

(“TRANSLATION”)

TG 021/2563

February 27, 2020

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

Statement of Comprehensive Income

Unit: Million Baht

	31 December 2019	31 December 2018	Increased (Decreased)	Percentage	Remark
Sales and Services Income	3,076.89	2,277.55	799.34	35.10%	
- LPG Trading	742.39	773.68	(31.29)	(4.04%)	1
- Transportation	15.58	15.98	(0.40)	(2.50%)	
- Conversion Kit Installation	2.06	4.62	(2.56)	(55.41%)	2
- Construction	2,228.33	1,405.03	823.3	58.60%	3
- Testing and Inspection	88.53	78.24	10.29	13.15%	
Cost of sales and services	(2,778.79)	(2,029.13)	749.66	36.94%	
Gross Profit	298.10	248.42	49.68	20.00%	
Other income	18.78	15.24	3.54	23.23%	4
Profit before expenses	316.88	263.66	53.22	20.19%	
Selling expenses	(5.36)	(22.79)	(17.43)	(76.48%)	5
Administrative expenses	(191.15)	(149.44)	41.71	27.91%	6
Finance costs	(14.56)	(13.10)	1.46	11.15%	
Share of profit (loss) of associates	(1.32)	-	1.32	100.00%	7
Profit before income tax	104.50	78.33	26.17	33.41%	
Income tax	(30.75)	(19.28)	11.47	59.49%	
Profit for the period	73.75	59.05	14.70	24.89%	8
Other comprehensive income:	(4.29)	(1.34)	2.95	220.15%	
Total comprehensive income for the year, net of tax	69.46	57.71	11.75	20.36%	
Profit attributable to:					
Owners of the parent	27.16	32.13	(4.97)	(15.47%)	
Non-controlling interests	46.59	26.92	19.67	73.07%	

1. LPG trading income decreased amounting of 31.29 Million Baht, accounting for 4.04% from the previous year as the volume sold decreased 6.28% from last year, while average selling price increased 2.39%. However, the Company has expanded market to industrial sector in order to maintain overall LPG volume, resulted in increased LPG sold to industrial sector 85.94% from the prior year. While LPG sold to transportation sector decreased 19.80% 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 2.56 Million Baht or 55.41% compared to the 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 823.30 Million Baht, accounting for 58.60% 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 31 December 2019, the Group has backlog for construction service in oil and gas sector totaling of 2,377.82 Million Baht.
4. Other income increased amounting to 3.54 Million Baht, or 23.23% compared to the last year as;
 - During 2019, the Group has gain on selling of scrap and unused construction machine equipment and consumable amounting of 3.40 Million Baht
 - The Group has reclassified revenue from investment properties to be other income amounting of 6.44 Million Baht
 - Decreased in LPG reservation fee amounting to 4.62 Million Baht, also decreased in interest income amounting to 2.99 Million Baht.
5. Selling expense decreased amounting to 17.43 Million Baht, accounting for 76.48% from previous year as the Company record transportation expense to customer in 2018 amounting of 14.70 Million Baht as selling expense, while reclassify transportation expense to customer for 2019 amounting of 13.76 Million Baht as cost of service according to TFRS15. Moreover, there was selling expense for Testing and Inspection service amounting of 1.31 Million Baht, or 99.55% compared to the previous year.
6. Administrative expense for the Group increased amounting to 41.71 Million Baht, accounting for 27.91% from last year because the impairment of gas depot and related assets in LPG trading business amounting of 22.48 Million Baht. Moreover, the Group has reclassified cost of service related to investment properties to be administrative expense amounting of 3.96 Million Baht and has loss on sell of investment properties (condominium) amounting of 3.12 Million Baht. The Groups' expense on salary and employee benefit, audit fee, advisory fee, advertising and IR related to IPO in January 2019 has increased 13.91 Million Baht compare to the last year.

7. Share of loss from associates amounting to 1.32 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
8. Net profit for 2019 was 73.75 Million Baht, increased 14.70 Million Baht or 24.89% from the previous year which was 59.05 Million Baht because of the dramatically increased in construction service income. However, net profit margin for 2019 was 2.40%, no significant change from 2018.

Statement of Financial Position

Unit: Million Baht

	31 December 2019	31 December 2018	Increased (Decreased)	Percentage
Assets				
Current assets				
Cash and cash equivalents	138.27	212.68	(74.41)	(34.99%)
Temporary investments	-	59.90	(59.90)	(100.00%)
Trade and other receivables	320.57	255.88	64.69	25.28%
Unbilled receivables	692.30	286.04	406.26	142.03%
Short-term loans to related parties	0.32	-	0.32	100.00%
Inventories	201.51	308.56	(107.05)	(34.69%)
Assets held for sale	20.66	-	20.66	100.00%
Other current assets	43.01	10.98	32.03	291.64%
Total current assets	1,416.65	1,134.04	282.61	24.92%
Non-current assets				
Pledged and restricted bank deposits	48.85	37.35	11.50	30.79%
Investments in subsidiaries	5.21	-	5.21	100.00%
Investment properties	11.04	22.28	(11.24)	(50.45%)
Property, plant and equipment	692.02	564.97	127.05	22.49%
Goodwill	19.38	19.38	-	0.00%
Intangible assets	14.49	13.68	0.81	5.92%
Deferred income tax assets	5.61	3.98	1.63	40.95%
Other non-current assets	106.39	117.93	(11.54)	-9.79%
Total non-current assets	902.99	779.58	123.41	15.83%
Total assets	2,319.64	1,913.62	406.02	21.22%

	31 December 2019	31 December 2018	Increased (Decreased)	Percentage
Liabilities and shareholders' equity				
Current liabilities				
Overdraft and short-term bank borrowings	238.95	59.18	179.77	303.77%
Trade and other payables	399.23	346.27	52.96	15.29%
Advances received from employers and construction revenue received in advance	241.90	385.02	(143.12)	(37.17%)
Short-term loans from related party	2.50	-	2.50	100.00%
Current portion of long-term bank borrowings	38.64	38.64	-	0.00%
Current portion of finance lease liabilities	9.57	2.45	7.12	290.61%
Current income tax payable	0.58	1.35	(0.77)	(57.04%)
Other current liabilities	26.92	24.89	2.03	8.16%
Total current liabilities	958.29	857.80	100.48	11.71%
Non-current liabilities				
Long-term bank borrowings	105.06	143.70	(38.64)	(26.89%)
Finance lease liabilities	22.58	3.48	19.10	548.85%
Employee benefit obligations	16.41	7.70	8.71	113.12%
Other non-current liabilities	20.41	12.10	8.31	68.68%
Total non-current liabilities	164.46	166.98	(2.52)	(1.51%)
Total liabilities	1,122.74	1,024.78	97.95	9.56%
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	74.52	80.98	(6.46)	(7.98%)
Other component of equity	81.85	1.07	80.78	7,549.53%
Total parent's equity	882.54	808.22	74.32	9.20%
Non-controlling interests	314.36	80.62	233.74	289.93%
Total shareholders' equity	1,196.90	888.84	308.06	34.66%
Total liabilities and shareholders' equity	2,319.64	1,913.62	406.02	21.22%

The Group's total asset as at 31 December 2019 was 2,319.64 Million Baht, increased 406.02 Million Baht from 31 December 2018 which was 1,913.62 Million Baht or 21.22% because of the following;

- Trade and other receivable increased 64.69 Million Baht as the increased in billing to customer for construction service but not yet due on payment.

- Unbilled receivables from construction service increased 406.26 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 99.76 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 year amounting of 63.02 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 current asset increased 32.03 Million Baht because of the refund of prepaid withholding tax amounting to 27.44 Million Baht.
- Inventory decreased 107.05 Million Baht due to use of material for construction service during the year.
- Investment Properties decreased 11.24 Million Baht because the Group has sold condominium within the period.

The Group's total liabilities as at 31 December 2019 was 1,122.74 Million Baht increased 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 143.12 Million Baht as to net with revenue recognition and payment received during the period.
- Repayment of long-term bank borrowings decreased amounting to 38.64 Million Baht during 2019
- The Group has short-term borrowing for using as working capital during the period amounting to 179.77 Million Baht.

The Group's shareholders' equity as at 31 December 2019 was 1,196.90 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 287.59 Million Baht and total comprehensive income for the period of 69.46 Million Baht, while dividend payment of the Group during 2019 totaling of 49.35 Million Baht.

As at 31 December 2019, the Group's Current ratio was 1.48 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 0.47 times, consequently, which is low risk on financial leverage.

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)
Vice President