

(“TRANSLATION”)

TG 090/60

11th May 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 3 months ended 31 March 2017 more than 20% from the last year as follows:

Statement of Comprehensive Income

Unit: Million Baht

	31 March 2017	31 March 2016	Change	Percentage	Remark
Sales and Services Income	361.15	293.32	67.83	23.12%	
- LPG Trading	190.36	233.81	(43.45)	-18.58%	1
- Transportation	2.44	4.45	(2.01)	-45.17%	2
- Conversion Kit Installation	1.56	2.36	(0.80)	-33.90%	
- Construction	156.37	37.60	118.77	315.88%	3
- Testing and Inspection	10.42	15.10	(4.68)	-30.99%	4
Cost of sales and services	(327.53)	(262.71)	(64.82)	24.67%	
- LPG Trading	(179.02)	(220.41)	41.39	-18.78%	
- Transportation	(2.50)	(3.42)	0.92	-26.90%	
- Conversion Kit Installation	(0.89)	(1.14)	0.25	-21.93%	
- Construction	(136.33)	(30.05)	(106.28)	353.68%	
- Testing and Inspection	(8.79)	(7.69)	(1.10)	14.30%	
Gross Profit	33.62	30.61	3.01	9.83%	
- LPG Trading	11.34	13.40	(2.06)	-15.37%	1
- Transportation	(0.06)	1.03	(1.09)	-105.83%	2
- Conversion Kit Installation	0.67	1.22	(0.55)	-45.08%	
- Construction	20.04	7.55	12.49	165.43%	3
- Testing and Inspection	1.63	7.41	(5.78)	-78.00%	4
Other income	6.69	3.18	3.51	110.38%	5

	31 March 2017	31 March 2016	Change	Percentage	Remark
Profit before expenses	40.31	33.79	6.52	19.30%	
Selling expenses	(4.07)	(5.75)	1.68	-29.22%	
Administrative expenses	(28.41)	(16.87)	(11.54)	68.41%	6
Finance costs	(3.82)	(1.34)	(2.48)	185.07%	
Share of profit (loss) of associates	-	(6.79)	6.79	-100.00%	7
Profit before income tax	4.01	3.04	0.97	31.91%	
Income tax	(2.46)	(2.11)	(0.35)	16.59%	
Profit for the period	1.55	0.93	0.62	66.67%	
Other comprehensive income	-	2.38	(2.38)	-100.00%	
Total comprehensive income for the period	1.55	3.31	(1.76)	-53.17%	
Profit attributable to:					
Owners of the parent	1.05	0.93	0.12	12.90%	
Non-controlling interests	0.50	-			

1. LPG sales income decreased because the usage of LPG in transportation sector decreased, result in volume sold decreased 16.24% from same period of previous 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 2.80% compared to the first quarter of last year. However, gross profit margin has no significant changed from 5.74% for Q1 2016 to be 5.96% for Q1 2017.
2. Transportation service income decreased because there has no LPG transportation service fee to regional LPG depot from PTT Plc. since February 2017.
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 first quarter of 2017 amounting of 130.93 Million Baht (in 2016, the Group recognized only profit sharing from associated).

As at 31 March 2017, the Group has backlog for construction service in oil and gas sector totaling of 528.97 Million Baht.

4. Testing and Inspection service slightly decreased as the decreased in CNG / LPG station inspection service. Moreover, gross profit margin for Q1 2017 was

15.67%, less than Q1 2016 which was 49.07%, because service cost for engineer and depreciation has been increased.

5. Other income significantly increased because of interest income from short-term investment and gain on disposal of fixed asset amounting of 3.48 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 10.93 Million Baht (48% was staff cost). Moreover, staff cost for the Group 100% subsidiaries also increased 19.22% from the same period of the previous year.
7. The Group has disposed investment in associate (Well Korat Energy Co., Ltd.) on 30 June 2016 and has step acquisition of investment in associate (CAZ) on 7 April 2016. Thus, there was no Share of profit (loss) of associates as the prior year.

Statement of Financial Position

Unit: Million Baht

	31 March 2017	31 December 2016	Change	Percentage
Assets				
Current assets				
Cash and cash equivalents	246.88	286.51	(39.63)	-13.83%
Temporary investments	70.15	69.97	0.18	0.26%
Trade and other receivables	240.38	310.19	(69.81)	-22.51%
Short-term loans to related parties	38.71	31.62	7.09	22.41%
Inventories	5.58	12.44	(6.86)	-55.13%
Other current assets	601.70	710.72	(109.02)	-15.34%
Total current assets	246.88	286.51	(39.63)	-13.83%
Non-current assets				
Pledged and restricted bank deposits	67.07	67.36	(0.29)	-0.42%
Investment properties	97.88	4.52	93.36	2067.10%
Property, plant and equipment	526.44	519.55	6.89	1.33%
Goodwill	19.38	19.38	-	100.00%
Intangible assets	6.10	7.16	(1.06)	-14.81%
Deferred income tax assets	4.09	4.14	(0.05)	-1.32%

	31 March 2017	31 December 2016	Change	Percentage
Other non-current assets	26.09	26.12	(0.03)	-0.12%
Total non-current assets	747.05	648.24	98.81	15.24%
Total assets	1,348.75	1,358.96	(10.21)	-0.75%
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables	164.52	162.74	1.78	1.09%
Short-term borrowings from financial institutions	43.52	45.02	(1.50)	-3.33%
Current portion of long-term bank borrowings	1.86	1.83	0.03	1.41%
Current portion of finance lease liabilities	0.62	-	0.62	#DIV/0!
Current income tax payable	13.86	16.76	(2.90)	-17.31%
Other current liabilities	224.38	226.36	(1.98)	-0.88%
Total current liabilities				
Non-current liabilities	234.36	245.46	(11.10)	-4.52%
Long-term bank borrowings	3.31	3.79	(0.48)	-12.71%
Finance lease liabilities	2.93	2.72	0.21	7.58%
Employee benefit obligations	0.72	-	0.72	#DIV/0!
Deferred income tax liabilities	23.88	23.00	0.88	3.85%
Other non-current liabilities	265.20	274.97	(9.77)	-3.55%
Total non-current liabilities	489.58	501.33	(11.75)	-2.34%
Total liabilities	164.52	162.74	1.78	1.09%
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	-	0.02%

	31 March 2017	31 December 2016	Change	Percentage
Retained earnings	79.07	78.02	1.05	1.34%
Total parent's equity	805.24	804.19	1.05	0.13%
Non-controlling interests	53.93	53.44	0.49	100.00%
Total shareholders' equity	859.17	857.63	1.54	0.18%
Total liabilities and shareholders' equity	1,348.75	1,358.96	(10.21)	-0.75%

The Group's total asset as at 31 March 2017 was 1,348.75 Million Baht, slightly decreased from 31 December 2016 which was 1,358.96 Million Baht or 0.75% because of the repayment of long term loan from financial institutions. Moreover, during the first quarter of 2017, the Group has purchased some land to support the business expansion on property development business (record as investment property).

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)
Vice President