

TAKUNI



Annual Report

Takuni Group Public Company Limited





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Vision

1

To be one of the Energy Business Leader, to place importance on Quality and Security

TAKUNI 

Mission

1

To expand business through integration to increase organization potential

2

To offer professional services by continuously developing organization and human resource efficiency

3

To emphasize the use of modern, safe and eco-friendly technology



Message from the Chairman of Director

During the year 2017, Thai economic faces many challenges from many stimulus especially decreasing of petrol price, declining purchasing power which result from higher household debt and world economy volatility. From the reasons, business sector has to put a lot of effort to improve their competitive capacity.

LPG trading and transportation business are affected by the stated economic condition and LPG price war. The revenue from LPG trading and transportation decreased by 10.08% from prior year. The Board of Director realized the impact of all these negative factors and closely follow up on the situation as well as order the executive to find appropriate measure in order to lessen the stated impact. Also, executives are responsible for finding additional channel to increase the revenue from related business, such as extend various goods for transportation services, and diversify to invest in property development business as well as reduce unnecessary expense.

The Board of Director place importance on the business growth to add shareholders' value. Moreover, the Board has followed up on the policy as well as carefully and transparently oversaw the Company's performance in order to meet the expectation of all stakeholders.

On behalf of the Board of Directors, we would like to express our sincere thanks to all shareholders, partners and other parties who have been providing valuable supports and contribution to the Company's success at all time as well as our executives and employees for their hard working. All of us will try our best to take on all obstacles, and continue to the company move forward firmly.



Mr. Visit Akarawinak
Chairman of Director



Message from Chief Executive Officer



Mr. Prasert Treeveeranuwat
Chief Executive Officer

During the past years, the Group's revenue increased from 1,589.19 Million Baht to 1,925.12 Million Baht, accounting for 21.14%, which mainly come from revenue of oil and gas construction service. However, the Group was still affected by low oil price, resulted significantly in decreasing of revenue from the business related to liquefied petroleum gas (LPG). The Company still focuses on the diversify strategies by investment to other businesses to alleviate the impact of oil prices. For example, the market expansion of Non-Destructive Testing services in the Eastern region and diversified investment in property development business.

LPG trading business by Takuni Group Public Company Limited

Since 2015, the Company has delayed investment relating to distribution of LPG since the company expected that the demand for LPG in automotive sector will decline continuously. Along with the price competition, the company's revenue from LPG trading decreased from Baht 860.01 Million Baht to 773.35 Million Baht in 2017. However, the Company has expanded its business to property development to diversify its business risk.

Transportation business by G Gas Logistics Company Limited

The Group has been affected by the decrease in LPG sales volume. Therefore, it has expanded its delivered-product line by started to deliver ammonia product since the end of 2016. The ammonia transportation service income for 2017 was 5.73 Million Baht. The Group, moreover, has started to deliver raw materials for construction since October 2016, which generated revenue of 2.47 Million Baht in 2017. However, there has been the slight decrease in revenue from transportation service (according to the separate financial statement), from 40.30 Million Baht to 39.96 Million Baht. This resulted from a decrease in revenue from LPG transportation service.



Construction services by Takuni (Thailand) Company Limited and CAZ (Thailand) Company Limited

The Group tried to expand its construction business, especially in oil and gas construction service, which revenue increased by 564.42 Million Baht from last year due to the customers' expansion of factories. In addition, the Company had expected that the construction of its existing customers and the investment in the eastern region would increase dramatically over the next five years, so the Company had planned to register CAZ (Thailand) to be listed on the Market for Alternative Investment (MAI) to increase opportunity for raising funds for its operation. In November 2017, the Company has appointed a financial advisor to prepare for listing on MAI.

Non-Destructive Testing (NDT), Inspection and Certification services business by Rajchapluak Engineering Company Limited

The Group has expanded its market for Non-Destructive Testing and Inspection & Certification services in the eastern region since late 2016 by having experienced professionals who were certified as NDT Level 3 to support the expansion of their existing customer base from the testing and inspection services for customers using LPG and CNG to the testing and inspection services for oil refinery, power plant and petrochemical plant. However, the revenue from the non-destructive testing services for 2017 was 57.22 Million Baht, slightly decreased from 2016 which was 61.43 Million Baht.

Property Development Business by Takuni Land Company Limited

The Group now has already purchased some of the land to support the expansion of its property development business, totaling Baht 93.45 million with a plan to buy more land for development projects by doing a joint venture with experienced real estate developers to reduce the risk of entering new business.

As Chief Executive Officer, I would like to thank all our shareholders for their support and trust. I affirm that I will at all times transparently and effectively. Once again, I appreciate confidence that you placed in our company and management team.



Company Information

Initial	: TAKUNI
Name	: Takuni Group Public Company Limited
Head Quarter Address	: 140/1 Soi Naveechareonsap, Kanchanapisak rd, Bangkae, Bangkok 10160
Major Business	: LPG Trading, Transportation service, Construction service, LPG/CNG conversion kit installation for vehicles, Non-Destructive Testing and Inspection service.
Website	: www.takunigroup.com
Registered Capital	: 600,000,000 Share
Paid-up Capital	: 400,000,000 baht
Common Shares	: 1,200,000,000 shares
Par Value	: 0.50 baht
Offering Date	: 19 August 2014
Telephone	: 02-455-2888
Fax	: 02-455-2763
Investor Relation	: 092-252-1277 nita@takuni.com
Corporate Secretary	: 02-455-2888 thanasak@takuni.com
Common Share Registrar	: Thailand Securities Depository Company Limited 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Telephone 02-009-9000
Auditor	: Mrs. Nattaporn Phan-Udom Certified Public Accountant (Thailand) No. 3430 PricewaterhouseCoopers ABAS Limited 15th Floor Bangkok City Tower 179/74-80 South Sathorn Road, Bangkok 10120 Telephone 02-286-9999, 02-344-1000



Board of Directors



1 Mr. Visit Akaravinak
Independent Director /
Chairman of Director /
Member of Audit Committee /
Member of Remuneration
Committee

2 Mr. Charoen Prajuntan
Independent director /
Chairman of Audit Committee /
Member of Remuneration
Committee

3 Mr. Kaveewat Songsakulkiat
Independent director /
Chairman of Remuneration
Committee / Member
of Audit Committee

4 Mr. Prasert Treeveeranuwat
Director (Executive) /
Chairman of Executive Committee /
Chairman of Risk Management
Committee / Chairman of
Anti-Corruption Committee

5 Mr. Somchai Kanbuaekaw
Director

6 Ms. Nita Treeweeranuwat
Director (Executive)

7 Ms. Kanchana Rimpanichayakij
Director

Executives Management



1 Mr. Prasert Treeveeranuwat
Chief Executive officer /
President Acting Vice President
Business Development
Department / Acting Vice
President Energy Business /
Acting Vice President Oil & Gas
Construction Business/
Acting Vice President Property
Construction Business /
Acting Vice President Property
Development Business

2 Ms. Nita Treeweeranuwat
Vice President Administrative
Department

3 Mr. Charoenchai
Amnajsomboonsuk
Vice President Inspection
Business

4 Ms. Chatprapa Chansri
Vice President Transportation
Business

5 Mrs. Thitima Tanapakit
Vice President Financial
and Accounting Department

6 Mr. Tossaphol Plitaporn
Vice President Human Resource
Department

Report of the Audit Committee

Dear Shareholders,

The Audit Committee of Takuni Group Public Company Limited consists of three independent directors who are not executive directors, employees, or consultants of the company or its subsidiaries. The committee has performed the engagements independently under Audit Committee Charter to oversee the company so that the company has sufficient corporate governance. This is consistent with the rules and guidance for the Audit Committee specified by the Securities and Exchange Commission and the Stock Exchange of Thailand.

In year 2017, the Audit Committee held six meetings, occasionally with the management, internal auditors, and independent auditors to discuss on relevant issues, as summarized below.

Review of the Financial Statements

The Audit Committee has reviewed quarterly and annually consolidated and company financial statements for the year 2017 of Takuni Group Public Company Limited. All of which were prepared and conducted according to Thai Financial Reporting Standards (TFRS) and Thai Accounting Standards (TASs) with accuracy and adequately information disclosed. In addition, the Audit Committee had held six independent meetings with the independent auditors in the absence of the management so as to freely discuss important issues in preparing the financial statements, adjusting entries materially affecting the statements, adequacy and suitable of accounting entry methods, auditing scope, disclosure which benefits for the intended users and disclosure in accordance with Thai Financial Reporting Standards and Thai Accounting Standards and , as well as the independence of auditors. This is to ensure that preparation of the financial statements is complied with the company's legal compliance, financial reporting standards, accounting standards, and generally accepted accounting principles. The Audit Committee has reviewed and approved that the Audited Financial Statements, with unqualified audit opinion, is free of material misstatements.

Review of the Risk Assessment

The Audit Committee has reviewed risk management process and quarterly followed up its results by considering both internal and external risk factors, probability, impact, and risk appetite to ensure that the Company remains its risks within acceptable levels. The Audit Committee found that the Company clearly institutionalized the risk management process and communicate it to all related person at every level of the organization. Through the culture, everyone in company understood that risk management is collective responsibility of all management and employees.

Review of the Internal Control and Audit System

The Audit Committee has reviewed the assessment results of the internal control system prepared by internal auditors and found that the system is appropriate for the Company's operation which covers significant risk factors and has effective performance as well as and a continuous development in both personnel and audit operation according with international standards. There is no material deficiency impacting the company financial statements that the finding corresponds to the independent auditors' opinion.

In addition, the Audit Committee has considered and approved the internal audit plan for the year 2018 which is conducted according to risk basis of the Company. The Audit Committee also provided scope of the internal audit to cover all significant business transactions and operation.

Review of the Corporate Governance and Regulatory Compliance

The Audit Committee has reviewed the code of conduct and corporate governance and found that the Company has complied with all laws, regulations and requirements of The Stock Exchange of Thailand and related law in its industry. In addition, the Company has strictly adhered to good governance practices and aim to operate its business in a sustainable manner. The Board of Directors always promotes each employee at every level focusing on awareness and adhering to ethic. They also set the policy of anti-corruption and made it in the written form.

Appointment of the Certified External Auditors

The Audit Committee was satisfied with the independence, professionalism and expertise, and quality of the existing auditors. Thereby, the Audit Committee presented to the Board of Directors, and the Board of Directors has passed the resolution to seek an approval by shareholders in the Shareholder Meeting for the appointment of Mrs. Nattaporn Phan-Udom, Certified Public Accountant No.3430 ; and/or Mr. Paiboon Tunkon, Certified Public Accountant No.4298; and/or Mr. Kajornkiet Aroonpirodkul , Certified Public Accountant No.3445 of PricewaterhouseCoopers ABAS Limited as the Company and its subsidiaries independent auditors for the fiscal year 2018.

Review of the Connected Transactions or Transactions with Potential Conflicts of Interest

The Audit Committee has considered the relevant transactions which may have conflicts of interest according to the conditions of fairness, transparency, and adequate disclosure for the greatest benefit of the company specified by the Stock Exchange of Thailand. The Audit Committee concludes that the Company's connected transactions were fair, transparent and not led to conflicts of interest, strictly complied with the stipulated business conditions, and reasonable price to optimize benefits of the shareholders.

In summary, the Audit Committee has performed their assigned duties as specified in the Audit Committee Charter which is approved by the Company's Board of Directors. The Audit Committee carried out the responsibilities by using knowledge, prudence, and adequate independence for interests of stakeholders equally. The Audit Committee agrees that the Financial Reports of the Company for the year 2017 were accurate, reliable, sufficiently disclosed, and prepared in accordance with generally accepted accounting principles. The Company's risk management process is proper and the overall internal control system of the Company is effective and appropriate for the operations. The business has complied with all laws, regulations, and obligation related to the business as well as sufficiently integrated corporate governance with work performance leading to transparency and reliability. The Audit Committee also agrees that the Company continuously improved its operation systems to be higher quality and appropriate of its business environment.

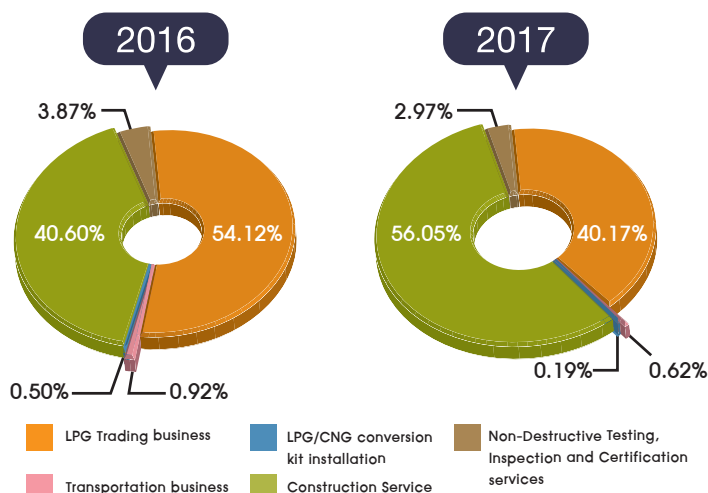


(Mr. Chareon Prajuntan)

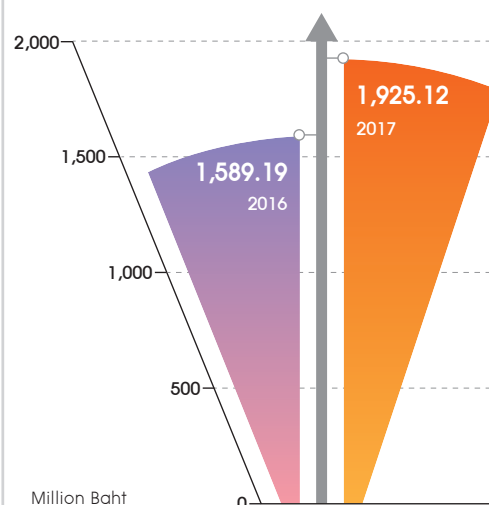
Chairman of the Audit Committee

Financial Highlights

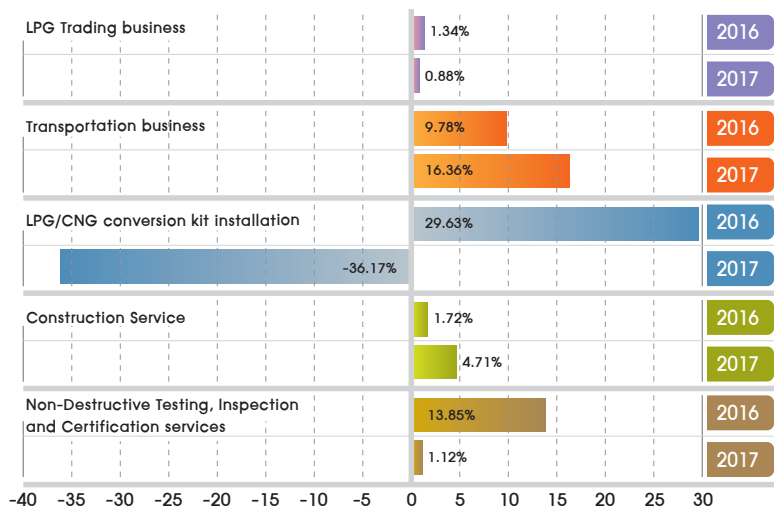
Proportion of Revenue from Sales and Services



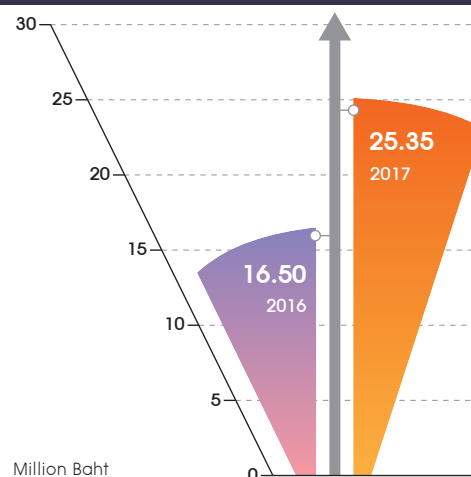
Revenue from Sales and Services



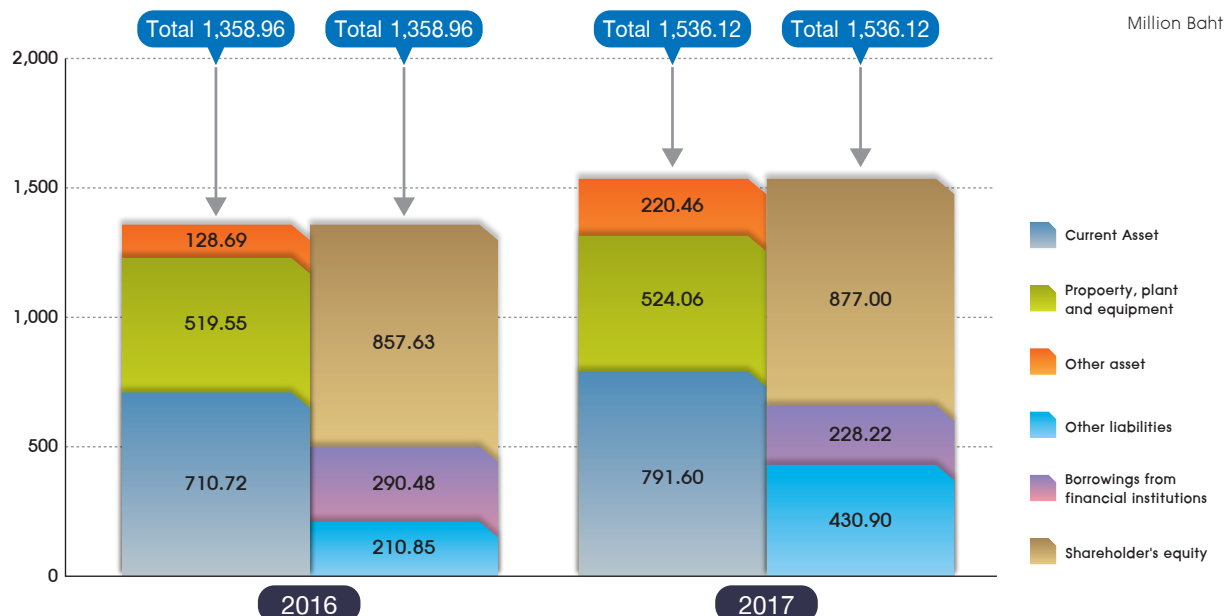
Operating Profit Margin



Net Profit attributable to Owners of the Parent



Statement of Financial Position



Business Operations

The Group business are Liquid Petroleum Gas (LPG) trading and energy related business as follows:

1. **LPG trading business** Takuni Group Public Company Limited, LPG trader under section 7 of Fuel Trade Act, B.E. 2543, is responsible for LPG procurement and trading to business and other customers.
2. **Hazardous and Construction Equipment transportation service** G Gas Logistics Company Limited ("GG"), the Company's subsidiaries and transporter under section 12 of Fuel Trade, B.E. 2543, is responsible for providing hazardous and construction equipment transportation for the Company and other customers.
3. **Construction Service** Takuni (Thailand) Company Limited ("TT") and CAZ (Thailand) Company Limited ("CAZ"), the Company's subsidiaries, is responsible for industrial oil and gas piping system construction as Engineering Procurement Construction.
4. **Construction Service and LPG/CNG conversion kit installation for passenger cars** Takuni (Thailand) Company Limited ("TT"), the Company's subsidiaries, is responsible for construction service and LPG related equipment trading as well as LPG/CNG conversion kit installation for passenger cars
5. **Non-Destructive Testing and Inspection service** Rajchapluek Engineering Company Limited ("RE") is responsible for providing non-destructive testing and inspection services for manufacturers, LPG stations and automobiles against international standards and regulations
6. **Property Development Business** Takuni Land Company Limited ("TL"), the Company's subsidiaries, is a new subsidiary for property development business.

LPG trading business

LPG trading business is one of the core business of the Group. The Company has a license for LPG trading under section 7 of Fuel Trade Act, B. E. 2543 (LPG trader under section 7) from Department of Energy Business, Ministry of Energy and allow to sell LPG to business and industry sector.

The Company procures LPG from PTT refinery and other traders under Section 7 to sell LPG under trademark of "Champion Gas" to LPG stations which are the Company's representative and industry sector. Revenue from selling LPG to LPG stations is accounting for more than 80% of the total revenue. Most of them are located around Bangkok, central and east of Thailand. As LPG usage in automotive sector has continuously decreased, the Company has expand market to industrial sector in order to maintain overall LPG volume.

Presently, the Company is allowed to sell LPG volume of 50,000 tons per year and LPG Terminal in Phichit Industrial Estate is served as LPG reserve terminal pursuant to the laws.

Presently, the Company has 2 LPG terminals used as LPG distribution and reserve point as follows:

Terminal	Location	Storage Capacity (Ton)
1. Phichit	Phichit Industrial Estate, Nakorn Sawan-Pittsanulok Road, Nong Lum Sub-district, Vachirabarami District, Pichit Province	1,000
2. Pathum Thani	Ban Pathum District, Pathum Thani Province	400



Trademark
Champion Gas



Competition in the Industry

Due to the volatility of oil price during the past year, the demand for LPG in overall automotive sector has decreased. Also, the total consumer LPG sales have declined since main LPG consumer are gas stations. Therefore, LPG traders under section 7 have to compete against each other to maintain their sales figure.

Also, in order to enter into LPG procurement and distribution business for LPG station, it is required to have license under section 7 of Fuel Trade Act B.E. 2543. Therefore, it is quite difficult for small operators to enter into this business. Besides, LPG business is not only about pricing competition but quality of service also plays important role. The Company has sales department which responsible for directly contacting customer in order to know customers' demand, stimulate sales and offer other services according to the Company strategy in providing fully integrated services which included transportation service, safety testing and gas piping maintenance.

Hazardous and Construction Equipment transportation service

All of land transportation of LPG is operated by G Gas Logistics Co., Ltd., the Company's subsidiary and transporter under Section 12 of Fuel Trade Act, B. E. 2543. LPG transportation to the Company and its subsidiaries LPG stations is accounting for 64% and other LPG trader and LPG station is accounting for 16% of the total proportion. Moreover, the Group has provided ammonia transportation service and construction equipment transportation service since the end of 2016, which generate service income accounting for 20% of total revenue of the year 2017. Currently, number and detail of trucks owned the Group is as follows:

Type of Truck	Number	Loading Capacity (Ton)
LPG trucks		
Semi - Trailer	10	15
10 - wheel truck	9	8
6 - wheel truck	4	4.3
Ammonia trucks		
Semi - Trailer	1	20
10 - wheel truck	3	10
Construction Material trucks		
Semi - Trailer	2	15

All of the Group's trucks have licenses and their conditions including tanks mounted on them have been regularly inspected as per specified by the laws. GG also installed GPS system in all of the trucks to track information of each truck as well as to monitor, control driving behavior of the drivers and prevent their misconduct. Result gained from using such GPS tracking system made GG able to avoid severe accident and can always transport gas to the customers on timely manner.

Competition in the Industry

To operate LPG transportation service business, apart from having LPG transporter under Section 12 of Fuel Trade Act license and form from LPG trader under section 7 for each delivery truck, the business require huge investment capital to procure delivery truck and most of LPG trader under section 7 has its own LPG transportation provider for the cost management benefit and to transport gas to the customers on timely manner. Moreover, LPG transportation cost has its own standard cost and refer to the transportation cost of large trader under section 7. Therefore, it is quite difficult for small operators to enter into this business.

Service rendered on installation of LPG/CNG conversion kits in vehicles business

Takuni (Thailand) Co., Ltd. ("TT") provides service on installation of NGV and LPG conversion kits in general vehicles



NGV supply control system

by using equipment branded Zavoli, a product from Italy. The Company's employees shall provide consultation on installation of gas conversion kits in passenger car which is most suitable for the customers' requirement as well as estimated cost for their consideration before installation which normally takes about 2 days. After such installation, the Company shall issue related certificates on conversion kit installation, so that the customer can use them to submit for application for a change of fuel system to the Department of Land Transportation.

Competition in the Industry

There are many operators, both large and small, who provide installation services of gas conversion kits for passenger cars. TT is regarded as a large operator for installation of NGV conversion kit in passenger car and a small operator for installation of LPG conversion kits. Most of operators who render service for LPG/CNG conversion kit are small traders and typically equipment used are imported from China.

Construction service

The Group divided construction service as

1) LPG piping system construction, i.e. construction of gas piping system in LPG terminal, gas filling plant, LPG station, LPG transportation trucks as well as gas piping system in industrial plants, restaurant or department store which used LPG as fuel for cooking, is operated by Takuni (Thailand) Co., Ltd. ("TT") under supervision, design, calculation of the expert and experienced teams of engineers. The Company has been certified for ISO 9001: 2015 (18 February 2018) Standard on manufacturing, installation and sales from UKAS Institute.



Gas piping Construction



Gas Bulk for Transportation



Coupling



Gas Detector

Besides from providing services on gas piping system construction, TT also distributes equipment for gas filling plant, LPG stations and LPG transportation trucks to general customers. Equipment distributed also including those produced, developed or adjusted by TT. These equipment, in the past, are imported from foreign country and expensive.

Competition in the Industry

For LPG piping construction business, most of service providers are small operators who mostly render services to small-sized industrial plants. TT is regarded as medium to large operator whose business is directly involved in gas-related industry, so most of customers of TT are medium or large industrial plants that place importance on safety system. That's why they usually use construction services from credible medium to large operators. There are only a few companies in this category.

2) Oil and Gas construction (Engineering Procurement Construction) including Engineering Design, Fabrication, Civil and Erection work, is operated by CAZ (Thailand) Co., Ltd. ("CAZ"). These products are served customers in various industries, especially energy business customer who want high standard and quality of construction such as oil refinery, power station, companies in natural gas and petroleum industries which located in Maptaphut area, etc.



Competition in the Industry

For the competition in oil and gas construction business, the Group has good knowledge and management team as well as long experience in these type of business. Its product and service are well accepted by customers as it has well-equipped service centers. Moreover, since most of Group's customers are in oil, petroleum, and oil refinery industries, its competition and growth tend to be in the same direction with its customer's industries.

Non-destructive testing and inspection services

Non-Destructive Testing and Inspection Business are operated by the Company's subsidiary, Rajchapluak Engineering Co., Ltd. ("RE"). RE is like an independent third party engineering service provider. Services rendered including testing and giving engineering opinion as an independent third party expert to various the organizations for the purposes of safety inspection or condition assessment for maintenance, which may be the result from legal regulations or the customers' requirement. Service rendered by RE can be divided into 2 main characteristics: Non-Destructive Testing and Inspection & Certification.

The Group has expanded its market for Non-Destructive Testing and Inspection & Certification services in the eastern region since late 2016 by having experienced professionals who were certified as NDT Level 3 to support the expansion of their existing customer base from the testing and inspection services for customers using LPG and CNG to the testing and inspection services for oil refinery, power plant and petrochemical plant.

Generally, period for RE service rendering is approximately 2-3 days, except for inspection of large gas storage system which require safety inspection of storage when the pressure is in the specified level for explosion protection. The period of service rendering is extend to more than 1 week.

Target customers of RE are operators related to LPG, i.e. LPG trader, LPG filling plant, LPG stations and etc. which have been specified by the law that they are required to be inspected and tested as per schedule, so most of customers use service continually.

Competition in the Industry

Testing and inspection service business of RE is an independent profession which does not have much large operators, so competition in this industry is not high. Each operator has different type of customers. Most of competition in industry is about creation of credibility. RE is regarded as medium operator and there are 12 operators which have business size closed with RE. Large operators who operate similar business with RE are Qualitech Public Co., Ltd., Siva Testing Inspection and Consulting Co., Ltd. and etc.

Property Development Business

Takuni Land Co., Ltd. ("TL") is the Company's subsidiary which carried out real estate development business. During 2017, the Company has purchased some of the land. It has carefully look at the location and saw great investment potential in such plot of land. This potential results from the government investment plan on sky train construction, which plan to be completed in the early of 2019. Moreover, the Company now hold a lot of cash and this is the good opportunity to invest in secured property that can generate good return to the Company and increase the amount of shareholder compensation from its leftover cash.

The Company is in process of form a joint venture with partners who have experience in real estate development to build residence and manage the risk related with the capability of customer in applying for residence credit, which expected to finalize the business strategy within 2018.

Competition in the industry

Cost of land purchased by the company's group is not-so-high and the plots situated near the main road as well as sky train station (BTS). Moreover, the company's group has experience in construction. This build up the company confidence that it will be able to control its construction cost and compete with other.

Risk Factors

Risks that could have a material effect on operational performance and financial status of the Company are summarized below.

1. Risk associated with the volatility of oil price

- Although global oil prices have fallen sharply over the past year and oil prices in Thailand have also, domestic gas prices remain the same. This made gas prices trading at almost the same level as oil price. As a result, the demand for gas from the automotive sector has decreased significantly.

The executive director believes that the demand for gas from the automotive sector will decrease continuously if the price gap between oil and gas doesn't expand. Therefore, to reduce the operational risk, the Company decided to expand its investment opportunity to construction and property development business.

- Customer base of construction and inspection and certification services businesses are companies in energy sector. Therefore, when oil prices have fluctuated, customer's revenue decreased and their business expansion plans changed. Customers started to adopt policies towards delays in investment transactions and reduce cost. This directly causes the Group's revenue to decrease.

Therefore, the Group has recruited and developed staffs to support the expansion of customer base to include those that are not only in energy businesses. Moreover, the Group has expand inspection and certification services businesses to the eastern region in order to expand its market.

2. Risks from relying on suppliers

To run LPG trading business, the Company plans to procure LPG from other traders under Section 7. Generally, the Company has entered into LPG purchase and sales agreements with the biggest LPG producer in Thailand, PTT Public Company Limited. Thus, there is risk from PTT distribution. PTT might not be able to procure and distribute LPG to the Company at the stated level and this would significantly affect the ability in generating Company's revenue.

However, the Company's executive strongly believes that there is a slight chance that the event above will occur since each traders under Section 7 has their own quotas in tradable LPG which allocated by Ministry of Energy. Moreover, the Company has grown alliance relationship with many traders under Section 7 and has their own gas reserve storage. This ensures that the Company is able to procure gas on timely manner. In addition, the Company never experienced source of supply problem from its biggest supplier.

3. Risk from Safety of Storage and Transportation of LPG

The executive place importance on two supervision issues: 1.) Accountability in the terminal - The Company has installed terminal efficient safety equipment and extinguisher to meet safety standard required by the government. In addition, the Company got the permit for liquefied petroleum gas terminal to constructing the terminal from Ministry

of Energy as well as extended the permit every year. Thus, the Company is confident that the warehouse meet safety standard. 2.) Employee performance on storing and transporting gas - The Group has set up work rule for employee to test safety equipment daily as well as held the seminar to train all employees to understand how to perform their duties properly. Each employee must received employee card which certified by Ministry of Energy.

In addition, the Group has buy Industrial All Risks Insurance on LPG terminal and LPG transporting truck which have liability coverage for third party to lighten on group's load when accident occurred. With the stated risk management, the executive believe that the Group's risk management is sufficient and similar to other in the same industry.

4. Risks from having a major shareholder holding more than 50% shares

As the book closing date on 20 February 2018, Treeveeranuwat family was the Company major shareholder holding 411,504,396 of shares which accounted for 51.44% of the outstanding shares. This made Treeveeranuwat family able to exert significant control over the board's decisions in appointing directors or influence on company decisions which required the consents from the shareholders' meeting, except for the regulations or the articles of association require the three fourths votes of from the shareholders' meeting. Therefore, the other shareholders have the risk of being unable to collect sufficient votes to check and balance the matters proposed for the shareholders' consideration by the major shareholders.

However, the Company realize the importance on keeping balance and set up the measure to avoid major shareholder having unlimited power. The Company has appointed 3 independent directors whose total holding 44% of total paid-up capital and appointed the Chairman from third party who is not otherwise employed by or engaged with the management in order to have check-and-balance power over the management and to consider the agenda proposed to the shareholders' meeting.

5. Risk associated with the operation of subsidiaries and associated companies

As the Group has set up a new subsidiary (Takuni Land Co., Ltd.) to carry out real estate development business. Currently, the Company has purchased some of the land. It has carefully look at the location and saw great investment potential in such plot of land. This potential results from the government investment plan on sky train construction, which plan to be completed in the early of 2019. If the sky train construction has been delayed, the construction of project will be postponed. Moreover, the Group has no experience and well-known branding on sales and marketing of real estate. The Group plans to engage partner who is a professional in property development to reduce risk from new business operation.

Internal Control

Takuni emphasizes on internal control. The Board of Directors has designated the Audit Committee to review the Company's assessment of its internal control system and to regularly monitor internal control progress. The internal control system should be adequate and appropriate to the Company's risks to ensure effective and efficient operation and resource utilization. The Company has set the internal control committee, consists of executives at the manager level upward, to determine the appropriate scope of responsibility, operational plans, assessment of the adequacy, quality of risk management and internal control system, corporate governance as well as to ensure the compliance of all laws, regulations and requirements relating to business operation as referred in the internal control guidelines of The Committee of Sponsoring Organizations of the Treadway Commission (COSO), which devises five major compositions of internal control

- (1) Control Environment
- (2) Risk Assessment
- (3) Control Activities
- (4) Information and Communication, and
- (5) Monitoring Activities.



In addition, the Company has determined that the outsourced internal auditor monitored the Company's internal control system. The outsourced internal auditor has performed its duties independently and reported directly to the Audit Committee. The Audit Committee reviewed the internal control system including the Company's operation and prepared report to present to the Board of Directors. The Board of Directors agreed to the same opinions regarding the Company's internal control system as that of the Audit Committee that the internal control system was adequate, appropriate and has preventive measure from improper deployment of the Company's assets. The Company has also provided enough employees to efficiency implement the system.

Corporate Governance

1. Corporate Governance Policy

The Board of directors recognizes the importance and necessity of good corporate governance in managing the Company efficiently and transparently and promoting the Company's business expansion continuously and stably. This is to build the confidence to all stakeholders as well as benefit in long term. Thus, the Committee established the Good Corporate Government policy of the Company in accordance with Good Corporate Government principle for the listed company in this Stock Exchange of Thailand to use in overseeing the Company operation and the good corporate governance policy was communicated to the chairman and employees at all levels by the Board of Directors for them to understand and follow. They have subdivided as follows:

Section 1 The Right of Shareholders

Shareholders as the owners of the Company are entitled to attend the shareholder's meeting to cast their vote and give opinion in about the strategic direction of the business. Apart from this, there are basic rights of shareholders in accordance with related regulations and law such as right to receive the adequate information of company, right to approve the Company's financial statements, right to receive their share of profits, right to propose agenda items, right to nominate qualified candidates as the board of directors and individual directors, right to approve the remuneration of board of directors, right to approve the appointment auditors and the remuneration of audit and right to approve the connected transactions.

In each shareholder's meeting, the Company will provide the meeting invitation with the information and opinion of the Board of Directors attached in the meeting book as in occasion for shareholders to receive advance notice before the meeting at least seven days unless otherwise specified by regulations, notice or command of the Stock Exchange of Thailand and Securities and Exchange Commission. The invitation letter along with meeting information was also posted in company website, www.takunigroup.com, 30 days prior to the meeting date for shareholders to read and understand about the information given in order to make appropriate decisions. In addition, there are accurate and complete recording question and important opinion in the meeting report for shareholders to check it out through the Company website after sending the meeting report to the Stock Exchange of Thailand.

Section 2 The Equality Treatment of Shareholders

The Company recognizes the importance of the shareholder's right and place importance on creating equality happen to all shareholders who are referred to as executive, non-executive, foreigner and minor as well as promote and protect shareholder's basic right. Thus, every shareholder has the equal right to buy, sell and transfer the securities, receive the equal proportion share of profits, receive adequate information, cast the vote to elects as well as removes directors, appoints auditors, question and give opinion to the meeting in matters that have impact to the company such as allocating cash dividend, determining and amending the regulation and memorandum of association, increasing or decreasing capital and approving special transactions, etc. In addition, the company informed all rules and how to attend the meeting as well as process of casting the vote in shareholder's meeting in invitation letter.

The Company emphasizes the equal rights of to cast their vote at a shareholders' meeting by using one share - one vote principle. In the meeting, the company also opens an opportunity to shareholders to propose agenda items and nominate qualified candidates as the board of directors in advance of one month before Annual Shareholders' General Meeting as well as invites the shareholders to submit opinion and questions in advance of meeting to company's Investor Relation (Tel. 092-252-1277 or line ID: takuni2014 or E-mail: nita@takuni.com)

Furthermore, the Company facilitates and encourages shareholders to attend and vote at the shareholder's meeting by allowing shareholders to vote before the meeting at least one hour and so on until the meeting is over. In case the shareholders cannot attend the meeting by themselves, the company opens an opportunity to the shareholders by providing proxy form that shareholder can express their views and cast their vote on. The forms are available on company website. Also, the shareholder must give authorize to at least one independent director to vote on their behalf.

Section 3 The Role of Stakeholders

The Company commits to treating all stakeholders equally. The Company recognized that supporting from all stakeholders will help increasing the Company's potential in competing with other as well as generating profit for the Company. This will also advantage company in long term. Thus, the Company comply with the laws, regulations and mutual contract, efficiently disclose adequate information for stakeholders and operate in the way that not convene or cause the negative impact to interested groups under the following guideline.

Shareholder :	The Company is committed to better represent the shareholders in business to create maximum satisfaction for shareholders by taking into account of the growth of value of company in long-term and actions reveal information in a transparent and credible.
Employee :	The Company recognized the importance of employees as the supporter of company's work plans and the one who help drive company to the determined business objective. Thus, the company treats all employees fairly and equally. The company also encourages employees to participate in the atmosphere felling safe at work by setting clearly and concisely steps of working, choosing equipment that meet the safety standard, analyze safety risk to establish appropriate defensive control measures, communicate with employees to make them understand and work in the common direction, create good working atmosphere and team building. These help build team confidence and spirit in working as well as ensure employees' well-being.
Executive :	The Company recognizes the importance of the executives as the people who plays important roles in determining strategic directions and business plans as well as controlling the Company to move in the right direction to achieve the target determined by the board of directors. To show our awareness, the Company proposes appropriate and fair compensation to the executive in order to compensate and motivate the executive's intention and effort in management to achieve company's determined target.
Business Partners :	The Company recognizes the importance of the Company's business partners that help support and drive business to achieve its determined growth and target. Thus, the Company will treat all the partners equally and fairly on the basis of fair return to both parties and strictly comply with trading condition.
Customers :	The Company recognize the importance of customers by giving first priory to maintaining good and sustainable relationship with them, complying with contracts, agreements or conditions transparently, committing to meet and serve goods and services for satisfaction and confidence to customers and disclose customers secret information.
Trade Partners:	The Company conducts fair practice with all trade partners, strictly complies with trading conditions and not demand or receive any dishonest benefits from the trading partners.
Creditors :	The Company complies with agreements between the Company and its creditors by paying creditors in a timely manner to creating trust and sincerity among each other.

Competitors :	The Company complies with competitor in a frame of fairly rule and emphasize on creating of business competitive edge by developing the Company's potential, not to seek confidential information of business competitors in an improper or dishonest manner or damage the reputation of our competitors either directly or by indications.
Environment :	The Company places important on environment preservation by preventing environmental impact which may incur and exceed legal limit as well as increase efficiency of resources usage and controlling its environmental impact in accordance with the laws and regulations.
Community/Society :	The Company recognizes the supporting in activities of promoting quality of life and cultivating social responsibility spirit to employees at all level that can lead to the development in community, society and environment.
Government Sectors and Related Units :	The Company recognizes the roles, duties and responsibilities of government sectors and related units and has a strong intention of cooperating with them to lighten their loads by complying with related rules, regulations, and laws. In addition, the secretary is assigned to responsible for inspecting and reviewing the compliance with related rules, regulations, and laws and the performance of internal auditors whether it in accordance with the manual and related standard or not before sending the report of review and inspection to the board of directors annually.

In case related parties or stakeholders have a complaint, suggestion or questions about illegal or unethical practices, incorrect financial reporting or insufficient internal control, they can report or ask the audit committee directly by contacting the secretary of the audit committee (auditcom@takuni.com) The Company will carry out the complaint justly and secretly in accordance with the petition process and result of the investigation will be reported to the board of directors.

Section 4 Disclosure and transparency

The Board of Directors recognized the important of sharing, including both financial and non-financial information in accurate and complete, reliable, transparent and time manner accordance with the rules of Securities and Exchange Commission and Stock Exchange of Thailand, which influence process in a decision making of investors and stakeholders of the Company. The Company has disclosed the information of company in both Thai and English via media and publishing information of the stock exchange of Thailand and the Company's website.

The Board of Directors passed the inspection from independent auditors is responsible for consolidated financial statements of the Company and its subsidiaries and financial information appearing in the annual report. Such financial statements prepared in accordance with general accepted accounting standard in Thailand by selection of appropriate accounting policies and compliance on a regular basis as well as disclosure adequate in the financial statement which in this audit committee will review the quality of reporting of financial and internal control systems and attach opinion of the Board of Directors in company's annual report. The Board of Directors also responsible for the Board of Directors report which has to be submitted along with the annual audit report.

Furthermore, the Company has disclosed the compensation of individual committee and executive, performance in review, the attendance of such meeting by each committee member and other information such as information about committee and executive's resume, training history, committee and executive's securities holding within three workdays from the day securities have sold, bought or transfer by the company's secretary.

Section 5 Responsibilities of the Board of Directors

Corporate Governance Policy

The Company has established corporate governance policies of the Company in written which cover the equitable treatment of shareholders guideline, vision to create long term value and the efficient and effective management guideline that is consistently acceptable and help maximize the wealth of investors and relevant parties. Transparency and sufficient disclosure of information to all related parties are also emphasized by the Company. About risks, the company has assessed risks, formulated WO strategy and followed up with the management regularly. Internal control and audit are other important issues that company focuses on. The Board of Directors has assessed internal control performance annually as well as encourages all committee and the management team to attend Thai Institute of Directors Association (IOD) and other training programs continuously to gain knowledge on duties of committee and the management.

Business Ethics

The Company has set about the ethical practices of the Board of Directors, executives and employees to all relevant guidance in the performance of its mission with integrity and equitable treatment to company and all groups of stakeholders. Also, the company has announced and informed to all employees to know and practice strictly.

Internal Control System and Auditing

The Company places important on internal control system at both management and operational level. To ensure performance effectiveness and efficiency, the company has determined roles and power of employees and executive in written. There is also the guideline in asset management as well as separation of duties between working employees and valuers stated. Furthermore, the Company has outsourcing internal auditor who investigate and assess internal control system and proposed the issue to the Audit Committee and the Board of Directors. Ms. Ruetaichanoke Supapong from Dharmniti Internal Audit Company Limited was the one who was appointed to be company's internal auditor in year 2018 and 2017 and reviewed of the Company's internal control system and auditing, financial and working performance. These are done to ensure that the system work suitably and effectively as well as operated in compliance with related laws and regulations. The result of review will be reported directly to the Audit Committee and senior executive.

Conflict of interest

The Board of Directors and Executive Board have intention to minimize conflict of interest and consider about the issue carefully with honest, reason, independence and under the framework of business ethics to maximize overall benefit of the Company. Thus, to manage the Company transparently and avoid the act of self-interest, the Company determined that the committee, executive, and related parties must disclose their gains and losses to the Audit Committee by contacting the company's secretary as well as informing about their securities holding to the Audit Committee to comply with regulation of Securities and Exchange Commission. Furthermore, in Executive and the Board of Directors meeting, interested person are not allow to cast his or her vote or approve that transaction.

To approve any connected transactions, the Company takes itself and shareholder's benefit in consideration and approve them in accordance with the fair market price. The processes are done without any special favors and the pricing are on an arms - length basis. All connected transactions must be approved by the Audit Committee members which are all independent directors and the Committee will propose both connected transactions and conflict of interest transaction to the Board of Directors after they carefully consider them and take the announcement of the Securities and Exchange Commission in to account. Furthermore, disclosure of connected transactions and conflict of interest transaction will be done every quarter.

2. Committee

Structure of Board of Directors consists of 7 committee

1. Board of Directors
2. Audit Committee
3. Remuneration Committee
4. Executive Committee
5. Anti-Corruption Committee
6. Risk Management committee
7. Environmental Social and Governance Committee

Duties and responsibilities of each committee is set out in writing. And details of various committees are included in the Annual Registration Statement (Form 56-1)

3. Supervision on Operations of the Subsidiary and the Associate Company

The Company has a policy in the investment that can give advantages to company and increase the Company's competitiveness. For investment in associate companies, the Company must have the power to control and determine the policy for management. Moreover, the appointment of director to be the representative in such subsidiary or associate company must be pursuant to shareholding proportion of the Company.

4. Supervision on Usage of Inside Information

The Company supervises on usage of inside and stockbroking information that have not been publicly disclosed for self-seeking by stating in the regulation as follows ;

- Director, executive, staff and employee must keep confidential news or inside information of the Company and its subsidiaries a secret and not exploit the information directly or indirectly for personal or other gain except the information has been publicly disclosed.
- The Company's director, executive, staff and employee who acknowledge the financial and/or important inside information that may has effect on the price of securities should avoid buying and selling company's securities a month before the financial statement and inside information publicly disclosed. Furthermore, these people must not disclose the significant information to other included their spouse and minor children as well as company's executive, staff and employee. Anyone infringe the regulation, they considered committed serious offence and will be fired as well as receive no compensation.

Moreover, the Company will acknowledge all managements and directors on duty to report of management's securities holding to the Securities and Exchange Commission according to its requirements.

5. Audit Fee

Total audit fee paid in 2017 to PricewaterhouseCoopers ABAS Company Limited, the auditor of the Company and the subsidiaries, was 6.03 million baht and can be separate to the audit fee of 5.70 million baht and other compensation of 0.33 million baht.

6. Corporate Governance Practice of the other matter

Policies of the Connected Transaction

Company's policies of the connected transactions would be classified as follows:

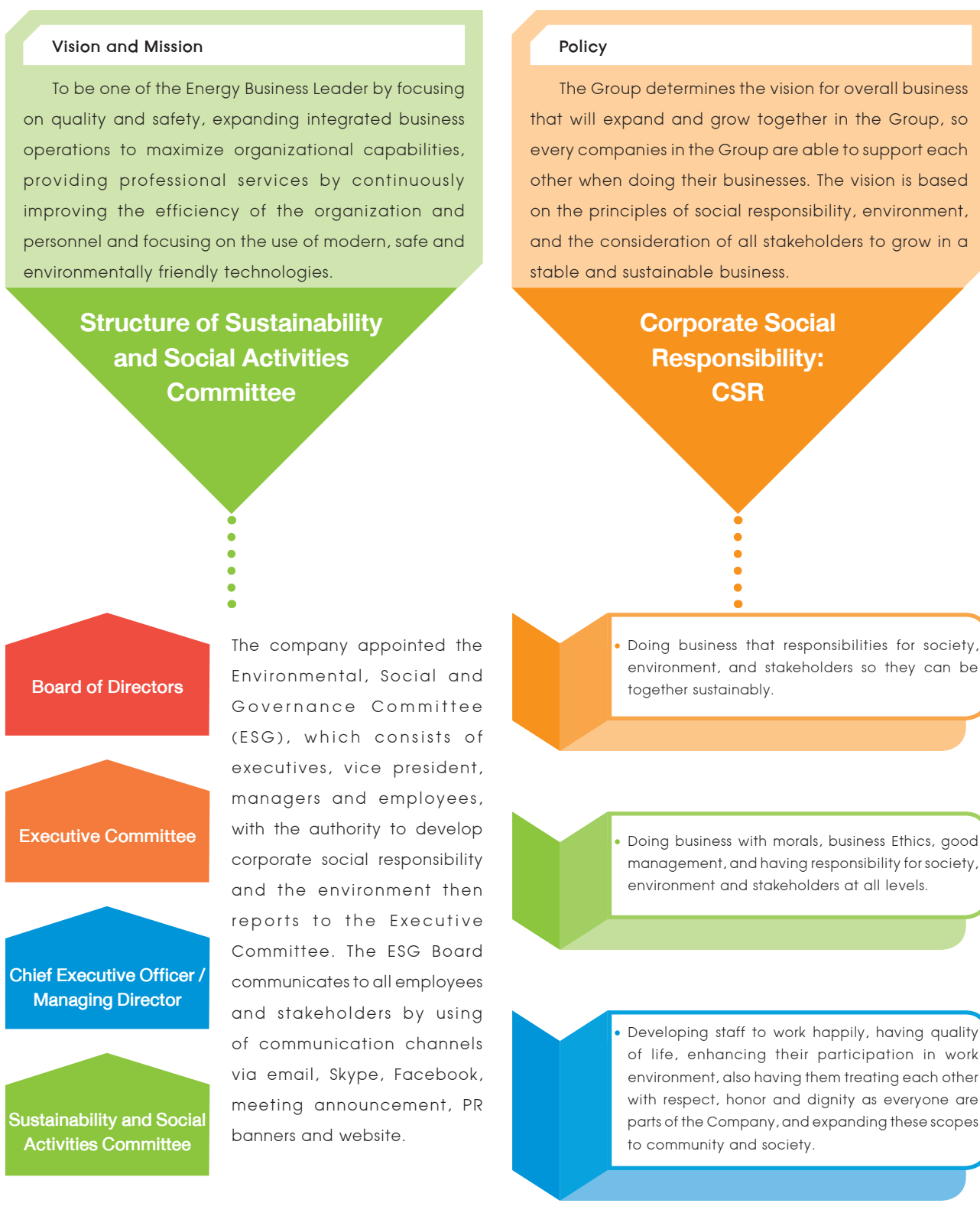
- For normal business transactions and the transactions that support the normal business like purchasing and selling goods, offering services, etc., Audit Committee will consider and give opinion on the reason and necessity of recording stated transaction as well as normal trading policy of price mechanism. The transactions must be fair and irrelevant when the transfer of interests between the Company and person used to compare with the transfer of interests between the persons who might have conflict of interest and public or other relevant. Also, the consideration and opinion on the reason and necessity of recording stated transaction are quarterly given and perform according to the announcement of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and rules on disclosure of connected transactions.
- Financial assistance transaction must operate under necessity, reasonableness, fair terms and conditions and gives the Company the highest benefit. For Guarantee transaction according to the requirement of loans from financial institutions to use as working capital which is a normal condition for providing loans to business whether by direct guarantee or placing collateral, the Company shall not incur any costs arising from the guarantee and shall not lose any benefits. The guaranteed transactions must be necessary for business operations. Moreover, the Audit Committee must consider and give opinion on the reason and necessity for the mentioned financial assistance transaction for the Company's maximum benefit. For provided and guaranteed transactions shall be treated as a normal transaction with third parties, including the consideration of fairness and complying with the announcement of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and regulations, notifications, including compliance with the disclosure requirements of connected transactions.
- Apart from normal business transactions and the transactions that support the normal business such as other asset or services transaction, revenue transaction, financial assistance transaction, etc. the Company assigned Audit Committee to consider and give opinion on the reason and necessity of recording stated transaction according to the announcement of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and rules on disclosure of the Company and its subsidiaries connected transactions. Moreover, the Company does not have policy for giving loans to person who might have conflict of interest to run a business or perform instead of the Company.

With the purpose to perform transparently and accord to governance principle, in case the Company makes connected transaction with the person who might have interest of conflict, directors with gain and loss are not being entitled to vote and would not participated in that meeting.

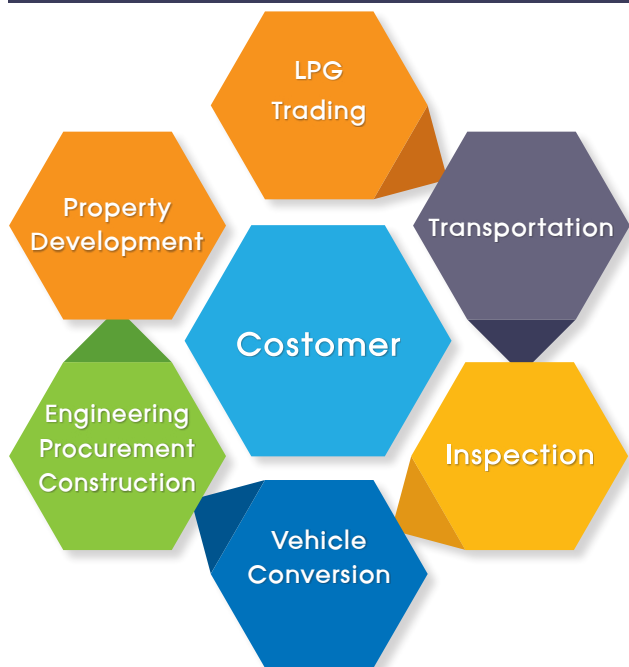
In addition, the Board of Director will perform in compliance with the announcement of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and rules on recording connected and purchase or sell of the Company and its subsidiaries asset transactions to avoid conflict of interest and maximize all shareholders benefit.



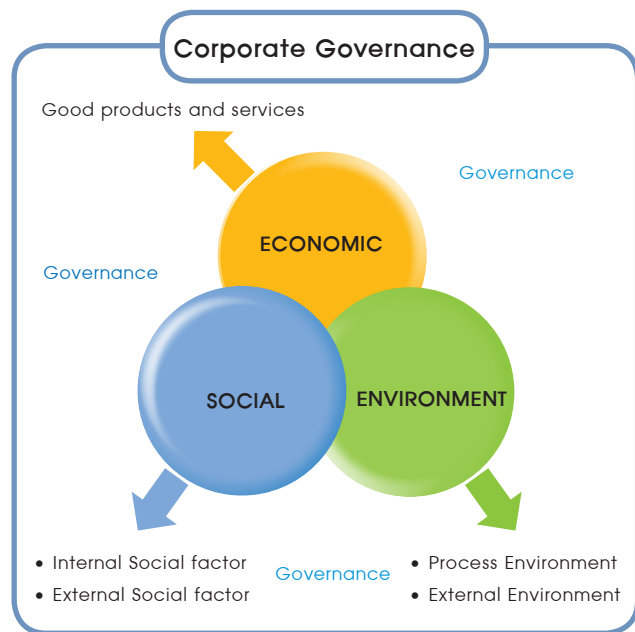
Corporate Social Responsibility



Company overview



TAKUNI CSR Framework



Economic



1. Operation with fairness.



The Company emphasis on the great importance of fair practice by applying ethics to other relevant organizations related to anti-corruption, fair Competition, Social Responsibility, respect for property rights and building relationships between businesses, including individuals, government agencies and other related parties, including employees, shareholders, partners, contractors, customers, competitors and professional associations.



2. Anti-Corruption

The Company recognizes and values the fight against corruption both inside and outside the organization.

The Company adheres to the business with transparency and do not accept all forms of direct and indirect corruption, The Company checks every process and every step or work, including policies and measures to prevent such actions.

The Company communicates to employees at all levels and defined in the Code of Conduct to be aware of any corrupt practices. The Company is perceived corruption undermine business, society and the nation. Anti-Corruption Action is required by all agencies to be a driving force to cultivate and strengthen Thai society to be without any corruption.

The Company announced its intention to join the Collective Action Coalition (CAC) of the Thai private sector to fight corruption on August 7, 2015. Currently, the Company has prepared an Anti-Corruption Manual and corruption risk assessment in each agency and communicates to each department to create knowledge and understanding to employees that they should not both direct or indirect require or act to obtain a bribe, reward, or any benefit for both themselves and the Company from related persons.

3. Consumer Responsibility

The Company is committed to fair marketing practices by offering quality and safe products, excellent services and prepare to respond customer's demands, giving feedback on using the product, providing a solution, and receiving complaints to maximize customer satisfaction for sustainable consumption The Company promotes the development of quality and enhances business standards to be acceptable from the community and society by undertaking the ISO9001: 2015 quality assessment.





- The company is aware the important of safety, so warehouses and high-pressure LPG tanks are tested every year by third parties.



- The company is prepared for emergency. There are emergency drills for radiation leakage.



- Training "Specific personnel responsible for locations using liquefied petroleum gas" (field trip at Pichit Warehouse)

- The company is registered with the Department of Energy as an LPG trainer. In 2017 The Company has courses to ensure that all customers will have safety when use gas petroleum as follows.

1) Training "Specific personnel responsible for locations using liquefied petroleum gas" (field trip at Pichit Warehouse)

Round 1

27 - 28 June 2017 24 persons

Round 2

26 - 27 September 2017 41 persons

2) Training "Liquefied Petroleum Gas Packing Staff"

In 2017, There were 6 rounds of training as follows:

21 - 22 February 2017 48 persons

21 - 22 March 2017 32 persons

20 - 21 June 2017 41 persons

26 - 27 July 2017 77 persons

29 - 30 August 2017 32 persons

20 - 21 November 2017 71 persons



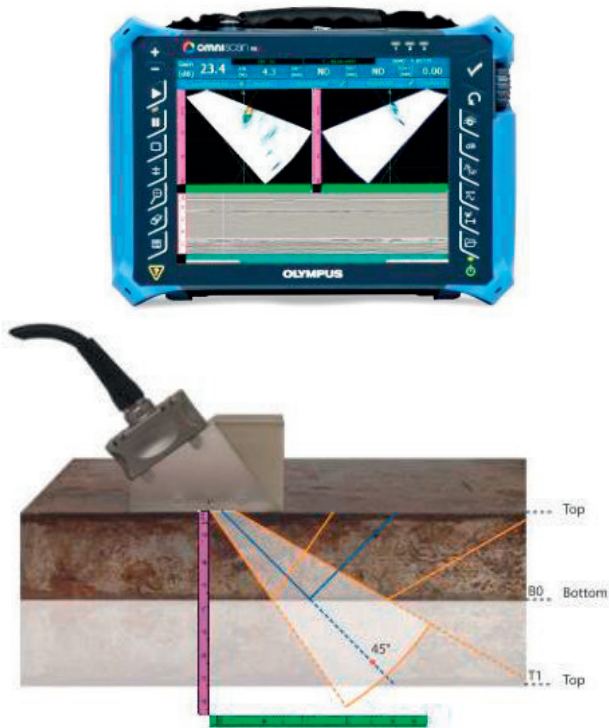
- Training "Liquefied Petroleum Gas Packing Staff" at Tukuni Building

4. Having Innovation and provide innovation received from operations with Responsibility for Society, Environment and Stakeholders

The Company has a clear understanding of the benefits and values of corporate social responsibility. The Company has created new ideas or knowledge that are difference from the previous practice which are comprehensive knowledge that covers different areas such as business, economy, society, technology, environment development of new value-added ideas.

PHASE ARRAY ULTRASONIC EXAMINATION (PAUT)

Method : Phase Array Ultrasonic Examination was developed by normal ultrasonic technique which is used to check for discontinuities in parts, workpieces or welded lines. Phase Array Ultrasonic technique creates ultrasonic wave from many piezoelectric materials in one examined head and uses computer system to control the sound waves at various angles.



Work description: PHASE ARRAY ULTRASONIC EXAMINATION

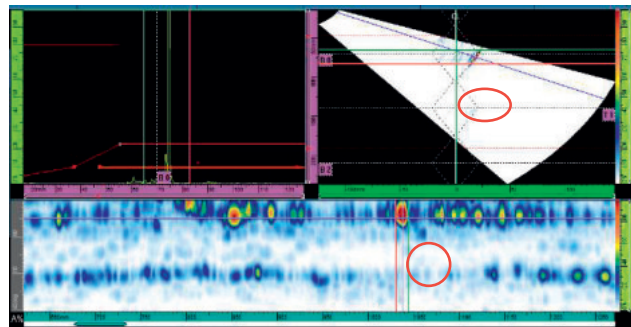
➤ Uses in construction or maintenance of structural steel. PHASE ARRAY Ultrasonic technique uses to detect discontinuities or incomplete in steel before being used or installed to reduce the risk of damage in structure or equipment.

The advantage of this method is the result of testing can be reported immediately, as well as reduce maintenance period, which can help save cost.



➤ Uses in chemical and oil industries (pressure vessels, chemical storage tanks, boilers) for installation or stopping production for maintenance, acoustic monitoring, PHASE ARRAY technique is used to check the connection of the cracking device that may occur after use. For a long time, acoustic monitoring by PHASE ARRAY technique can be verified by no need to stop any work process as it doesn't require radiation, so it increases safety to co-workers

The stopping time for high pressure chemical storage tanks is required steel with a thickness of more than 50 millimeters. Using radiation takes too long so PHASE ARRAY technique is used instead which will reduce the time and provide result immediately.



- Example of inspection results of High Pressure Sound Tank by PHASE ARRAY technique which has no impact on the surface of the welding line.

For the boilers which many tubes need to be checked. PHASE ARRAY technique only takes about 10 minutes per tube and displays the results immediately.



➤ Corrosion detection in workpiece: PHASE ARRAY technique is used for searching and measuring the remaining thickness to analyze the remaining life usage of equipment

➤ Aircraft industry : PHASE ARRAY technique is used for searching for cracks in aircraft components such as aircraft wings or aircraft axles.

Advantage: PHASE ARRAY ULTRASONIC EXAMINATION

- Quick and immediately report results.
- No radiation, no other type of work pauses
 - Increase safety to co-workers
 - Non-stop production time due to radiation
 - reduce the cost of creating or maintenance
- Find and measure discrete dimensions accurately. The data can be stored and retrieved later.

Disadvantage: PHASE ARRAY ULTRASONIC EXAMINATION

- Tools and equipment are expensive, the price per set is about THB 6 million
- The inspector must be trained and experienced to use and analyse the results.

Environment



The Company pays attention to care for the environment in working process and external environment by concerning about the impact on social environment to match international standards, developing a clean and modern technology to make every process of the Company to be most effective and using all resources sustainably according to 3Rs policy which are reducing the use of resource, reuse, recycle and also has a zero emissions policy.

The "Takuni Care" project has been implemented under the policy of environmental management and encourage employees to participate in activities and raise awareness of environment preserving as follows.

● **The Company is aware of the use of resources to reduce waste under the concept of 3R.**



- **Reduce** is decreasing the amount of waste that may occur, such as the use of goods with large packaging instead of goods with small packaging or the use of products with minimal environmental impact.



- **Reuse** is bringing items to use again, such as bringing packaging to put in appliances or items, bringing paper bags or plastic bags to use twice or using both sides of a paper



- **Recycle** is recycling of waste by gathering and sorting objects in the office that can be used for recycling such as glass, paper, plastic, steel and aluminum for distribution to related operators.

Statistics of the company's resources usage

	2016	2017
1. Electricity usage	2.26 M	2.36 M
2. Tap water usage	0.22 M	0.21 M
3. Paper usage	0.08 M	0.07 M



- The company has measures to deal with hazardous waste or waste that may pollute the ecosystem by recycling hazardous waste, then the company hires a hazardous waste disposal company.

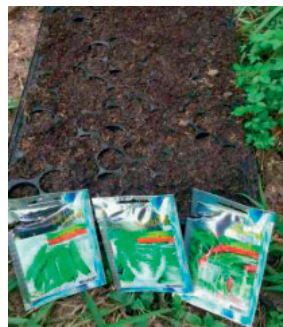
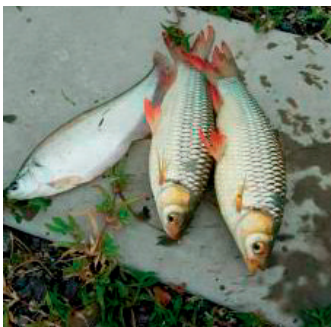


- The Company is aware of carbon emissions on environment and the use of products with carbon footprint to help reduce global warming which affected human lives, living organism, and environment tremendously. Then the reduction of greenhouse gas emissions to reduce global warming is the responsibility of all stakeholders including industrial, agricultural, manufactural, and service sectors, also social influencers and Including the people as consumers.

	2016	2017
The company provides installation of NGV / LPG gas system.	51 services	41 services

- 1) At present, the Company provides NGV/LPG system for customers, employees and executives' cars. The use of NGV/LPG instead of oil promotes the use of energy and reducing carbon emissions to the atmosphere.
- 2) Car Fuel Savings Support. Meet colleagues who live nearby. Car ride to work together. Fuel saving It also reduces the number of vehicles on the road. Reduce carbon dioxide emissions indirectly.

- 3) The company uses the GPS system with every company's truck to control speed and distance, reducing the use of natural resources and carbon emissions which cause greenhouse effect and Global warming.
 - 4) Encourage employees to use reused food containers or use natural materials to contain food instead of Styrofoam or plastic box.
 - 5) The Company has a policy to choose materials with energy saving label or disposable natural or has carbon footprint label.
- The company has joined the Green Industry project by the Ministry of Industry and got appointed to Green Active Level 2 to develop an environmental plan to reduce the environmental impact.



- Green Area Project: The staff grew together vegetables on fences, and dug Tilapia fish pond at gas warehouse in Pathum Thani

Social



1. Respect for Human Rights

The Company operates carefully and realizes the impact that the Company might violate the rights of employee, community and society, so the Company finds the measures to promote good corporate governance and appropriately developed a complaint mechanism to be a channel for those who believe their rights have been violated or treated unfairly as follows:

Channel 1 Mailing Address

You can file a complaint by mail addressing the following mailing address:

- Chairman of the Audit Committee or
- Member of the Audit Committee or
- Secretary of the Audit Committee

Send to Tukuni Group Public Company Limited 140/1 Soi Navichareansup, Kanchanaphisek Road, Bangkae Bangkok 10160

Channel 2 Electronic mail

E-mail address: auditcom@takuni.com

Channel 3 The Company's website

<http://www.takunigroup.com>



- The Company concerns about equality, so the Company hires both male and female employees and treats them with equality in rights, responsibilities and opportunities.

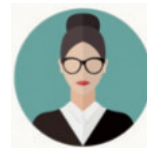
Personnel of Tukuni Group Public Company Limited and subsidiaries

Current Executive 8 persons

Current employees: 233 persons



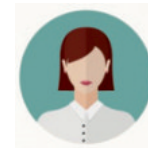
4 persons



4 persons



162 persons



71 persons

- Project to develop disadvantaged groups to be able to help themselves sustainably.

We believe in respecting each other, accept the difference without prejudice and discrimination on the diversity of beliefs, religions, nationalities, sexual preferences, social status, treating people who lack opportunities, and tolerate all beliefs with friendliness and sincerity to both outside and inside the organization.

The Company supports people with disabilities to have career, earn money, take care of themselves and do not have to rely on family and society. At present, the Company employs 2 people with disabilities as an administrator and an employee in building department.



2. Fair Labor Practices

The Company has a policy to treat all employees equally and fair. The Company takes care of the well-being, safety and hygiene in the workplace. It also promotes corporate learning and staff development to enhance the professionalism and system development.

- The company sees importance of employee development and focuses on employees. To drive the business to success needs the key element which is having a quality staff, so the company manages human resources by promoting the skills training to maximize potential of employee at the most effective level for the growth of the organization.

Development of knowledge and professional work skills.

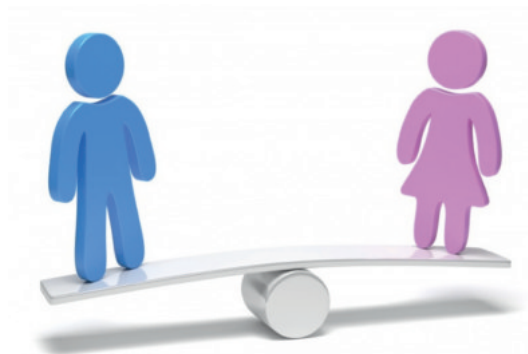
Employee Trainings	2016	2017
Internal Training	9 times	62 times
External Training	54 times	48 times



- July 2017 Employee training "Fire Drill Training" at Gas Warehouse (Pathum Thani)



- August 2017, employees were trained to work in confined spaces at Ratchaphruek Engineering Co., Ltd. (Rayong)



- August 2017, NDT Level II Engineer training by the Executives of Ratchaphruek Engineering Co., Ltd at Takuni Building



- July 2017, Staff training for accounting knowledge by Takuni Group PLC's Executives at Takuni Building



- August - December 2017, employees were trained to be ISO9001: 2015 Auditor at Takuni Building

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- Career Path**
- เส้นทางความก้าวหน้าในสายอาชีพ
- Level 1: พนักงานช่วยงาน (พนักงาน 1-2) 9,300 - 15,500 ฿
- Level 2: พนักงานช่วยงาน (พนักงาน 3-5) 13,800 - 20,000 ฿
- Level 3: พนักงานช่วยงาน (พนักงาน 6-8) 45,000 - 70,000 ฿
- Level 4: ผู้จัดการอาวุโส (พนักงาน 9-10) 70,000 - 100,000 ฿
- Level 5: ผู้จัดการอาวุโส (พนักงาน 11-12) 100,000 - 150,000 ฿
- Level 6: ผู้จัดการอาวุโส (พนักงาน 13-14) 150,000 - 200,000 ฿
- Up Level ทำได้ง่าย
- กิจการ / เรือ
 - ดิน / สิ่งแวดล้อม
 - สาน / การบริการ
- TAKUNI REC GAS

- | | 2016 | 2017 |
|--------------------|------------|-------------|
| 1. Sick leave | 84 persons | 109 persons |
| 2. Maternity leave | 2 persons | 2 persons |
| 3. Re-Employment | 1 person | 2 persons |

	2016	2017
1. Blood Pressure Test	51 persons	42 persons
2. Fasting Blood Sugar Test	19 persons	4 persons
3. Cholesterol Test	41 persons	29 persons
4. HDL Blood Test	9 persons	0 person
5. LDL Blood Test	11 persons	8 persons
6. Electrocardiogram Test	9 persons	1 person



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Takuni Group Public Company Limited



- December 2017 Management and staff get 4 strains vaccination services at Tukuni Building

● "Stop Office Syndrome" : SOS Activity



One of the activities under the "Takuni Care" project is to encourage employees to stay healthy and stay away from Office Syndrome. The Company provides a VDO clip of a physical exercise to prevent office syndrome via the Company's intranet, so the employees can exercise twice a day from 2:30 am to 3:00 pm.

Office Syndrome is common in our daily life and can happen at any time, but it can be prevented from occurring. Sitting should be in the right postures and employees should change postures every hour and exercise regularly.

● Loan Service for Employee

The Company's "Loan Service for Employees" project that cooperates with G Capital Public Company Limited provides personal loans (in the form of welfare loans) to employees of participating organizations. Employees will receive special interest rates including credit approval criteria and the better repayment period than financial institutions. This project reduces credit card debt, prevent problems from loan outside the normal system or problems that affect work and it might cause corruption in the company.

● Safety, Occupational Health and Working Environment

To meet the standards of safety, occupational health and working environment management and no accident workplace, The Company focuses on employee engagement.

At present, the Company has safety officers as follows:

Safety Officer	Number of officer (s)
1. Supervisor level	12
2. Professional level	1
3. Management level	1



Security Operations

- Industrial hygienic measurements and industrial hygiene surveys in the workplace
- Emergency Practice in Radiation Emergency
- Fire training and evacuation
- Following up the performance of examiners
- Having Occupational Health, Safety and Working Environment Committee in Workplace
- Encouraging employees to participate in safety promotion activities regularly.



- The Company is aware of the importance of safety, so security statistics are collected to promote the reduction of accidents at work every year.

Smart Drives Activities creates good corporate culture, builds motivation to do good and promotes awareness of strict respect for traffic rules to prevent accidents and has social responsibility. Employees who comply with the smart drives criteria will be honored as role models that drive with discipline and follow traffic laws. Their names are praised in at meetings and will receive special benefits such as awards or scholarships for children.





Occupational Health and Workplace Environment.



- Lighting monitoring activities in the workplace
- Dust monitoring activities in the workplace
- Heat Monitoring Activity in the workplace



Complaining

Employees are free to think and can give suggestion to the Company. If employees don't get treated with fairness, the employees can enter the complaint process to complaint against the Company by the following channels.

- Suggestion box that will direct to the Executive
- the Company's information management system
- Notification to Human Resources Department

Connecting and Engaging Employees to Organizations And promote good culture and corporate values.

The Company is committed to conveying its policy to its employees to have leadership so that employees can express themselves from inside and be accepted by others, regardless of education or status, help others to learn and use what they learn in life as "Leaders must build leaders" and the Company encourages employees to be confident, be able to empower people from within, can convey ideas, attitudes, skills and can act through related activities.



- January 2017, Ice breaking Unity making/Bringing out leadership Activities at PhraMahajet camp Sattahip, Chonburi



- May 2017, Granting of scholarships to children of employees at Tukuni Building



- April 2017, retained Thai tradition of Songkran Activity at Tukuni Building



- May 2017, Granting of scholarships to children of employees at Tukuni Building



- August 2017 Mother's Day Activities (Staff Photo Contest) at TAKUNI GROUP PUBLIC COMPANY LIMITED and its subsidiaries.



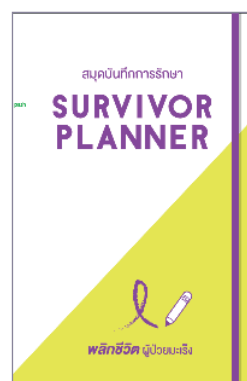
- Activity to make sandalwood flower
- The marigold planting project for the honor the late King Bhumibol Adulyadej to express loyalty and honour the late king at Takuni Group PLC and subsidiaries.



- December 2017, New Year's Day gift swap activity at TAKUNI GROUP PUBLIC COMPANY LIMITED and its subsidiaries.

3. Development of community or society.

The Company is aware of being part of the community or society which is responsible for assisting and support public events that benefit the community along with the development of community and social environment for better living by creating employment and diversifying economic activities that help strengthening each department.



The company liaise with MAI to be part to enforce the "Strengthen 13,000 cancer patients" project by donating money to support the project. This project has helped cancer patients to understand how to cope with cancer correctly to increase survival rate and quality of life for cancer patients in Thailand.

The company sees huge benefits of this project. This project not only helps cancer patients who lack funds and morale and reduces the burden on government spending which increases economy growth of the country.



- October 2017, Donate necessary items to Flood victims in Pathum Thani



- October 2017, donate necessary items to Flood victims in Pathum Thani



- July 2017, donate scholarships, rice and educational equipment to students at Nong Loom in Phichit

● Educational Support Activities



The company has realized the benefits and the importance of education in Thailand by cooperating with the government in terms of developing knowledge, education and research as well as enhancing the competitiveness of the Thai industry to the world, so Thailand can be effective, comply with labor requirements both domestic and international. The company would like to be the driving force for knowledge and education of the youth of Thailand to prepare for labor development at global level. From the past,

the Company has been trusted by industry and education sectors at professional level and as an expert in auditing activities and engineering test. The Company's personnel are honored to be invited as lecturers to provide knowledge and valuable experience to students and the faculty in the educational institutions in the country broadly.



- April 2017, The Company's personnel had been invited as a guest speaker to train engineering students of Suranaree University of Technology



- October 2017, The Company's personnel had been invited as a guest speaker to train engineering students of Suranaree University of Technology



- November 2017, The Company had been invited to send an officer to be a guest speaker in student orientation, Engineering Faculty, King Mongkut's University of Technology North Bangkok

Shareholders & Management Structure

Shareholders Structure

Takuni Group PLC. had registered capital of 600,000,000 baht and paid-up capital of 400,000,000 baht at 0.5 baht per share. Top Fifteen of The Shareholders as of February 20, 2018 are as follow:

	Shareholders	No. of Shares	%
1	Ms. Nita Treeweeranuwat	152,610,002.00	19.08
2	Mr. Prasert Treeveeranuwat	129,472,993.00	16.18
3	Mr. Takool Treeweeranuwat	128,681,901.00	16.09
4	Mr. Chaowarat Wetpinyo	15,114,600.00	1.89
5	Mr. Somchai Kitti	9,100,000.00	1.14
6	Thai NVDR Co., Ltd.	7,289,719.00	0.91
7	Mr. Phuphat Limthammanee	6,400,000.00	0.80
8	Mr. Thanet Charoenchai	6,394,100.00	0.80
9	Yada Development Co., Ltd.	6,000,000.00	0.75
10	Mr. Jumroen Rungwattanasat	5,878,100.00	0.73
11	Ms.Nisita Singha	5,720,000.00	0.72
12	Mr. Parames Tangchalermkul	5,629,300.00	0.70
13	Mr. Wichian SrimuninNimit	4,300,000.00	0.54
14	Mrs. Jintana Anantcharkrit	4,000,000.00	0.50
15	Mrs.Suvimol Yingthanpiboon	4,000,000.00	0.50
	Total	490,590,715.00	61.32

Dividend Policy

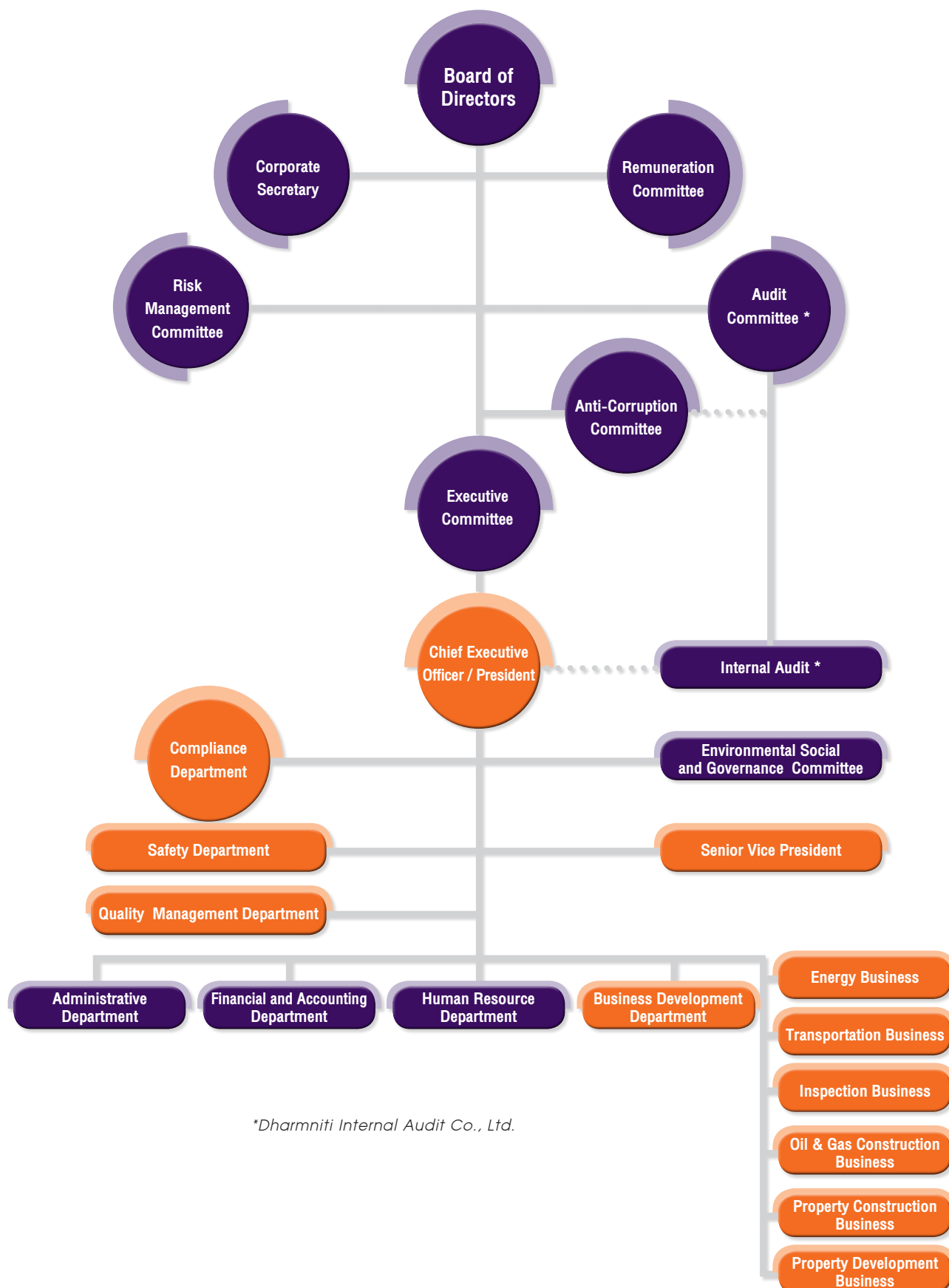
The Company and its subsidiaries has the policy of paying dividend to shareholders at no less than 40% of net profit after deduction of corporate income tax, legal reserve and other reserves. However, the Company may pay the dividend less than the above rate, depending on the necessity of working capital use for business expansion. A resolution of the Company's Board of Directors regarding the dividend payment must be proposed to the Shareholder Meeting for approval, except for an interim dividend payment, which the Board of Directors may approve and then report to the next Shareholder Meeting.

Performance	Net profit (Company)	Share Capital	Dividend payout ratio (Baht)	Amount (Baht)	% Paid Dividends
2560	32,187,308	800,000,000	0.03500	28,000,000	86.99
2559	22,598,348	800,000,000	0.03125	25,000,000	110.63

TAKUNI Organization

The Board of Directors has approved the organization on the Board of Directors meeting no. 1/2018 on January 22, 2018 .

The management structure is as follows:



**Dharmniti Internal Audit Co., Ltd.*

The corporate structure of the Company is comprised of the Board of Directors and executives. The Board of Directors has 6 committees: Audit committee /Remuneration Committee/Executive Committee/Risk Management Committee/ Anti-Corruption Committee and Environmental Social and Governance

Board of Directors

As of January 26, 2018, the Board of Directors consists of 7 directors.

- 3 independent directors (44% Of the entire board)
- 2 Directors (Executive) (28% Of the entire board)
- 2 Directors (28% Of the entire board)

	First Name - Surname	Position	Date of placement	Training Role and function Skills of director ^{1/}
1.	Mr. Visit Akaravinak	Independent Director / Chairman of Director /Member of Audit Committee/ Member of Remuneration Committee	Term 1 19/12/2012 Term 2 17/4/2014 Term 3 26/4/2016	DCP / RCP
2.	Mr. Charoen Prajuntan	Independent director / Chairman of Audit Committee/ Member of Remuneration Committee	Term 1 19/12/2012 Term 2 4/4/2013 Term 3 27/4/2015 Term 4 26/4/2017	DAP / DCP / ACP / QFR
3.	Mr.Kaveewat Songsakulkiat	Independent director / Chairman of Remuneration Committee / Member of Audit Committee	Term 1 3/5/2016	DAP
4.	Mr. Prasert Treeveeranuwat	Director (Executive)/ Chairman of Executive Committee / Chairman of Risk Management Committee / Chairman of Anti-Corruption Committee	Term 1 26/3/2007 Term 2 17/4/2014 Term 3 26/4/2017	DAP
5.	Ms. Kanchana Rimpanichayakij	Director/ Executive Committee	Term 1 26/3/2007 Term 2 27/4/2015 Term 3 26/4/2017	DAP
6.	Ms. Nita Treeveeranuwat	Director (Executive)/ Executive Committee	Term 1 19/12/2012 Term 2 4/4/2013 Term 3 26/4/2016	DAP / DCP / CSP / EDP
7.	Mr. Somchai Kanbuakeaw	Director/ Executive Committee	Term 1 26/4/2016	DAP

Board of Directors consists of : Ms. Thanasa Kittiradanun is Corporate Secretary

Note : 1/

DAP	=	Director Accreditation Program
DCP	=	Director Certification Program
RCP	=	Role of the Chairman Program
ACP	=	Audit Committee Program
CSP	=	Company Secretary Program
QFR	=	Improve the quality of financial reporting

The Company's authorized signatories

The Company's authorized signatories are any two of Mr. Prasert Treeveeranuwat, Ms. Kanchana Rimpanichayakij, Ms. Nita Treeveeranuwat jointly signed and affix the Company's seal.

Board of Directors' Meeting

First Name - Surname		Number of Attendance / Number of Meetings				
		Board of Directors Meeting (7 person)	Audit Committee Meeting (3 person)	Remuneration Committee Meeting (3 person)	Executive Board Meeting (4 person)	The Independent Directors' Meeting (3 person)
		7 meetings in FY2017	6 meetings in FY2017	3 meetings in FY2017	13 meetings in FY2017	2 meetings in FY2017
1.	Mr. Visit Akaravinak	7/7	5/6	3/3	-	2/2
2.	Mr. Charoen Prajuntan	7/7	6/6	3/3	-	2/2
3.	Mr.Kaveewat Songsakulkiat	7/7	6/6	3/3	-	2/2
4.	Mr. Prasert Treeveeranuwat	7/7	-	-	13/13	-
5.	Ms. Kanchana Rimpanichayakij	6/7	-	-	10/13	-
6.	Ms. Nita Treeveeranuwat	7/7	-	-	13/13	-
7.	MR. Somchai Kanbukeaw	7/7	-	-	13/13	-

Corporate Secretary

The Board of Directors has resolution, on BOD1/2016 on 19 January 2016 to appoint Ms. Thanasa Kittiradanun as the Corporate Secretary to comply with the Article of Security Exchange Commission Act (B.E. 2535). The Scope of Duties of the Corporate's Secretary are as follow:

1. Prepare and maintain following documents:
 - 1.1 The Board's Registration
 - 1.2 The Board's meeting initiation letter and meeting reports as well as the Company's annual report
 - 1.3 The Shareholder's meeting initiation letter and meeting reports

2. Keep a report on stakeholder as reported by the Company's Board or management
3. Carry out other activities defined by the Capital Market Commission.

First Name - Surname	Position	Training Role and function The skill of being a company secretary ^{1/}
1. Ms. Thanasa Kittiradanun	Corporate Secretary	CSP / CRP / ACPG

Note : ^{1/}

CSP	Company Secretary Program
CRP	Company Reporting Program
ACPG	Anti-Corruption: The Practical Guide

Director and Management Remuneration

Director remuneration has been passed the carefully consideration of the Board of Directors' meeting and the remuneration amounts are as follow:

- **Financial Remuneration**

Meeting Allowance

The following remuneration for the Board of Director and Audit Committee was approved at the 2017 Annual General Meeting of Shareholders on April 26, 2017 as follow:

Company's Committee	Monthly compensation / person	Meeting allowance per time / person
Independent Director	30,000 Baht	NO
Chairman of Audit Committee	30,000 Baht	NO
Independent Director	25,000 Baht	NO
Director (Executive)	NO	10,000 Baht
Director	NO	10,000 Baht

Directors' remuneration on a monthly basis Meeting allowance Gratuities and other incentives The total amount of not more than 2,000,000 baht.

For the year 2017, the Board of Directors Audit Committee and Nomination and Remuneration Committee in the form of meeting allowances as follows:

	First Name - Surname	Directors' remuneration	Meeting allowance	The directors' Gratuities (based on Performance of FY 2017)	Total (Baht)
1.	Mr. Visit Akaravinak	360,000.00	-	83,108.10	443,108.10
2.	Mr. Charoen Prajuntan	360,000.00	-	88,648.64	443,108.10
3.	Mr.Kaveewat Songsakulkiat	300,000.00	-	88,648.64	388,648.64
4.	Mr. Prasert Treeveeranuwat	-	70,000.00	38,783.78	108,783.78
5.	Ms. Kanchana Rimpanichayakij	-	60,000.00	33,243.24	98,783.78
6.	Ms. Nita Treeweeranuwat	-	70,000.00	38,783.78	108,783.78
7.	Mr. Somchai Kanbuakeaw	-	70,000.00	38,783.78	108,783.78
	Total	1,020,000.00	270,000.00	410,000.00	1,700,000.00

• Other forms of compensation or welfare

- No

Executive

As of December 31, 2017, the Company consist of 7 executives and paid out the 2016 remuneration in the form of salary, bonus and contribution fund as follow:

	First Name - Surname	Position
1.	Mr. Prasert Treeveeranuwat	Chief Executive office / Acting Vice President Business Development Department / Acting Vice President Energy Business/ Acting Vice President Oil & Gas Construction Business / Acting Vice President Property Construction Business / Acting Vice President Property Development Business
2.	Ms. Nita Treeweeranuwat	Vice President Administrative Department
3.	Mr. Charoenchai Amnajsomboonsuk	Vice President Inspection Business
4.	Ms. Chatprapa Chansri	Vice President Transportation Business
5.	Mrs. Thitima Tanapakit	Vice President Financial and Accounting Department
6.	Mr. Tossaphol plitaporn	Vice President Human Resource Department

Management Remuneration

In 2017 and 2016, the Company and its subsidiaries The Company's management is paid in the form of salaries, bonuses and provident funds. And other returns as follows:

(Unit: Million Baht)

Management Remuneration	2017 12 person	2016 12 person
- Remuneration		
Salary	23.63	17.62
Bonus	1.65	1.28
- Other compensation		
Provident Fund ^{1/}	0.25	0.21
Car allowance	YES	YES
Total	25.53	19.11

Note : ^{1/} The Company and its subsidiaries Provident fund is provided by the contribution company at a rate of 2% of salary. In the year 2016, CAZ (Thailand) Company Limited has no bonus and no provident fund.

Staff

As of December 31, 2017 and 2016, the number of the Company and its subsidiaries' staff (not include executive) are as follow:

Takuni Group Public Company Limited

Division	Number of Staff	
	31 December 2017	31 December 2016
Sales	7	5
Human Resources	6	5
Finance and Accounting	20	17
Purchasing	2	2
IT	2	2
Compliance	2	2
Warehouse-Gas	11	8
Executive Secretary	1	-
Total	51	41

Takuni Thailand Company Limited

Division	Number of Staff	
	31 December 2017	31 December 2016
General Services	11	16
Engineering	-	13
Warehouse	7	1
Human Resources	1	8
Total	19	38

Rajchapluek Engineering Company Limited

Division	Number of Staff	
	31 December 2017	31 December 2016
Management	10	2
Test and Inspect	93	83
Administration	12	12
Security	1	6
Sales	9	6
Total	125	109

G Gas Logistics Company Limited

Division	Number of Staff	
	31 December 2017	31 December 2016
Transportation	28	32
Total	28	32

CAZ (Thailand) Company Limited ^{1/}

Division	Number of Staff	
	31 December 2017	31 December 2016
Factory	17	18
Construction	132	101
support	44	15
Total	193	134

Note : ^{1/} CAZ is a subsidiary of the Company on April 7, 2016. Takuni (Thailand) Company Limited, a subsidiary of the Company Shareholding at 51.30%

As of December 31, 2017 and 2016, the total number of the Company's employees (not include executive) is 416 employees and 354 employees, respectively. Total amount of compensation which is in cash form (salary, bonus, contribution fund, and social insurance and overtime fee) is 295.59 Million Baht for 2017 and 193.20 Million Baht for 2016. In addition, employer contributions are required to be paid to a Bualuang Mutual Fund since June 2014 with objectives to build morale and encouraging to the employees and to motivate them to work with the Company for a long term.

Labor Dispute within past 3 years

- None -

Human resource development policy

The Company realized the important of building the employee skill and experience. Therefore, the Company regularly sets up training program and creates annual training

Board of Directors, Executives, and Control Authorities

Name Position	Age (Years)	Educational Credential / Training Experience	Working Experience in last 5 years		
			Period	Position	Sector/Company
1 Mr. Visit Akaravinak	70	Master Degree : - Sasin Graduate Institute of Business Administration Bachelor Degree : - Engineering (Electrical) faculty, Chulalongkorn University Training Experience : - diploma Executive Program Capital Market Academy (CMI 6) - DCP 49/2004, RCP 12/2005 Thai Institute of Directors Association	2012 - Present	- Independent Director /Chairman of Director /Member of Audit Committee/ Member of Remuneration Committee	Takuni Group PLC.
			Present	Specialized Committee Member for National Standard	Ministry of Industry
			Present	Senior Engineer Expert Committee	Engineering Institute of Thailand
2 Mr. Chareon Prajuntan	70	Master Degree : - Faculty of Political Science, Thammasat University Bachelor Degree : - Faculty of Engineering, KMUTT - School of Law, Sukhothai Thammathirat Open University Training Experience : - DCP 88/2007, ACP 14/2006, DAP 56/2006, QFR 4/2006 Thai Institute of Directors Association	2016 - Present	- Independent director / Member of Audit Committee	KSL Green Innovation PCL.
			2014 - Present	- Independent director / Chairman of Director	PAE (Thailand) PCL.
			2012 - Present	- Independent director /Chairman of Audit Committee/ Member of Remuneration Committee	Takuni Group PLC.

Name Position	Age (Years)	Educational Credential / Training Experience	Working Experience in last 5 years		
			Period	Position	Sector/Company
3 Mr. Kaveewat Songsakulkiat	61	Bachelor Degree : - Accounting Rajamangala University of Technology - General Administration Ramkhamhaeng university - Advanced Diploma of Accountancy Thammasat University - Certified Public Accountant The Federation of Accounting Professions Training Experience : - DAP 134/2017, Thai Institute of Directors Association	2016 - Present	Independent director / Chairman of Remuneration Committee / Member of Audit Committee	Takuni Group PLC.
			2015 - Present	Chairman, Academic Subcommittee on Accounting	Association of Accounting and Law Offices
			2008 - Present	Financial and accounting consultants	Kantana Group PCL.

Name Position	Age (Years)	Educational Credential / Training Experience	Working Experience in last 5 years		
			Period	Position	Sector/Company
4 Mr. Prasert Treeveeranuwat Husband of Ms. Kanchana Rimpanichayakij Father of Miss Nita Treeweeranuwat	56	High School : Bodindecha (Sing Singhaseni) School Training Experience : - DAP 103/2013 Thai Institute of Directors Association	2016 - Present	Director	CAZ (Thailand) Co., Ltd
			2007 - Present	Director (Executive)/ Chairman of Executive Committee / Chairman of Risk Management Committee / Chairman of Anti- Corruption Committee / Chief Executive office / President Acting Vice President Business Development Department / Acting Vice President Energy Business/ Acting Vice President Oil & Gas Construction Business / Acting Vice President Property Construction Business / Acting Vice President Property Development Business	Takuni Group PLC.
			2002 - Present	Managing Director	Takuni (Thailand) Co., Ltd
			2000 - 2015	Director	G-Gas Logistics Co., Ltd.
			1995 - 2015	Executive	Rajchapluek Engineering Co., Ltd.

Name Position		Age (Years)	Educational Credential / Training Experience	Working Experience in last 5 years		
				Period	Position	Sector/Company
5	Ms. Nita Treeweeranuwat Child of Mr. Prasert Treeveeranuwat and Ms. Kanchana Rimpanichayakij	31	Master Degree : - MSc International Financial Management, Queen Mary University of London Bachelor Degree : - BEng Mechanical Engineering, University of Nottingham - Mechanical Engineering Department, Thammasat University Training Experience : - EDP 2017 , TLCA - DAP 100/2013, CSP 52/2013 , DCP 208/2015 Thai Institute of Directors Association	2016 - Present 2015 - Present 2012 - Present 2011 - Present 2010 - 2011	Managing Director / Director Director Director Director (Executive)/ Executive Committee / Vice President Administrative Department Engineer	Takuni Land Co.,Ltd. CAZ (Thailand) Co.,Ltd. Takuni (Thailand) Co.,Ltd. Takuni Group PLC. Rajchapluek Engineering Co.,Ltd.
6	Ms. Kanchana Rimpanichayakij Wife of Mr. Prasert Treeveeranuwat Mother of Miss Nita Treeweeranuwat	58	Bachelor Degree : Business Administration College, Assumption University Training Experience : - DAP 103/2013 Thai Institute of Directors Association	2012 - Present 1995 - 2015	Director/ Executive Committee Director	Takuni Group PLC. Rajchapluek Engineering Co., Ltd.

Name Position	Age (Years)	Educational Credential / Training Experience	Working Experience in last 5 years		
			Period	Position	Sector/Company
7 Mr. Somchai Kanbuakeaw	69	Bachelor Degree : - Science (Mechanical) Sriprathum university - Science (Mechanical) College of Technology and Vocational Education Training Experience : - DAP 129/2016 Thai Institute of Directors Association	2016 - Present	Director/ Executive Committee	Takuni Group PLC.
			2015 - Present	Director	Takuni (Thailand) Co., Ltd
			2015 - Present	Director	Rajchapluek Engineering Co., Ltd.
			2015 - Present	Director	G-Gas Logistics Co., Ltd.
			2015 - Present	Director	CAZ (Thailand) Co., Ltd
8 Mr. Charoenchai Amnajsomboonsuk	59	Bachelor Degree : - Engineering (Mechanical) faculty, Chulalongkorn University Certified : - ASME Boiler and Pressure vessel Inspector (The National Board of Boller and Pressure vessel) Certificate No. N.B.11324 (1992) - NDT level III From The American society for Nondestructive Testing,Inc. ASNT No. 149003 include 1. Radiographic Testing 2. Magnetic Particle Testing 3. Liquid Penetrant Testing 4. Visual Testing - Ultrasonic Testing Level II (ISO 9712) from Welding Institute of Thailand. Certificate No. WIT-NDT-0578	2013 - Present	Executive Committee / Vice President Inspection Business	Takuni Group PLC.
			2001 - Present	Managing Director Director	Rajchapluek Engineering Co., Ltd.

Name Position	Age (Years)	Educational Credential / Training Experience	Working Experience in last 5 years		
			Period	Position	Sector/Company
9 Ms. Chatprapa Chansri	51	Bachelor Degree : - Human Resource Management, Rajabhat Institute Bansomdej Chao Phraya	2013 - Present	Executive Committee / Vice President Transportation Business	Takuni Group PLC.
			2010 - Present	Managing Director/ Director	G-Gas Logistics Co., Ltd.
10 Mrs. Thitima Tanapakit	37	Master Degree : - Graduate Business, Thammasat University Bachelor Degree : - Faculty of Commerce and Accountancy, Thammasat University	2013 - Present	Executive Committee / Vice President Financial and Accounting Department	Takuni Group PCL.
			2011 - 2013	Internal Audit Manager	Baker Tilly Risk and Management Services
			2004 - 2008	Senior Auditor	Pricewaterhouse Coopers ABAS
11 Mr. Tossaphol plitaporn	45	Bachelor Degree : - Electrical Engineering, Bachelor of Industrial Technology Siam University - Social Psychology, Faculty of Education Ramkhamhaeng University	2016 - Present	Executive Committee / Vice President Human Resource Department	Takuni Group PLC.
			2015 - 2016	Senior Vice President - The Crane Academy	CHU KAI PLC.

Board of Directors and Executives Shareholding

Name	Common Stock		
	20 February 2018	27 January 2017	Change
1. Mr. Visit Akaravinak	-	-	-
2. Mr. Chareon Prajuntan	-	-	-
3. Mr. Kaveewat Songsakulkiat	-	-	-
4. Mr. Somchai Kanbuakeaw	129,472,993	129,472,993	-
5. Mr. Prasert Treeveeranuwat	152,610,002	152,610,002	-
6. Ms. Nita Treeweeranuwat	459,500	-	459,500
7. Ms. Kanchana Rimpanichayakij			
8. Mr. Charoenchai Amnajsomboonsuk	-	-	-
9. Ms. Chatprapa Chansri	-	-	-
10. Mrs. Thitima Tanapakit	-	-	-
11. Mr. Tossaphol plitaporn	-	-	-

Connected Transactions

Summary of person or juristic person who might have conflict of interest are as follows :

Connected Person	Relationship
Mr. Prasert Treeveeranuwat	As of February 20, 2018 Mr. Prasert Treeveeranuwat, his wife and daughter holds 51.44% of paid-up capital of company and Mr. Prasert take a position of company's Managing Director and Executive Chairman
Middle G Co, .Ltd. (Gas Station)	Mr. Prasit Treeveeranuwat, a managing partner, is brother of Mr. Prasert Treeveeranuwat who is a company's shareholder and Managing Director.
Vera Ltd., Part. (Gas Station)	
Pranee Petroleum Co, .Ltd. (Gas Station)	
SVP Kalpapluak Petroleum Co, .Ltd. (Gas Station)	Ms. Prapat Treeveeranuwat, a shareholder, is a younger brother of Mr. Prasert Treeveeranuwat who is a company's shareholder and Managing Director.



Related Party Transactions

Transactions	Related Party	Descriptions	Transaction (Million Baht)		Audit Committee's Opinion
			FY2017	FY2016	
1.Revenue from LPG Trading	- Middle G	TAKUNI provides LPG to this related party.	13.78	13.50	These are considered as normal business transactions. The selling price is comprised of fuel price and transportation fee in which calculated from same basis as other customers. The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism.
	- Pranee Petroleum		6.18	6.21	
	- SVP Kanlapapluak Petroleum		4.51	3.37	
2.Revenue from LPG Transportation	- Vera	GG provides LPG transportation service to this related party.	0.19	0.22	This is considered as normal business transaction. The service fee and condition are the same as other customers. The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism.
3.Revenue from sell and services	- Middle G	TT sells spare parts of gas piping system to these related party.	0.077	0.09	This is considered as normal business transactions. All selling price and sales condition are the same as other customers. The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism.

Transactions	Related Party	Descriptions	Transaction (Million Baht)		Audit Committee's Opinion
	- Middle G	RE provides testing and inspection service to these related parties.	0.006	0.088	These are considered as normal business transactions. All service rate and condition are the same as other customers.
	- Vera		0.012	0.007	
	- Pranee Petroleum		0.006	-	The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism.
	- SVP Kanlapapluek Petroleum		-	0.006	
4. Other income	- Middle G	TAKUNI provides training service to these related parties	0.005	-	These are considered as normal business transactions. All service rate and condition are the same as other customers.
	- SVP Kanlapapluek Petroleum		0.002	-	The Audit Committee has considered and viewed that the above transaction was fair and in line with normal trading policy of price mechanism.

Policies of the connected transactions in the future

Company's policies of the connected transactions would be classified as follows:

- For normal business transactions and the transactions that support the normal business like purchasing and selling goods, offering services, etc., Audit Committee will consider and give opinion on the reason and necessity of recording stated transaction as well as normal trading policy of price mechanism. The transactions must be fair and irrelevant when the transfer of interests between the Company and person used to compare with the transfer of interests between the persons who might have conflict of interest and public or other relevant. Also, the consideration and opinion on the reason and necessity of recording stated transaction are quarterly given and perform according to the announcement of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and rules on disclosure of connected transactions.
- Financial assistance transaction must operate under necessity, reasonableness, fair terms and conditions and gives the Company the highest benefit. For Guarantee transaction according to the requirement of loans from financial institutions to use as working capital which is a normal condition for providing loans to business whether by direct guarantee or placing collateral, the Company shall not incur any costs arising from the guarantee and shall not lose any benefits. The guaranteed transactions must be necessary for business operations. Moreover, the Audit Committee must consider and give opinion on the reason and necessity for the mentioned financial assistance transaction for the Company's maximum benefit. For provided and guaranteed transactions shall be treated as a normal transaction with third parties, including the consideration of fairness and complying with the announcement of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and regulations, notifications, including compliance with the disclosure requirements of connected transactions.

- Apart from normal business transactions and the transactions that support the normal business such as other asset or services transaction, revenue transaction, financial assistance transaction, etc. the Company assigned Audit Committee to consider and give opinion on the reason and necessity of recording stated transaction according to the announcement of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and rules on disclosure of the Company and its subsidiaries connected transactions. Moreover, the Company does not have policy for giving loans to person who might have conflict of interest to run a business or perform instead of the Company.

With the purpose to perform transparently and accord to governance principle, in case the Company makes connected transaction with the person who might have interest of conflict, directors with gain and loss are not being entitled to vote and would not participated in that meeting.

In addition, the Board of Director will perform in compliance with the announcement of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and rules on recording connected and purchase or sell of the Company and its subsidiaries asset transactions to avoid conflict of interest and maximize all shareholders benefit.

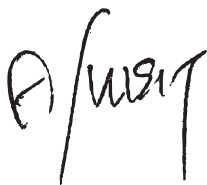


Report on the Board of Directors' Responsibilities for Financial Statements

Board of Directors is responsible for consolidated financial statements of Takuni Group Public Company Limited and its subsidiaries which prepared in accordance with generally accepted accounting principles, under Accounting Act, B.E. 2543 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act, B.E. 2535. The board has thoroughly selected appropriate accounting policies and exercised it in a consistent manner as well as disclosed adequate information in notes to financial statements. In addition, the company's auditor has audited the consolidated financial statements and independently gives an opinion in the auditor's report.

Board of Directors is responsible for supervising, establishing and maintaining risk management and internal control system. This is to ensure that transaction records are such accurate, complete, timely and adequate for protecting the company's assets and preventing corruption or materially abnormal operation. The board also has appointed the Audit Committee which consists of independent directors who are responsible for governing the consolidated financial statements, evaluating and reviewing the internal control system to ensure its efficiency and effectiveness. The opinion of the Audit Committee also appears in the Audit Committee's report which is presented in the annual report.

Board of Directors is of the opinion that company's internal control system and internal audit can provide confidence for all stakeholders that the consolidated and company financial statements of Takuni Group Public Company Limited and its subsidiaries present fairly the consolidated and company financial position, results, and cash flows of Takuni Group Public Company Limited and its subsidiaries and of Takuni Group Public Company Limited in all material aspects.



(Mr. Visit Akaravinak)
Chairman of Director

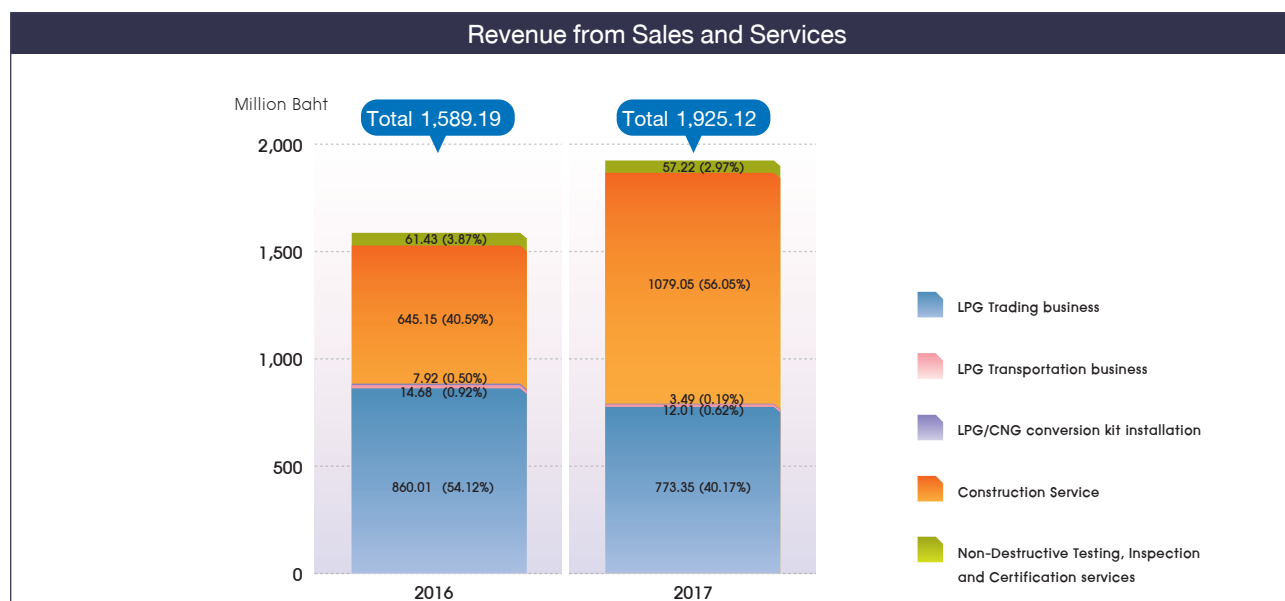


(Mr. Prasert Treeveeranuwat)
Chief Executive Officer / President

Financial Status and Operational Results

Operational Results

The Company and its subsidiaries business are Liquid Petroleum Gas (LPG) trading and energy related business. Type of their business can be classified into 5 groups: LPG trading business, hazardous and construction equipment transportation service, LPG/CNG conversion kit installation for passenger cars, construction service and Non-Destructive Testing and Inspection service. The Company's revenue structure by business unit are as follow:



Total revenue of the Company and its subsidiaries increased from 1,589.19 Million Baht in 2016 to 1,925.12 Million Baht in 2017 because the Group has included construction service revenue of CAZ (Thailand) Co., Ltd. ("CAZ") since 7 April 2016 in the consolidated financial statements. The Group has step acquisition of investment in CAZ, which result in changing the status of investment from associated to be subsidiary.

The Group recorded revenue from construction service for the year 2017 amounting of 1,079.05 Million Baht, increased 67.26% from the precious year which was 645.15 Million Baht. However, from the Company's revenue by business unit, LPG trading and construction service were the largest portion, which is 40.17% of total revenue, and 56.05% of total revenue, respectively.

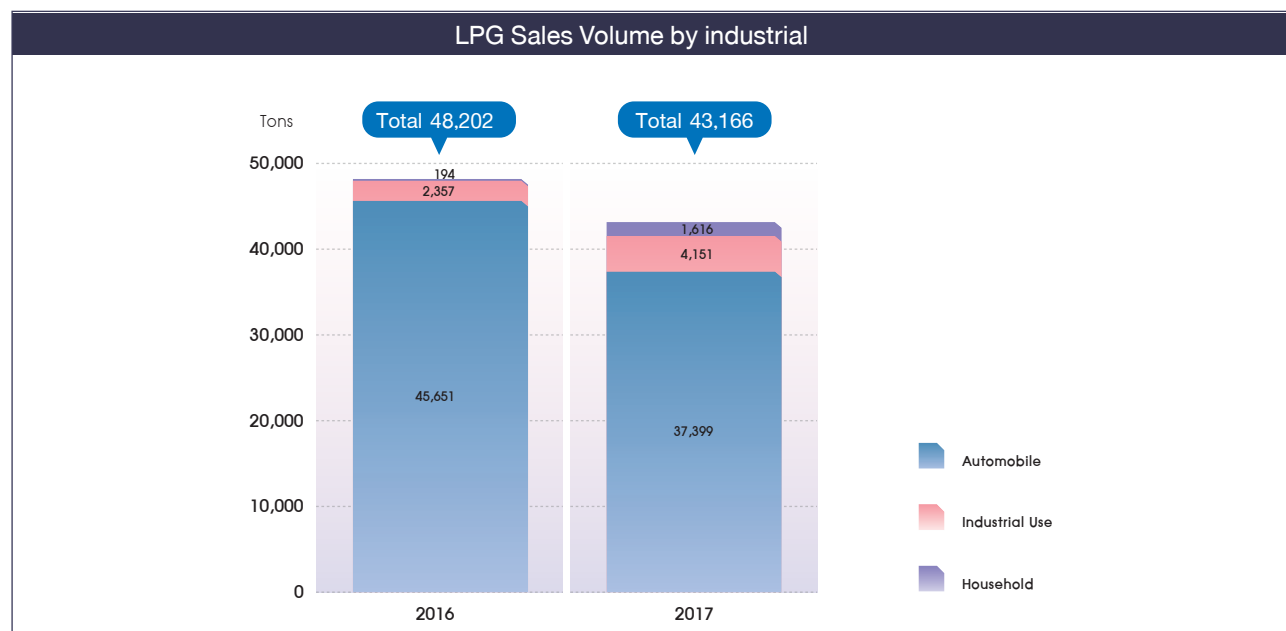
1. Revenue

LPG Trading

Revenue from sales of LPG of the Group is one of the major portion, focused mainly on selling to LPG stations which accounting for more than 87% of the total revenue from LPG trading. Structure of Revenue from sales of LPG in 2016 and 2017 are as follow:

Unit : Ton	2016	2017
LPG sales volume	48,202	43,166
Selling Price per ton	17,842	17,916

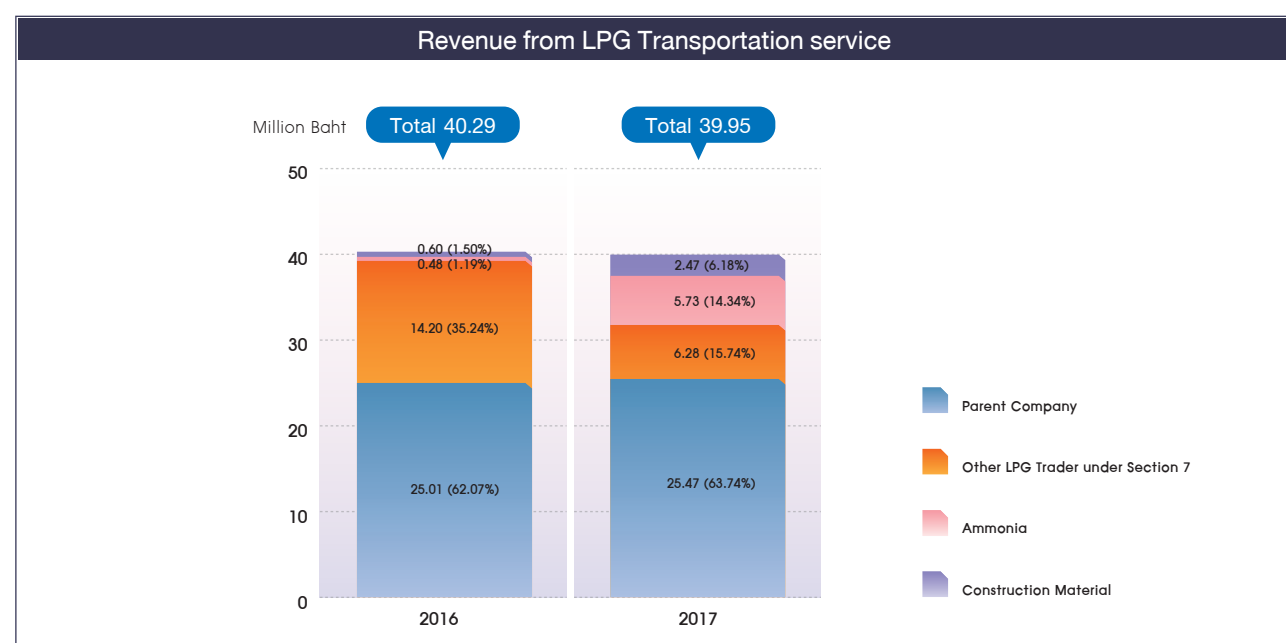
Slightly increased in selling price compared to the last year was resulted from LPG pricing of the board of National Energy Policy office and the Company's strategy of not to engage in price war. The decreasing of petrol price during the past few years make demand of LPG usage in automotive section decreased. The decreased sales volume can be clearly seen through the graph.



The Group believe that LPG usage in automotive section will continuously decrease because there are more options on fuel used as well as global oil price affect the usage in automotive section. However, the Company has expanded market to industrial sector in order to maintain overall LPG volume. The proportion of LPG sold to industrial sector has increased 76% from the previous year.

Hazardous and construction equipment transportation service

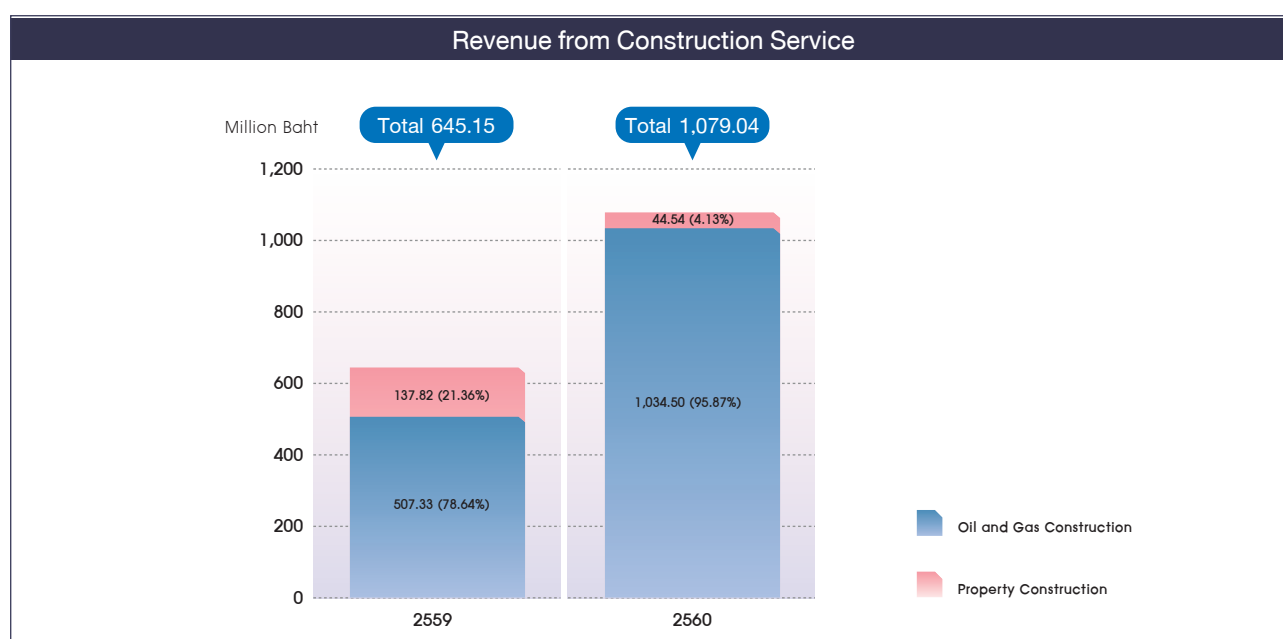
Currently, the Company provides LPG transportation service mainly its subsidiaries. Revenue from transportation service in 2017 is 39.95 Million Baht, decreased from last year revenue which was 40.29 Million Baht, accounting for 0.85% due to decreased in LPG transportation service for the year.



Revenue from transportation service to others which present in 2017 consolidated financial statement, 12.01 Million Baht, has been slightly decreased from last year amount, 14.68 Million Baht, by 18.19% due to the decreased in LPG transportation service fee to regional LPG depot from PTT Plc. However, the Group has started Ammonia transportation service since November 2016, which already recognized revenue 5.73 Million Baht in 2017 consolidated financial statements.

Construction service

Revenue from construction service sharply increased because the Group has step acquisition of investment in construction business (CAZ) to be 51.30% since 7 April 2016 and included service income from oil and gas construction for 9 months of the year 2016 in the consolidated financial statements. While in 2017, the Group has included service income from oil and gas construction for 12 months, which is 564.42 Million more than last year Baht because customer has expanded its project.



During 2017, the Group has completed the property construction which recorded revenue amounting of 44.54 Million Baht.

As at 31 December 2017, the Group has backlog for construction service in oil and gas sector totaling of 755.07 Million Baht and already signed new contract (as notification of new project awarded in the SET website) totaling of 639.77 Million Baht.

Non-Destructive Testing and Inspection service

Revenue from Non-Destructive Testing and Inspection service to the third party slightly decreases from 61.43 Million Baht in last year to 57.22 Million Baht, accounting for 6.85%, due to the decreased in service around metropolitan area. Nevertheless, the Group has expanded testing and inspection service in eastern region since the last quarter of 2016 in order to expand to new market.

Other revenue

Other revenue of the year 2017 was 16.95 Million Baht, comprised of interest income from short-term investment, gain on disposal of fixed asset, LPG depot rental service. However, other revenue of the year 2016 was 63.55 Million Baht, comprised of gain from sale investment in associate (Well Korat Energy Co., Ltd.) amounting of 25.42 Million Baht, and Gain from re-measured to fair value of investment in associate (CAZ) before the step acquisition on 7 April 2016 amounting of 19.26 Million Baht.

2. Cost of Sales/ Services and Selling and Administration Cost

LPG Trading

Cost of LPG sales are comprised of fuel, transportation to depot, and through-put charge. For selling and administrative expense of LPG sales are transportation to customer, personnel and depreciation expense. The Company can maintain gross profit from LPG trading as the strategy of not engage in LPG price war. However, there was increased in selling and administrative expense from last year. The main expense is personnel expense, which is 44.56% of selling and administrative expense. The increase in personnel expense due to annual salary adjustment and increase in number of employees. Thus, operating profit for 2017 slightly decreased to be 0.88% from the last year which was 1.34%

Hazardous and construction equipment transportation service

The costs of transportation service are comprised of fuel, personnel, vessel repair and maintenance and depreciation expense. In 2017, personnel cost has decreased 17.75% compared to the prior year because there were some employees retirement and the Group has not replace the new one as the number of currently employees is suitable for transportation service. Thus, operating profit for 2017 increased to be 16.36% from the last year which was 9.78%.

Construction service

The costs of construction service are mainly comprised of material, labor (both for employee and subcontract), design, consultant, and depreciation of tools and equipment. For oil and gas construction, material and labor cost are 82.98% of total cost of service.

Operating profit from construction service in 2017 increased from 1.72% to be 4.71% because the Group recognized the expected loss from property construction amounting of 24.32 Million Baht in the 2016 as there is probable that total contract costs will exceed total contract revenue. However, at the end of property construction in 2017, the expected loss was over-recorded amounting of 6.78 Million baht, the Group has reversed the over-recorded expected loss in 2017.

Non-Destructive Testing and Inspection service

The costs of testing and inspection service are mainly comprised of personnel and indirect material at the ratio to cost of services of 49.16%. The personnel expense for 2017 has increased since the Group has got 2 more certified Non-Destructive Testing level III to support the business expansion to eastern region as well as training and development expense to improve qualification of engineering. That's why administrative expense for 2017 increased 32.93% compared to the previous year, operating profit decreased to be 1.12% from 13.85% of last year operating profit.

3. Share of profit (loss) from associates

The Group has no profit (loss) sharing from associates as the Group has disposed investment in associated (Well Korat Energy) since 30 June 2016.

4. Profit Ability

The Group's gross profit according to the 2017 consolidated financial statements was 190.47 Million Baht, accounting for 9.89% per sales. The amount was increasing from 2016 which total gross profit was 115.29 Million Baht, accounting for 7.25% per sales. This mainly resulted from recognition of loss from property construction in the 2016 consolidated financial statements but reverse the over-recorded loss in 2017.

Net profit attributable to the parent company in 2017 was 25.35 Million Baht, increased from 2016 which net profit was 16.50 Million Baht, accounting for 53.64%. The increasing in net profit was resulted from gross profit on property construction service (as mention above) and increased in oil and gas construction service income, result in decreased in administrative expense proportion.

Financial Position

(Unit: Million Baht)	31 December 2017	31 December 2016	Changes
Assets			
Cash and cash equivalents	347.12	286.51	60.61
Short term investments	40.65	69.97	(29.32)
Trade and other receivables - net	349.82	319.33	30.49
Inventories - net	31.94	31.62	0.32
Pledged and restricted bank deposits	9.69	67.36	(57.67)
Investment Properties	116.67	4.52	112.15
Property, plant and equipment	524.06	519.55	4.51
Goodwill	19.38	19.38	0.00
Other assets	96.79	40.72	56.07
Total assets	1,536.12	1,358.96	177.16
Liabilities and shareholders' equity			
Trade and other payables	385.98	162.74	223.24
Borrowing from financial institutions	228.22	290.48	(62.26)
Financial Lease Liabilities	4.96	5.63	(0.67)
Other liabilities	39.95	42.48	(2.53)
Shareholders' equity	877.01	857.63	19.38
Total liabilities and shareholders' equity	1,536.12	1,358.96	177.16

Total Asset

The value of total assets as at December 31, 2017 was 1,536.12 Million Baht, increased 177.16 Million Baht from 2016 by 13.04% due to following reasons:

- Cash and cash equivalents, Pledged and restricted bank deposits, and Short-term investments decreased from the previous year because the Group has purchased land for property development (recorded as investment property). Pledged and restricted bank deposits decreased from last year as the Group replaced land and building for collateral with the financial institutions.
- Trade and other receivables increased from 319.33 Million Baht of the last year to be 349.82 Million Baht because the increased of Account Receivable and Unbilled receivables under construction service from oil and gas construction service, which in line with its service income and backlog. However, trade receivable from LPG trading increased amounting of 16.16 Million Baht since some of receivables have liquidity situation. However, the Group has consider allowance for doubtful account according to the policy.

- Withholding tax deducted at source of the Group in 2017 amounting of 60.66 Million Baht (classified as other assets) increased from service render during the year compared to last year which was 48.50 Million Baht (classified as Trade and other receivables).
- Investment properties increased from 4.52 Million Baht to be 116.67 Million Baht because the Group has purchased land amounting to 93.45 Million Baht to support the business expansion on property development business as well as took ownership of 12 condominiums valued at 17.53 Million Baht from a developer.
- Property, plant and equipment slightly increased from 519.55 Million Baht to be 524.06 Million Baht because the Group has purchased Ammonia Truck for transportation service as well as tools and equipment for testing and inspection service to support its business expansion.

Total Liabilities

The value of total liabilities as at December 31, 2017 was 659.12 Million Baht, increased from 501.33 Million Baht in 2016 by 31.47% due to following reasons:

- Trade and other payables increased from 162.74 Million Baht to be 385.98 Million Baht because of the increased in trade payables and unearned income of oil and gas construction service amounting of 206.26 Baht according to the increased in construction value.
- The Group has repaid long-term borrowings from financial institutions amounting of 62.26 Million Baht, which was for PPE purchase to support the Groups' business operation and expansion, especially in construction, transportation, and testing and inspection service.
- Other liabilities decreased from 42.48 Million Baht to be 39.95 Million Baht mainly because the repayment of retention to subcontractor.

Shareholders' equity

The value of total shareholders' equity as at December 31, 2017 was 877.00 Million Baht, which equity attributable to owners of the parent was 804.43 Million Baht. It has been increased from 2016 amounting to 0.25 Million Baht, by 0.03% due to the net profit for the year 2017 to the parent company amounting to 25.35 Million Baht and dividend payment during 2017 amounting of 25.00 Million Baht.



Takuni Group Public Company Limited

AUDITOR'S REPORT AND Statement of Financial Position

Statement of Financial Position

As at 31 December 2017



Independent Auditor's Report

To the Shareholders and the Board of Directors of Takuni Group Public Company Limited

My opinion

In my opinion, the consolidated financial statements of Takuni Group Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then end; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p><i>1) Impairment of goodwill</i></p> <p>Refer to critical accounting estimates and judgements in Note 5 and goodwill in Note 15.</p> <p>As at 31 December 2017, the Group has goodwill of Baht 19.38 million which represented 1.26% of the total assets in consolidated financial statements. Goodwill is classified under construction business segment arising from acquisition of CAZ (Thailand) Company Limited (CAZ).</p> <p>As required by Thai Accounting Standard 36 'Impairment of assets', the management is responsible for reviewing the impairment of goodwill at least once a year. The impairment test is performed at level of cash generating unit (CGU). The management used forecasted future net cash flows of CAZ to determine its fair value. During the year 2017, the management reviewed the impairment of goodwill by assessing its recoverable amount. Based on the result of the assessment, an allowance for impairment charge is not required by the Group.</p> <p>I focused on this area due to the size of the carrying value of the goodwill and the fact that management's assessment of fair value of CAZ involves significant judgement about future results of the business and discount rates applied in future cash flows forecasts.</p>	<p>I assessed the appropriateness of management's identification of CGU for testing impairment and the impairment test model used by the management.</p> <p>I challenged the management about future growth plans and key assumptions and the method used to estimate its future cash flows such as growth rate, gross profit rate, and discount rate and evaluate key assumptions and model used by management.</p> <p>I benchmarked management's key assumptions used in determining the forecasted future net cash flows such as the growth rate, gross profit rate and discount rate of the construction business with the relevant economic and industry indicators. I also assessed that the management's method used in determining fair value is appropriate and generally used for the industry.</p> <p>Based on my procedures performed, I found that the key assumptions applied when estimating its future cash flows were within an acceptable range and the method applied by management was reasonable and appropriate based on the environment and circumstances.</p>

Key audit matter	How my audit addressed the key audit matter
<p>2) Impairment of gas depots and related assets</p> <p>Refer to critical accounting estimates and judgements in Note 5 and property plan and equipment in Note 14.</p> <p>As at 31 December 2017, the Company has gas depots and related assets had a net book value of Baht 86.29 million which represented 10.88% and 5.62% of the total assets in seperated financial statements and consolidated financial statements, respectively.</p> <p>As gas trading is in a declining market, there is a risk that the carrying value of gas depots and related assets may exceed recoverable amount. The recoverable amount of gas depots and related assets are determined based on value-in-use calculation. This calculation is based on a management judgements in estimation of discounted cash flow. Key assumptions used in the recoverable amount assessment include:</p> <ul style="list-style-type: none"> • Growth rate • Gross margin rate • Discount rate <p>As required by Thai Accounting Standard 36 'Impairment of assets', when there is an indicator of impairment, the management is reponsible for reviewing the impairment of assets. The impairment test is performed at level of cash generatating unit (CGU), which is petroleum gas trading business unit. The impariment loss shall be recognise when carrying value exceed the recoverable amount. The management determine value in use and use it as recoverable amount. Based on the result of the assessment, allowance for impairment charge is not required by the Group.</p> <p>I focused on this area due to its significant value and the fact that the assesment of the recoverable amount based on the value in use of the gas depots and related assets involved management's significant judgement about future results of the business and discount rates applied in forecasted future net cash flows.</p>	<p>I assessed the appropriateness of impairment review process and key assumptions and method used by management to determine value-in-use. Management determined the whole petroleum gas trading business unit as a Cash Generating Unit (CGU).</p> <p>I challenged the management to assess the appropriateness of key assumptions and method used to estimation the value in use made by management.</p> <p>I tested value in use as follows:</p> <ul style="list-style-type: none"> • assessing the method used to determine the value in use compared with the mothod generally used for the industry; • challenging the key assumptions and method used in the forecasted future net cash flows such as growth rate, gross margin and comparing discount rate with the relevant economic and industry indicators. • performing a sensitivity analysis around key assumptions such as gross margin rate and discount rate that would be required for the value of impairment of assets. <p>Based on the result of the above procedures, I found that the key assumptions applied in the valuation of value in use were within acceptable range and the method applied by manangement was reasonable and appropriate based on the environment and circumstances.</p>

Key audit matter	How my audit addressed the key audit matter
<p>3) <i>Revenue recognition under construction contracts</i></p> <p>Refer to revenue recognition in Note 2.23, critical accounting estimates and judgements in Note 5 and trade and other receivables in Note 10.</p> <p>The Group recognises revenue from construction contracts arising from property and procurement and construction of oil and gas systems by using the percentage of completion method. The stage of completion is measured based on the proportion of contract costs incurred for the work performed to date compared to the estimated total cost of the project.</p> <p>The total cost of construction contracts is determined by estimating the costs from the reports of raw materials, direct labour, and overhead costs that are directly related to the construction project. This also needs management's judgement to estimate the total expected cost of construction until its completion for each project.</p> <p>I focused on the total estimated cost of construction contracts and the appropriateness of management's assessment of the portion of work already completed due to the magnitude of the amount. The revenue from the construction contracts was significant, representing 56.05% of total revenue in the consolidated financial statements. Moreover, this matter related to the fact that management had used significant judgement when preparing budget costs and reviewing the estimation of the percentage of completion for each project and the consideration on any potential provision for project loss.</p>	<p>I understood and evaluated the budgeting process for estimating the construction cost of each project and the method management made the estimation, which was significant to estimating the percentage of completion.</p> <p>I assessed the appropriateness of the percentage of completion as well as the appropriateness and accuracy of information used to calculate the cost of the construction project and the actual costs incurred during the year, and also tested the calculation of revenue recognised during the year.</p> <p>I tested the actual costs incurred by:</p> <ul style="list-style-type: none"> • inspecting the actual costs incurred with invoices or receipts • reconciling the actual costs incurred with the inventory details for the construction project, and • testing the completeness of actual costs incurred by focussing on the cut-off expenses related to the construction costs. <p>Regarding the estimated cost, I made enquiries with the project engineers and examined the estimated construction cost with supporting documents including contracts related to construction costs, purchase orders and supporting details for estimated costs.</p> <p>I also made enquiries with management and investigated any losses associated with contracts, and considered whether a provision was necessary. I found no exceptions on this issue.</p> <p>Based on my procedures performed, I found that the key assumptions that the management used were reasonable and appropriate based on the environment and circumstances.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

Nattaporn Phan-Udom

Certified Public Accountant

(Thailand) No. 3430

Bangkok

27 February 2018

Takuni Group Public Company Limited

Statement of Financial Position

As at 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	8	347,119,350	286,508,790	246,066,025	130,222,750
Short-term investments	9	40,647,819	69,965,203	40,299,547	69,675,328
Trade and other receivables	10	349,816,921	319,330,133	104,868,989	63,298,439
Short-term loans to related parties	28	-	-	193,820,000	107,320,000
Inventories	11	31,938,225	31,623,953	22,354,089	24,780,207
Other current assets		22,082,181	3,294,900	60,969	52,470
Total current assets		<u>791,604,496</u>	<u>710,722,979</u>	<u>607,469,619</u>	<u>395,349,194</u>
Non-current assets					
Pledged and restricted bank deposits	8	9,686,740	67,355,200	5,686,740	63,355,200
Investments in subsidiaries	12	-	-	91,359,470	233,206,114
Investment properties	13	116,665,414	4,516,644	-	-
"Property, plant and equipment"	14	524,064,756	519,552,453	86,289,197	91,434,372
Goodwill	15	19,383,641	19,383,641	-	-
Intangible assets		9,443,962	7,160,430	97,395	69,433
Deferred income tax assets	17	4,152,847	4,144,757	307,161	1,366,913
Other non-current assets		61,121,931	26,122,597	2,066,095	465,251
Total non-current assets		<u>744,519,291</u>	<u>648,235,722</u>	<u>185,806,058</u>	<u>389,897,283</u>
Total assets		<u><u>1,536,123,787</u></u>	<u><u>1,358,958,701</u></u>	<u><u>793,275,677</u></u>	<u><u>785,246,477</u></u>

The accompanying notes are an integral part of these consolidated and separate financial statements.

Takuni Group Public Company Limited

Statement of Financial Position (Cont'd)

As at 31 December 2017

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Trade and other payables	18	385,984,876	162,744,923	45,400,536	41,123,615
Current portion of long-term bank borrowings	16	40,080,000	45,020,000	-	3,500,000
Current portion of finance lease liabilities	16	2,196,932	1,834,059	876,522	831,082
Current income tax payable		209,029	-	-	-
Other current liabilities		22,864,035	16,761,744	707,451	-
Total current liabilities		451,334,872	226,360,726	46,984,509	45,454,697
Non-current liabilities					
Long-term bank borrowings	16	188,140,000	245,460,000	-	-
Finance lease liabilities	16	2,756,282	3,792,156	1,405,487	2,282,010
Employee benefit obligations	19	3,921,676	2,723,538	1,231,317	1,044,602
Deferred income tax liabilities	17	352,977	-	-	-
Other non-current liabilities		12,613,969	22,995,547	324,811	324,811
Total non-current liabilities		207,784,904	274,971,241	2,961,615	3,651,423
Total liabilities		659,119,776	501,331,967	49,946,124	49,106,120

The accompanying notes are an integral part of these consolidated and separate financial statements.

Takuni Group Public Company Limited

Statement of Financial Position (Cont'd)

As at 31 December 2017

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share Capital	20				
Authorised share capital					
1,200,000,000 ordinary shares at					
par value of Baht 0.5 each					
(2016 : 1,200,000,000 ordinary					
shares					
at par value of Baht 0.5 each)		<u>600,000,000</u>	<u>600,000,000</u>	<u>600,000,000</u>	<u>600,000,000</u>
Issued and paid-up					
800,000,000 ordinary shares					
paid-up of Baht 0.5 each					
(2016 : 800,000,000 ordinary shares					
paid-up of Baht 0.5 each)	20	400,000,000	400,000,000	400,000,000	400,000,000
Premium on paid-up capital					
ordinary shares	20	305,527,766	305,527,766	305,527,766	305,527,766
Share surplus from business					
combination under common control		20,636,290	20,636,290	-	-
Retained earnings					
Appropriated - Legal reserve	22	7,092,000	5,450,000	7,092,000	5,450,000
Unappropriated		<u>71,178,930</u>	<u>72,571,964</u>	<u>30,709,787</u>	<u>25,162,591</u>
"Equity attributable to owners of the		804,434,986	804,186,020	743,329,553	736,140,357
parent"					
Non-controlling interests		<u>72,569,025</u>	<u>53,440,714</u>	-	-
Total equity		<u>877,004,011</u>	<u>857,626,734</u>	<u>743,329,553</u>	<u>736,140,357</u>
Total liabilities and equity		<u>1,536,123,787</u>	<u>1,358,958,701</u>	<u>793,275,677</u>	<u>785,246,477</u>

The accompanying notes are an integral part of these consolidated and separate financial statements.

Takuni Group Public Company Limited

Statement of Comprehensive Income

For the year ended 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Revenue					
Revenue from sales		776,846,307	867,927,806	773,350,683	860,008,859
Revenue from services		1,148,277,479	721,262,020	-	-
Total revenues		<u>1,925,123,786</u>	<u>1,589,189,826</u>	<u>773,350,683</u>	<u>860,008,859</u>
Cost					
Cost of sales		(726,812,430)	(810,356,254)	(724,827,454)	(807,223,864)
Cost of services		(1,007,844,737)	(663,548,697)	-	-
Total costs		<u>(1,734,657,167)</u>	<u>(1,473,904,951)</u>	<u>(724,827,454)</u>	<u>(807,223,864)</u>
Gross profit		190,466,619	115,284,875	48,523,229	52,784,995
Other income	24	16,950,153	63,548,355	55,053,249	46,168,918
Profit before expenses		207,416,772	178,833,230	103,576,478	98,953,913
Selling expenses		(18,700,612)	(19,859,208)	(21,507,816)	(23,982,688)
Administrative expenses		(131,077,807)	(100,220,366)	(47,742,466)	(49,557,483)
Finance costs		(14,287,990)	(9,859,553)	(181,462)	(2,497,305)
Share of loss from associates		-	(20,675,208)	-	-
Profit before income tax		43,350,363	28,218,895	34,144,734	22,916,437
Income tax	26	(8,178,145)	(7,850,686)	(1,957,426)	(318,089)
Profit for the year		<u>35,172,218</u>	<u>20,368,209</u>	<u>32,187,308</u>	<u>22,598,348</u>
Other comprehensive income:					
Items that will not be reclassified					
subsequently to profit or loss					
Remeasurements of retirement					
benefit obligations		(168,316)	(429,206)	-	-
Total comprehensive income		<u>35,003,902</u>	<u>19,939,003</u>	<u>32,187,308</u>	<u>22,598,348</u>
for the year, net of tax					
Profit attributable to:					
Owners of the parent		25,352,149	16,495,287	32,187,308	22,598,348
Non-controlling interests		9,820,069	3,872,922	-	-
Profit for the year		<u>35,172,218</u>	<u>20,368,209</u>	<u>32,187,308</u>	<u>22,598,348</u>
Total comprehensive income attributable to:					
Owners of the parent		25,247,078	16,275,104	32,187,308	22,598,348
Non-controlling interests		9,756,824	3,663,899	-	-
Total comprehensive income for the year		<u>35,003,902</u>	<u>19,939,003</u>	<u>32,187,308</u>	<u>22,598,348</u>
Earnings per share					
Basic earnings per share (Baht)	27	0.03	0.02	0.04	0.03

The accompanying notes are an integral part of these consolidated and separate financial statements.

Takuni Group Public Company Limited

Statement of Changes in Equity

For the year ended 31 December 2017

Consolidated financial statements										
Attributable to owners of the parent										
Retained earnings										
	Issued and paid-up share capital	Premium on paid-up capital	Share surplus from business combination under common control	Appropriated Legal reserve	Unappropriated	Total owners of the parent	Non-controlling interests	Total equity		
Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Beginning balance as at 1 January 2016										
	200,000,000	106,643,230	20,636,290	4,320,000	83,582,860	415,182,380	-	-	415,182,380	
20	200,000,000	198,884,536	-	-	-	398,884,536	-	-	398,884,536	
	-	-	-	-	-	-	-	49,776,815	49,776,815	
22	-	-	-	1,130,000	(1,130,000)	-	-	-	-	
23	-	-	-	-	(26,156,000)	(26,156,000)	-	-	(26,156,000)	
	-	-	-	-	16,275,104	16,275,104	3,663,899	3,663,899	19,939,003	
Closing balance as at 31 December 2016										
	400,000,000	305,527,766	20,636,290	5,450,000	72,571,964	804,186,020	53,440,714	53,440,714	857,626,734	
Beginning balance as at 1 January 2017										
	400,000,000	305,527,766	20,636,290	5,450,000	72,571,964	804,186,020	53,440,714	53,440,714	857,626,734	
Non-controlling interests from subsidiary's share issued										
22	-	-	-	1,642,000	(1,642,000)	-	-	20,342,833	20,342,833	
23	-	-	-	-	(24,998,112)	(24,998,112)	(10,971,346)	(10,971,346)	(35,969,458)	
	-	-	-	-	25,247,078	25,247,078	9,756,824	9,756,824	35,003,902	
Closing balance as at 31 December 2017										
	400,000,000	305,527,766	20,636,290	7,092,000	71,178,930	804,434,986	72,569,025	72,569,025	877,004,011	

The accompanying notes are an integral part of these consolidated and separate financial statements.

Takuni Group Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2017

		Separate financial statements				
	Notes	Issued and paid-up share capital	Premium on paid-up capital	Retained earnings		Total equity
		Baht	Baht	Appropriated Legal reserve	Unappropriated	
				Baht	Baht	Baht
Beginning balance as at 1 January 2016		200,000,000	106,643,230	4,320,000	29,850,243	340,813,473
Proceeds from share issued	20	200,000,000	198,884,536	-	-	398,884,536
Legal reserve	22	-	-	1,130,000	(1,130,000)	-
Dividend	23	-	-	-	(26,156,000)	(26,156,000)
Total comprehensive income for the year		-	-	-	22,598,348	22,598,348
Closing balance as at 31 December 2016		<u>400,000,000</u>	<u>305,527,766</u>	<u>5,450,000</u>	<u>25,162,591</u>	<u>736,140,357</u>
Beginning balance as at 1 January 2017		400,000,000	305,527,766	5,450,000	25,162,591	736,140,357
Legal reserve	22	-	-	1,642,000	(1,642,000)	-
Dividend	23	-	-	-	(24,998,112)	(24,998,112)
Total comprehensive income for the year		-	-	-	32,187,308	32,187,308
Closing balance as at 31 December 2017		<u>400,000,000</u>	<u>305,527,766</u>	<u>7,092,000</u>	<u>30,709,787</u>	<u>743,329,553</u>

The accompanying notes are an integral part of these consolidated and separate financial statements.

Takuni Group Public Company Limited

Statement of Cash Flows

For the year ended 31 December 2017

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit before income tax		43,350,363	28,218,895	34,144,734	22,916,437
Adjustments for:					
Depreciation and amortisation charge		41,964,543	31,142,491	5,517,600	5,647,600
Impairment charge for investment properties	13	1,143,974	-	-	-
(Reversal) allowance for doubtful accounts	10	(775,055)	(121,477)	1,041,701	(7,841)
(Reversal) provision for impairment of investment in subsidiary	12	-	-	(174,756)	7,153,356
Allowance for net realisable value of inventories, allowance for obsolete and slow-moving inventories	11	(1,024,801)	(6,634,552)	-	-
(Gain) loss on disposals/written-offs of property, plant and equipment		(2,777,046)	(4,710,246)	-	947
Share of loss from associates	12	-	20,675,208	-	-
Gain on sale investment in associate		-	(25,421,961)	-	-
Gain on bargain purchase		-	(175,801)	-	-
Gain from remeasurement fair value of previously held interest from business combination		-	(19,264,043)	-	-
(Gain) loss from remeasurement of investment	9	(340,282)	40,735	(340,282)	40,735
Gain on sale investment		(257,190)	-	(257,190)	-
Interest income	24	(3,972,140)	(9,802,792)	(9,947,256)	(12,809,047)
Financial cost		14,287,990	9,859,553	181,462	2,497,305
		91,600,356	23,806,010	30,166,013	25,439,492
Changes in operating working capital					
- Trade and other receivables		(77,942,337)	66,098,081	(43,374,484)	(14,842,484)
- Inventories		710,529	20,375,453	2,426,118	4,227,613
- Other current assets		(1,731,776)	(4,816,958)	(8,499)	108,248
- Other non-current assets		8,561,634	4,973,328	(394,127)	(39,277)
- Trade and other payables		223,194,676	(60,835,134)	4,263,921	(24,460,447)

Takuni Group Public Company Limited

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
- Other current liabilities		6,102,291	10,469,725	707,451	-
- Employee benefit obligations		1,029,822	794,413	186,715	178,942
- Other non-current liabilities		(10,381,578)	3,163,649	-	-
Cash generated from (used in) operations		241,143,617	64,028,567	(6,026,892)	(9,387,913)
- Interest paid		(14,287,990)	(9,859,553)	(181,462)	(2,497,305)
- Income tax paid		(39,431,089)	(38,992,399)	(1,278,088)	(3,975,514)
- Income tax received		19,542,488	-	-	-
Net cash generated from (used in) operating activities		206,967,026	15,176,615	(7,486,442)	(15,860,732)
Cash flows from investing activities					
Purchases of investments in subsidiaries and in associates	12	-	(1,225,684)	(999,700)	-
Proceeds from sales of investments in associates		-	134,735,000	-	-
Proceeds from dissolution of subsidiary	12	-	-	143,021,100	-
Purchases of property, plant and equipment and intangible assets		(161,878,091)	(312,384,161)	(387,387)	(1,735,095)
Proceeds from sales of property, plant and equipment		3,788,246	8,918,965	-	997
Proceed of sales of short-term investment		160,257,190	59,798,706	160,257,190	-
Purchase of short-term investments	9	(129,026,581)	(129,572,536)	(128,968,184)	(69,716,063)
Loan payments received from related parties	28	-	18,568,000	197,700,000	366,436,325
Interest received		2,656,386	10,714,415	8,567,432	11,929,943
Loan payments received from other parties	28	-	202,698,425	-	-
Short-term loans made to related parties	28	-	(181,818,000)	(284,200,000)	(350,338,000)
Pledged and restricted bank deposits		57,668,460	(26,900,181)	57,668,460	(26,900,181)
Net cash generated from (used in) investing activities		(66,534,390)	(216,467,051)	152,658,911	(70,322,074)
Cash flows from financing activities:					
Proceeds from short-term borrowings from banks		-	94,588,462	-	-

Takuni Group Public Company Limited

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2017

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Repayments of short-term borrowings from banks		-	(308,755,768)	-	(214,167,306)
Proceeds from short-term borrowings from other parties		-	4,000,000	-	-
Proceeds from long-term borrowings from banks	16	-	280,000,000	-	-
Repayments of long-term borrowings from banks	16	(62,260,000)	(43,620,000)	(3,500,000)	(6,000,000)
Proceeds from increase capital	20	-	200,000,000	-	200,000,000
Proceeds from increase capital of non-controlling interests		20,342,833	-	-	-
Proceeds from share premium	20	-	198,884,536	-	198,884,536
Dividend payments	23	(35,969,458)	(26,156,000)	(24,998,112)	(26,156,000)
Payment on finance lease liabilities		(1,935,451)	(1,180,902)	(831,082)	(788,015)
Net cash generated from (used in) financing activities		(79,822,076)	397,760,328	(29,329,194)	151,773,215
Net increase in cash and cash equivalent		60,610,560	196,469,892	115,843,275	65,590,409
Cash and cash equivalents - opening balance		286,508,790	90,038,898	130,222,750	64,632,341
Cash and cash equivalents - closing balance	8	<u>347,119,350</u>	<u>286,508,790</u>	<u>246,066,025</u>	<u>130,222,750</u>
Non-cash transactions					
Purchases of property, plant and equipment (included in other accounts payables)		7,160,544	6,843,053	13,000	12,033
Purchases of intangible assets (included in other accounts payables)		-	272,214	-	-
Disposals of property, plant and equipment (included in other accounts receivables)		121,496	-	-	-
Purchases of assets under finance lease		1,262,450	251,160	-	-
Dividend payable		-	6,633,085	-	-
Dividend receivable		-	-	23,999,995	-

The accompanying notes are an integral part of these consolidated and separate financial statements.

Takuni Group Public Company Limited

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2017

1 General information

Takuni Group Public Company Limited (the Company) is a public limited company which is listed on the Stock Exchange of Thailand and is incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

140/1 Soi Nawee Charoensap, Kanchanaphisek Road, Bang Khae, Bangkok.

For reporting purposes, the Company and its subsidiaries are referred to as the Group. The detail of subsidiaries are set out in Note 12.

The principal business operations of the Group are summarised as follows:

Liquid Petroleum Gas trading :	Petroleum gas trading for household cooking, industry and transportation
Gas installation equipment trading :	Industrial and car gas systems installation and equipment trading
Transportation services :	Hazardous substances and construction materials transportation services by land
Construction services :	Construction services
Non-destructive testing (NDT) and inspection service :	Industrial and car gas systems safety-checking services
Others :	Property development

These Group consolidated and separate financial statements were authorised for issue by the Board of Directors on 27 February 2018.

2 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below:

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in Thai language. In the event of a conflict or a difference in interpretation between the two languages, Thai language statutory financial statements shall prevail.

2.2 Revised financial reporting standards, and related interpretations

The Group has applied the revised financial reporting standards which are effective on 1 January 2017 and relevant to the Group. The application of those financial reporting standards does not have significant impact to the Group.

The Group has not yet early adopted the revised financial reporting standards which are effective on 1 January 2018.

2.3 Group Accounting – Investments in subsidiaries and associates

(1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations except business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

(2) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(3) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(4) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the income statement.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Company's functional and the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions at year-end exchange rates and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2.5 Cash and cash equivalents

In the consolidated and separate statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated and separate statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.6 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within administrative expenses.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of petroleum gas and other finished goods is determined by the first-in, first-out method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates (if any). The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.8 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress and for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'trade and other receivables'. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2.9 Investment

Investments other than investments in subsidiaries and associates are classified into the following two categories: (1) trading investments; and (2) held-to-maturity investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
2. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments are subsequently measured at fair value. The unrealised gains and losses of trading investments are recognised in profit or loss.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment method.

2.10 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses (if any) and disclosure fair value in note to financial statement.

Depreciation on investment properties is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Condominium	40 years

2.11 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and allowance (if any). Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and building improvements	10 and 20 years
Gas cylinders and equipment	5 - 20 years
Equipment and office supplies	3 - 10 years
General vehicles	5 years
Transportation vehicles	5 and 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (Note 2.14).

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are included in statement of income.

2.12 Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liability of the acquired subsidiary and the fair value of the non-controlling interest in the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

2.13 Intangible assets

2.13.1 Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation is allocated the cost of computer software over their estimated useful lives of 3 - 10 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2.13.2 Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship.

2.14 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.15 Long-term leases

Long-term leases - where the Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

Long-term leases – where the Group is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.16 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

(a) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.17 Current and deferred income taxes

The tax expense for the year comprises current and deferred taxes. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Employee benefits

Retirement benefits

The Group operate various retirement benefits schemes. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability of retirement benefits is recognised in the consolidated and separate statement of financial position using the present value of the obligations at the statement of financial position date and past service costs. The retirement benefit is calculated by an independent actuary using the projected unit credit method. The present value of the benefit obligations is determined by discounting the estimated future cash outflows using interest rates of referred government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related retirement liabilities.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Cylinder deposits

Cylinder deposits are recorded as liabilities from customers and will be settled with each customer when customer return the cylinders together with related original receipt as evidence of the deposits to the Group. The selling rate is between Baht 1,000 and Baht 2,000 per cylinder depend on the cylinder size. The cylinder deposits are classified as current liabilities in the statement of financial position.

2.21 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.22 Share surplus from business combination under common control

The Group uses the similar to pooling of interest method of accounting to account for the business combination under common control. The consideration transferred under this method of a subsidiary is the net book value of the asset transferred at the combination date under the common control. The Group has recognised surplus from business combination under common control from the acquisitions of subsidiaries. Share surplus from business combination under common control was the difference between the purchase price and the net book value of assets of subsidiaries. The purchase price (in case of shares issued by the Company) was assessed for a fair value by independent financial advisor on the purchase date.

2.23 Revenue recognition

Revenues comprise the fair value of the consideration received from the sale of goods and service in the ordinary course of the Group's activities. Revenues are shown net of value-added tax, returns, rebates and discounts, and after eliminating sales transactions within the Group. Main revenues of the Group are as follows:

- Sales revenues are recognised when significant risks and rewards of the buyer ownership are transferred.
- Revenues from transportation are recognised when the transportation services are completed.
- Services revenues are recognised when the services are completed
- Revenues from installation service contract of gas pipeline for industries are recognised based on the percentage of completion.

- Revenues from construction services recognised based on on a percentage of completion basis. The percentage of completion is measured based on comparison of actual construction costs incurred up to the end of the period and total anticipated construction costs to be incurred to completion. The recognised revenue which is not yet due per the contracts has been presented under the caption of "Unbilled receivables" in the statement of financial position.
- Rental income is recognised using straight-line method over the rental period.
- Interest income is recognised using the effective interest method.
- Dividend income is recognised when the right to receive payment is established.

2.24 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the annual dividends are approved by the Company's shareholders and interim dividends are approved by the Company's Board of Directors.

2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as that makes strategic decisions.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.

Risk management is carried out by a central treasury department (Group Treasury). The Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management on financial risk that might occur.

3.1.1 Interest rate risk

The Group enters into the long-term borrowing agreements from domestic financial institutions which some of them bear floating interest rates. Therefore the Group has interest rate risk arises from changes in interest rates, which may have an effect on the Group's and Company's operations in the current reporting period and in future years. Management does not use any financial instruments to manage interest rate risk because the Group assesses that the changes in interest rate will not be moved significantly under the current situation.

3.1.2 Credit risk

The Group has no significant concentrations of credit risk because the Group sells to general retail customers, not to specified group of customers. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

3.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

3.2 Fair value estimation

The following table presents the Group's financial assets that are measured at fair value at 31 December 2017 and 31 December 2016. See note 13 for disclosures of the Investment properties that are measured at fair value and note 16 for disclosures of borrowings that are measured at fair value.

	Financial instruments in level 2			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Financial assets at fair value				
through profit or loss				
Investment in debt securities (Note 9)	-	49,716,063	-	49,716,063
Investment in mutual fund classified				
as trading investment (Note 9) Fixed	40,299,547	19,959,265	40,299,547	19,959,265
deposit (Note 9)	348,272	289,875	-	-
Total assets	<u>40,647,819</u>	<u>69,965,203</u>	<u>40,299,547</u>	<u>69,675,328</u>

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (over-the-counter) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

There were no transfers between levels 1 and 2 during the year.

4 Reclassification of accounts

The Group made change in presentation of trade and other receivables and other current assets to comply with the announcement of Department of Business Development Regulation dated 7 November 2011 in relation to the format of Financial Statements B.E. 2554, the Group reclassified trade and other receivables and other current assets for the consolidated financial position as at 31 December 2016 as follows:

Statement of financial position as at 31 December 2016

	Consolidated financial statements		
	As previously reported	Reclassification	After reclassification
	Baht	Baht	Baht
Assets			
Trade and other receivables	310,189,929	9,140,204	319,330,133
Other current assets	12,435,104	(9,140,204)	3,294,900

The above-mentioned change in presentation has no effect to the consolidated financial position as at 1 January 2016.

5 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

5.1.1 Allowance for obsolete, slow-moving and defective inventions

The Group has estimated the net realisable value of finished goods by estimating from weighted average of the current selling price and future market trends. The allowance for slow-moving inventories are determined by the age of outstanding inventories in the warehouses and for allowance for obsolescence is determined from the actual condition of the inventories and the estimated selling price.

5.1.2 Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts to deliver design services. The percentage of completion is measure based on comparison of actual construction costs incurred up to the end of the period and total anticipated construction costs to be incurred to completion. The percentage of completion method requires the Group to estimate total anticipated construction costs to be incurred to completion. Where the estimated percentage of completion differ by 1%, the amount of revenue recognised in the year would be changed by Baht 19.15 million.

In addition, The Group has to estimate revenue and future operating performance, especially for construction in order to assess the ability of profitability. When it is probable that total contract costs will exceed total contract revenue, the Group has to recognise the expected loss as an expense immediately.

5.1.3 Estimated impairment of property, plant and equipment

The Group has reviewed the assets' residual values and useful lives and adjusted if appropriate, at the end of each reporting period, in accordance with the accounting policy stated in Note 2.11. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or fair value less cost to sell as appropriate. These calculations require the use of management estimates (Note 14).

5.1.4 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.12. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of management estimates (Note 15).

6 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

7 Segment information

The Group presents segment information in accordance with business segment in the financial report by considering from the groups of related products and services.

During the year ended 31 December 2017, the Group changed segment information presentation from gross profit to operating profit of each segment. The comparative consolidated financial statements presents operating profit of each segment in order to comparative purpose.

Significant business segments are as follows:

Liquid Petroleum Gas trading :	Petroleum gas trading for household cooking, industry and transportation
Gas installation equipment trading :	Industrial and car gas systems installation and equipment trading
Transportation services :	Hazardous substances and construction materials transportation services by land
Construction services :	Construction services
Non-destructive testing (NDT) and inspection service :	Industrial and car gas systems safety-checking services
Others :	Property development

The Group has 3 customers in construction service which generated revenues more than 10% of total revenues in the consolidated financial statements for the year ended 31 December 2017 totaling Baht 866.63 million (2016: 1 customer totaling Baht 181.65 million).

Consolidated financial statements																			
For the period ended 31 December																			
	Sales						Services												
	Liquid Petroleum Gas trading			Car gas system installation and equipment trading			Transportation services		Construction services		NDT and inspection service		Other		Total				
	2017	201	Baht	2017	2016	Baht	2017	2016	Baht	2017	2016	Baht	2017	2016	Baht	2017	2016	Baht	
Revenues from operation	773,350,683	860,008,859		4,766,784	10,104,233		39,956,460	40,295,645		1,081,431,106	647,739,260		65,388,914	63,166,215		-	-	1,964,893,947	1,621,314,212
Revenues from inter - segment	-	-		(1,271,160)	(2,182,391)		(27,949,084)	(25,611,421)		(2,385,749)	(2,593,560)		(8,164,166)	(1,737,014)		-	-	(39,770,161)	(32,124,386)
Total revenue	773,350,683	860,008,859		3,495,624	7,921,842		12,007,376	14,684,224		1,079,045,357	645,145,700		57,244,746	61,429,201		-	-	1,925,123,786	1,589,189,826
Operating profit (loss)	6,808,968	11,533,073		(1,264,328)	2,346,847		1,964,785	1,436,113		50,811,393	11,075,455		638,388	8,506,044		(1,320,853)	23,856,124	57,638,353	58,753,656
Financial cost																		(14,287,990)	(9,859,553)
Share of loss from associates																		-	(20,675,208)
Profit before tax																		43,350,363	28,218,895
Income tax																		(8,178,145)	(7,850,686)
Net profit																		35,172,218	20,368,209
As at 31 December																			
Property, plant and equipment	89,349,772	94,740,430		5,468,858	5,832,792		40,402,085	33,698,109		370,174,334	374,498,434		18,669,707	10,782,688		-	-	524,064,756	519,552,453
Goodwill	-	-		-	-		-	-		19,383,641	19,383,641		-	-		-	-	19,383,641	19,383,641
Total consolidated assets	481,474,674	442,334,704		10,766,923	11,773,617		47,654,718	41,141,971		840,775,630	675,833,960		44,314,874	44,980,712		111,136,968	142,893,737	1,536,123,787	1,358,958,701
Total consolidated liabilities																		659,119,776	501,331,967

8 Cash and cash equivalents

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Cash on hand	499,251	671,784	7,035	674
Cash at bank - Current accounts	92,675,700	17,998,263	905,969	10,747,028
- Savings accounts	209,429,985	194,290,208	200,639,636	75,427,148
- Short-term fixed accounts	44,514,414	73,548,535	44,513,385	44,047,900
Total	347,119,350	286,508,790	246,066,025	130,222,750
Pledged and restricted bank deposits	9,686,740	67,355,200	5,686,740	63,355,200

Deposits held at call with banks bear interest at the rates 0.13% to 1.30% per annum (2016: 0.37% to 1.35% per annum) and these deposits have a maturity within 3 months.

Pledged and restricted bank deposits are bank current accounts and saving accounts 3 to 12 months.

9 Short-term investments

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Investment in mutual fund classified as				
trading investments	40,000,00	20,000,000	40,000,000	20,000,000
Investment in debt security classified as				
held-to-maturity due within 1 year	-	49,716,063	-	49,716,063
Fixed deposit	348,272	289,875	-	-
Gains (losses) on fair value measurement	299,547	(40,735)	299,547	(40,735)
Total short-term investments	40,647,819	69,965,203	40,299,547	69,675,328

The movements in short-term investments during the years are as follows:

	Consolidated financial statements			
	Trading	Held-to-maturity due within	Fixed deposit	Total
	Baht	1 year Baht	Baht	Baht
At 1 January 2016	-	-	232,108	232,108
Additions	20,000,000	109,514,769	57,767	129,572,536
Disposals	-	(59,798,706)	-	(59,798,706)
Losses on fair value measurement during the year	(40,735)	-	-	(40,735)
At 31 December 2016	19,959,265	49,716,063	289,875	69,965,203
Additions	40,000,000	88,968,184	58,397	129,026,581
Disposals	(20,000,000)	(138,684,247)	-	(158,684,247)
Gains on fair value measurement during the year	340,282	-	-	340,282
At 31 December 2017	40,299,547	-	348,272	40,647,819

	Separate financial statements			
	Trading	Held-to-maturity due within	Fixed deposit	Total
	Baht	1 year Baht	Baht	Baht
At 1 January 2016	-	-	-	-
Additions	20,000,000	49,716,063	-	69,716,063
Disposals	-	-	-	-
Losses on fair value measurement during the year	(40,735)	-	-	(40,735)
At 31 December 2016	19,959,265	49,716,063	-	69,675,328
Additions	40,000,000	88,968,184	-	128,968,184
Disposals	(20,000,000)	(138,684,247)	-	(158,684,247)
Gains on fair value measurement during the year	340,282	-	-	340,282
At 31 December 2017	40,299,547	-	-	40,299,547

The fair value of short-term investments approximate to their carrying amount, as the impact of discounting is not significant.

10 Trade and other receivables

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Trade accounts receivables	232,797,884	199,512,187	74,437,215	57,238,480
<u>Less</u> Allowance for doubtful accounts	<u>(2,856,394)</u>	<u>(3,631,449)</u>	<u>(2,071,890)</u>	<u>(1,030,189)</u>
Trade accounts receivables - net	229,941,490	195,880,738	72,365,325	56,208,291
Receivable from related parties (Note 28)	-	-	1,329,175	882,329
Others receivables	5,669,113	583,657	1,128,751	161,978
Prepayments	19,875,419	14,434,640	2,084,795	1,322,660
Accrued interest income (Note 28)	-	-	3,960,948	3,896,878
Dividend receivable (Note 28)	-	-	23,999,995	-
Accrued income - NDT and inspection service	7,811,894	6,930,024	-	-
Unbilled receivables under construction contracts	86,519,005	53,000,280	-	-
Account receivable - VAT and withholding tax	-	48,500,794	-	826,303
Trade and other receivables - net	<u>349,816,921</u>	<u>319,330,133</u>	<u>104,868,989</u>	<u>63,298,439</u>

Aging analysis of trade accounts receivable as at 31 December are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Trade accounts receivable				
Within credit term	184,434,718	155,564,545	30,569,762	25,799,910
Overdue				
- Up to 3 months	39,774,960	34,354,077	37,241,523	29,523,422
- 3 - 6 months	2,432,240	6,051,775	1,861,812	285,000
- 6 - 12 months	4,591,808	1,474,810	3,582,970	1,014,466
- Over 12 months	<u>1,564,158</u>	<u>2,066,980</u>	<u>1,181,148</u>	<u>615,682</u>
Total	232,797,884	199,512,187	74,437,215	57,238,480
<u>Less</u> Allowance for doubtful accounts	<u>(2,856,394)</u>	<u>(3,631,449)</u>	<u>(2,071,890)</u>	<u>(1,030,189)</u>
Trade accounts receivable - net	<u>229,941,490</u>	<u>195,880,738</u>	<u>72,365,325</u>	<u>56,208,291</u>

Management believe the allowance provided for is sufficient based on its consideration of past debt collection experiences of the Group.

11 Inventories

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Finished goods - petroleum gas	22,309,260	24,706,725	22,354,089	24,780,207
- gas tank for installation and equipment	11,995,748	12,685,812	-	-
Work in progress - gas installations	1,359,772	61,859	-	-
Work in progress under construction contracts	-	1,550,687	-	-
Raw materials	5,516,105	3,917,822	-	-
General supplies	2,616,115	1,584,624	-	-
Total	43,797,000	44,507,529	22,354,089	24,780,207
<u>Less</u> Allowance for net realisable value of inventories	(11,858,775)	(12,883,576)	-	-
Inventories - net	<u>31,938,225</u>	<u>31,623,953</u>	<u>22,354,089</u>	<u>24,780,207</u>

Work in progress under construction contracts for property and construction of oil and gas systems.

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
At 1 January	1,550,687	7,576,542	-	-
Contract costs incurred during the year	954,345,968	596,942,822	-	-
Contract expenses recognised during the year	(955,896,655)	(602,968,677)	-	-
At 31 December	<u>-</u>	<u>1,550,687</u>	<u>-</u>	<u>-</u>
Contract costs incurred and recognised profits (less losses) to date	2,380,043,700	2,115,016,060	-	-
Advances received on construction contracts	37,489,656	4,553,826	-	-

As at 31 December 2017, the Group had accrued retentions amount to Baht 15.10 million (2016: Baht 24.68 million), and the Group's bank guarantees on construction contracts amount to Baht 451.78 million (2016: Baht 238.55 million). Costs of inventories recognised as expense and included in 'cost of sales' in the consolidated and separate financial statements are Baht 709.54 million and Baht 1,143.39 million, respectively (2016: Baht 1,066.87 million and Baht 785.16 million, respectively).

Inventories include allowance for finished goods of Baht 11.86 million (2016: Baht 12.88 million), mostly there are finished goods for gas systems installation in the consolidated financial statement. During 2017, the Group had reversed allowance for net realisable value of inventories amount to Baht 1.02 million (2016: increase in allowance amount Baht 6.64 million).

According to related regulations issued by the Ministry of Energy, the Group and the Company are required to reserve petroleum gas at 1% of the total trading volume in each period. As at 31 December 2017, the inventories included minimum mandatory reserve on petroleum gas of Baht 7.29 million in the consolidated and separate financial statements (2016: Baht 8.00 million).

12 Investments in subsidiaries and associates

12.1 Subsidiaries

The group had the following subsidiaries at 31 December

Name	Country of incorporation and place of business	Nature of business	Nature of Relationship	Proportion of ordinary shares directly held by parent (%)		Proportion of ordinary shares held by the group (%)		Proportion of ordinary shares held by non-controlling interests (%)		Separate Financial Statements	
				2017	2016	2017	2016	2017	2016	2017	2016
Takuni (Thailand) Co., Ltd. (TT)	Thailand	Industrial and car gas systems installation and equipment trading, and construction services	Direct shareholders	99.99	99.99	99.99	99.99	00.01	00.01	53,376,790	53,376,790
Ratchapruuek Engineering Co., Ltd. (RE)	Thailand	NDT and inspection service	Direct shareholders	99.99	99.99	99.99	99.99	00.01	00.01	21,339,800	21,339,800
G Gas Logistics Co., Ltd. (GG)	Thailand	Hazardous substances and construction materials transportation services by land	Direct shareholders	99.99	99.99	99.99	99.99	00.01	00.01	15,643,180	15,643,180
Newman Green Co., Ltd. (NMG)	Thailand	Investing company	Direct shareholders	-	99.99	-	99.99	-	00.01	-	142,846,344
Takuni Land Co., Ltd. (TL)	Thailand	Property development	Direct shareholders	99.97	-	99.97	-	0.03	-	999,700	-
CAZ (Thailand) Co., Ltd. (CAZ)	Thailand	Construction services	Indirect shareholding via TT	-	-	51.30	51.30	48.70	48.70	-	-
JKEC Co., Ltd. (JKEC)	Thailand	Construction services	Indirect shareholding via CAZ	-	-	51.22	51.22	48.78	48.78	-	-
										91,359,470	233,206,114

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company does not differ from the proportion of ordinary shares held.

The movement of investments in subsidiaries for the year ended 31 December are as follows:

	Separate financial statement	
	2017	2016
	Baht	Baht
Beginning net book amount	233,206,114	240,359,470
Acquisitions	999,700	-
Reversal of impairment (impairment charge)	174,756	(7,153,356)
Disposals	(143,021,100)	-
Ending net book amount	91,359,470	233,206,114

Establishment of TL

At the board of directors' Meeting, on 13 December 2016, the boards approved to establish Takuni Land Co., Ltd. The Company registered for establishment with Ministry of Commerce on 13 January 2017 with 10,000 shares at par value of Baht 100 per share totaling Baht 1.00 million.

Dissolution of NMG

At the Extraordinary Shareholders' Meeting on 4 February 2017, the shareholders approved for dissolution of NMG. The Company registered for dissolution with Ministry of Commerce on 7 February 2017. The Company received a repayment from NMG in the amount of Baht 143.02 million.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised statement of financial position

	CAZ	
	2017	2016
	Baht	Baht
As at 31 December		
Current assets	371,668,378	188,564,372
Current liabilities	(394,117,667)	(236,963,032)
Total current net assets	(22,449,289)	(48,398,660)
Non-current assets	358,307,504	375,115,608
Non-current liabilities	(190,892,360)	(229,190,196)
Total non-current net assets	167,415,144	145,925,412
Net assets	144,965,855	97,526,752
Accumulated NCI	3,839,078	3,771,657

Summarised statement of comprehensive income

	CAZ	
	2017 Baht	2016 Baht
As at 31 December		
Revenue	1,023,200,408	647,521,050
Net profit	27,055,954	12,252,102
Other comprehensive income	(129,866)	2,036,297
Total comprehensive income	26,926,088	14,288,399
Profit allocated to non-controlling interests	67,421	1,604,227
Dividends paid to non-controlling interests	-	-

Summarised statement of cash flows

	CAZ	
	2017 Baht	2016 Baht
For the year ended 31 December		
Net cash generated from operating activities	211,146,316	1,839,716
Net cash used in investing activities	(27,935,515)	(294,573,433)
Net cash generated from (used in) financing activities	(98,708,352)	295,942,927
Net increase in cash and cash equivalents	84,502,449	3,209,210
Cash, cash equivalents and bank overdrafts at beginning of year	7,476,453	4,267,243
Cash and cash equivalents at end of year	91,978,902	7,476,453

12.2 Investments in associates

The movement of investments in associates for the year ended 31 December are as follows:

	Consolidated financial statements	
	2017 Baht	2016 Baht
Beginning net book amount	-	167,244,543
Share of loss from associate	-	(20,675,208)
Share of other comprehensive income	-	2,379,661
Disposals	-	(148,948,996)
Ending net book amount	-	-

Investments accounted for using equity method

The amounts recognised in the income statement are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Associates	-	20,675,208	-	-
At 31 December	-	20,675,208	-	-

13 Investment properties

	Consolidated financial statements		
	Land	Buildings	Total
	Baht	Baht	Baht
At 1 January 2016			
Cost	-	6,912,319	6,912,319
<u>Less</u> Accumulated depreciation	-	(2,050,060)	(2,050,060)
Net book amount	-	4,862,259	4,862,259
For the year ended 31 December 2016			
Opening net book amount	-	4,862,259	4,862,259
Depreciation charge	-	(345,615)	(345,615)
Closing net book amount	-	4,516,644	4,516,644
At 31 December 2016			
Cost	-	6,912,319	6,912,319
<u>Less</u> Accumulated depreciation	-	(2,395,675)	(2,395,675)
Net book amount	-	4,516,644	4,516,644
Fair value at 31 December 2016	-	43,000,000	43,000,000
At 1 January 2017			
Cost	-	6,912,319	6,912,319
<u>Less</u> Accumulated depreciation	-	(2,395,675)	(2,395,675)
Net book amount	-	4,516,644	4,516,644

Consolidated financial statements (Cont'd)			
	Land	Buildings	Total
	Baht	Baht	Baht
For the year ended 31 December 2017			
Opening net book amount	-	4,516,644	4,516,644
Additions	93,450,000	18,778,434	112,228,434
Transferred in	-	1,577,847	1,577,847
Depreciation charge	-	(513,537)	(513,537)
Impairment charge	-	(1,143,974)	(1,143,974)
Closing net book amount	93,450,000	23,215,414	116,665,414
At 31 December 2017			
Cost	93,450,000	28,214,479	121,664,479
<u>Less</u> Accumulated depreciation	-	(3,855,091)	(3,855,091)
<u>Less</u> Provision for impairment	-	(1,143,974)	(1,143,974)
Net book amount	93,450,000	23,215,414	116,665,414
Fair value at 31 December 2017*	116,904,000	71,100,000	188,004,000

*The Group's investment properties were valued at 2017 by independent professionally qualified valuers (independent valuer). The fair value are based on income approach for building leased to the external parties and market approach for land and condominium.

Investment property at net book value of Baht 5.69 million (2016: Baht 4.52 million) has been pledged as a security for borrowings (Note 16).

Amounts recognised in profit and loss that are related to investment properties are as follows:

Consolidated financial statements		
	2017	2016
	Baht	Baht
Rental income	5,709,534	5,408,540
Direct operating expense arise from investment property that generated rental income	1,976,097	1,759,050

14 Property, plant and equipment

Consolidated financial statements

	Land and land improvements	Buildings and building improvements	Gas cylinders and equipment	Equipment and office supplies	Vehicles	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
At 1 January 2016							
Cost	77,780,794	46,643,776	57,408,338	27,090,151	133,424,750	1,737,267	344,085,076
Less Accumulated depreciation	-	(10,538,249)	(8,846,924)	(18,949,182)	(102,606,482)	-	(140,940,837)
Net book amount	<u>77,780,794</u>	<u>36,105,527</u>	<u>48,561,414</u>	<u>8,140,969</u>	<u>30,818,268</u>	<u>1,737,267</u>	<u>203,144,239</u>
For the year ended 31 December 2016							
Opening net book amount	77,780,794	36,105,527	48,561,414	8,140,969	30,818,268	1,737,267	203,144,239
Acquisitions through subsidiaries	-	-	-	21,161,909	3,595,750	-	24,757,659
Additions	183,875,120	75,068,649	32,708	52,639,677	7,586,307	29,000	319,231,461
Disposals and written offs - net	-	-	-	(374,628)	(2,119,221)	(1,714,286)	(4,208,135)
Depreciation charge	-	(3,579,268)	(2,944,583)	(10,414,313)	(6,434,607)	-	(23,372,771)
Closing net book amount	<u>261,655,914</u>	<u>107,594,908</u>	<u>45,649,539</u>	<u>71,153,614</u>	<u>33,446,497</u>	<u>51,981</u>	<u>519,552,453</u>
At 31 December 2016							
Cost	261,655,914	121,712,425	57,441,046	107,356,402	127,409,365	51,981	675,627,133
Less Accumulated depreciation	-	(14,117,517)	(11,791,507)	(36,202,788)	(93,962,868)	-	(156,074,680)
Net book amount	<u>261,655,914</u>	<u>107,594,908</u>	<u>45,649,539</u>	<u>71,153,614</u>	<u>33,446,497</u>	<u>51,981</u>	<u>519,552,453</u>
For the year ended 31 December 2017							
Opening net book amount	261,655,914	107,594,908	45,649,539	71,153,614	33,446,497	51,981	519,552,453
Additions	50,000	665,419	55,938	27,657,585	13,225,206	2,473,248	44,127,396
Transferred in/(out)	-	-	-	2,477,559	-	(2,477,559)	-
Transferred to investment property	-	(1,577,847)	-	-	-	-	(1,577,847)
Disposals and written offs - net	-	-	-	(1,132,696)	-	-	(1,132,696)
Depreciation charge	-	(6,143,610)	(2,943,526)	(20,354,010)	(7,463,404)	-	(36,904,550)
Closing net book amount	<u>261,705,914</u>	<u>100,538,870</u>	<u>42,761,951</u>	<u>79,802,052</u>	<u>39,208,299</u>	<u>47,670</u>	<u>524,064,756</u>
At 31 December 2017							
Cost	261,705,914	119,854,118	57,496,984	134,604,357	134,548,699	47,670	708,257,742
Less Accumulated depreciation	-	(19,315,248)	(14,735,033)	(54,802,305)	(95,340,400)	-	(184,192,986)
Net book amount	<u>261,705,914</u>	<u>100,538,870</u>	<u>42,761,951</u>	<u>79,802,052</u>	<u>39,208,299</u>	<u>47,670</u>	<u>524,064,756</u>

Separate financial statements

	Land and land improvements	Buildings and building improvements	Gas cylinders and equipment	Equipment and office supplies	Vehicles	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
At 1 January 2016							
Cost	26,330,794	19,992,890	51,461,262	4,008,087	14,472,000	-	116,265,033
Less Accumulated depreciation	-	(2,701,904)	(7,167,885)	(1,995,538)	(9,176,480)	-	(21,041,807)
Net book amount	26,330,794	17,290,986	44,293,377	2,012,549	5,295,520	-	95,223,226
For the year ended 31 December 2016							
Opening net book amount	26,330,794	17,290,986	44,293,377	2,012,549	5,295,520	-	95,223,226
Additions	75,120	1,295,000	32,708	339,100	-	-	1,741,928
Disposals and written offs - net	-	-	-	(1,361)	-	-	(1,361)
Depreciation charge	-	(1,043,466)	(2,647,229)	(554,647)	(1,284,079)	-	(5,529,421)
Closing net book amount	26,405,914	17,542,520	41,678,856	1,795,641	4,011,441	-	91,434,372
At 31 December 2016							
Cost	26,405,914	21,287,890	51,493,970	4,342,753	14,472,000	-	118,002,527
Less Accumulated depreciation	-	(3,745,370)	(9,815,114)	(2,547,112)	(10,460,559)	-	(26,568,155)
Net book amount	26,405,914	17,542,520	41,678,856	1,795,641	4,011,441	-	91,434,372
For the year ended 31 December 2017							
Opening net book amount	26,405,914	17,542,520	41,678,856	1,795,641	4,011,441	-	91,434,372
Additions	50,000	80,704	55,938	104,768	-	-	291,410
Disposals and written offs - net	-	-	-	-	-	-	-
Depreciation charge	-	(1,086,610)	(2,646,172)	(529,574)	(1,174,229)	-	(5,436,585)
Closing net book amount	26,455,914	16,536,614	39,088,622	1,370,835	2,837,212	-	86,289,197
At 31 December 2017							
Cost	26,455,914	21,368,594	51,549,908	4,440,279	14,472,000	-	118,286,695
Less Accumulated depreciation	-	(4,831,980)	(12,461,286)	(3,069,444)	(11,634,788)	-	(31,997,498)
Net book amount	26,455,914	16,536,614	39,088,622	1,370,835	2,837,212	-	86,289,197

As at 31 December 2017, the Group had pledged certain plots of land and buildings with net book value of Baht 339.38 million (2016: Baht 308.81 million) as collateral for credit facilities for bank overdrafts, letters of credits or trust receipt, letters of guarantees, forward contracts, long-term borrowings from a financial institution. (Note 16).

Cost of fixed assets which are fully depreciated and still in use in the consolidated financial statements as at 31 December 2017 were approximately Baht 71.16 million (2016: Baht 76.92 million). There are fixed assets which are fully depreciated and still in use in the separate financial statements were approximately Baht 10.91 million (2016: Baht 9.80 million).

As at 31 December 2017, purchase transactions during the year include the acquisition of assets under financial lease which company is lease, total amount Baht 1.64 million (2016: Baht 0.25 million).

During the year 2017, the Company considers the impairment of the gas depots and related assets as a result of a declining in gas trading market which impact to the Company's performance. The recoverable amount of CGU, which is petroleum gas trading business unit, is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections covering a ten-year period as it reflects the market properly. This pre-tax cash flow projection is based on an approved financial budgets and business plan by management. Cash flows beyond the ten-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the industry in which the CGU operates.

As at 31 December 2017, the gas depots and related assets had a net book value of Baht 86.29 million.

Key assumptions used in the recoverable amount assessment include:

	Petroleum gas trading business
Gross margin	6.27%
Growth rate	Constant growth
Discount rate	9.87%
Recoverable amount of the CGU	Baht 109.71 million

The recoverable amount will be equal to the carrying amount if the key assumptions used for value-in-use changes to be as follows:

	Petroleum gas trading business
Gross margin	5.96%
Discount rate	16.89%

15 Goodwill

	Consolidated	
	financial statements	
	2017	2016
	Baht	Baht
As at 1 January		
Cost	19,383,641	-
<u>Less</u> Allowance for impairment	-	-
Net book value	19,383,641	-
For the years ended 31 December		
Opening net book value	19,383,641	-
Acquisitions through subsidiaries	-	19,383,641
Impairment charge	-	-
Closing net book value	19,383,641	19,383,641
As at 31 December		
Cost	19,383,641	19,383,641
<u>Less</u> Allowance for impairment	-	-
Net book value	19,383,641	19,383,641

The recoverable amount of a CGU, which is construction service business unit, is determined based on value-in-use calculations. These calculations use after-tax cash flow projections covering a ten-year period as it reflects the operation properly. This after-tax cash flow projection is based on an approved financial budgets and business plan by management. Cash flows beyond the ten-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the industry in which the CGU operates.

The key assumptions used in the recoverable amount assessment include:

	Construction services
Gross margin	8.30%
Growth rate	1.00%
Discount rate	6.88%
Recoverable amount of a CGU	Baht 539.95 million

The recoverable amount will be equal to the carrying amount if the key assumptions used for value-in-use changes to be as follows:

	Construction services
Gross margin	6.98%
Growth rate	Decrease 54.29%
Discount rate	13.62%

16 Borrowings

	Consolidated financial statements		Sperate financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Current				
Current portion of long-term borrowings	40,080,000	45,020,000	-	3,500,000
Current portion of finance lease liabilities	2,196,932	1,834,059	876,522	831,082
Total current borrowings	42,276,932	46,854,059	876,522	4,331,082
Non-Current				
Bank borrowings	188,140,000	245,460,000	-	-
Finance lease liabilities	2,756,282	3,792,156	1,405,487	2,282,010
Total non-current borrowings	190,896,282	249,252,156	1,405,487	2,282,010
Total borrowings	<u>233,173,214</u>	<u>296,106,215</u>	<u>2,282,009</u>	<u>6,613,092</u>

The effective interest rates at the statement of financial position date were as follows:

	Consolidated financial statements		Sperate financial statements	
	2017	2016	2017	2016
- Bank borrowings	4.00% - 5.39%	3.00% - 6.08%	-	3.00%
- Financial lease liabilities	3.98% - 5.43%	4.76% - 5.43%	5.37%	5.37%

16.1 Long-term borrowings

The movements of long-term borrowings from financial institutions during the year are as follows:

	Consolidated financial statements		Sperate financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
For the years ended 31 December				
Beginning balance	290,480,000	34,100,000	3,500,000	9,500,000
Acquisition through subsidiary	-	20,000,000	-	-
Additions	-	280,000,000	-	-
Repayments	(62,260,000)	(43,620,000)	(3,500,000)	(6,000,000)
Ending balance	<u>228,220,000</u>	<u>290,480,000</u>	<u>-</u>	<u>3,500,000</u>

The Company

On 18 July 2012, the Company entered into a long-term borrowing agreement with a domestic financial institution amounting to Baht 30 million, which required the principal repayment of Baht 500,000 per installment, totaling 60 installments. This borrowing bears the interest rate of 3% per annum and is pledged by subsidiaries' land and buildings (Note 13 and Note 14). However, the long-term borrowing was repaid during the year ended 31 December 2017.

Subsidiaries

Takuni (Thailand) Co., Ltd.

On 19 January 2016, TT entered into the long-term borrowing agreement with a local financial institution amounting to Baht 10.00 million, which required the repayment over 84 months. This borrowing bears the interest rate at 4% per annum and is pledged by land and buildings of Takuni (Thailand) Co., Ltd.

(Note 13 and Note 14). However, the long-term borrowing was repaid during the year ended 31 December 2017.

G Gas Logistics Co., Ltd.

On 24 May 2012, GG entered into a long-term borrowing agreement with a domestic financial institution amounting to Baht 24.60 million, which required the repayment over 60 months. This borrowing bears the interest rate of 3% per annum and is pledged by vehicles for gas transportation (Note 14). However, the long-term borrowing was repaid during the year ended 31 December 2016.

On 13 January 2016, G Gas Logistics Co., Ltd. entered into the long-term borrowing agreement with a local financial institution amounting to Baht 10.00 million, which required the repayment of Baht 120,000 per month, totaling 84 months. This borrowing bears the interest rate at 4% per annum and is pledged by land of GG (Note 14).

Rajchapluak Engineering Co., Ltd.

On 19 January 2016, RE entered into the long-term borrowing agreement with a local financial institution amounting to Baht 10.00 million, which required the repayment of Baht 120,000 per month, totaling 84 months. This borrowing bears the interest rate at 4% per annum and is pledged by land and buildings of TT (Note 13 and Note 14). However, the long-term borrowing was repaid during the year ended 31 December 2017.

CAZ (Thailand) Co., Ltd.

On 15 January 2016, CAZ entered into the borrowing agreement with a local financial institution amounting to Baht 10.00 million, which required the repayment of Baht 720,000 every 6 months, totaling 14 periods. This borrowing bears the interest rate at MLR% per annum and is pledged by CAZ director.

On 15 January 2016, CAZ entered into the borrowing agreement with a local financial institution amounting to Baht 10.00 million, which required the repayment of Baht 720,000 every 6 months, totaling 14 periods. This borrowing bears the interest rate at 4% per annum and is pledged by CAZ director.

On 10 August 2016, CAZ entered into the loan agreement with a local financial institution amounting to Baht 250.00 million, which required the repayment of Baht 2.98 million per month, totaling 84 periods and the outstanding amount for the last month. This borrowing bears the interest rate at MLR - 0.75% per annum for the first anniversary of the date of drawdown and MLR - 0.50 % per annum for the period thereafter. The borrowing is pledged by the Company, land and buildings of CAZ and CAZ director (Note 14).

The interest rate exposure on the borrowings of the Group and the Company is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Borrowings:				
- at fixed rates	22,920,000	30,860,000	-	3,500,000
- at floating rates	205,300,000	259,620,000	-	-
Total long-term borrowings	<u>228,220,000</u>	<u>290,480,000</u>	<u>-</u>	<u>3,500,000</u>

The carrying amounts and fair values of certain long-term borrowings are as follows:

	Consolidated financial statements			
	Book value		Fair value	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Long-term borrowings from banks	<u>228,220,000</u>	<u>290,480,000</u>	<u>227,845,484</u>	<u>282,844,718</u>

	Sperate financial statements			
	Book value		Fair value	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Long-term borrowings from banks	<u>-</u>	<u>3,500,000</u>	<u>-</u>	<u>3,461,822</u>

The fair value of current borrowings approximate to their carrying amount, as the impact of discounting is not significant.

The fair value are based on discounted cash flows using a discount rate based upon the borrowing rate of 4.00% to 6.25% (2016: 6.32% to 6.34%) which are within level 2 of the fair value hierarchy.

Maturity of long-term borrowings is as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Within 1 year	40,080,000	45,020,000	-	3,500,000
Later than 1 years but not later than 5 years	188,140,000	245,460,000	-	-
Total long-term borrowings	228,220,000	290,480,000	-	3,500,000

17 Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	3,210,265	4,587,788	414,378	1,636,709
Deferred tax assets to be recovered after more than 12 months	1,397,616	468,946	246,263	208,920
	4,607,881	5,056,734	660,641	1,845,629
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	103,420	14,002	117,045	308,371
Deferred tax liabilities to be settled after more than 12 months	704,591	897,975	236,435	170,345
	808,011	911,977	353,480	478,716
Deferred tax assets, net	3,799,870	4,144,757	307,161	1,366,913

Deferred income taxes has been calculated in full on temporary differences, using the liability method and applying a principal tax rate of 20% since 2013 onwards. The deferred taxation related to the temporary differences between the carrying amounts and the tax bases of assets and liabilities of the Group are summarised below:

Consolidated financial statements

As at 31 December	2016 Baht	Charged (credited) to profit or los Baht	Charged (credited) to other comprehensive income Baht	2017 Baht
Deferred income tax assets				
Allowances for doubtful accounts and inventories	3,035,515	(92,481)	-	2,943,034
Provision for impairment of investment	1,430,671	(1,430,671)	-	-
Provision for warranty	35,761	844,751	-	880,512
Employee benefits obligations	554,787	187,471	42,077	784,335
	<u>5,056,734</u>	<u>(490,930)</u>	<u>42,077</u>	<u>4,607,881</u>
Deferred income tax liabilities				
Depreciation	565,884	(15,799)	-	550,085
Assets under finance lease	346,093	(88,167)	-	257,926
	<u>911,977</u>	<u>(103,966)</u>	<u>-</u>	<u>808,011</u>
Deferred income tax assets, net	<u>4,144,757</u>	<u>(386,964)</u>	<u>42,077</u>	<u>3,799,870</u>

Separate financial statements

As at 31 December	2016 Baht	Charged (credited) to profit or los Baht	Charged (credited) to other comprehensive income Baht	2017 Baht
Deferred income tax assets				
Allowances for doubtful accounts and inventories	206,038	208,340	-	414,378
Provision for impairment of investment	1,430,671	(1,430,671)	-	-
Employee benefits obligations	208,920	37,343	-	246,263
	<u>1,845,629</u>	<u>(1,184,988)</u>	<u>-</u>	<u>660,641</u>
Deferred income tax liabilities				
Assets under financial lease	<u>478,716</u>	<u>(125,236)</u>	<u>-</u>	<u>353,480</u>
Deferred income tax asset, net	<u>1,366,913</u>	<u>(1,059,752)</u>	<u>-</u>	<u>307,161</u>

Presentation in the statements of financial position is as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Deferred income tax assets	4,152,847	4,144,757	307,161	1,366,913
Deferred income tax liabilities	(352,977)	-	-	-
Deferred income tax, net	<u>3,799,870</u>	<u>4,144,757</u>	<u>307,161</u>	<u>1,366,913</u>

Deferred income tax assets and liabilities are offset when the income taxes related to the same tax authority. Deferred tax assets and deferred tax liabilities in the consolidated financial positions are presented at net amount of assets and liabilities incurred in each entity.

The movements on deferred income taxes during the years are as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Opening net book value	4,144,757	4,996,457	1,366,913	(250,843)
Acquisitions through subsidiaries	-	51,612	-	-
Charged (credited) to profit or loss (Note 26)	(386,964)	(796,010)	(1,059,752)	1,617,756
Charged (credited) to other comprehensive income	<u>42,077</u>	<u>(107,302)</u>	<u>-</u>	<u>-</u>
Closing net book value	<u>3,799,870</u>	<u>4,144,757</u>	<u>307,161</u>	<u>1,366,913</u>

Deferred income tax assets are recognised for tax loss and carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of Baht 4.98 million. (2016: Baht 5.33 million) in respect of losses amounting to Baht 24.91 million (2016: Baht 26.63 million) that can be carried forward against future taxable income. Losses amounting to Baht 19.82 million and 5.09 million expire in 2021 and 2022 respectively.

18 Trade and other payables

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Trade accounts payable	171,639,963	97,731,760	36,482,304	32,633,450
Trade accounts payable - related parties (Note 28)	-	-	2,943,273	2,099,768
Amounts due to related parties (Note 28)	-	-	50,677	50,272
Other payables	19,645,915	4,326,920	1,442,535	1,664,987
Unearned revenue	161,219,330	35,443,930	-	-
Account payable - revenue department	-	2,026,706	-	1,157,995
Accrued expense	33,479,668	23,215,607	4,481,747	3,517,143
Total trade and other payables	<u>385,984,876</u>	<u>162,744,923</u>	<u>45,400,536</u>	<u>41,123,615</u>

19 Employee benefit obligations

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Retirement benefit obligations (Thailand law)				
Employee benefit obligations in the statement of financial position	<u>3,921,676</u>	<u>2,723,538</u>	<u>1,231,317</u>	<u>1,044,602</u>
Charge to profit or loss	<u>987,745</u>	<u>1,181,629</u>	<u>186,715</u>	<u>178,942</u>
Remeasurement	<u>210,393</u>	<u>429,206</u>	<u>-</u>	<u>-</u>

The movement in the defined benefit obligation over the year is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
At 1 January	2,723,538	1,671,066	1,044,602	865,660
Current service cost	907,683	867,223	159,031	155,456
Past service cost	-	-	-	-
Interest expense	80,062	56,347	27,684	23,486
Increase from acquisition	-	258,059	-	-
	<u>3,711,283</u>	<u>2,852,695</u>	<u>1,231,317</u>	<u>1,044,602</u>

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Remeasurements:				
Loss from change in financial assumptions	210,393	429,206	-	-
Payment from plans:				
Benefit payment	-	(558,363)	-	-
At 31 December	<u>3,921,676</u>	<u>2,723,538</u>	<u>1,231,317</u>	<u>1,044,602</u>

The principal actuarial assumptions used were as follows:

	2017
Discount rate	1.83% - 3.06%
Salary growth rate	3.20% - 5.66%

Sensitivity analysis for each significant assumption

	Consolidated financial statements		
	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 1.93%	Increase by 2.02%
Salary growth rate	0.50%	Increase by 2.14 %	Decrease by 2.07%

	Separate financial statements		
	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 1.37%	Increase by 2.33%
Salary growth rate	0.50%	Increase by 2.81%	Decrease by 4.50%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis have not been changed when compared to the previous year.

Expected maturity analysis of undiscounted retirement and post-employment medical benefits:

Consolidated financial statements					
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Baht	Baht	Baht	Baht	Baht
At 31 December 2017					
Retirement benefits	1,068,449	1,366,962	2,932,255	5,327,566	10,695,232
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Baht	Baht	Baht	Baht	Baht
At 31 December 2016					
Retirement benefits	144,155	1,438,777	2,381,929	3,732,167	7,697,028
Separate financial statements					
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Baht	Baht	Baht	Baht	Baht
At 31 December 2017					
Retirement benefits	-	1,188,031	420,456	239,051	1,847,538
Separate financial statements					
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Baht	Baht	Baht	Baht	Baht
At 31 December 2016					
Retirement benefits	-	-	1,608,487	239,051	1,847,538

20 Share capital

Consolidated and Separate financial statements						
	Authorised share capital		Issued and paid-up capital		Premium on	Total
	Number of	Ordinary	Number of	Ordinary	paid-up	
	Shares	shares	Shares	shares	capital	
	Shares	Baht	Shares	Baht	Baht	Baht
Opening amount as at 1 January 2016	1,200,000,000	600,000,000	400,000,000	200,000,000	106,643,230	306,643,230
Increase in authorised share capital	-	-	400,000,000	200,000,000	198,884,536	398,884,536
Closing amount as at 31 December 2016	1,200,000,000	600,000,000	800,000,000	400,000,000	305,527,766	705,527,766
Increase in authorised share capital	-	-	-	-	-	-
Closing amount as at 31 December 2017	1,200,000,000	600,000,000	800,000,000	400,000,000	305,527,766	705,527,766

On 13 January 2016, the Company received paid up capital from the first 400 million common shares. The new shares were sold to the existing shareholders at the price of Baht 1 per share (Baht 0.50 for paid up capital and Baht 0.50 for share premium) totaling Baht 400 million. The Company registered the increase in paid-up share capital with the Ministry of Commerce on 13 January 2016. Directly attributable expenses of issuing additional shares of Baht 1.1 million were deducted from the share premium received from the shareholders.

21 Warrants

Warrants to purchase ordinary shares TAKUNI-W

On 29 January 2016, the Company issued warrants to offer to its existing shareholders. The detail of warrants is as follows:

Type of warrants	:	To be issued under the names of respective holders and transferable.
Term of warrants	:	5 years from the issuing and offering date
Number of warrants	:	399,999,874 units
Ratio	:	2 existing ordinary shares per 1 warrant
Offering price	:	Baht 0 per unit
Exercise ratio	:	1 warrant per 1.02 ordinary share (31 December 2016: 1 warrant per 1 ordinary share)
Exercise price	:	Baht 1.97 per share (31 December 2016: Baht 2 per share)
Exercise date	:	On the last business day of December of each year
Last exercise date	:	28 January 2021

As at 13 March 2017, the Company adjusted exercise price and exercise ratio of warrants during the term of the warrants since dividend payout is higher than dividend payout policy.

The movement of warrants to purchase ordinary shares for the year ended 31 December 2017 is as follows:

	Consolidated and Separate financial statements
	TAKUNI-W
	Warrants
Opening balance	399,999,874
Warrants issued during the period	-
Warrants exercised during the period	-
Closing balance	399,999,874

22 Legal reserve

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
At 1 January	5,450,000	4,320,000	5,450,000	4,320,000
Appropriation during the year	1,642,000	1,130,000	1,642,000	1,130,000
At 31 December	7,092,000	5,450,000	7,092,000	5,450,000

Under the Public Limited Company Act., BE. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable.

23 Dividend per share

The Company

The Group's dividend paid and dividend per share consist of:

The operation for the period	Approved by	Approved date	Dividend paid (Million Baht)	Dividend per share (Baht)	Payment date
2017					
1 January 2016 to 31 December 2016	The Shareholders' Meeting	26 April 2017	25.00	0.031	25 May 2017
2016					
1 January 2015 to 31 December 2015	The Shareholders' Meeting	26 April 2016	26.16	0.033	25 May 2016

Subsidiaries

The Group's dividend paid and dividend per share consist of:

The operation for the period	Company	Approved by	Approved date	Dividend paid (Million Baht)	Dividend per share (Baht)	Payment date
2017						
1 January 2013 to 31 December 2014	TT	The Extraordinary Shareholders' Meeting	27 December 2017	24.00	2.40	12 February 2018
1 April 2015 to 31 December 2015	CAZ	The Extraordinary Shareholders' Meeting	22 November 2017	7.37	13.52	18 December 2017
1 January 2015 to 31 March 2015	CAZ	The Extraordinary Shareholders' Meeting	22 November 2017	6.12	21.46	18 December 2017
2016						
1 January 2015 to 31 December 2015	TT	The Shareholders' Meeting	31 March 2016	12.00	1.20	29 April 2016
1 January 2015 to 31 December 2015	GG	The Shareholders' Meeting	31 March 2016	3.00	2.00	29 April 2016
1 January 2015 to 31 December 2015	RE	The Shareholders' Meeting	31 March 2016	6.40	32.00	29 April 2016

24 Other income

	Consolidated		Separate	
	financial statements		financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
For the year ended 31 December				
Rental income	5,940,000	435,240	5,940,000	435,240
Interest income	3,972,140	9,802,792	9,947,256	12,809,047
Dividend income	-	-	23,999,995	21,399,930
Gain from sale investment in associate	-	25,421,961	-	-
Gain from re-measured to fair value of investment	-	19,264,043	-	-
Others	7,038,013	8,624,319	15,165,998	11,524,701
	<u>16,950,153</u>	<u>63,548,355</u>	<u>55,053,249</u>	<u>46,168,918</u>

25 Expense by nature

	Consolidated		Separate	
	financial statements		financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
For the year ended 31 December				
Cost of sales - gas	706,014,651	785,730,084	706,014,651	785,730,084
Material cost	394,108,719	156,842,658	-	-
Subcontract cost	153,463,026	119,237,519	-	-
Depreciation and amortisation	41,964,543	31,142,491	5,517,600	5,647,600
Staff costs	321,121,589	212,295,395	30,856,394	25,494,924
Gas transportation expenses	5,488,268	7,562,863	30,961,359	32,569,684
Gas storage expenses	5,850,273	10,674,540	5,850,273	10,674,540

26 Income tax expense

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
For the year ended 31 December				
Current tax	7,791,181	7,054,676	897,674	1,935,845
Deferred income tax				
Deferred income tax expense (Note 17)	386,964	796,010	1,059,752	(1,617,756)
Income tax	<u>8,178,145</u>	<u>7,850,686</u>	<u>1,957,426</u>	<u>318,089</u>

The tax on profit before tax differs from the tax for filing purposes amount as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
For the year ended 31 December				
Profit before income tax	43,350,363	28,218,895	34,144,734	22,916,437
Tax calculated at the tax rate of 20%	8,670,073	5,643,779	6,828,947	4,583,287
Exempt income tax	-	(3,852,809)	(4,799,999)	(4,279,986)
Unrealised gains from intercompany transactions	(581,031)	-	-	-
Tax losses for which no deferred income tax asset was recognised	1,018,035	5,326,675	-	-
Expenses for which no deferred income tax asset was recognised	(246,611)	-	-	-
Double deductible expense	(154,743)	-	(86,940)	-
Utilisation of previously unrecognised tax losses	(855,209)	-	-	-
Non-deductible expense for tax purposes	327,631	733,041	15,418	14,788
Income tax	<u>8,178,145</u>	<u>7,850,686</u>	<u>1,957,426</u>	<u>318,089</u>

Further information about deferred income tax is presented in Note 17.

27 Basic earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares (Note 20).

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Net profit attributable to ordinary shareholders of the Company (Baht)	25,352,149	16,495,287	32,187,308	22,598,348
Weighted average number of ordinary shares outstanding (Shares)	800,000,000	786,885,246	800,000,000	786,885,246
Basic earnings per share (Baht per share)	0.03	0.02	0.04	0.03

There are no potential dilutive ordinary shares in issue for the years ended 2017 and 2016.

28 Related-party transactions

As at 31 December 2017, the major shareholders of the Company are 4 individuals from Treeweeranuwat family, which own 51.36% of the Company's share capital (2016: 3 individuals 56.62%). The remaining of the shares is widely held.

Significant pricing policies for particular types of transactions are explained further below:

- Selling gas prices are determined nearly to other customers.
- Transportation prices are determined nearly to other customers.
- Rental income and expenses rates are determined in the contracts under the terms and conditions in the normal course of business.
- Interest income and expenses rates are based on the interest rates determined in intercompany loan agreements.

The following transactions were significant to subsidiaries and related parties:

a) Outstanding balances arising from sales/purchases of goods/services

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Other receivables				
Subsidiaries	-	-	1,329,175	882,329
Accrued interest income				
Subsidiaries	-	-	3,960,948	3,896,878
Dividend receivable				
Subsidiaries	-	-	23,999,995	-
Trade accounts payable				
Subsidiaries	-	-	2,943,273	2,099,768
Other account payables				
Subsidiaries	-	-	50,677	50,272

b) Short-term loans to related parties

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Subsidiaries	-	-	193,820,000	107,320,000
Associates	-	-	-	-
	-	-	193,820,000	107,320,000

Short-term loans to subsidiaries

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Opening balance	-	-	107,320,000	53,870,000
Additions	-	-	284,200,000	168,520,000
Loans increase from acquisition of subsidiary - CAZ	-	-	-	45,000,000
Repayments	-	-	(197,700,000)	(160,070,000)
Ending balance	-	-	193,820,000	107,320,000

The Company has short-term loan to a subsidiary. The loan is unsecured loan and carry interest at the rate of 3.00% to 5.00% per annum. The loan is due for repayment on demand.

Short-term loans to associates

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Opening balance	-	84,448,425	-	69,548,325
Additions	-	181,818,000	-	181,818,000
Loans decrease from acquisition of subsidiary - CAZ	-	(45,000,000)	-	(45,000,000)
Loans decrease from disposal of associate - WKE	-	(202,698,425)	-	(187,798,325)
Repayments	-	(18,568,000)	-	(18,568,000)
Ending balance	-	-	-	-

The Company has short-term loans to associates. The loans are unsecured loan and carry interest at the rate of 5.50% to 8.50% per annum. The loans are due for repayment on demand.

c) Revenues from sales of goods/services, interest income and other income

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
For the year ended 31 December				
Other income				
Subsidiaries	-	-	13,740,116	10,388,791
Associates	-	780,000	-	780,000
	-	780,000	13,740,116	11,168,791
Dividend income (Include in other income)				
Subsidiaries	-	-	23,999,995	21,399,930
Interest income (Include in other income)				
Subsidiaries	-	-	6,302,817	4,835,329
Associates	-	4,467,910	-	4,060,862
	-	4,467,910	6,302,817	8,896,191

d) Purchases of goods and services, and interest expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
For the years ended 31 December				
Purchase of goods and services				
Subsidiaries	-	-	540,019	1,455,125
Rental expenses - office				
Subsidiaries	-	-	504,000	504,000
Transportation expenses				
Subsidiaries	-	-	25,473,090	25,005,025
Other Expenses				
Subsidiaries	-	-	226,402	113,640

e) Key management compensation

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
For the year ended 31 December				
Salaries and other short-term				
employee benefits	25,529,327	19,102,707	15,180,620	12,136,015
Retirement benefits	928,920	244,426	178,359	170,950
	<u>26,458,247</u>	<u>19,347,133</u>	<u>15,358,979</u>	<u>12,306,965</u>

29 Commitments

a) Letters of guarantees

Outstanding bank guarantees issued by the banks on behalf of the Group for the purchase of petroleum gas from gas sellers and governmental agencies for the electricity usage, and on behalf of subsidiaries for the purchase of goods and contractual performance are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Letters of guarantees				
Company and subsidiaries	<u>514,301,817</u>	<u>313,529,951</u>	<u>60,000,000</u>	<u>71,894,484</u>

The Group has credit facilities for letter of credits or trust receipt, letter of guarantee, forward contracts. These credit facilities are pledged by subsidiaries' assets, subsidiaries' bank accounts, and directors (Notes 8 and 16).

b) The future aggregate minimum lease payments under non-cancellable operating lease in respect of land and building for office, operating equipment and land rental for gas storage facility in Pichit province.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Within 1 year	6,837,939	4,093,058	1,917,733	1,159,333
Later than 1 year but not later than 5 years	6,487,087	5,036,932	3,943,732	1,769,332
Over 5 years	5,098,712	5,532,645	5,098,712	5,532,645
Total	18,423,738	14,662,635	10,960,177	8,461,310

30 Contingencies

Contingent liabilities

The subsidiary was sued from claiming damage case by one company ("plaintiff") for breach of service contract in amount of Baht 1.6 million. The Court of First Instance reach out judgment on 27 October 2017 to dismiss the case and the subsidiary is free from liabilities regarding this claim. However, the plaintiff has its right to file an appeal with its claims to the Court of Appeal within 27 February 2018. The subsidiary has not recorded provision for the contingent liabilities, which may arise from the legal proceeding since the management believes that the subsidiary will not incur any significant loss from this litigation.

31 Events after the reporting period

Company

Spinoff

On 5 February 2018, the Board of Directors' meeting approved the listing of CAZ (Thailand) Co., Ltd. ("CAZ"), which is a subsidiary of the Group held interest by Takuni (Thailand), on the Market of Alternative Investment (mai) and approved the issuance and offering of new ordinary shares of CAZ by initial public offering (IPO) and to the Company's shareholders based on the shareholding proportion (pre-emptive right). This will affect to share of profit or voting rights of Takuni (Thailand) in CAZ decrease from 51.30% to 36.64% or equivalent to 14.66%.

Dividend payment

On 27 February 2018, the Board of Directors' meeting approved the dividends payment from the profit for the year ended 31 December 2017 at Baht 0.035 per share for 800 million shares, totaling Baht 28 million. The dividends are due for payment within May 2018.

TAKUNI



Takuni Group Public Company Limited

140/1 Soi Naveechoensap, Khanjanapisek rd., Bangkae, Bangkok 10160

Tel: 02-455-2888 Fax: 02-455-2763 <http://www.takunigroup.com>