

(“TRANSLATION”)

TG 032/2562

February 27, 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 year ended 31 December 2018, which net profit has changed more than 20% from the last year as follows:

**Statement of Comprehensive Income**

*Unit: Million Baht*

	31 December 2018	31 December 2017	Increased (Decreased)	Percentage	Remark
<b>Sales and Services Income</b>	<b>2,277.55</b>	<b>1,925.12</b>	<b>352.43</b>	<b>18.31%</b>	
- LPG Trading	773.68	773.35	0.33	0.04%	1
- Transportation	15.98	12.01	3.97	33.06%	2
- Conversion Kit Installation	4.62	3.49	1.13	32.38%	3
- Construction	1,405.03	1,079.05	325.98	30.21%	4
- Testing and Inspection	78.24	57.22	21.02	36.74%	5
<b>Cost of sales and services</b>	<b>(2,029.13)</b>	<b>(1,734.66)</b>	<b>294.47</b>	<b>16.98%</b>	
<b>Gross Profit</b>	<b>248.42</b>	<b>190.47</b>	<b>57.95</b>	<b>30.42%</b>	
Other income	15.24	16.95	(1.71)	(10.09%)	
<b>Profit before expenses</b>	<b>263.66</b>	<b>207.42</b>	<b>56.24</b>	<b>27.11%</b>	
Selling expenses	(22.79)	(18.70)	4.09	21.87%	6
Administrative expenses	(149.44)	(131.08)	18.36	14.01%	7
Finance costs	(13.10)	(14.29)	(1.19)	(8.33%)	
<b>Profit before income tax</b>	<b>78.33</b>	<b>43.35</b>	<b>34.98</b>	<b>80.69%</b>	
Income tax	(19.28)	(8.18)	11.10	135.73%	
<b>Profit for the period</b>	<b>59.05</b>	<b>35.17</b>	<b>23.88</b>	<b>67.90%</b>	
Other comprehensive income	(1.34)	(0.17)	(1.17)	695.12%	
<b>Total comprehensive income, net of tax</b>	<b>57.71</b>	<b>35.00</b>	<b>22.71</b>	<b>64.88%</b>	
<b>Profit attributable to:</b>					
Owners of the parent	32.13	25.35	6.78	26.74%	
Non-controlling interests	26.92	9.82	17.10	174.13%	

1. LPG trading income increased amounting of 0.33 Million Baht, accounting for 0.40% from the previous year as the average selling price increased 2.24%, while volume sold decreased 2.27% from last year. 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 47.31% and to household sector 120.95% from the same period of previous year. While LPG sold to transportation sector decreased 13.10% form previous year which in line with other LPG Trader under section 7 of Fuel Trade Act, B.E.2543.
2. Transportation service income slightly increased 3.97 Million Baht, or 33.06% from 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 2018 was 71.96% of total transportation service income, while in 2017 it was 47.68% of total transportation service income.
3. Conversion kit installation income slightly increased 1.13 Million Baht compared to last year because of the Group has expanded market to the Car distribution center to add up sales.
4. Construction service income for the year increased due to the increased in revenue from construction service in oil and gas sector amounting to 337.69 Million Baht, accounting for 33.00% compared to the same period of previous year.

As at 31 December 2018, the Group has backlog for construction service in oil and gas sector totaling of 2,744.37 Million Baht. Also, the Group has awarded new project during January – February 2019 amounting to 43.81 Million Baht.

5. Testing and Inspection service increased from the previous year of 21.02 Million Baht, accounting for 36.74% because the increased in revenue from testing and inspection service in eastern region as the Group has expanded the market since the last quarter of 2016. However, service cost for engineer and depreciation has been increased. Revenue from testing and inspection service in eastern region was 38.55% of revenue from testing and inspection service, while it was only 6.01% of revenue from testing and inspection service in last year.
6. Selling expense for the Group increased amounting to 4.09 Million Baht, accounting for 21.87 % from the previous year. Because the distant for transportation to customer increased 258,575 kilometers, or 24.78% compared to the previous year, transportation expense increased 4.89 Million Baht, or 27.18% from the previous year.
7. Administrative expense for the Group increased amounting to 18.38 Million Baht, accounting for 14.01% from last year because the Company recorded allowance for doubtful account amounting of 1.42 Million Baht due to the liquidity issue of LPG 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 12.23 Million Baht approximately 17.27% compared to the prior year.

## Statement of Financial Position

Unit: Million Baht

	31 December 2018	31 December 2017	Increased (Decreased)	Percentage
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	212.68	347.12	(134.44)	(38.73%)
Temporary investments	59.90	40.65	19.25	47.36%
Trade and other receivables	255.88	263.44	(7.56)	(2.87%)
Unbilled receivables	286.04	86.38	199.66	231.14%
Inventories	308.56	31.94	276.62	866.06%
Other current assets	10.98	22.08	(11.10)	(50.27%)
<b>Total current assets</b>	<b>1,134.05</b>	<b>791.60</b>	<b>342.45</b>	<b>43.26%</b>
<b>Non-current assets</b>				
Pledged and restricted bank deposits	37.35	9.69	27.66	285.45%
Investment properties	22.28	116.67	(94.39)	(80.90%)
Property, plant and equipment	564.97	524.06	40.91	7.81%
Goodwill	19.38	19.38	-	-
Intangible assets	13.68	9.44	4.24	44.92%
Deferred income tax assets	3.98	4.15	(0.17)	(4.10%)
Other non-current assets	117.93	61.12	56.81	92.95%
<b>Total non-current assets</b>	<b>779.58</b>	<b>744.52</b>	<b>35.06</b>	<b>4.71%</b>
<b>Total assets</b>	<b>1,913.62</b>	<b>1,536.12</b>	<b>377.51</b>	<b>24.57%</b>
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Bank overdrafts and short-term bank borrowings	59.18	-	59.18	100.00%
Trade and other payables	346.27	224.78	121.49	54.05%
Advance received from construction contracts	385.02	161.20	223.82	138.84%

	31 December 2018	31 December 2017	Increased (Decreased)	Percentage
Current portion of long-term bank borrowings	38.64	40.08	(1.44)	(3.59%)
Current portion of finance lease liabilities	2.45	2.20	0.25	11.36%
Current income tax payable	1.35	0.21	1.14	542.86%
Other current liabilities	24.89	22.86	2.03	8.88%
<b>Total current liabilities</b>	<b>857.80</b>	<b>451.33</b>	<b>406.47</b>	<b>90.06%</b>
<b>Non-current liabilities</b>				
Long-term bank borrowings	143.70	188.14	(44.44)	(23.62%)
Finance lease liabilities	3.48	2.76	0.72	26.09%
Employee benefit obligations	7.70	3.92	3.78	96.43%
Deferred income tax liabilities	-	0.35	(0.35)	100.00%
Other non-current liabilities	12.10	12.61	(0.51)	(4.04%)
<b>Total non-current liabilities</b>	<b>166.98</b>	<b>207.78</b>	<b>(40.80)</b>	<b>(19.64%)</b>
<b>Total liabilities</b>	<b>1,024.78</b>	<b>659.12</b>	<b>365.66</b>	<b>55.48%</b>
<b>Shareholders' equity</b>				
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	80.98	78.26	2.72	3.48%
Other component of equity	1.07	-	1.07	100.00%
<b>Total parent's equity</b>	<b>808.22</b>	<b>804.43</b>	<b>3.79</b>	<b>0.47%</b>
Non-controlling interests	80.63	72.57	8.06	11.11%
<b>Total shareholders' equity</b>	<b>888.84</b>	<b>877.00</b>	<b>11.84</b>	<b>1.35%</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,913.62</b>	<b>1,536.12</b>	<b>377.50</b>	<b>24.57%</b>

The Group's total asset as at 31 December 2018 was 1,913.62 Million Baht, increased 377.51 Million Baht from 31 December 2017 which was 1,536.12 Million Baht or 24.58% because of the material purchased for oil and gas construction service 181.72 Million Baht, increased in unbilled receivable amounting to 199.66 Million Baht according to revenue recognized by percentage of completion and equipment purchased during the period 93.10 Million Baht. Moreover, the Group has purchased land from connected person amounting to 41.55 Million Baht and reclassified investment properties amounting to 93.45 Million Baht to record as inventory as the plan to develop as property for sale.

The Group's total liabilities as at 31 December 2018 was 1,024.78 Million Baht increased from 31 December 2017 which was 659.12 Million Baht because of the increased in Unearned income of oil and gas construction service amounting of 223.82 Million Baht as well as increased in Account Payable and Accrued expense amounting of 120.48 Million Baht. Moreover, the Group has Bank overdrafts and short-term bank borrowings as at 31 December 2018 amounting to 59.18 Million Baht for working capital (already repayment during January 2019). However, during FY2018 the Group has repaid long-term bank borrowings amounting of 45.88 Million Baht.

The Group's shareholders' equity as at 31 December 2018 was 888.84 Million Baht slightly decreased from 31 December 2017 which was 877.00 Million Baht because total comprehensive income for the year was 57.71 Million Baht and dividend payment totaling of 44.98 Million Baht during 2018.

During January 2019, CAZ (Thailand) Public Company Limited (CAZ) which is a subsidiary of the Group, offered its common shares to the initial public offering (IPO) by issuing 80,000 million common shares. The new shares were sold to subscribers at price of Baht 3.90 per share totaling 312.00 Million Baht. The shares of CAZ begin trading in the Market for Alternative Investment on 22 January 2019. After IPO, CAZ is still a subsidiary of the Company. The Company has to prepare consolidate financial statements. This will affect to profit attribute to owners of the parent from CAZ decrease from 51.30% to 36.64% and non-controlling interests will increase.

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)  
Vice President