

(“TRANSLATION”)

TG 082/2562

May 15, 2019

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 2019, which net profit has changed more than 20% from the last year as follows:

Statement of Comprehensive Income

Unit: Million Baht

	31 March 2019	31 March 2018	Increased (Decreased)	Percentage	Remark
Sales and Services Income	686.15	582.93	103.22	17.71%	
- LPG Trading	195.57	186.44	9.13	4.90%	1
- Transportation	4.18	4.00	0.18	4.50%	
- Conversion Kit Installation	0.37	0.68	(0.31)	(45.59%)	2
- Construction	470.96	377.21	93.75	24.85%	3
- Testing and Inspection	15.07	14.60	0.47	3.22%	
Cost of sales and services	(620.92)	(524.43)	96.49	18.40%	
Gross Profit	65.23	58.50	6.73	11.50%	
Other income	4.35	2.77	1.58	57.04%	4
Profit before expenses	69.58	61.27	8.31	13.56%	
Selling expenses	(1.52)	(4.98)	(3.46)	(69.48%)	5
Administrative expenses	(64.20)	(38.77)	25.43	65.59%	6
Finance costs	(2.78)	(3.07)	(0.29)	(9.45%)	
Profit before income tax	1.08	14.45	(13.37)	(92.53%)	
Income tax	(7.02)	(4.33)	2.69	62.12%	
Profit for the period	(5.94)	10.12	(16.06)	(158.70%)	
Other comprehensive income:	0.17	(1.84)	2.01	(109.24%)	
Total comprehensive income, net of tax	(5.77)	8.28	(14.05)	(169.69%)	
Profit attributable to:					
Owners of the parent	(17.47)	2.98	(20.45)	(686.24%)	
Non-controlling interests	11.52	7.14	4.38	61.34%	

1. LPG sales income increased amounting to 9.13 Million Baht, accounting for 4.90% from previous year as the average selling price increased 9.26%, while volume sold decreased 3.94% from the same period of 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 85.90%. While LPG sold to transportation sector decreased 15.13% form previous year which in line with other LPG Trader under section 7 of Fuel Trade Act, B.E.2543.
2. Conversion kit installation income decreased 0.31 Million Baht or 45.59% 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.
3. Construction service income for the year sharply increased 93.75 Million Baht, accounting for 24.85% from previous year as the increased in Structural Mechanical Piping Electrical & Instrument service (SMP E&I) and Civil construction service. As at 31 March 2019, the Group has backlog for construction service in oil and gas sector totaling of 2,358.52 Million Baht.

However, per IFRS 15 (revenue from contracts with customers) the Group could not record revenue for procurement and fabrication service which not yet deliver to the client. As IFRS 15 state that revenue can be recognized when customer obtains control of that good or service. In the past, the Group recorded revenue and cost of procurement and fabrication service by percentage of completion according to TAS11.

4. Other income increased amounting to 1.58 Million Baht or 57.04% from previous year because of gain on foreign exchange rate.
5. Selling expense decreased amounting to 3.46 Million Baht, accounting for 69.48% from previous year as the Company record transportation expense to customer in Q1'18 amounting of 4.95 Million Baht as selling expense, while reclassify transportation expense to customer for Q1'19 as cost of service according to IFRS15. Moreover, there was commission expense for Testing and Inspection service amounting of 0.51 Million Baht, or 173.62% compared to the previous year.
6. Administrative expense for the Group increased amounting to 25.43 Million Baht, accounting for 65.59% from last year because the impairment of gas depot and related assets in LPG trading business amounting of 22.48 Million Baht. As the revenue on LPG trading from transportation sector, which is the main target group of the Company, continuously decreased. The recoverable amount of gas depot and related assets in LPG trading business may less than carrying value. The estimation of recoverable amount based on value in use was lower than net book value. However, allowance for doubtful account for LPG customers decreased form the same period of previous year as the Company received payment from those reserved customers during the period.

Statement of Financial Position

Unit: Million Baht

	31 March 2019	31 December 2018	Increased (Decreased)	Percentage
Assets				
Current assets				
Cash and cash equivalents	64.06	212.68	(148.62)	(69.88%)
Temporary investments	184.42	59.90	124.52	207.88%
Trade and other receivables	234.93	255.88	(20.95)	(8.19%)
Unbilled receivables	462.23	286.04	176.19	61.60%
Inventories	296.82	308.56	(11.74)	(3.80%)
Other current assets	18.59	10.98	7.61	69.29%
Total current assets	1,261.06	1,134.04	127.02	11.20%
Non-current assets				
Pledged and restricted bank deposits	30.73	37.35	(6.62)	(17.72%)
Investment properties	22.05	22.28	(0.23)	(1.03%)
Property, plant and equipment	551.36	564.97	(13.61)	(2.41%)
Goodwill	19.38	19.38	-	0.00%
Intangible assets	14.22	13.68	0.54	3.95%
Deferred income tax assets	4.06	3.98	0.08	2.01%
Other non-current assets	115.33	117.93	(2.60)	(2.20%)
Total non-current assets	757.14	779.58	(22.44)	(2.88%)
Total assets	2,018.20	1,913.62	104.58	5.47%
Liabilities and shareholders' equity				
Current liabilities				
Short-term bank borrowings	-	59.18	(59.18)	(100.00%)
Trade and other payables	299.18	346.27	(47.09)	(13.60%)
Advances received from employers and construction revenue received in advance	330.08	385.02	(54.94)	(14.27%)
Current portion of long-term bank borrowings	38.64	38.64	-	0.00%
Current portion of finance lease liabilities	2.20	2.45	(0.25)	(10.20%)
Current income tax payable	3.17	1.35	1.82	134.86%
Other current liabilities	13.69	24.89	(11.20)	(45.00%)
Total current liabilities	686.97	857.80	(170.83)	(19.91%)
Non-current liabilities				
Long-term bank borrowings	133.32	143.70	(10.38)	(7.22%)
Finance lease liabilities	2.96	3.48	(0.52)	(14.96%)
Employee benefit obligations	8.05	7.70	0.35	4.55%
Other non-current liabilities	17.50	12.10	5.40	44.62%
Total non-current liabilities	161.83	166.98	(5.15)	(3.08%)
Total liabilities	848.79	1,024.78	(175.99)	(17.17%)

	31 March 2019	31 December 2018	Increased (Decreased)	Percentage
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	63.82	80.98	(17.16)	(21.19%)
Other component of equity	81.85	1.07	80.78	7,549.53%
Total parent's equity	871.84	808.22	63.62	7.87%
Non-controlling interests	297.57	80.62	216.95	269.10%
Total shareholders' equity	1,169.41	888.84	280.57	31.57%
Total liabilities and shareholders' equity	2,018.20	1,913.62	104.58	5.47%

The Group's total asset as at 31 March 2019 was 2,018.20 Million Baht, increased from 31 December 2018 which was 1,913.62 Million Baht or 5.47% because of the following;

- Unbilled receivables from Construction service increased 176.19 Million Baht as revenue recognition was more than billing amount.
- Purchase of tools and equipment for construction service and testing and inspection service business amounting of 24.43 Million Baht to support the business expansion. However, the decreased in Property, plant and equipment resulted from impairment on gas depot and related assets in LPG trading business amounting of 22.48 Million Baht and depreciation expense during the period amounting of 14.16 Million Baht.

The Group's total liabilities as at 31 March 2019 was 848.79 Million Baht decreased from 31 December 2018 which was 1,024.78 Million Baht because of the payment of trade payable and accrued expense during the period and repayment of short-term bank borrowings amounting to 59.18 Million Baht in January 2019. Also, decreased in Advances received from employers and construction revenue received in advance amounting of 54.94 Million Baht as reverse to revenue during the period.

The Group's shareholders' equity attribute to the parent company as at 31 March 2019 was 1,169.41 Million Baht increased from 31 December 2018 which was 888.84 Million Baht because the initial public offering by issue common share for the listing in the Market for Alternative Investment (mai) of the subsidiary in January 2019.

As at 31 March 2019, the Group's Current ratio was 1.83 times which mean the company's liquidity to payment on short-term liability was still high. While Debt to Equity ratio of the Group and Interest Bearing Debt to Equity ratio was 0.97 times and 0.20 times, consequently, which is low risk on financial leverage.

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)
Vice President