

(“TRANSLATION”)

TG 064/64

August 9, 2021

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 June 2021, which the performance has changed more than 20% from the last year as follows:

Statement of Comprehensive Income

Unit: Million Baht

	30 June 2021	30 June 2021	Increased (Decreased)	Percentage	Remark
Sales and Services Income	608.62	720.81	(112.19)	(15.56%)	
- LPG Trading	99.83	108.72	(8.89)	(8.18%)	1
- Transportation	2.81	3.90	(1.09)	(27.95%)	2
- Conversion Kit Installation	0.21	0.34	(0.13)	(38.24%)	
- Construction	487.97	585.85	(97.88)	(16.71%)	3
- Testing and Inspection	17.79	22.00	(4.21)	(19.14%)	4
Cost of sales and services	(528.14)	(669.81)	(141.67)	(21.15%)	
Gross Profit	80.48	50.99	29.49	57.83%	8
Other income	6.42	2.53	3.89	153.75%	5
Profit before expenses	86.90	53.52	33.38	62.37%	
Distribution costs	(1.00)	(0.97)	0.03	3.09%	
Administrative expenses	(37.56)	(39.62)	(2.06)	(5.20%)	6
Finance costs	(6.91)	(5.63)	1.28	22.74%	7
Share of profit (loss) of associates	0.02	(0.84)	(0.86)	(102.38%)	
Profit before income tax	41.45	6.46	34.99	541.64%	
Income tax	(10.09)	(2.97)	7.12	239.73%	
Profit for the period	31.36	3.49	27.87	798.57%	8
Profit attributable to:					
Owners of the parent	10.33	(5.67)	16.00	(282.19%)	
Non-controlling interests	21.03	9.16	11.87	129.59%	

1. LPG sales income decreased amounting to 8.89 Million Baht, accounting for 8.18%, because the average selling price decreased 0.79% from previous year, as well as volume sold decreased 7.54% from the same period of last year, not only decreased in LPG sold to transportation sector 8.68% as LPG usage in automotive decreased, but also decreased in LPG sold to industrial sector 12.75% as the effect of COVID-19 make decreased in LPG usage in production process which in line with the decreased in production plan.
2. Transportation service income slightly decreased 1.09 Million Baht, or 27.95% from the last period of prior year because the Group has been terminated Ammonia transportation service since January 2021. However, the Group has expended LPG transportation service to third party which resulted in revenue increase of 1.87 Million Baht.
3. Construction service income for the second quarter of 2021 sharply decreased 97.88 Million Baht, accounting for 16.71% from the same period of previous year as the LPG depot construction has been completed since the third quarter of 2020. For oil and gas construction service income from the subsidiary, most of projects were in completion stage as well as the new project are mostly in the beginning state which has lower progress delivered. Currently, the Group has backlog for construction service in oil and gas sector totaling of 4,346.38 Million Baht.
4. Testing and Inspection service income decreased 4.21 Million Baht, or 19.14%, compared to the second quarter of prior year since the outbreak of COVID-19 and the government lock down policy, such as work from home and curfew, cause the decreased in Testing and Inspection service income, especially in eastern region to be down 31.23% from the same period of last year.
5. Other income slightly increased 3.89 Million Baht or 153.75% from the same period of previous year because of the following;
 - Increased in interest income from Bank and Short-term investment as well as interest income from receivable from sales of land total of 1.03 Million Baht.
 - Gain on selling of scrap and unused construction machine equipment and consumable amounting of 1.69 Million Baht.
 - Increased in consultant fee and training service income of 1.21 Million Baht.
6. Administrative expense slightly decreased 2.06 Million Baht, or 5.20% compared to the previous period because
 - Decreased in personnel and its related expense 0.67 Million Baht, as well as decreased in office supply, utility expense, allowance for doubtful account, tax and fee, auditing fee and loss from disposal fixed asset of 8.98 Million Baht compared to the same period of previous year.
 - Increased in non-refundable withholding tax, bad debt expense as well as loss on exchange rate of 7.52 Million Baht from the second quarter of prior year.
7. Financial Cost increased 1.28 Million Baht, or 22.74% compared to the previous period because the Group recorded interest expense of 0.15 Million Baht according to TFRS 16 and increased in interest expense from borrowings from financial institutions and third party of 1.13 Million Baht compared to the same period of prior year.

8. Gross Profit Margin for the second quarter of 2021 was 13.22% sharply increased from 7.08% of last year Gross Profit Margin, because of the completion of additional work for oil and gas construction service and the reduction of its related cost of construction. The increased in profit margin together with the decreased in administrative expense made Net Profit Margin increased from 0.48% to be 5.15% for the second quarter of 2021.

Statement of Financial Position

Unit: Million Baht

	30 June 2021	31 December 2020	Increased (Decreased)	Percentag e
Assets				
Current assets				
Cash and cash equivalents	184.50	472.61	(288.11)	(60.96%)
Trade and other receivables	408.30	265.18	143.12	53.97%
Contract assets	595.43	524.09	71.34	13.61%
Short-term loans to related parties	24.32	18.32	6.00	32.75%
Inventories	46.50	61.08	(14.58)	(23.87%)
Withholding tax receivable	10.21	-	10.21	100.00%
Other current assets	8.61	7.96	0.65	8.17%
Total current assets	1,277.87	1,349.24	(71.37)	(5.29%)
Non-current assets				
Pledged and restricted bank deposits	27.47	29.82	(2.35)	(7.88%)
Investments in subsidiaries	2.20	1.45	0.75	51.72%
Long-term loans to related parties	4.09	-	4.09	100.00%
Investment properties	4.06	4.29	(0.23)	(5.36%)
Property, plant and equipment	708.85	721.35	(12.50)	(1.73%)
Goodwill	19.68	19.38	0.30	1.55%
Intangible assets	15.47	15.95	(0.48)	(3.01%)
Receivable from sale of land	76.24	76.24	-	100.00%
Retention receivables	54.43	54.19	0.24	0.44%
Withholding tax receivable	153.70	151.19	2.51	1.66%
Deferred income tax assets	7.10	7.68	(0.58)	(7.55%)
Other non-current assets	8.84	7.42	1.42	19.14%
Total non-current assets	1,082.12	1,088.97	(6.85)	(0.63%)
Total assets	2,359.99	2,438.22	(78.22)	(3.21%)
Liabilities and shareholders' equity				
Current liabilities				
Over draft and short-term bank borrowings	419.00	509.11	(90.11)	(17.70%)
Trade and other payables	265.04	277.02	(11.98)	(4.32%)

: Million Baht

	30 June 2021	31 December 2020	Increased (Decreased)	Percentage
Contract Liabilities	132.69	141.44	(8.75)	(6.19%)
Short-term loans from related person	20.00	20.00	-	100.00%
Current portion of long-term bank borrowings	38.64	38.64	-	0.00%
Current portion of finance lease liabilities	27.80	24.48	3.32	13.56%
Current income tax payable	0.44	4.14	(3.70)	(89.37%)
Other current liabilities	32.98	34.80	(1.82)	(5.23%)
Total current liabilities	936.59	1,049.64	(113.05)	(10.77%)
Non-current liabilities				
Long-term bank borrowings	106.98	84.30	22.68	26.90%
Finance lease liabilities	36.69	36.22	0.47	1.30%
Deferred income	14.24	14.24	-	100.00%
Employee benefit obligations	11.08	14.54	(3.46)	(23.80%)
Other non-current liabilities	9.47	9.63	(0.16)	(1.66%)
Total non-current liabilities	178.45	158.93	19.52	12.28%
Total liabilities	1,115.04	1,208.57	(93.53)	(7.74%)
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	69.65	84.85	(15.20)	(17.91%)
Other component of equity	81.85	81.85	-	0.00%
Total parent's equity	877.67	892.87	(15.20)	(1.70%)
Non-controlling interests	367.28	336.77	30.51	9.06%
Total shareholders' equity	1,244.95	1,229.64	15.31	1.25%
Total liabilities and shareholders' equity	2,359.99	2,438.22	(78.23)	(3.21%)

The Group's total asset as at 30 June 2021 was 2,359.99 Million Baht, decreased 78.23 Million Baht or 3.21%, from 31 December 2020 which was 2,438.22 Million Baht because of the following;

- Cash and cash equivalents decreased 288.11 Million Baht, as payment of interest and loan to financial institutes during the first quarter of 84.41 Million Baht, dividend payment to shareholder 34.04 Million Baht, million Baht, loan to related parties 10.09 Million Baht, payment to Trade Payable and Financial lease liabilities of 28.71 Million Baht, as well as personnel expense, which included in selling and administrative expense, of 51.87 Million Baht.

- Inventory decreased 14.58 Million Baht mainly come from the usage of material and supplies for construction project during the period.
- Property, plant and equipment decreased 12.50 Million Baht as depreciation expense as well as disposals during the period of 47.00 Million Baht. However, the Group has purchased of tools and equipment amounting of 34.50 Million Baht to support the business expansion, especially in oil and gas construction business.
- Trade and other receivable increased 143.12 Million Baht from the last year, as Trade receivable increased 134.79 Million Baht due to billing to customer for construction service but not yet due on payment. Moreover, prepaid expense and accrued interest from receivable from sales of land increased 3.39 Million Baht, and 0.87 Million Baht accordingly. However, The Group has recorded bad debt expense and reversed allowance for doubtful accounts of 4.04 Million Baht during the period.
- Contract assets (Unbilled receivables from Construction service) increased 71.34 Million Baht due to revenue recognition but not yet billed to customer for construction service during the period.
- Withholding tax receivable increase amounting of 12.72 Million Baht as payment received from Trade receivable during the period. The Group has present current portion of withholding tax receivable of 10.22 Million Baht because has received refund from the Revenue Department in July 2021.

The Group's total liabilities as at 30 June 2021 was 1,115.04 Million Baht decreased 93.53 Million Baht from 31 December 2020 which was 1,208.57 Million Baht because of the following;

- Short-term borrowings from financial institutions decreased 90.11 Million Baht due to the repayment during the period.
- Trade Payable decreased 11.98 Million Bath due to the payment of goods and service as well as subcontract cost during the period.
- Contract liabilities (Advances received from construction contracts and construction income received in advance) decreased 8.75 Million Baht due to the revenue recognition during the year.
- Long-term borrowings from financial institutions increased 22.68 Million Baht for use in the business operation.

The Group's shareholders' equity attribute to the parent company as at 30 June 2021 was 877.67 Million Baht decreased 15.20 Million Baht from 31 December 2020 which was 892.87 Million Baht because dividend payment 30.00 Million Baht in May 2021 and total comprehensive income of 14.79 Million Baht for the period.

As at 30 June 2021, the Group's Current ratio was 1.36 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 1.27 times and 0.74 times, slightly increased from last year ratio of 1.35 and 0.80, consequently, which is low risk on financial leverage.

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)
Vice President