

(“TRANSLATION”)

TG 114/2562

August 9, 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 30 June 2019, which revenue and net profit has changed more than 20% from the last year as follows:

Statement of Comprehensive Income

Unit: Million Baht

	30 June 2019	30 June 2018	Increased (Decreased)	Percentage	Remark
Sales and Services Income	767.83	551.41	216.42	39.25%	
- LPG Trading	188.21	187.25	0.96	0.51%	
- Transportation	3.70	3.58	0.12	3.35%	
- Conversion Kit Installation	0.62	1.21	(0.59)	(48.76%)	1
- Construction	556.10	343.54	212.56	61.87%	2
- Testing and Inspection	19.20	15.83	3.37	21.29%	3
Cost of sales and services	(687.57)	(494.89)	192.68	38.93%	
Gross Profit	80.26	56.52	23.74	42.00%	
Other income	1.40	4.25	(2.85)	(67.06%)	4
Profit before expenses	81.66	60.77	20.89	34.38%	
Selling expenses	(1.38)	(4.49)	(3.11)	(69.27%)	5
Administrative expenses	(39.93)	(37.82)	2.11	5.58%	
Finance costs	(3.53)	(3.16)	0.37	11.71%	
Share of profit (loss) of associates	(0.35)	-	-	100.00%	6
Profit before income tax	36.47	15.30	21.17	138.37%	
Income tax	(9.07)	(5.04)	4.03	79.96%	
Profit for the period	27.40	10.26	17.14	167.06%	
Other comprehensive income:	(3.66)	-	(3.66)	100.00%	
Total comprehensive income for the year, net of tax	23.74	10.26	13.48	131.38%	
Profit attributable to:					
Owners of the parent	13.77	4.56	9.21	201.97%	
Non-controlling interests	13.63	5.70	7.93	139.12%	

1. Conversion kit installation income decreased 0.59 Million Baht or 48.76% 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.
2. Construction service income for the year sharply increased 212.56 Million Baht, accounting for 61.87% from previous year as the increased in Structural Mechanical Piping Electrical & Instrument service (SMP E&I) and Fabrication and Other Services.

As at 30 June 2019, the Group has backlog for construction service in oil and gas sector totaling of 1,814.43 Million Baht. On 18 July 2019, the Company also notify the project award of 643.68 Million Baht. (*Refer to the Notification of project awarded letter no. CAZ 013-2562 on 18 July 2019*)

3. Service income from Testing and Inspection service increased 3.37 Million Baht or 21.29% from previous year as the increased in testing and inspection service income in eastern region amounting of 2.64 Million Baht, accounting for 59.64% of Testing and Inspection service income, from the same period of last year which was 55.62% of Testing and Inspection service income.
4. Other income decreased amounting to 2.85 Million Baht or 67.06% from previous year because the decreased in gain on disposal PPE amounting to 1.09 Million Baht, LPG Depot rental income amounting to 1.16 Million Baht, as well as training service income amounting to 0.28 Million Baht.
5. Selling expense decreased amounting to 3.11 Million Baht, accounting for 69.27% from previous year as the Company record transportation expense to customer in Q2'18 amounting of 4.63 Million Baht as selling expense, while reclassify transportation expense to customer for Q2'19 as cost of service according to IFRS15. Moreover, there was commission expense for Testing and Inspection service amounting of 0.35 Million Baht, or 123% compared to the previous year.
6. Share of loss of associated company amounting to 0.35 Million Baht as during the second quarter the Group has invested in 2 associated company as follow;
 - Sales and installation of tools and machinery, hold 47.50% of paid-up capital with initial investment of 1.42 Million Baht
 - Repair and maintenance of tools and machinery, hold 47.50% of paid-up capital with initial investment of 1.10 Million Baht

Moreover, the Group has recorded provision for employee benefit amounting to 2.92 Million Baht in Profit and Loss and amounting to 3.66 Million Baht in Other Comprehensive Income.

Statement of Financial Position

Unit: Million Baht

	30 June 2019	31 December 2018	Increased (Decreased)	Percentage
Assets				
Current assets				
Cash and cash equivalents	149.50	212.68	(63.18)	(29.71%)
Temporary investments	40.83	59.90	(19.07)	(31.84%)
Trade and other receivables	323.19	255.88	67.31	26.31%
Unbilled receivables	550.71	286.04	264.67	92.53%
Inventories	249.84	308.56	(58.72)	(19.03%)
Other current assets	20.31	10.98	9.33	84.95%
Total current assets	1,334.39	1,134.04	200.35	17.67%
Non-current assets				
Pledged and restricted bank deposits	23.32	37.35	(14.03)	(37.56%)
Investments in subsidiaries	2.17	0.00	2.17	100.00%
Investment properties	21.81	22.28	(0.47)	(2.11%)
Property, plant and equipment	560.50	564.97	(4.47)	(0.79%)
Goodwill	19.38	19.38	-	0.00%
Intangible assets	14.31	13.68	0.63	4.60%
Deferred income tax assets	4.73	3.98	0.75	18.84%
Other non-current assets	127.60	117.93	9.67	8.20%
Total non-current assets	773.83	779.58	(5.75)	(0.74%)
Total assets	2,108.22	1,913.62	194.6	10.17%
Liabilities and shareholders' equity				
Current liabilities				
Short-term bank borrowings	95.31	59.18	36.13	100.00%
Trade and other payables	361.14	346.27	14.87	4.29%
Advances received from employers and construction revenue received in advance	267.67	385.02	(117.35)	(30.48%)
Current portion of long-term bank borrowings	38.64	38.64	-	0.00%
Current portion of finance lease liabilities	2.58	2.45	0.13	5.31%
Short-term loans from third parties	5.00	0.00	5.00	100.00%
Short-term loans from related person	1.00	0.00	1.00	100.00%
Current income tax payable	4.49	1.35	3.14	232.67%
Other current liabilities	21.90	24.89	(2.99)	-12.01%
Total current liabilities	797.74	857.80	(60.06)	(7.00%)
Non-current liabilities				
Long-term bank borrowings	124.38	143.70	(19.32)	(13.44%)
Finance lease liabilities	4.95	3.48	1.47	42.29%
Employee benefit obligations	14.12	7.70	6.42	83.39%

	30 June 2019	31 December 2018	Increased (Decreased)	Percentage
Deferred income tax liabilities	0.00	0.00	-	100.00%
Other non-current liabilities	21.66	12.10	9.56	79.00%
Total non-current liabilities	165.11	166.98	(1.87)	-1.12%
Total liabilities	962.85	1,024.78	(61.93)	-6.04%
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	124.67	80.98	43.69	53.95%
Other component of equity	1.07	1.07	0.00	0.00%
Total parent's equity	851.91	808.22	43.69	5.41%
Non-controlling interests	293.46	80.62	212.84	264.00%
Total shareholders' equity	1,145.37	888.84	256.53	28.86%
Total liabilities and shareholders' equity	2,108.22	1,913.62	194.60	10.17%

The Group's total asset as at 30 June 2019 was 2,108.22 Million Baht, increased from 31 December 2018 which was 1,913.62 Million Baht or 10.17% because of the following;

- Unbilled receivables from Construction service increased 264.67 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 48.56 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 29.19 Million Baht.

The Group's total liabilities as at 30 June 2019 was 962.85 Million Baht decreased from 31 December 2018 which was 1,024.78 Million Baht because the repayment of bank borrowings and decreased in Advances received from employers and construction revenue received in advance amounting of 117.35 Million Baht as reverse to revenue during the period. However, short term borrowing from banks (by factoring and promissory notes) for working capital has increased 36.13 Million Baht from previous year.

The Group's shareholders' equity as at 30 June 2019 was 1,145.37 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. However, the decreased in retain earnings come from dividend payment 0.0375 Baht per share, totaling of 30.00 Million Baht on 24 May 2019.

As at 30 June 2019, the Group's Current ratio was 1.67 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 0.84 times and 0.23 times, consequently, which is low risk on financial leverage.

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)
Vice President