

(“TRANSLATION”)

TG 209/2561

November 12, 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 30 September 2018, which net profit has changed more than 20% from the last year as follows:

Statement of Comprehensive Income

Unit: Million Baht

	30 September 2018	30 September 2017	Increased (Decreased)	Percentage	Remark
Sales and Services Income	563.95	485.78	78.17	16.09%	
- LPG Trading	189.70	178.97	10.73	6.00%	1
- Transportation	4.72	3.29	1.43	43.47%	2
- Conversion Kit Installation	1.34	1.74	(0.40)	(22.99%)	3
- Construction	346.79	287.89	58.90	20.46%	4
- Testing and Inspection	21.40	13.89	7.51	54.07%	5
Cost of sales and services	(502.26)	(442.05)	60.21	13.62%	
Gross Profit	61.69	43.73	17.96	41.07%	
Other income	2.96	3.89	(0.93)	(23.91%)	
Profit before expenses	64.66	47.62	17.04	35.78%	
Selling expenses	(6.83)	(5.18)	1.65	31.85%	6
Administrative expenses	(36.98)	(32.96)	4.02	12.20%	7
Finance costs	(3.24)	(3.84)	(0.60)	(15.63%)	
Profit before income tax	17.62	5.64	11.98	212.41%	
Income tax	(3.66)	(1.08)	2.58	238.89%	
Profit for the period	13.96	4.56	9.40	206.14%	
Profit attributable to:					
Owners of the parent	7.90	5.05	2.85	56.44%	
Non-controlling interests	6.06	(0.49)	6.55	1336.73%	

1. LPG trading income increased amounting of 10.73 Million Baht, accounting for 6.00% from the same period of previous year as the average selling price in Q3 2018 increased 6.03%, while volume sold has no significant changed from last year. However, the Company has expanded market to industrial sector and household sector in order to maintain overall LPG volume, resulted in increased LPG sold to industrial sector 55.26% and to household sector 102.64% from the same period of previous year. While LPG sold to transportation sector decreased 11.94% form previous year which in line with other LPG Trader under section 7 of Fuel Trade Act, B.E.2543.
2. Transportation service income slightly increased 1.43 Million Baht, or 43.47% from the same period of last year as the Group has provided ammonia transportation service since 2017 by invest in ammonia truck, which made depreciation expense slightly increased. The ammonia transportation service for Q3 2018 was 71.21% of total transportation service income, while in Q3 2017 it was 51.46% of total transportation service income.
3. Conversion kit installation income decreased 22.99% 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 increased due to the increased in revenue from construction service in oil and gas sector amounting to 67.74 Million Baht, accounting for 24.52% compared to the same period of previous year.

As at 30 September 2018, the Group has backlog for construction service in oil and gas sector totaling of 2,425.30 Million Baht. On 12 October 2018 and 30 October 2018, the Company also notify the project award of 573.69 Million Baht. (*Refer to the Notification of project awarded letter no. TG 192/2561 on 12 October 2018 and letter no. TG 202/2561 on 30 October 2018*)

5. Testing and Inspection service increased from the previous year of 7.51 Million Baht, accounting for 54.07% because the increased in revenue from testing and inspection service in eastern region as the Group has expanded the market since the last quarter of 2016. However, service cost for engineer and depreciation has been increased. Revenue from testing and inspection service in eastern region for Q3 2018 was 40.44% of revenue from testing and inspection service, while it was only 10.04% of revenue from testing and inspection service in last year.
6. Selling expense for the Group increased amounting to 1.65 Million Baht, accounting for 31.85 % from the previous year. Because the distant for transportation to customer increased 154,505 kilometers, or 58.94% compared to the same period of previous year, transportation expense increased 1.45 Million Baht, or 30.87% from the previous year.
7. Administrative expense for the Group increased amounting to 3.74 Million Baht, accounting for 11.35% from the same period of last year because the Company recorded allowance for doubtful account amounting of 1.19 Million Baht due to the liquidity issue of 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 2.18 Million Baht approximately 11.78% compared to the same period of prior year.

Statement of Financial Position

Unit: Million Baht

	30 September 2018	31 December 2017	Increased (Decreased)	Percentage
Assets				
Current assets				
Cash and cash equivalents	200.53	347.12	(146.59)	(42.23%)
Temporary investments	40.66	40.65	0.01	0.02%
Trade and other receivables	484.03	349.82	134.21	38.37%
Inventories	223.91	31.94	191.97	601.03%
Other current assets	8.24	22.08	(13.84)	(62.68%)
Total current assets	957.37	791.60	165.77	20.94%
Non-current assets				
Pledged and restricted bank deposits	27.55	9.69	17.86	184.31%
Investment properties	22.51	116.67	(94.16)	(80.71%)
Property, plant and equipment	554.67	524.06	30.61	5.84%
Goodwill	19.38	19.38	-	0.00%
Intangible assets	12.34	9.44	2.90	30.72%
Deferred income tax assets	4.53	4.15	0.38	9.16%
Other non-current assets	94.43	61.12	33.31	54.50%
Total non-current assets	735.42	744.52	(9.10)	(1.22%)
Total assets	1,692.76	1,536.12	156.67	10.20%
Liabilities and shareholders' equity				
Current liabilities				
Bank overdrafts and short-term bank borrowings	73.64	-	73.64	100.00%
Trade and other payables	521.10	385.98	135.12	35.01%
Current portion of long-term bank borrowings	38.64	40.08	(1.44)	(3.59%)

	30 September 2018	31 December 2017	Increased (Decreased)	Percentage
Current portion of finance lease liabilities	2.68	2.20	0.48	21.82%
Current income tax payable	0.97	0.21	0.76	361.90%
Other current liabilities	19.87	22.86	(2.99)	(13.08%)
Total current liabilities	656.90	451.33	205.57	45.55%
Non-current liabilities				
Long-term bank borrowings	152.64	188.14	(35.50)	(18.87%)
Finance lease liabilities	4.00	2.76	1.24	44.93%
Employee benefit obligations	7.81	3.92	3.89	99.23%
Deferred income tax liabilities	-	0.35	(0.35)	(100.00%)
Other non-current liabilities	7.81	12.61	(4.80)	(38.07%)
Total non-current liabilities	172.26	207.78	(35.52)	(17.10%)
Total liabilities	829.16	659.12	170.04	25.80%
Shareholders' equity				
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	63.99	78.26	(14.27)	(18.23%)
Other component of equity	1.07	-	1.07	100.00%
Total parent's equity	791.22	804.43	(13.21)	(1.64%)
Non-controlling interests	72.41	72.57	(0.16)	(0.22%)
Total shareholders' equity	863.63	877.00	(13.37)	(1.52%)
Total liabilities and shareholders' equity	1,692.79	1,536.12	156.67	10.20%

The Group's total asset as at 30 September 2018 was 1,692.79 Million Baht, increased 156.67 Million Baht from 31 December 2017 which was 1,536.12 Million Baht or 10.20% because of the material purchased for oil and gas construction service 57.66 Million Baht and equipment purchased during the period 64.57 Million Baht. Moreover, the Group has

purchased land from connected person amounting to 41.55 Million Baht and reclassified investment properties amounting to 93.45 Million Baht to record as inventory as the plan to develop as property for sale.

The Group's total liabilities as at 30 September 2018 was 829.16 Million Baht increased from 31 December 2017 which was 659.12 Million Baht because of the increased in Unearned income of oil and gas construction service amounting of 49.11 Million Baht as well as increased in Account Payable and Accrued expense amounting of 86.80 Million Baht. Moreover, the Group has Bank overdrafts and short-term bank borrowings as at 30 September 2018 amounting to 73.64 Million Baht for working capital. However, during FY2018 the Group has repaid long-term bank borrowings amounting of 35.02 Million Baht.

The Group's shareholders' equity as at 30 September 2018 was 863.63 Million Baht slightly decreased from 31 December 2017 which was 877.00 Million Baht because dividend payment 0.035 Baht per share, totaling of 28.00 Million Baht on 21 May 2018.

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)
Vice President