

(“TRANSLATION”)

TG 032/60

28<sup>th</sup> February 2017

Subject: Clarification of the Operating Result for the significant change  
 Attention: The President  
 The Stock Exchange of Thailand

We, Takuni Group Public Company Limited (The Company) and its subsidiaries (The Group) would like to clarify the change in operating result for the year ended 31 December 2016 more than 20% from the last year as follows:

**Statement of Comprehensive Income**

	31 December 2016	31 December 2015	Change	Percentage	Remark
<b>Sales and Services Income</b>	<b>1,589,189,826</b>	<b>1,352,876,992</b>	<b>236,312,834</b>	<b>17.47%</b>	
- LPG Trading	860,008,859	1,007,566,006	(147,557,147)	-14.64%	1
- Transportation	14,684,224	20,991,031	(6,306,807)	-30.05%	2
- Conversion Kit Installation	7,921,842	11,445,121	(3,523,279)	-30.78%	
- Construction	645,145,700	259,127,624	386,018,076	148.97%	3
- Testing and Inspection	61,429,201	53,747,210	7,681,991	14.29%	4
<b>Cost of sales and services</b>	<b>(1,473,904,951)</b>	<b>(1,196,305,622)</b>	<b>(277,599,329)</b>	<b>23.20%</b>	
- LPG Trading	(807,981,928)	(935,441,231)	127,459,303	-13.63%	
- Transportation	(11,746,720)	(16,625,308)	4,878,588	-29.34%	
- Conversion Kit Installation	(3,312,939)	(26,181,846)	22,868,907	-87.35%	
- Construction	(612,830,556)	(188,308,735)	(424,521,821)	225.44%	
- Testing and Inspection	(38,032,808)	(29,748,502)	(8,284,306)	27.85%	
<b>Gross Profit</b>	<b>115,284,875</b>	<b>156,571,370</b>	<b>(41,286,495)</b>	<b>-26.37%</b>	
- LPG Trading	52,026,931	72,124,775	(20,097,844)	-27.87%	1
- Transportation	2,937,504	4,365,723	(1,428,219)	-32.71%	
- Conversion Kit Installation	4,608,903	(14,736,725)	19,345,628	131.27%	
- Construction	32,315,144	70,818,889	(38,503,745)	-54.37%	3
- Testing and Inspection	23,396,393	23,998,708	(602,315)	-2.51%	4
Other income	63,548,355	11,802,747	51,745,608	438.42%	5
<b>Profit before expenses</b>	<b>178,833,230</b>	<b>168,374,117</b>	<b>10,459,113</b>	<b>6.21%</b>	

	31 December 2016	31 December 2015	Change	Percentage	Remark
Selling expenses	(19,859,208)	(24,195,540)	4,336,332	-17.92%	
Administrative expenses	(100,220,366)	(61,412,368)	(38,807,998)	63.19%	6
Finance costs	(9,859,553)	(3,147,894)	(6,711,659)	213.21%	
Share of profit of associates	(20,675,208)	1,234,543	(21,909,751)	-1774.73%	5
<b>Profit before income tax</b>	<b>28,218,895</b>	<b>80,852,858</b>	<b>(52,633,963)</b>	<b>-65.10%</b>	
Income tax	(7,850,686)	(15,471,044)	7,620,358	-49.26%	7
<b>Profit for the year</b>	<b>20,368,209</b>	<b>65,381,814</b>	<b>(45,013,605)</b>	<b>-68.85%</b>	
Other comprehensive income	(429,206)	(562,498)	133,292	-23.70%	
<b>Total comprehensive income for the year, net of tax</b>	<b>19,939,003</b>	<b>64,819,316</b>	<b>(44,880,313)</b>	<b>-69.24%</b>	
<b>Profit attributable to:</b>					
Owners of the parent	16,495,287	65,381,814			
Non-controlling interests	3,872,922	-			
<b>Profit for the year</b>	<b>20,368,209</b>	<b>65,381,814</b>			

1. LPG sales income decreased because the usage of LPG in transportation sector decreased from previous year, result in volume sold in 2016 decreased 1.18% from the last year. Moreover, the lower selling price according to the board of National Energy Policy office and LPG price war reduced the average selling price by 13.63% compared to the last year. Thus, gross profit margin decreased from 7.16% to be 6.05%.
2. Transportation service income decreased as the decreased in number of trip of internationally LPG transportation during 2016. However, the Group has started Ammonia transportation service since November 2016, which already recognized revenue 0.47 Million Baht in 2016 consolidated financial statements.
3. Construction service income sharply increased because the Group has step acquisition of investment in construction business (CAZ (Thailand) Co., Ltd. "CAZ") to be 51.30% on 7 April 2016. This result in changing the status of investment from associated to be subsidiary, the Group recorded service income from oil and gas construction for the year 2016 amounting of 435.53 Million Baht (in 2015, the Group recognized only profit sharing from associated).

During 2016, the Group has recorded revenue by percentage of completion for property construction amounting of 137.82 Million Baht and LPG terminal amounting of 39.20 Million Baht, which less than the previous year revenue of 248.15 Million Baht. However, there is probable that total contract costs will exceed total contract revenue, the Group recognized the expected loss from

property construction amounting of 24.32 Million Baht in the 2016 consolidated financial statements. This result in the decreased of gross profit margin from 27.33% for the year 2015 to be 5.01% for the year 2016.

As at 31 December 2016, the Group has backlog for construction service in oil and gas sector totaling of 300.31 Million Baht and received letter of intent totaling of 351.10 Million Baht.

4. Testing and Inspection service slightly increased as the increased in CNG cylinder and LPG terminal inspection service. However, gross profit margin for 2016 was 38.09%, less than the prior year which was 44.63%, because service cost for engineer has increased.
5. Other income significantly increased because;
  - 5.1 Gain from sale investment in associate (Well Korat Energy Co., Ltd.) on 30 June 2016 which net profit was 4.27 Million Baht - shown in other income amounting of 25.42 Million Baht and share of loss of associate amounting of 21.15 Million Baht.
  - 5.2 Gain from re-measured to fair value of investment in associate (CAZ) before the step acquisition on 7 April 2016 amounting of 19.26 Million Baht.
  - 5.3 Interest income from short-term investment and gain on disposal of fixed asset amounting of 10.86 Million Baht.
6. Administrative expense for the Group increased as the consolidated financial statements has included expense of oil and gas construction service sector since 7 April 2016, amounting of 34.90 Million Baht (61% was staff cost). Moreover, staff cost for the Group 100% subsidiaries also increased around 4.03 Million Baht from the previous year.
7. The Group's Corporate Income Tax expense decreased because of the decreased in operating profit.

### Statement of Financial Position

	31 December 2016	31 December 2015	Change	Percentage	Remark
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	286,508,790	90,100,398	196,408,392	217.99%	1
Temporary investments	69,965,203	232,108	69,733,095	30043.38%	1
Trade and other receivables	310,189,929	128,873,842	181,316,087	140.69%	2
Short-term loans to related parties	-	84,448,425	(84,448,425)	-100.00%	3

	31 December 2016	31 December 2015	Change	Percentage	Remark
Inventories	31,623,953	43,038,816	(11,414,863)	-26.52%	
Other current assets	12,435,104	649,937	11,785,167	1813.28%	4
<b>Total current assets</b>	<b>710,722,979</b>	<b>347,343,526</b>	<b>363,379,453</b>	<b>104.62%</b>	
<b>Non-current assets</b>					
Pledged and restricted bank deposits	67,355,200	40,455,019	26,900,181	66.49%	1
Investments in associates	-	167,244,543	(167,244,543)	-100.00%	3
Investment properties	4,516,644	4,862,259	(345,615)	-7.11%	
Property, plant and equipment	519,552,453	203,144,239	316,408,214	155.76%	5
Goodwill	19,383,641	-	19,383,641	100.00%	6
Intangible assets	7,160,430	718,446	6,441,984	896.66%	6
Deferred income tax assets	4,144,757	6,004,778	(1,860,021)	-30.98%	
Other non-current assets	26,122,597	604,947	25,517,650	4218.16%	4
<b>Total non-current assets</b>	<b>648,235,722</b>	<b>423,034,231</b>	<b>225,201,491</b>	<b>53.23%</b>	
<b>Total assets</b>	<b>1,358,958,701</b>	<b>770,377,757</b>	<b>588,580,944</b>	<b>76.40%</b>	
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts	-	61,500	(61,500)	-100.00%	
Trade and other payables	162,744,922	84,684,915	78,060,007	92.18%	7
Short-term borrowings from financial institutions	-	214,167,306	(214,167,306)	-100.00%	8
Current portion of long-term bank borrowings	45,020,000	6,000,000	39,020,000	650.33%	9
Current portion of finance lease liabilities	1,834,059	788,015	1,046,044	132.74%	
Current income tax payable	-	9,882,849	(9,882,849)	-100.00%	
Other current liabilities	16,761,744	756,139	16,005,605	2116.75%	10
<b>Total current liabilities</b>	<b>226,360,725</b>	<b>316,340,724</b>	<b>(89,979,999)</b>	<b>-28.44%</b>	

	31 December 2016	31 December 2015	Change	Percentage	Remark
<b>Non-current liabilities</b>					
Long-term bank borrowings	245,460,000	28,100,000	217,360,000	773.52%	9
Finance lease liabilities	3,792,156	3,113,092	679,064	21.81%	
Employee benefit obligations	2,723,538	1,671,066	1,052,472	62.98%	
Deferred income tax liabilities	-	1,008,321	(1,008,321)	-100.00%	
Other non-current liabilities	22,995,548	4,962,174	18,033,374	363.42%	10
<b>Total non-current liabilities</b>	<b>274,971,242</b>	<b>38,854,653</b>	<b>236,116,589</b>	<b>607.69%</b>	
<b>Total liabilities</b>	<b>501,331,967</b>	<b>355,195,377</b>	<b>146,136,590</b>	<b>41.14%</b>	
<b>Shareholders' equity</b>					
Issued and paid-up	400,000,000	200,000,000	200,000,000	100.00%	1
Premium on paid-up capital	305,527,766	106,643,230	198,884,536	186.50%	1
Share surplus from business combination under common control	20,636,290	20,636,290	-	0.00%	
Retained earnings	78,021,964	87,902,860	(9,880,896)	-11.24%	
Total parent's equity	804,186,020	415,182,380	389,003,640	93.69%	
Non-controlling interests	53,440,714	-	53,440,714	100.00%	
<b>Total shareholders' equity</b>	<b>857,626,734</b>	<b>415,182,380</b>	<b>442,444,354</b>	<b>106.57%</b>	
<b>Total liabilities and shareholders' equity</b>	<b>1,358,958,701</b>	<b>770,377,757</b>	<b>588,580,944</b>	<b>76.40%</b>	

1. Cash and cash equivalents, Pledged and restricted bank deposits, and Temporary investments significantly increased from the previous year because the Company has received cash from the rights offering to the existing shareholders totaling 400 million shares in January 2016, with exercise price 1 Baht (par value 0.50 Baht per share). The Company also invested in short-term investment and deposited as collateral for letter of guarantee for the Group's construction service. Moreover, this right offering has increased issued and paid-up share capital and premium on paid-up capital amounting of 398.88 Million Baht.

2. Trade and other receivables increased from the last year because the Group has included trade receivables, accrued income and withholding tax deducted at source of CAZ into the consolidated financial statements amounting of 204.86 Million Baht. However, trade receivable from LPG trading, transportation, testing and inspection service slightly increased amounting of 24.67 Million Baht since some of receivables have liquidity situation. However, the Group has consider allowance for doubtful account according to the policy.

During 2016, the Group has been paid for 50.45 Million Baht that recorded as accrued income of LPG terminal construction as at 31 December 2015.

3. Short-term loans to related parties and Investments in associates decreased due to the selling of investment in associate (Well Korat Energy Co., Ltd.) on 30 June 2016. The Group has received all of short-term loan repayment from such a related party.
4. Other current assets and other non-current assets increased because asset of CAZ must be included in the consolidated financial statements. Other current assets of CAZ were advance payment to subcontractor and suspense input VAT. Other non-current assets of CAZ were retention that has been deducted from construction services, which will be refunded together with the last payment of each construction contract.
5. Property, plant and equipment sharply increased because CAZ has purchased land, plant, and equipment during 2016 for its business operation. Moreover, the Group has purchased Ammonia Truck for transportation service as well as tools and equipment for testing and inspection service to support its business expansion.
6. Goodwill and Intangible asset increased because the fair value measurement of net asset and identify intangible asset for business combination (CAZ) under TFRS 3 Business Combination. On the acquisition date, the Group recorded goodwill amounting of 19.38 Million Baht from as well as record intangible asset from backlog amounting of 3.82 Million Baht, which will be amortized in 2017 when complete these project.
7. Trade and other payables increased from the last year because the Group has included trade payables, unearned income and accrued expense of CAZ into the consolidated financial statements amounting of 106.22 Million Baht. However, trade payable of the Company slightly decreased due to less LPG volume purchase compared to the same period of previous year.
8. Short-term borrowings from financial institutions, which is for investment in associated company, has repaid from cash flow received from the right offering in January 2016.

9. Long-term bank borrowings increased because of loan for PPE purchase to support the Groups' business operation and expansion, especially in construction, transportation, and testing and inspection service.
10. Other current liabilities and other non-current liabilities increased from retention deducted to subcontractor and dividend payable to the CAZ shareholders before the additional business combination on 7 April 2016.

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)  
Vice President