

(“TRANSLATION”)

TG 052/2020

May 11, 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 March 2020, which net profit has changed more than 20% from the last year as follows:

Statement of Comprehensive Income

Unit: Million Baht

	31 March 2020	31 March 2019	Increased (Decreased)	Percentage	Remark
Sales and Services Income	828.25	684.65	143.59	20.97%	
- LPG Trading	162.50	195.57	(33.07)	(16.91%)	1
- Transportation	3.74	4.18	(0.44)	(10.53%)	
- Conversion Kit Installation	0.48	0.37	0.11	29.73%	
- Construction	637.29	469.46	167.83	35.75%	2
- Testing and Inspection	24.23	15.07	9.16	60.78%	3
Cost of sales and services	(757.45)	(620.43)	137.02	22.08%	
Gross Profit	70.79	64.22	6.57	10.23%	9
Other income	2.43	5.85	(3.42)	(58.46%)	4
Profit before expenses	73.22	70.07	3.15	4.50%	
Selling expenses	(1.19)	(1.52)	(0.33)	(21.71%)	5
Administrative expenses	(43.85)	(64.70)	(20.85)	(32.22%)	6
Finance costs	(5.80)	(2.78)	3.02	108.63%	7
Share of loss associates accounted for using equity method	(0.45)	-	0.45	(100.00%)	8
Profit before income tax	21.93	1.07	20.86	1,949.53%	
Income tax	(5.62)	(7.02)	(1.40)	(19.94%)	
Profit for the period	16.31	(5.95)	22.26	(374.12%)	9
Other comprehensive income:	-	0.17	(0.17)	(100.00%)	
Total comprehensive income, net of tax	16.31	(5.78)	22.09	(382.18%)	
Profit attributable to:					
Owners of the parent	3.50	(17.46)	20.96	(120.05%)	
Non-controlling interests	12.81	11.52	1.29	11.20%	

1. LPG sales income decreased amounting to 33.07 Million Baht, accounting for 16.91% as the average selling price decreased 0.78%, while volume sold decreased 16.20% from the same period of 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 39.59%. While LPG sold to transportation sector decreased 32.57% from previous year which in line with other LPG Trader under section 7 of Fuel Trade Act, B.E.2543.
2. Construction service income for the year sharply increased 167.83 Million Baht, accounting for 35.75% 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 2018. As at 31 March 2020, the Group has backlog for construction service in oil and gas sector totaling of 2,286.09 Million Baht.
3. Service income from Testing and Inspection service increased 9.16 Million Baht or 60.78% from the same period of previous year as the increased in testing and inspection service income in eastern region amounting of 5.45 Million Baht, accounting for 56.17% of Testing and Inspection service income, from the same period of last year which was 54.15% of Testing and Inspection service income.
4. Other income decreased 3.42 Million Baht or 57.04% from previous year because of the following;
 - Decreased in gain on foreign exchange rate from Q1'19 amounting of 1.53 Million Baht and gain on selling of scrap and unused construction machine equipment and consumable amounting of 0.62 Million Baht
 - Decreased in training service income and equipment rental income of 0.22 Million Baht compared to the previous year
 - Decreased in interest income and short term investment of 1.09 Million Baht from the prior year.
5. Selling expense decreased amounting to 0.33 Million Baht, accounting for 21.71% from previous year due to the decreased in salary of salesperson 0.20 Million Baht and commission expense for Testing and Inspection service 0.14 Million Baht.
6. Administrative expense for the Group decreased amounting to 20.85 Million Baht, accounting for 32.22% from last year because the following;
 - Impairment of gas depot and related assets in LPG trading business amounting of 22.48 Million Baht, recorded in Q1'19, as the recoverable amount of gas depot and related assets in LPG trading business may less than carrying value according to the continuously decreased in revenue on LPG trading
 - Decreased in audit service fee amounting of 0.46 Million Baht from prior year
 - Increased in allowance for doubtful account amounting of 3.80 Million Baht, as fair value of account receivable assessment on TFRS9 Financial Instruments
 - Increased in depreciation expense amounting of 1.17 Million Baht, as Right-of-use assets record on TFRS16 leases

- Increased in consultant fee, tax and fee from property development business amounting of 0.72 Million Baht, as the construction process of the project
- 7. Financial Cost increased 3.02 Million Baht, or 108.63% because the Group using short term credit facilities from the financial institutions as working capital amounting of 173.13 Million Baht during the period.
- 8. Share of loss associates accounted for using equity method amounting of 0.45 Million Baht from 3 associated company as follow;
 - Sales and installation of tools and machinery, hold 47.50% of paid-up capital, share of loss amounting of 0.17 Million Baht
 - Repair and maintenance of tools and machinery, hold 47.50% of paid-up capital, share of gain amounting of 0.09 Million Baht
 - Property development, hold 40% of paid-up capital, share of loss amounting of 0.38 Million Baht
- 9. Net Profit for the 3 months ended 31 March 2020 was 16.31 Million Baht, increased 22.25 Million Baht or 374.58% from the same period of prior year which was net loss of 5.94 Million Baht by reason of the increased in Construction service income. However, gross profit margin for Q1'20 was 8.55% ,slightly decreased from the prior year which was 9.51% because the update of construction budget cost to be as the current cost as well as the decreased in selling price of LPG in the end of March 2020, effect on loss from LPG trading business.

Statement of Financial Position

Unit: Million Baht

	31 March 2020	31 December 2019	Increased (Decreased)	Percentage
Assets				
Current assets				
Cash and cash equivalents	45.51	138.27	(92.76)	(67.09%)
Trade and other receivables	370.17	320.57	49.60	15.47%
Contract assets	680.70	692.30	(11.60)	-1.68%
Short-term loans to related parties	4.32	0.32	4.00	100.00%
Inventories	235.91	222.17	13.74	6.18%
Other current assets	17.09	15.57	1.52	9.76%
Total current assets	1,353.70	1,389.21	(35.51)	(2.56%)
Non-current assets				
Pledged and restricted bank deposits	41.43	48.85	(7.42)	(15.19%)
Investments in associates	6.32	5.21	1.11	100.00%
Investment properties	10.88	11.04	(0.16)	(1.45%)

	31 March 2020	31 December 2019	Increased (Decreased)	Percentage
Property, plant and equipment	727.83	692.02	35.81	5.17%
Goodwill	19.38	19.38	-	0.00%
Intangible assets	14.87	14.49	0.38	2.62%
Withholding tax receivable	135.28	118.56	16.72	14.10%
Deferred income tax assets	5.49	5.61	(0.12)	(2.14%)
Other non-current assets	21.29	15.27	6.02	39.42%
Total non-current assets	982.77	930.43	52.34	5.63%
Total assets	2,336.47	2,319.64	16.83	0.73%
Liabilities and shareholders' equity				
Current liabilities				
Short-term bank borrowings	221.59	238.95	(17.36)	(7.27%)
Trade and other payables	388.91	399.23	(10.32)	(2.58%)
Contract liabilities	244.69	241.90	2.79	1.15%
Short-term borrowings from related parties	2.00	2.50	(0.50)	100.00%
Current portion of long-term bank borrowings	38.64	38.64	-	0.00%
Current portion of lease liabilities	19.49	9.57	9.92	103.66%
Current income tax payable	0.73	0.58	0.15	25.86%
Other current liabilities	38.84	26.92	11.92	44.28%
Total current liabilities	954.89	958.29	(3.40)	(0.35%)
Non-current liabilities				
Long-term bank borrowings	94.68	105.06	(10.38)	(9.88%)
Lease liabilities	40.06	22.58	17.48	77.41%
Employee benefit obligations	12.63	16.41	(3.78)	(23.03%)
Other non-current liabilities	21.00	20.41	0.59	2.89%
Total non-current liabilities	168.37	164.46	3.91	2.38%
Total liabilities	1,123.26	1,122.74	0.52	0.05%
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	78.02	74.52	3.50	4.70%
Other component of equity	81.85	81.85	-	0.00%
Total parent's equity	886.04	882.54	3.50	0.40%
Non-controlling interests	327.17	314.36	12.81	4.07%
Total shareholders' equity	1,213.21	1,196.90	16.31	1.36%
Total liabilities and shareholders' equity	2,336.47	2,319.64	16.83	0.73%

The Group's total asset as at 31 March 2020 was 2,336.47 Million Baht, increased 16.83 Million Baht from 31 December 2019 which was 2,319.64 Million Baht or 0.73% because of the following;

- Trade and other receivable increased 49.60 Million Baht as the increased in billing to customer for construction service but not yet due on payment.
- Inventory increased 13.74 Million Baht due to purchase of material for construction service during the period.
- Purchase of tools and equipment for construction service amounting of 38.68 Million Baht to support the business expansion, Right-of-use assets amounting of 17.16 Million Baht according to the initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 Leases, and depreciation expense during the period amounting of 20.04 Million Baht. Net effect of PPE was increased of 35.81 Million Baht from the last year.
- Withholding tax receivable increase amounting of 16.72 Million Baht as payment received from Trade receivable during the period
- Other non-current asset increased 6.02 Million Baht as retention deducted from construction service receivable during the period
- Contract assets (Unbilled receivables from Construction service) decreased 11.60 Million Baht due to billing to customer during the period.

The Group's total liabilities as at 31 March 2020 was 1,123.24 Million Baht slightly increased from 31 December 2019 which was 1,122.74 Million Baht because of the following;

- Contract liabilities (Advances received from construction contracts and construction income received in advance) increased 2.79 Million Baht since payment received during the period was more than revenue recognition
- Other current liabilities increased 11.92 Million Bath due to accrued tax to the Revenue Department
- Lease liabilities increased 27.40 Million Baht according to the initially adopted TFRS 16 on contracts
- Long-term borrowings from financial institutions decreased 10.38 Million Baht, or 9.88% due to the repayment during the period
- Short-term borrowings from financial institutions decreased 17.36 Million Baht due to the repayment during the period

The Group's shareholders' equity attribute to the parent company as at 31 March 2020 was 1,213.17 Million Baht increased from 31 December 2019 which was 1,196.60 Million Baht because total comprehensive income for the period.

As at 31 March 2020, the Group's Current ratio was 1.42 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 0.93 times and 0.35 times, consequently, which is low risk on financial leverage.

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)
Vice President