

(“TRANSLATION”)

TG 145/2562

November 11, 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 September 2019, which net profit has changed more than 20% from the last year as follows:

Statement of Comprehensive Income

Unit: Million Baht

	30 September 2019	30 September 2018	Increased (Decreased)	Percentage	Remark
Sales and Services Income	759.69	563.95	195.74	34.71%	
- LPG Trading	179.14	189.69	(10.55)	(5.56%)	
- Transportation	3.94	4.72	(0.78)	(16.53%)	
- Conversion Kit Installation	0.62	1.34	(0.72)	(53.73%)	1
- Construction	554.20	346.80	207.40	59.80%	2
- Testing and Inspection	21.79	21.40	0.39	1.82%	
Cost of sales and services	(683.90)	(502.26)	181.64	36.16%	
Gross Profit	75.79	61.69	14.10	22.86%	
Other income	3.22	2.96	0.26	8.78%	
Profit before expenses	79.01	64.66	14.35	22.19%	
Selling expenses	(1.32)	(6.83)	(5.51)	(80.67%)	3
Administrative expenses	(41.57)	(36.98)	4.59	12.41%	
Finance costs	(4.44)	(3.24)	1.20	37.04%	4
Share of profit from associates	0.35	-	0.35	100.00%	5
Profit before income tax	32.02	17.62	14.40	81.73%	
Income tax	(9.62)	(3.66)	5.96	162.84%	
Profit for the period	22.40	13.96	8.44	60.46%	6
Profit attributable to:					
Owners of the parent	9.26	7.90	1.36	17.22%	
Non-controlling interests	13.14	6.06	7.08	116.83%	

1. Conversion kit installation income decreased 0.72 Million Baht or 53.73% 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 207.40 Million Baht, accounting for 59.80% from previous year as the revenue recognition on progress measurement method towards complete satisfaction of the performance obligation on construction service contract that has continuously awarded since 2017. As at 30 September 2019, the Group has backlog for construction service in oil and gas sector totaling of 2,024.99 Million Baht.
3. Selling expense decreased amounting to 5.11 Million Baht, accounting for 80.67% from previous year as the Company record transportation expense to customer in Q3'18 amounting of 6.17 Million Baht as selling expense, while reclassify transportation expense to customer for Q3'19 amounting of 6.42 Million Baht as cost of service according to TFRS15. Moreover, there was selling expense for Testing and Inspection service amounting of 0.36 Million Baht, or 130% compared to the previous year.
4. Financial cost slightly increased 1.20 Million Baht or 37.04% from the previous year as the Group has more short-term borrowing for working capital during the period.
5. Share of profit from associates amounting to 0.35 Million Baht as during the period the Group has invested in 3 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
 - Property development, hold 40% of paid-up capital with initial investment of 4.00 Million Baht
6. Net profit for the third quarter of 2019 was 22.40 Million Baht, increased 8.44 Million Baht or 60.46% from the previous year which was 13.96 Million Baht because of the dramatically increased in construction service income. However, net profit margin for Q3'19 was 2.95%, no significant change from the same period of 2018.

Statement of Financial Position

Unit: Million Baht

	30 September 2019	31 December 2018	Increased (Decreased)	Percentage
Assets				
Current assets				
Cash and cash equivalents	76.25	212.68	(136.43)	(64.15%)
Short-term investments	-	59.90	(59.90)	(100.00%)

	30 September 2019	31 December 2018	Increased (Decreased)	Percentage
Trade and other receivables	367.89	255.88	112.01	43.77%
Unbilled receivables	559.66	286.04	273.62	95.66%
Short-term loans to related parties	0.32	-	0.32	100.00%
Inventories	228.03	308.56	(80.53)	(26.10%)
Assets held for sale	24.49	-	24.49	100.00%
Other current assets	15.02	10.98	4.04	36.79%
Total current assets	1,271.66	1,134.04	137.62	12.14%
Non-current assets				
Pledged and restricted bank deposits	30.82	37.35	(6.53)	(17.48%)
Investments in associates	6.52	-	6.52	100.00%
Investment properties	13.93	22.28	(8.35)	(37.48%)
Property, plant and equipment	653.62	564.97	88.65	15.69%
Goodwill	19.38	19.38	-	0.00%
Intangible assets	14.41	13.68	0.73	5.33%
Deferred income tax assets	5.25	3.98	1.27	31.91%
Other non-current assets	150.34	117.93	32.41	27.48%
Total non-current assets	894.28	779.58	114.70	14.71%
Total assets	2,165.94	1,913.62	252.32	13.19%
Liabilities and shareholders' equity				
Current liabilities				
Over draft and short-term bank borrowings	115.22	59.18	56.04	94.69%
Trade and other payables	329.90	346.27	(16.37)	(4.73%)
Advances received and construction income received in advance	318.29	385.02	(66.73)	(17.33%)
Short-term loans from other party	3.00	-	3.00	100.00%
Short-term loans from related party	3.50	-	3.50	100.00%
Current portion of long-term bank borrowings	38.64	38.64	-	0.00%
Current portion of finance lease liabilities	3.22	2.45	0.77	31.43%
Current income tax payable	1.07	1.35	(0.28)	(20.74%)
Other current liabilities	32.83	24.89	7.94	31.90%
Total current liabilities	845.68	857.80	(12.12)	(1.41%)
Non-current liabilities				
Long-term bank borrowings	114.00	143.70	(29.70)	(20.67%)
Finance lease liabilities	6.49	3.48	3.01	86.49%
Employee benefit obligations	14.71	7.70	7.01	91.04%
Other non-current liabilities	18.85	12.10	6.75	55.79%
Total non-current liabilities	154.05	166.98	(12.93)	(7.74%)
Total liabilities	999.73	1,024.78	(25.05)	(2.44%)

Unit: Million Baht

	30 September 2019	31 December 2018	Increased (Decreased)	Percentag e
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	53.19	80.98	(27.79)	(34.32%)
Other component of equity	81.85	1.07	80.78	7549.53%
Total parent's equity	861.21	808.22	52.99	6.56%
Non-controlling interests	305.00	80.62	224.38	278.32%
Total shareholders' equity	1,166.21	888.84	277.37	31.21%
Total liabilities and shareholders' equity	2,165.94	1,913.62	252.32	13.19%

The Group's total asset as at 30 September 2019 was 2,165.94 Million Baht, increased 252.32 Million Baht from 31 December 2018 which was 1,913.62 Million Baht or 13.19% because of the following;

- Trade and other receivable increased 112.01 Million Baht as the increased in billing to customer for construction service but not yet due on payment.
- Unbilled receivables from construction service increased 273.62 Million Baht as revenue recognition during the period was greater than customer's payment milestone.
- Purchase of property and plant (in Chonburi province) for construction service business approximately 98 Million Baht and purchase of tools and equipment for construction service and testing and inspection service business amounting of 73.60 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 (in the first quarter of 2019) and depreciation expense during the period amounting of 45.34 Million Baht. Moreover, the Group has reclassified land that will be sold for the property development project amounting of 20.66 Million Baht to be Assets held for sale.
- Other non-current asset increased 32.41 Million Baht because of the increased in retention amounting to 7.74 Million Baht and prepaid withholding tax amounting to 24.02 Million Baht as the payment received during the period.
- Inventory decreased 80.53 Million Baht due to use of material for construction service during the year.
- Investment Properties decreased 8.35 Million Baht because the Group has sold condominium within the period and reclassified condominium that can be sold after 30 September 2019 until now to be Assets held for sale.

The Group's total liabilities as at 30 September 2019 was 999.73 Million Baht decreased from 31 December 2018 which was 1,024.78 Million Baht because of the following;

- Advances received from construction contracts and construction income received in advance decreased amounting to 66.73 Million Baht as to net with revenue recognition and payment received during the period.
- Repayment of long-term bank borrowings decreased amounting to 29.70 Million Baht during 2019
- The Group has short-term borrowing for using as working capital during the period amounting to 82.55 Million Baht.

The Group's shareholders' equity as at 30 September 2019 was 1,166.21 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 amounting to 285.98 Million Baht and total comprehensive income for the period of 40.37 Million Baht, while dividend payment of the Group during 2019 totaling of 49.35 Million Baht.

As at 30 Sep 2019, the Group's Current ratio was 1.50 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 0.86 times and 0.24 times, consequently, which is low risk on financial leverage.

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)
Vice President