

(“TRANSLATION”)

TG 080/63

August 7, 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 30 June 2020, which net profit has changed more than 20% from the last year as follows:

Statement of Comprehensive Income

Unit: Million Baht

	30 June 2020	30 June 2019	Increased (Decreased)	Percentage	Remark
Sales and Services Income	720.81	766.32	(45.51)	(5.94%)	
- LPG Trading	108.72	188.21	(79.49)	(42.23%)	1
- Transportation	3.90	3.70	0.20	5.41%	
- Conversion Kit Installation	0.34	0.62	(0.28)	(45.16%)	
- Construction	585.85	554.59	31.26	5.64%	2
- Testing and Inspection	22.00	19.20	2.80	14.58%	
Cost of sales and services	(669.81)	(687.13)	(17.32)	(2.52%)	
Gross Profit	51.00	79.19	(28.19)	(35.60%)	6
Other income	2.53	2.91	(0.38)	13.06%	
Distribution costs	(0.97)	(1.38)	(0.41)	(29.71%)	3
Administrative expenses	(39.62)	(40.36)	(0.74)	(1.83%)	
Profit before expenses	12.93	40.35	(27.43)	(67.96%)	
Finance costs	(5.63)	(3.53)	2.10	59.49%	4
Share of profit (loss) of associates	(0.84)	(0.35)	0.49	140.00%	5
Profit before income tax	6.46	36.47	(30.01)	(82.29%)	
Income tax	(2.97)	(9.07)	(6.10)	(67.25%)	
Profit for the period	3.49	27.40	(23.91)	(87.26%)	6
Other comprehensive income:	-	(3.66)	3.66	100.00%	
Total comprehensive income for the year, net of tax	3.49	23.74	(20.25)	(85.30%)	
Profit attributable to:					
Owners of the parent	(5.67)	13.77	(19.44)	(141.18%)	
Non-controlling interests	9.16	13.63	(4.47)	(32.80%)	

1. LPG sales income decreased amounting to 79.49 Million Baht, accounting for 42.23%, as the average selling price decreased 14.63% from previous year because the board of National Energy Policy office has adjusted LPG selling price which cause a sharply decreased in selling price since the end of March 2020. Moreover, volume sold decreased 32.19% from the same period of last year, mainly decreased in LPG sold to transportation sector 50.45% as many people avoid travelling according to the prescription measures to prevent the spread of COVID-19 during April to June. However, the Company has expanded market to industrial sector in order to maintain overall LPG volume, resulted in increased LPG sold to industrial sector 15.53%.
2. Construction service income for the year increased 31.26 Million Baht, accounting for 5.64% 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. Currently, the Group has backlog for construction service in oil and gas sector totaling of 3,159.13 Million Baht.
3. Distribution costs decreased amounting to 0.41 Million Baht, accounting for 29.71% from previous year due to the decreased in salary of salesperson 0.41 Million Baht.
4. Financial Cost increased 2.10 Million Baht, or 59.49% because the Group using short term credit facilities from the financial institutions as working capital amounting of 313.06 Million Baht during the period.
5. Share of loss associates accounted for using equity method amounting of 0.84 Million Baht from 4 associated companies as follow;
 - Sales and installation of tools and machinery, hold 47.50% of paid-up capital, share of gain amounting of 0.13 Million Baht
 - Repair and maintenance of tools and machinery, hold 47.50% of paid-up capital, share of loss amounting of 0.28 Million Baht
 - Property development, hold 40% of paid-up capital, share of loss amounting of 0.08 Million Baht
 - Manufacturer and assembly electric motorbike, hold 40% of paid-up capital, share of loss amounting of 0.60 Million Baht
6. Gross profit margin for the 3 months ended 30 June 2020 was 7.08% decreased from 10.33% of last year gross profit margin, while Net profit for the 3 months ended 30 June 2020 was 3.49 Million Baht, decreased 23.91 Million Baht or 87.26% from the same period of prior year which was net profit of 27.40 Million Baht by reason of the decreased in LPG sales income, especially in transportation sector as well as LPG stock loss from decreased in selling price in the end of March 2020, amounting of 2.61 Million Baht. However, the Company already recognized all loss from LPG stock in this quarter.

Statement of Financial Position

Unit: Million Baht

	30 June 2020	31 December 2019	Increased (Decreased)	Percentage
Assets				
Current assets				
Cash and cash equivalents	78.20	138.27	(60.07)	(43.44%)
Trade and other receivables	297.15	3,20.57	(23.42)	(7.31%)
Contract assets	589.32	692.30	(102.98)	(14.88%)
Short-term loans to related parties	8.32	0.32	8.00	100.00%
Inventories	213.92	222.17	(8.25)	(3.71%)
Other current assets	21.40	15.57	5.83	37.44%
Total current assets	1,208.31	1,389.20	(180.90)	(13.02%)
Non-current assets				
Pledged and restricted bank deposits	33.90	48.85	(14.95)	(30.60%)
Investments in associates	5.48	5.21	0.27	100.00%
Investment properties	6.21	11.04	(4.83)	(43.75%)
Property, plant and equipment	735.98	692.02	43.96	6.35%
Goodwill	19.38	19.38	-	0.00%
Intangible assets	15.18	14.49	0.69	4.76%
Withholding tax receivable	144.83	118.56	26.27	22.16%
Deferred tax assets	5.76	5.61	0.15	2.67%
Other non-current assets	37.00	15.27	21.73	142.31%
Total non-current assets	1,003.73	930.43	73.30	7.88%
Total assets	2,212.04	2,319.63	(107.60)	(4.64%)
Liabilities and shareholders' equity				
Current liabilities				
Over draft and short-term bank borrowings	152.32	238.95	(86.63)	(36.25%)
Trade and other payables	372.85	399.23	(26.38)	(6.61%)
Contract liabilities	240.56	241.90	(1.34)	(0.55%)
Short-term loans from related party	-	2.50	-	100.00%
Current portion of long-term bank borrowings	28.98	38.64	(9.66)	(25.00%)
Current portion of finance lease liabilities	21.41	9.57	11.84	123.72%
Current income tax payable	0.58	0.58	-	0.00%
Other current liabilities	44.12	26.92	17.20	63.89%
Total current liabilities	860.82	958.29	(97.47)	(10.17%)

Unit: Million Baht

	30 June 2020	31 December 2019	Increased (Decreased)	Percentag e
Non-current liabilities				
Long-term bank borrowings	104.34	105.06	(0.72)	-0.69%
Lease liabilities	38.31	22.58	15.73	69.66%
Non-current provisions for employee benefits	13.54	16.41	(2.87)	-17.49%
Other non-current liabilities	19.25	20.41	(1.16)	-5.68%
Total non-current liabilities	175.44	164.46	10.98	6.68%
Total liabilities	1,036.26	1,122.74	(86.48)	-7.70%
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	50.43	74.52	(24.09)	-32.33%
Other component of equity	81.85	81.85	-	0.00%
Total parent's equity	858.45	882.54	(24.09)	-2.73%
Non-controlling interests	317.33	314.36	2.97	0.94%
Total shareholders' equity	1,175.78	1,196.90	(21.12)	-1.76%
Total liabilities and shareholders' equity	2,212.04	2,319.64	(107.60)	-4.64%

The Group's total asset as at 30 June 2020 was 2,212.04 Million Baht, decreased 107.60 Million Baht from 31 December 2019 which was 2,319.64 Million Baht or 4.64% because of the following;

- Trade and other receivable decreased 23.42 Million Baht as the payment received from customer during the period.
- Contract assets (Unbilled receivables from Construction service) decreased 102.98 Million Baht due to billing to customer for construction service during the period.
- Inventory decreased 8.25 Million Baht due to the use of material for construction service during the period.
- Purchase of tools and equipment amounting of 64.86 Million Baht to support the business expansion, Right-of-use assets amounting of 20.00 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 40.37 Million Baht. Net effect of PPE was increased of 43.96 Million Baht from the last year.
- Withholding tax receivable increase amounting of 26.27 Million Baht as payment received from Trade receivable during the period

- Other non-current asset increased 21.73 Million Baht as retention deducted from construction service receivable during the period

The Group's total liabilities as at 30 June 2020 was 1,036.26 Million Baht slightly decreased from 31 December 2019 which was 1,122.74 Million Baht because of the following;

- Short-term borrowings from financial institutions decreased 86.63 Million Baht due to the repayment during the period
- Contract liabilities (Advances received from construction contracts and construction income received in advance) decreased 1.34 Million Baht due to the revenue recognition during the year.
- Other current liabilities increased 17.20 Million Bath due to accrued tax to the Revenue Department
- Lease liabilities increased 15.73 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

The Group's shareholders' equity attribute to the parent company as at 30 June 2020 was 858.45 Million Baht decreased from 31 December 2019 which was 882.54 Million Baht because dividend payment amounting to 21.92 Million Baht in May 2020 and total comprehensive loss for the period amounting to 2.17 Million Baht.

As at 30 June 2020, the Group's Current ratio was 1.40 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 0.88 times and 0.29 times, slightly decreased from last year ratio of 1.27 and 0.47, consequently, which is low risk on financial leverage.

Please be informed accordingly,

Yours sincerely,

(Ms. Nita Treeweeranuwat)
Vice President