

(“TRANSLATION”)

TG 154/2561

August 8, 2018

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 2018, which net profit has changed more than 20% from the last year as follows:

Statement of Comprehensive Income

Unit: Million Baht

	30 June 2018	30 June 2017	Increased (Decreased)	Percentage	Remark
Sales and Services Income	551.41	407.35	144.06	35.37%	
- LPG Trading	187.25	193.80	(6.55)	(3.38%)	1
- Transportation	3.58	2.65	0.93	35.09%	2
- Conversion Kit Installation	1.21	1.59	(0.38)	(23.90%)	3
- Construction	343.54	192.48	151.06	78.48%	4
- Testing and Inspection	15.83	16.83	(1.00)	(5.94%)	5
Cost of sales and services	(494.89)	(362.98)	131.91	36.34%	
Gross Profit	56.52	44.38	12.14	27.35%	
Other income	4.25	3.28	0.97	29.57%	6
Profit before expenses	60.77	47.66	13.11	27.51%	
Selling expenses	(4.49)	(4.60)	(0.11)	(2.39%)	
Administrative expenses	(37.82)	(31.69)	6.13	19.34%	7
Finance costs	(3.16)	(3.74)	(0.58)	(15.51%)	
Profit before income tax	15.30	7.63	7.67	100.52%	
Income tax	(5.04)	(2.24)	2.80	125.00%	
Profit for the period	10.26	5.39	4.87	90.35%	
Profit attributable to:					
Owners of the parent	4.56	2.58	1.98	76.74%	
Non-controlling interests	5.70	2.81	2.89	102.85%	

1. LPG trading income decreased amounting of 6.55 Million Baht, accounting for 3.38% from the same period of previous year. The average selling price increased 3.81%, while volume sold in Q2 2018 decreased 6.93%. However, the Company has expanded market to industrial sector and household sector in order to maintain overall LPG volume, resulted in increased LPG sold to industrial sector 78.15% and to household sector 335.19% from the same period of previous year. While decreased in LPG sold to transportation sector decreased 22.20% form previous year.
2. Transportation service income slightly increased 0.93 Million Baht, or 35.09% from the same period of last year as the Group has provided ammonia transportation service since 2017 by invest in ammonia truck, which made depreciation expense slightly increased. The ammonia transportation service for Q2 2018 was 66.67% of total transportation service income, while in Q2 2017 it was 31.24% of total transportation service income.
3. Conversion kit installation income decreased 23.90% 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.
4. Construction service income for the year sharply increased due to the increased in revenue from construction service in oil and gas sector amounting to 162.22 Million Baht, accounting for 90% compared to the same period of previous year. However, the Group has completed property construction service since Q2 2017, the property construction service income for the year compare to last year was decreased.

As at 30 June 2018, the Group has backlog for construction service in oil and gas sector totaling of 2,192.65 Million Baht. During the period, the Group has been awarded a project amounting of 40.92 Million Baht, which are the additional work for existing project such as Design and Installation of Foam system for Remote Impoundment, and new project such as Heating, Ventilation and Air Conditioning of In-Plant Power Generation.

5. Testing and Inspection service slightly decreased from the previous year of 1.00 Million Baht, accounting for 5.94% as there was no revenue from the project of interval inspection for NGV lorry truck as 2017. However, revenue from testing and inspection service in eastern region increased amounting of 6.70 Million Baht as the Group has expanded the market since the last quarter of 2016. However, service cost for engineer and depreciation has been increased.
6. Other income slightly decreased amounting of 0.97 Million Baht or 29.57% from previous year because in Q2 2017, the Company has interest income from bill of exchange and gain on short term investment amounting to 0.35 Million Baht. However, in Q2 2018, the Company has loss on short term investment amounting of 0.37 Million Baht and decreased in LPG depot rental of 0.33 Million Baht. While in Q2 2018 training service income increased 0.23 Million Baht compared to previous period.
7. Administrative expense for the Group increased amounting to 6.13 Million Baht, accounting for 19.34% from the same period of last year because the Company recorded allowance for doubtful account amounting of 3.69 Million Baht for LPG trading business due to the liquidity issue of Gas station customers. Moreover, the

Group has increased in number of staff and management to support Testing and Inspection service business, especially in eastern region. The staff cost has been increased 3.06 Million Baht approximately 30.37% compared to the same period of prior year.

Statement of Financial Position

Unit: Million Baht

	30 June 2018	31 December 2017	Increased (Decreased)	Percentage
Assets				
Current assets				
Cash and cash equivalents	284.14	347.12	(62.98)	(18.14%)
Temporary investments	40.48	40.65	(0.17)	(0.42%)
Trade and other receivables	341.72	349.82	(8.10)	(2.32%)
Inventories	143.56	31.94	111.62	349.47%
Other current assets	6.57	22.08	(15.51)	(70.24%)
Total current assets	816.47	791.60	24.87	3.14%
Non-current assets				
Pledged and restricted bank deposits	4.66	9.69	(5.03)	(51.91%)
Investment properties	22.75	116.67	(93.92)	(80.50%)
Property, plant and equipment	546.13	524.06	22.07	4.21%
Goodwill	19.38	19.38	-	0.00%
Intangible assets	12.17	9.44	2.73	28.92%
Deferred income tax assets	4.19	4.15	0.04	0.96%
Other non-current assets	84.88	61.12	23.76	38.87%
Total non-current assets	694.17	744.52	(50.35)	(6.76%)
Total assets	1,510.63	1,536.12	(25.49)	(1.66%)
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables	424.14	385.98	38.16	9.89%
Current portion of long-term bank borrowings	38.64	40.08	(1.44)	(3.59%)

	30 June 2018	31 December 2017	Increased (Decreased)	Percentage
Current portion of finance lease liabilities	2.22	2.20	0.02	0.91%
Current income tax payable	1.37	0.21	1.16	552.38%
Other current liabilities	12.87	22.86	(9.99)	(43.70%)
Total current liabilities	479.24	451.33	27.91	6.18%
Non-current liabilities				
Long-term bank borrowings	163.02	188.14	(25.12)	(13.35%)
Finance lease liabilities	2.05	2.76	(0.71)	(25.72%)
Employee benefit obligations	7.21	3.92	3.29	83.93%
Deferred income tax liabilities	-	0.35	(0.35)	(100.00%)
Other non-current liabilities	8.54	12.61	(4.07)	(32.28%)
Total non-current liabilities	180.82	207.78	(26.96)	(12.98%)
Total liabilities	660.06	659.12	0.94	0.14%
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	56.08	78.26	(22.18)	(28.34%)
Total parent's equity	782.25	804.43	(22.18)	(2.76%)
Non-controlling interests	68.32	72.57	(4.25)	(5.86%)
Total shareholders' equity	850.57	877.00	(26.43)	(3.01%)
Total liabilities and shareholders' equity	1,510.63	1,536.12	(25.49)	(1.66%)

The Group's total asset as at 30 June 2018 was 1,510.63 Million Baht, decreased 25.49 Million Baht from 31 December 2017 which was 1,536.12 Million Baht or 1.66% because of the repayment of long-term bank borrowings, dividend payment, and the decreased in LPG trading receivable account as decreased in sales and increased in allowance for doubtful account. However, the Group has purchased equipment amounting of 27.39

Million Baht and withholding tax deducted at source amounting to 18.21 Million Baht as the service income has increased.

The Group's total liabilities as at 30 June 2018 was 660.06 Million Baht slightly increased from 31 December 2017 which was 659.12 Million Baht because of the increased in Account Payable and Unearned income of oil and gas construction service amounting of 38.29 Million Baht and decreased in VAT and Withholding tax payable to TRD amounting of 12.53 Million Baht and long-term bank borrowings amounting of 25.12 Million Baht.

On 2 July 2018, The Group received a collection letter to ask for payment of construction service and retention from a subcontractor of residential construction project totaling Baht 7.30 million. The Group has not recognised the liabilities since the subcontractor did not execute and deliver the services as specified in the contract, and it caused damages to the subsidiary. The management seeks opinion from legal advisor and believes that the Group has no responsibility for this claim.

The Group's shareholders' equity as at 30 June 2018 was 848.23 Million Baht slightly decreased from 31 December 2017 which was 877.00 Million Baht because dividend payment 0.035 Baht per share, totaling of 28.00 Million Baht on 21 May 2018.

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)
Vice President