Cost of sales and services	<b>(524.43)</b>	<b>(327.53)</b>	<b>(196.90)</b>	<b>60.12%</b>	
<b>Gross Profit</b>	<b>58.50</b>	<b>33.62</b>	<b>24.88</b>	<b>74.00%</b>	
Other income	2.77	6.69	(3.92)	(58.59%)	6
<b>Profit before expenses</b>	<b>61.27</b>	<b>40.31</b>	<b>21.59</b>	<b>53.56%</b>	
Selling expenses	(4.98)	(4.07)	(0.91)	22.36%	
Administrative expenses	(38.77)	(28.41)	(10.36)	36.47%	7
Finance costs	(3.07)	(3.82)	0.75	(19.63%)	
<b>Profit before income tax</b>	<b>14.45</b>	<b>4.01</b>	<b>10.44</b>	<b>260.35%</b>	
Income tax	(4.33)	(2.46)	(1.87)	76.02%	
<b>Profit for the period</b>	<b>10.12</b>	<b>1.55</b>	<b>8.57</b>	<b>552.90%</b>	
<b>Profit attributable to:</b>					
Owners of the parent	2.98	1.05	1.93	183.81%	
Non-controlling interests	7.14	0.50	7.09	1418.00%	

1. LPG sales income decreased amounting of 3.92 Million Baht, accounting for 2.06% from the same period of previous year because of the fluctuation of LPG price. The average cost and selling price decreased 4%, while volume sold in Q1 2018 increased 2.06%. However, the Company has expanded market to industrial sector in order to maintain overall LPG volume, resulted in increased LPG sold to industrial sector 55.92% from the same period of previous year. While decreased in LPG sold to transportation sector decreased 11.84% form previous year.
2. Transportation service income slightly decreased 1.56 Million Baht, or 63.93% from the same period of last year as the Group has provided ammonia transportation service during 2017 by invest in ammonia truck, which made depreciation expense slightly increased. The ammonia transportation service for Q1 2018 was 24% of total transportation service income, while in Q1 2017 it was 9% of total transportation service income.
3. Conversion kit installation income decreased 56.41% compared to the same period of last year because of the decreased in LPG usage in transportation sector. Then, there is no demand for new installation.
4. Construction service income for the year sharply increased due to the increased in revenue from construction service in oil and gas sector amounting to 243.47 Million Baht, accounting for 185.95% compared to the same period of previous year. However, the Group has completed property construction service since Q2 2017, the property construction service income for the year compare to last year was decreased.

As at 31 March 2018, the Group has backlog for construction service in oil and gas sector totaling of 1,103.54 Million Baht. On 25 April 2018 and 7 May 2018, the Company also notify the project award of 573.69 Million Baht. (*Refer to the Notification of project awarded letter no. TG 086/2561 on 25 April 2018 and letter no. TG 101/2561 on 7 May 2018*)

5. Testing and Inspection service increased from the previous year of 4.18 Million Baht, accounting for 40.12% because the increased in testing and inspection service in eastern region amounting of 3.87 Million Baht as the Group has expanded the market since the last quarter of 2016. However, service cost for engineer and depreciation has been increased.
6. Other income slightly decreased amounting of 3.92 Million Baht or 58.59% from previous year because the Company has interest income from Bill of Exchange amounting to 0.59 Million Baht, and the Group has gain on disposal of fixed asset amounting to 3.23 Million Baht in Q1 2017. While in Q1 2018 the Group has interest income 0.71 Million Baht and gain on short term investment 0.20 Million Baht.
7. Administrative expense for the Group increased amounting to 10.36 Million Baht, accounting for 36.47% from the same period of last year because the Company recorded allowance for doubtful account amounting of 2.33 Million Baht for LPG trading business due to the liquidity issue of Gas station customers. Moreover, the Group has increased in number of staff and management to support Testing and Inspection service business, especially in eastern region. The staff cost has been increased 4.74 Million Baht approximately 54.99% compared to the same period of prior year.

## Statement of Financial Position

Unit: Million Baht

	31 March 2018	31 December 2017	Increased (Decreased)	Percentage
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	303.01	347.12	(44.11)	(12.71%)
Temporary investments	40.85	40.65	0.20	0.49%
Trade and other receivables	297.63	349.82	(52.19)	(14.92%)
Inventories	142.57	31.94	110.63	346.37%
Other current assets	22.85	22.08	0.77	3.49%
<b>Total current assets</b>	<b>806.91</b>	<b>791.60</b>	<b>15.31</b>	<b>1.93%</b>
<b>Non-current assets</b>				
Pledged and restricted bank deposits	4.66	9.69	(5.03)	(51.91%)
Investment properties	22.98	116.67	(93.69)	(80.30%)
Property, plant and equipment	536.65	524.06	12.59	2.40%
Goodwill	19.38	19.38	-	0.00%
Intangible assets	12.43	9.44	2.99	31.67%
Deferred income tax assets	4.61	4.15	0.46	11.08%
Other non-current assets	77.41	61.12	16.29	26.65%
<b>Total non-current assets</b>	<b>678.13</b>	<b>744.52</b>	<b>(66.39)</b>	<b>(8.92%)</b>
<b>Total assets</b>	<b>1,485.04</b>	<b>1,536.12</b>	<b>(51.08)</b>	<b>(3.33%)</b>
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Overdraft	0.49	-	0.49	100.00%
Trade and other payables	343.00	385.98	(42.98)	(11.14%)
Current portion of long-term bank borrowings	40.08	40.08	-	0.00%
Current portion of finance lease liabilities	2.33	2.20	0.13	5.91%
Current income tax payable	0.29	0.21	0.08	38.10%

	31 March 2018	31 December 2017	Increased (Decreased)	Percentage
Other current liabilities	14.33	22.86	(8.53)	(37.31%)
<b>Total current liabilities</b>	<b>400.52</b>	<b>451.33</b>	<b>(50.81)</b>	<b>(12.69%)</b>
<b>Non-current liabilities</b>				
Long-term bank borrowings	177.40	188.14	(10.74)	(5.71%)
Finance lease liabilities	2.52	2.76	(0.24)	(8.70%)
Employee benefit obligations	6.60	3.92	2.68	68.37%
Deferred income tax liabilities	-	0.35	(0.35)	(100.00%)
Other non-current liabilities	12.71	12.61	0.10	0.79%
<b>Total non-current liabilities</b>	<b>199.23</b>	<b>207.78</b>	<b>(8.55)</b>	<b>(4.11%)</b>
<b>Total liabilities</b>	<b>599.75</b>	<b>659.12</b>	<b>(59.37)</b>	<b>(9.01%)</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	-	0.00%
Retained earnings	79.52	78.26	1.26	1.61%
<b>Total parent's equity</b>	<b>805.69</b>	<b>804.43</b>	<b>1.26</b>	<b>0.15%</b>
Non-controlling interests	79.60	72.57	7.03	9.69%
<b>Total shareholders' equity</b>	<b>885.29</b>	<b>877.00</b>	<b>8.29</b>	<b>0.95%</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,485.04</b>	<b>1,536.12</b>	<b>(51.08)</b>	<b>(3.33%)</b>

The Group's total asset as at 31 March 2018 was 1,485.04 Million Baht, decreased from 31 December 2017 which was 1,536.12 Million Baht or 3.33% because of the repayment of long-term bank borrowings and the decreased in LPG trading receivable account as decreased in sales and increased in allowance for doubtful account. However, the Group has purchased equipment amounting of 25.64 Million Baht and withholding tax deducted at source amounting to 8.38 Million Baht as the service income has increased.

The Group's total liabilities as at 31 March 2018 was 599.75 Million Baht slightly decreased from 31 December 2017 which was 659.12 Million Baht because of the

decreased in Unearned income of oil and gas construction service amounting of 60.15 Million Baht and decreased in long-term bank borrowings.

The Group's shareholders' equity as at 31 March 2018 was 885.29 Million Baht slightly increased from 31 December 2017 which was 877.00 Million Baht because net profit for the period.

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)  
Vice President